



Rai

Separate and Consolidated
Interim Financial Statements
as at **30 June 2019**

Separate and Consolidated Interim Financial Statements as at 30 June 2019



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Corporate Officers

Corporate Officers

BOARD OF DIRECTORS

Chairman	Marcello Foa
Chief Executive Officer	Fabrizio Salini
Directors	Rita Borioni Beatrice Coletti Igor De Biasio Riccardo Laganà Giampaolo Rossi
Board Secretary	Anna Rita Fortuna

BOARD OF STATUTORY AUDITORS

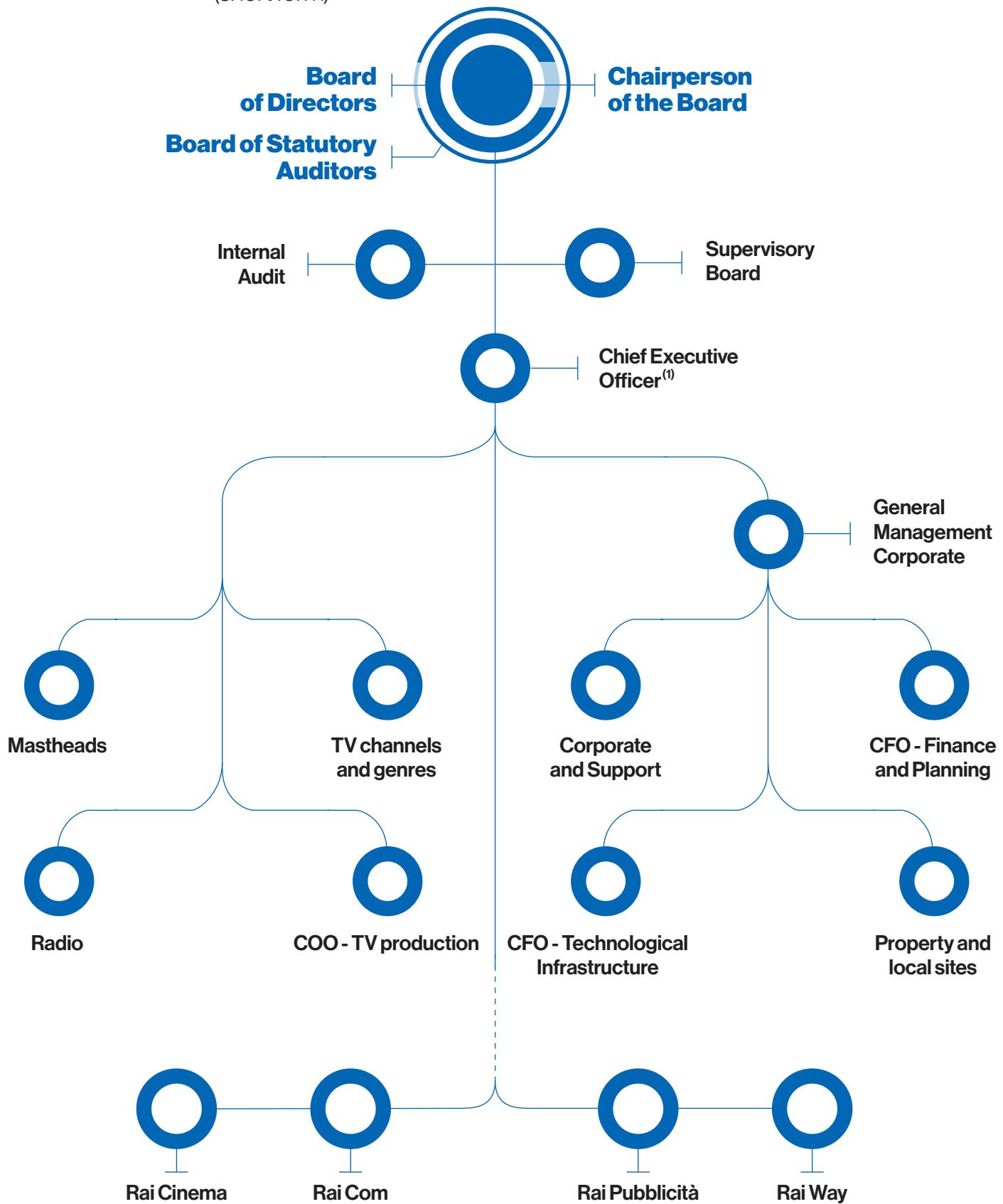
Chairman	<i>until 4 July 2019</i> Biagio Mazzotta	<i>as of 5 July 2019</i> Carmine di Nuzzo
Statutory auditors	Roberto De Martino Anna Maria Magro	Giovanni Ciuffarella Maria Teresa Mazzitelli
Alternative auditors	M.M. Assunta Protopapa Pietro Floriddia	Pietro Contaldi Antonella Damiotti

EXTERNAL AUDITOR

PricewaterhouseCoopers

Organisational Structure

(short form)



⁽¹⁾ Among others, the Staff Departments of the Chief Executive Officer and Corporate General Manager, International Relations (functionally reporting to the Chairman of the Board), Institutional Relations, Communication, Marketing and Research report to the Chief Executive Officer.

Introduction from the Chairman of the Board of Directors

Introduction from the Chairman of the Board of Directors

In the first half of 2019, the Rai Group posted a slight profit (€3.3 million), improving on the loss of just under €5 million in the same period of the previous year.

As regards revenues, the slight downturn in advertising revenues due to the continuing weakness of the relative market, was offset by the growth in revenues from licence fees, and basically from fees collected by enforcement order relative to the 2004-2014 period. Other revenues also increased, mainly due to the portion recognised by the State for the performance of obligations under the Service Agreement, including obligations for the development of digital programming, determined by Law no. 145 of 30 December 2018 for the years 2019 and 2020.

The overall increase in revenues, partially offset by higher costs mainly related to sports events, led to an improvement in EBIT of €17.2 million.

At 30 June 2019, the net financial position was negative by €239.1 million (€+89.2 million at 30 June 2018), improving by €47.4 million compared to 31 December 2018.

Last March, the Board of Directors approved the 2019-2021 Industrial Plan, in relation to which decisions from the Ministry of Economic Development are pending. The plan – in compliance with requirements and commitments set out in the Service Agreement entered into with the Ministry – meets the ambitious goal of managing Rai's switch-over from a Public Service media company to a digital driver, putting users and content at the centre and filling the digital gap on new platforms. This renewed central focus will create, as part of a major polyphonic composition, that extensive assortment of ideas that make the Public Service unique in the communications industry.

In this scenario, it is indispensable to improve understanding of the public's needs, covering individual users – who are very often TV viewers and radio listeners that are still not frequent Internet users as we would like, with their specific nature, and also capturing in particular the habits and interests of young generations who, in the evolution of the media ecosystem, do not use the TV as a reference point.

On these occasions, it is hard to resist the temptation of mentioning the many programmes that have achieved significant results in terms of ratings and appreciation, and recognition of the quality of the editorial content. But to do this would be to diverge from the chief importance of overall production and the production of individual channels, with some programmes that have a vital role as schedule "highlights", making it possible to try out new formats which would otherwise be hard to achieve.

We shall therefore refer to just two select exceptions, concerning programmes that reflect the attention only a Public Service can guarantee on unusual, complex issues, free of charge and targeting a wide-ranging audience.

The matches of the Women's World Cup in France, initially broadcast on Rai 2 and then, for the first time ever, on the flagship channel, demonstrating Rai's ability to capture the mood of the country, winning its heart we hope for this sport.

Another perfect example of the Public Service is the programme broadcast during the prime time slot on Rai 3 *Che storia è la musica*: with over three hours of classical music to recount the history of music through the narrative capacity and talent of the orchestra conductor Ezio Bosso. This TV experiment brought together the spoken word and music, featuring a powerful narrator and guests from many different worlds, proving that a mix of timbres, expressions and genres is always a winner. The fact that over a million viewers loved listening to Beethoven's Fifth and Seventh Symphonies is a clear sign that culture and wonder deserve to be broadcast on the general prime time TV of a Public Service, which we are committed to doing. We do not accept the concept of viewer numbers versus quality of content, which is often taken on board too easily.

In this context, the awards received by Rai at the Diversity Media Awards in the prestigious “Best TV programme” (for *Ballando con le stelle*) and “Best Italian TV series” (for *L’amica geniale*) categories have been a source of great satisfaction. This recognition reflects Rai’s ability to promote inclusion, to make the public aware of issues that are fundamental for the progress of society, to handle topics that are sometimes highly controversial, while respecting people and different sensibilities.

Rai has made a particular commitment, on an industrial and creative level, to radio, at the forefront of the media mix, and an example of how the habits of more traditional segments of society can be blended with the expectations of a platform that is increasingly diverse and demanding. Rai has also driven the process to forge a new alliance – *PER-Player Editori Radio* – with radio publishers for a unique platform dedicated to online content distribution on all operating systems and on all mobile and domestic devices – an app to easily access digital media, thus helping to reduce the digital divide. This alliance is open to all publishers, focussing on inclusion and pluralism, which are two of the cornerstones of the concept of a Public Service.

The recent award to *Il Traditore* (The Traitor), the fantastic film by Marco Bellocchio, co-produced with Rai Cinema, with an unprecedented look at Tommaso Buscetta, the mafia’s first great “confessor” reflects Rai’s commitment to the film industry. This film, which *Le Monde* described as “magnificent, the greatest and most intelligent gangster film after Martin Scorsese’s *Casino*”, has in fact been selected to represent Italy in the International Feature Film category at the Oscars.

I would like to end on a poignant note, remembering two great champions of culture who have recently passed away, and who were fundamental in the history of the Public Service.

Franco Zeffirelli, who created great films and operas, including the memorable *Jesus of Nazareth*, co-produced with Rai, and of a quality and recognition that made it an international success; and Andrea Camilleri – who brought to Rai an instinct and culture for deep-rooted stories, starting from the unmistakeable “Sicilianess” he belonged to and which conveyed a quality and values that could become universal – embracing the idea of culture that of course is the culture of a Public Service. Andrea Camilleri was a vibrant source, with a vital and dynamic wealth of stories, and for all of us he was the much loved author of *Il Commissario Montalbano*.

Financial Highlights

Financial Highlights

Rai SpA

INCOME STATEMENT

(€/million)	June 2019	June 2018	Change
External revenue	1,277.7	1,221.1	56.6
External costs	(726.3)	(681.1)	(45.2)
HR expenses	(472.4)	(473.4)	1.0
EBITDA	79.0	66.6	12.4
Pre-tax profit/(loss)	0.0	(7.0)	7.0
Profit/(loss) for the period	14.0	14.1	(0.1)

CAPITAL STRUCTURE

(€/million)	30.06.2019	31.12.2018	Change
Equity	753.2	767.6	(14.4)
Net financial debt excluding liabilities for operating leases	75.3	286.0	(210.7)
Liabilities for operating leases	54.9	0.0	54.9
Net financial debt	130.2	286.0	(155.8)
Total financial position	883.4	1,053.6	(170.2)

INVESTMENTS

(€/million)	June 2019	June 2018	Change
Investments in programmes	75.4	78.8	(3.4)
Technical investments	26.6	28.3	(1.7)
Investments in lease rights of use	5.5	0.0	5.5
Total investments	107.5	107.1	0.4

PERSONNEL

(units)	30.06.2019	31.12.2018	Change
Permanent and fixed-term employees	11,664	11,591	73
of which fixed-term	278	439	(161)

Rai Group

CONSOLIDATED INCOME STATEMENT

(€/million)	June 2019	June 2018	Change
External revenue	1,365.9	1,309.9	56.0
External costs	(560.0)	(525.8)	(34.2)
HR expenses	(521.1)	(519.4)	(1.7)
EBITDA	284.8	264.7	20.1
Pre-tax profit/(loss)	7.5	(10.4)	17.9
Profit/(loss) for the period	3.3	(4.9)	8.2

CONSOLIDATED CAPITAL STRUCTURE

(€/million)	30.06.2019	31.12.2018	Change
Equity	406.1	453.0	(46.9)
Net financial debt excluding liabilities for operating leases	157.8	286.5	(128.7)
Liabilities for operating leases	81.3	0.0	81.3
Net financial debt	239.1	286.5	(47.4)
Total consolidated financial position	645.2	739.5	(94.3)

CONSOLIDATED INVESTMENTS

(€/million)	June 2019	June 2018	Change
Investments in programmes	220.6	208.8	11.8
Technical investments	34.4	36.1	(1.7)
Investments in lease rights of use	6.0	0.0	6.0
Total consolidated investments	261.0	244.9	16.1

GROUP PERSONNEL

(units)	30.06.2019	31.12.2018	Change
Permanent and fixed-term employees	12,889	12,811	78
of which fixed-term	330	511	(181)

Interim Separate Financial Statements as at 30 June 2019

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Mission

By Decree of the Italian Prime Minister, published in the Official Gazette no. 118 of 23 May 2017, Rai was established as the exclusive concession holder of the Public Radio, Television and Multimedia Service for a period of 10 years, starting from 30 April 2017, and the outline agreement attached to the concession was approved.

The subject of the concession is the radio, television and multimedia Public Broadcasting 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 five-year period 2018-2022, published in the Official Gazette of 7 March 2018, was therefore signed.

Market scenario

In the first half of 2019, the media market at a global level was characterised by the adjustment and consolidation processes of the media conglomerates that were established from mergers and acquisitions taking place in 2018, i.e. AT&T and Time Warner (today Warner Media, which includes HBO, Turner and Warner Bros); Comcast and Sky; Walt Disney and Fox. The latter acquisition was finalised in March 2019 for a total value of \$71.3 billion, equal to €62 billion.

Disney, already the owner of cinema and TV assets (Walt Disney Pictures, Disney Animation, Pixar, Marvel, Lucasfilm), active in the editorial, merchandising and theme park segments, purchased the film and TV production studios of Fox (Twentieth Century Fox, Fox Searchlight Pictures, Fox 2000 Pictures, Fox Family and Fox Animation, Twentieth Century Fox Television, FX Productions and Fox21), the channels FX Networks, National Geographic Partners, Fox Networks Group International, Star India, 50% of the Endemol Shine Group and 30% of the streaming service Hulu.

In May, Disney also reached an agreement with Comcast that will give it control of Hulu, by acquiring a 33% share which is currently held by the Comcast subsidiary, NBC Universal. The deal should be finalised by the end of 2024. The acquisition of Hulu is part of Disney's wider-ranging strategy to compete with various streaming operators (above all Netflix), in addition to a new service that it will start up in the United States next November, that will be called Disney+.

The renewed Hulu service will be streamed, providing the first hybrid model, as it will offer a subscription at the basic price of \$5.99, with adverts, and an ad-free service at the price of \$11.99 a month.

In view of these agreements, the media market has become increasingly concentrated: according to estimates of the Ampere Analysis Institute, around one fifth of spending on content on the US market is controlled by the two giants created from the mergers between Disney-Fox and Comcast-Sky, amounting to approximately \$43 billion a year, which is far higher than the figures declared by Amazon or Netflix (\$8 billion worldwide), that are having to adopt defensive strategies.

For the first time since 2011, Netflix's quarterly results for the US reported a decrease in the number of its subscribers, a sign of the "Streaming wars" to come, with new protagonists such as Disney+ and HBO Max (conceived by Warner Media of AT&T) taking up the challenge. Having an extensive, structured library and being able to combine the content of other operators in an own service are fundamental aspects of the open challenge on the "subscription economy" market.

In Europe as well, traditional media companies, through mergers and acquisitions, are reshaping the competitive scenario and changing relationships of forces among competitors; the goal they share is to create a common "European" streaming hub that can challenge OTT services, and in particular Netflix.

The main strategic operations in the first half of 2019 include the action taken by the Canal+ Group, controlled by the French company Vivendi SA, that announced the acquisition by the private equity firm Astorg Partners of the M7 Group, a pay TV operator active in Central Europe. M7 is the owner of various platforms distributing national and international content and channels (such as Disney Channel, HBO, Eurosport, National Geographic and Nickelodeon). If the operation, currently submitted for approval by the EU competition authorities, were to be finalised, Vivendi could have an extremely wide-ranging user base (12 million subscribers in Europe and a total of 20 million worldwide), and be present in forty countries, thus consolidating its position in the content distributor sector.

During the same period, the Mediaset Group finalised an operation to expand internationally on the free TV market, acquiring 9.6% of the share capital in the German broadcaster Prosiebensat.1 Media. The latter is one of the biggest TV groups in Europe and present in numerous countries. Mediaset's strategic plans are focussing on creating a pan-European hub in the media & entertainment sector. In fact, this approach includes the establishment of the *Media for Europe* holding, headquartered in Holland, that will manage all Mediaset activities in Italy and Spain, creating a new editorial group to compete on a market increasingly dominated by global players.

Continuing on a European level, the French public service operator France Télévisions and the commercial operators TF1 and M6 are expected to launch the "Salto" streaming platform in the first half of 2020, while in the UK, the "Britbox" service, a joint venture between the BBC and ITV (available in the States and Canada since March 2017), will be launched.

Media Conglomerates are also rethinking and changing their own content production and distribution strategies, in search of a more competitive positioning, targeting above all an increase in their own investments in products (mainly in original productions). This approach is also being adopted by the Sky Group in its reorganisation, which – on the strength of the acquisition by Comcast – the biggest cable and Internet operator in the US – has set up Sky Studios, the new pan-European hub for content development and production that will supply not only Sky, but also the NBC TV network and Universal Pictures, with the aim of increasing investments in original productions two-fold over the next few years and achieving a leadership position at a global level.

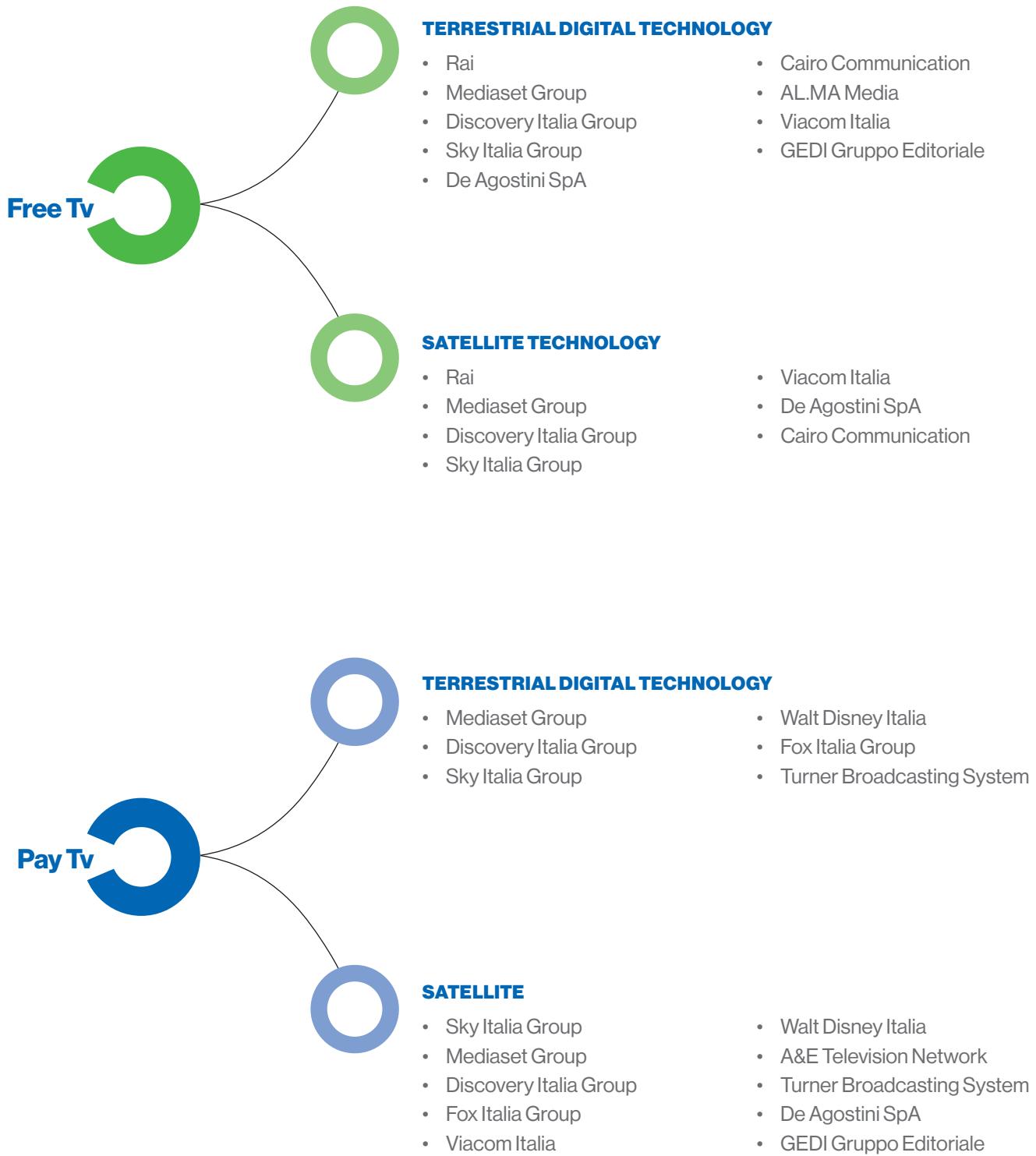
In Europe, the digital terrestrial 700 MHz bandwidth will be freed up in favour of the 5G mobile service by 2022. In Italy, the switch-off will start in September 2021 and end in June 2022. The Ministry for Economic Development has planned for the transition to DVB-T2 by this date, and consequently devices that are not compatible will not be able to receive programmes from any broadcaster.

As regards the Comcast group, after Hulu's departure, the operator has been trying to propose its own traditional Sky/Sky Q pay TV platform and own SVoD service Now Tv (through *Smart Stick*) to combine content/services for its users. As regards the Italian market, subscribers can and will have easier access to a number of apps: Vevo, Spotify, YouTube, Eurosport channels (as from August 2019) and also DAZN (as from September). This strategy, including the possibility of offering customers football matches, for which DAZN holds the rights, on channel 209 of the pay TV platform, would appear to be aimed at consolidating the Telco's presence on the on-demand services market, so it can tackle the competition from different players, such as OTTs, other national and international operators, as well as Disney.

Lastly, Sky and the Gruppo 24 Ore have entered into an agreement for the cross-media development of information and content production. This five-year partnership will develop a number of projects including daily links between Sky TG24 and Il Sole 24 Ore, inquiries into economic/financial issues, Radio 24 and Sky co-productions, and collaboration between Sky Sport and Gruppo 24 Ore platforms.

MAIN TELEVISION OPERATORS ACTIVE IN ITALY

(Source Rai)



Besides revolutionising the music, TV and cinema industries, streaming technologies are also changing the gaming market, which is currently worth around \$135 billion at a global level and which offers considerable opportunities for growth, thanks to an extensive use of smartphones and tablets. This market is of particular interest not only on an economic level, but also in terms of opportunities, as gaming has an extremely appealing impact on younger segments of the public. This scenario includes the deal between Sony (Play Station) and Microsoft (Xbox) signed in the first half of 2019 to develop its game streaming services, PlayStation Now (launched as the final version in March), and Project xCloud (the first tests are scheduled for next October). On its part, Google announced the launch in autumn of its own "Stadia" platform, supported by the Chrome browser, and potentially also connected to YouTube.

Based on official Nielsen figures, the advertising market in Italy reported a significant drop in the first half of 2019 of 5.7% compared to the same period in 2018, from a figure of €3.229 billion to €3.043 billion. Considering the Search and Social component, estimated by Nielsen to be approximately 1.4 billion, the advertising investment market closed the half year with a negative figure of 1.3%.

As regards the breakdown of advertising revenues by media, TV recorded a decrease (-6.3%) due to the absence of major sporting events of "even" years; Radio continued its positive trend, although the growth rate was lower than the past, standing at +1.4%; the Digital Advertising segment increased by 1.2% compared to the first half of 2018 (+8.5%

including the Search and Social estimate); the printed segment continued to decline: -10.1% for newspapers and -14.7% for magazines; the negative trend for the Outdoor segment (-6.2%) and Direct mail segment (-2.6%) continued, and in the half year under review, the Transit segment also posted a decrease (-3%); cinema and GoTv advertising revenues went up (+24.8% and +5.8% respectively).

As regards the TV market, in terms of advertising revenue per publisher, Rai posted a decrease of 1.9%, Mediaset, which had broadcast the World Cup in 2018, a decrease of 10.9% and Discovery a decline of 2.8%; La7 posted an increase of 5.9%, and Sky of 3%.

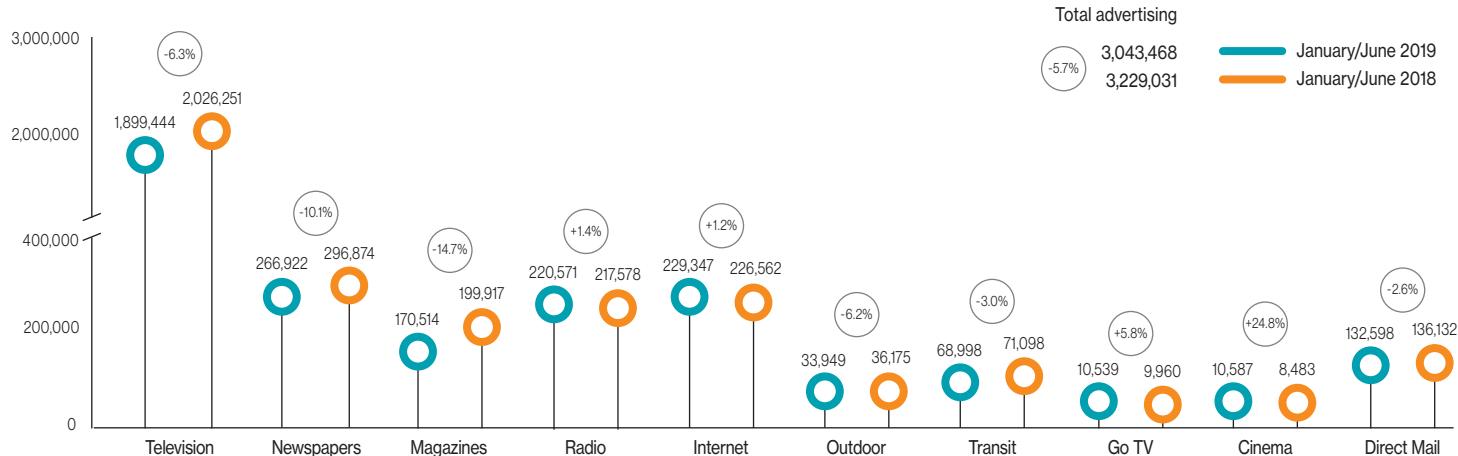
As regards traditional pay TV services during the first half of 2019, Mediaset Premium closed down on the digital terrestrial platform and Sky posted a 3.9% decrease in subscribers, from 4.2 million in August 2018 to approximately 4.1 million in August 2019 (data taken from Auditel Basic Research do not include the portion of users subscribed to Sky through DTT). As regards the free satellite platform TivùSat, the number of active smart cards was basically stable (3.5 million) and the number of named users went up slightly from 2.3 million in June 2018 to around 2.4 million in June 2019 (operator data).

The following changes occurred in the first half of 2019 in terms of the competition framework:

- in January, Rai Libri, the new editorial brand of the Rai Group, created a few months ago, was launched; after Canale 5, Italia 1 and Rete 4 also returned to Sky as HD versions; Viacom invested in on-demand streaming, acquiring Pluto TV, the free service with advertising;

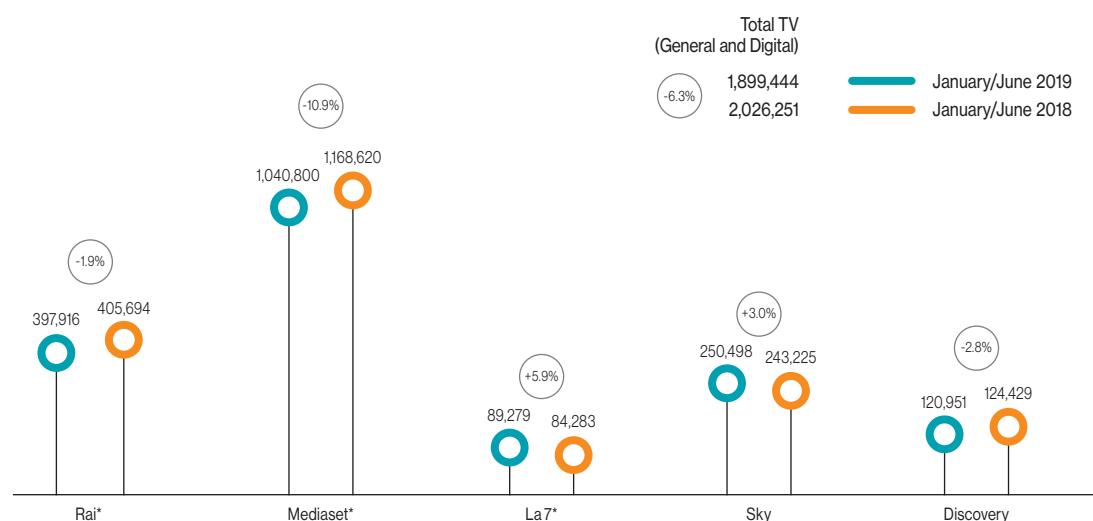
CHANGES IN ADVERTISING REVENUE BY MEDIUM - NET OF INTERNET DESK (SEARCH AND SOCIAL)

(source: Nielsen, €/'000)



ADVERTISING MARKET ESTIMATES - TV (NET FIGURES)

(source: Nielsen, €/'000)



* Figures include General and Digital broadcasters.

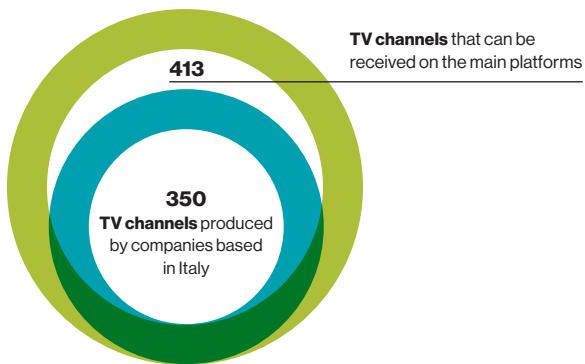
- in March, Paramount Channel became Paramount Network, a name already used by other versions of the channel in the rest of the world; the Discovery Group consolidated its free offering on TivùSat, with the channels Real Time HD, DMax HD (both replacing the SD version), K2, Frisbee, Giallo HD, Motor TREND HD and Food Network for a total of 11 active channels on the satellite platform;
- in April, Boing SpA (a joint-venture between RTI Mediaset and Turner – WarnerMedia Group), acquired the position LCN 45 with the POP TV channel from Sony Pictures Entertainment Italia, which will be replaced by the children's channel Boing Plus in July; Mediaset acquired position LCN 55 occupied by Cine Sony, from Sony Pictures Entertainment Italia and temporarily replaced by Mediaset Extra 2;
- in June, Rai launched the Rai Cultura portal, with eight special-interest areas (Art, Literature, History, Music, Cinema, Theatre and Dance, Philosophy, Science), for viewers to access an extensive range of cultural content from the public service operator, as well as various ad hoc productions;
- in the same month, the Mediaset Premium pay TV platform on DTT closed, along with the Premium Play and Premium Online services. The Premium channels dedicated to cinema and TV series are still active on Infinity and on the satellite/terrestrial platform of Sky Italia, which is the only operator active on the pay TV market in Italy.

platforms; of these, 126 are available only on the digital terrestrial platform, 293 only on satellite (free and pay) and 69 are available on both platforms. In terms of the business model, a total of 147 free channels are available, 83 of which can be seen on the TivùSat platform; there are 203 payment channels net of duplications – now under a single operator (Sky Italia) after the closure of Mediaset Premium – of which 195 visible on the satellite platform, 21 on the digital terrestrial platform and 13 visible on both platforms. There is an increase in the offering of HD channels, which reach 113 channels (32% of the total), net of overlapping on the various platforms. HD channels are mainly present on satellite (111 channels).

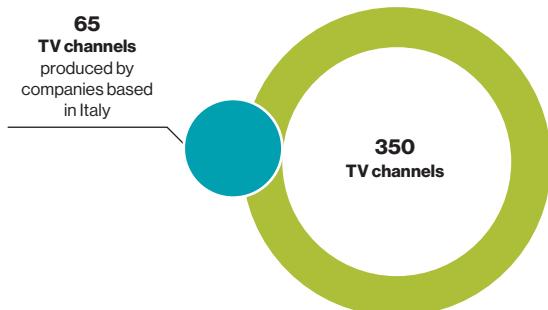
In June 2019, there was a total of 350 TV channels under TV publishers – net of any duplications – available on DTT, DTH or both

TV channels in Italy

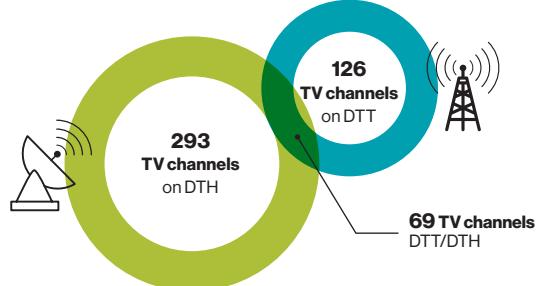
(source: Confindustria Radio TV)



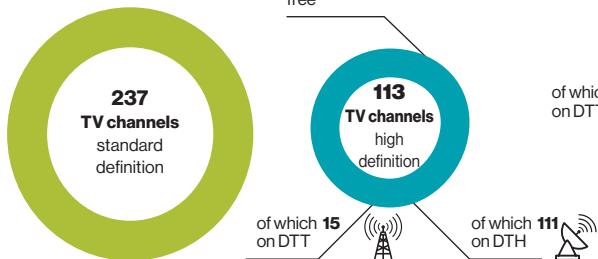
Editorial groups and TV channels



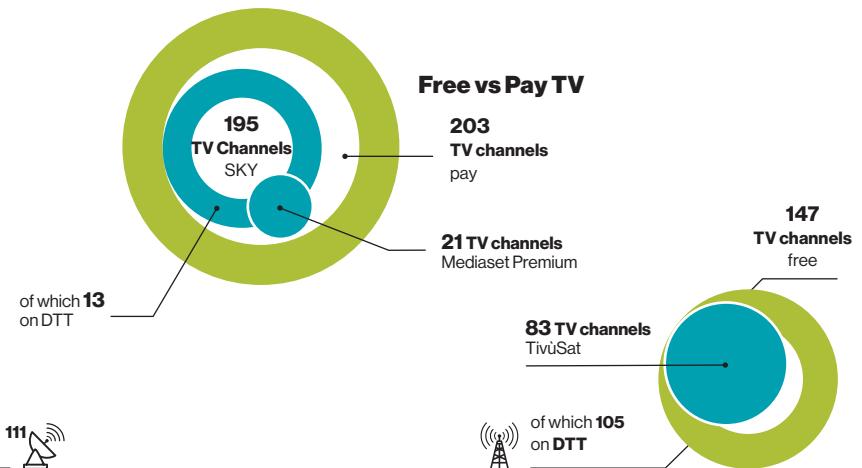
Technological platforms



HD and others

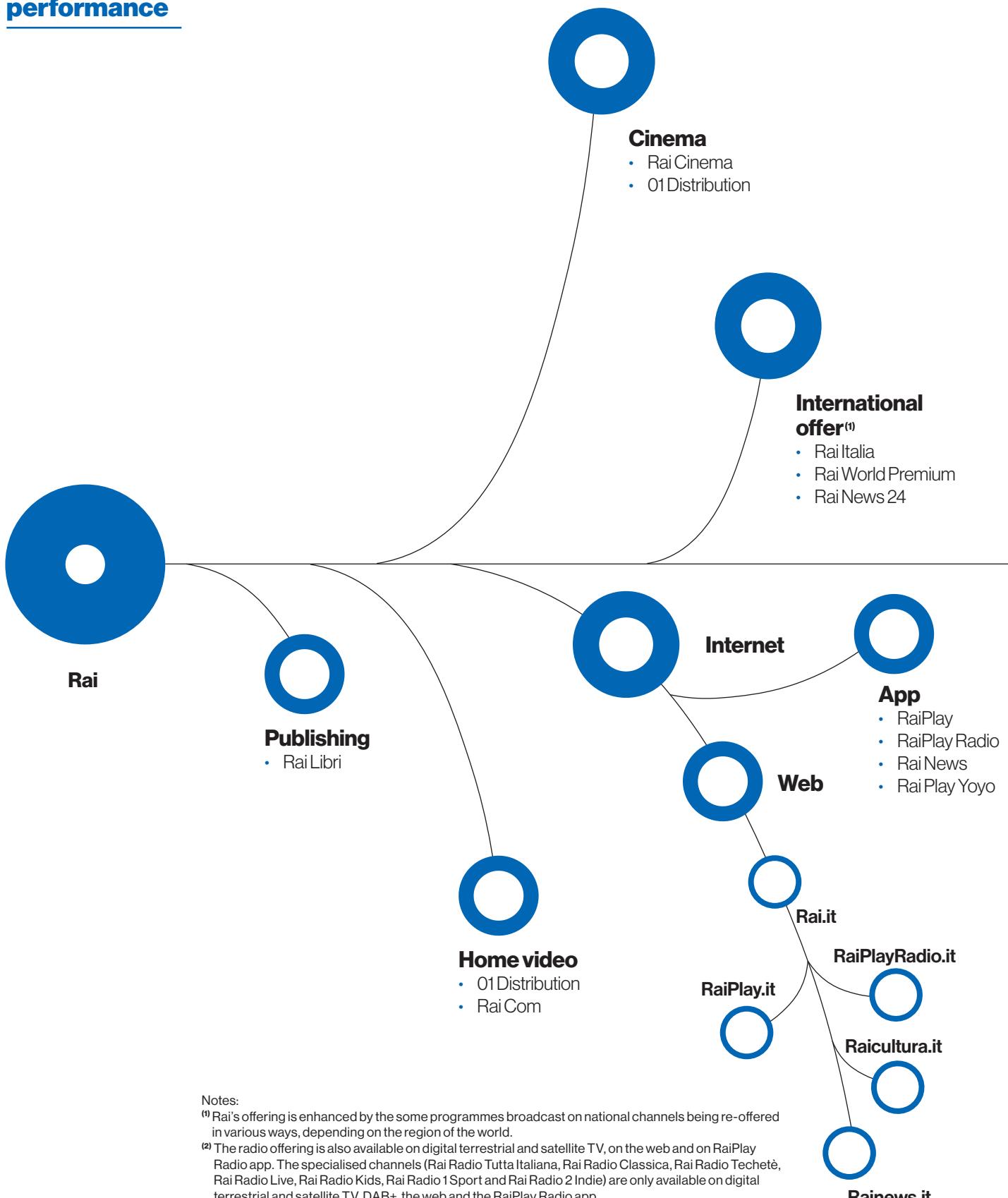


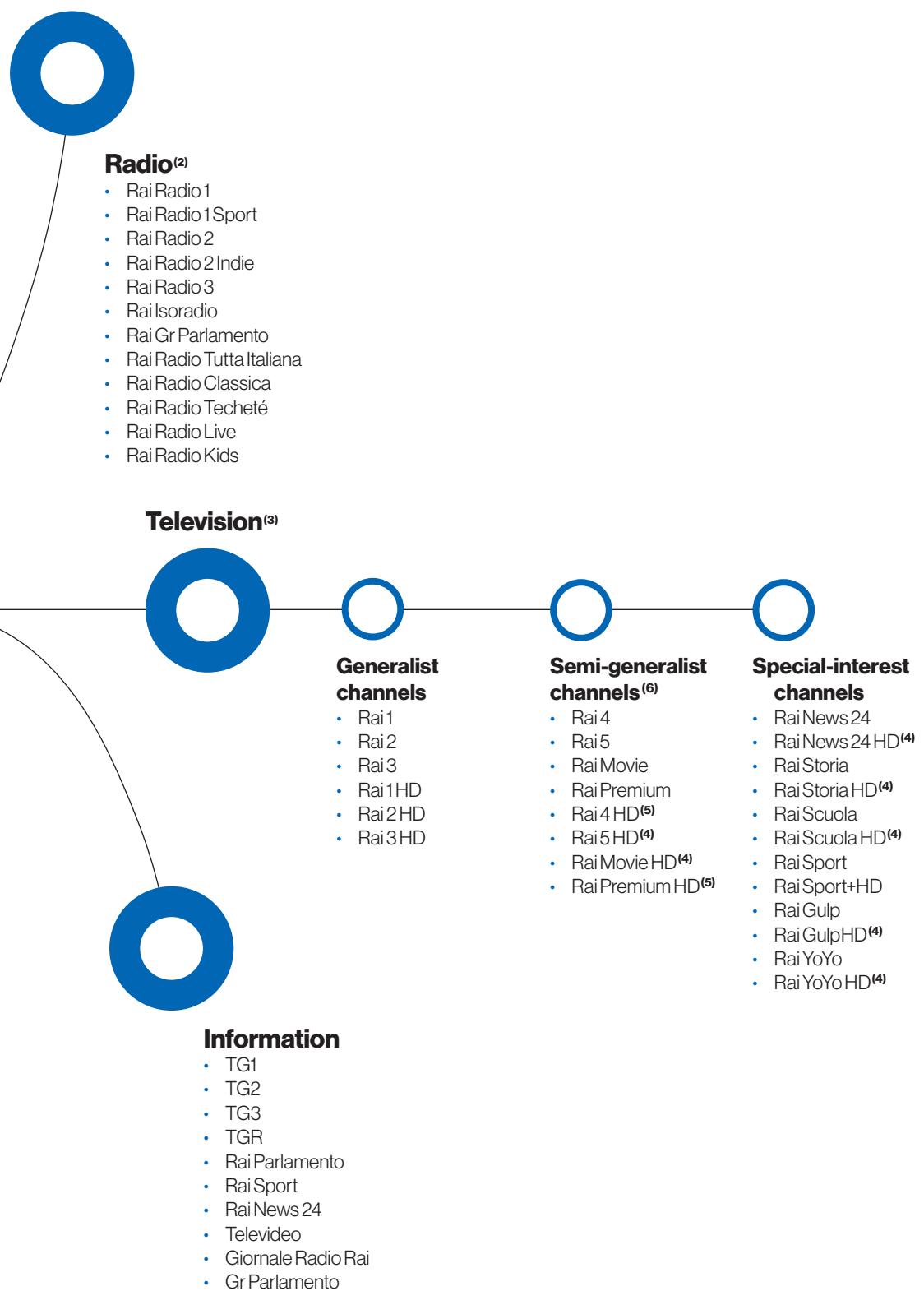
Free vs Pay TV



The Rai product offer and performance

Map of the offer





Rai offer

The Rai Group ensures a vast and diversified Public Service offering, present on all platforms, able to address the public in all its forms, in line with the contents of the 2018-2022 Service Agreement.

In this context, a series of important initiatives, promoted by Rai, concerns the complex theme of audience surveys and systems for measuring television, radio and digital audiences. The Group's commitment to promoting transparent audience measurement systems, inspired by international best practices, shared as much as possible among all operators in the sector and in line with the requirements of the Communications Authority, continued in the first half of 2019. Rai sustains and promotes an audience measurement approach through the Joint Industry Committee or similar, as in the case of Radio, which currently measures the audiences of TV and Digital and includes publishers and associations that combine advertising investors and communication operators (UPA, Assap/Assocom).

In the case of radio, Rai has maintained its leading role within the Tavolo Editori Radio, a Media Owned Committee that brings together all national publishers and associations representing local broadcasting, working for the consolidation and implementation of the survey system; the 2019 survey is ongoing, following on with the plan adopted for the previous year.

The technical and methodological innovations developed in the first half of 2019 therefore specifically concerned the systems for

measuring television audience and online publishing.

In detail, as regards the television audience survey, Auditel started its multi-year evolution plan centred on the "Total Audience" project for measurement and integration within the Auditel standard of audiences of TV content delivered via the web and used on digital devices (PC, tablets, smartphones and Smart TV). The ultimate goal is to identify a single set of measurement indicators covering all ways to view video content, in live streaming, deferred and on-demand mode.

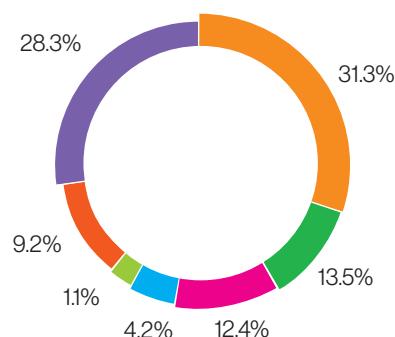
After an adequate monitoring period, on 24 June 2019, audience census data were released for the six publishers (DeAgostini, Discovery, La 7, Mediaset, RAI and Sky) on video viewing via PC and mobile browsers. Similar to approaches from the international scenario, the Auditel measurement of digital use will be based both on census data, collected with the active collaboration of publishers (therefore with measurement of all consumption), and on the survey via panel, necessary for the socio-demographic profiling of users of the specific online contents.

In this context, Rai's has an active role at Auditel, as well as in any other similar body, to ensure verification and compliance with all issues related to both the processing of personal data of users collected on the property of publishers and the assignment of processing roles for the purposes of GDPR legislation.

As far as Audiweb's survey of digital audiences in general is concerned, the production of audience data with the new methodological

PROGRAMMING BY GENRE ON GENERALIST NETWORKS

(Source Rai)



■ Information and inquiries

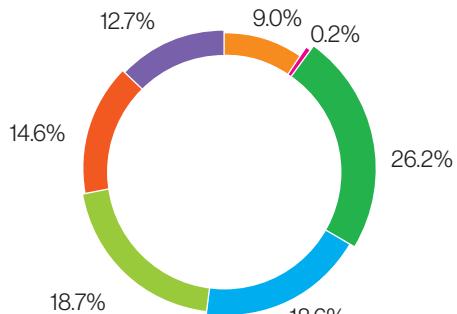
■ Programmes and service features

■ Cultural programmes and features

■ Information and sports programmes

PROGRAMMING BY GENRE ON SPECIALISED NETWORKS

(Source Rai)



■ Programmes for minors

■ Italian and European audiovisual productions

■ Other genres (Entertainment, non-European films and TV series)

system called Audiweb 2.0, launched in June 2018 following intense study carried out in the previous two years to overcome the shortcomings of the survey conducted up to then, continued in the first half of 2019. The system, in line with the general trend of the market, makes it possible to produce audience data quickly (on a daily/weekly basis), measure the total audience of Publishers for PC/Mobile use, consistently attribute the consumption deriving from content distribution platforms (such as Google AMP and Facebook Instant Article) to publishers, extend the video survey to mobile use, distribute a richer and more stratified planning tape, with the addition of new levels of profiling (identification of the person responsible for the purchase, presence in the family of children aged 0-2 years).

Audiweb 2.0 was designed to provide a much more timely and accurate representation of new ways of consuming editorial content online (not specifically on the programming of broadcasters, a task entrusted to Auditel), increasingly used on the move, especially by younger population groups and a useful representation for a market characterised by a large number of national publishers and the presence of major international players (such as Google and Facebook) who are not very interested in developing surveys based on methodologies shared with national publishers and with the advertising investors represented by UPA.

In the absence of agreements with these major international operators, Audiweb has agreed to extend the set of data produced monthly via its audience measurement panel as from March 2019 also to cover foreign brands (Amazon, Facebook, Google, Instagram and YouTube) excluding the measurement of traffic generated by some of their services (e.g.: video traffic, Instant Articles, Google AMP).

The measurement of advertising content is still excluded from Audiweb's scope. As regards this possible extension, the Company will carry out specific advisability and feasibility assessments in the second half of 2019.

In the same way as Auditel research, the audience share for Audiweb research is also based on census data.

As regards radio audience measurement, the system to survey listeners, started in 2016 and conducted by TER, was consolidated during 2019.

In the first half of 2019, the Board of Directors of TER established a number of measures to improve surveys, specifically to make the measurement of radio audiences in the previous 7/14/28 days more efficient, reliable

and with greater detail. These activities will continue in the second half of the year in order to trial and/or adopt the TER measurement for the 2020 edition.

Digital terrestrial and satellite television

Rai, among the operators active on the market, proposes the largest offering on the DTT platform with fourteen nationally broadcast channels:

- three generalist networks: Rai 1, Rai 2 and 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 and Rai Premium are also available in HD.

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, Confindustria Radio TV and Aeranti-Corallo – contributed to creating the free TivùSat platform. All fourteen Rai channels are available on the platform, also in HD. In addition to and to support the linear television offer, Rai proposes interactive applications and on-demand video services via internet that can also be used on connectible TVs (Smart TV or through certain types of interactive decoders).

The first half of 2019 confirmed Rai's editorial drive towards product diversification and innovation, with original content and a new take on consolidated programmes.

International co-productions of TV series continued to be broadcast (*The name of the Rose*, Rai 1, 20% of the share), as well as new formats (*C'è Celentano*, Rai 2, 14.4% of the share) and sports programmes.

In particular, sport played a leading role in the first few months of 2019, with more programmes that boosted the prime time offering of the three generalist networks:

- Rai 1 dedicated 27 evenings to sport, broadcasting not only the European Championships, but the Women's World Cup too, with record viewing figures (29% of the share);
- Rai 2 increased its prime time broadcasts (+8 items compared to the first half of 2018), with a performance well above the Network average, broadcasting Coppa Italia (Italy Cup) football matches (14% of the share);
- Rai 3 gave its viewers the chance to watch the Uefa Nations League and the Italian Football Championships Serie B matches.

TV series performed well, nearly always above channel averages, offering diverse

genres and languages for each channel and target audience. On Rai 1, the prime time slot featured the long-awaited new episodes of *Il Commissario Montalbano* (44% of the share), as well as new biopics (*Io sono Mia*, 31% of the share), a musical dramedy (*La compagnia del Cigno*, 23% of the share) and the highly anticipated international co-production *The name of the Rose* (20% of the share), with over 3 million media views, placing it in the top ten of the most viewed TV series on RaiPlay.

In the afternoon slot, the programme *Il Paradiso delle signore – Daily* continued to be a success, with an increasingly loyal following and the highest number of weekly views on RaiPlay for the period under review (over 25 million media views).

Rai 2 focussed on the second season of *La porta rossa* (11% of the share). The programme continues to be a great success with the public, and is the fourth most popular TV series on RaiPlay (nearly 7 million media views).

Main events broadcast by Rai 1 include music programmes for an outstanding level of entertainment on the Network. The programmes include the 69th edition of *Festival di Sanremo* (49% of the share), conducted by Claudio Bisio and Virginia Raffaele, and curated by Claudio Baglioni. Mahmood, winner with the song *Soldi*, also did extremely well at the *Eurovision Song Contest* (20% of the share), coming second and claiming a place on the international music scene.

Rai also broadcast the new season of *Ballando con le stelle*, increasing its share compared to the previous edition (by approximately +2%), as well as the programmes *Danza con me – Roberto Bolle* (21% of the share) and *Buon Compleanno... Pippo*.

The latter programme, conceived to celebrate the birthday and career of one of Italy's greatest TV conductors (Pippo Baudo) was the most viewed entertainment programme in the season, with over 4 million viewers (23% of the share).

In the day time slot, Rai 1 consolidated its winning weekday format with the light entertainment programme *Vieni da me* as well as the soap *Il paradiso delle signore – Daily*; the Sunday programme *Domenica In* conducted by Mara Venier continued to be a great success.

Since January 2019, the new schedule for Rai 2, based on optimising evening entertainment and series during prime time slots, led to a substantial renewal for the network, but without neglecting its stand-out programmes – *Il Collegio* and *Made in Sud*.

The first programme, now in its third season, has become a must for family co-viewing, bringing together teens, parents and even grandparents. The 2019 edition recorded an average share of 9%, with an average viewer age of 41, and was the third most watched programme on RaiPlay, with over 10 million media views. *Made in Sud* returning after a break in 2018, with two new conductors, achieved an excellent performance (9% of the share), with viewers well below the average viewing age for the Network (-7 years).

Rai 2 has invested considerably in music and archive materials, offering new generations an update on icons from the past. With the creation of the programme *C'è..., including C'è Celentano*, the Network recorded over 14% of the share during the prime time slot, for the best performance of the half year period.

With music specials on Queen, David Bowie and Woodstock conducted by Morgan and Rita Pavone respectively, Rai celebrated icons of great international music.

The long-awaited return of Simona Ventura, assisted by a new team of coaches, including Morgan, Gué Pequeño, Gigi D'Alessio and Elettra Lamborghini, meant that the *The Voice of Italy* improved its share by one per cent, but above all lowered the average age of the viewing public by three years.

As regards national and international TV series, besides *La porta rossa*, new US successes were broadcast, including *The Good Doctor* (ABC – 10% of the share), as well as *FBI* (CBS – 7% of the share), *9-1-1* (FOX – 6%) and *The Rookie* (ABC – 5%), along with the new Spanish series *Il molo rosso*.

Made by the same creative team behind *Money Heist*, this thriller with an all-female cast, introduced to viewers by the well-known actor Giampaolo Morelli, who stars as *L'ispettore Coliandro*, is opening up Rai 2 to a new European dimension.

Rai 3 also began 2019 in pursuit of innovation, along with the Network's strengths. Alongside successful service and information programmes, such as *Chi l'ha visto* (10% of the share), *Storie maledette* (7% of the share), *Report* (7% of the share) and *#Cartabianca* (5% of the share), the network is also trialling entertainment programmes.

Prime time entertainment has been stepped up with the programme *Le Ragazze* – depicting Italian history from the recent past through the eyes of the women who experienced it – and the new talk show hosted by Raffaella Carrà:

A raccontare comincia tu. This programme brings together authentic stories and a sober style plus exceptional guests, including Fiorello, Sophia Loren and Maria de Filippi, reaching a share of 14%.

In the late evening slot, the new season of *Ossigeno* is on air, the music programme with Manuel Agnelli hosting guests from older and younger Italian and international music generations. Rai 3 has also focussed on innovating cultural and educational programmes, including: *Il diario di Anna*, the special hosted by Corrado Augias in memory of Anna Frank, ninety years after she was born, engaging over one million viewers during the prime time slot, with a share of 6%; *Che storia è la Musica*, the evening programme with the conductor Ezio Bosso bringing the classical music of Beethoven to prime time television.

Radio

The radio sector is also gradually changing on an entertainment level, to tackle new challenges from new competitors and technological evolution, with podcasts, smart speakers (from Apple, Google, Amazon and Samsung, with proprietary voice assistants: Siri, Google Assistant, Alexa and Bixby), audio streaming services (including: Spotify, Amazon Music Unlimited, Deezer, Google Play Music, Apple Music), as well as new transmission technologies (DAB+), the development of apps, and aggregators of radio broadcasters and in-car systems. These changes are reshaping the radio segment, with multiple accesses, devices and formats, to aid the transition from a radio market to a listening market.

Strategic initiatives in Italy in the period under review include the agreement between national Italian broadcasters (Rai, Radio Mediaset, Gedi, Sole 24 Ore, Rtl 102.5, RDS 100% grandi successi, Radio Italia, Radio Kiss Kiss, A.c.r.c.- Radiofreccia) and local broadcasters (Associazione Aeranti-Corallo and Federazione radio televisioni – FRT) to promote radio use through all digital devices (connected car, voice assistants, smart TVs, smart watches, tablets, computers and smartphones) giving rise to the creation of PER – Player Editori Radio. Thanks to the deal with Radio Player World Wide, PER will partner up with other European countries to create a hub to facilitate agreements with automotive manufacturers and integrate the platform with systems.

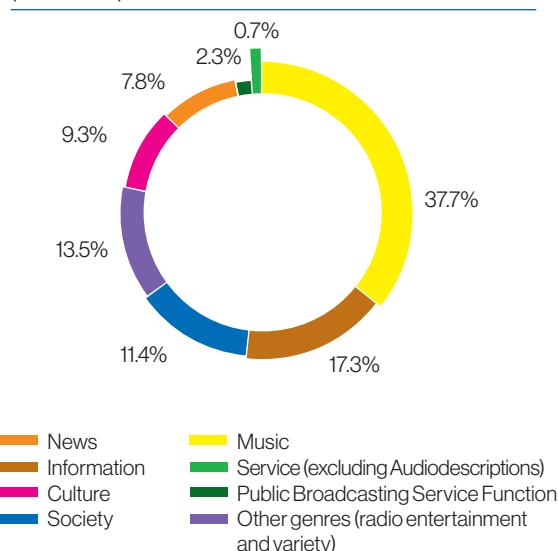
The proliferation of content, formats and technology also characterise the Rai radio service, an innovative segment which is able to interpret the fluid identity of sound in all its versions and claim a place at the centre of the digital scenario. Radio Rai operates in a complex and dynamic market scenario, with the primary objective of meeting the commitments set out in the Concession and Service Agreement.

The offer is organised into 12 channels, broadcast on 8 technological platforms, diversified based on editorial mission and reference target, all active online and on social media:

- three generalist radio stations: Rai Radio 1, Rai Radio 2 and Rai Radio 3;
- two special-interest channels: Isoradio (infomobility) and GR Parlamento (institutional);
- seven specialised digital channels: Rai Radio Tutta Italiana, Rai Radio Classica, Rai Radio Live, Rai Radio Kids, Rai Radio Techetè, Rai Radio 1 Sport and Rai Radio 2 Indie.

RADIO PROGRAMMING BY GENRE

(Source Rai)



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/Gruppo Gedi (A. Manzoni & C. SpA) and 24 Ore Group (System 24).

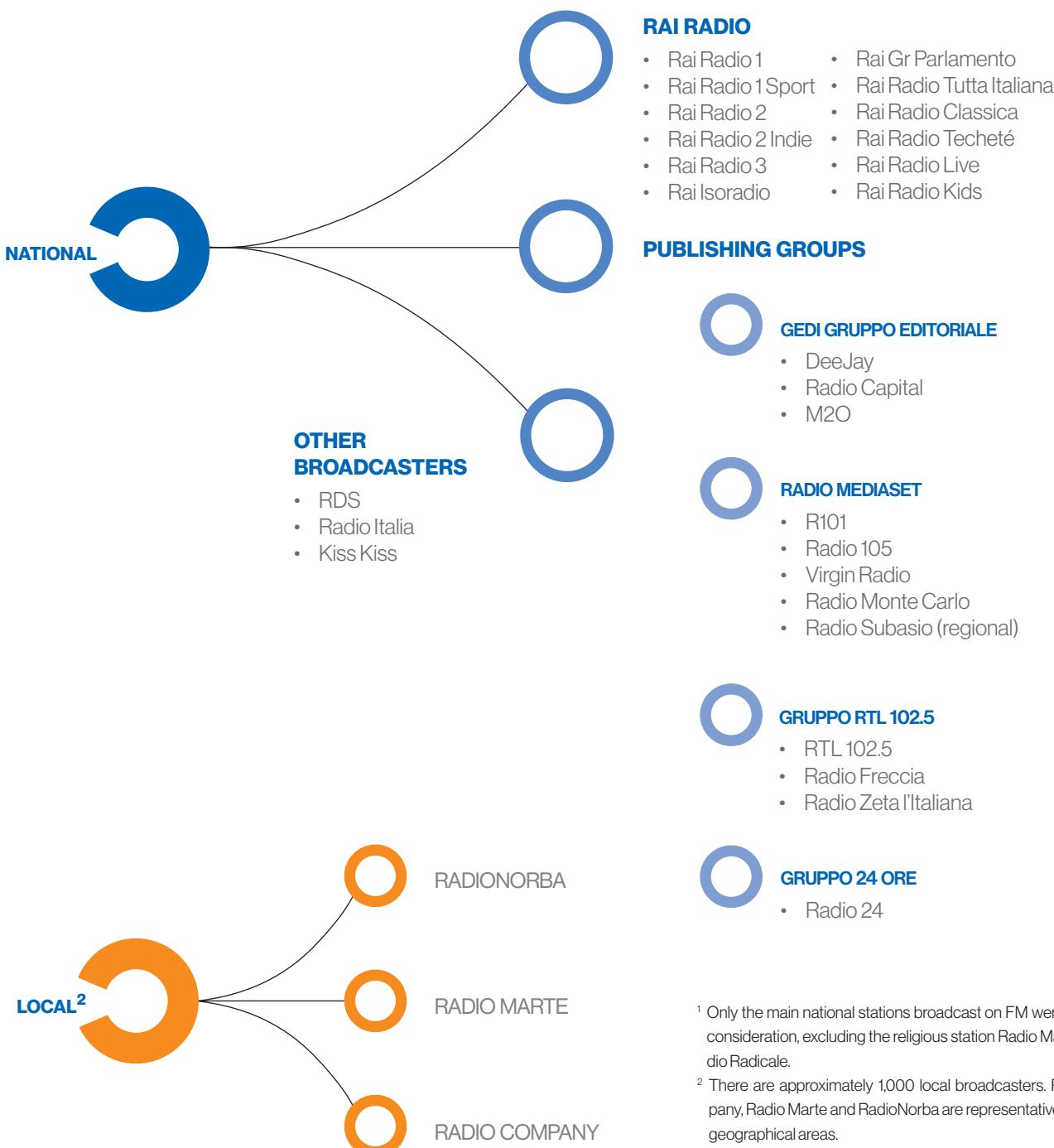
In addition to these, independent native radio companies operate around the country: RTL 102.5 (which also includes Zeta and Radio

Freccia), Radio Dimensione Suono, Radio Italia and Radio Kiss Kiss. The industrial consolidation of the Mediaset Group, which currently controls Radio101, Radio105, Virgin, Radio Montecarlo and Radio Subasio, is important.

In the local and area radio sector, according to the latest available data, there are approximately 1,000 radio stations, with extremely variable levels of signal coverage (from municipal to multi-regional areas) and

MAIN OPERATORS ACTIVE IN THE RADIO MARKET¹

(Source Rai)



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

² There are approximately 1,000 local broadcasters. Radio Company, Radio Marte and RadioNorba are representative of different geographical areas.

audience results. 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

During the first half of 2019, Rai services mainly referred to:

- Rai.it, the portal, divided into five areas (News, Sport, TV, Radio and Corporate);
- RaiPlay.it, the multimedia portal dedicated to the video offer that gives access to Rai's video content in live streaming mode (14 TV channels) and on-demand, also available in an app version;
- RaiPlayRadio.it, the multimedia portal dedicated to the radio offer, also available in an app version;
- Rainews.it/TGR web, the portal through which you can access all Rai information, also available in an app version;
- RaiPlay Yoyo, the app dedicated to children's entertainment, operative since April 2018, to view all Rai Yoyo channel content (live and on-demand) in total safety and without advertising.

The new offering in the digital sector was the launch of the new Rai Cultura portal, with browsing and display features that have been entirely redesigned, for better surfing and a better user experience in general.

The portal is for users to access and use the cultural content of Rai online with dedicated items and services from original content produced by the Rai Cultura web editorial team, TV, thematic and generalist programmes, as well as the considerable resources of the Rai archives. This new offering streamlines the individual subject areas of Art, Literature, Philosophy, History, Music (classical music, icons, OSN), Cinema and Theatre/Dance in a single portal.

The "Culture" portal will be included in the menu of the website Rai.it alongside News, Sport, TV, Radio and Corporate.

During the first half of 2019, Rai consolidated its strategy on digital and social platforms, seeking to create opportunities to engage users, also to develop brands and talents to subsequently involve in TV and radio activities and projects. Moreover, social platforms are still proving to offer considerable potential for local news content. In this context, training promoted by Rai, for national and regional editorial teams, continued.

Rai's offer was focused on the enhancement of video content, through a dual strategy, that of the long form publication on proprietary platforms (RaiPlay) and that of clips on third platforms (YouTube, MSN). Moreover, the key tool of user registration was fully implemented. Currently there are about 11.9 million registered users of RaiPlay, of whom almost 6.9 million are active.

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.

In addition to the promotion of Rai's brands, products and digital platforms on social networks, the caring strategy launched in 2018, continued and was consolidated, also to meet the needs of the service agreement, in a real area of Customer Care for digital platforms.

International offer

Rai Com SpA is entrusted with the distribution and marketing of Rai channels on the international market. The latter handles the European distribution of broadcasting rights for 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 for the non-EU distribution of the channels: Rai Italia (a "best of" of Rai programmes plus original programmes for Italians abroad, including the news in English and, on some continents, 3 Serie A matches a week); Rai World Premium (the channel broadcasting original TV series produced by Rai) and Rai News 24.

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

The offer of channels is performed through local television platforms – via cable, satellite or new media – with different modes, both free and pay.

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.

In the first part of 2019, the European area benefited from sales agreements with better conditions in Belgium, France, Germany, Holland and Austria, and an excellent performance of Rai 1, Rai 2 and Rai 3 in Switzerland, with a positive impact on turnover during the year. It was also possible to increase annual turnover for other countries, such as Malta and Portugal. The performance of channels in East Europe, where Rai 1 covers all basic operator segments, was extremely satisfactory.

On a non-European level, agreements were signed during 2019 with new US and Latin American cable operators for Rai Italia broadcasts. Moreover, agreements with leading operators in Brazil – including Telefonica and Sky – and in Canada, where revenues have increased thanks to the process to align the prices of various operators and include two new channels in their product bundles, were renewed.

In Sub-Saharan Africa, Rai Com is involved in negotiations with satellite operators and OTT, interested in including Rai Italia in their product offering. In Asia, with the upcoming Tokyo Olympics, various hotel chains are interested in including Rai Italia among channels offered to guests.

TV offer performance

In the first half of 2019, the average number of viewers amounted to 10.3 million for the entire day, down on the first half of 2018, (-352 thousand viewers) and to 24.3 million for prime time (-822 thousand viewers).

The Rai Group confirmed its market leadership with 36.4% of the share for the entire day (+0.04 percentage points compared to 2018) and 37.4% for prime time (-0.07 points); Mediaset decreased its share over the entire day, which stood at 31.6% (-0.6%) and during prime time (31.9%) (-1.3%).

Overall, the traditional generalist networks (Rai 1, Rai 2, Rai 3, Canale 5, Italia 1, Rete 4 and La7) recorded a 0.6% decrease in the share on a daily basis, from 58.6% in 2018 to 58.0% in 2019, returning to 2017 figures; the prime time slot lost 1.4%, from 62.6% to 61.2%. The semi-generalist networks increased, reaching 9.3% for the entire day (+0.8%) and 9.7% in prime time (+1.0%). Specialist channels picked up their performance, albeit to a limited extent, with +0.2% for the entire day, from 33.4% (2018) to 33.6% (2019) and +0.4% for prime time, from 28.7% to 29.1%.

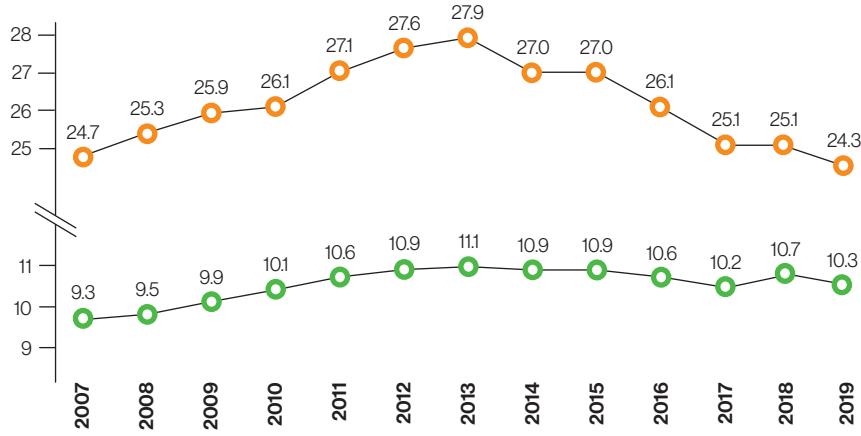
In detail:

- Rai 1, with a 16.9% share over the entire day (-0.2% compared to 2018) and 19.4% in prime time (-0.3% over 2018) confirmed its position as the most viewed network, maintaining a good margin compared to the Mediaset flagship, Canale 5, which recorded, over the entire day, a share of 16.1% (unchanged compared to 2018) and 15.5% (-0.8% compared to 2018) in prime time;
- Rai 2 increased to 5.9% (+0.1 points) for the entire day and to 6.2% (+0.2 points) in prime time;
- Rai 3 reported an increase for the entire day, with a share of 6.9% (+0.3 points) and 5.8% in prime time (+0.1 points compared to 2018).

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 4.6% share, over the entire day (-0.8 points compared to 2018) and for the prime time slot had a 5.0% share (-0.8 points); Rete 4's share over the entire day was stable, at 3.9%, up during prime time, accounting for 4.4% (+0.5 points);

EVOLUTION OF THE AVERAGE TELEVISION AUDIENCE

(source Auditel, figures in millions, referred to the first half of each year)

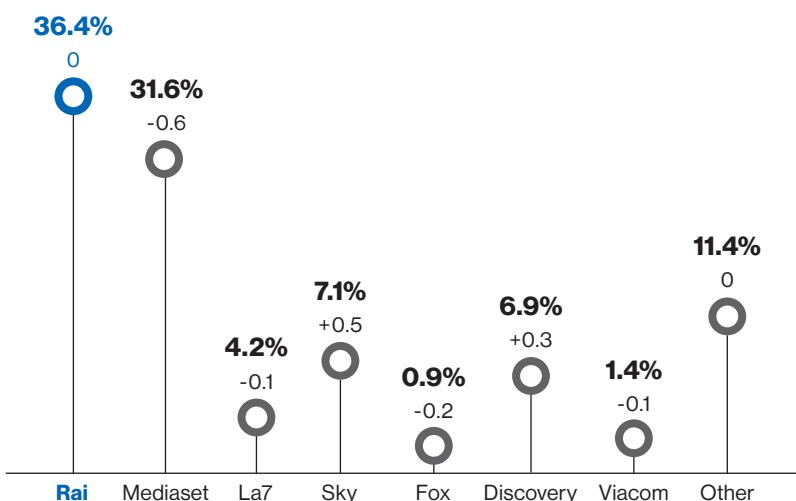


SHARE RELATIVE TO PERIOD 1 JANUARY - 30 JUNE 2019 (source: Auditel)**TOTAL INDIVIDUALS (YEARS 4+)**

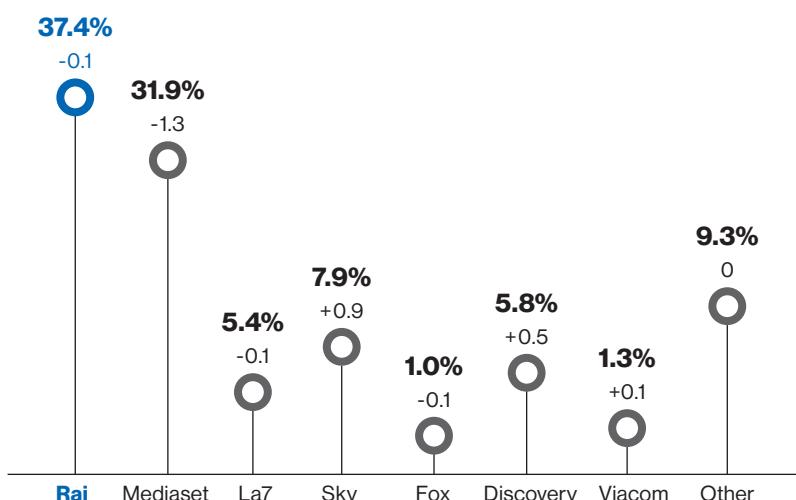
		ENTIRE DAY (02:00 - 02:00)			PRIME TIME (20:30 - 22:30)
		2019	2018		
Rai 1		16.89%	17.07%	19.35%	19.61%
Rai 2		5.86%	5.76%	6.16%	5.94%
Rai 3		6.91%	6.64%	5.83%	5.72%
Rai Generalist		29.67%	29.47%	31.34%	31.27%
Rai 4		1.22%	1.44%	1.25%	1.47%
Rai Premium		1.20%	1.16%	1.12%	1.11%
Rai Movie		1.08%	1.02%	1.23%	1.25%
Rai 5		0.40%	0.38%	0.45%	0.41%
Rai Storia		0.23%	0.24%	0.30%	0.29%
Rai Scuola		0.03%	0.03%	0.04%	0.04%
Rai Yoyo		1.21%	1.25%	0.85%	0.79%
Rai Gulp		0.28%	0.36%	0.27%	0.35%
Rai Sport		0.53%	0.45%	0.39%	0.31%
Rai News 24		0.59%	0.60%	0.18%	0.18%
Rai Specialised		6.77%	6.93%	6.07%	6.21%
Total Rai		36.44%	36.40%	37.41%	37.48%

Canale 5	16.08%	16.07%	15.45%	16.29%
Italia 1	4.59%	5.36%	5.03%	6.15%
Rete 4	3.87%	3.86%	4.35%	3.84%
Mediaset Generalist	24.55%	25.29%	24.84%	26.28%
Mediaset Specialised	7.05%	6.92%	7.06%	6.92%
Total Mediaset	31.60%	32.21%	31.90%	33.20%
Total La7	4.23%	4.34%	5.39%	5.47%
Total Sky	7.10%	6.57%	7.91%	6.95%
Total Fox	0.94%	1.05%	1.00%	1.14%
Total Discovery	6.86%	6.56%	5.82%	5.27%
Total Viacom	1.43%	1.47%	1.27%	1.23%
Other channels	11.40%	11.40%	9.30%	9.26%
Total TV	100.00%	100.00%	100.00%	100.00%

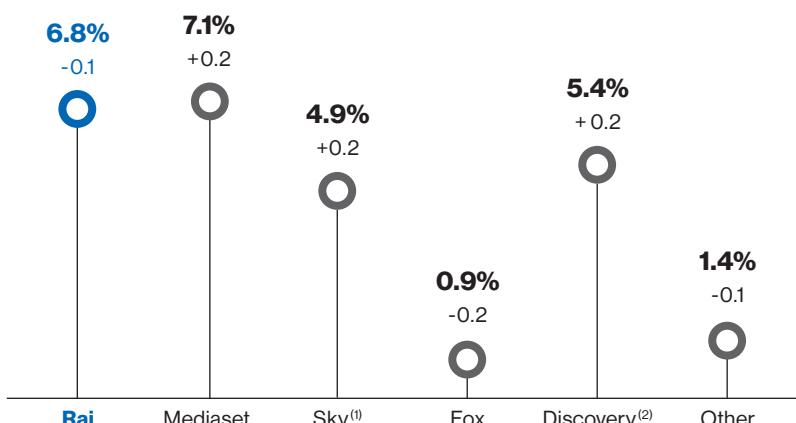
Directors' Report

AVERAGE DAILY SHARES OF TV GROUPS - Generalist and specialised channels
 (time bracket 02:00 - 02:00, source Auditel)

PRIME TIME SHARES OF TV GROUPS - Generalist and specialised channels

(time bracket 8:30 pm - 10:30 pm, source Auditel)


AVERAGE DAILY SHARES OF TV GROUPS - Specialised channels

(time bracket 02:00 - 02:00, source Auditel)

⁽¹⁾ Sky values for not include the channel TV8⁽²⁾ Discovery values for not include the channel Nove

La7 posted a loss in viewers with a 3.7% share (-0.1%) over the entire day and 5.0% (-0.1%) in prime time; TV8 continued to increase, reaching a 2.2% share (+0.3%) over the entire day and 2.5% (+0.3%) in prime time; Nove reported a 1.5% share (+0.1 points) for the entire day and 1.6% (+0.2 points) for prime time.

With regard to the semi-generalist and specialised networks, there was a slight decline in the performance of the Rai channels (-0.2% for the entire day vs 2018; -0.1% in prime time), against stable audience figures for the Mediaset channels (+0.1%, for both slots). For the other semi-generalist channels (TV8, Nove, Cielo, Real Time, DMax, Sky Uno, 20), there were very small variations in performance, with the exception of TV8, which grew in terms of share by +0.3 points over the whole day for the prime time slot and Real Time, which reported a +0.2 points increase for the whole day and +0.3 points in prime time. Channel 20, launched on 3 April 2018 by Mediaset recorded losses compared to the previous year of -0.2 points over the entire day (0.9% share) and of -0.3 points in prime time (1.2% share). Sky pay TV channels were down, to 5.1% for the entire day (-0.8 points vs 2018) and to 5.2% in prime time (-0.7 points).

Radio offer performance

In the first half of 2019, radio penetration was 65.7% (population 14+), with an average time spent per day of 3 hours and 25 minutes; slightly less than 6.2 million average viewers in the 06:00-24:00 time bracket, total medium.

In terms of audience share (06:00-24:00) of the main groups, Rai Radio, with its four main channels (Rai Radio 1, Rai Radio 2, Rai Radio 3 and Isoradio) stood in fourth place in the ranking of publishers with an average audience of 660 thousand listeners and a share of 10.6% in the first half of 2019; Radio Mediaset, with its four channels: R101, Radio105, Virgin Radio and RMC reported an average audience of around 956 thousand users with a share of 15.3%; the RTL 102.5 Group (RTL 102.5 and Radio Freccia) reported an average audience totalling 732 thousand individuals and a 11.7% share; Gedi (Radio Deejay, Radio Capital and M2o), reported an average audience of 703 thousand individuals and a share of 11.6%. For Radio Mediaset, the calculation of average listeners and share does not include the local broadcaster Radio Subasio, which is mainly operative in central Italy; for the RTL Group, the calculation does not include the performance of Radio Zeta, which is mainly active in North Italy.

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 286 thousand individuals and a share of 4.6%, ranked 6th;
- Rai Radio2, with an average audience of 208 thousand individuals and a share of 3.3%, ranked 9th;
- Rai Radio3, with an average audience of 119 thousand individuals and a share of 1.9%, ranked 14th;
- Isoradio is in 17th place with 47 thousand listeners and a 0.8% share.

In terms of the main competitors:

- RTL 102.5, with an average audience of 628 thousand individuals and a share of 10.1%, ranked 1st;
- followed in 2nd place by Radio 105 with 487 thousand individuals and a share of 7.8%;
- Radio Deejay ranked 3rd with an average audience totalling 457 thousand individuals and a share of 7.3%;
- RDS, in 4th place with an average audience of 453 thousand individuals and a share of 7.3%;
- Radio Italia is in 5th place, with an average audience totalling 400 thousand individuals and a share of 6.4%.

Digital and social offer performance

In June 2019, the total digital audience reached approximately 33 million unique users on an average day (source Audiweb 2.0). There are 10.2 million Italians (2+) who access the Internet via PC; 29.1 million (18+) from a smartphone and 4.7 million from a tablet (18+).

In the first half of 2019, an average of nearly 42 million individuals, i.e. around 70% of the Italian population connected to Internet at least once a month. Users browsing from a PC totalled 28.5 million, while users connected to the Internet from a mobile phone totalled around 36 million. The main activity performed by online users is watching videos: on average this figure amounted to nearly 36.5 million people, accounting for 87% of the Active Universe.

In the ranking of main active online groups in Italy, Rai ranks 30th with 10.5 million users (25% of the Active Universe), connected on average at least once a month to one of the various sites or apps. Mediaset ranked 11th, with an average of 19.6 million users. Top rankers include some major international players such as Google, Facebook and Amazon, immediately followed by Gruppo GEDI, Microsoft and Mondadori.

The Rai information portal, Rai News, recorded a monthly average of unique users of 3 million in the first half, which is still very far off from main competitors (Corriere.it 21 million; Repubblica.it 19.6 million; Il Messaggero 19.5 million; TGCOM24 15 million).

With regard to video portals of main national publishers, RaiPlay averaged approximately 6 million unique users a month; Mediaset Play averaged 8 million unique users a month, while Sky and La7 recorded 8.6 million and 2.5 million users respectively.

As regards the details of the multimedia offering of video content, RaiPlay improved its performance over the same period of 2018 (Webtrekk census data): a total of 79 million unique browsers were recorded (+94%) generating 362 million views (+47%). TV series were the most watched content, accounting for 40% of total views in on-demand mode, followed by TV programmes accounting for 27%. The most watched programmes were *Il paradiso delle signore - Daily, Che Dio ci aiuti, Un posto al sole, Il collegio* and *Il Festival di Sanremo 2019*. Live sporting events on RaiPlay recorded an excellent viewing performance: the nine matches of the 2018/2019 Champions League totalled 3.4 million views; Euro2020 qualifying matches played by the Italian team had 1.4 million views; the *Giro d'Italia - 102° edizione* had 5 million views; the *Tour de France* had 2.1 million views. The offer of Rai content on YouTube generated a total of 860 million views.

The three main Rai applications for mobile use (RaiPlay, RaiPlay Radio, Rai News) totalled 21.5 million downloads at June 2019. The RaiPlay app had 17.5 million views (including Rai TV updates); RaiPlay Radio (including Radio Rai updates) had 2.5 million views and Rai News 1.4 million views. RaiPlay Yoyo, an app dedicated to children's entertainment, without advertising interruptions and with the possibility – by parents – to exercise, through a management area, real control over access times, recorded 707 thousand downloads since its launch. The contents on the RaiPlay Yoyo app have generated 75.4 million views from April 2018 to the end of the first half of 2019 (Webtrekk census data).

In June 2019, the roughly 550 Rai profiles present on the Facebook, Twitter and Instagram platforms exceeded a total of 31 million fans and followers (19.6 million on Facebook; 7.4 million on Twitter and about 4 million on Instagram, gross data).

Directors' Report

In the first six months of the year, the share of Facebook, Twitter and Instagram interactions related to Rai scheduling was equal to 26% of the total generated by television scheduling on a national scale (not including sports events), with 40 million total interactions.

With this share, Rai is the second publisher for the number of generated interactions (Source: Nielsen Social Content Ratings™).

Digital Audience per month (unique users)/000

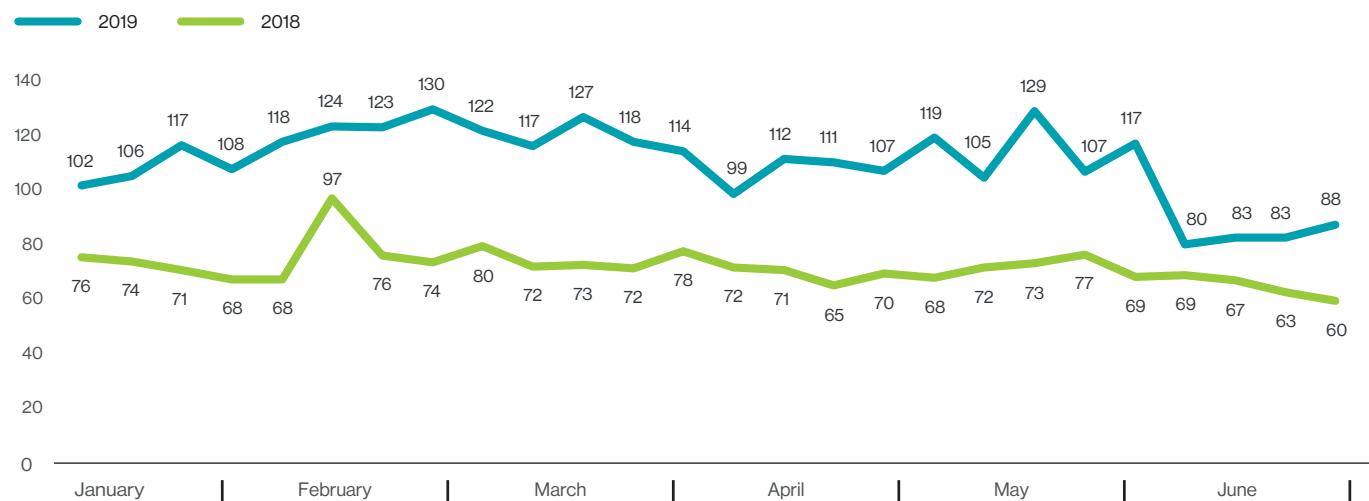
(source Audiweb, data referred to the first half of 2019)



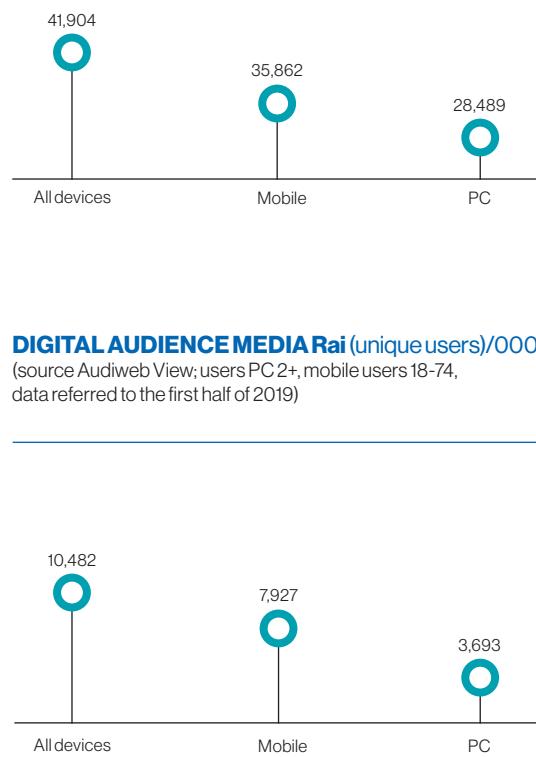
Following the introduction of a new method to record traffic, 2018 data are not comparable with 2019 data.

RAI INTERNET TRAFFIC (millions of pages viewed)

(source Webtrekk)

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

(source Audiweb View; users PC 2+, mobile users 18-74, data referred to the first half of 2019)

**DIGITAL AUDIENCE MEDIA Rai (unique users)/000**

(source Audiweb View; users PC 2+, mobile users 18-74, data referred to the first half of 2019)

Activities

Television

Generalist channels	36
Semi-generalist and special interest channels	43
Information	68
Fiction	73
Cinema	76
Teche	81

36

Radio

82

Digital

90

Sales activities

Advertising	96
Sales	96

96

Other activities

Technological activities	101
Broadcasting	109
Communication	111
International Relations	116

101



Television

Generalist channels

Rai 1

Audience maximization and creation of value by increasingly combining quality, value and audience, Rai 1 offers the public an inclusive story, genuinely oriented at producing a positive impact in the country through informative, cultural and entertainment content.

Alongside traditional broadcasting, the Internet is very quickly changing the scenario and through its new protagonists it can offer the public attractive offers and increasingly personalized new media experiences.

The image of a television viewer constrained by the program schedule is rapidly fading away and even the more traditional television formats are open to the influence of technological innovation and of new consumption practices.

The web in general and social media in particular, often accompany audiences as soon as they get in contact with television content; multiscreening gives life to an expanded text that wraps up the audience in a more engaging way, offering consumers a more satisfying experience.

Nowadays, the most passionate audiences can expand their experience through a parallel or immediately subsequent search for a multiplicity of complementary contents capable of further exploring the television text.

Rai 1 has responded to these crucial changes through multi-platform thought-out programming already in the design stage – as it already successfully happens at major events such as the *Festival di Sanremo* where the total number of media views reached the record figure of 62.1 million, 19% up over 2018 – continuing to consolidate its authority and at the same time experimenting with new products and languages to involve all audiences and intercept the needs and expectations of an evolving audience.

Albeit in a constantly changing environment, during the first half of 2019 Rai 1 has confirmed its leadership both in terms of audience and in terms of completeness of the offering with its over 22.7 million of national contacts, 16.9% share during the day and 19.4% during prime time.

Rai 1's strength is based on programming that covers diverse television genres and is characterised by the quality of its contents able to ensure a shared and universal use. The continual evolution of the channel is a key feature, at the same pace as the country and

1. *Festival di Sanremo 2019*
2. *Il Commissario Montalbano*
3. *Meraviglie - La penisola dei tesori*
4. *Il nome della Rosa*



with the world it covers. Fundamental added value assets such as uniqueness, transversal nature, authoritativeness, excellence, elegance, civil commitment, are organised in a decisive manner, with varied and contemporary language for as vast an audience as possible.

Again, in the first half of 2019, the evolution of programming has continued along the path of innovation of new genres, formats and languages in a continuous search for contents increasingly in line with the Public Broadcasting Service mission.

Culture has increasingly become a fundamental pillar of the Network programming. The four episodes of Alberto Angela's programme *Meraviglie - La penisola dei tesori* (18.5% share, 4.2 million viewers) were a perfect combination of quality and audience in keeping with the channel's new approach characterized by sophisticated and informative programmes.

On the entertainment side, the *Festival di Sanremo* recorded the highest share of the last 20 years in the bracket of children aged 8 to 24, and – as already mentioned – the record of all time on all digital platforms, generating a strong impact that goes beyond a merely successful broadcast of TV programmes.

The evening programmes saw a confirmation of successful formats like *Ora o mai più* and *Ballando con le stelle*.

Drama also recorded excellent results, 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 44% share 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, *Mentre ero via*, reached a 22.3% share and 5.1 million viewers.

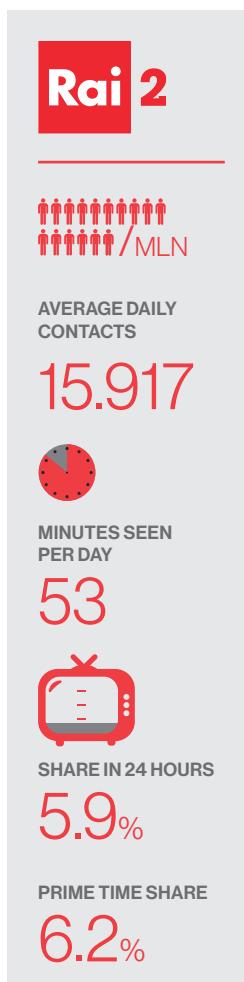
Rai 1 has always stood for authoritative information. In addition to Tg1, continuing the journalistic analysis of news, politics and manners in the late evening *Porta a Porta* programme, the daily live broadcasts of *Unomattina* and *La vita in diretta*, the Netwrok again showed very special attention to major national and international events, becoming the point of reference, as far as news was concerned, for the entire TV offer.

Moreover, the network continued its gradual and consistent renewal in terms of style and contents of all daytime programmes, with an editorial policy that places priority on a direct relationship with the audience and shows with

a strong focus on its Public Service mission. Fun and quizzes were not neglected, with *L'Eredità* and the comeback of *I Soliti Ignoti 2* recording an unquestionable success in the strategic and important afternoon and pre-prime time slots.

For sports fans, in addition to the exclusive Tim Cup matches and the qualifications for the next European football championships, the excitement continued with the final phase of the 2018/2019 Uefa Champions League, the European Under 21 Football Championship and some of the more engaging matches of the women's soccer World Cup which was broadcast for the first time on Rai 1, with record audience close to a 40% share.

"Rai 1 confirms its reputation as a prestigious and authoritative channel, representing the national identity and supporting people's everyday life. Rai 1 is an exciting and entertaining channel with its exclusive events and its engaging and familiar formats; it is capable of generating information focused on the most topical events, to describe the world through its great drama and cultural programmes, and thanks to its high audience it generates a significant impact on Italian public".



Rai 2

In an increasingly complex and challenging competitive scenario, Rai 2 is a rapidly evolving Network that offers its loyal viewers a generalist offering with a strong identity.

Following recent actions to rationalize its programming – characterized by fixed and recognizable events – and to revitalize existing programmes, in particular in the entertainment and information area, Rai 2 has won increasing appreciation by the public.

Its share throughout the day has grown (+0.1 percentage points), in prime time (+0.2 percentage points) and, above all in the 9:30 pm - 11:30 pm time slot (+0.8 percentage points), i.e. the time slot when prime time programmes are aired. This was a first step towards the most important phase in Rai 2 re-launch process that will take place in the second half of the year.

On the entertainment front, the first half of 2019 mainly saw a revitalization of a genre, that of the talent show, which has its benchmark in pay TV products. A renewed and pop version of *The Voice of Italy* has been proposed, which immediately won the interest of the public, recording an average share of 10.5%, or 2.1 million viewers with very high scores among the very young and teenagers (16.8% in the 4-14 age group and 18.7% in the 15-19 age group) and a strong following on social networks with 2.9 million interactions, 1.8 million generated in the linear band (+/-3 hours from airing). The official account of the programme @thevoice_italy generated about 863 thousand interactions during the entire edition (49% of total interactions were generated in the linear band).

The rewriting of *Made in Sud* and the brilliant idea of having a new host have been crowned with success.

1. Women's soccer World Cup
2. The great cycling season



// Collegio, continued to surprise for its ability to beat new records and attract the audience of the very young and teenagers, a target that the generalist TV finds it difficult to capture. The third season was the youngest ever, with an average age of 41, and the most viewed in absolute terms with an average share of 9.2%, corresponding to over 2.2 million viewers. Its strong appeal on the very young was confirmed by the share in the 4-14 (31.7%) and 15-19 (28.5%) age group. A success that is supported by and confirmed on social networks where *// Collegio* has consistently ranked among the most commented prime time programmes on Facebook, Twitter and Instagram.

With *C'è Celentano*, a series of TV events has been launched focusing on Italy's historical memory; these programmes attract interest and encourage debate and participation. This line includes a series of early evening episodes dedicated to the likes of Freddie Mercury and Roberto Benigni.

The daytime entertainment offer was structured in three main shows: *Quelli che il calcio*, which saw an intensification of its satirical vein, *I Fatti Vostri* and *Detto Fatto* which innovated their penchant for entertainment.

There were new challenges also on the news front in view of an increasingly powerful synergy with Tg2. While for a generalist network the news are at the heart of its information offer, there is need for additional and complementary in-depth programmes.

These included *TG2 Post*, a daily insight strip by Tg2 which is part of a comprehensive redefinition and buildup of the programme's offer. We should also mention *Povera Patria*, a programme that deals with economic issues with an eye to their impact on politics and beyond, and *Realiti - siamo tutti protagonisti* a programme that investigates the world of social networks, of selfies in Italy and the narcissism of the poor.

Drama reflects the imagery of the Net. An imagery in which Italian programmes – characterized by a contemporary and sophisticated style that fully fits into the international quality TV genre – coexist with markedly mainstream programmes in an effort to present a varied and high quality offer.

As far as Italian drama series are concerned, in the spring of 2019 the second season of *La porta rossa* was aired, an original fantasy thriller which included a special evening show for the last episode of the series, organized at the Politeama Rossetti theatre in Trieste – with the presence of the protagonists of the series – which recorded massive participation.

There were also experimental European productions including *Il Molo Rosso*, a compelling thriller series, alongside medical dramas such as *The Good Doctor* and the premières of traditional crime series (*N.C.I.S.*, *SWAT*, *The Rookie* and *Bull* and the new *F.B.I.*).

In the first half of 2019, Rai 2 became increasingly credited as the sports network, proposing and enhancing sports that have traditionally been considered of minor

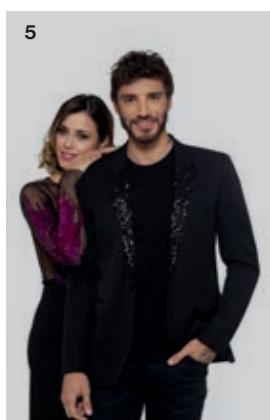
relevance, proposed alongside premium shows with strong popular appeal: an offer full of events and insights, a slot constantly available to showcase the news of the day (as in the case of the Francesco Totti's press conference).

In the first two months of the year, Rai 2's sports offer featured soccer, with Coppa Italia last sixteen round, and skiing, with the World Cup and the World Championship. In March the great cycling season started with the classic Italian (Tirreno–Adriatico, Milano–Sanremo, Strade Bianche) and international tours (Giro delle Fiandre, Parigi Roubaix, Amstel Gold Race, Liège–Bastogne–Liège) and, above all, in May, with the Giro d'Italia.

June was the month of youth football with the European championships under 17 and under 21 and women's soccer which saw the great exploit of the Italian national team engaged in the world championships.

"With a balanced combination of innovation and tradition, Rai 2 has consolidated its offering by continuing to win over viewers and the attention of younger generations."

1. *Il collegio*
2. *Il Molo Rosso*
3. *La porta rossa*
4. *The Voice of Italy*
5. *Made insud*





Rai 3

Rai 3 offers a rich mix of genres that can range from personal to social through a narrative flow and intertwining relationships and exchanges between small stories and big events. Documentaries, investigative reporting, factual, entertainment and in-depth analyses to narrate history while reflecting the complexity of our times.

In the first half of 2019, Rai 3 was confirmed as the third national network for number of viewers, totaling an average share for the whole day of 6.9%, which was 0.27 percentage points higher than the first half of 2018. The day time reached 7.8%, improving on the same period of the previous year.

In the first half of the year Rai 3 programming featured some exclusive events for the television scene such as, for example, *Che storia è la musica* and *M - il figlio del secolo*, which both highlighted and consolidated the characteristic traits and the innovative orientation of the network (Public Service, informative and cultural insights and education). Precisely in this sense, new programmes were introduced (such as *Sapiens*, *A raccontare comincia tu* and *Che ci faccio qui*), new formats were tested (in particular *Photoshow* and *Rai Pipol*) and the more or less historical brands were strengthened.

In the first half of 2019, the daytime programmes were characterized by a marked Public Service orientation such as: *Agorà*, a newsroom for in-depth discussion of political

issues in real time; *Mi manda Rai 3*, the memorable – and unique – programme for the protection of citizens' rights; *Tutta Salute*, informative programme on treatments but above all on prevention and virtuous lifestyles; *Chi l'ha visto? News*, the latest information on cases dealt with in prime time by the well-known programme and a help desk for new cases; *Quante Storie*, a programme focusing not only on books, but also on art, culture, music, cinema and theatre; *Geo*, which takes the public on a journey where nature and the environment are the undisputed protagonists. On Saturday, *TvTalk*, a TV programme that talks about TV with interviews and insights from the main protagonists of the week; *Per un pugno di libri*, which proposes an exciting competition among young students who talk about books to an adult audience. On Sunday *Il Posto Giusto* continues to offer guidance on jobs and employment. *Mezz'ora in più*, a unique and inimitable talk show of its kind, with its authoritative face to face with key players of the economy, politics and society; *Kilimanjaro*, a journey around the world to tell the beauty and paradoxes of our planet.

During the access time, Rai 3 outlined its approach to storytelling: to tell stories that capture the public's attention, leading them along a path that crosses private and public spheres, touching on personal and general issues, from stories to history. Many feature programmes: *Blob*, a traditional show now in its thirtieth year of broadcasting that narrates real events with an original and artistic look; *Non ho l'età*, dedicated to love stories whose protagonists are over 65; *Che ci faccio qui*, an

1. *Mi manda Rai 3*
2. *Chi l'ha visto?*
3. *A raccontare comincia tu*



exploratory journey into the lives of others, stories of ordinary and less ordinary people, a genuine picture of life; *Nuovi eroi*, a portrait of those whose life has become a virtuous example to be followed and emulated and who have been decorated by the Presidency of the Republic for their civic commitment. We should also mention *Un posto al sole*, the first and most long-lived soap opera written entirely in Italy; *Le parole della settimana* which continues to combine current affairs with the pleasure of narration starting from a word; *Grazie dei fiori* with protagonists from past and current editions of the Festival di Sanremo, a recollection of memories and anecdotes on performances from the most coveted stage of Italian pop music; *Grande amore*, a new format that investigates thwarted love affairs.

The prime time was dedicated, as usual, to some of the most representative and successful brands on the Network: *Le ragazze*, *Amore criminale*, *Un giorno in pretura*, *Presa diretta*, *#Cartabianca*, *Chi l'ha visto?*, *Report*. But there was space also for the best Italian films, the news and a few surprises. For example, the exceptional prime-time event dedicated to Mina, 40 years after her last concert – a biopic titled *In arte Mina* in which the artist retraced her long career full of successes and anecdotes in an interview; the TV comeback of Raffaella Carrà with the new program *A raccontare comincia tu*, dedicated to great television and sport stars; *Il diario di Anna*, to remember the story of Anne Frank, ninety years after her birth; the new popular education programme: *Sapiens - Un solo pianeta* with the geologist, CNR researcher

1. *Il Borgo dei Borghi*
2. *Presa diretta*
3. *Geo*

and popularizer Mario Tozzi, who proposed a original and rigorous scientific investigation. There was no lack of event evenings: Saturday 11 May with *M-il figlio del secolo*, a literary reading for a journey from the roots of fascism, the creation of the “fasci di combattimento” in 1919, up to Matteotti's murder in 1924 and the debut of the real fascist regime, in 1925; Sunday 9 June with *Che storia è la musica*, the event that narrated the power of music through the fifth and seventh Beethoven symphonies conducted by Maestro Ezio Bosso.

The late evenings are packed with experiments and enjoyments: *Lessico Amoroso* that has investigated the complex world of couple relationships and the psychopathology of love life; *Prima dell'alba*, a series of reports dedicated to the many aspects of nightlife; *L'approdo*, a talk show on topical issues; *Todo cambia*, which investigates the human soul in order to understand the motivation that led those interviewed to a turning point in their life; *Il corpo dell'amore*, a programme centered on protagonists with motor and cognitive disabilities who have to deal with their sexuality; *Commissari*, with interviews to investigators dealing with crime cases in recent years; *Photoshow* to analyze the topics of the week through videos and social media; *Rai Pipol* a satirical news and current affairs show.

The digital offer confirmed the positioning strategy on multimedia platforms, for cross-media production and publication, services and consulting for programmes, training and creative factory of original formats and contents. On digital platforms, Rai 3 focus is



1



2



3

again on narration and the construction of communities identifying themselves with the various Network brands, on innovative styles of expression and the search for new young and cross-media audiences. More than 100 digital production lines that follow, anticipate and continue the linear programmes and schedule, producing a multi-platform narration on various social networks: video extracts and editing with social videographs, and cards with the production of ad hoc graphic formats, livetweeting, direct streaming, Instagram stories.

Rai 3 social network currently has a total of 70 pages associated with aired programmes broken down among the three major social networks with the current following followers:

- Facebook: around 5.1 million likes (top page: *Report* 1.32 million, *Rai 3* 815 thousand, *Presa Diretta* 477 thousand, *Chi l'ha visto* 434 thousand, *Kilimangiaro* 343 thousand);
- Twitter: 2.9 million followers (top profile: *Report* 1.3 million, *Rai 3* 272 thousand, *Presa Diretta* 184 thousand);
- Instagram: 580 thousand followers (top profile: *Rai 3* 158 thousand, *Un posto al sole* 130 thousand, *Kilimangiaro* 108 thousand, *Chi l'ha visto* 88 thousand).

There were numerous live streaming activities on social platforms, a point of contact between iconic Rai 3 TV programmes and the digital logic, with experimental Q&A with the community of each programme: in the first half of 2019, a weekly schedule was consolidated with around 10 live streaming from social networks, in addition to special initiatives covering special events.

"A network with a strong identity, Rai 3 is constantly engaged in balancing old and new programmes, in an effort to innovate and develop its narrative style; it continues to retain its public, engaging it in major current affair issues and news, telling tales of social transformation and contemporary life".

Rai 4

 / MLN

AVERAGE DAILY
CONTACTS

4.443



MINUTES SEEN
PER DAY

40



SHARE IN 24 HOURS

1.2%

Semi-generalist and special interest channels

Rai 4

Action, crime/thriller, epic, fantasy, science fiction and horror: Rai 4 is a tried and tested mix of genres comprising a wide variety of products, ranging from unusual and original programmes to the "repechage" of cult shows, from independent production to mainstream blockbusters and television series.

The competitive scenario of semi-generalist channels is particularly complex: on the one hand, a progressive erosion of television audience to the advantage of OTT services, with specific reference to the younger and more dynamic audience, on the other, the proliferation and reinforcement of new DTT competitors addressing the same targets. In this scenario, Rai 4 recorded a share of 1.22% for the entire day and 1.25% for prime time, in the first half of 2019.

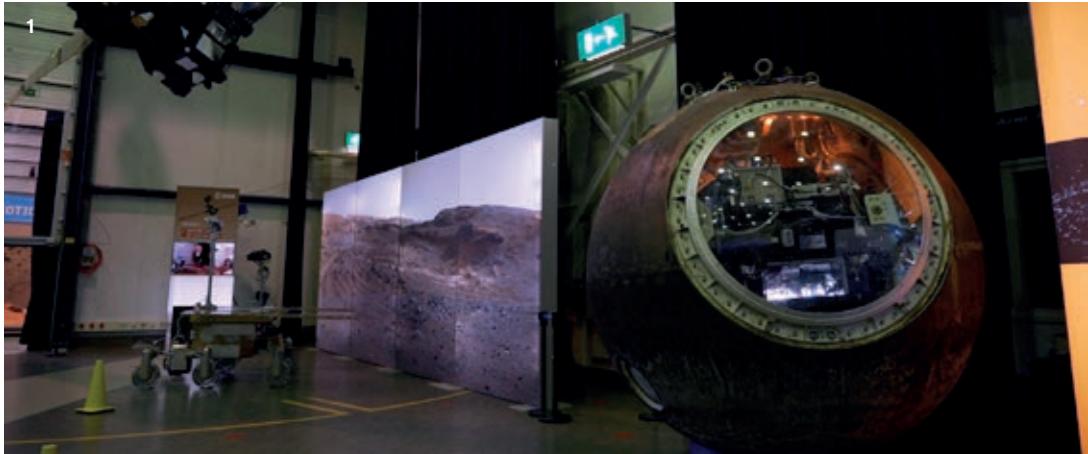
With respect to the target audience of the 15-44 year age group, the average was 1.38% for the entire day and 1.34% on prime time.

As always, movies included many "top scorers" Top in the ranks in the first half of 2019, was the blockbuster of Marvel Studios *I Guardiani della galassia* (760 thousand viewers, 3.40% share), replicating a similar result last year; in second place, the everlasting *Parker*, (609 thousand and 2.48% share), an action movie with a noir touch, interpreted by the iconic Jason Statham, consistently rewarded by the channel's audience.

Great success also for the spy movie *Salt*, the action film featuring Jason Statham, *Chaos*, the thrillers *A Lonely Place to Die* and *Obsessed*, and the epic/fantasy *Dragon* of Russian production, the survival film *Paradise Beach*, the supernatural thriller *Premonitions* and the epic/historic film *Medicus*.

Prometheus a recurrent audience champion with 590 thousand viewers and 2.86% of the share: the prequel to the *Alien* saga, along with all the films of the series, were broadcast on the fortieth anniversary of its cinema première, in conjunction with a special report on the magazine *Wonderland* dedicated to Hans Ruedi Giger, the visionary Swiss artist creator of the xenomorphic aliens.

1. *Wonderland*
2. *A lonely place to die*
3. *Absentia*



There were lots of series also in Rai 4 programming. Rai 2 reruns of gender crime contribute significantly to the network popularity with the day time audience by offering weekly afternoon programmes, often combined with "marathons" over the weekend. These include the evergreen *Criminal Minds* and *Elementary*. Premiered on Rai 4, although occasionally shared with Rai 2, *Scorpion* was also confirmed, an action series inspired by nerd power.

Notable among first-run movies specifically offered by Rai 4, often in prime time, were *Marvel's Runaways*, a youthful and fresh variation of the hugely popular superhero genre, the dark crime/thriller in feminine version *Absentia* and the epic *Britannia* and *Vikings*.

In late evening, there was space for two different versions of the period drama genre: *Babylon Berlin*, a sumptuous noir re-enactment of 1920s Berlin, and *Halt and Catch Fire*, dedicated to the computer science boom of the 1980s.

For both series, the first airing was accompanied by as many special insights on the weekly magazine *Wonderland*.

For thrill-seekers, *The Dark Side*, brought the gothic horror mythology of haunted houses into the Italian landscape. A veritable initiatory journey to discover haunted buildings, or allegedly such, the programme challenges viewers to confront their fears through tales of myths, legends, inexplicable events and macabre details.

Also confirmed for 2019 two classic events of the Network's event calendar: the two semifinals of the *Eurovision Song Contest* in prime time, performing better than last year, and the *BRIT Awards* in late evening.

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

1. *Babylon Berlin*
2. *Salt*
3. *Britannia*
4. *Halt and Catch Fire*



Rai Movie

 / MLN

AVERAGE DAILY CONTACTS

5.226



MINUTES SEEN PER DAY

30



SHARE IN 24 HOURS

1.1%

Rai Movie

Rai Movie is the movies for you.

With 14 films a day, Rai Movie is unique in its kind in the television scenario. The channel's programming offers the public a wide variety of genres, themes and time slots.

Again in the first half of 2019, the western genre continued to be the most typical of the channel's programming, achieving great success, culminating with the series *Tutti i westerns di Sergio Leone* to celebrate the birth of the great master.

The *Colazione da Rai Movie* strip, aired on weekday mornings, offered the best of Italian classic movies, and offered the additional option of subsequent on-demand viewing on RaiPlay.

The weekend day time programming favoured flow programmes suitable for family use. The prime time offer is continuously updated and designed to satisfy an increasingly wider target audience.

Rai Movie celebrated the David di Donatello award ceremony with a rich cycle of films awarded in previous editions, all presented on video by some of the best young Italian critics.

For the Turin International Book Fair, the channel offered the cycle *Tra le righe del cinema*, one hundred and fifteen films taken from books, novel adaptations, memorials, biographies, plays and comics. Furthermore, ample space was reserved to the Book Fair and its initiatives on the weekly magazine and on social media.

Specific broadcasts were dedicated to the Giornata della Memoria on 27 January, Giornata della Donna on 8 March, Festa della Liberazione on 25 April, Giornata della Legalità on 23 May and Festa della Musica on 21 June.

As usual, Rai Movie ensured great care in philological research and the quality of the materials, pursuing maximum respect for the original formats and the best possible definition. Where permitted by contractual agreements, foreign films are broadcast in "double audio" mode, i.e., with the original language proposed on the second DDT audio channel. Furthermore, Italian films with audio descriptions for blind people are carefully selected and broadcasted.

The productions, always in line with the programming, consolidate the identity of the television channel dedicated to cinema. *Movie Mag*, is the flagship production dedicated to current events and in-depth features, with particular attention to Italian productions.

1. *L'amore ai tempi del colera* by Mike Newell
2. *Il buono, il brutto, il cattivo* by Sergio Leone
3. Nanni Moretti and Federico Pontiggia *Movie Mag* 2019
4. Livio Beshir, Jasmine Trinca, Alessandro Borghi
Red Carpet David di Donatello 2019



Based on an agreement with the Italian National Association for the Cinema and Audiovisual Industry (Anica), Movie Mag's editorial staff creates a weekly news programme that focuses on current national production and distribution topics.

Films coming out or being made, awards and Festivals, the history of cinema and its protagonists: the magazine is also a tool through which Rai fulfils its partnership commitments in the movie sector.

For the David di Donatello, for the second consecutive year, Rai Movie broadcasted live for one hour, with Livio Beshir as presenter, alternating with the live broadcast of the awards on Rai 1: international guests, specialized commentators and the most prominent names of Italian cinema alternated on the red carpet.

Rai Movie supports the programming of the television schedule with in-depth features and interactive exchange with its users through the Network's website and the official social profiles on Facebook, Twitter and Instagram, social media activity contributed in an increasingly effective manner to the channel's identity, proposing it as an important and reliable point of reference for cinema fans. With real time updates, the social network activity is articulated daily into reports, proposals and viewing recommendations. Worthy of note, the *Snap Movie* feature is a

series of short videos designed specifically for the web and social media, in which members of the editorial staff, young critics and the best editors of specialist magazines alternated to tell viewers about interesting fact and anecdotes about the films on schedule.

"Rai Movie is the channel of every movie genre, with a wide offer, devoted both to TV programming and to the new opportunities offered by the internet and social networks."

1.2.3. Michela Greco, Alessandra De Luca and Mattia Carzaniga on *Snap Movie*



Rai Premium

Rai Premium



AVERAGE DAILY
CONTACTS

3.597



MINUTES SEEN
PER DAY

49



SHARE IN 24 HOURS

1.2%

Rai Premium is the channel of the best TV drama and comedy works and of the most notable entertainment successes to make viewers think, laugh and thrill.

The channel has always been attentive to its traditionalist audience who are fond of the product that made up its original core: Italian drama. Rai Premium improved its digital positioning by offering additional Rai entertainment successes and original productions especially targeted to its viewers.

The average share for the entire day showed a slight increase over the same period of the previous year (1.20% vs. 1.16%, with several days exceeding 1.5%) despite an increasingly fierce competition.

The offer of replicas of generalist drama was again a winning strategy both in prime time, with new products in immediate replay, and in day time, with traditional Rai Premium production movies. Among these, *Che Dio ci aiuti 5*, *Un passo dal cielo*, *Il maresciallo Rocca* and the strip of films entirely dedicated to Vanessa Incontrada (*Un'altra vita*, *Il Capitano Maria*, *Non dirlo al mio capo 1* and *2*), which have received unquestionable approval from the public.

Il paradiso delle signore – Daily performed extremely well; this is a daily programme that obtained highly satisfying ratings, offered both in immediate replay and with the marathon formula on Saturday afternoon and Sunday in late evening.

As usual, a space in the schedule was dedicated to the best generalist entertainment, with reruns of the most popular shows like *Ballando con le stelle* and *La corrida*.

Rai Premium schedule also includes an interesting range of European productions. In this regard, in the first half of the year a number of European series were premiered, such as *Isabel* and *La gloria e l'amore*, which won the interest of the audience more oriented towards international productions.

Zoom! was also a success, an original production in six episodes on six topics and how they were treated in Rai programmes: from food to quizzes, from satire to books, passing through music and TV that makes fun of itself.

The public showed their appreciation of this review of Rai repertoire, which the programme proposed with a light and ironic tone.

Very satisfying results were also achieved with *Uniche* confirming its excellent performance in the late evening.

1. *Che Dio ci aiuti 5*
2. *Il maresciallo Rocca*
3. *Un'altra vita*
4. *Un passo dal cielo*



As usual, the program, now in its third season, narrated the stories of incredible women who brought a lesson of life, teachings of sweetness and tenacity, a hidden force in the eyes and beauty of their stories far from the spotlight.

Rai Premium is continuing – especially through social networks such as Facebook – to bring its audience closer to the digital world, helping many adult viewers to improve their understanding and interaction between different media.

"TV dramas and entertainment of yesterday and today for an adult audience that is still distant from the digital world and that loves excitement and has fun with the quality of Rai products."

Rai Italia

Original programmes and the best of Rai productions for Italians abroad: to feel at home even when you're away from home.

Rai Italia, the channel for Italians abroad and the promotion of the Italian language and culture in the world, is divided into three main schedules, organized according to the main time zones of the non-European continents of destination: Americas, Africa, Asia/Australia. The latter, on weekends, is split into a version for Australia and one for Asia, depending on sports programming.

Rai Italia is broadcast via satellite platforms, cable, IPTV and OTT, in encrypted and pay mode, in the Americas, Africa and Australia, while it is broadcast directly and free of charge throughout Asia.

1. *Il paradiso delle signore - Daily*
2. *La corrida*
3. *Ballando con le stelle*
4. *Isabel*
5. *La gloria e l'amore*
6. *Uniche*



The programming in the first half of 2019 followed the renewed basic approach of the 2018/19 season, presenting as in the past the best of Rai Networks close to airing – i.e. on the same day, or at least in those immediately following the most popular and successful programmes of Rai generalist networks, as requested by Rai Italia viewers.

The “best of” is complemented by original Rai Italia productions for its worldwide audience: almost six million Italians living abroad, between sixty and eighty million Italian descendants and about 250 million so-called “Italics,” people who appreciate and follow the Italian way of life and share its basic values.

All Rai Italia auto-productions, except soccer, are also available in Italy and Europe through streaming on RaiPlay, as of the day after the first broadcast on the foreign-dedicated channel.

L'Italia con Voi is the ninety minute afternoon programme from Monday to Friday – made by Rai Italia for Italians in the world. The magazine, with studio guests and live connections and with the live music contribution of Maestro Stefano Palatresi on the piano, experienced a fruitful collaboration with Radio Rai in the 2018/2019 season, which led to the creation of the television versions of *Hollywood Party* and *Era Ora - Il Lato C della Musica*.

The many features of the programme included: *Di Bella dal Mondo*, in collaboration with Rai News 24; *Made by Italics*, an editorial full of ideas and anecdotes on the cultural fertility of being Italian around the world; *La Lezione di Italiano* with linguists from the Dante Alighieri Society; *A spasso con l'arte*, on our great artistic heritage; *I have a dream*, dedicated to great entrepreneurs; *I colori dell'Italicità*, which tells about the Italian protagonists on the international cultural scene.

L'Italia con Voi also offered studio meetings with members of parliament elected in foreign constituencies, with representatives of the Ministry of Foreign Affairs and International

1. Pope Francis
2. The President of the Republic Mattarella in *L'Italia con Voi*
3. *La giostra dei Gol*

Cooperation, with representatives of Italians Abroad Committees, of the General Council of Italians Abroad and with experts of the Public Administration to inform our compatriots on issues that concern them directly.

In addition to reports from Italy, the programme also offers reports from abroad to tell stories and events of our communities and their protagonists in the world. These stories, as well as in the daily, are also proposed in the weekly magazine *L'Italia con Voi - Speciale Le Storie*, for broadcasting also on the generalist networks, in an effort to meet the request for information from our compatriots.

Among the historical programmes of Rai Italia, *La giostra dei Gol*, in collaboration with Rai Sport, offers commentary on the matches of the Serie A soccer championship and Coppa Italia, with three live matches per week, plus the highlights of all the other matches of the day.

Cristianità, presented by Sister Myriam Castelli, is another programme of the channel; it is dedicated to current religious affairs and to many faith-related events and festivals that characterize the lives of many of our fellow countrymen abroad. The programme features the Pope's Angelus and live Sunday mass, and, from February 2019, Wednesday's papal audiences, with a programme produced in collaboration with Rai Vaticano. As a special event, Rai Italia offered viewers from other continents one hour of close conversation with Pope Francis on the Holy Mary.

There was no lack of the best of cultural, entertainment and information programmes of the public television service, selected and broadcast by Rai Italia. From the great drama and great Italian cinema, to popular scientific and cultural programmes (such as *Meraviglie - La Penisola dei Tesori*), passing through the main live editions of national and regional newscasts, the news reports and in-depth analysis of current events (such as: *Porta a porta*, *#Cartabianca*, *Report*, *Presa diretta*,



*Petrolio, Mezz'ora in più, Tg2 Dossier), the soap operas (such as *Un posto al sole* or *Il paradiso delle signore*), the game shows (such as *I soliti ignoti* or *L'eredità*) and entertainment shows, up to the great live containers from Italy (such as *Unomattina*, *La vita in diretta*, *Vieni da me*, *Storie italiane*). And last, but not least, the great events like the *Festival di Sanremo*, the *Giro d'Italia* cycling event and the *Milan-Sanremo*.*

"Rai Italia is the generalist channel for Italians in the world: sport, news, drama, special events and entertainment. To be close even when you're far away."

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 which, during the period, were aggregated into the single portal www.raicultura.it (art, literature, history, music, cinema, theatre and ballet, philosophy and science) and of the Rai National Symphony Orchestra, Rai Cultura occupies programming slots in the schedules of Rai's generalist channels through its productions such as: *Italiani (History specials)*, *Italia viaggio nella bellezza*, *Siti italiani del patrimonio mondiale Unesco* on Rai 1, *Memex*, *Digital World* and *Viaggio nell'Italia del Giro* on Rai 2, *Passato e Presente* (daily, rerun on Rai Storia), *Le parole della Costituzione*, *Provincia Capitale*, *Di là dal fiume e tra gli alberi*, *L'Italia della Repubblica*, *Diario Civile*, *14-18 Grande Guerra 100 anni dopo* and *Save the date* on Rai 3.

Also broadcast on Rai 1 and Rai 3, in addition to Rai Storia, *Sembra ieri cronache e storia* produced in collaboration with Rai News 24.

Rai Cultura is the centre of expertise for the production of classical music. In fact, exclusive events and prestigious concerts are produced by Rai Cultura and broadcast by the generalist networks. Among the events of the first half of 2019, the *Concerto di Capodanno* from Vienna and from the *Teatro La Fenice* in Venice directed by Myung-Whun Chung, the *Concerto dell'Epifania* from Naples performed by the Naples S. Chiara Orchestra, the *Concerto di Pasqua* from the Cathedral of Orvieto, the *Concerto per la Repubblica* from the Sala dei Corazzieri of the Quirinale broadcast on Rai 1 on June 1st.

Internet and social media activities were intensified, including through the launch of the new portal www.raicultura.it, online since 14 May 2019, and the development of new products on social networks.

The objective is to strengthen Rai Cultura's positioning as one of the main influencers in the cultural scene on the Internet. A challenging task that was implemented

through a cross-media conception of the entire production designed to encourage reuse, sharing and discussion which are typical of social networks.

In particular, in addition to following and promoting television programming, ad hoc contents were created for the new portal as well as new formats for social accounts. Production activities included specials, reports, in-depth analysis and additional projects on art, literature, history, philosophy, music, theatre and ballet, cinema and science, as well as interviews with famous artists – as well as with emerging young artists –, analysis conducted by art historians and curators, books and art venues, events, exhibitions and shows.

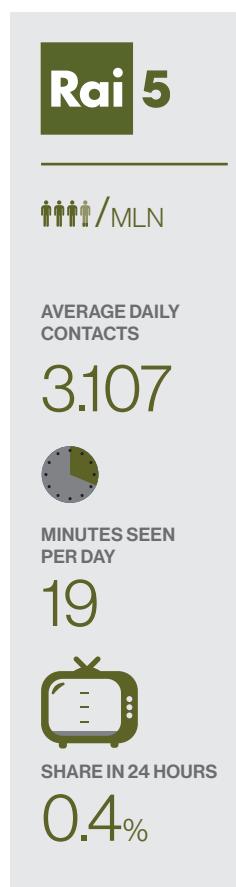
Italian cultural events (such as the *Senato & Cultura* cycle) were broadcast through exclusive live streaming, webdoc and specials linked to events and anniversaries of great social and cultural impact, containing new original ad hoc web content and the precious contents from Rai Teche.

Of note was the web doc on *Leonardo Da Vinci* produced to celebrate 500 years since his death (2 May 1519). The special contained videos from Rai tv programmes as well as interviews and reports created for the web, infographics and a photogallery. Lesson plans were also created – which can be used on multimedia interactive boards – that teachers can use in the classroom to illustrate and analyse Leonardo Da Vinci's works as an artist, engineer, scientist, architect, urban planner and inventor.

There were also many in-depth studies concerning the most important commemorations in Italy, such as La Giornata della Memoria (27 January), Il Giorno del Ricordo (10 February), La Festa della Liberazione (25 April), La Giornata della Legalità (23 May), La Festa della Repubblica (2 June). Furthermore, specific web docs were created on topics and commemorations of national interest and cutting across all the themes: from Caravaggio to Umberto Eco, from Primo Levi (for the centenary of his birth) to places representative of the Italian cultural heritage.

Social media features were used to continue promoting Rai Cultura brand on social accounts (Facebook, Twitter, Instagram and Instagram Stories): *Citazioni* (daily inspirational quotes); *Accade oggi* (important historical events, short videos to remember prominent figures or a significant event); *Cult* (short clips from Rai Teche that retrace and contextualize significant cultural programmes aired on public television).

Worth noting is the project *Viaggio in Italia - La Corte Costituzionale incontra le scuole*. For the second year the Constitutional Court in collaboration with the Ministry of Education, University and Research carried out this project in which Constitutional Judges meet with students from 20 upper secondary schools from every Italian region. The project aims to raise young people's awareness and to promote citizenship, legality and democratic values among young people as well as knowledge of the role played by the Constitutional Court in protecting the fundamental rights and freedoms.



Rai 5

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

Again, in the first half of 2019, Rai 5 alternated original productions with the most significant documentaries purchased on the international market, as well as the production of major events on the Italian music and opera scene.

The prime time offer confirmed the programming according to theme-based evenings in order to offer viewers a recurrent schedule.

As for Mondays, dedicated to literature, we highlight a series of documentaries inspired by world literature protagonists such as Roald Dahl, J.R.R. Tolkien, Arthur Conan Doyle, Agatha Christie, Graham Greene, Antoine de Saint-Exupéry, Philip K. Dick, Luis Sepúlveda. After that, the new production *Punto di svolta* which saw Edoardo Camurri exploring European authors who, starting from the beginning of the twentieth century, marked a "turning point" in fiction not only in the Old Continent: Franz Kafka, Marcel Proust, James Joyce and Agatha Christie. Massimo Bernardini was another protagonist on Monday programmes with the new season of *Nessun dorma!* dedicated to the contamination between musical genres – jazz, lyric, pop, symphonic. In late evening, *Nuovo Cinema Italia* offered a space for exploring the first and second works of emerging authors of the Italian cinema in the new millennium.

On Tuesday, the weekly offer of great international auteur cinema was confirmed, an opportunity to view the most significant

and original movies produced internationally in recent times (with the exceptions of the *Concerto di Capodanno da Vienna* broadcast on Tuesday 1st January, the live broadcast from the Maggio Musicale Fiorentino of *La Straniera* by Vincenzo Bellini, conducted by Maestro Fabio Luisi aired on Tuesday 14 May, and the tribute to Franco Zeffirelli with the opera *Aida* aired on Tuesday 18 June).

On Wednesday, the journey continued through the *Pop Icons* of music, cinema and entertainment: from Barbra Streisand to Ava Gardner, from Nirvana to the Doors, from Cary Grant to Alfred Hitchcock, from Pink Floyd to Queen (the documentary premiered on Rai: *Queen: Days of Our Lives* recorded the highest audience for the period with an overall average share of 2.6%), up to the *Stars of the silver screen* series with episodes dedicated to movie stars Jack Nicholson, Anthony Hopkins, Vincent Price, Gene Wilder. Of note, the concert by the Banda dell'Arma dei Carabinieri aired on Wednesday 5 June, and the series produced by Rai Cultura *L'arte d' o sole* presented by Renzo Arbore, celebrating the Neapolitan song and much appreciated by the public.

Consistent with its mission, in the first half of 2019, every Thursday on prime time, Rai 5 proposed great ballet, opera and symphonic music events, such as the *White Darkness* and *Onegin* ballets, the ballet *Carmen* from the Opera House of Rome, the concerts of the Accademia Nazionale di Santa Cecilia with the famous pianist Martha Argerich and with Mischa Maisky, Antonio Pappano and Conrad Tao, the opera *Manon Lescaut* conducted by Riccardo Chailly for the Teatro alla Scala, and, of course, the concerts of the Rai National Symphony Orchestra.

1. *Le terre del monsone*



Of note is the new experimental project *Il sogno del podio*, a four-episode series presented by Milly Carlucci in which she describes the offstage of the competition organized every two years by the London Symphony Orchestra to reward the best new conductor. A high-profile "contest" involving twenty young competitors from all over Europe.

In late prime time, there was the new edition of *Prima della prima*, the historic programme that tells the "behind the scenes" of great opera productions and the three-evening cycle *Lezioni di suono*, annually organized by Orchestra di Padova e del Veneto conducted by Marco Angius, which this year was dedicated to the music of Giorgio Battistelli.

For Friday evening, thematically centered on art, Rai 5 proposed a reflection on architecture with the new series *I tre architetti* dedicated to Gio Ponti, Mies van der Rohe and Frank Lloyd Wright, followed next by the series *Velázquez L'ombra della vita*, with art critic Tomaso Montanari who described the works of the Spanish master.

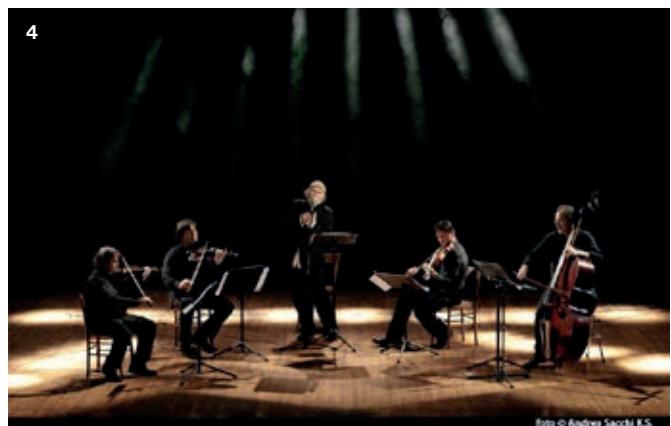
The new series *The art show* then investigated the relationship between the image society and contemporary art. Next, the new series

Art of France, dedicated to the masters of French painting, and *Vienna: impero, dinastia e sogno* dedicated to the Austrian capital and its profoundly impact on European culture. Of note was the première documentary *Leonardo, l'ossessione di un sorriso* to celebrate the 500th anniversary of the artist's death.

Friday evening also featured the *Save the date* production programmes, dedicated to cultural events of the week, and *Terza pagina*, previewing and discussing the cultural insights to be published on major Italian newspapers, presented by Licia Troisi. In late prime time, the new season of *Under Italy*, exploring Italian hypogea and underground places rich in history and mystery. This was followed by the series *Museo con vista (Tate Britan's - The great british walks)* exploring the close relationship between the great English painters and landscape.

The Saturday theatre programme, another well-established event, proposed a succession of tragedies and comedies, carefully combined in a mosaic that offered ample opportunity for reflection on contemporary and civil issues amidst flashes of humour: comedy included cycles with Neri Marcorè, Ale & Franz, Riccardo Rossi, Raul Cremona; civil issues were covered

1. *L'arte d'osoile*
2. The opera *Manon Lescaut*
3. *Punto di svolta*
4. Moni Ovadia on stage



by the shows with Corrado Augias, Piergiorgio Odifreddi, Massimo Popolizio, Moni Ovadia; without forgetting a tribute to Oriana Fallaci in the 90th anniversary of her birth (*Le parole di Oriana in concerto*, with Maria Rosaria Omaggio).

In 2019, Rai 5 also covered nature, the environment, travels and exploration, with a marked anthropological orientation in both day time and prime time on Sunday (for example with the series *Wild Italy*, *Wild Canarie*, *Wild Caraibi*, *Le terre del monsone*). Of note was the series *Di là dal fiume e tra gli alberi*. As an exception to the offer dedicated to nature, was the tribute to Maestro Claudio Abbado aired on Sunday 20 January, the concert for the Giorno della memoria *Libero è il mio canto*

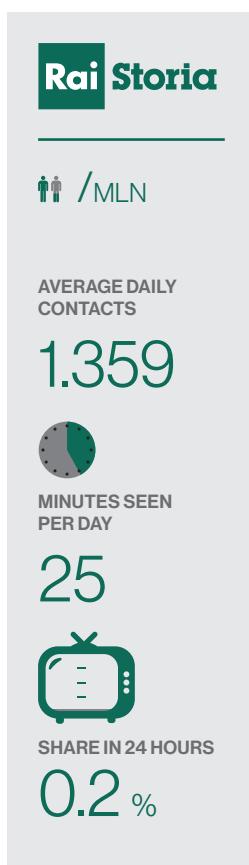
aired on Sunday 27 January, the live *Concerto per Milano* with Maestro Riccardo Chailly aired on Sunday 9 June.

For day time programmes, of note was the live broadcast of the concert *Sinfonia delle Stagioni* conducted by Maestro Nicola Piovani to commemorate the 10th anniversary of the earthquake in L'Aquila, aired on Sunday 7 April.

"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. Barbra Streisand - Nascita di una stella
2. Queen: Days of Our Lives
3. Pink Floyd - Reflections and Echoes
4. Onegin, ballet





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: a radio/television Public Service that involves the entire spectrum of media, from TV to Internet and social networks, with the aim of bringing its audience to all over the world and to any time, talking about facts, places, personalities, civilisation, lifestyles, cultural trends, political processes and social achievements. A channel predominantly engaged in production. A radio/television and cross-media Public Service that involves 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 such as *Passato e Presente* con Paolo Mieli, *Mille papaveri rossi* and *Il giorno e la storia* during 2019 the network precisely defined the themes for the prime time offer.

In the prime-time winter season, Monday programmes, dedicated to the cultural and artistic heritage of Italy, included the series *I grandi dimenticati*, six episodes

1. Artistic documentary cycle
2. *I grandi dimenticati*
3. *I Kennedy*
4. *Viaggio nell'Italia del giro*

exploring some neglected gems of the Italian artistic and cultural heritage and narrating the stories that over the centuries have developed and intertwined around these places.

The extraordinary Italian historical and artistic heritage took centre stage in the new edition of *Italia: viaggio nella bellezza*, a programme made in collaboration with MiBACT: a journey amid the more or less known Italian "gems", to discover the remnants of the past and the actions undertaken to protect and preserve them. A focus on history and places characterized programmes such as the *Provincia Capitale*, *Cronache dal Mito* and *Repubblica Romana 1849. Un romanzo d'avventura*.

Provincia Capitale, the programme produced by Rai Cultura, now in its third edition, broadcast on Rai 3 and on Rai Storia, portrays the Italian suburbs, through the journey of Edoardo Camurri in search of the cultural identity of small Italian towns. On the other hand, *Cronache dal Mito*, a new series of the *Cronache dal ...* format, narrates the founding myths of our society in the form of chronicle.

Excellent results for *Repubblica romana 1849. Un romanzo d'avventura*: 170 years after the events, Cristoforo Gorno, a true on-the-scene reporter, narrated this chapter of history in a programme premiered on prime time during the spring.



Tuesday was confirmed as the space dedicated to the protagonists of history. The biographies of great women and men found their perfect place in the cycle *Italiani*, a program introduced by Paolo Mieli.

Thus, in-depth insights in the lives of illustrious Italians were developed in conjunction with their respective birth or death anniversaries: from Fabrizio De André, Giorgio Gaber and Beniamino Placido, to Carlo Donat-Cattin, Giuseppe Tucci, Curzio Malaparte; from Gabriella Ferri, Sergio Leone and Corrado, to Ruggero Orlando, Indro Montanelli and Giuseppe Cassieri.

Hand in hand, on Tuesday, the programme *Il tuo anno* proposed a year-by-year story down the memory lane of Italian and world history, from 1960 to 1970, developed through a collection of often unpublished images, taken from the famous historical archive of the Istituto Luce.

Finally, the docu-fiction *Buonasera Presidente* was premiered between May and June: eleven Presidents of the Republic were brought back to life by Italian actors who impersonated them and who replied to interviews by Filippo Ceccarelli using the words actually spoken by those presidents. In this regard, the advice given by historians Sabino Cassese and Alberto Melloni is worth noting.

Historic narrations and prestigious foreign productions, premiered on the channel, characterized Wednesday programming: since January, Rai Storia has retraced the period prior to the First World War with the programme *1918-1939. La pace fragile*, a German series, of eight episodes, recalled those decisive moments in European history, bringing to the fore the life of people only marginally considered by official history.

1. *Italiani*
2. *Nec recisa recedit. Storia della Guardia di Finanza*

The series *Cronache di Hitler* was aired in February: a story in four episodes on the Nazi dictator, produced with archive material, mostly unpublished. Making a leap into the 1960s, the story of the Kennedy dynasty was explored in *I Kennedy*, a series produced by CNN and distributed by the BBC, at the end of the spring season.

Wednesday programming was completed by documentaries commemorating past events, such as *Telegramma 2171. L'anno del Patto Atlantico*, 70 years after the signing of the North Atlantic Treaty. Finally, it is worth remembering the special *Nec recisa recedit. Storia della Guardia di Finanza*, dedicated to the story of the so-called "Fiamme Gialle".

Thursday, the day dedicated to the history of the great civilizations, saw a confirmation of the great success of *a.C.d.C.*, a programme introduced by professor Alessandro Barbero, narrating the story of the Egyptian people, with *Pianeta Egitto*, of Celt people (*I Celti*), of great women such as Joan of Arc, Catherine the Great and Luisa of Prussia (*Grandi donne*), and which revealed the mysteries that surround the city of *Petra* and *Teotihuacan*. There was great appreciation for *Leonardo da Vinci - L'ultimo ritratto*, a documentary on the life and legacy of the great genius for the 500th anniversary of his death, which occurred on 2 May 1519.

On Fridays in the first half of 2019 Rai Storia revived some successful series such as *Storia del west* and *Maxi. Il grande processo alla mafia*, in addition to premiering a number of documentaries such as *Don Luigi Sturzo*, 100 years after the founding of the Partito Popolare, *Fossoli - Anticamera per l'inferno*, the concentration camp and transit for deportation to Germany of Jews and political opponents, and *Dal Tirreno all'Anatartide. Lo straordinario*



viaggio di Ajmone-Cat, an unprecedented documentary that received ample coverage by printed and digital newspapers, and which retraced the stages of the incredible journey that led commander Giovanni Ajmone-Cat to Antarctica.

Every Saturday, *Cinema Italia* offers the public the cinematographic works conceived, produced and conducted in Italy and *Artistic Documentaries*, a cycle aired in the late evening, which in many cases premiered international documentaries: from *My Grandfather's Oboe* to *L'ultima frontiera*, from *Femminismo! to Isis Tomorrow - The Lost Souls Of Mosul*, from *Mexico. Tra record di violenza e bellezza* to *1968. La rivoluzione del calcio italiano*.

Every Sunday in prime time, *Binario Cinema* was again proposed this year, with films that narrate historic events. Also on Sunday, *Telematera* was programmed on the last Sunday of each month at 7.30pm; this is a magazine that, month by month, narrates the cultural events taking place in Matera, European Capital of Culture for 2019.

In conjunction with the Giro d'Italia, the programme *Viaggio nell'Italia del Giro*, a journey retracing the same stages and collecting "cards" that narrate the history of Italy.

Again in the first half of 2019, there was an assiduous commitment to recollect, commemorate and celebrate important anniversaries; through painstaking and in-depth programming, we covered the various anniversaries that took place one after the other over the months: the *Giorno della Memoria commemorating the Shoah* (27 January), the *Giorno del ricordo in memory of the victims of the Foibe massacres* (10 February), the *International Women's Day* (8 March), the *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 *Strage di Capaci* (23 June), the *Festa della Repubblica* (2 June), the *Strage di Ustica* (27 June).

"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 instruction, education and digital, scientific and technological literacy: culture and learning at the centre of the television's function as a Public Service.

Again this year, the channel continued to pay great attention to scientific issues by expanding the offer of the programme *Memex*, aired in prime time, with *Galileo*, the popular magazine on scientific and technological issues that helps understand how and to what extent science affects daily life.

On Saturday in prime time *Memex* presented the new programme *Vita da ricercatore*, narrating the story of 17 male and female researchers – chosen from among those who received international funding for their research – followed by a live "unconventional" shot of their professional and private life. Alternating situations and locations, the program offered an opportunity to discover the institution where they conduct their research and their cultural and social background.

Alongside the programmes dedicated to science, *Rai Scuola* continued and renewed its programming dedicated to the teaching of English, another key strength of the channel.

In the afternoon slot, dedicated to refresher courses and lifelong education, the channel proposed a wide range of edutainment, cultural insight, didactic programmes and dramas in original language with English subtitles. These included, *Non è mai troppo presto - I bambini e la seconda lingua* dedicated to parents and educators, providing useful insights on language teaching and practical advice on how to help children approach the learning of a second language; the second series of *Dr. Jack Hill & Mr. Speech*, with English-language sketches made with native speakers, created to explore linguistic contents such as false friends, and *Edgar Allan Poe - The last four days*, dedicated to the great American author.

Of note was also the programming of the English edition of 54 snippets (lasting about 3') produced as part of the Unesco Italian Heritage project.

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 new edition of *Toolbox* was also confirmed: in this part of the season, the programme addressed issues related to robotics, programming and coding in middle schools. In his video tutorials, prof. Alessandro Bogliolo of the University of Urbino, illustrated robotics for the school and the basic elements on Industry 4.0. Using electronics, 3D printing and laser cutter, he showed how to build and program robots and circuits.

The *Rai Scuola Specials* with eleven episodes covered the most important events for the school and for Italy: the most important included La giornata della memoria, La giornata della Legalità. In addition, in the first half of the year, *Rai Scuola Specials* included the production of 15 new snippets entitled *Le parole della Costituzione*, in which the 15 judges of the Constitutional Court analysed some key words of the Constitution, to increase awareness and share the constitutional values.

In late evening on Sunday, starting in March, the channel aired the programme *Digital World*, proposing social analyses and insights on changes brought by digital technologies, now in its fourth edition. The first episodes dealt with as many thematic areas, with attention focused both on technological innovations and on their implications for the various industries (information, school, society, finance, environment, health, etc.).

1. *Vita da ricercatore*
2. *Memex Galileo*
3. *Digital World*
4. *Zettel Debate. Fare filosofia*

The channel also paid strong attention to philosophy with the continuation of the programme *Zettel Debate. Fare filosofia*, a programme created in collaboration with the MIUR Commission and dedicated to new approached to the teaching of philosophy in schools, with the in studio debate stimulated and guided by two renowned hosts: the professors Maurizio Ferraris and Felice Cimatti.

"Rai Scuola broadens its horizons, strengthening the offer of tools and content online and for 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 2019 marked the debut with the National Symphony Orchestra of young director Robert Trevino, who has already proven his talent in the international music scene, with a programme entirely dedicated to Strauss. Opening the programme, were the *Vier letzte Lieder* interpreted by the soprano Dorothea Röschmann, followed by the monumental *Eine Alpensinfonie* with a programme proposed again in Udine on 19 January.

On 13 January there was the third Concert from the *Concerti al Quirinale* series, with a line-up performing the string septet of Richard Strauss and Schulhoff. The series included four events aired between February and 9 June, which was closed by the Antonelliano Quartet of the Rai Orchestra.

The protagonists of the second of the three events of the contemporary music festival *Rai NuovaMusica*, Tan Dun, in a double role as conductor and composer, and the young extraordinary percussionist Simone Rubino. The series ended on February 22 with a concert dedicated to the great flutist Severino Gazzelloni on the centenary of his birth, interpreted by our concertmaster Giampaolo Pretto. On the podium the young Aziz Shokhakimov.

In January, 10 years after her last concert with the National Symphony Orchestra and 60 years after her first concert with the Rai Orchestra of Turin, the prestigious Argentine pianist Martha Argerich made her comeback, directed by Enrico Fagone, for an off-season event; an evening of great music that sold out – to celebrate a legend of international pianism with Liszt's first concert.

In February, Haydn's *La Creazione*, with the Choir of the Santa Cecilia Academy and

conductor Maestro James Conlon, hosted a trio of internationally renowned voices in their debut with Rai Orchestra: Sydney Mancasola, Martin Mitterrutzner and John Relyea.

The traditional and long-awaited *Concerto di Carnevale* inaugurated the March programming, opened by the effervescent *Cartoon* by Paul Hart and animated by the exuberant and extraordinary Janoska Ensemble quartet. For the occasion the young Turin percussionist Simone Rubino, directed by Maestro William Eddins, returned to the stage of the RAI Auditorium with famous contemporary pieces, from *Libertango* by Piazzolla, to *Marimba spiritual* by Minoru Miki. The evening ended with *Marche fatale* by Lachenmann and the Overture from the operetta *Orphée aux Enfers* by Offenbach, with its overwhelming can-can. The concert, in abridged form, was then replicated in the afternoon of March 2 for the *Classica per tutti* festival, an event also consisting of theatrical workshops for the very young, performed at the Auditorium and Casa Teatro Ragazzi, in collaboration with Fondazione Onlus Teatro Ragazzi e Giovani.

On 7 and 8 March the great internationally renowned soprano Anna Caterina Antonacci, a voice with a thousand faces, played Berlioz's *Cleopatra*. On the podium, the baton of Edward Gardner, who opened the event with Žárlivost prelude to Janáček's opera *Jenůfa*. To close, the *Symphony no. 5 in c-sharp minor* by Gustav Mahler.

Also in March, for the twelfth concert of the symphonic season, the Argentine star Sol Gabetta performed in the brilliant *Concert in D minor for Cello and Orchestra* by Lalo. On the podium for the first time the young Greek conductor, Constantinos Carydis, who opened the event with the symphonic poem *Chasse fantastique* by Ernest Guiraud, and closed with Nikolaj Rimskij-Korsakov's *Shéhérazade* op. 35.



1. The Rai orchestra
2. The Rai orchestra directed by James Conlon



For the second consecutive season the young enfant prodige Alexander Malofeev, directed by Juraj Valčhua, was back on stage, in a concert dedicated to the admirable pages of the Russian Masters, including Pëtr Il'ič Čajkovskij with his *First Piano Concerto*.

The first quarter of the 2019 symphonic season ended with a concert conducted by Omer Meir Wellber who proposed the great *Unfinished Mass in C minor* by Wolfgang Amadeus Mozart, sung by a famous international quartet: Emily Dorn, Katija Dragojevic, Patrick Grahl and István Kovács. Together with them the Coro Maghini under the direction of Claudio Chiavazza.

To celebrate Easter, James Conlon, conducting the concert on 18 and 19 April, proposed a combination of mysticism and orthodox rituality, by choosing two cornerstones of Richard Wagner's musical drama, namely his youth work *Tannhäuser* and the last *Parsifal* and the *Great Russian Easter* by Nikolaj Rimskij-Korsakov. The same programme was then performed at the Teatro Municipale in Piacenza on April 20th.

On 26 and 27 April, a music giant, Kirill Petrenko, appointed Music Director of the Berliner Philharmoniker, returned to the podium of the OSN; in a double concert, he performed the *Eroica* by Ludwig van Beethoven and the symphonic poem *Ein Heldenleben* by Richard Strauss.

In May the young conductor, Maxim Pascal, made his debut presenting the two orchestral suites from the ballet in one act *Daphnis et Chloé* by Maurice Ravel. At the opening of the concert, young pianist Beatrice Rana was the undisputed protagonist; already an international star, Rana gave a virtuous and transcendental interpretation of *Concerto no. 1 in D minor* by Johannes Brahms.

In May, Maestro James Conlon made his last comeback to the Auditorium, for this season; after the *Maggio Musicale Fiorentino*, he proposed an interesting programme inspired by pictorial art in music: the *Botticelli Triptych* by Respighi, the *Piero della Francesca's Frescoes* by Martinů and the *Pictures at an Exhibition* by Musorgskij in the Ravel orchestration; three great musical tableau inspired by Italian Renaissance art and Russian painting.

The season of the Rai National Symphony Orchestra ended with young Maestro Alpesh Chauhan, recently appointed principal conductor of the Filarmonica Toscanini of Parma, and with cellist Mario Brunello, favourite among soloists for his exuberant virtuosity and ability to capture the emotions of folklore themes from the Old and the New World, with a double event dedicated to Dvořák and Šostakovič.

Finally, at the end of the production period and in conjunction with the 2019 Universiade, a unique project was created, *La Maratona Beethoven*, an event dedicated to the great Maestro from Bonn, in which the Rai National Symphony Orchestra, performing at the San Carlo Theatre in Naples on June 22nd, and in collaboration with the Orchestra del Teatro, presented the nine Symphonies by Ludwig van Beethoven. A titanic effort under the expert baton of Maestro Juraj Valčhua.

Rai Ragazzi

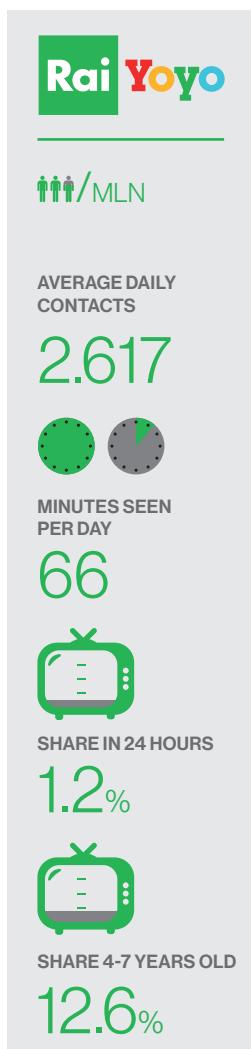
In the first half of 2019, the Public Service TV offered significant programmes for children and young people.

As part of the entertaining and educational programming of the two specialized channels Rai Yoyo and Rai Gulp – which in June were awarded two Moige Awards and not less than 17 quality stars from the Movimento Italiano Genitori – and as part of the production of new cartoon series involving the best Italian talents and studios, three important initiatives deserve special mention:

- The Giornata della Memoria della Shoah, on 27 January, with the airing on Rai Gulp of the cartoon film *La Stella di Andra e Tati*, offered an opportunity for numerous live broadcast in schools, in collaboration with MIUR. The film, produced by Rai Ragazzi, is the first cartoon for children that, based on the true story of two sisters, Tatiana and Andra Bucci, explains the Shoah in a language suitable for the younger audience. Presented on 6 February in a Brussels cinema in collaboration with the Istituto Italiano di Cultura, broadcast on 1 May by the Israeli public TV as part of the Giornata del Ricordo programming and selected for the Annecy Festival, in June the cartoon won the prestigious Banff Festival in Canada, as best animated film, overcoming competing works from American and international majors.
- The launch of the *Jams* series, the first Italian series for children that addresses the issue of sexual harassment, helping young people to identify and deal with risk situations, as part of a series of entertainment dramas. *Jams* was appreciated by the public, by specialized observers (particularly by the Comitato Media e Minorì) and by European public TVs, winning the award for best children's drama at the 2019 Cartoons on the Bay Festival.

• The Cartoon Digital event that took place in Cagliari in May. For the first time, after many years, a major international animation event was held in Italy, reflecting the growing role that Italian independent studios have been playing in recent times, with Rai being the major driver. As part of this initiative, which was very successful and will be repeated in 2020, the day for young talents was particularly significant: promoted by Rai Ragazzi with Cartoon Italia and the Film Commission Sardegna, it involved 12 young authors who met with delegates, including representatives of all the main European television and production companies.

The integration between the linear television with the non-linear one and with web and social interactions continued.



Rai Yoyo

Rai Yoyo is the channel for children; it is constantly topping the rankings of children's TV in Italy and is much appreciated also by family members, who are constantly interacting with the editorial staff on Rai social channels.

The TV programming included the comeback of the most famous characters, the darlings of little viewers (from *Peppa Pig* to *Topo Tip*, from *La Pimpa* to *Masha e Orso*) and the arrival of new protagonists, who soon befriended children with new stories, music and songs.

The popularity of Rai Yoyo's protagonists, the only free and ad-free children's network, goes beyond the channel and spreads into publishing, with numerous book and magazine collections, school diaries, games, live shows, pervading all aspects of children's and their families' life, bringing with them a wealth of values and lots of fun.

Rai Yoyo is associated with the RaiPlay Yoyo app, which is also free and ad-free, and above all safe, and which records millions of views every month.

Rai Yoyo is the only children's channel in Italy that has a constant and rich offer of entertainment programmes made in the studio, such as the very popular *La Posta di Yoyo*, *Bumbi* and *L'Albero Azzurro*, the result of collaboration between Rai Ragazzi and the Turin Production Center.

The channel offers a wide range of cartoons, the main genre for the target audience, which are mainly based on the best Italian and European productions, along with a selection of international series mostly by Disney.

The most popular series, *44 Gatti*, is produced by Rainbow for Rai Ragazzi in collaboration with the Antoniano of Bologna. The Buffycats, the four protagonist cats, play in a band and live in Nonna Pina's garage. The series is based on the most popular songs of the Zecchino d'Oro, but its compelling stories and the extraordinary quality of the animation, make it an exciting view for a wide audience, so much so that it has been sold all over the world, including where the songs are not known.

1. *44 Gatti*
2. *Peppa Pig*
3. *Pj Mask*



This is because, amid music, jokes and games, amid talks about cats and dogs, the series is actually about us humans, about differences and inclusion, tolerance and creativity, through the extraneous, childish and comically honest point of view of the protagonists. In the first half of 2019, the production of the second season of *44 Gatti* was launched, which will debut on Rai Yoyo in 2020.

The other Italian series that have been particularly successful include *Topo Tip*, *Le avventure dei Trullalleri*, *Yo Yo*, *Dixiland*, *Giulio Coniglio* and the unmissable *Pimpa*.

Among European series, the hit of the year was apparently *Bing*, the black bunny and his little friends who help children explore new emotions and feelings by interacting with others. But also series like *Molang*, *Masha e Orso*, *Peppa Pig*, *PjMask*, or the newest *Leo and Tig*, *Kit and Kate*, *La famiglia Volpitassi*, *Zafari* and *L'ape Maia*, characterized the channel's offer.

Finally, it is impossible not to mention a few Disney programmes, of which Rai Yoyo has the exclusive right for the free TV: from *La casa di Topolino* to *Sofia la principessa*, from *Dottoressa Peluche* to *Vampirina*.

Attention to the quality of Italian in Rai Yoyo's programmes and cartoons goes hand in hand with fun approaches that encourage the learning of English: there are numerous programmes for children and their families that facilitate English learning.

In addition to the classic *Disney English* there are episodes of *Peppa Pig*, *Pj Masks* and *Let's Go Pocoyo*, which are broadcast every morning in Italian and immediately after in English.

Rai Yoyo's English programmes are aired during important slots of the channel's schedule and can be found in the *Hello Kids* section of the RaiPlay Yoyo app.

"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."



Rai Gulp

Rai Gulp is the channel for children and young people in the primary and secondary school age group: an age when each year is different and children grow up quickly.

These are children who are discovering school, reading, autonomy and differences. They start viewing television channels for children and the other generalist networks, in an increasingly expanded menu that also include prime time TV. They usually have smartphones and tablets, start interacting on social media and find all sorts of content on the web – directly or through classmates or older siblings.

Tastes change quickly and irreversibly. Rai Gulp is increasingly open to all languages, not only animation but also drama, studio programmes, documentaries, films, and above all narration that combines television channel and online and social contents in an integrated manner.

The mentioned programmes such as *La Stella di Andra e Tati* and *Jams* are part of a special commitment to help children grow as citizens, develop insight and 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 deflate 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.

Among the innovations of the first half of 2019, we should mention the programme

Missione spazio reloaded, a cycle of 10 episodes on the space adventure produced by Rai Ragazzi for distribution on RaiPlay first and then on Rai Gulp, introduced by the young aspiring astronaut Linda Raimondo; this is a further way to address scientific and research issues, after *Teen Voyager* in 2018 and in view of the *Space to Ground* series. *Guida per viaggiatori galattici* scheduled for the second half of the year.

Among the other channel programmes, the first season of *Rob-o-Cod* is definitely worth mentioning; this is the first game-show based on coding, involving teams from all over Italy who learned programming codes at school. Italy is the leading European country in the teaching of coding and Rai Gulp programme makes use of these skills in a context of entertainment and sportsmanship.

Alongside these innovations, Rai Gulp programming included a varied range of cartoons, especially in the morning and late afternoon, as well as live series for children, especially in the early evening and evening slots.

A point that needs to be emphasized is the range of cinematographic programmes offered by the channel; in addition to the weekly magazine *Ciak Gulp* providing an overview of new movies for children playing in cinemas, the channel offers weekend movies, including animated films, for a young audience.

"Rai Gulp has 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, which is a valuable aid in young viewer's formative process".

1. Rob-o-Cod
2. Jams





Rai News 24

The all news Rai channel: since 1999 transparent and timely information, always live, 24 hours a day, every day of the year.

The editorial philosophy of Rai News 24 focuses on timely news and coverage of events in Italy and abroad with live broadcasts, services, in-depth reports, in constant collaboration with regional newspapers and foreign correspondents.

Audience figures for the first half of 2019 confirmed the positive trend of last year. Rai News 24 continues to top the rankings over the entire day with a 0.6% share on the digital terrestrial channel 48; the share in the 6 am - 8 am time slot, which is considered prime time for all news channels, is steadily above 3%. Rai News 24 is also broadcast in simulcast on Rai 1, reaching 9.5% of share and on Rai 3 with a 5.3% share.

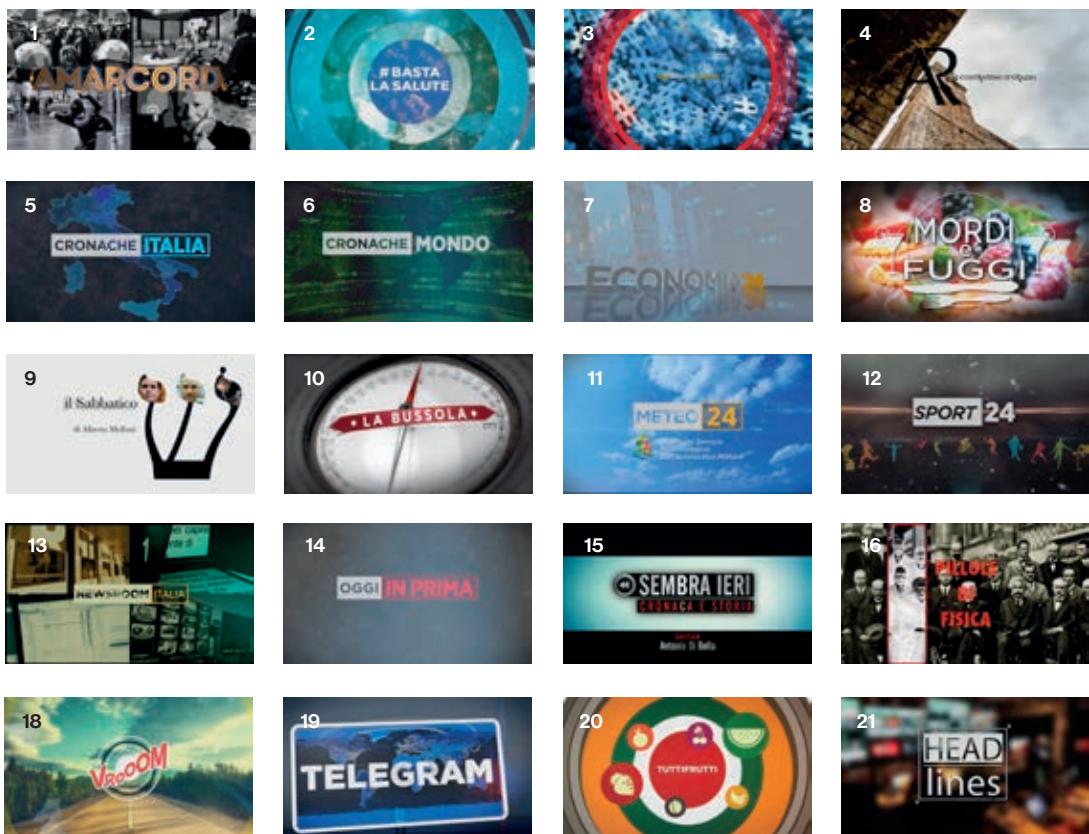
With its continuous flow of information, enriched by features and insights, commemorations and original documents, Rai News 24 programming – now widely tested – is structured with newscasts every hour, twenty-four hours a day.

This is supported by the morning sections, to give an account of Italian and foreign press, and the evening sections, with an analysis of the day and the likely developments.

The many features of this channel include: *Studio 24*, in the morning, and *Newsroom Italia*, in the afternoon, which discuss current events in greater depth, analysing the fact and the topic of the day; *Telegram*, a daily fifteen minutes live broadcast at 6:00 pm, which takes stock of the day's events; *Cronache dall'Italia e Cronache dal Mondo* with live contributions from the regional offices and Rai correspondents abroad; *Americhe* with its correspondents from New York, Los Angeles and Rio de Janeiro, proposing a journey into the affairs and events of such a distant and yet very close continent.

Economia 24 and *La Bussola* are dedicated to analysing the economic and political-institutional events of the day. *La Bussola*, broadcast three times a week from Brussels, – which stands out as one of the few Rai programs entirely dedicated to Europe – ensured special coverage of the European elections with itinerant transmissions throughout Europe during the first half of the year.

1. Amarcord
2. #Bastalasalute
3. CheHashtagchefa
4. Frammenti D'Arte
5. Cronache dall'Italia
6. Cronache dal 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. Vrooom
19. Telegram
20. Tuttifrutti
21. Headlines



Rai Sport

 / MLN

AVERAGE DAILY
CONTACTS

2.358



MINUTES SEEN
PER DAY

30



SHARE IN 24 HOURS

0.5%

There were also many special features covering sports, entertainment, health, science and culture. These included: *Mordi e Fuggi*, from starred chefs, the section focused on street food amid ancient traditions and international marketing innovations; *Week End al Cinema*, on current film events with reports and interviews; *Tuttifrutti*, a weekly magazine about style, trend, music and all that's entertainment; *Basta la Salute*, lots of things to discover, analyse, useful tips and tidbits about medicine, wellness, health and our animals.

Of course, there is no shortage of information on weather and traffic with specific coverages and with the *Vrooom* section dedicated to mobility and transport.

Rai News 24 is not only a DTT and satellite TV channel, it is also on the Internet with the portal rainews.it. With its stream of news, videos, photo galleries, news and investigative reports from its reporters, Rai News portal confirmed its important presence on the web among news websites, with over 3 million unique monthly users and a total of 136 million pages visited in the half-year under analysis. Increasingly "mobile first"-oriented news were consulted through portable devices by 74% of the total users.

Social activity grew with the Facebook page followed by 424 thousand followers, Twitter with 980 thousand users and the recent Instagram profile that has reached 55 thousand followers.

In the wake of the search for new styles and communication approaches, during the year we launched *Pop 24*, a section on innovation and pop culture, designed and created for Facebook.

Teletext continued to be a simple and timely tool that Italians recognise as authoritative, fast and reliable. Penetration, the type of use (news, weather, TV programming) and user satisfaction were in line with last year, also thanks to applications for smartphones that have expanded opportunities for use by the audience.

"Rai News 24 builds new offers and looks to new challenges that can address the changing audience, the media system, and the ways and times of delivering information, to ensure the news are brought to Italian homes right when events occur."

Rai Sport

Alpine and Nordic skiing, major soccer events, cycling, volleyball, basketball, athletics and many other sports: Rai Sport offers the public quality sports entertainment and a wider range of disciplines.

For a long time now television has included digital programmes as part of its offer – diversified on the various platforms – providing wide coverage of sports events in streaming on the website raisport.rai.it and on social networks, which allow interactions with the public and increase engagement levels. In particular, the experience of the 102nd edition of the Giro d'Italia saw the production of a digital ad hoc schedule which recorded exponential growth of followers on the various social platforms.

During the first few months of the year, winter sports events featured prominently, such as the Alpine Ski World Cup and the Nordic Ski World Cup; the emerging disciplines of snowboarding and freestyle were also given considerable prominence.

To crown the 2018/2019 ski season, the Are Alpine Skiing World Championship was aired live from Sweden, both on Rai Sport HD and on Rai 2 general channel, with a personalized direction.

The channel renewed and confirmed its commitment to cover the main cycling events both nationally and internationally. The 102nd edition of the Giro d'Italia was covered daily on Rai Sport HD channel and on Rai 2 with a mix of sports, history and culture for a total of 170 hours of live broadcasts in total: *Villaggio di partenza*, *Anteprima Giro*, *Viaggio nell'Italia del Giro* (in collaboration with Rai Cultura), *Giro in diretta*, *Giro all'arrivo*, *Processo alla tappa*, *TGiro*, *Giro notte*. The story of the race and its popular appeal was also enriched by exclusive content available on social channels (Facebook, Instagram, Twitter) and on the website raisport.rai.it. A production effort that was rewarded by an increase in audience compared to the last edition both for the live coverage and the features.

With respect to the programming dedicated to cycling, in addition to *Radiocorsa*, the Thursday weekly feature, there were also live coverages of historical races such as the Milan-Sanremo, the Tirreno-Adriatico, the Paris-Nice, the Strade Bianche, the great Classiche del Nord, the Eschbom-Frankfurt, the Oman Tour, the UAE Tour. Furthermore, there was no lack of the most representative Italian races, such as the

Tour des Alpes, the Giro dell'Appennino, the Settimana Internazionale Coppi e Bartali, culminating in the race for the award of the Italian professional title and the conquest of the "maglia rosa" (pink jersey) in the Giro d'Italia for women. In June, the channel aired the Tour of the Dauphiné, a classic preparatory race for those who have ambitions on the roads of the Tour de France in July.

As far as international soccer is concerned, Rai Sport produced and curated the events related to the Italians' run to qualify for the 2020 European Championships which was broadcast live and exclusively on Rai 1, with the usual in-depth post-match sections on Rai Sport HD.

Despite the absence of the Azzurri, the finals stages of the UEFA Nations League held in Portugal in June also recorded a good audience. Rai programming was not only about the national team: the other junior national teams also received ample coverage. The channels aired the Under-20 World Championships held in Poland, where Italy arrived in the semifinals, the European Under-19s held in Armenia and the Under-17s held in Ireland, where Italy reached the final against the Netherlands.

June opened with two matches of the national team, namely Greece/Italy and Italy/Bosnia and culminated with the European Under-21 championships organized in Italy and broadcast exclusively on Rai 1 and Rai 2.

The first match of the Italian team broadcast on Rai 1 obtained a 29.17% share and 5.7 million viewers.

The women's soccer world championships also featured prominently; the event, covering a sport that until recently had little attraction for the general public, was given considerable prominence, which was rewarded by the very high audience it obtained.

The Italy/Netherlands quarter-final, broadcast in the afternoon, was seen by over 5.2 million viewers with a share close to 40%.

Aired on the Rai Sport HD channel, the *Mese Azzurro* section covered the Under-20 World Cup, the European Under-21 Championship and the Women's World Championship with highlights and insights.

These events confirm the strong presence of Rai Sport in high-level soccer. A presence that is also strengthened by the Champions League and Coppa Italia matches, which have achieved important results in terms of audience. In particular, the Coppa Italia final match, Atalanta/Lazio, exclusively broadcast on Rai 1 was seen by 7.3 million viewers with a share of 28.53%, and that of the Champions League Tottenham/Liverpool – also on Rai 1 – recorded a share of 26.96% with almost 5.7 million viewers.

Basketball had its showcase with the deferred matches of the men's Serie A championship,

1. Coppa Italia final match
2. European Under-21 championship
3. Champions League
4. Women's soccer world championships



the FIBA Basketball Champions League and the in-depth section *Overtime*. In particular, in the first half of 2019, Rai Sport covered all the matches of the Antwerp Champions League Final Four which saw the triumph of Virtus Bologna. Also the Scudetto playoffs of the 2018/2019 Serie A season recorded a good audience.

Ample coverage was also given to volleyball, the third sport for number of members in Italy: the men's and women's Serie A championships and the playoffs played in April/May, with exciting and spectacular final matches between Perugia and Macerata (men) and between Conegliano and Novara (women). In addition to the top national championships and the Coppa Italia, the friendly matches of the national men's and women's teams, in preparation for the European Championships in August and September, were also broadcast on an exclusive basis.

Athletics, the queen of Olympic sports, was featured in the programming of multiple events of international importance. These included in particular: the Indoor Meeting in Berlin, the Indoor European Championships in Glasgow, the half-marathon in New York, the London Marathon and the traditional Golden Gala Pietro Mennea event, held on 6 June at the Olympic Stadium in Rome in the presence of the President of the Republic.

Extensive coverage was also given to many other sports such as snooker (Italian championships Stecca, finals Boccette Master Goriziana, pool finals), horse-back riding (Grand Prix d'Amerique, Derby di Galoppo, Piazza di Siena), trap shooting, skating, orienteering, field hockey, freesby, rowing, archery, gymnastics. We should also mention the comeback of boxing on Rai channels, the fortnightly martial arts event and the Superbowl live broadcast on Rai 2, the final match of the NFL American football championship – one of the most followed

sporting events in the world – which occupied the entire Sunday night with live commentary and studio guests.

The following customary sections on Rai 2 were confirmed: *Dribbling*, *90° minuto* and *La Domenica Sportiva*, including a new second part entitled *L'altra DS*, dedicated to sports other than football. Now almost in their twentieth year, the sections *L'uomo e il mare* (on sailing and boating) and *Sportabilia*, a traditional programme for all Paralympic sports.

With regard to Paralympic sports, in June the Paralympic Awards were broadcast live from the Rome Coni hall, a celebration of athletes and executives who distinguished themselves during the season.

"With an ever wider range of disciplines and a rich offer that combines traditional platforms with new styles and communication tools, Rai Sport brings sports right into Italians' home".

1. Alpine skiing world championship
2. Giro d'Italia



AFTERNOON EDITION AUDIENCE		Information	
(SHARE)		Tg1	There was no shortage of in-depth insight on entertainment, with <i>DoReCiakGulp</i> , and of medical information with <i>Tg1 Medicina</i> .
	21.7%	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.	<i>Tg1 Motori</i> on the world of cars and <i>Tg1 Persone</i> with its portraits of men and women whose lives reflect the main themes in our times, as well as <i>Tg1 Videochats</i> .
	Tg2		
	14.5%		
	Tg3		
	11.2%		
	TGR		
	15.5%		
EVENING EDITION AUDIENCE			<i>"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."</i>
(SHARE)		Tg1	
	23.2%	Tg1 has top audience ratings which confirm its authoritative positioning in the scene of Italian news. In the first half of 2019, the main edition at 8 o'clock in the evening had an average share of 23.2%; that of 1:30 pm a 21.7% share.	
	Tg2		
	7.0%	The reason for the success of Tg1 also lies in the full schedule containing three main editions of half an hour each, several flash editions during the day, one in sign language, one of "sixty seconds" and a long night news. There was no lack of extraordinary editions in the first half of 2019, as in the case of the attacks in Sri Lanka and the fire at the Notre Dame cathedral in Paris.	
	Tg3		
	10.8%		
	TGR		
	12.2%		
		Tv7	The collaboration between Tg1 and Rai 1 in the programme <i>Unomattina</i> was historic and long-lasting: reports and in-depth studies from Italy and the world on current political and international affairs, economics, culture, manners and society, with features and connections to the morning editions of the news. Monothematic broadcasts and special events alternate with weekly features – such as <i>TG1 Cinema</i> , with stories, interviews and previews, and <i>Camere con vista</i> dedicated to politics – and to moments of daily in-depth analysis related to social news for security, legality, the stories of volunteering and civil commitment.
		Speciale	The in-depth discussions on <i>Tv7</i> and <i>Speciale</i> <i>Tg1</i> and the other numerous theme-based features should not be overlooked. These include <i>Tg1 Economia</i> , a daily report providing information on Italian business and <i>Tg1 Billy</i> , the "vice of reading", the online library open to readers with videos, readings, interviews and comments. But also <i>Tg1 Dialogo</i> , which, with the collaboration of the Franciscan friars of Assisi, aims to be a space for discussion on life to build bridges and relationships between different identities, with stories and testimonies from the street and in the studio.

Tg2

Widespread information, attentive to changes in the public and society: Tg2 confirms its identity in line with its contractual obligations as Public Service provider performing its mission based on the principles of pluralism, verification of sources, truthfulness of the news.

Tg2 reaffirms its identity based on impartial, exhaustive, independent information and the ongoing search for quality.

Almost 600 hours of broadcasting, divided into the 5 daily news editions, 14 features, and 20 special and extraordinary editions and commentaries just in the first 6 months of the year.

Programming hours have increased – 10% more – as a result of the new with morning newscast at 8:30 am; a new feature, *Tg2 Weekend*, airing on Saturday; the extension of the Sunday feature (for a total of 25 minutes) *Tg2 Motori*; the new in-depth analysis, *Tg2 Post*, airing from Monday to Friday from 9:00 pm to approximately 9:20 pm.

Again, in these first six months, the editorial policy was developed through the search for maximum efficiency, with the production model being based on immediate information and widespread coverage of the events. Insights, investigative reports, dossiers, reports, exclusive interviews, unpublished stories; an

accurate work supported by the widespread presence in Italy and abroad of correspondents and teams as well as ultralight broadcasting systems for live connections.

The channel provided maximum coverage of important national and international events, always acting to safeguard the truth of facts and news, giving voice to the stories and to the protagonists of the stories and of emergency situations, while always placing objectivity and pluralism at the heart of the journalistic activity. The constant editorial, content and technical work, aimed at achieving the maximum audience, reached a peak during special events for which special and extraordinary editions and live dossiers were produced.

In the first half of 2019, institutional-related programmes were also broadcast. Ten slots to cover events such as the General Meeting of the Court of Cassation, the inauguration of the Judicial Year of the Court of Auditors, the Alfieri del Lavoro Ceremony, the Extraordinary Meeting of the Constitutional Court, the Report of the Governor of the Bank of Italy, the Regatta of the Maritime Republics of Venice, the commentary of the National Anti-Corruption Authority, the press conference of Prime Minister Giuseppe Conte, the speech by Consob President, the ceremony of Reconciliation of the General report of the Court of Auditors, with over 10 hours of broadcasting.

1. Special European Election 2019
2. Regatta of the Maritime Republics of Venice
3. Live from Paris, covering protests of the Yellow Vests
4. *Tg2 Post*



There were also ten special and extraordinary editions, mainly linked to news stories such as the attacks in New Zealand, in Holland, in Sri Lanka, the demonstrations of the Yellow Vests in Paris, tensions in Venezuela, electoral events, the administrative elections and those for the renewal of the European Parliament for a total of over 14 hours of broadcasting.

A good share was also reached for what is considered an important part of programming on Rai networks: the in-depth analyses ensured by Tg2 through its 14 historical features. Each deals with specific issues: medicine, art, cinema, books, current affairs, culture, food and wine, tourism, leisure time, customs, accounts and unpublished stories of people and their life, third sector and volunteering, youth, disability, mobility, renewable energy, new technological frontiers and IT, political debate. There are daily features, which over the entire week, are greatly appreciated by viewers, with peaks of audience up to a 10% share.

The public of the latest addition to said features, *Tg2 Post*, is growing more and more, attracted by the programme's coverage of national and international politics with peaks of 8% share.

News contents continued to be offered on the web as a result of a meticulous work made of constant updates and the further addition of photographic and video contributions. These efforts reinforced its loyalty relationship with social media users, through constant implementation of digital strategies.

The news programme used its own accounts to launch campaigns, live events and important editorial coverages achieving 80 thousand followers on its Instagram page.

"Tg2 has consolidated its position thanks to a modern, quality offer, the timely coverage of the news, conquering an increasingly recognisable role through in-depth analysis, innovation and experimentation."

1. Valentina Antonello at the helm of Tg3
2. #stavoltavoto conducted by Maria Cuffaro
3. Tg3 correspondent Riccardo Porcù



Tg3

Tg3 is the news programme that tells about citizens' lives using a direct language and providing interpretation criteria for change and its challenges.

In the first six months of 2019, the 7.00 pm edition obtained a 10.8% share with more than 1.8 million viewers, recording an increase on the previous year. Alongside the most important political, economic, foreign and cultural affairs and current events covered in an objective, balanced and comprehensive way, the 07:00 pm edition offers insights gathered throughout Italy and the world, narrating about real people, their hopes and their difficulties, capturing the dynamism of change.

Tg3 is the only news programme with a national edition, that of 12:00 noon, made and aired from Milan. It is followed by 9.7% of the television audience with almost one million viewers and is characterized by the many live connections from everywhere in Italy.

The 2:20 pm edition, with strong focus on consumer issues, the quality of services, the environment and young people, recorded a 11.2% share.

The key strengths of the programme are its in-depth analyses and direct language, the choice of topics, the tendency to give voice to the weak and the attention paid to change, to the challenges of innovation, to social issues and to the impact of decisions made in the sphere of economic policy.

In the first half of 2019, fifteen special live broadcasts were devoted to electoral events and to current national and international events.

Special attention was paid to the European Parliament elections with a daily programme *#stavoltavoto* covering the elections in the various EU countries. The main 7:00 pm edition, the day of the vote, was also broadcast from the European Parliament to emphasize the European vocation of the programme.

The programme's focus on international politics is also demonstrated by *Tg3 Mondo*, which is broadcast twice a week on Saturday and Sunday.

Ample space was given to daily in-depth analyses such as *Linea Notte* with insights and debates and *Fuori Tg*, which reached an 8.1% share with around 900 thousand viewers.

The weekly features like *Pixel*, *Persone*, *Agenda nel mondo*, *Chi è di scena*, *Fuori Linea* confirmed the public's loyalty.

Of special significance is the *Tg3* edition that uses the sign language for deaf viewers.

Tg3 is also present on the Internet and on social media Facebook, Twitter and Instagram, with a constant increase in users.

*"Through live broadcasting and a clear language, *Tg3* takes the viewer where events take place, offering bold and in-depth analyses that help understand what is happening in the world."*

1. Carlo Verdone speaking on *TGR*
2. Live *TGR* broadcast from Naples for the XXX Universiade



TGR

TGR, near the territory, near you.

With its twenty-four editorial offices spread throughout Italy, the *TGR* is the backbone of information produced by the Public Broadcasting Service. Reflecting Rai's constant battle against superficial and approximate information, the *TGR* confirms its essential role, being deeply rooted in the territory and ensuring a service that perfectly responds to the needs of the communities, through its ability to collect, listen and process the requests of the various social, economic and cultural stakeholders in Italy.

In the first half of 2019, the Rai regional editorial offices confirmed and strengthened the process for resource optimization in order to ensure information that is qualitatively adequate to the programme's mission, devoted to a widespread and sustainable regional coverage. The *TGR* has increased its commitment to the social sector showing concrete closeness to the communities in difficulty, by listening to citizens' needs and recommendations in order to offer a news programme that concretely helps the cultural and civil progress of society, by collecting complaints and requests for further insights. This deep-rooted and in-depth attachment to the local territory contributed to bringing citizens closer to this regional programme, with the 7.30 pm edition reaching a 12.2% share, up compared to the average of the first half of 2018.

The web project is now complementary and at the same time integrated within the regional news programmes; it is thus a resource capable of enriching the traditional news formats, through a digital presence that recorded further growth in the first six months of 2019.



The excellent results in terms of views are attributable not only to the news reports, but also to the socio-cultural insights that make up the mosaic of Italy, a country that is constantly open to reflections on its local specificities and peculiar traditions. Thus, discussions on TGR WEB social networks more and more often become trending topics.

Among the many sections that are the result of the programme's efforts and skills, the most recent one deserves special mention: *Matera Italia*, a strategic focus on the great challenge that is confronting the capital city of Europe 2019.

Through a weekly narration of the artistic, cultural and entertainment initiatives that are proving so successful in Italy, in Europe and worldwide, *Matera Italia* obtained the same successful audience results of the other TGR sections, which in the first half of 2019 recorded widespread growth in terms of audience.

"The TGR keeps paying great attention to proximity news close to the citizen, further strengthening its digital offer and its focus on the many specificities of our country."

1. *Telegiornale Parlamento*
2. *Le parole della politica* magazine
3. *Il confronto*, broadcast election debates for the 2019 European elections
4. *Punto Europa*

Rai Parlamento

Rai Parlamento is the Rai news programme that fulfils the Public Service broadcasting mission, by informing users about the activities performed by the Italian and the European parliament, by parliamentary committees and by national and European political institutions.

The first half of 2019 was characterized by important changes that concerned the entire channel production, with updated contents characterized by greater focus on Italian and European parliamentary activity, wider use of infographics and a restyling of theme songs, graphics and studios.

These innovations were first implemented at the beginning of the year in the *Telegiornale Parlamento* daily editions – all strictly live – which were placed in a new and more appropriate time slot: at 9:30 am on Rai 1 (for a total of 117 editions and 07:05:46 hours) and at 06:05 pm on Rai 2 (for a total of 115 editions and 13:39:55 hours). In addition there was the new 03:00 pm edition on Rai 3 (for a total of 102 editions and 06:51:05 hours) with excellent feedback in terms of audience and appreciation.

On May 28th, an extraordinary news edition was broadcast, with updates, comments and insights on the European elections on May 26th.



Another novelty of the year, the extensive cycle of *Tribune elettorali* – for the European elections – revolutionized, after many years, with the introduction of the highly innovative format of *Il confronto*, enhanced by a modern scenography, with a clearly visible timer, videowall with party symbols and direct lights on the protagonists. There were six national representatives of the party lists competing in the European elections on May 26th who participated in 6 interview episodes and 15 debates, for a total of 10:55 hours, plus 8 episodes of *Messaggi autogestiti*.

The current political, economic and social events were the topics of the 75 editions of the new container *Rai Parlamento Magazine*, another novelty of the programme, which since January included the in-depth insights of *Filo Diretto*, *Il Ritratto*, *Le Parole della Politica*, *Territori ed Orizzonti d'Europa*.

Rai Parlamento has also covered live – on Rai 2 and Rai 3 – a total of 20 *Question Time* sessions of the Chamber of Deputies for over 17 hours, 8 *Question Time* sessions of the Senate, for a total of almost 8 hours, as well as 8 live institutional sessions for over 10 hours.

The proceedings and agenda of the national and European political debate were at the centre of 18 episodes of *Settegiorni* – on Rai 1 and 19 episodes of *Punto Europa* on Rai 2, which were also rerun on Rai 1.

The world of associations was narrated during the 63 episodes of *Spaziolibero*, aired on Rai 3, recording higher audience results compared to the last months of the previous year, following the introduction of the new format.

Fiction

Rai Fiction is responsible for producing TV drama and comedy works for all Rai networks and for RayPlay.

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 talent and the Italian industry, in supporting innovation and in helping to have Italian work shown in other countries.

The new drama works aired in prime time on Rai 1 between January and June 2019 reached a total of 38 evenings. The average audience was 5.6 million viewers with a share of 23.4%.

The top ten of Italian TV series was solely composed of Rai labelled productions. The event series *Il Commissario Montalbano* topped again the rankings: two new thrillers taken from the works of Andrea Camilleri, *L'altro capo del filo* and *Un diario del '43*, totalled an overall of 11.1 million viewers and a 44.6% share.

In second place, the TV movie *Io sono Mia*, dedicated to the great and tragic figure of Mia Martini (8 million viewers and 31.4% of share), which in the three-day preview at the cinema obtained excellent box office results. Next was the new episode of the event series *La stagione della caccia*, from the historical novel of the same name by Andrea Camilleri, with 7.3 million viewers and 31% share.

The first half of 2019 saw the debut of another important film: the adaptation of one of the masterpieces of our national literature, *Il nome della Rosa* by Umberto Eco. A great event series co-produced with AMC Network and Telemunchen Group, with a stellar cast including John Turturro and Rupert Everett, directed by Giacomo Battiato.

The series, which made its debut achieving an average of over 6.5 million viewers and 27.4% of share, was sold – before the editing was completed – in 130 countries including the United States (Sundance TV), England (BBC), France (Orange) and Germany (Sky). This was an important result that confirms how the foreign market appreciates the quality of Rai's TV dramas and demonstrates in practice how Italianness is a living source of ideas, creativity, values and compelling stories.

In the day time, the favourable results obtained by the daily series *Il paradiso delle signore* was confirmed. Week after week, the series expanded its audience with an average of 1.7

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million viewers and a 14.4% share. This test was passed with flying colours if we consider viewing habits in the afternoon slot.

Even for audiences who subscribe to satellite Pay TV, the top ten TV series by share are entirely composed of Rai shows. *Il Commissario Montalbano* topped the ranks (43%), followed by *La stagione della caccia* (26.4%) and the TV movie *Io sono Mia* (24.8%). The figures demonstrate that even with a rich offer such as that of satellite Pay TV, Rai Fiction's proposals can satisfy the tastes and expectations of the most demanding audience.

As regards Rai 2 prime time, there was an excellent result for the second season of *La porta rossa*, a supernatural detective story written by Carlo Lucarelli and Giampiero Rigosi. The comeback of commissario Cagliostro totalled an average audience of 2.8 million viewers and an average share of 11.8%.

The appointment with the soap opera *Un posto al sole*, the longest running Italian series, continued on Rai 3. Every day it talks about feelings and social themes to a loyal and passionate audience of all ages.

Moreover, the half-year just ended confirmed drama as one of the most flexible genre in the multi-platform offer, in line with the changes that are taking place in how people watch tv.

Drama is one of the most important and appreciated contents of RaiPlay's offer, accounting for 40%, with over 109.5 million average views (out of a total of 272.9 million). Especially noteworthy was the success of *Il*

1. *La stagione della caccia*
2. *La Compagnia del Cigno*
3. *Io sono Mia*
4. *Il Commissario Montalbano*
5. *Che Dio ci aiuti 5*
6. *Il nome della Rosa*

paradiso delle signore - Daily that totalled 25.6 million average views and 2 million unique browsers during the six months under review.

In the framework just summarized, characterized by excellent performance in terms of audience, internationalization is a target that has been reached but also a starting point. In 2019, Rai alliance with France TV (France) and ZDF (Germany) – aimed at developing and co-producing innovative and quality television series based on European culture and values – celebrated its first anniversary.

Among the projects announced, *Leonardo*, an event series dedicated to the great and multi-faceted Italian genius; *Sopravvissuti*, a mystery drama in which, one year after being declared missing following a shipwreck, seven members of the crew mysteriously return; *Il giro del mondo in 80 giorni*, a modern adaptation of the famous novel by Jules Verne.

In the first half of 2019, production activity continued for the drama shows that will make up next year's offer. Varied and innovative projects, for all types of audience, which are the result of creativity and of a productive machine capable of combining craftsmanship, talent and industrial scale in a process of harmonious collaboration with the various Italian production companies.

With regard to events for the flagship network, filming started for *L'amica geniale - Storia del nuovo cognome*, co-produced with HBO and taken from the second book of Elena Ferrante's quadrilogy, directed by Saverio Costanzo and Alice Rohrwacher.



New episodes also for *La vita promessa 2*, directed by Ricky Tognazzi, melodrama that narrates the story of Italian emigration to America.

On the other hand, post-production is drawing to a close for *I Medici. La rinascita di una famiglia*, directed by Christian Duguay, the third chapter of the saga dedicated to the great Florentine dynasty, sold in over a hundred countries. *La guerra è finita*, a great story of rebirth and hope, freely inspired by characters and events that took place in Italy after World War II.

Ongoing series production. Among the projects of the family genre, including cross-genre: *Vivi e lascia vivere*, a story about female revival set in Naples directed by Pappi Corsicato; *Angela*, directed by Andrea Porporati, halfway between a road movie and a dark novel, it narrates the reparative experience of a woman with respect to her lost motherhood; *Vite in fuga*, directed by Luca Ribuoli, a family-thriller where the real danger lies in family relationships.

Moving on to the thriller and crime genre, works began on *Gli orologi del diavolo*, directed by Alessandro Angelini, inspired by the true story of a nautical mechanic, forced to infiltrate the world of drug trafficking; *Bella da morire*, directed by Andrea Molaioli, focused on the strong theme of violence against women; *Io ti cercherò*, directed by Gianluca Maria Tavarelli, a police drama that narrates the search for the truth about a death that is not what it seems and the recovery of lost paternity.

Filming started also for *Il commissario Ricciardi*, from the novels of Maurizio de Giovanni directed by Alessandro D'Alatri, and *Imma Tataranni - Sostituto Procuratore*, from the novels of Mariolina Venezia directed by Francesco Amato.

On the other hand, *Pezzi Unici*, coming of age, by Cinzia TH Torrini, set in the workshops of Florence and starring Sergio Castellitto is nearing conclusion as is *Ognuno è perfetto*, from the acclaimed Belgian format *Tytgat Chocolat*, a parable on growth and affirmation of a group of boys with down's syndrome in a poetic road movie, directed by Giacomo Campiotti.

Among the sequels, the comeback of one of the great classics of Rai 1 programming, *Don Matteo*, which twenty years after its debut, was again renewed by proposing ten one hundred-minute films with the ten commandments as their main theme. Action also *Nero a metà 2*.

The production of TV movies based on myths of Italian popular culture and true stories also continued: *I ragazzi dello Zecchino d'Oro*, which in reconstructing the beginnings of the famous Rai singing show dedicated to children, offers a portrait of Italy in the Sixties; *Enrico Piaggio*, the extraordinary human adventure of a successful entrepreneur and a consumer good – the Vespa – which has become an icon and a symbol of Made in Italy in the world.

Filming of the civilian docufictions has also begun, reconstructing the personal history of emblematic institutional figures (*Giorgio Ambrosoli - Il prezzo del coraggio*, *Storia di Nilda*) or dramatic and unforgettable moments in the history of our country (*Piazza Fontana. Io ricordo*).

For Rai 2, two new series are currently being produced: *Volevo fare la rock star*, an innovative dysfunctional family set in north-eastern Italy directed by Matteo Oleotto; *Mare Fuori*, directed by Carmine Elia, coming of age in a juvenile prison.

Among the sequels, second season for *Il Cacciatore*, taken from the eponymous work by Alfonso Sabella and already honoured with the prestigious award in the Best Performer category at the first Canneseries edition.

For Rai 3, in addition to the daily series *Un posto al sole*, the experimentation of languages continued as a way to narrate true stories. Filiming began for the new season of *Dottori in corsia 2019 - Ospedale Pediatrico Bambino Gesù*, which this year will benefit from the additional direction of Federica Sciarelli.

The documentary series *Boez - Andiamo via* is a new show, created in collaboration with the Ministry of Justice, which describes the journey on foot from Rome to Santa Maria di Leuca of six boys convicted for breaking the law and under internal and external detention. A journey/pilgrimage along the Via Francigena which puts in place an alternative penalty as a means of redemption.

Cinema

Rai Group's acquisition, production and distribution activities of film and audiovisual content are carried out by Rai Cinema, a 100% subsidiary of Rai.

Acquisition

With regard to the procurement for its networks, on the Majors side, it is worth noting the packages negotiated with 20th Century Fox International Television, Sony Pictures Television Distribution, New Regency and Lionsgate.

36 films and 2 series, renewed for the years 2019 and 2020, entered Rai Cinema's warehouses. Current acquisitions for the generalist networks included films that won prizes at the Oscars 2018, such as *La forma dell'acqua* (best film and best director) and *Tre manifesti a Ebbing, Missouri* (best leading actress).

Through the agreement with Sony, 54 films, 4 TV movies, 1 current series and 1 library series were acquired. The movies included: the last *Blade runner*, *Call me by your name*, *Baby driver* and *Jumanji, welcome to the jungle*, the classic cult *Django unchained* and the complete franchises of *Underworld* and *Resident evil*.

With New Regency, a package of 29 films was negotiated – including the movie season success *Bohemian rhapsody* (2019 Academy Award for Best Actor) – while 3 first run films and 2 library films for prime time programming of Rai 3, Rai 4 and Rai Movie were acquired from Lionsgate.

Italian independent cinema distributors concluded agreements with Lucky Red (16 films from mainstream to artistic films, such as *Tutti i soldi del mondo*, *Borg vs McEnroe*, *Tonya*, the documentary *Maria by Callas*, *Stan & Ollie*, *Moonlight*, *La ruota delle meraviglie*), with IIF (7 film action), with Videad (5 films).

With regard to more specific TV productions, a wide selection comes from the German company ZDF which, by virtue of a consolidated partnership, supplies a substantial quantity of movies for programming in all TV slots, from TV movies and TV collections, miniseries and continuation of series. As part of the three-year volume agreement with Beta Film, we formalized the purchase of all exclusive rights for Italy (linear and non-linear) of the first two seasons of the event series *El Embarcadero* (*Il Molo Rosso* - 16 episodes in total), the first was broadcast on Rai 2 in 4 prime time episodes and also proposed on RaiPlay platform.

Finally, for the institutional schedule, the documentary *L'Aquila, 3:32* by Dario Acocella, was acquired from the company Stand by me; the programme was broadcast on the evening of 6 April 2019 on Rai 2, in prime time, to commemorate the tenth anniversary of the tragic event.

With reference to international movies for distribution, under the multi-year agreement with Leone Film Group, 12 films were selected for service distribution and for the purchase of television rights: these are the most important films on the international independent film scene with authors such as Sam Mendes, James Marsh and actors such as Andrew Garfield, Russell Crowe, Anthony Hopkins, Tom Hanks, Daniel Craig among others. A variety of genres and targets capable of attracting both cinema and TV audience.

Movie production

Again in this first half of the year, 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 2019, co-produced by Rai Cinema and distributed by third-party companies: *Ricordi?* by Valerio Mieli, an emotional story with Luca Marinelli and Linda Caridi (Giornate degli Autori, Venice 2018); *I villeggianti*, fourth film by Valeria Bruni Tedeschi with Valeria Golino, Riccardo Scamarcio, Pierre Arditi, coproduced with France (Out of competition, Venice 2018); *Il corpo della sposa - Flesh out* of debutant Michela Occhipinti, a story of a young Mauritanian struggling with the harsh practice of "gavage", having to eat a lot in order to be fat enough at the time of marriage (Panorama, Berlin 2019); *Dafne*, second work by Federico Bondi, is the moving story of a girl with down syndrome, who suddenly loses her mother, about her relationship with her father and her elaboration of mourning (Panorama, Berlin 2018).

The films completed or in post-production include: *Last Words* by Jonathan Nossiter, a dystopian story that combines ecological philosophy and post-apocalyptic visions, with Nick Nolte, Charlotte Rampling and Alba Rohrwacher; *Born to Be Murdered* by Ferdinando Cito Filomarino, produced by Luca Guadagnino, a hitchcockian thriller between paranoia and European crisis with a great international cast (John David Washington, Alicia Vikander, Boyd Holbrook, Vicky Krieps). Among the Italian masters, Gianni Amelio completed the filming of *Hammamet*, a film about Bettino Craxi's last months of life, interpreted by an extraordinary Pierfrancesco Favino.

In *Il sindaco del rione Sanità*, Mario Martone engages in a personal and modern version of one of the most complex masterpieces by Eduardo De Filippo. *Tutto il mio folle amore*, the new film by Salvatores (with Diego Abatantuono, Valeria Golino, Claudio Santamaria) is now ready for release; it is a road movie about a father with his autistic son. With *Il signor diavolo* Pupi Avati is back to the horror genre with setting in the Po Valley. *Martin Eden*, is the extraordinary debut in pure drama by Pietro Marcello, one of most brilliant documentarist of his generation, who tries his hand at the classic by Jack London, set in Naples in an undefined period of the twentieth century (with Luca Marinelli and Carlo Cecchi).

In post-production stage: the new, highly anticipated film by Gabriele Mainetti *Freaks Out*, with Claudio Santamaria, Aurora Giovinazzo, Pietro Castellitto and Giorgio Tirabassi; *Volevo nascondermi*, the biopic on the life of emilian naive painter Antonio Ligabue, played by Elio Germano and directed by Giorgio Diritti; *Vivere* by Francesca Archibugi, written together with Paolo Virzì and Francesco Piccolo; *Le sorelle Macaluso*, second work by Emma Dante, taken from her play of the same name; *Gli infedeli* by Stefano Mordini, a comedy with episodes, interpreted by Riccardo Scamarcio and Valerio Mastandrea that offers a ferocious portrait of contemporary males' behaviour.

The first works for which filming or work was completed in the first half of the year included: *5 è il numero perfetto*, by Igor Tuveri (AKA Igort) – a world famous comic artist –, a film adaptation of one of his most famous graphic novels; *Il regno* by the young Francesco Fanuele, a period comedy in which the protagonist suddenly finds himself playing the role of a medieval king; debut also for Ginevra Elkann with the film *Magari* (which will be presented in Locarno, Piazza Grande, at the opening of the festival), the story of three brothers (a girl and two teenagers) set in France and Italy in the 80s; *Nevia* by Nunzia De Stefano, a youth novel about a girl from the Neapolitan hinterland, in situations of severe marginalization and set in a circus environment; *Sole* by Carlo Sironi, on the complex theme of surrogacy approached with an original angle; *Mio fratello rincorre i dinosauri*, by Stefano Cipani and taken from the eponymous novel by Giacomo Mazzariol, on the difficult and tender relationship between a teenager and his little brother with down syndrome.

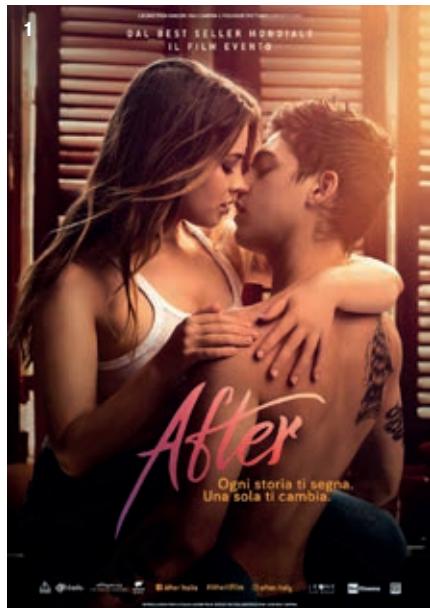
Many films began shooting in the first half of the year: *Tre piani*, by Nanni Moretti, freely

inspired by the Israeli novel Eshkol Nevo; after a long and demanding preparation phase, *Pinocchio* by Matteo Garrone with Roberto Benigni as Geppetto; the new film by Gabriele Muccino, *I migliori anni*, a choral story in the typical style of the Roman author, interpreted by Pierfrancesco Favino, Kim Rossi Stuart, Claudio Santamaria, Micaela Ramazzotti; *Il materiale emotivo* by Sergio Castellitto, a contemporary adaptation of an old script by Ettore Scola, with Sergio Castellitto, Berenice Bejo, Matilda De Angelis; *I predatori* by Pietro Castellitto, who made his debut as director with an original film; *Futura*, second work by Lamberto Sanfelice, a story about music and difficult paternity; *Calibro 9* by Tony D'Angelo that brushes up the Italian police movie with the sequel of the famous film; *Guida romantica a posti perduto* by Giorgia Farina, played by Jasmine Trinca and Clive Owen, which tells about the encounter between an asocial young woman and an alcoholic man who will help each other.

The films that have entered the preparation stage and will be shot in the second half of 2019 include: the epic project by Michelangelo Frammartino, *Il buco*, a reconstruction of an incredible feat of very young speleologists who in 1961 discovered and explored a cave in Calabria, the deepest in Europe; *Miss Marx*, the new international film by Susanna Nicchiarelli, a story about the youngest of Marx's daughters, crushed between her paternal legacy, her public and political role and a love life that makes her a victim. Also in the preparation stage was the highly anticipated new project by Manetti Bros, *Diabolik* with Luca Marinelli, Miriam Leone and Valerio Mastandrea, inspired by the famous comic book hero created by the Giussani sisters; the second work of the twins D'Innocenzo, *Favolacce*, which tells the very dark story of some problematic families, set in the province of Lazio; *Nowhere Special*, the new British film by Uberto Pasolini, on the relationship between a sick father and a son whose future needs to be planned; *A Chiara* by Jonas Carpignano, about a young girl who gradually becomes aware of her family of origin belonging to a clan of the 'ndrangheta; *Resilient* by Roberto Faenza, based on the true story of Mario Capecchi, Nobel Prize for medicine, who lived a tough and at the same time extraordinary childhood; *Swingin' Love* by Nicola Abbatangelo is a musical set in the New York of the 20s that narrates a timeless love story.

Among the developments the following should be mentioned: *Il bambino nascosto*, next project by Roberto Andò, a story of the bond that is created between a piano teacher and a boy from the camorra; Daniele Luchetti continues his collaboration with Francesco

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1. *After*
2. *Appuntamento al parco*
3. *Heidi*
4. *Il primo re*
5. *Il campione*
6. *Il traditore*
7. *Momenti di trascurabile felicità*
8. *Non ci resta che il crimine*
9. *Risorto*

Piccolo, with a film adaptation of the novel *Lacci* by Domenico Starnone, that ferociously describes the story of a marriage; *L'arminuta*, a film adaptation of the novel, winner of the Campiello prize, directed by Giuseppe Bonito; *I fratelli De Filippo*, by Sergio Rubini, a movie that retraces the emotional and artistic parable of one of the most important dynasties of the Italian theatre scene in the twentieth century.

Finally, the following developments were completed: *Qui rido io*, in which Mario Martone retraces some moments of Eduardo Scarpetta's life (including the lawsuit); *Caravaggio* by Michele Placido and Sandro Petraglia which retraces the life of the famous painter; *Dall'interno*, the new film by Leonardo Di Costanzo dedicated to the prison world.

Cinema of the real and documentary cinema

In the first half of 2019, Rai Cinema started 18 projects, in line with its editorial policy and the mandate to support independent authors and producers.

This year's projects include the documentaries by Ana Shametaj, Giovanni Buccino, Marco Pasquini, Claudia Brignone, Riccardo and Viviana Di Russo, Federico Ferrone and Michele Manzolini, Agostino Ferrente, Barbara Cupisti, Fabrizio Ferraro, Giuseppe Carrieri, Federica Di Giacomo. Cristina Comencini together with Roberto Moroni made the documentary *Sex Story*, an analysis of the first thirty years of television through an observation of how the relationship between men and women has changed; the documentary was made using Rai archive material. Franco Brogi Taviani made the documentary *L'Italia vista dalla luna* in the year that celebrates the 50th anniversary of moon landing.

Among the awards obtained, we note: "David di Donatello" as Best Documentary and "Nastro d'Argento" as Documentary of the Year for *Santiago*, *Italia* by Nanni Moretti; "Nastro d'Argento" as Best Entertainment Documentary to *Sono Gassman! Vittorio re della commedia* by Fabrizio Corallo, in addition to the Menzione Speciale Doc for *1938. Quando scoprîmo di non essere più italiani* and for *Questo è mio fratello*; *Selfie* was designated Film della Critica by the National Society of Italian Film Critics; "Golden Globe" for Best Documentary to *Butterfly* and the "Lumières Award" of the Foreign Press in France for Best Documentary to *La strada dei Samouni*.

Festivals

Rai Cinema successfully participated in the two major festivals in the period: the Berlinale (7 - 17 February) and the Cannes Festival (14 - 25 May).

Four Italian films produced with the support of Rai Cinema were presented at the Berlin festival: the two feature films *Dafne* by Federico Bondi and *Flesh out* by Michela Occhipinti and the two documentaries *Selfie* by Agostino Ferrente and *Normal* by Adele Tulli, all included in the Panorama section.

Rai presence at the Cannes Film Festival was significant and diversified. In competition *Il traditore* by Marco Bellocchio, inspired by the figure of Tommaso Buscetta. Alongside it, in the Un certain regard section, *La famosa invasione degli orsi in Sicilia*, an animated film by Lorenzo Mattotti, and in the Quinzaine des Réalisateurs section *The Staggering Girl*, a short film by Luca Guadagnino with Julianne Moore and *Quello che verrà è solo una promessa*, a short film by Flatorm.

19 David di Donatello were awarded to films supported by Rai Cinema: nine to *Dogman* by Matteo Garrone including Best Film and Best Director. Great success also for *Sulla mia pelle*, which won Alessio Cremonini the David award for Best New Director and Alessandro Borghi the David award for Best Actor.

In addition, there were 6 Golden Globes awarded by the Foreign Press in Italy – including Best Film for *Il Traditore* by Marco Bellocchio – and the Nastri d'Argento awarded last June 29 in Taormina by the National Society of Italian Film Journalists; *Il traditore* by Marco Bellocchio carried the day again with 7 Nastri, including: Best film, Best director, Best screenplay, Best leading actor, Best supporting actor, Best editing, Best soundtrack.

Distribution

In the first half of 2019 Rai Cinema distributed 14 films with a total box office take of €28 million, reaching 3th place in the ranking of distributors – the top Italian distributor – with a market share of 9%.

The best performance was obtained by Jenny Gage's *After*, a teen movie based on the series of novels of the same name by Anna Todd, which made €6.4 million. Excellent results for *Non ci resta che il crimine* by Massimiliano Bruno, with a box office take of €4.8 million, ranking third among Italian movies for earnings made in 2019; Marco Bellocchio's *Il traditore* with €4.5 million, ranked first in earnings among Italian non-comedy films; *Il primo re* by Matteo

Rovere, an ambitious project that managed to make €2.2 million.

In the home video market Rai Cinema reached a market share of 4.7% for new 2019 features and of 5.1% for the entire library.

Finally, the commitment with the most important short film festivals was renewed, which included *Cortinametraggio*, the *Festival del cinema Europeo di Lecce* and *Tulipani di seta nera*.

Commercial agreements

During the first half of 2019 marketing activities in the various distribution channels in which distribution is carried out following exploitation of theatrical and home video rights, confirmed the excellent results achieved in 2018.

In collaboration with Rai Com, a strategic commercial agreement is being formalized with Amazon for the granting of SVOD rights on the new "Amazon Video Direct" service: Rai Cinema will be able to include an unlimited number of films on Amazon Prime for which it will receive a royalty based on the number of minutes of viewing by users.

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 more traditional channels (newsstands, airlines, etc.), relations with Mondadori for newsstand sales, Alitalia and Trenitalia continued.

Strategic and digital marketing

In the first half of the year, the commitment on the web with the usual support of Rai Cinema Channel to the promotion of all films produced and co-produced by Rai Cinema continued, as well as on the main social networks (Facebook, Instagram, Twitter and LinkedIn).

Internationally, the best results were obtained with Marco Bellocchio's film *Il Traditore*, which was sold in as many as 68 countries.

But the big news of 2019 was the creation and release of the first Italian VR app, launched with a press conference during the Cannes Festival.

The renewed collaboration with Vanity Fair and Condé Nast was also announced, through a VR cover made by Rai Cinema Channel, an innovative placement within the Rai Cinema VR app.

Rai Cinema Channel completed the first cross-media project, *Happy Birthday*, which involves the production of three types of content, "traditional", in VR 360° and a social story for Instagram and Facebook.

Teche

Again in the first half of 2019 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 *Voce* exhibition at Palaexpo in Rome, various events related to the 1969 moon landing celebrations, the Massimo Troisi exhibition organized by the Istituto Luce at the Dioscuri Theater in Rome, participation in some events at the Cenacolo in Milan and that at the *Festival del Cinema Ritrovato* organized by the Cineteca di Bologna with the *Polidor* movie.

The important activity to promote and use the historic programmes of the archive by selecting and providing programmes for the RaiPlay platform also continued. The *Teche Rai* section continued to be one of the most powerful sources of appeal for 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 2 million for TV and 1.7 million for radio. There are over 85 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 thousand photographs. The users registered to acquire archive material for reuse in programmes make an average of more than 2 million searches a month.

During the first half of the year, work began to reconcile the photographs of the Liverani Fund, acquired in the past year, with the database of the photo library.

Also in the first half of 2019 the Concina and Canzia Funds were acquired, containing recordings on record, scores and photographs of the time, granted to Rai by the daughter of Maestro Carlo Concina and by the son of Maestro Eugenio Calzia, both musicians and pop music composers active between 1940 and 1970.

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.

In 2019, 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.

At present the Rai Teche Archives are present in many Italian and foreign museums, Italian cultural institutes abroad, universities and libraries.

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. Today's production, distribution and use emphasize the blending of contents, formats and technologies, amid a changing environment that perfectly reflects the fluid nature of audio and its centrality in the digital society.

The 2019-21 Business Plan reflects this evolving aspect of the business strategy towards the goal of a next generation media company. On the other hand, the extension of the DAB+ network, the digital platform distribution strategies and the refarming of the productive machine according to a cross-media logic, have long supported a process of migration of the editorial offer, which is clearly perceived by those who use audio personal devices or home voice assistants, and, of course, thanks to RaiPlay Radio website and app.

Rai's commitment to develop and promote the digital radio is thus one of the priorities of the new 2019-21 Business Plan.

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 editorial 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 generalist channels Rai Radio 1, Rai Radio 2 and Rai Radio 3; special interest channels Isoradio and Gr Parlamento; specialist channels.

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

Rai Radio 1. News and information exceed 55% of the broadcast hours; this is followed by 26% music, concentrated in the late evening time slot and society with 12.7%. The minimum amount of 70% required by the Service Contract is more than fully complied with.

Rai Radio 2. The main genres are music (34.3%) and society (21.8%), while the share of other

genres (e.g. variety and entertainment) total 37% overall. There is no total minimum share.

Rai Radio 3. The prevalence of music (52%) and culture (29%), followed by information (9%) that describe a station that fully guarantees the 90% required by the Service Agreement.

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.

A significant portion of territorial programming aired on Rai Radio 1 confirms its vocation as a radio close to the community and its realities, communicating information (three daily editions of the regional news TGR) 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 addition, the line of itinerant productions in regional offices was further developed.

The TV audiodescription service for blind people is broadcast on Rai 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 283 hours was broadcast in the first half of 2019.

The social communication of all Channels is centrally coordinated, 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 the first six months of 2019, 21 fundraising campaigns, 12 awareness campaigns, 6 social communication campaigns (supranational UNCHR ads, announcements for public broadcasting service and Rai Social ads) and 27 institutional campaigns of the Italian Prime Minister's Office were planned.

Special Projects

Fiorello Project. In view of the cross-media event of the autumn season, Radio organized the hosting in its studios of the new Fiorello Viva RaiPlay show that will be broadcast on the digital platform, on Rai 1 and on Rai Radio 2. To this end, a demanding activity was carried out to renovate Via Asiago structures and studios on the basis of important industrial and creative projects that challenged the innovative drive of the entire Public Service, starting with the Radio.

EUYO. European Union Youth Orchestra. Rai has been a partner of the European Union Youth Orchestra since its inception in 1976, when it was founded on the initiative of Maestro Claudio Abbado, and organizes its annual auditions for Italian candidates. The artistic and symbolic value of the Orchestra has led Rai to offer the Foundation its registered office, in the premises of Via Asiago 10.

The Orchestra brings together the best talents from the 28 member countries and its aim is to represent the European ideal of integration, the unifying mission of music and excellence in the arts. It is composed of 160 players between the ages of 16 and 26; in 2018, more than 600 candidates participated in the auditions and 5 of them were admitted to the Orchestra. In May, Rai and ASViS (Italian Alliance for Sustainable Development) organized the *Concert for a Sustainable Europe*, at the Auditorium Parco della Musica in Rome, as part of the third Italian Festival of Sustainable Development.

PER-Player Editori Radio. Rai leads the process for the establishment of a new alliance between radio publishers for a single platform dedicated to the distribution of online content on all operating systems, and on all mobile (from cars to smartphones, etc.) and domestic devices (from PCs and tablets to voice assistants). The national radio publishers and the local broadcasters Aeranti Corallo and FRT endorsed the initiative. The establishment of the newco will allow formal negotiations to be started with Radioplayer Worldwide, the future technology partner already active in many EU countries. It is a system initiative aimed at recovering the Radio's central role in the digital environment and in the media diet of the audience.

DAB+. The plan to extend the digital terrestrial network continued; the network is a cornerstone of the digital, production and

editorial development of Rai Radio, and is also essential for the positioning of generalist, thematic and specialized channels.

Audience and other indicators

The main quality indicator is the Qualitel survey, which again in 2019 was carried out by the Istituto Gfk.

The average figure of the radio medium (7.2%) results from the rating of Rai measured channels: 7.0% for Rai Radio 1, 7.4% for Rai Radio 2, 7.5% for Rai 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: Rai Radio 1 4.58%; Rai Radio 2 3.33%; Rai Radio 3 1.91%; Isoradio 0.75%. The Group's total share (10.57%) puts Rai in fourth place in the national ranking; in 1st place the Mediaset group (15.31%), in 2nd place the RTL group 10.25 (11.72%), in 3rd place the Gedi group (11.62%).

Generalist channels

Rai Radio 1

Again in 2019 Radio 1 reaffirmed its nature as an all-news, reliable and qualified broadcaster whose cornerstone is the Gr news broadcast every hour.

Insights, live and special reports provide timely accounts of what's happening in Italy and in the world: from current political (*Radio anch'io* in the morning and *Zapping* in the evening and *Tra poco in edicola* at night) and economic news (*Gr1 Economia*) to news topics, employment and labour, to respect for human rights, as well as the fight against crime, corruption, gender violence (*Il mattino di Radio1*, *Italia sotto inchiesta*, *Giorno per giorno*, *Radio1 in viva voce*, *Numeri Primi*, *Le storie di Radio1*, *Mangiafuoco sono io*).

1. EUYO - Concert in Ferrara



Ample space was given to local information, with programmes such as *Centocittà* – in collaboration with TGR – and *Andata e ritorno, viaggio nel paese reale*.

There is also space for witty satire (*Un giorno da pecora*), the environment (*Coltivando il futuro*, *In viva voce*) and social issues (*Le storie di Radio 1*, *Giorno per giorno*). In addition, all programmes are committed to always supporting and listening to the campaigns promoted by the Rai social secretariat.

In the first half of the year, the focus was on the political situation in Italy, the regional elections and the European elections; other events were also widely covered, such as: *Matera capitale europea della cultura* (19 January), *Il Giorno della memoria* (27 January), *Il Giorno del ricordo* (10 February), *Il 25 aprile*, *La giornata della memoria delle vittime della mafia* (21 March), *Il giorno della memoria dedicato alle vittime del terrorismo* (9 May).

Sports remains a mainstay of Rai Radio1 and Gr, with a wide range of sports: from football to Formula 1, from MotoGP to basketball, from volleyball to rugby, from athletics to swimming, told through very successful programmes such as the long-established show *Tutto il calcio minuto per minuto*.

The sports competitions covered during the year included the Giro d'Italia, the Internazionali di Tennis d'Italia, the swimming world championships, the women's soccer world championships.

Rai Radio 1's programme schedule also includes sections dealing with a wide range of themes: health (*Life*), technology and innovation (*Eta Beta*), a new programme dedicated to the sea (*Radio di bordo*), foreign affairs insights (*Inviato speciale*, *Voci dal mondo*, and *Caffè Europa*), travel and tourism (*Vieni via con me* and *I viaggi di Radio 1*), education (*Tutti in classe*), agriculture and environment (*Coltivando il futuro*), art (*Te la do*

io l'arte), motors (*Top car*), culture (*Sciarada*, *Plot machine*, *Incontri d'autore*), religion (*Ascolta si fa sera*, *Babele*, *Culto evangelico*, *Il cielo sopra San Pietro*).

Alongside and supporting the news, music plays a fundamental role during the day (*Radio1 music club*, *Sanremo Nights*, *Radio1 In viva voce*, *Radio1 beat club*, *Radio1 hit story*, *Sette su Sette*, *Stereonotte*, *Radio1 Night club*).

Many media partnerships were confirmed in 2019: Rai Radio 1 is the official radio of festivals and important events and brings its broadcasts to the territory.

Among the main events that characterised the first part of the year were: Vinitaly, Musicultura, the Festival del giornalismo, Vivicittà, Campionato italiano ed europeo di Offshore, the Internazionali di Tennis d'Italia; Il Salone del Libro di Torino, Festival vicino/lontano - Premio Terzani, Festival dell'economia di Trento, Italian Open Championship Grosseto.

As regards social networks, Rai Radio 1 encourages interaction on all its Facebook, Twitter and Instagram profiles, by promoting its programmes, re-broadcasting the news, the guests and the highlights of the day, encouraging interaction with the audience. For the digital radio, new thematic Gr were created dedicated to the five specialized channels of Rai Radio: Rai Radio Kids, Rai Radio Classica, Rai Radio Live, Rai Radio Tutta Italiana and Rai Radio Techetè. The App also features the **MioGr** profile section: Rai Radio 1 becomes the first European broadcaster to offer a customized news broadcast service with a selection of topics: breaking news, politics, money, the world, lifestyles, culture, music and cinema, sports.

Rai Radio's sports offer also takes place on **Rai Radio 1 Sport**, the digital channel available on RaiPlay Radio on the app, the Internet, DAB+, satellite and digital terrestrial, inaugurated for the Russia 2018 soccer world cup.

1. Radio 1 - Celebration of the ten-year anniversary of the earthquake in L'Aquila
2. Radio 1 - Live from Palermo for the anniversary of the Capaci and Via D'Amelio massacres



Every day Rai Radio 1 Sport is broadcast from 07:15 am to 07:00 pm with insights and sections dedicated to soccer and to other sports.

Six recurrent sections: *L'edicola di Rai Radio 1 Sport*, *La tribuna di Rai Radio 1 Sport*, *Palla al centro*, *Note di Sport*, *Il caffè di Rai Radio 1 Sport* and *Tempi supplementari*.

For special events Rai Radio 1 Sport broadcasts exclusive content that is not broadcast on Rai Radio 1.

Rai 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, open microphones and cameras on even at night and big news in the studios, completely renovated, for a radio that you can listen to, see and share: these are the elements that characterized the Rai Radio 2 offering in the first half of 2019.

The on-air offer, with the precise intention of strengthening the station's recognisable identity, experienced an action of consolidation of the programming presented in previous seasons divided into long-standing favourite programmes and new projects.

Thus, the network's main programmes were confirmed: *Il Ruggito del Coniglio*, *Caterpillar*, *Caterpillar AM*, *610*, *Decanter*, *Radio2 Social Club*, *Non è un Paese per Giovani*, *Me Anziano You TuberS*, *Back2Back*, *Musical Box*, *La Versione delle Due*, *Numeri Uni* and *I Lunatici*, which are broadcast from Monday to Saturday until dawn.

On the weekend, *Senti che Storia*, *Gli Sbandati di Radio2*, the historical programme *Black Out*, *Il Programmone*, *Italia nel Pallone* and – in simulcast with Rai 2 – *Quelli che il Calcio* – in the radio version *Quelli che a... Radio2* – covering Italians' favourite sport through a mix of information, comedy and humour.

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 and on **Rai Radio 2 Indie**, the digital channel entirely dedicated to the new independent, rock and alternative music scene as well as to Italian pop music, live on Facebook, on the channel YouTube Rai and with special content on Twitter and Instagram @RaiRadio2. Alice Merton, Ainé, Alessandra Amoroso, Mesa, Mahmood, Nada, Rancore, Pausini & Antonacci, Canova, Franco 126, Tre Allegri Ragazzi Morti, Giorgio Poi, Coma_Cose, La Rappresentante di Lista, Negrita, Boomdabash e Myss Keta;
- **mini live** with musical and sound exhibitions by young trendy groups in the *Rock and Roll Circus* and *Babylon*;
- **local events** live from Rai Radio 2 truck, from the streets and from theatres, concerts and outdoor parties that make Rai Radio 2 a station increasingly open to the many languages of good music: *M'illumino di Meno*, *Festival di Sanremo*, *Vinitaly*, *May 1st Concert*, *Giro d'Italia*, *Biografilm Festival*, the *CaterRaduno*, *Rock in Roma*, the first stages of *Radio2 Summer Live*, the summer tour with plenty of activities in order to capture the audience made of fans and aficionados.

In addition, Rai Radio 2 dedicated an impressive production effort to the major Rai events, such as the *Festival di Sanremo* and the *Giro d'Italia*: for the 102nd edition of the cycling race, Rai Radio 2 "troop" travelled in all the cities and places along the route.

There were also many synergies in terms of editorial content with TV programming:

- **Rai 1** – *David di Donatello*, *Eurovision Song Contest*, Fede of *Decanter* host of *Linea Verde* with mutual exchange of visibility between the two programmes;
- **Rai 2** – in line with the tried-and-tested collaboration, important cross-media

1. Radio 2 - Luciano Ligabue on Back2back
2. Radio 2 - Mahmood



initiatives continued to mutually reinforce the visibility and the brands of the two Stations (*C'è Celentano, Speciale Freddie Mercury, The Voice of Radio2, Quelli che il Calcio*).

Rai Radio 2 takes care of the theme song and playlist of the television program *Frigo*, hosted by one of its talents;

- **Rai 3 – May 1st Concert;**
- **Rai News 24 – Back2Back's TV experience** continued to talk about music from any period.

Rai Radio 2 made sure to involve its community in social campaigns to raise awareness of major current issues.

March saw the 15th 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 2019 by the highest authorities of the State and participation from the main Italian and European monuments, as a symbolic gesture of energy saving.

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

Rai Radio 3

Again in the first half of 2019, Rai 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.

In this last respect, noteworthy events include the 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. Radio3's *I concerti del Quirinale* continued, a prestigious series of musical events broadcast live from the Quirinale every Sunday morning, which now in its twentieth year, 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; furthermore, there were works from the opera seasons of major theatres.

In 2019, Rai Radio 3 consolidated the breadth and quality of its music offering by broadcasting approximately 400 concerts, of different musical genres and distributed in various broadcasts, from 1 January to 30 June. In addition to concerts, Rai Radio 3 offers continuous 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 Rai Radio 3 live broadcast from Casoli, in the province of Chieti, told about the Giorno della Memoria, with a special live evening.

Rai Radio 3's traditional attention to themes and forms of expression was also the reason for the Special Days: on 8 March with a theatre show dedicated to the life and novels of writer Shirley Jackson, with readings by actresses from the Miti Pretese company; moreover, two hundred years after the publication of what is perhaps the most famous poetry in the Italian literary tradition – "L'infinito" by Giacomo Leopardi – Rai Radio 3 celebrated the World Poetry Day on March 21st, marking the whole

1. Radio 3 - Hollywood Party
2. Radio 3 - 8 March, International Women's Day



schedule with the reading of the poetry by great actors of the present and the past.

The 25th of April was commemorated through the stories of ten cities decorated for military valour during the liberation war, with testimonies on the events narrated during the day's broadcasts.

In 2019, Rai Radio 3 confirmed the live coverage of 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 Festival dell'Economia in Trento in June.

Festivals organised directly by Rai Radio3 were particularly significant and included the fifth edition of the Festa di Radio 3 in Romagna. This presence responds to the logic of making topics that are traditionally covered by the schedule more attractive and of meeting the Network's 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*.

1. School visits on Isoradio



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

Isoradio confirmed its streaming programming in the first half of 2019: traffic news, urban and suburban traffic and music broadcast 24 hours a day, 365 days a year.

The daily service reports with the Highway Police, the Municipal Police of the major cities, Società Autostrade per l'Italia, ANAS, port authorities, airports and railways were also confirmed to ensure continuous and accurate information on the state of urban and suburban traffic everywhere in Italy.

Many sections and slots were confirmed as part of the editorial proposals of the first half of 2019, with some novelties. These included, the campaign *Nella giusta direzione*, carried out in collaboration with the Istituto Superiore di Sanità, broadcast daily with snippets prepared by experts from the Institute to ensure correct health information; the weekly *Anas per chi viaggia* section, an information space on weekend traffic, current events and initiatives, as well as tourist itineraries across Italy; the new evening space *Casello-Casello* to comment on daily news, report events, books, meetings, and to give voice to music and entertainment protagonists as the traffic eases off.

Promoted and carried out with interviews, insights, testimonies and appeals, the campaigns against the use of mobile phones, to contrast the tragic habit of abandoning children in cars, against distraction while driving, for the use of seat belts and against animal abandonment.

In the first half of 2019, the weekly programme *Viaggiare in sicurezza con la Polizia Stradale* was confirmed, in which Polstrada officials inform travellers about traffic laws, how to behave when driving, the penalties that can be imposed, etc.

Notte sicura con Isoradio was also confirmed, which is broadcast every night, from 00:30 am to 05:30 am: a radio happening with music and news dedicated to those who travel at night and safety on the streets; every Tuesday, the programme *Studenti a Isoradio* hosts students of secondary and middle school at Rai studios to discuss live on education and road safety issues; *Le cinque giornate di Sanremo*, a special schedule on the festival dedicated to those who are traveling.

The following programmes were also broadcast from January to June: *Sulla strada*, dedicated to the world of road transport; *Arrive Partenze*, with events, characters and places to discover up close, and Rai social campaigns. Finally, the music programming with in-depth analyses and monographs of artists who are often hosted live in Isoradio's studios.

Gr Parlamento

Five parliament news on a daily basis, an extensive press review daily and insight sections make up the news offer of Gr Parlamento, the institutional channel of Rai Radio which deals mainly with the parliamentary activities of the Senate of the Italian Republic and the Chamber of Deputies and describes Italian society through institutional events: political current affairs, as well as the economy, environment, labour, respect for human rights, the fight against crime and corruption, and social issues.

Live broadcasting of chamber sessions and of proceedings of Parliamentary Committees, initiatives, events and press conferences that take place in institutional venues and that are of public interest.

There were also many *Specials*, not only to cover conventions and conferences from Palazzo Madama and Montecitorio, but also for significant anniversaries in Italy – April 25th, June 2nd, the Giornata della memoria etc. – with celebrations, interviews, insights, testimonies and accounts from the protagonists. There were also many daily in-depth features with the participation of MPs, political leaders, commentators, experts in the specific subjects. Some of them – such as *Italia che va*, *Federalismo solidale*, *No Profit*, and *Parlamento 2.0* – deal specifically with rights, diversity, social issues and the third sector.

Specialised stations

Five specialised stations were launched in 2017 which work alongside general interest radios to make up a complete offer aimed at intercepting vertical audiences. Audiences can listen in DAB+, on television, on the web and with the RaiPlay Radio app.

Rai Radio Classica

A point of reference for Italian and international classical music, both ancient and contemporary, it is the channel on which opera, musicals, operettas and orchestral repertoire find their place: a space dedicated to the Orchestra Sinfonica Nazionale 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, *I Concerti del Quirinale*, and the music of soundtracks.

Rai Radio Kids

It offers fun, music and participation for children.

Big Bang, the talk with Armando, Lallo and Lella, finds inspiration to tell about the events of everyday life; *DJ* takes deals with music, also hosting composers of children songs; the world of readings includes the great classics and more and more often original productions, including texts written by very young writers, such as school children; the web version of the station proposes recipes for children. Finally, more information on nature, performances, events, science, the environment, tourism and technology.

Rai Radio Live

It offers a very personal tour of Italy through the description of villages, the world of food and wine, entertainment, and music, with an up-to-date schedule covering all the cultural, music and social events followed daily by *Fronte del Palco*. In addition, musical interviews of *Era ora - Il lato C della musica* 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 Techetè

It retraces and re-proposes the radio of the past following the three strands of variety, sport and fiction, with 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 commemorations told through archive material. Plus the voices and personalities who made radio great, the most famous programmes re-proposed in their entirety, the great drama and comedy.

Rai Radio Tutta Italiana

It has a distinguishing light touch, with brief talks and insights that never exceed three minutes and sections such as *Mi ritorni in mente*, which retraces the most important events year by year, or *Cantare è d'amore*, which proposes 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.

Rai Radio Tutta Italiana is also on FM as the theme song of Rai Gr Parlamento during the evening and night time slots.

Digital

The total digital audience (Audiweb 2.0, data as at June 2019), i.e., the audience active on all digital devices, reached 41.3 million users, 69.1% of Italians aged two years and over. In the average day 33 million Italians were online and surfed from smartphones 29 million (65.1% of Italians between 18 and 74 years) and from tablets over 4.7 million (10.6% of Italians between 18 and 74 years). The online time per person during the average day was 4:28:04.

In this context, in June, Rai property reached 36th position in the ranking with 9.73 million active users, and with time spent per person on the text pages of 1:06:11 and 2:19:30 on videos.

In the first half of 2019, the strategy of previous years was continued, with the RaiPlay multimedia offering distributed on all platforms (desk, mobile, connected TV).

The content offered, progressively enriched, ranges from video streaming with RaiPlay, to radio broadcasting with RaiPlay Radio – which completely renews Rai Radio programmes on the digital platform – to programmes dedicated to children, with RaiPlay Yoyo, a unique product of its kind.

Replay TV's offer, covering the programmes broadcast over the last seven days, is made up of ten of the fourteen stations that are broadcast in live streaming.

As part of this strategy, Rai provides a single registration process, through which users can identify for free with the digital services of RaiPlay, RaiPlay Radio and RaiPlay Yoyo and use their account to access on-demand content and additional services available for the three product lines.

In addition, in line with the requirements of the new European Privacy Regulation, Rai platform provides a specific area called *// Tuo Account*, from which users can quickly and easily manage their data in the Rai database.

In the first half of 2019, Rai's digital offer was as follows:

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;
- live streaming of one or more web-only channels for exclusive sports products;

- Replay TV service, which provides on-demand access to the offer of rights on ten Rai channels aired in the last seven days;
- access on-demand, a rich selected video offer 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 divided into sections relating to: programmes, containing a large part of the television offer of the 14 TV indexed channels; drama, the vast repertoire of quality drama produced by Rai; film, a rich, constantly updated catalogue of around a thousand films from the 30s to the present; children and teenagers, contents for the under-18s; theatre, a selection, divided by genres, of theatre plays that are part of the current television offer and of works from the Rai archive; documentaries, with the best of international production; music, with numerous musical or documentary contents representative of most musical genres, from classical to jazz, with internationally renowned performers; teche, a vast selection of programmes, dramas, variety shows, scripts, surveys made by Rai over the past 60 years, a true heritage of Italy's multimedia memory.

With a view to enhancing the value of the posters in the catalogue, a process of evolution has continued with the inclusion of logos and logotypes, which, together with constant optimisation in the retouching and graphic design, improve their quality and perceived richness.

The YouTube platform has firmly entered the distribution assets. This has allowed, together with MSN, to expand the offer modes that, starting from the central role played by RaiPlay, make it possible for the Rai brand to reach, free of charge, an increasingly large audience of users, especially in the world of young people. The connected TV apps are well covered and continuously evolving in order to enable the use of contents also on traditional but evolved media, as well as on the newly added HBB-TV platform. Constant attention is also paid to the integration of live streaming and on-demand content with television broadcasting for an increasingly complete user experience.

The Design System Language (DSL) linked to the RaiPlay world is now in the development stage: a set of rules and useful components, in graphic design and development, to ensure harmony and consistency in the digital product ecosystem, allowing users to have an optimal brand experience on all platforms.

A study has been carried out on the improvement of the current platforms and apps, with the possible introduction of new features that improve the ease of use and user experience.

The first field of application of RaiPlay's DSL is the design of new apps for connected TVs, in HBB-TV, Tizen, Android TV and Apple TV environments.

RaiPlay Radio: the portal of the Rai radio world offers two digital stations, Radio 1 Sport and Radio 2 Indie, with selections and specific programmes related to the core of the channel in addition to the live coverage of the 10 radio channels – 5 on air and 5 digital. The offer clearly shows the identities of the radio networks with the network portals and programmes, within which you can find a rich offer of content in streaming, AOD and podcast mode.

RaiPlay Yoyo: an app completely dedicated to children in a secure digital environment, without advertising and with parental control. The app is free and is available for iOS and Android operating systems.

Through a study on the use of mobile devices by children, a simple and intuitive interface has been created that allows children to find all the animation series and television programmes broadcast by the Rai Yoyo channel to watch live or on-demand (only those for which there are the relevant VOD rights).

The programme schedule is organized in a simple and intuitive way even for children who, thanks to their 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 it gives parents greater control over their child's browsing, because it allows the activation of additional services and options, such as customisation of the offer by selecting the content that a child can view, downloading programmes and the functions of protection and monitoring. Within the same account, parents can also create a dedicated profile for each child, to manage contents customised by age.

TGR web: the plan for the dissemination of new regional news websites continued; in the first half of 2019 the newsroom of TGR of Molise was renewed and placed online.

Rai Sport: during the first half of 2019 the new Rai Sport portal was released. In addition, there were a number of web specials in accordance with the programming of sports

events, including the Giro d'Italia, replicating the experience made available for the first time in 2018, with a special site entirely dedicated to the event, and with social activities coordinated with those of web publication.

Throughout the period, programming activity continued of exclusive live broadcasts on RaiPlay, which aims to ensure the full exploitation of sports rights acquired by Rai and the best use of the Rai Sport product.

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.

Rai Cultura: the portal makes the cultural offer of Rai accessible and usable online with dedicated content and services. In the first half of 2019, a new graphic interface was implemented, entirely revised in terms of browsing and displaying. The new offer – which proposes the original content produced by the web editorial staff of Rai Cultura, by the television programming, both special-interest and generalist, as well as by the great heritage of Teche Rai – rationalizes browsing by thematic areas (Art, Literature, Philosophy, History, Music, Cinema and Theatre/Dance) on a single aggregator portal.

The project for **Meteo e Mobilità** (Weather and Mobility), is also being implemented with the release of an app and a portal in the coming months.

In 2019, the social and digital platform strategy (in terms of communication activities, both organic and paid) based on four main pillars was consolidated: product promotion; user engagement/advocacy; creation of traffic to Rai's digital platforms; monetisation.

There were also other opportunities for user engagement, such as communication activities for the *Festival di Sanremo*: in fact, in 2019 in addition to the excellent results of the festival on digital platforms, also social platforms recorded an absolute record as the number of comments, reactions and sharing during the week of the contest, went from 2.1 million to 2.8 million compared to 2018, owing to the

activation of Right Management systems that prevented the scattering of content on third pages.

Conversely, the impact of the change in Facebook's algorithm did not result in a decrease in views, which rose from 28 million to 41 million, with consequent higher reach, which in 2018 was 23 million with a viral component of 16 million and 27 million and 22 million respectively in 2019.

Finally, the social platforms continued to demonstrate considerable potential in terms of referrals for TGR websites where the rate of traffic generated on regional news pages benefitted from the presence on social media and maintained an average of 30% (TGR Veneto continued to rank first, with its peaks of 50%).

The aggregated KPIs of the main TV, radio and news profiles of Rai were as follows (Sources: Nielsen Social Content Ratings and FanPageKarma):

Facebook. In the first half of 2019 the 219 Rai Facebook profiles came into contact with approximately 122 million users; the number of shares reaching almost 7.3 million was also considerable. The number of fans grew to 19.6 million, and post-click video views over 10 seconds reached 17.9 million. Rai 3 stands out for its ability to reach Facebook users virally, recording in the second half of the year a daily reach viral of 650 thousand people.

Instagram. The growth of followers of the 91 Rai profiles reached 4 million fans; the stories were confirmed as the greatest driver, with 13 thousand published in the first half of 2019, viewed over 80 million times.

Twitter. the 242 Rai profiles – with approximately 7.4 million followers and 122 thousand tweets – registered 2.1 million likes in the first half of the year.

The consolidation of Rai's digital marketing and traffic building activities continued. In the first half of 2019, the strategy was further developed to plan advertising campaigns on the main digital platforms with the aim of:

- repositioning Rai's digital platforms in search engines (and in the digital system, more generally) increasing discoverability and content prominence;
- increasing downloads of Rai apps;
- supporting traffic on Rai websites;
- reaching 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.

The results for the first half of 2019 on Facebook, Instagram, Google and YouTube platforms are presented below, showing the change compared to the same period of the previous year (Sources: Google Ads and Facebook Business Manager):

- impressions: 503,952,487 (+75%);
- clicks to Rai platforms: 4,610,542 (- 24%);
- downloads of Rai apps: 658,704 (+121%).

In 2019, launch and maintenance campaigns were developed for: RaiPlay Radio, RaiPlay Yoyo, RaiPlay's summer offer, the promotion of new TGR sites, and major drama and sports events, with over 200 videos, gifs, graphics developed ad hoc for organic and paid campaigns, as well as various campaigns for consumer and trade press.

In addition to the promotion of Rai's brands, products and digital platforms on social networks, a caring strategy was implemented to engage direct communication with users, encourage their participation and contribute to the improvement of the offer, as well as to collect reports and complaints, if any, through the most appropriate technological platforms.

From 1 January to 30 June 2019, more than 73 thousand user reports were recorded at the mailbox support@rai.it with a monthly average of over 12 thousand (against the monthly average of 10.7 thousand in 2018) and a daily average of over 400 reports.

With a view to directly involve users, improve RaiPlay brand communication and consolidate brand awareness, so as to quickly reach a wide audience, approach it for the first time and, in many cases, retain it through a one to one, empathetic and informal relationship, in the first half of 2019 dedicated spaces were created for local strategic events linked to important events such as the 32nd edition of the Turin International Book Fair (with around 1,500 people contacted), the Rome Film Festival, Più Libri Più Liberi, etc.

During the first half of 2019, there were significant functional changes with respect to two important projects for the updating of the application infrastructure which were launched in the previous year. In detail:

- Washi Content Management System: a first version of the new application architecture was designed and implemented to support content management and a functional development is underway that will lead to the use of this platform for the new RaiPlay project to be released at the end of October. Using the new technologies based on micro services, the management of all the contents of RaiPlay digital offer will be more efficient

through the new system and new functions will also be implemented.

- **RaiPlayer:** a functional evolution of the new video player was implemented for the “browsing” offer (both from mobile devices and from PC), already designed and implemented in 2018. In particular, the features for connecting to Chromecast devices and for the management of Digital Right Management (DRM) platforms were extended.

In the first half of 2019 (source Webtrekk and YT Analytics) the Rai product distributed on proprietary platforms recorded a total of about 2.8 billion page views (+42% vs first half of 2018) and 520 million video views (+50% vs 2018), with a monthly average of 28.2 million unique browsers (+22% vs 2018) for 66.6 million visits (+29% vs 2018).

There are over 10.8 million registered users of the RaiPlay offer (RaiPlay, RaiPlay Radio, RaiPlay Yoyo) who accepted the latest privacy policy (+2.8 million vs 2018 actual data)

In detail:

- **RaiPlay** recorded a total of about 450 million page views (+51% vs 2018), with a monthly average of 16.5 million unique browsers (+49% vs 2018) for 44.5 million visits (+58% vs monthly average in first half of 2018);
- **RaiPlay Radio**, recorded a monthly average of 1 million unique browsers (-5% vs 2018) and a total of 31.1 million on average (audio and video);
- **RaiPlay Yoyo** recorded about 29.4 million video views and a monthly average of 128 thousand unique browsers in the first half of 2019;
- **RaiNews.it** recorded a total of 378 million of page views (+25% vs 2018) and 30.6 million video views (+60% vs 2018), with a monthly average of 9.4 million unique browsers (+0.3% vs 2018). Of note was the excellent performance of TGR which, owing also to the contribution of the new digital newsrooms, recorded 41% of the video views of the portal, with a 20% coverage on RaiNews unique browsers;
- **Rai.it** generated a total of over 47 million page views (-39% vs 2018) and an average of 2.3 million unique browsers monthly (-19% vs 2018).

The distribution of syndicated contents in the first half of 2019 generated over 968 million video views, with a monthly average of 248 million views (+75% vs 2018).

The most successful applications were:

- **RaiPlay** – with more than 11.3 million downloads (excluding updates);
- **RaiPlay Radio** – with more than 1.9 million downloads (excluding updates);

- **RaiNews** – with more than 1.46 million downloads;
- **RaiPlay YoYo** – with more than 700 thousand downloads (excluding updates).

Digital inclusion

Rai confirmed its commitment on the theme of digital transformation and its widespread impact on life, on stakeholder network, literacy strategy and digital culture.

To this end a network was consolidated with institutions and public and private entities, both national and international, that share the company's objectives; in addition, stakeholders were identified who, in 2019, will be able to contribute, in various ways, to the production and promotion of contents and activities in the field of education 4.0 and to the dissemination of science, technology, innovation, skills and digital culture.

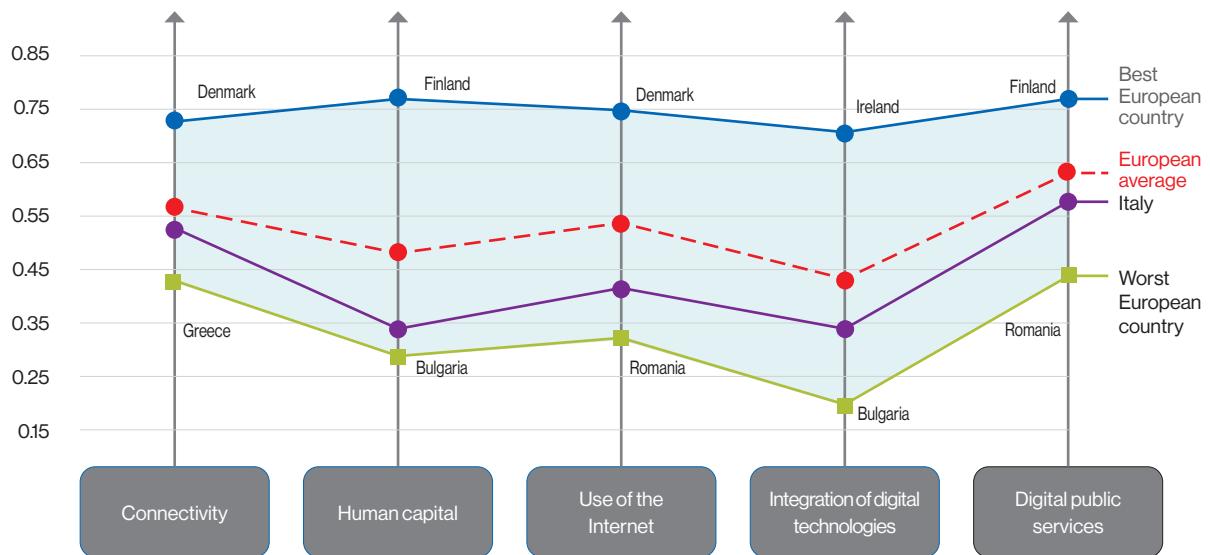
Italy's situation in terms of digitalisation of Italians and digital divide was analysed in depth, including through a collaboration with the Osservatorio Agenda Digitale of the Politecnico di Milano, with Agid and with the Digital Transformation Team.

The DESI 2019 (Digital Economy and Society Index) has highlighted a still very critical situation in Italy, in particular with regard to the “Use of the Internet” – showing that a still significant number of individuals have never used the Internet – “Human Capital” – for the low digital skills of Italians, and with regard to the “Integration of digital technologies”.

In this context, Rai has adopted the following strategy for the development of digital inclusion:

- coordinated strengthening of the traditional offer through communication campaigns, synergies and combination of linear and digital offer, inclusion of specials on specific issues within television and radio programmes and the production of a new season of *Complimenti per la Connessione*;
- Digital Academy, a platform/aggregator of existing and new content, with focus on digital literacy and innovation.
A project to provide trainers, students and citizens of all ages with the education necessary for full digital citizenship;
- new native digital publications: an editorial and multi-platform project that includes web fiction, educational content and educational paths, history contents and stories to examine, understand and reflect on the various aspects of the digital life which, in this era of exponential change, increasingly overlaps with real life.

DESI 2019 - ITALY'S POSITIONING IN THE EUROPEAN COMMISSION DIGITAL ECONOMY AND SOCIETY INDEX FOR 2019



The productions *Educazione 4.0* and *Storie* with their numerous sections are currently underway for the promotion of digital inclusion. The contents, languages and faces of both projects – which are expected to be put online by the end of the year – have been meticulously designed to promote technological innovation, literacy and the development of digital skills (among them: *Quali sono i vantaggi di una casa connessa?*, *Cosa è il wifi?*, *Cosa è una smart TV?*, *Come si connette la TV a Internet?*, *Come si scarica una App?*, *Come si usa Rai Play?*, *Come si usa Rai Play Radio?*).

The sections of *Education 4.0* include:

- *Daily Digital*: for fast learning of digital skills and how to deal with fake news, cybercrime, parenting, connectivity, training choices, payments, Public Administration services, etc. The contents create short training courses and can be accompanied by self-assessment tests. Different faces, languages and levers can be used for a specific theme, i.e. security, depending on whether one is addressing children, young people or adults;
- *Glossario Multimediale*: the meaning and value of key words and anglicisms connected to the digital life of people and which are increasingly used by traditional media;
- *Speciale Lavoro*: contents dedicated to the profound changes affecting the world of employment and crafts and about the digital skills that must be acquired in order not to be left out and marginalized;
- *Reloaded per Education 4.0*: a remix of contents extracted from Rai offer and proposed again under a new angle;

- *Il mondo digitale in classe*: it targets both learners (especially children between the ages of 13 and 19) and educators who wish to promote and conduct tailor-made classes on Digital Citizenship, Civic Education 4.0, awareness and critical thinking.

The sections of *Storie* include:

- *The Italian Network*: stories of ordinary and extraordinary innovation from the network of young Italian entrepreneurs scattered around Italy, Europe and the world. The protagonists of these stories did not settle for average results, did not give up, they pursued their desire for knowledge, explored new territories, followed their imagination and their ability to make things happen wherever there are opportunities. When they failed, they were able to get back on their feet, even stronger. Target audience: young people under 30;
- *Social+*: tells stories that have strong ethical implications and make us understand how technologies, applications, people and events can play an important role for social responsibility. The stories reflect a positive (but not feel-good) network, more mature and capable of spurring awareness, cultural growth and social inclusion rather than new divisions and conflicts. Target audience: young people under 30;
- *Bit&Byte*: is conceived in the name of experimentation, to develop and anticipate needs, habits, tastes, dreams and ambitions. Each content is inspired by curiosity about topics that are of great interest for young people; after an engaging, and often

interactive narration, people are left with something to talk about. Target audience: young people under 30;

- *Web Side Story*: it is based on the realization that the web tends to focus on the present, making us forget about the more or less recent past, and therefore it does not help us understand the world as it is today. However, the web itself, no matter how recent, already has a story. Indeed, it made history. Target audience: those who look behind things, love history, whether they are under 30 or "differently young";
- *Reloaded Storie*: a remix of contents extracted from Rai offer and proposed again under a new angle.

Sales activities

Advertising

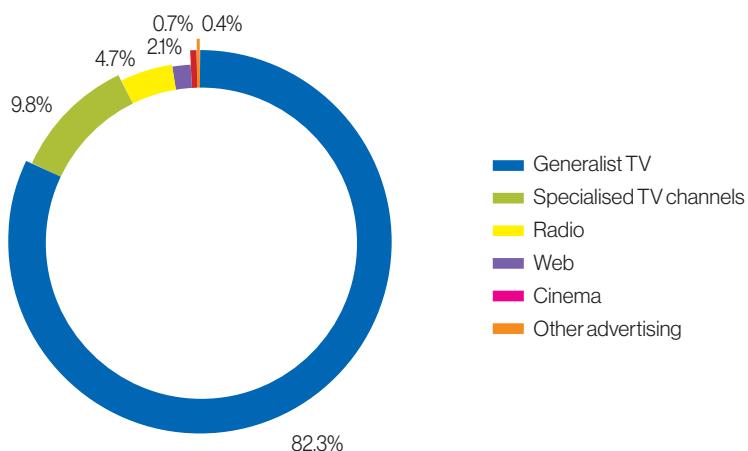
The sale of Rai advertising space – on generalist and specialised radio and television channels, on digital and satellite free-to-air channels, on Rai domain, on product placements, on teletext and on other minor media – is managed exclusively by Rai Pubblicità, a wholly-owned subsidiary of Rai.

In a global economic context in which signs of recovery appear to be sporadic and with a trend that falls short of expectations, Italian production rates in the first half of 2019 continued to perform poorly and the associated projections by the International Monetary Fund (*World Economic Outlook - April 2019*) and the OECD (*Economic Outlook - May 2019*) assume a substantially flat trend of the Italian economy during the year. In this overall picture, the advertising market in the first half of the year showed a significant decrease, both globally and in terms of the television sector.

Nevertheless, Rai managed to contain the decline in turnover mainly as a result of a good performance in terms of tv audience; Rai thus confirmed its appeal to advertisers, who appreciate the high quality of Rai's offer, its customer care and the development of new digital products in keeping with the cross-media orientation of editorial policies.

In parallel, to support and improve business processes, and with the aim of making them more efficient and responsive to market needs, a demanding process of digital evolution of the Company's processes and skills has been underway since last year, from an organizational standpoint.

ADVERTISING OF THE RAIGROUP - BREAKDOWN BY MEDIUM



Sales

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

Agreements with Public Authorities, Institutional Bodies and Non-profit Organisations

One of the areas of commercial activity of Rai Group managed by Rai Com is the conclusion and negotiation management of all agreements with the local Public Administration, with institutional bodies and with private non-profit organisations, as well as contracts arising from obligations of the Rai/State Service Agreement (linguistic minorities and Rai Italia) with the exception of Ministries (an activity managed directly by the Parent Company).

This also includes the management of contracts relating to the activities of the Orchestra Sinfonica Nazionale della Rai, national and European calls for tenders and, from 2018, also the management and formalization of free agreements of Rai Pubblica Utilità for teletext and/or needs related to Rai programming.

In the first half of 2019, scouting activities on the market to recruit new partners were intensified – including, for example, ASSOSOMM, the Italian Association of Employment Agencies, with which an agreement was formalized for an 8-episode format to be aired on Rai 2 and dedicated to the world of work; in addition, greater attention was paid to events, shows, and celebrations held throughout the national territory. In this last respect, the Agreement with Fondazione Matera – Basilicata 2019 deserves to be mentioned for the production of the special "*OPEN THE FUTURE - Opening Ceremony of Matera European Capital of Culture 2019*" broadcast on Rai 1 on 19 January 2019.

Other Agreements included: the Agreement with the Tunisian National Tourist Board for the promotion of Tunisia through the creation of a special *Linea Verde* episode; the Agreement with the Grana Padano Consortium for the third consecutive year, which confirmed both the effectiveness of the initiative and our partner's satisfaction with it; the Agreements related to radio broadcasting activities; the activities related to the Orchestra Sinfonica Nazionale of Turin.

Furthermore, a one-year extension was agreed with respect to the Agreements arising from the obligations under the Rai/State Service Contract pertaining to the Slovenian, Friulian and French language minorities and the programming for Italians resident abroad.

Sales of rights to foreign countries: cinema and television

As regards the distribution of TV and cinema content, the first half of 2019 reported a good trend in sales for both cinema and TV product sales.

Among drama productions that are obtaining considerable success, the long series *Il Paradiso delle Signore* is worth mentioning: a real drama developed in several episodes that has successfully supplanted many programmes with an exclusive soap-opera focus in Western and Central Europe, achieving important commercial results through its considerable number of broadcasted hours.

The great Rai co-productions of 2018 were the undisputed champions of international distribution in the first half of 2019, with *L'amica geniale* and *Il nome della Rosa*, already almost entirely distributed.

The series *Mentre ero via, La Vita Promessa, Scomparsa, L'Allieva* have found their place and success in relevant markets such as the USA, Canada, and Western and Eastern Europe.

The two new TV movies of *Il commissario Montalbano* 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 product was sold in countries distributed under mandate including Japan, the USA, Finland, Croatia, Hungary and Portugal.

Falling within the same genre, *Non Uccidere, L'Ispettore Coliandro* and *I Bastardi di Pizzofalcone* also obtained very good results. In particular, *Non Uccidere* continues to attract audiences in France and Germany through ARTE and will be part of those schedules with the full series of 48 episodes. The same long-term exploitation was confirmed by prestigious clients such as Walter Presents in the UK and by GSN in the USA.

With respect to the distribution of documentaries, great success was achieved by episodes of Alberto Angela's *Meraviglie e Notti a... (Saint Peter, Pompeii, Venice, Florence)*, which were distributed in over 40 countries around the world. Of the documentary genre, we also note international markets' interest for crime series involving investigations, a great heritage of Rai networks, including *Maxi Processo* and *Mafia Capitale*.

With regard to theatrical cinema sales, in the first part of the year an important result was recorded with the film *Dafne* by Federico Bondi which participated in the Panorama section of the Berlinale 2019 and was distributed in Australia, New Zealand, Japan, Brazil, East Europe and China.

Based on the promo preview showed Out of Competition at the 2019 Venice Film Festival, the new film by Gabriele Salvatores, *Volare*, obtained presales in Latin America, Spain and Portugal.

Interesting commercial results were also obtained by the film *Momenti di Trascurabile Felicità* by Daniele Lucchetti presented at the Marché du Festival in Cannes and sold in Spain, Latin America, Japan, China, Korea, Australia and New Zealand.

Finally, selected for the Quinzaine section of the Cannes Film Festival, the new medium-length format by Luca Guadagnino *The Staggering Girl* was sold to the VOD MUBI platform worldwide with the exclusion of Japan, China, Russia and Turkey: in these countries traditional theatrical sales were finalized at the same time.

The current revenue is composed of 70% fiction product, 25% cinema product and 5% other types of product composed of: documentary (2%), airline market (1%) and format (2%).

Sales of rights to foreign countries: classical music and prose

In the first half of 2019 there were two key products: the *Concerto di Capodanno* from the Teatro la Fenice in Venice and the *Concerto per Milano* of the Filarmonica della Scala of June 9, both broadcast live via satellite in Europe, Korea, Francophone countries and near live in Japan.

Marketing activities for classical music was heavily focused on Japan with specific reference to the public television NHK, the main player for cultural productions in Asia. NHK started the year by acquiring the rights to the *Concerto di Santa Cecilia* conducted by Antonio Pappano with the participation of Martha Argerich to celebrate the 20th anniversary of the Festival di Beppu in Japan but above all to highlight existing cultural exchanges between Italy and Japan.

The productions recorded and made in the first half of the year were also presented in international markets, also incorporating digital cinema circuits where there was great interest in the Teatro alla Scala productions completed in April and June.

Rai channels marketing and distribution abroad

In the first half of 2019, the television distribution in Europe involving the re-broadcasting of programmes through TV platforms and in hotels, included the channels Rai 1, Rai 2, Rai 3, Rai News 24, Rai Storia, and Rai Scuola.

During the same period, the offer in all non-European countries included:

- Rai Italia, a generalist channel with the best of Rai production intended for Italians abroad and for the promotion of Italian culture and language in the world;
- Rai News 24, a continuous public service news channel, broadcast live twenty-four hours a day, seven days a week;
- Rai World Premium, thematic channel entirely dedicated to Italian drama, which brings Italy into the world through the narrative structure of television series produced by Rai.

The channel Rai Italia was distributed in non-European continents with different schedules and broadcasting standards based on the countries of destination.

For the distribution activity 18 contribution or direct broadcast satellites and one fibre optic link were used for the transport and transmission of television signals in countries of the five continents.

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.

It is estimated that, overall, in these first six months of the year, the full or partial programming of Rai Italia channel in non-European countries was available in over 20 million homes, for a potential audience of around 120 million people.

The number of homes also takes into account those reached by the free daily broadcasting of just part of the programmes drawn from Rai Italia programming in Australia (mostly newscasts). This number also includes homes that can receive the Rai Italia signal directly and free of charge in over 50 Asian countries via the AsiaSat5 satellite.

In the first half of 2019 there are about 17 million subscribers in Europe in 36 European countries.

In the first part of 2019, the European area benefited from trade agreements that were renewed at better conditions in Belgium, France, Germany, Holland, Austria, and the excellent performance of Rai 1, Rai 2 and Rai 3 in Switzerland. Results in Malta and Portugal were also good, and the channels in Eastern Europe, where Rai 1 is positioned in all the basic operator segments also performed well.

In the non-European market, in 2019 agreements were formalized with new US and Latin American cable operators for the re-broadcasting of Rai Italia and renewal negotiations were completed with major operators in Brazil – including Telefonica and Sky – and in Canada.

In Sub-Saharan Africa, negotiations are underway with satellite operators and OTTs interested in including Rai Italia in their range of offer. Likewise in Asia, where, in anticipation of the upcoming Tokyo Olympics, several hotel chains showed an interest in including Rai Italia among the channels offered to their guests.

Sports broadcasting rights

Existing agreements for the marketing of archive rights in Italy and abroad of club libraries continued and for the 2019/2020 season the mandate to Lega Calcio was defined for the TV shooting of the home matches of 2 Clubs of the Serie A division (Brescia and Lecce).

The retrocession of rights to film, produce and market the home matches of their respective clubs was agreed with Atalanta, Bologna and Sampdoria for the current sports season. In addition, option rights were deferred for the marketing of sports Libraries and for the production of matches of the Genoa and Verona clubs, while the option for the marketing of the Livorno library was exercised. The rights to Settecolli were marketed in Japan and various sports images present in the Rai teche were sold.

Italy Marketing

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 the first half of 2019, to support Rai programming, 32 new television programme layouts were created as part of the schedule, between editions and productions, including in particular: *Uno Mattina in Famiglia*, *La Prova del cuoco*, *Vieni con me* (agreement with Magnolia on theme song by Le Vibrazioni), *Geo & Geo* (Studio and Documentaries), *Protestantesimo*, *Chi l'ha visto?*, *Presa Diretta* (16 investigations), *Le Meraviglie dell'Unesco 2*, *Codice*, *Fuori Luogo*, *Sereno Variabile*, *Detto Fatto*, *Ora o Mai Più*. Music from the Rai Com library was used in 50 Rai Storia documentaries based on requests from the channels Rai Storia, Rai 1 and Rai 3.

We also developed the new rebranding jingles for Radio 1, the layout of 11 programmes for the winter and summer schedule and 45 between network and institutional promos.

The important synergy for the edition and musical productions of scores in collaboration with or covered by pre-purchase agreements with Rai Fiction was confirmed. Among the long series, it is worth mentioning programmes such as: *Rocco Schiavone 3*, *La Compagnia del Cigno*, *La porta Rossa 2*, *Ognuno è Perfetto*, *Il nome della Rosa*, *La strada di casa 2*, *Volevo fare la Rock star*, *The Passengers*, *L'ispettore Coliandro 3*.

For TV movies: *La Stagione della Caccia*, *I Ragazzi dello Zecchino d'Oro*, *Il Commissario Montalbano*, *Purché finisce Bene*, *L'Amore il sole e le altre Stelle e Non ho niente da Perdere*. The documentaries of a scientific and educational nature included: *Ulisse - Il Piacere della Scoperta*, *Superquark*, *Passaggio a Nord Ovest*, *Buonasera Presidente*. Among film projects, the following movies achieved excellent audience results and box office take: *Momenti di Trascurabile Felicità* directed by Daniele Lucchetti and soundtrack by Franco Piersanti; *Il Traditore* (still showing) directed by Bellocchio and soundtrack by Oscar winner Nicola Piovani. The project *Il Paradiso Delle Signore* deserves special mention; a daily that debuted in the afternoon of Rai 1 on September 2018 and which will see again the involvement of Rai Com for the second season from October 2019.

Also of note the collaboration with Rai's National Symphony Orchestra of Turin which,

through the performances and recordings of said Orchestra, made it possible to create masterpiece works totally performed in-house.

In the first half of the year, the musical editions of contemporary music further enriched their catalogue and were present in Rai programmes (Radio 3 and Filodiffusione) and abroad (SWR2).

In Italy and abroad Rai Com's operas were performed at the Teatro La Fenice in Venice, the Teatro alla Scala in Milan, the Teatro del Maggio Musicale Fiorentino, the Opéra de Rennes, the Cité de la Musique and the Salle Cortot in Paris, the Philharmonie in Cologne, the Tonhalle in Düsseldorf, the deSingel in Antwerp, the Tallinn World Music Days festival, The Stone in New York.

We managed relations with the most important Italian theatres and opera houses and framework agreements are being renewed with the National Academy of Santa Cecilia, the Teatro dell'Opera di Roma and the Teatro alla Scala in Milan.

Rai Libri

The first half of 2019 was characterized by the efforts to launch the publishing house's rebranding through the release of a series of books related to major television events or to well-known personalities from Rai world, and a commercial dedicated to Rai Libri broadcast in January on Rai networks.

The first launch of the year was dedicated, through the production of 8 books, to Rai 1 top-rated television series *La compagnia del cigno*, with the aim of enriching the classical offer and expanding the target audience. It is a "prequel" of the drama: seven volumes with the stories of the seven young protagonists, boys and girls between 15 and 17, with different personalities and social backgrounds, in addition to the final novel that tells the whole story and which was published after the airing. The launch of the book initiative was characterized by an important and massive communication plan on television, print media and the web.

The strategy to promote best-selling authors of the previous year met with renewed success at the beginning of 2019, with the publication of the new book by Natalia Catellani, one of the most beloved members of *La prova del cuoco* cast.

In terms of contents, we continued to pursue our commitment to bring back to Rai Libri faces and voices of Rai television and radio broadcasting that are traditionally published

by third parties. Among these, Milly Carlucci with *La vita è un ballo*, a story about dance linked to the successful show *Ballando con le stelle* and journalist Bruno Vespa with *Luna*, an essay dedicated to the celebration of the 1969 moon landing. This line of works, also included the new book *Notte Fonda* by Salvo Sottile, the novel related to Rai 3 in-depth programme *Prima dell'alba*.

We also confirmed our commitment to promote the faces and programmes of Rai schedule through the addition of a new author, Bianca Guaccero with *Il tuo cuore è come il mare*, a personal story dedicated to her daughter, and Andrea Delogu with the book *Dove finiscono le parole* which, lightly but wisely accompanies readers through his personal experience with dyslexia. The book was a great success with over 10,000 copies sold and 4 reprints.

Despite the difficult market situation, Rai Libri's positive growth trend continued with doubled turnover volumes and an increase in sales to final customers of 52% (GFK week data 26) compared to the first half of 2018.

Rai Libri was an important protagonist of the great editorial event in spring 2019, the Turin Book Fair, with sold-out presentations every day, long queues at the book signings for Alberto Angela, Vincenzo Mollica e Bruno Vespa – and a 40% increase in direct sales revenue from books compared to 2018.

Great efforts were also made on the parallel newsstand channel, with the launch of the 20 volumes series *Come eravamo. Il romanzo degli italiani dalle origini all'Unità di Italia* by Alberto Angela and distributed in conjunction with the newspaper La Repubblica. A high quality and comprehensive project that has met with great success and which confirmed Alberto Angela as a best selling author in Rai Libri schedule.

Library and consumer product

As always marketing initiatives for libraries and consumer products were numerous and diversified.

Tech, facilities & indirect revenues. The sale of archival material available from Rai Tech confirmed its appeal and the distribution abroad of the drama *L'amica geniale* was extremely satisfactory.

Home Video Italia – newsstand. The usual sale of licences continued, including *L'amica geniale* to the Mondadori Group and that of the series dedicated to the Juventus club for the victory of the 2018-2019 Scudetto to the RCS Group. In the field of direct distribution, we highlight

the series *La Compagnia del Cigno* published in collaboration with RCS, *Il Commissario Montalbano* with the Mondadori Group, and *Il nome della Rosa* with the GEDI Group.

Normal Trade. Distribution in specialised stores and bookshops continued, benefitting from the positive trend in sales of dramas produced by Rai.

Patents and Cultural Heritage. The contract for the sale of the DVB-T2 patent was signed with Samsung Electronics and the sale of the *Opera Omnia* project that reproduces the works of Giotto, Botticelli and Piero della Francesca, continued. In this regard, an agreement was reached with the Italian Cultural Institute of Mexico City that hosted the initiative from March 21st to June 16th 2019.

Licensing. The licensing of brands related to entertainment benefitted from the importance of major events such as the *Festival di Sanremo* and the long-established collaboration with Rai Pubblicità. Publishing activities performed well thanks to the sales of magazines for children, such as the magazine *PJ Mask* developed in co-edition with partner Centauria.

Digital Rights. On-line advertising initiatives (AVOD), Svod activities and the distribution of East/TVod rights continued, with the last mentioned benefitting from the consolidation of commercial agreements with major transactional platforms in Italy (Itunes, Google, Chili, etc.).

Other activities

Technological activities

Information and Communication Technology

The digitalization of operational processes and the use of cross-media and the Internet as a distribution channel are turning Rai into a Digital Media Company, making it an integral part of the “infosphere”, understood as “global information space”. Information and communication technologies – suitably developed to accord with strategic plans – support, enable and guide change, contributing to the achievement of expected targets.

The new challenges are tackled by governing a prospective plan (ICT Digital Platform) in which project initiatives are organized in a comprehensive framework and which supports the “IT centric service” vision of the offering, through a management system based on defined, repeatable and measurable operational processes.

The evolutionary trend of recent months has been guided by new approaches to Business Process Integration, Data Governance, Mobile Working, IT Ecosystem and Cyber Security strategies.

With respect to Business Process Integration, efforts continued to ensure a connection between processes and systems:

- the feasibility study for the integration of editorial, economic and production processes was completed; through the “Technical Sheet”, it will be possible to set up interoperability logics on the information systems that support them (On Air, SIP, Primsys), capable of ensuring unambiguous 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;
- for the digitalization of management and administrative processes, the efforts focused on Economic Planning solutions, to support the planning and management consolidation of Rai SpA and its subsidiaries, on financial planning solutions, to manage information from budgeting to the final accounts, and on Cost Accounting solutions, which apply a new model currently covering internal production activities. Furthermore, activities are underway to optimize tools for Customer and Supplier Electronic Billing;
- for the Editorial Planning, preparatory activities were completed for the release of the On Air Scheduler module for the all-digital broadcasting of Rai Scuola, Rai Storia and Rai 5 channels;

- with regard to Production Resource Planning (Primsys), activities are being completed for the short-term planning of REL services (Light External Shooting), Assembly, Means and Connections. Furthermore, integration with SAP ERP and the creation of an analytical tool on the Company Datawarehouse have been launched.

As regards the focus on Data Governance, past practices of integration and use of big data in the Company's operational and decision-making processes have shown how important it is for a Digital Media Company to be a Data Driven Company.

With the aim of further enabling Rai to consider its data as assets, efforts in 2019:

- were addressed to creating the conditions so that it is possible to define, approve, communicate and implement principles, policies, procedures, metrics, tools and responsibilities in support of Data Governance, as well as to guide and monitor compliance with defined policies on data use and processing;
- required that investments be made for the development of platforms for the structured management of information assets. In this regard, in the Marketing field, an experimental tool is being developed that extends the data lake to data on Instagram, taking advantage of the consolidated experience of the cloud service for sentiment analysis of Rai programmes (SARA) through Twitter data. In addition, a new tool is being designed which, by making use of artificial intelligence algorithms, supports the analysis of emotions aroused by television programs and identifies the social networks of viewers who publish their comments.

Agility, speed of response and mobility are typical requirements of a Digital Media Company, therefore the Mobile Working opportunity has gained great importance in the ICT development strategies of Rai and in the related development plans. Through the integration of cloud into the technological infrastructure that supports Rai ICT services, content sharing was enabled and communications between unusual times and workplaces were facilitated, including in heterogeneous contexts.

In this regard, in the first half of 2019:

- the project of Email Migration to the Cloud was launched, which will improve the use of mobile devices, such as smartphones, tablets and laptops;
- a new cloud service was released enabling consultation of Listening Data on the move,

- thereby enabling access to reports from mobile devices, including from outside the company network;
- a Cloud storage service integrated with the on premise systems of the Company was provided.

Since companies' ability to cooperate and integrate also depends on the network of which they are part, it is essential to create suitable platforms for sharing and exchanging data and information, in order to implement the so-called Ecosystem, a virtual place capable of interconnecting production activities and obtain an overall result that is greater than the mere sum of the individual contributions.

The most significant initiatives included:

- integrated management and processing – between Rai and Revenue Agency – of the Ordinary and Special TV fees, in compliance with the technical paradigms established by the Agency for digital Italy;
- the creation of the Prix Italia system, to support the preparation and configuration of the various event editions, the management of data sheets and of multimedia contents of the Broadcasters participating in the competitions;
- the new online platform of Rai Ragazzi for the reception of projects and proposals from producers, which includes the selection and assessment of contents.

To support change, new styles and innovative approaches are necessary in order to keep pace with a world that is constantly changing. Knowledge and risk management are critical success factors, therefore only a holistic approach to Cyber Security is capable of combining natural (human factor) and artificial elements, thus ensuring the ability to face the challenges of technology for a Digital Media Company operating as a Public Service.

Efforts in this area concerned:

- Compliance and IT Risk Assessment activities for the periodic assessment of the IT security level and of IT risk. The analysis highlighted the areas for improvement to be included in the Cyber Security Programme, which for years has helped shape policies, processes and procedures designed to increase the level of protection from the risks of malware;
- the definition of the design for the Business Continuity and Disaster Recovery of Data Centers, which are the technological cornerstone of the digital transformation;
- the protection measure called SCC - Security Coordination Center for the coordination of IT Security activities. The service, which covers the areas of

Cyber Security and Threat Intelligence, was organized to analyze data, including from external sources, develop proactive capabilities and to mitigate the risks associated with the vulnerabilities of technological infrastructures that may undermine the normal operation of critical services of the Company.

The digital business support platform requires that the enabling infrastructure components be kept constantly up to date. In 2019 the effort was focused on the following initiatives:

- planning of infrastructure platforms to support Fiorello's programme and concurrent launch of an initiative to increase the level of service quality of the IP network in terms of accessibility and continuity;
- with respect to the platforms for structured data and information management, the release of the new SAP S4/HANA version is underway, in view of developments in the systems that focus on planning, administration and control;
- the system supporting the Rai Contact Center service was updated with a new version of the Siebel in Cloud component, which optimizes the maintenance of licenses and operating costs compared to the previous on premise configuration;
- to meet the increasingly frequent requirements of integration between the various company systems, the implementation of a new API Connect infrastructure was launched, capable of managing, enabling and tracking communications between different instruments;
- as regards the use and enhancement of the Company's audiovisual assets, the MAM (Multimedia Asset Management) platform is being studied, which will help increase reliability and flexibility in the management of audio/video content.

Broadcast and Frequency Management Services

The activity was developed along many paths in the first half of 2019, which mainly included:

- **Release of the 700 MHz band and potential new arrangement for the television platform (DTT).** The Budget Law 2019 (Law no. 145/18) introduced important changes of great impact on the television sector, including, above all, the need to update the National Frequency Plan (PNAF) for the distribution of television services following the release of the 700MHz frequency band that will be used for broadband mobility services starting from July 2022 (refarming). In the context outlined by the mentioned Law, Rai participated in the consultations called by the Ministry of Economic Development on the roadmap for releases and activations and those of AGCOM on the criteria for conversion of rights of use of frequencies, analysing the impact on Public Service while devising proposals for corrective actions.
- **Radio: improvement of digital service.** In the first half of 2019, 15 DAB+ radio broadcasting systems were activated for the A1, A4, A30 and E45 motorways in the regions of Campania, Emilia Romagna, Lazio, Lombardy, Tuscany and Umbria. These stations bring to 49 the total number of active DAB+ broadcasting systems.

MAP OF DAB+ COVERAGE AS AT 30 JUNE 2019



The potential coverage of outdoor mobile reception is now higher than 50% of the resident population and will reach 57% of the population at the end of 2019, with the activation of the additional 13 systems envisaged for the coverage of the "T motorway".

- **National and international coordination.** Potential interferences from the implementation and/or modification of transport and distribution systems are constantly monitored both nationally (mainly following requests for temporary use of frequencies for various types of events) and internationally through coordination between countries that are signatories of various agreements on this matter. In this respect, in the first half of 2019, 44 frequency coordinations requested by MISE were managed overall.
- **Relations with Rai Way.** Many contracts were launched and were in progress in the first half of 2019. In terms of production support, connectivity services were provided for sporting events such as the athletics and swimming world championships and broadcasting resources were provided for the 2020 Tokyo Olympics. Furthermore, among the contracts launched for the expansion of the networks, it is worth mentioning the implementation of a weather survey network, a WiFi hot spot at the Olympic Stadium in Rome and a geographically distributed cellular network to geo-reference the Radio Data System-Traffic service Message Channel (RDS-TMC). The reconfiguration of the satellite broadcasting service is also being studied, to enable the DTH use of Rai4K channel and of the entire Rai regional and local programming. There were also many in-depth studies concerning the impact of terrestrial television networks refarming following the release of the 700MHz band.
- **Broadcast Services Management.** Rai constantly monitors the technical quality of the radio and television signal, both upstream (when the signal is delivered to Rai Way) and downstream (when users receive the signal) of the technological and productive chain.
- **Services Management.** The project, started in 2018, involving an entire set of tests and measurements of content broadcasting on DTT networks is nearing completion. At the same time, an improved quality measurement system for video signals distributed on DTT platforms is being implemented: this will allow the technical

quality of the audiovisual contents broadcast by Rai platforms to be assessed both objectively and subjectively, according to the most recent internationally endorsed recommendations.

The objective is to standardize the process of verifying and monitoring the performance of DTT publishing platforms. Finally, a project was launched to perform a set of tests and measurements of digital audio content broadcast using the DAB+ technology. This initiative stems from the need to identify the best achievable configuration that meets the constraints defined in the recent AGCOM resolution no. 223/19/CONS of 7 June 2019.

- **Monitoring of coverage.** The "management of user reports" project was completed, on issues concerning the reception of the Rai radio and television service through the terrestrial platform, by setting up a database and the subsequent computerization and/or automation of the entire process. Constant support was ensured to reply to the various parliamentary questions on the topic of reception of the Rai radio and television signal through the terrestrial platform.

Research and Development

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 Agreement 2018-2022.

From a technological standpoint, the innovations that affect the environment where Rai carries on its activities can be summarized as follows:

- commercial availability of television screens with increasingly higher spatial and temporal definition (Ultra-HD 4K and HFR) and better viewing quality (HDR), capable of reproducing new generation audio (NGA) services;
- increasingly widespread presence of TV sets connected with the Internet and of other devices that enable the use of contents in various modes (linear and on-demand);
- more and more intense interaction between the radio-television world and that of social media;
- availability of new technologies, based on Artificial Intelligence methods and technologies including deep learning, that are used in the area of analysis, indexing and processing of audio-video contents and in the area of coding algorithms;

- the widespread deployment of fixed broadband and the introduction of new 5G network technologies in mobile broadband.

To ensure an optimal use of these new technologies, it is indispensable to build new television and multimedia product types that are highly interactive and new promotional procedures based on the knowledge and profiling of users.

From a regulatory standpoint, the expected reduction in frequency resources and the consequent rescheduling of digital terrestrial TV by 2020/2022 have a significant impact. No less important are the obligations arising from the 2018-2022 Service Contract which, to a greater or lesser extent, also have an effect on research and development activities of the concessionaire company.

In keeping with the ongoing technological and regulatory changes, the main research and development areas pursued in 2019 regarded the evolution of audio/visual production and coding systems, the study and distribution of new multi-media services, the evolution of the fixed and mobile distribution networks and the development of technologies and services to support accessibility. These themes have been partially developed in collaboration with third parties and as part of funded projects.

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 and AMWA NMOS, including through laboratory tests and developments and the participation at events organised by national and international entities.

Support continued for the broadcasting of the experimental channel Rai 4K, both in terms of signal encoding and providing technical advice for the production of programmes in 4K format.

Of special relevance was the experimentation into HDR (High Dynamic Range) technology, an innovation that will allow high dynamic range imaging to be generated and transmitted and which is considered a basic feature of new TV formats, both Ultra-HD (4K) and HD.

The Research Center provided its technical support to production and cooperated in the introduction of this technology in the company's productions.

At the same time we began an assessment of the high frame rate shooting technology, HFR, which significantly improves the resolution of fast moving images. A typical application is the filming of sporting events, but other types of content can also benefit, such as documentaries. The broadcasting of HFR contents at a 100 Hz frequency and in the UHD format according to the DVB standard is compatible with the current UHD receivers at 50 Hz and requires a moderate increase in the bit rate.

The introduction of these technologies requires careful management of resources and in this respect studies continued for video encoding techniques based on profound neural networks, also aimed at contributing to the future technological-scientific development of international standards (MPEG, ISO-IEC, ETSI). To this end, the creation of a first encoding prototype was started.

In the field of archive digitalisation (*DigiMaster Project*), in the first half of 2019, the systems at the Palermo and Campobasso offices were launched with regard to magnetic formats, while for the digitization of films new process optimization functions were developed and the process is currently underway both in Rome Salario and in Turin. Experiments continued on quality control solutions for digital master files and efforts are underway with regard to the technical analysis of future LTO/LTFS technology scenarios and the design of components for the migration and use of protected contents.

1. The coding game
Rob-o-Cod



In the first half of 2019, the first phase of experimental activities in the field of indexing and visual search of video content was completed. Experiments were carried out both to assess the correlation between finished programmes and raw archive materials and to introduce visual search into marketing and advertising applications.

Experimental studies also continued in the field of automatic classification systems based on Deep Learning networks enabling documentation cost optimisation and increasing the potential for exploiting contents.

The development of a platform – called RAI Media Cognitive Services (MCS) – for Cloud integration of artificial intelligence services was consolidated, adding visual search functions based on standard and market technologies. Furthermore, the requirements for a further extension of the platform were defined both for the integration of additional services and for the inclusion of additional functions for the efficient creation of training datasets. A functional review of the automatic transcription system ANTS (Automated Newscast Transcription System) was launched, with a view to expand the system with new analytical services.

At the same time, we began the development of a collaborative application for production centres: this augmented reality application will help the director and the set designer to place virtual assets in a real television studio, to then create a scenography.

In the field of applications on connected TV, a new version according to the HbbTV standard of the RaiPlay application is in progress, which will serve as the basis for all other connected TV platforms. In addition to a new graphic design, the new application has been completely redesigned to ensure maximum ease of use and intuitive navigation, as well as new features, such as, for example, simplified access via smartphone for registered users. Furthermore, the studies and development of prototype applications continued for the addition of new interactive features, overlapping the linear TV stream or when broadcasting commercials, and for the protection of on-demand content provided on next-generation televisions.

As part of the activities concerning the accessibility of Rai content, work continued for the creation of a semi-automatic subtitling platform for regional newscasts.

The *Progetto Beethoven* was completed at the Toscanini Auditorium in Turin with the

cabling of a sector of the stalls with a magnetic induction ring that enables people with a cochlear implant to listen to concerts. On 4 April 2019, some twenty hearing-impaired people with a cochlear implant were able to listen, for the first time, to one of the concerts of the Rai Symphony Orchestra: the initiative was carried out in collaboration with the Department of Otolaryngology of the Città della Salute e della Scienza of Turin.

In collaboration with Rai Ragazzi, the first season of the *Rob-o-Cod* programme was co-produced, a coding game in which 16 teams of middle school students used programming techniques applied to robotics and competed with the robots they built on increasingly complex race routes. The 28-part programme was produced at the Turin Production Center and broadcast on Rai Gulp in April and May 2019.

As part of research efforts dedicated to the development of systems for the creation and use of innovative contents, Rai Bridge is a system that allows linear TV to be enriched with synchronised content that can be used through an Android application. On the basis of the positive tests carried out in 2018, the system industrialization phase was started in the first half of 2019, with full operation expected by the end of the year.

The industrialization and commissioning of a production platform geared towards data journalism is in progress; it is based on Hyper Media News and Concept Book systems, also developed by Rai.

The study of new radio applications continued, starting with the Hybrid Content Radio application developed for customizing content with a mix of linear and on-demand content, allowing Rai radio content to be accessed through voice commands using smart-speakers or voice assistants.

Also with regard to radio, the DAB+ network is the digital radio service that is currently supporting FM frequency modulation broadcasting: implementation and field testing of technical solutions for continuous coverage within motorway tunnels continued in coordination with ASPI, Rai Way, EuroDab and DabItalia with a view to offer a continuous multi-operator DAB service in the Monte Mario tunnel in Bologna.

Work 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, one of the first demonstrations of live TV broadcasting via 5G to mobile phones was held, in collaboration with the Municipality of Turin and TIM, during the show organized by the Municipality of Turin for the San Giovanni celebration on 24 June 2019. A similar demonstration will be organized at the IBC 2019.

In order to increase the offer of broadcasters through the distribution of OTT multimedia contents on fixed IP networks, Rai participated in DVB activities for the definition of the new DVB-I standard for the distribution of live TV and VoD TV services on the Internet that can be used via connected TV or mobile devices in the same way as the traditional broadcast services. In this context, Rai is collaborating for a demonstration to be conducted at IBC 2019.

Under CRITS guide, the DVB TM-S group that is working at the standardization of satellite transmission systems used for direct audio-video distribution (broadcast), for the distribution of interactive services (broadband) and for backhauling of terrestrial distribution networks (backhauling) completed the activities to define a new extension to the current DVB-S2X satellite transmission standard. The standardized extension enables the use of the technology called Beam Hopping to ensure new interactive services towards, for example, collective mobile vehicles such as airplanes, large ships or trains, optimizing the exploitation of the transmission capacity typical of new satellites capable of providing spot coverage of the terrestrial surface (multispot coverage).

In the context of mobile filming, the commitment to the funded project H2020 MULTIDRONE continued. Its aim is to develop an end-to-end system that uses fleets of drones for television filming, integrating advanced techniques of robotic automation, computer vision and telecommunications. In the first half of 2019, the multi-drone mission planning and control dashboard was designed and developed, a fundamental element of the system; in addition, experimental and development activities were combined with initiatives in the field using drones in some of Rai Gold company productions.

In addition, work continued on the H2020 5GCity project aimed at developing three 5G test beds in the cities of Barcelona, Bristol and Lucca. In this context the prototype development was completed, which allows for a visual search on some of Lucca's monuments and subsequent representation, on a Hololens

viewer, of an explorable three-dimensional model containing textual descriptions.

As part of the H2020 MediaRoad project, which aims to support innovation processes in the media sector in Europe, "Open Innovation Days" were organized to encourage discussions and exchanges between companies and start-ups with regard to innovation.

During the school year just ended, the Rai Research Centre actively participated in the project *Rai Porte Aperte* by hosting 14 schools for a total of over 300 visitors who were guided through the various technological innovations currently being studied according to two different approaches, one more strictly technological and the other with greater focus on new services.

Platforms and Distribution

As part of strategic activities regarding satellite broadcasting, a number of projects continued in coordination with the TivùSat platform, with Rai Way operating activity and the relationship with satellite operators Eutelsat and SES Astra.

We drafted the plan for the free distribution of satellite Smart Cards, envisaged in the Rai-MISE 2018-2022 service contract, to be submitted for approval to said Ministry. Technical and support assistance was provided to Rai Com for the distribution of Rai Italia channels abroad, in relation to the change in the transponder for satellite broadcasting in Asia, the new channel for South America and the extension of the contract for Rai Africa. In addition, the role of Rai 4K channel was consolidated during the first half of 2019, with the broadcasting on the satellite platform TivùSat of high-audience UHD events such as the Champions League matches, television series, films and documentaries.

Participation in national and international groups for the standardization of television receivers with three front ends (DTT, SAT and IP) continued, also taking into account the changed technological scenario that will result from the sale of the 700 MHz band. In this context, a meeting with the technological partners was held at the Milan CPTV on 7 May to discuss Rai's development strategies.

In the wake of what has been defined by the Business Plan, technological and infrastructural solutions are being studied, aimed at a more efficient and effective distribution of audiovisual contents on IP protocol. In this scenario, the Memorandum of Understanding signed by Rai, Rai Way and

Open Fiber is set to explore the new potential of NGA networks in the distribution of Public Service content: in the coming months this collaboration will allow for the testing of 8K content broadcasting on IP networks, one of the first attempts in the world to test these technologies in an integrated way.

Preliminary activities are underway for the project to build a proprietary CDN that will provide Rai with a complementary distribution on private CDN and global CDN, a strategy adopted by all major players (for example Netflix) to ensure control of service quality and of quality of experience.

In consideration of the central role that the distribution of Rai content must progressively achieve through platforms and devices with IP protocol, which require a solid technological infrastructure base and the ability to constantly innovate, update and enrich the applications that constitute the tangible technological implementation of the offer, the following activities were defined and started:

- acceleration of the development of the "new RaiPlay" applications for smart TVs and launch of those for mobile devices (Android and iOS) and the web;
- integration of a new player and a new recommendation engine, central elements for an enriched user experience;
- strengthening of the web farm. More specifically, the packaging system for streaming and the editing and storage systems for VOD are being updated. The front-end server is also being upgraded to increase delivery capacity of web pages and apps, to upgrade the server for delivery to the CDN for VOD services and to acquire new encoders for IP distribution of 4K;
- expansion of the circuits between Rome's production facilities and definition of new methods of delivery to the CDN provider with the creation of dedicated circuits for the CDN entry points;
- preparation of a business continuity system at the Rome TV Production Centre and acquisition of a cloud service supporting the disaster recovery system that will be implemented in Turin in 2020.

These activities are necessary for the broadcasting of the *Progetto Live* for the exclusive distribution on RaiPlay via IP of ad hoc and extremely valuable content which makes Rai offer increasingly competitive.

Finally, an initiative is being defined for the introduction of the most advanced data collection and processing technologies, according to a data driven evolution of services, supply and processes.

Technologies

The design and construction of the technical systems at the Production Centres in Rome, Milan, Turin and Naples, at the Regional and Foreign Offices and for Outdoor Shooting are managed in line with the company's production needs and in light of the most innovative technologies on the market.

In recent years the technological environment has been affected by a rapid and intense change, along two fundamental paths:

- to complete the transition from SD to HD production and to deal with UHD production in a structured way;
- to gradually move away from traditional SDI production technologies towards IT and IP technologies in the processing and transport of audio video content, both files and live, according to a multi-platform approach.

The management of this technological change involves a profound methodological review and requires an in-depth knowledge of the actual needs of the productive world, while maximising at all times system reliability and operating efficiency.

The main actions carried out in the first half of 2019 are shown below, broken down by technical area.

- **Channel broadcasting, central controls and networks.** We proceeded with a complete overhaul of advertising broadcasting systems and broadcasting stations of the generalist channels Rai 1, Rai 2, Rai 3 and the foreign channels Rai Italia (with a new additional channel), consolidating HD broadcasting and improving the reliability of broadcasting systems, redefining the criteria for delivering signals for broadcasting and updating the encoding platforms for OTT. The HD digitalization of the Milan Central Control is in progress; the HbbTV service was launched to provide users of digital terrestrial and satellite platforms with new multimedia and interactive services, according to the HTML5 standard; the storage infrastructures necessary for broadcasting workflows in Rome, Turin and Milan were consolidated and upgraded, to adapt them to expected developments in content processing in the form of files and UHD technology.

The design of a disaster recovery system in the cloud for the main channels and for a fully UHD broadcasting station was started and the encoding systems for HD streaming of Rai Sport contents are being renewed.

With regard to IP networks, the renewal of core and aggregation nodes and of distribution infrastructures was started in all the Production Centres, and the band was expanded at production facilities, as a preliminary activity for improving the quality of post-production and drama in view of their transition to UHD. Finally, projects for the renewal of firewalls and balancers and the migration to the new IS-IS routing protocol over the entire production network are underway.

- **IT infrastructures for the processing and storage of audio/video content.** The Tape Library is being expanded and migration of media from LTO5 to LTO7 was started in the existing Tape Library. We continued the testing and integration between the production infrastructure on "T-cube" files and the "On Air" program management system, in order to automate the publishing and production chain.
- **Production, post-production systems and graphics.** The upgrading of the workstations continued while production chains are being renewed for the transition to HDD at all Production Centres. In particular, a UHD HDR post-production chain was acquired for the Naples Production Centre – which also includes new render engines, high-performance dedicated NAS and 10 Gb/s network infrastructure – as well as new high-end workstations for editing and colour correction in UHD HDR for all Production Centres.

Furthermore, the complete upgrade to UHD HDR of 3 test rooms at Rai Salario was carried out, and two further test rooms are being built with special focus on acoustics for multi-channel products. The digitalisation and integration of two further editing rooms was completed within the Production area of Borgo Sant'Angelo, for the news and Rai Vaticano, and the final design of the audio/video/data infrastructures for Rai Sport system in Rome and Milan is under examination.

The upgrade of the HW and SW infrastructures of the NIPS system for the production of national news is in progress, as well as the acquisition of graphics systems for national news and software (title sequence creators and still-stores) and new multichannel audio post-production systems based on ProTools.

- **Studios.** All new studios are designed and implemented in 3G HD, with UHD capabilities where possible. In the first half of 2019 various feasibility studies and layouts were carried out for the new Milan Portello

studio, for a total of 6 stalls and 5 control rooms, in addition to 23 post-production and graphics rooms, music control rooms and equipment room; two Flight case units with IP technology were built, located at the Centro Nomentano in Rome and in the SX3 studio of Saxa Rubra in Rome; the planning and construction of the TV4 studios in Turin and TV3 in Naples for the TGR was started and the video mixer of the TGR studio in Rome is being replaced. Finally, for the Centro Nomentano in Rome, the final design of the audio/video/data infrastructures was completed and the detailed design of the systems for 5 studios is underway.

- **Mobile vehicles and systems for external filming.** There were many HD upgrades of mobile vehicles and upgrades to ensure the availability of ultra-light broadcasting and reception systems in LTE technology (so-called "backpacks") for the production centres and the regional offices. The construction of the new control room at Palazzo Chigi in Rome is underway; the projects for a heavy ObVan and for a large mobile control room were started and the new fiber optic signal management systems for outdoor filming are being released. Planning for major events is underway, including Cortina 2020 and 2021.
- **Electrical installations for stage lights.** The renovation of stage lights in the SR7 studio in Saxa Rubra was completed as was the design of the TGR stall system in Palermo. In addition, 16 generator units on chassis and 28 control consoles for stage lights are being replaced and will take the place of the entire set of studio consoles for national and regional news.

Broadcasting

Rai Way is the company in the Rai Group that owns the infrastructure and systems for the transmission and broadcasting of TV and radio signals. In the course of its activity, it manages more than 2,300 sites equipped with infrastructures and systems for the transmission and broadcasting of radio and TV signals in Italy. Its 21 local offices are located throughout the country and it avails itself of highly skilled staff. 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 are developed within the following areas:

- 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 experience Rai Way has gained in operating transmission and broadcasting networks allows 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.

In 2019 Rai Way's commercial initiatives focused, in continuity with past years, on

supporting Rai as its main customer and analysing and scouting for potential new markets, with a view to expanding services and diversifying the offer.

The Service Agreement that was entered into between Rai and Rai Way in 2014 provides for the delivery of basic broadcasting and transmission services; it also provides for the possibility for the parties to negotiate, according to an agreed procedure, the provision of additional services should the customer have any additional requirements (so-called evolutive services).

The most important activities carried out in the first half of 2019 concerned contribution services for sports and institutional events, including the 2018-2019 Serie A soccer championship and the 2018-2019 Champions League, provided with technological solutions capable of providing a high level of reliability and, in some cases, also 4K coding and transport services.

The project to extend the coverage of the DAB+ digital terrestrial radio broadcasting service is in progress with special focus on coverage of the main motorway routes. As part of the process of improving the quality and expanding Rai offer, preparatory activities are being completed to extend the coverage of thematic MUXs on the national territory with the first activations planned as early as the second half of 2019.

The market for Tower Rental services, the largest contributor to revenues, continued to experience pressure in 2019 due to the rationalization actions MNOs have undertaken to face the competitive environment characterised by the investments made for the acquisition of frequencies for the 5G service. During the year, Rai Way continued the progressive growth of commercial relations with other categories of customers, developing existing agreements with new FWA operators and with operators in other sectors with a positive impact on revenue. In particular, it started performing the contract with a leading market operator that provides for the use of sites made available by Rai Way to cover areas with urban settlements isolated through the use of Fixed Wireless Access technology, confirming Rai Way's willingness to make a concrete contribution to the development of demand for innovative digital services.

With respect to customers in the Public Administration and Corporate sector, in the first half of 2019 there was a constant increase in the number of workstations used for telecommunications services.

With regard to radio broadcaster customers, the Company continued to promote the development of hosting at its websites, especially encouraging the activation of digital technology radio systems (DAB).

Communication

There were many and varied initiatives to enhance the Public Service role of the concessionaire, to strengthen and consolidate Rai brand and its reputation, gather consensus and affirm the value of the editorial offer – on a cultural and social level – by engaging quality, excellence and the Company's ability to capture new trends and address all its stakeholders.

There were many important communication projects: 31 in total in the first six months of the year – 11 institutional and 20 product projects – among which we should mention in terms of relevance and cross-media impact, those relating to *The Voice of Italy* and *I David di Donatello*.

On many occasions, the communication project considered it necessary to strengthen the content through the organization of events – such as the launch of major TV products or during cultural events in Italy – through workshops, conventions and exhibitions or initiatives of media partnerships that are highly representative for the Company.

In total, 40 institutional and international events were organized, working in close collaboration with Italian and international institutions and with international broadcaster associations.

The promotion of Rai products also made use of the selection and planning of advertising spaces outside the Company's broadcasting and multimedia offer.

In the first half of 2019 advertising plans were made for 12 productions through static and dynamic billboards, video communications, daily and periodical press, web, radio and cinema, among which great importance was given to the launch of the new episodes of *Il*

1. The 2019 edition of the Festival of Sustainable Development
2. The presentation of celebrations for the Settimana della Legalità 2019

Commissario Montalbano and *The Voice of Italy*, Rai 2's music talent.

As part of a broader project to promote Rai products and the work carried out by its staff and to enhance Rai brand in all its forms, in the first six months of 2019 Rai participated in 49 national and international festivals, obtaining 63 nominations and winning 42 awards, marking a significant increase over the same period of 2018 (from 25 to 42).

Rai received many international awards: *La stella di Andra and Tati*, the cartoon co-produced by Rai Ragazzi on the history of the Bucci sisters, which tells the story of the Holocaust seen through the eyes of two 4 and 6-year-old girls, received the prestigious Rockie Awards as the best animation production for children at the Canadian Banff World Media Festival, after winning a prestigious award at the Xiamen International Animation Festival, in China. *L'amica geniale* won the Monte Carlo TV Festival as best series, after being nominated for the Shanghai TV Festival. Rai products were successful at Promax Europe Bda and at Promax Global, two of the most important international events for promotion, marketing and design, with nominations in both competitions, as Marketing Team of the Year and with not less than 19 awards for its commercials, confirming the major role played by Rai in the field of creativity. Also at national level there was no lack of awards for journalistic reports and quality programmes included in Rai schedule. There was also great satisfaction for the results achieved at the Diversity Brand Summit: Rai was included among the 20 best companies in the Diversity Brand Index, which measures consumers' perception of brand inclusiveness.



Directors' Report

EVENTS ORGANIZED IN THE FIRST HALF OF 2019

Date	Event	Location
21 January	Press conference of <i>I Figli del Destino</i>	Sala Arazzi - Rai, Rome
22 January	Showing of <i>Liberi di scegliere</i>	Lower House of the Italian Parliament - Rome
23 January	Preview of the docufiction <i>I figli del destino</i> for the Giornata della Memoria	Senate Sala Koch - Rome
25 January	Circom's conference on Fake News (European Regional Television Association)	Saxa Rubra - Rai, Rome
31 January	Press conference of <i>Il commissario Montalbano</i>	Sala Arazzi - Rai, Rome
5-9 February	<i>Festival di Sanremo</i> (customization of the Ariston Theatre facade)	Sanremo
19 February	Presentation of the five <i>David di Donatello</i> nominations for each category	Sala Arazzi - Rai, Rome
28 February	<i>Il nome della Rosa</i>	Sala Arazzi - Rai, Rome
1 March	Press conference of <i>Il nome della Rosa</i>	Anteo Cinema - Milan
1-3 March	Previews of <i>Il nome della Rosa</i>	World premiere in Milan and subsequent showing in Turin, Bologna and Perugia
11 March	<i>Jams Tour</i>	Viale Mazzini, 14 - Rome
13-14-15 March	Milan Digital Week	Corso Sempione - Rai, Milan
18 March	<i>Libera</i> press conference	Sala Arazzi - Rai, Rome
19 March	Premio Italia press conference	Sala Arazzi - Rai, Rome
22 March	Visit of the Chinese CMG (China Media Group) delegation and signing of the memorandum of understanding	Sala Arazzi - Rai, Rome
27-28-29 March	ABU Rai Days - meeting of ABU (Asia-Pacific Broadcasting Union) delegates with EBU representatives as part of the forum "Towards a new era of collaboration: fostering creativity and innovation in broadcasting"	Venezia
29 March	Press conference of <i>Sanremo Giovani W.T.</i>	Ministry of Foreign Affairs - Rome
2 April	Preview and press conference of <i>L'Aquila - Grandi speranze</i>	L'Aquila - Park Auditorium and Sala Ipogea of the Regional Council
2 April	Lighting Palazzo Rai DG for the World Autism Awareness Day	Viale Mazzini, 14 - Rome
3 April	<i>Nessuno Escluso</i>	Sala Arazzi - Rai, Rome
3 April	Showing of <i>L'Aquila 03.32</i>	Lower House of the Italian Parliament - Rome
10 April	<i>Giro d'Italia</i> press conference	Sala Arazzi - Rai, Rome
17 April	<i>Buonasera Presidente</i> - Rai Cultura	LUISS Guido Carli - Rome
29 April	<i>Jams Tour</i>	Naples
May	EBU communication campaign on press freedom - participation in the European campaign with media coverage of the Ebu promo on the World Press Freedom Day	
2 May	ASVIS - Italian Alliance for Sustainable Development - Press Conference	Sala Arazzi - Rai, Rome

Date	Event	Location
6 May	Jams Tour	Istituto Virgilio - Rome
7 May	Jams Tour	Florence
8 May	Grazie a tutti	Sala Arazzi - Rai, Rome
9-13 May	Salone del libro di Torino	Turin Oval
14 May	Press conference for the Settimana della Legalità	Sala Arazzi - Rai, Rome
20 May	Presentation of Rai Business Plan	Auditorium - Rai, Rome
21 May	Festival of Sustainable Development - ASVIS - EUYON Concert	Auditorium Parco della Musica - Rome
4 June	Biagio Agnes Award press conference	Sala Arazzi - Rai, Rome
6 June	Buon Compleanno Pippo press conference	Sala Arazzi - Rai, Rome
13 June	Italian Paralimpic Award	Foro Italico - Rome
13 June	Presentation of the <i>Ladri di Bellezza</i> documentary on the occasion of the "L'Arte di salvare l'Arte" exhibition, which describes the work of the Carabinieri of the Artistic Heritage Protection unit	Quirinale - Rome
27 June	Universiade press conference in Naples	Sala Arazzi - Rai, Rome

1. Presentation of *L'Aquila - Grandi speranze*
2. Press conference of *Il nome della Rosa*
3. Dynamic posters for the promotion of the new episodes of *Il Commissario Montalbano*
4. Posters for the promotion of *The Voice of Italy*



A similar recognition in the Diversity Media Awards, where *Ballando con le stelle* and *L'amica geniale* were rewarded for their ability to promote inclusion.

Three more prizes were obtained in the third edition of the Italian Paralympic Awards: best short television film for *I limiti non esistono*; best TV program for *La Vita è una fiata*; best web magazine won by Rai Sport website.

Rai never neglects the importance of staying in touch with its audience including through a direct communication channel: users can contact the Company either through the toll-free number 800.93.83.62, or via web using the ScriveR@i service.

Many and varied forms of collaboration were also started and implemented.

Around 90 sponsorships were granted to national or local initiatives, which reflect high values with multiple facets: social, educational, cultural, artistic, scientific, environmental, economic, sporting and others. In addition, an agreement was developed, based on editorial considerations, for around 300 media partnerships aimed at enhancing the public service mission, including the promotion of knowledge and reading through major events such as the Salone Internazionale del Libro in Turin, the Maggio dei Libri and the comeback in Southern Italy – after 15 years – of a similar initiative with Napoli Città Libro.

But also the great ASVIS festival (Italian Alliance for Sustainable Development); the environment and cultural heritage with the Fai weeks; the Expomove dedicated to electric mobility; the arts and culture with the historic Festival dei due Mondi in Spoleto; justice, legality and memory with the 39th anniversary of the Ustica Massacre; sport, not just soccer, with the preparation of the vintage cycling tour L'Eroica and the International Barcolana Regatta in Trieste.

Then the cinema, with the preparation for the big events of the year: the Venice International Film Festival, the Giffoni Film Festival, the Rome Film Festival, the Turin Film Festival and the BIF&st of Bari and other events that are being increasingly recognized both nationally and internationally such as the Far East Film Festival, the Taormina Film Festival, the Benevento Film and TV Festival and the Maratea Film Weeks. This activity is accompanied by some one hundred events that involved the ceremonial and protocol with specific reference to internal and institutional initiatives.

There were also numerous press activities. In addition to the *Festival di Sanremo*, *Cartoon on the Bay* and the *Screenings*, there were many initiatives covering important events, such as the commemoration in Civitavecchia and in Palermo of Judge Falcone's

Reports

January-June 2019

RispondeRai
TELEPHONE CHANNEL REGARDING THE LICENCE FEE,
EDITORIAL ISSUES AND RECEIPT OF APPLICATIONS
FOR TV GAMES

226,281 CONTACTS **96%**

ScriveRai
WEB CHANNEL TO CONTACT RAI

5,927 CONTACTS **2%**

Pronto la Rai
WEB CHANNEL TO BOOK TELEPHONE APPOINTMENTS
TO DISCUSS LICENCE FEE ISSUES

2,761 CONTACTS **1%**

GiocheRai
WEB CHANNEL TO APPLY FOR PARTICIPATION IN TV GAMES

1,498 CONTACTS **1%**

236,467 TOTAL CONTACTS **100%**

Porte Aperte Project

January-June 2019

230

SCHOOL VISITS CARRIED OUT
(TOTAL OF 5,500 STUDENTS)



14

33 SCHOOL-TO-WORK PROJECTS
RECEIVED IN 2018 AND 14 SELECTED
AND IMPLEMENTED IN 2019
(400 STUDENTS THROUGHOUT ITALY)



5,700

PARTICIPANTS IN 7 SPECIAL EVENTS
THROUGHOUT ITALY



832

INTERNSHIP REQUESTS RECEIVED
AND IMPLEMENTED 118 ACTIVATED
INTERNSHIPS



43,428

VISITS TO THE WEBPAGE
[WWW.RAI.IT/PORTEAPERTE](https://www.rai.it/portearpera)



11,716

STUDENTS MET IN TOTAL



assassination, to promote institutional conferences, events and the political, administrative and European elections with journalists involved in the dissemination of electoral data to over 40 external publications, both Italian and foreign.

Overall, around 4,000 Radio/TV, Corporate and Audience press releases, 25 NewsRai, 65 press conferences and 128 photo shoots were completed since the beginning of the year.

Final event for the presentation
of school-to-work projects
Turin, Lingotto Fiere, 13 May 2019

Furthermore, the Rai weekly newsletter – active for over a year to promote a deeper understanding of the Company among employees, to consolidate the sense of belonging and trust in the Public Service with a view to positive communication – has illustrated and celebrated with various articles the artistic and architectural heritage of Rai, the history of cinema produced by Rai, anniversaries of television and radio programmes, awareness campaigns and books.

In the first half of 2019 there were also numerous special projects, including: *Rai Porte Aperte*, including a new promo; the *Bimbo Rai* initiative; visits and special events in Italy, including the one in Sanremo during the Festival, in Bari for the 60th anniversary of Rai headquarters in Puglia, in Turin for the Salone del Libro, etc.; school-to-work projects, collaborations with organizations and institutions such as Bocconi University, with MAECI for the Sanremo Giovani World Tour, with the Coast Guard for #PlasticfreeGC, with the Serie A League for A-World – the Football Festival, and many others.



International Relations

The enhancement of Rai's role as Public Broadcasting Service also involves strengthening its international reach. On the European front, the main political-legislative dossiers of interest to the Company were finalized (such as the Audiovisual Media Services Directive – AVMS, the European Code of Electronic Communications – ECC, the Platform to Business Regulation), with continuous monitoring and implementation of the most sensitive ones.

Rai's active role within the main international trade associations is necessary to ensure the Company's positioning as an international player and for the development of an effective cooperation policy. Hence the activity carried out in the first half of 2019 aimed at consolidating the role of Rai in EBU, COPEAM, CIRCOM, CMCA, ABU, ASBU and CRI with the recent addition of AUB (African Union of Broadcasters), of which Rai has become an associate member.

Rai's participation in international co-productions recorded a marked increase:

- within EBU, documentaries entirely funded with European funds (*New Neighbours*) and coproductions of great media impact (*Eurovision Song Contest* and *Junior Eurovision Song Contest*) were produced;
- within ABU (Asia Pacific Broadcasting Union) Rai participated as the only European broadcaster in the co-production of documentaries with major Asian broadcasters such as NHK (Japan) and KBS (Korea);
- within COPEAM (Conférence Permanente de l'Audiovisuel Méditerranéen) the documentaries *Inter-Rives* and *Radio Mediterráneo* were co-produced;
- within CIRCOM (European Association of Regional Television), Rai participated in the *Citizenship 6* project funded by the European Parliament;
- within CRI (Italophone Broadcasting Community), Radio 3 and the regional offices of Friuli Venezia Giulia, Alto Adige, Sicily and Sardinia took part in the *Poesia ultim'ora* co-production together with other 11 Italian-speaking radio stations.

Specific EBU initiatives were also promoted to support the transformation of public services into a new digital ecosystem, such as the EBU Digital Transformation Initiative, and to exchange best practices with other major European public services. Cooperation activities on the Asian front recorded a marked increase: of significant importance was the signing of a framework agreement with China Media Group, one of the largest media groups in Asia.

After a successful first edition, Rai headquarters in Venice hosted the second edition of the ABU Forum – Rai Days: over 100 delegates from the most important Asian and European broadcasters and institutional representatives discussed the topic Fostering creativity and innovation in broadcasting. An implementation agreement was also signed with TVRI for the distribution of Rai programmes in Indonesia.

Thanks to the synergies achieved as members of international associations and the work developed with MAECI and the Embassies, several memorandums of understanding were signed aimed at promoting collaboration initiatives in the media sector, especially with TV Globo (Brazil), TNU (Uruguay), Radio Romania and RTP (Peru).

There were also many international multilateral and bilateral training projects addressed to other Public Service Media. These included, training and assistance, provided in collaboration with CPTV of Naples, to the Tunisian television for the opening and closing ceremony of the ASBU Festival (Arab States Broadcasting Union) on the occasion of the 50th anniversary of the Association which was broadcast live by Arabvision.

Agreements with the Central Government

Agreements with the Central Government are managed directly by the Parent Company. The most significant agreements of the first half of 2019 include:

- Ministry for Employment and Social Policies/ANPAL: the broadcasting of *Il Posto Giusto*, now in its fifth edition, continued and the programme's continuation is being planned for the next television season;
- Ministry of Cultural Heritage: a new agreement was signed with Mibact/Cepell aimed at promoting reading through the production of a further edition of the programme *Invito alla lettura*;
- Ministry of Education, University and Research: a communication project dedicated to Leopardi's bicentennial was completed with a documentary produced by Rai Scuola;
- Ministry of the Interior/Coastal Guard: an institutional video was produced for the #plasticfreeGC communication campaign to eliminate microplastics in the marine and coastal environment.

Changes in the regulatory framework

Reform of the so-called 700 band, planning of frequencies and adoption of related deeds

Implementing the AGCOM resolution 129/19/CONS, establishing the conversion criteria (in rights of use of the transmission capacity on national, newly implemented multiplex in DVB-T2 technology) and assigning of the rights of use for national frequencies planned by the PNAF for the digital terrestrial TV service to national network operators for the subsequent assignment by the Ministry by 30 June 2019, on 11 June 2019, the MISE published the "Notice of assignment of rights of use to frequencies for the digital terrestrial TV service pursuant to article 1, paragraph 1031 of Law 205 of 27 December 2017, as amended by article 1, paragraph 1104 of Law 145 of 30 December 2018", that invited the aforementioned network operators to submit an application to participate, to be attributed the aforementioned rights of use, in accordance with the criteria indicated. The Ministry also started actions to establish rankings of the suppliers of local audio-visual media services and related to procedures to select and assign the rights of use of frequencies for the local digital terrestrial TV service to network operators, ultimately adopting the final guidelines on the subject after calling a public consultation.

Lastly, with Ministerial Decree of 19 June 2019 the Ministry for Economic Development updated, with public consultation, the national calendar identifying roadmap deadlines for implementing the objectives of the decision (EU) 2017/899, of 17 May 2017, considering the need to establish a transitory period, from 1 January 2020 to 30 June 2022, to ensure the release of frequencies by all the network operators holding the relative national and local rights of use and the restructuring of the multiplex containing regional information by the concessionaire of the radio, television and multimedia broadcasting service (so-called road map originally adopted with Ministerial Decree 8 August 2018), in compliance with what is set forth in art. 1, paragraph 1106 of Law 145 of 30 December 2018. The Ministerial Decree considers both the international agreements signed by Italy with neighbouring countries and the Plan of national frequencies to be assigned to the digital terrestrial TV service (PNAF), approved by the Authority for Guarantees in Communications with resolution 39/19/CONS, of 7 February 2019.

Provisions related to radio broadcasting

Through resolution 152/19/CONS, AGCOM launched the procedure to update and integrate the regulation containing the new regulations for the start-up stage of digital terrestrial technology radio broadcasting, pursuant to resolution 664/09/CONS (Regulation containing the new rules on the start-up stage for digital terrestrial technology radio broadcasting). The authority itself then launched two consultations: the first (through resolution 223/19/CONS) on digital radio audio broadcasting (PNAF-DAB), related to amendments and integrations to the aforementioned regulation pursuant to resolution 664/09/CONS as amended, which introduces a procedure for the transfer of broadcasting capacity to the suppliers of independent national radio content by national radio network operators (amounting to 216 capacity units for Rai); the second (through resolution 224/19/CONS), containing the public consultation on the market survey on the radio broadcasting sector (already identified in resolution 506/18/CONS) and the detection of any dominant positions or, in any case, damaging pluralism, pursuant to art. 43, paragraph 2, of Decree 177/2005 (stage 2).

Conversion in Law of the so-called "Growth Decree"

Law 58 of 29 June 2019, converted, with amendments, Decree Law 34 of 30 April 2019, containing "Urgent economic growth measures and to resolve specific crisis situations". In particular, art. 22 of the Decree, amending Legislative Decree 231/2002, adopting Directive 2000/35/EC related to the fight against late payments in commercial transactions, inserting (in the new art. 7-ter of the Decree, titled "Evidence in the financial statements") measures related to the payment times between companies, specifying the data which, as of financial year 2019, the financial statements must indicate the average payment times for transactions made in the year; also identifying any average delays between terms agreed and those effectively practised, and the commercial policies adopted referred to the transactions themselves and any actions taken related to terms of payment. The subsequent art. 35 then amended regulations on transparency obligations on public payments, as introduced by art. 1, paragraphs 125-129 of Law 124 of 4 August 2017, "Annual law for the market and competition" which established, as of 2018, new transparency measures in the aforementioned payment system, equal or higher than €10,000, both received and made, amongst other things, by companies obliged to disclose the information required in their relative annual accounts.

Rai, as a public company, published the relevant data in the financial statements for year 2018.

ANAC provisions on public contracts

In the first half of 2019, the National Anticorruption Authority (hereinafter, ANAC) first further extended by 90 days (as of 15 April 2019) the operating dates of the National Mandatory List of the Members of Awarding Commissions, subsequently suspending operations by President communication of 15 July 2019 due to the counterpart suspension, until 31 December 2020, of the obligation to choose the tender commissioners from amongst those registered in the ANAC list, ordered by the Law converting the so-called "release sites" Decree Law (on which see below).

Through resolution 417 of 15 May 2019, the Authority also further updated the general guidelines on assignment of architecture and engineering services. With subsequent communication by the President of 10 July 2019, on suspension of procedures for noting the useful information, not constituting false declarations in the Information Technology Register of public works, services and supply contracts, pursuant to art. 213, paragraph 10, Legislative Decree 50/2016, after the result of jurisprudential guidelines that attributed the recording activity for the aforementioned "useful information" as under administrative discretion, the Authority adopted specific suspension measures for some terms of the procedures in question and temporary obscuration for certain useful information.

Lastly, publication of resolution 494 of 5 June 2019, itemised "Guidelines no. 15" laying down "Identification and management of conflicts of interest in procedures to assign public contracts", issued following the public consultation launched in 2018. The guidelines, not binding for addressees pursuant to article 213, paragraph 2 of the Public Contracts Code, are adopted based on article 42 of Legislative Decree 50/2016. It introduced a specific regulation for the allegations of conflict of interest during all public contract assignment procedures (including contracts excluded from code application), requiring contracting authorities to adopt suitable measures to combat fraud and corruption and to identify (in the PTPC, when obliged to adopt the document), prevent and effectively solve any assumption of conflict of interest when carrying out the public procedures.

The table annexed to Part IV of the provision, on risk prevention, gives an example of

possible risk occurrences in the various stages and processes of tender procedures, related to the different parties involved. The Authority also recommends adding specific limitations, with sanctions, to the legality protocols and/or integrity agreements, for competitors and/or assignees, whose conduct can also be assessed as a cause for exclusion (pursuant to art. 80, par. 5, letter c-bis of the Code).

Conversion in Law of the so-called "release sites" Decree Law: amendments to the Public Contracts Code

Law 55 of 14 June 2019, ratified, with amendments, Decree Law 31 of 18 April 2019, containing "urgent provisions to relaunch the public contracts sector, to speed up infrastructural actions, urban regeneration and reconstruction following earthquakes".

Please note that article 1 of the provisions made amendments to the Public Contracts Code on, amongst other things: design; legal advertising of public contracts (intervening on the transparency obligations pursuant to art. 29); role and functions of the procedure manager; advances on the price; under-threshold contracts (in particular taking action on the relative thresholds/method of assignment and abrogating article 1, paragraph 912 of the Budget law for 2019, that had introduced an exemption, limited to 2019, absorbed by the amendments made by the D.L. to art. 36 of the Code); check of requirements; information on candidates and bidders; appointment of the judging Commissions; reasons for exclusion; certification by certifying bodies; contract award criteria; unusually low bids; subcontract. The provision also makes changes to art. 120 of Legislative Decree 104/2010 (Administrative process code), dedicated to the rite applicable to sentences related to public procedures, also eliminating the so-called "super-accelerated rite" foreseen for appeal against measures related to admission to bid for reasons related to subjective, economic-financial and technical professional reasons.

Art. 1, mentioned above, was fully rewritten at the time of conversion, with introduction of both permanent amendments and temporary suspensions (until 31 December 2020) of specific provisions while awaiting a total reform of sector regulations.

Amendments also concern: the possibility to set up a technical consultation board to assist with the rapid settlement of disputes related to executing the contract; amendment to the thresholds to sub-contracting works; the suspension of the obligations to indicate

the sub-contractor arbiters; adoption of a single Code execution, implementation and integration regulation; procedures for assigning below-threshold contracts; the suspension of the joint assignment prohibition for planning and execution of the works (integrated supply contract) in the ordinary sectors; suspension of the obligation to choose tender commissioners from amongst those registered in the ANAC list.

Changes in relation to copyright

"Copyright" directive

Directive (EU) 2019/790 of the European Parliament and Council of 17 April 2019 was published in the Official Gazette of the European Union of 17 May 2019, on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC (the "Copyright Directive"). The qualifying aspects of the new Directive – whose purpose is to update and harmonise European regulations on copyright considering the new scenarios imposed by technological developments (in particular connected to online platforms) – include the substantial strengthening of the prerogatives of rights holders (authors, cultural companies, publishers, suppliers of audiovisual media services, etc.) related to the economic exploitation of the relative contents on online platforms, trying to balance them with the interests of users.

The Directive must be adopted by Member States by 7 June 2021. A similar adoption period has been established for Directive (EU) 2019/789 of the European Parliament and Council of 17 April 2019. This establishes rules related to exercising copyright and connected rights applicable to some online radio/TV broadcasting programs and retransmission of TV and radio programs and amends Council Directive 93/83/EEC.

Decree of 26 February 2019 containing "Definition of the minimum common methods related to the electronic supply of information by collective and independent management bodies"

With the decree in question the Ministry for Cultural Heritage and Activities implemented article 27 (Information provided to rights holders, other collective management bodies and users on request) of Legislative Decree 35 of 15 March 2017 and regulated the minimum common methods listed, related to the digital supply to users of information on the works and other protected materials, pursuant to the aforementioned art. 27. Pursuant to art. 2 of the Ministerial Decree, with no prejudice for the various agreements

reached between the collective management bodies and the users, independent management bodies and entities (of which AGCOM published the list on 10 May 2019 pursuant to art. 5, paragraph 1, of Annex A to resolution 396/17/CONS "Implementing Legislative Decree 35 of 15 March 2017, on the collective management of copyright and connected rights and on granting multi-territorial licences for the rights to musical works for online use in the internal market") provides users, based on a suitably justified request, with the information pursuant to art. 27, paragraph 1, letters a) and b) of Legislative Decree 35/2017 (essentially related to the works and materials managed, to the rights and territories), in accordance with methods and specific techniques described in the Decree annex. As an example, that annex identifies the important information related to the works (letter a) and those entitled, the territories and rights represented (letter b), acknowledging sanctioning power for AGCOM if there should be no adjustment by the term established in the Decree, or the non suitability detected of systems prepared, if there should be no agreements.

Guidelines defining the duration and area of the radio, TV and multimedia broadcasting rights

The joint Commission set up through Ministerial Decree 5 September 2018, with its members from the Ministry and the Company, approved pursuant to article 25, paragraph 3 of the Service Agreement, the final version of the operating Guidelines that must act as the basis for agreements between the Company and the most represented category associations of producers, on the duration and area for radio, TV and multimedia exploitation rights. The Guidelines were approved after discussions with the sector's main stakeholders, during the public consultation held on the Guideline layout.

Conclusion of investigation proceedings started by AGCOM against the Company

Through resolution 196/19/CONS the Authority concluded, closing them, proceedings started against the Company for a presumed breach of provisions contained in art. 44, paragraph 3, of Legislative Decree 177 of 31 July 2005, (on obligations to invest in European works). This was due to the limited availability of content that can satisfy the investment percentage established by the legislator, the difficulty with identification of original Italian cinema works related to the "new licence valuing mechanism", resulting from the change to the relative collection system. The

Authority found that the public concession holder is confirmed, nationally, as one of the main "investors" in original Italian cinema works, as evidence of the strategic importance acknowledged by Rai to that production sector.

Market abuse

On 29 May 2019, Euronext Dublin published the new rules governing the regulated market where the bond issued by Rai is traded: the Harmonised Rules, in which regard it is noted that "this Rule Book shall enter into effect as of a date to be announced by Euronext by Notice", and the new Listing Rules. The Central Bank of Ireland also published the new Central Bank (Investment Market Conduct) Rules, which now include those regulating the prospectus, transparency and market abuse, also updating the relative Guidance and Questions&Answers issued on the same subjects.

Hate speech

AGCOM resolution 157/19/CONS, titled "Rules including provisions on respecting human dignity and the principle of non discrimination and combating hate speech" established, as set forth in art. 32, paragraph 5, of Legislative Decree 177 of 31 July 2005 (TUSMAR), the principles and measures that the suppliers of audiovisual and radio media services subjected to Italian law must abide by in their information and entertainment programs to ensure respect for human dignity and the non discrimination principle and to combat hate speech. In particular, art. 5 (actions to combat hate speech) established that the Concession holder, in its role as the manager of the public radio, TV and multimedia service, also when executing the service contract, should promote the circulation of contents that value the aforementioned principles to respect human dignity, non discrimination, inclusion and social cohesion, and to contrast instigation to violence and hate.

Programming and investment in European works obligations

Art. 3 of Decree Law 59 of 28 June 2019, containing "Urgent measures on personnel of the opera symphonic foundations, supporting the cinema and audiovisual sector and financing of the activities of the Ministry for heritage and cultural activities and for execution of the UEFA event Euro 2020" established simplification and support measures for the cinema, audiovisual sector, amending the articles from 44-bis to sexies of the Consolidation Act of Audiovisual and media Services in relation to: European works programming and investment obligations for the suppliers of linear and on demand audiovisual media services; AGCOM attributions on the promotion of European and Italian works by the suppliers of audiovisual media services and applications related to original Italian audiovisual works. The aforementioned obligations are amply remodulated (also concerning timing, the time bases or benchmarking obligations, to the reference levels and percentages, to the distribution of obligations amongst the categories of works, types of supplier obliged to comply, fluctuations downwards or upwards compared to the programming and investment obligations, notified annually by AGCOM). Application of some obligations established by the new rules, pursuant to Legislative Decree 204 of 7 December 2017, (Reform of legislative provisions on promoting European and Italian works by the suppliers of audiovisual media services, regulated by article 34 of Law 220 of 14 November 2016), adopted to transpose Law 220 of 14 November 2016, is once again postponed from 1 July 2019 to 1 January 2020, and the application rules pursuant to art. 44-sexies TUSMAR, on original Italian works, are amended in several parts. The Decree Law also amends articles 26 and 27 of Law 220/2016, concerning selective contributions and contributions to cinema and audiovisual promotion activities and actions.

Corporate Governance

Appointment of committees with consultation functions

In its meeting of 24 January 2019, the Board of Directors set up, pursuant to its articles of association, the "Product analysis consultation committee" and the "Corporate asset valorisation consultation committee", as of 1 February 2019 and lasting six months, formed by the Directors themselves, to pursue specific purposes in connection with the Chief Executive Officer related to the competences attributed to the latter by the Law and the Articles of Association, so that the Company Board's decision-making function operates in the best way possible.

Reorganisation and rationalisation of the areas supporting top management - introduction of the role of Corporate General Manager

In its meeting of 27 March 2019, the Board of Directors approved the project of the Company's new macro-structural organisation, introducing the role of Corporate General Manager.

Recognition of the individual work relations of Rai

On 16 May 2019, the Company approved the document "Recognition of the individual work relations of Rai SpA - Operating guidelines for presentation of data and information to the Ministry for the Economy and Finance applying art. 60, paragraph 3, of Legislative Decree 165/2001". As is well known, the Company, in accordance with art. 60, paragraph 3 of Legislative Decree 165/2001, is specifically obliged, for single employee and independent worker relations, to notify the Presidency of the Council of Ministers (Department of the Public Function) and the MEF of the annual cost of the personnel used, in compliance with procedures established by the Ministry.

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 SCIGR is “all the instruments, organisational structures, 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”.

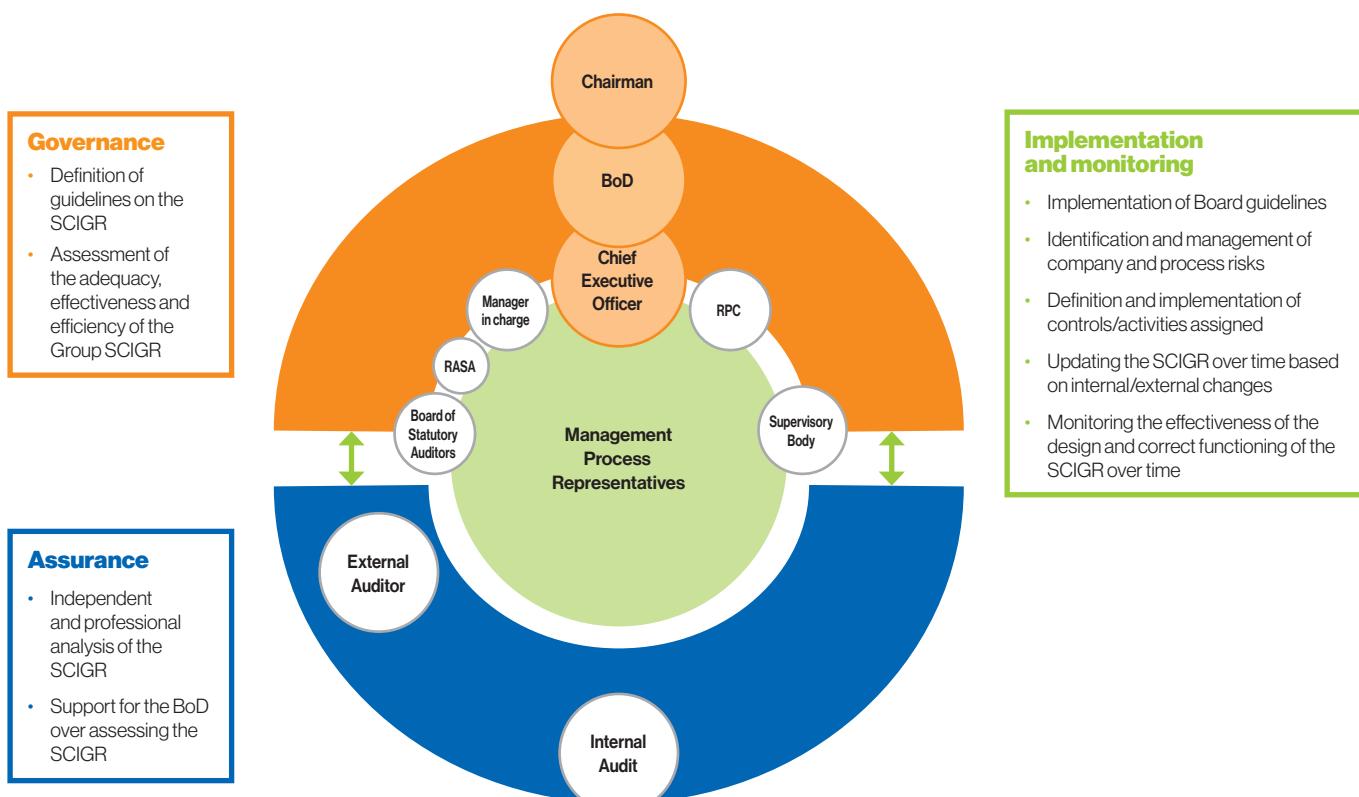
The SCIGR is integrated in the most general organisational and corporate governance structures.

An efficient SCIGR facilitates making 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 goal of the System is to mitigate risk by managing it in each process. Rai uses the Committee of Sponsoring Organizations Report as its framework of reference, recognised both nationally and internationally for the implementation, analysis and assessment of the Internal Control System.

The internal control activities are broken down on three levels: Management (I level), Management with monitoring functions (II level), Internal audit (III level).

The regulatory framework and device of Rai's SCIGR 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.



Actions being implemented in 2019

The path taken to reinforce Rai's SCIGR pointed to the need to have a unique methodology of reference and an integrated risk identification and management model that offers an overview of the company's phenomena, their improved monitoring and attainment of an adequate overall risk profile. Therefore, an Integrated Risk Assessment project extended to an overview of the company's risks (compliance and operational) was started up following the request of Top Management and is expected to end in the first few months of 2020.

The Integrated Risk Assessment Project foresees updating anti-corruption risk areas and those tied to observance of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01.

Through this initiative, Rai further contributes to reinforcing the risk management culture through enhanced awareness of management and of the employees, and to the progressive structural strengthening of the SCIGR and the measures to prevent risks of corruption.

The Code of Ethics

The Code of Ethics regulates all the rights, duties and responsibilities that Rai has with the stakeholders it interacts with when performing its activities. It is addressed to the corporate officers, the Chief Executive Officer, the senior managers, employees, collaborators and everyone that has business and/or financial relations of any type with Rai or that act on its behalf on the basis of specific mandates.

The Code of Ethics was drawn up for the entire Rai Group so is binding for all companies controlled directly or indirectly by the Parent Company. 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 updated in 2017 to highlight what was set forth in the Three-year Corruption Prevention Plan (PTPC); also establishing specific information flows between the Stable Committee for the Code of Ethics and the Corruption Prevention Manager.

The Code is broken down into three macro areas:

1. initially, to underscore its importance, eleven principles considered essential by the Group are set forth: correctness and transparency; honesty; observance of the law; pluralism;

professionalism; impartiality; value of the human resources; integrity of the people; confidentiality; responsibility toward the community; fair competition;

2. afterwards the general principles of conduct are described, which in agreement with the principles above must tangibly guide Rai's activity: diligence, correctness, good faith and loyalty; information and transparency; protection of the company's assets; respect for privacy; prevention of conflict of interest; strict policy concerning gifts and acts of courtesy;
3. lastly, the various areas deemed relevant and "critical" from the behavioural correctness viewpoint are specified, as well as specific methods of implementation and the supervisory programme.

In particular, the following are regulated in the Code of Ethics:

- the relationship with personnel, with special attention paid to promoting merit, equal opportunities, occupational safety and environmental protection;
- administrative and financial management, which emphasises the essential role of an internal control system;
- relations with the Public Administration with regard to conflict of interest, risk of corruption and abuse of power topics;
- the relationship with suppliers and collaborators, underscoring the obligations of transparency, correctness and discrimination when selecting the supplier and execution of the contract, and commitment to protecting the ethical aspects;
- the relationship with customers and users, particularly pointing out the obligations required by the Service Contract such as protection of minors and minorities, a socio-cultural function, varied and quality programming;
- protection of the share capital and of the creditors;
- relations with the other interlocutors, highlighting the obligation of independence from critical subjects such as political parties and trade union organisations.

Monitoring effective compliance with the Code of Ethics and efforts to combat conduct that goes against its standards, making amendment proposals for periodic Code updating and the assessment of reports received are assigned to the Stable Committee for the Code of Ethics, which also guarantees flows of information to the Rai Supervisory Body pursuant to Legislative Decree 231/2001 and periodic reporting on actions taken following reports received and their results.

The Committee also sends the Corruption Prevention Manager the reports received presumably pertaining to corruptive profiles, even only abstract in nature, and informs him/her of their result.

The Code also establishes that the Supervisory Body and the Corruption Prevention Manager provide observations on ethical problems and on presumed breaches of the Code of Ethics that could occur as part of their areas of responsibility and that they report any breaches of the Code of Ethics to the Stable Committee for the Code of Ethics.

Other significant aspects to point out are management of the reports (whistleblowing), the sanctions apparatus, communication and the training of personnel on the topic.

The Organisation, Management and Control Model

All companies part of the Rai Group are formally autonomous in adopting their risk control and management mechanisms, and they are bound only to the Code of Ethics, which is valid for all Group companies. What is fundamental, however is the policy function that carries out the crime prevention system of the Parent Company, from which the other companies draw inspiration.

The Organisation, Management and Control Model (MOGC), adopted pursuant to Legislative Decree 231 of 8 June 2001, on the administrative responsibility of bodies, contains the description of the methods and responsibilities for its approval, adoption and updating and foresees control measures and standards referred to the offence types included in Legislative Decree 231/2001.

The Supervisory Body is entrusted with updating this Model and supervises its suitability and effective implementation. A specific team called "Team 231", was established in order to prepare the proposals for updating and/or adapting the Model. The most recent update to Model 231 was approved by the Board of Directors of the Parent Company in its meeting of 27 July 2017.

Control standards are prepared based on principles and indications in the Guidelines of Confindustria, and on the best international practices.

The Supervisory Body carries out specific interventions and monitoring in order to check the adequacy of the Model and to ascertain the

level of effective implementation and efficiency of the prevention system, and also in-depth study and preliminary investigations on the subject of compliance with the provisions.

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.

Every six months, the Supervisory Body, collectively, sends the Board of Directors, the Board of Statutory Auditors and the Chief Executive Officer a Report on activities carried out and on the other information established by the Model, expressing its 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.

Anti-corruption

Considering the heavily regulated context in which the Company operates and the business of reference, prevention and fight against corruption are significant themes for all of the Group's companies. In particular, it is emphasised that Rai has acquired procedural and organisational tools over the years that are able to manage and monitor what is established by the current legislation on the subject, taking into account the variety and breadth of the activities and the broad mapping of the corruption risks also for their possible application to multiple areas (risks linked to personnel management, awarding works, services and supplies, managing revenues, sales, management of legal affairs, etc.).

Specifically, the monitoring of these themes is handled individually by each Group company: they have their own Three-year Corruption Prevention Plan (PTPC) or an Anti-corruption Policy if integrated with the MOGC, and respectively a Corruption Prevention Manager (RPC) and/or one or more representatives of the Anti-corruption measures.

In this regard, Rai monitors to ensure that subsidiaries meet the obligations pursuant to Italian Law 190/2012, as applicable, as part of its management and coordination activity exercised with the subsidiaries and in observance of the logics provided for by the regulation issued on 29 December 2014.

Since 2015, the Rai Board of Directors, in compliance with Law 190 of 6 November 2012, containing "Provisions for prevention and repression of corruption and illegality in the Public Administration", has appointed a Corruption Prevention Manager and has adopted the Three-year Corruption Prevention Plan (PTPC) of Rai SpA 2015-2017, then presented to ANAC, which also indicates the implementation standards and criteria for subsidiaries.

During 2016-2018, the PTPC was updated, re-projecting structure, method and logic. The most important amendments introduced were made taking into account the progressive state of implementation of the planned initiatives, goals and priorities set by the Top Bodies, the instructions provided by ANAC and MEF or other Authorities, the changes in law, the business, organisational and procedural changes that took place in the Company's structure and specifying consequent measures to take, including any actions for improvement and implementation deemed advisable by the Corruption Prevention Manager, adapting the regulatory framework of reference with the Company's management autonomy.

In its meeting of 24 January 2019, the Board of Directors approved the annual updating to the Three-year Corruption Prevention Plan of Rai SpA for the period 2019-2021, published in the specific "Anti-corruption" section of the website "Rai for Transparency" on 31 January.

The PTPC clearly identifies the corruption risk identification, assessment and management process and clearly lists possible linked risk areas and the probability and impact assessment indicators, based on the Control Risk Self Assessment performed in 2015.

Identification of the risk areas and of the related activities was periodically monitored within the scope of the Annual Information Forms drawn up by the single Anti-corruption Representatives during the years from 2016 to 2018 if it was requested to confirm the overall mapping for the areas of competence and related risk assessment.

Moreover, in the perspective of monitoring these Areas on an interim basis, specific flows of information going to the RPC from the Representatives in charge were made operational.

In the period 2018-2019 an update of the anti-corruption risk areas was started and is in progress. That update is carried out as part of the overall Integrated Risk Assessment project mentioned above, which also aims to identify,

assess and manage company risks linked to compliance with the Organisation Management and Control Model pursuant to Legislative Decree 231/01.

The objective is also to implement an internal control and prevention system integrated with other systems adopted by the Company, taking the opportunity, indicated by Law 190/2012, to introduce new measures and/or strengthen existing ones through a coordinated action to more effectively combat corruption and illegality.

In particular, the PTPC currently adopts the following intervention tools supporting risk prevention:

- transversal control principles that apply to all processes and the company areas;
- specific protocols for the "General Areas" set out in the PNA;
- anomaly indicators, identified on the basis of experience/knowledge and that can stimulate management to pay more attention to its activities.

During 2017, consistent with the organisational changes, the function of Anti-corruption Representative was reformulated. As of today, it is covered by the heads of Top Management organisational structures (those reporting directly to the Chairperson, the Chief Executive Officer, 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. This function can be redefined by virtue of the organisational development.

To further enhance these roles and update them continuously, we have finalised a periodical newsletter system and a specific dedicated area on the company intranet network 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.

As concerns transparency, considered one of the main anti-corruption levers and measures available to the Company by the National Anti-Corruption Plan, Law 220/2015 Reform of the Rai and the Public

Broadcasting Service introduced important company transparency changes; therefore, on 28 May 2016 Rai prepared and adopted the Plan for Transparency and Company Communication establishing the criteria and methods for defining, publishing and updating data, documents and information set forth in art. 49, paragraph 10, letter g) of the TUSMAR (based on diversified, specifically identified timing) and that reassigns the Role of Head of Transparency to the Chief Executive Officer. That data was published on the company website in the section called "Rai for Transparency" as of 25 July 2016. The Company performed any updating at least once a year as established by art. 49-*bis*, Legislative Decree 177/2005, for the data and information established in the Plan for Company Transparency and Communication.

Identification and management of the risk

The path taken to reinforce Rai's SCIGR pointed to the need to have a unique methodology of reference and an integrated risk identification and management model that offers an overview of the company's phenomena, their improved monitoring and attainment of an adequate overall risk profile.

Therefore, an Integrated Risk Assessment project extended to an overview of the company's risks (compliance and operational) was started up following the request of Top Management and is expected to end in the first few months of 2020. The Integrated Risk Assessment Project foresees updating anti-corruption risk areas and those tied to observance of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01.

Through this initiative, Rai further contributes to reinforcing the risk management culture through enhanced awareness of management and of the employees, and to the progressive structural strengthening of the SCIGR and the measures to prevent risks of corruption.

This information will be developed, analysed and assessed as part of the aforesaid Integrated Risk Assessment project in order to identify the best management procedures in connection with the level of risk that will be considered acceptable.

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Human Resources and Organisation

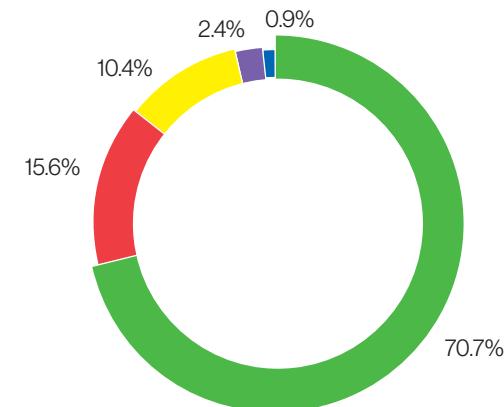
The strategies for managing and developing the company's human capital, organisational structure, design and operation of the processes are implemented in line with the vision, value and culture of the Rai Group.

The Human Resources management, development and compensation activities and those connected with the management of the supplementary resources employed with artistic, self-employment and temporary contracts are implemented according to performance management models and in a HR business partner perspective, guaranteeing correctness of industrial relations and ensuring observance of the labour legislation and inspectorate functions.

The Human Resources activities concern the development of the organisational structure, design functions and operation of the processes, support computer systems, monitoring of the administration activities and management of the remunerations, labour cost dynamics and optimisation and control functions connected with the activities of the personnel. Furthermore, the training and personnel search activities are carried out by Rai Academy, which operates to develop the knowledge hub and align development of skills with company strategies.

On analysing numbers, in the first half of 2019 the Rai workforce increased by 234, going from 11,152 resources at the beginning of the year to 11,386 at end June 2019.

WORKFORCE BY MACRO CATEGORIES



- █ Other personnel
- █ Journalists
- █ Officers (Middle managers)
- █ Managers
- █ Players

In particular, during the half year of reference there were 113 terminations, of which: 14 for having reached retirement requirements; 84 for consensual termination, resignations and incentives; 2 for intra-group mobility; 13 through death, dismissals, legal sentence and contractual expiry dates.

347 people were hired, detailed as follows: 177 to stabilise fixed term personnel; 10 for intra-group mobility; 8 reintegrated following litigation; 152 (of which 131 with vocational training apprenticeship and 3 for the National Symphonic Orchestra of Turin) for entries to reform the workforce due to turnover, strengthening some structures or due to new requirements.

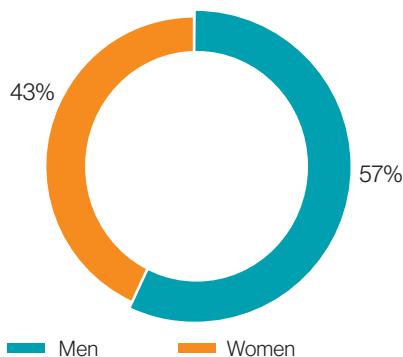
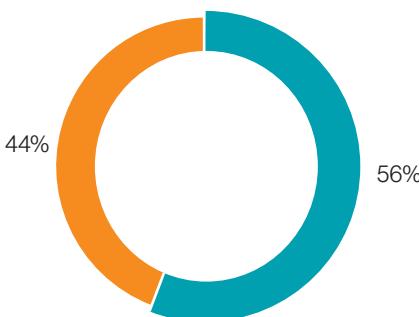
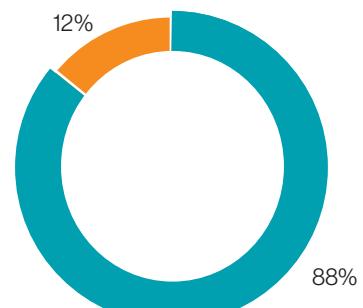
During the first half of 2019, recruitment continued for those suited following selection carried out in 2018 for young school-leaving graduates (office clerks, program assistants, production technicians, technicians and ICT technicians) graduates (in engineering and economics), production specialists. This enabled the Company to handle any critical workforce aspects all over the country, resulting from both production/organisation needs, and for service terminations due to the 2018 incentives to leave plan.

People were employed under vocational apprenticeship contracts, pursuant to art. 10 of the Rai CCL for middle managers, office staff and workers.

Use was also made, residually, of recruitment with set-term contracts, limiting them to workers belonging to the obligatory placement segment (for whom there are obligations to hire people as a percentage of those employed and commitments taken due to the convention signed with the Disabled Work Inclusion Service of the Lazio Region) and cases – very few – applying the CCL related to the employment of the widows/widowers and orphans of employees who died whilst employed, in specific situations.

In order to value resources employed in the Company and in the light of recent regulatory changes on set term employment, and in application of the minutes to the union meeting of 17 October 2018, the process continued to stabilise the service of resources already employed with set term contracts in 2018.

In order to value competences and optimise use of internal resources, for specific company production and organisational needs, job posting actions were started for personnel mobility purposes, and assessment. These led to changes in the

**DIVISION OF WORKFORCE
BETWEEN MEN AND WOMEN****DIVISION OF RECRUITMENT
BETWEEN MEN AND WOMEN****DIVISION OF TERMINATIONS
BETWEEN MEN AND WOMEN**

professional profiles with the professional growth of employees in mind.

Experimentally, on 1 May 2019, the "transfer of holidays" system was also applied to Orchestra Members.

For journalists, set term contracts were limited solely to the residual resources who had proved suitable during the internal selection held in 2013.

As concerns artistic resources, fees paid for external collaborations were maintained, especially for those that had already been reduced in previous years.

During the first half of 2019, efforts continued to tangibly apply the provisions contained in the Board Resolution of 14/6/2017 "Comprehensive plan of criteria and parameters for the identification and compensation of contracts with services of an artistic nature" in relations between Rai and the external collaborators with compensation higher than €240 thousand. In particular, compensation accrued by the collaborators affected by the measure was monitored with a view to project future commitments in order to assess the feasibility of renewing contracts in observance of the annual compensation "threshold".

As regards the casting activities, contestants, actors and columnists were selected for 9 television productions, as well as actors to be used for TV advertising on behalf of Rai Pubblicità. The sector has a database that increased in the first half of 2019 with the auditions of 3,655 potentially usable resources.

The first half of 2019 saw an organisational evolution consistent with the first indications resulting from the guidelines of the 2019-2021 Industrial Plan. On this point, the most significant actions included introduction of the Corporate General Management, with the following reporting to it:

- the Transformation Office Department, newly created;
- the Human Resources and Organisation Departments (including the Rai Academy Dept.), Legal and Corporate Affairs, Safety & Security, Purchasing, TV resources (including the Artistic Resources and Non Workforce business unit), Sports Rights;
- the Digital area and the Public Utility Dept.;
- the Chief Financial Officer (CFO) – Finance and Planning area;
- the CTO – Technological Infrastructures area which includes the new Technological Department, absorbing the Engineering business unit and which has absorbed, c/o the Platforms and Distribution Department, the Technology and Data Management & Insights business units;
- the Real Estate Infrastructures and Local Branches Department, newly established, to which the following report: the Real Estate Asset and Services Department and regional and Foreign Offices Coordination Department;
- the Teche Department.

The following also report directly to the Chief Executive Officer: the Marketing Department, the Sustainability Report Structure and the Studies Office, the latter established applying provisions included in the Service Contract.

As concerns personnel governed by the collective agreement for middle managers, office staff and workers, the discussion with the Trade Unions continued as part of the National Observatory set up by the contractual renewal agreement of 28 February 2018 to define application matters.

Most of the matters were defined through the minutes of the meeting of 22 January 2019, to which the lists of workers with the requirements to benefit from the new contractual provisions were attached. The

Other information

Observatory discussion then continued for the entire six-month period on the residual application matters and, as established on the Framework Agreement on Active Policies of 13 December 2018, on the workforce and top organisational positions to be filled following departures in the 2016/2018 three-year period. On 17 April, the Parties also signed an agreement which defined the contents of the "Welfare Plan" to be activated – applying contractual provisions in the contractual renewal agreement of 28 February 2018 – through a digital platform supplied by an external specialised party, to be identified through a tender procedure regulated by the "Public Contracts Code".

Besides the usual consultancy activities provided to requesting structures and single employees in order to take action to prevent and/or reduce the number of labour disputes, 40 settlement reports were signed with the unions, to close 8 cases pending and prevent 32 potential disputes. Furthermore, support was given to the Legal and Corporate Affairs Department to settle 26 positions in court, assessing the settlement conditions of each applicant. 200 precautionary settlements were formalised with the same number of workers encouraged to leave (whilst defining 6 pending cases and 8 out-of-court claims), and then executing (most of which with career rebuilding) 22 final sentences, to avoid appeals as to quantum.

As concerns Association Relations activities, the Company took part in actions and workgroups on subjects of specific interest (Quota 100 – Law reforming pensions, blockchain and its applications for labour, unjustified disciplinary dismissal and the reintegration hypothesis, etc.) organized by Confindustria/Unindustria. It also followed the meetings held to update the status of negotiations for renewal of the CCL Managers of companies producing service assets. Actions were also carried out to acquire contacts to create a connection with Confindustria Radio TV related to the future renewal of the category contract.

Consultancy on Regulations and Welfare is steady.

In the first half of 2019:

- the complex interpretation and application work on the subject of the novelties introduced due to the interpretation put forward by INPS on extending the illness contribution, and related indemnity, to office staff and the like continued, with cases of general interest resolved and preparation of operating instructions for the personnel offices;

- instructions for application of the new regulation on leave for blood donations were communicated as were those on procedures for feast days falling on a Sunday;
- company provisions on use of holidays by employees were reviewed, in view of the greater flexibility started in 2018;
- some types of contractual expenses for set term recruitment and for sales agents were updated, to adjust them to the regulatory novelties;
- as part of the progressive implementation of the "Rai per me" application, in order to guide its use and correct application by users, forms summing up the rules and procedures in force on numerous legal and contractual facilities were processed;
- support was provided to activate curricular internships and to prepare the regulatory exclusion clauses in selection procedures;
- ongoing consultancy on the discipline of incompatibility and jobs of employees outside of Rai was provided, considering the spread of cases;
- the updating continued on information for both employees (for some specific initiatives) and those being employed, to update it to EU Regulation 679/2016 coming into force on privacy. Assistance was provided to Offices on the personal data access procedures for some particularly complex types;
- related to the new pension regulations, culminating with the new "in quota 100" pension and the review of criteria for access to early retirement, besides preparing an illustrative circular, a specific training course was held for personnel and management Office operators, with specific attention for how service terminates for workers retiring;
- the same interpretation action was performed on work and pension matters for competent Rai and Group Company offices, also related to regulatory innovations and in response to specific requests.

As for administration, the activities continued in observance of the rules set by regulatory – legislative and contractual provisions – or by individual agreement; economic treatment was adjusted following management measures or execution of legal and/or settlement measures and the new payslip procedures relating to application of the 2019 Budget Law provisions, as well as the first institutions provided for by the union agreements with renewal of the Collective Labour Agreement for Middle Managers, Office Staff and Workers and adoption of the Journalists National Labour Agreement. The personnel information systems saw the spread of the "Rai per Me" project, based on an in-depth review of work processes and methods and involving the digitalisation of

the functions at the employee's disposal, first of all that of managing personnel presences and absences.

In order to ensure that employees received more thorough, prompt information on the main actions taken by the Rai Group, both the traditional and the innovative sources of information are being consolidated. The RaiPlace portal will be supplying a varied, diversified offer of contents, centred more on the person, flanking the traditional company information with a flow of information on professional opportunities, benefits, agreements, events and leisure activities reserved for them.

Rai Academy brought forward Rai's human capital potential growth process through the discovery, improvement and development of new talents, skills and professional competences.

The 2019 strategic plan was oriented by the following guidelines:

- **Attract, select and develop the best talents**
During the first half of 2019 Rai Academy:
 - started selection processes for several professional profiles;
 - assessed human resources with professional growth and development in mind;
 - implemented activities contained in the employer branding plan;
 - oversaw the integration in the Company of students doing a curricular internship or an alternating school/work period.

Eleven selection initiatives were started – through public notice – for several professional positions (Orchestra members, I Double-bass, Double-bass section, Violin section, I Horn, III Horn, I Oboe, I Bassoon, Surveyors, Clerks and Technicians for the German and Ladino language groups), to be employed by the Company with a vocational apprenticeship. A total of 1,934 candidacies were received, 1,036 candidates were called in the first Selection stage and 80 were "assessed" for a total of 40 suitable units. The search for 4 specialist profiles to be included in specific company departments was concluded. In compliance with obligations resulting from Law 68/99 – Regulations for the labour rights of the disabled, an office employee resource was also assessed. Related to the agreements signed to employ the widows/widowers and orphans of employees who died during employment, 6 resources were assessed and found suitable as Office staff or Production technician.
Activities continued on the professional development of colleagues in the workforce

involved in job change processes (36 resources).

As part of the employer branding activities, the development of the relative digital channels continued – managing the Rai page on the social network Linkedin and planning the reorganisation of www.lavoraconnoi.rai.it/. Rai also took part in the career days held by some Italian Universities (Bologna, Bocconi, Tor Vergata, Turin Polytechnic, Luiss, La Sapienza) and a specific contest reserved for the students of management engineering coming from 9 different faculties, organized by the University of Tor Vergata. On those occasions Rai came into direct contact with about 1,600 students and young graduates (+85% compared to the first half year of 2018).

The *Rai Porte Aperte* project to welcome students of all ages and allow them to get to know the Company and the professional skills working for it continued and 14 school/work alternation projects took place (Good School law 107/2015) on the subject "Communication and Journalism" and "TV Production and Post Production". That initiative, which came to an end in May with a celebratory event held at the Turin Book Fair, involved 309 students from all over Italy, and generated a total of about 12,000 hours of educational workshops.

In order to bring companies and the Italian educational world together, please note that the Company welcomed 118 curricular internships from the main Italian universities (111 students) and from the Schools of Journalism acknowledged by the National Order of Journalists (7 students).

- **Develop training and orientation actions that help Rai people live change as protagonists**
The first half of 2019 was characterised by two key actions:
 - activation of the digital training portal;
 - revision of the training offer catalogue.

The Rai Academy portal, sole access point to services and applications, was established with a double purpose: to provide information on the training opportunities available and on those of Rai Academy. It also offers study materials to stimulate reflection on how the professions are continuously evolving. Available for employees since January 2019, it offered the chance to review the training catalogue enriched with browsable forms detailing contents, structure, editions planned and any other useful indication to check whether a course responds to a person's training needs.

The catalogue currently includes 170 courses, more than half through e-learning.

Other information

To better facilitate use, in the first half of 2019 the platform was updated enabling access to courses with company credentials. As a whole, about 20,000 course hours were provided through e-learning.

The training campaigns characterising the first half year included "*Conoscere la lingua inglese*", with activation, for the first time, of blended learning language courses which involved 450 employees. 40 course packages with teachers were activated, targeted at those who, for role or professions, meet foreign interlocutors regularly.

The "*Login*" project, the three-year path for the structured inclusion of new employees, also continued. Its goal is to generate a sense of belonging and transmit company values and culture. In this area, three editions of "*Benvvenuto in Rai*" were implemented; days dedicated to apprentices where the Company introduces itself through its Top management. The location – chosen from amongst the best known radio and TV studios in Italy – and the presence of famous entertainers aimed at giving new colleagues that sense of Rai "core business".

For the managerial training area, please note the seventh edition of the course PER.FOR. MA MM (Managerial Training Paths for Middle Management), for a group of about 40 middle managers, to develop and align knowhow and common management action methods in participants and promote a people-oriented management approach.

For the editorial training area, seeing how successful the first 2018 edition was, a second edition of "*Palestra di Narrazione*" was organised. The course lasted 8 lessons, for a total of 20 hours divided into 4 meetings on the basic narrative structure of TV language, and another 4 single-subject studies with experts, also aimed at those who took part in the previous edition. This organisation enabled attendees to give themselves, in the first part, theoretical-practical tools transversal to several types and forms of narration, then analysed in-depth in the debate and discussion developed in the meetings with the experts. The "training" of course members also continued outside the "gym", with individual writing exercises then sent to the teachers. Considering the good results, the course is about to become a permanent title in the Rai Academy catalogue.

As a whole, about 43,000 training hours with attendance were supplied. The initiatives described above were also flanked by the usual support for the implementation and updating processes of the IT systems adopted in the

Company and actions sustaining introduction of new company procedures.

The usual obligatory Safety training activities also continued; on this point, the first half of 2019 involved ample training in the courses on the risk posed by electricity.

To conclude, in the first half of 2019 the Company provided 68,000 training hours, involving 66% of its workforce: 64% attended courses, 30% took e-learning courses and 6% received on-the-job training.

- **Improve the knowledge of the human capital of Rai and the growth potential**

As of 6 April 2018, the RaiPlace intranet portal has made a new single Curriculum Vitae available online. This has replaced to previous versions diversified in type and contents. The tool was designed using technologies in line with the market trends and can be used on PCs, tablets and mobile phones (also accessible outside the Company).

The different sections of the CV are structured to contain information on the past, present and future of the person, with the goal of rebuilding their professional history, outlining their current profile and having information about their possible abilities and availability.

Each employee can, on their own, record their professional experience and skills (both Rai and non-Rai), educational qualifications, certifications, publications, training courses, self-assessments on IT, digital and language skills, personal information and areas of company interest, and annex multimedia materials.

All Rai personnel and those of its Associated companies know about the tool: more than 11,000 employees have made at least one access, more than 5,200 employees have filled in at least 50% of the sections (of these, about 2,900 employees have completed filling in all basic sections). The information collected in this manner can contribute toward improving the training plans and can already be used on business intelligence tools available to the Company's management structures.

Filling in the CV is preparatory to being able to access the non-mandatory training, to take part in the job postings and for changing jobs.

Intercompany Relations

In the first half of 2019, the Rai Group continued operations based on an organisational model foreseeing that some activities be performed by companies set up specifically.

Relations with subsidiaries, associates and in joint ventures are based on normal contracts negotiated at current and market values.

For details on commercial and financial relations with Group companies, please refer to what was said in Note 13.4 "Transactions with Related Parties" in the explanatory notes to the Interim Separate Financial Statements.

Other information

Highlights of subsidiaries

RAI CINEMA

(€/million)	30 June 2019	31 December 2018	30 June 2018
Revenue	143.4	311.5	143.3
EBIT	5.5	25.3	3.4
Result for the period	3.3	15.7	1.4
Total result for the period	3.1	16.0	1.7
Shareholders' equity	265.3	262.2	247.9
Net financial position	(196.5)	(163.4)	(186.5)
Investments	145.3	248.6	130.0
Workforce (in units)	151	151	146
<i>of which fixed-term</i>	14	19	15

RAI COM

(€/million)	30 June 2019	31 December 2018	30 June 2018
Revenue	23.3	49.8	23.7
EBIT	8.7	16.5	6.2
Result for the period	6.8	11.3	4.3
Total result for the period	6.7	11.3	4.3
Shareholders' equity	113.0	117.6	110.5
Net financial position	117.7	137.2	150.5
Investments	-	0.3	-
Workforce (in units)	106	105	107
<i>of which fixed-term</i>	3	4	13

RAI CORPORATION (in liquidation)

(USD/million)	30 June 2019	31 December 2018	30 June 2018
Revenue	-	-	-
EBIT	(0.1)	(4.6)	-
Result for the period	(0.1)	(4.6)	-
Total result for the period	(0.1)	(4.6)	-
Shareholders' equity	(4.7)	(4.6)	-
Net financial position	3.8	4.0	4.0
Investments	-	-	-
Workforce (in units)	-	-	-
<i>of which fixed-term</i>	-	-	-

RAI PUBBLICITÀ

(€/million)	30 June 2019	31 December 2018	30 June 2018
Revenue	330.6	639.2	333.2
EBIT	7.2	12.1	8.3
Result for the period	5.0	8.1	6.1
Total result for the period	4.9	8.2	6.2
Shareholders' equity	34.5	37.7	36.0
Net financial position	(14.6)	5.6	(13.4)
Investments	0.3	1.0	0.6
Workforce (in units)	352	349	359
<i>of which fixed-term</i>	20	36	37

RAI WAY

(€/million)	30 June 2019	31 December 2018	30 June 2018
Revenue	110.5	217.9	109.0
EBIT	46.2	83.8	42.8
Result for the period	32.6	59.7	31.0
Total result for the period	32.1	60.1	31.1
Shareholders' equity	153.2	180.8	151.8
Net financial position	(46.5)	16.6	(13.1)
Investments	7.4	27.0	7.3
Workforce (in units)	616	615	607
<i>of which fixed-term</i>	15	13	19

Other information

BALANCE SHEET TOTALS OF RAI SPA WITH SUBSIDIARIES AND ASSOCIATED COMPANIES AS AT 30 JUNE 2019

Subsidiaries (in €/'000)	Rai Cinema	Rai Com	Rai Corporation in liquidation	Rai Pubblicità	Rai Way	Total subsidiaries
Lease-use rights						
At 30 June 2019	-	-	-	-	119	119
As at 31 December 2018	-	-	-	-	-	-
Non-current financial assets						
At 30 June 2019	10	-	-	-	-	10
As at 31 December 2018	-	-	-	-	-	-
Other non-current assets						
At 30 June 2019	-	1	-	-	-	1
As at 31 December 2018	-	-	-	-	-	-
Current trade receivables						
At 30 June 2019	3,657	91,454	-	165,787	5,683	266,581
As at 31 December 2018	2,522	83,795	-	178,998	2,847	268,162
Current financial assets						
At 30 June 2019	199,535	-	-	10,797	-	210,332
As at 31 December 2018	165,677	-	-	-	82	165,759
Other current receivables and assets						
At 30 June 2019	6,324	5,389	-	15,085	30,707	57,505
As at 31 December 2018	5,201	3,780	-	2,922	20,174	32,077
Non-current financial liabilities						
At 30 June 2019	(14)	-	-	-	-	(14)
As at 31 December 2018	-	-	-	-	-	-
Non-current financial liabilities for leases						
At 30 June 2019	-	-	-	-	(90)	(90)
As at 31 December 2018	-	-	-	-	-	-
Trade payables						
At 30 June 2019	(21,728)	(6,790)	-	(131)	(67,861)	(96,510)
As at 31 December 2018	(11,799)	(7,761)	-	(80)	(66,491)	(86,131)
Current financial liabilities						
At 30 June 2019	(3,935)	(118,585)	(3,361)	-	(131)	(126,012)
As at 31 December 2018	(2,303)	(134,862)	(3,428)	(5,635)	-	(146,228)
Liabilities for current leases						
At 30 June 2019	-	-	-	-	(40)	(40)
As at 31 December 2018	-	-	-	-	-	-
Other current payables and liabilities						
At 30 June 2019	(445)	(8)	-	(4,294)	(2,456)	(7,203)
As at 31 December 2018	(445)	(6)	-	(3,448)	(2,504)	(6,403)

Associated companies (in €/'000)	Auditel	San Marino RTV	Tavolo Editori Radio	Tivù	Total associates
Lease-use rights					
At 30 June 2019	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-
Non-current financial assets					
At 30 June 2019	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-
Other non-current assets					
At 30 June 2019	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-
Current trade receivables					
At 30 June 2019	-	49	1	276	326
As at 31 December 2018	-	57	-	110	167
Current financial assets					
At 30 June 2019	-	1,328	-	236	1,564
As at 31 December 2018	-	-	-	-	-
Other current receivables and assets					
At 30 June 2019	-	-	312	-	312
As at 31 December 2018	-	-	-	-	-
Non-current financial liabilities					
At 30 June 2019	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-
Non-current financial liabilities for leases					
At 30 June 2019	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-
Trade payables					
At 30 June 2019	(590)	-	(208)	(409)	(1,207)
As at 31 December 2018	(1,977)	-	-	(415)	(2,392)
Current financial liabilities					
At 30 June 2019	-	-	-	-	-
As at 31 December 2018	-	(70)	-	-	(70)
Liabilities for current leases					
At 30 June 2019	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-
Other current payables and liabilities					
At 30 June 2019	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-

Other information

INCOME STATEMENT TOTALS OF RAI SPA WITH SUBSIDIARIES AND ASSOCIATED COMPANIES AS AT 30 JUNE 2019

Subsidiaries (in €/'000)	Rai Cinema	Rai Com	Rai Corporation in liquidation	Rai Pubblicità	Rai Way	Total subsidiaries
Revenue from sales and services						
At 30 June 2019	3	35,466	-	284,462	-	319,931
At 30 June 2018	10	29,321	-	289,493	27	318,851
Other revenue and income						
At 30 June 2019	1,900	1,980	-	1,623	5,261	10,764
At 30 June 2018	1,750	1,753	-	1,868	5,480	10,851
Costs for services						
At 30 June 2019	(126,087)	(3,978)	-	202	(105,179)	(235,042)
At 30 June 2018	(124,133)	(3,602)	-	162	(103,101)	(230,674)
Other costs						
At 30 June 2019	-	(216)	-	-	-	(216)
At 30 June 2018	-	(207)	-	-	-	(207)
HR expenses						
At 30 June 2019	474	455	-	724	167	1,820
At 30 June 2018	569	479	-	555	178	1,781
Write-down of financial assets						
At 30 June 2019	-	(90)	-	-	-	(90)
At 30 June 2018	-	208	-	-	-	208
Depreciation, amortisation and write-downs						
At 30 June 2019	-	-	-	-	(16)	(16)
At 30 June 2018	-	-	-	-	-	-
Financial income						
At 30 June 2019	1,679	11,311	-	8,157	38,808	59,955
At 30 June 2018	16,150	11,556	-	13	35,804	63,523
Financial expense						
At 30 June 2019	(34)	(1)	-	-	(1)	(36)
At 30 June 2018	(29)	-	-	-	-	(29)

Joint ventures and associates (in €/'000)	Auditel	San Marino RTV	Tavolo Editori Radio	Tivù	Total joint ventures and associates
Revenue from sales and services					
At 30 June 2019	-	-	-	290	290
At 30 June 2018	-	-	-	276	276
Other revenue and income					
At 30 June 2019	-	9	4	2	15
At 30 June 2018	-	12	4	23	39
Costs for services					
At 30 June 2019	(4,658)	2	(312)	(818)	(5,786)
At 30 June 2018	(3,972)	2	(348)	(830)	(5,148)
Other costs					
At 30 June 2019	-	-	-	-	-
At 30 June 2018	-	-	-	-	-
HR expenses					
At 30 June 2019	-	85	-	-	85
At 30 June 2018	-	84	-	-	84
Write-down of financial assets					
At 30 June 2019	-	-	-	-	-
At 30 June 2018	-	-	-	-	-
Depreciation, amortisation and write-downs					
At 30 June 2019	-	-	-	-	-
At 30 June 2018	-	-	-	-	-
Financial income					
At 30 June 2019	-	8	-	-	8
At 30 June 2018	-	11	-	-	11
Financial expense					
At 30 June 2019	-	-	-	-	-
At 30 June 2018	-	-	-	-	-

Other information

Significant events occurring after 30 June 2019

Incorporation of Player Editori Radio Srl

On 23 July 2019, Player Editori Radio Srl was incorporated, with a share capital of €10 thousand, divided between national and local radio producers (70% and 30% respectively). Rai's shareholding is 13.9% of the share capital. The other shareholders are: Elemedia, RMC Italia, Monradio, Radio Studio 105, Virgin Radio Italy, Il Sole 24 Ore, CN Media, RTL 102,500 Hit Radio, Radio Italia, Radio Dimensione Suono and the associations ACRC, Aeranti-Corallo and Radio FRT.

The company's main objective is the creation and technological development of a unified IT platform for the aggregation of radio content using an IP Protocol for subsequent provision to shareholders and third parties.

Outlook of operations

The Eurozone growth estimates for 2019 have recently been lowered; mainly due to weak international commerce, conditioned by persistent uncertainties linked to protectionist policies and geopolitical factors. Moreover, countries with a relatively big manufacturing sector are more vulnerable to any change in the global economic cycle. Then the recent figures and perspective indicators are not showing any convincing signals of a recovery in growth in the near future and the risks to growth prospects are still pointing downwards.

In this scenario, as concerns the outlook of operations of the Rai Group for 2019, the economic-financial forecasts show – also thanks to rationalisation of costs – an essentially break-even result, with financial indebtedness that will remain at sustainable levels.

That result is pursued to safeguard the quality and competitiveness of the offer and the editorial and technological renewal capacity, also considering commitments resulting from the launch of the 2019-2021 Industrial Plan and obligations from the Service Contract.

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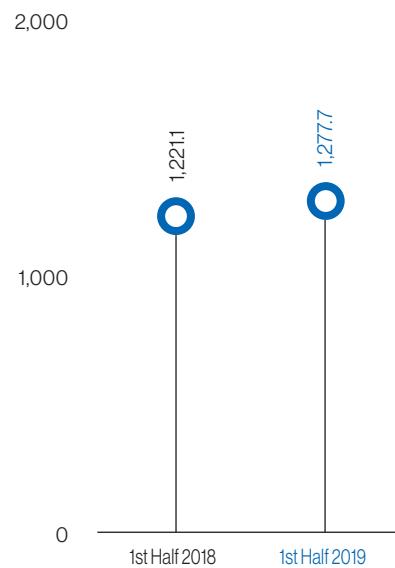
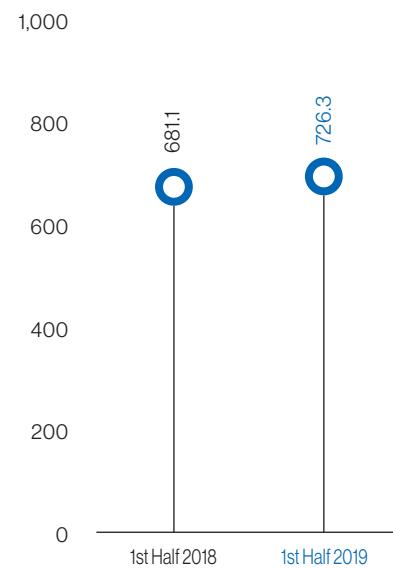
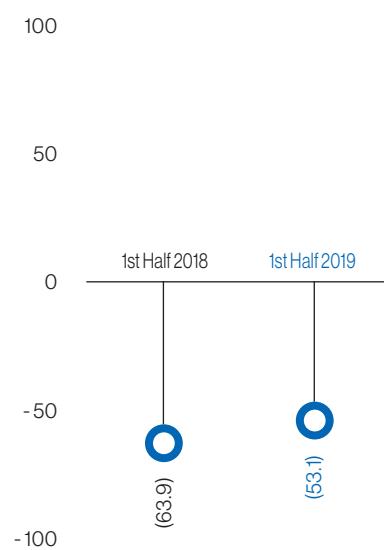
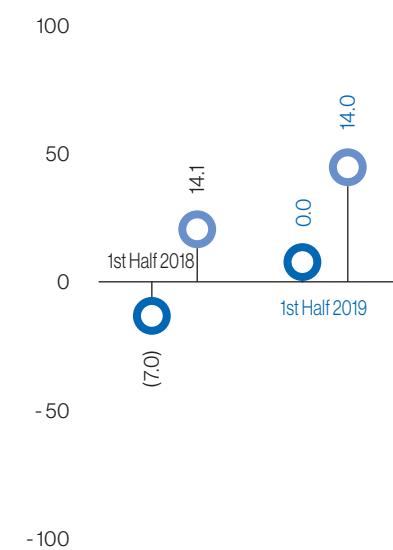
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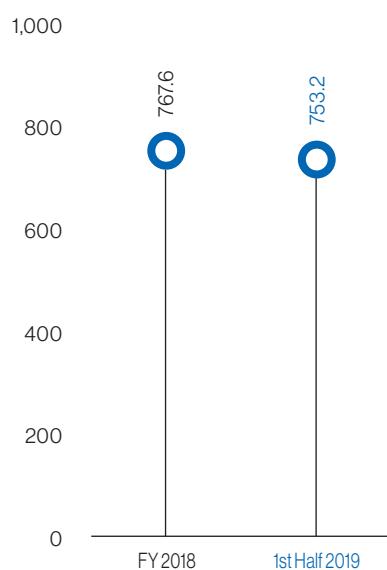
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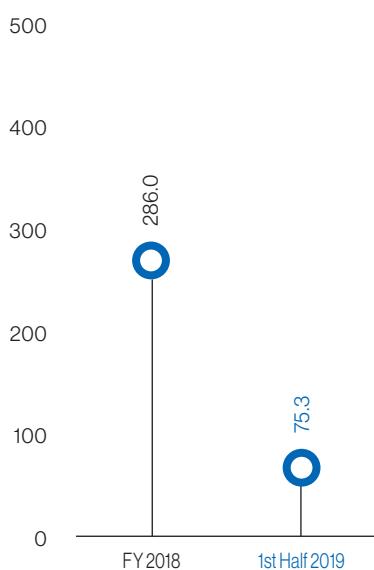
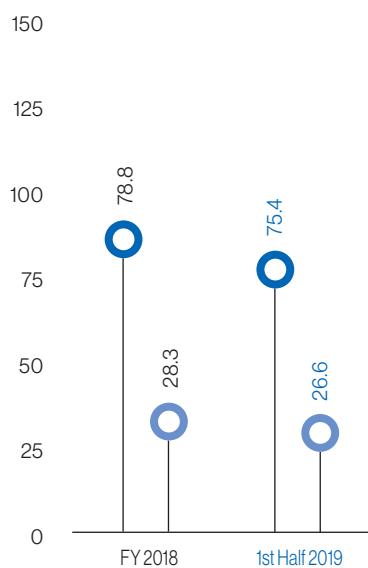
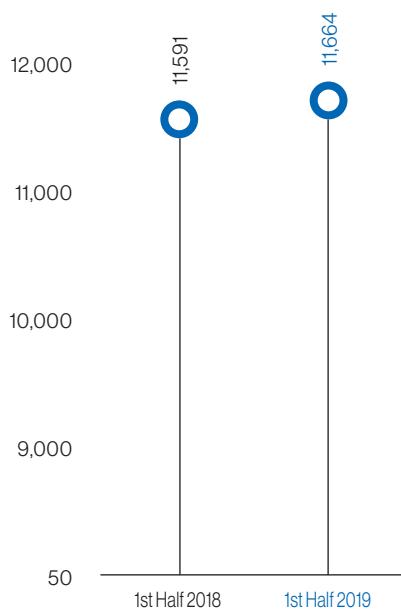
Highlights

(€/million)

EXTERNAL REVENUE**EXTERNAL COSTS****EBIT****EBT****NET PROFIT (LOSS) FOR THE PERIOD**

EQUITY**NET FINANCIAL DEBT**

EXCLUDING OPERATING LEASE LIABILITIES

**INVESTMENTS IN PROGRAMMES
AND TECHNICAL INVESTMENTS****PERSONNEL AT END OF PERIOD
(IN UNITS)***

* Includes temporary personnel amounting to 439 units as at 31 December 2018 and 278 units as at 30 June 2019.

Rai SpA / Reclassified statements

Reclassified statements

INCOME STATEMENT

(€/million)	June 2019	June 2018	Change
External revenue	1,277.7	1,221.1	56.6
External costs net of major sports events	(726.3)	(670.3)	(56.0)
Major sports events	0.0	(10.8)	10.8
External costs	(726.3)	(681.1)	(45.2)
HR expenses	(472.4)	(473.4)	1.0
EBITDA	79.0	66.6	12.4
Depreciation, amortisation and write-downs	(131.6)	(128.7)	(2.9)
Provisions	(0.5)	(1.8)	1.3
EBIT	(53.1)	(63.9)	10.8
Net financial income (expense)	52.7	56.7	(4.0)
Earnings from equity investments recognised under the equity method	0.4	0.2	0.2
EBT	0.0	(7.0)	7.0
Income tax	14.0	21.1	(7.1)
Net profit (loss) for the period	14.0	14.1	(0.1)
Other components of the total profit/(loss)	(28.4)	(0.7)	(27.7)
Total profit/(loss) for the period	(14.4)	13.4	(27.8)

CAPITAL STRUCTURE

(€/million)	30.06.2019	31.12.2018	Change
Fixed assets	2,253.7	2,219.6	34.1
Net working capital	(800.3)	(603.4)	(196.9)
Provisions for risks and charges	(146.3)	(149.7)	3.4
Employee benefits	(423.7)	(412.9)	(10.8)
Net invested capital	883.4	1,053.6	(170.2)
Equity	753.2	767.6	(14.4)
Net financial debt excluding operating lease liabilities	75.3	286.0	(210.7)
Liabilities for operating leases	54.9	0.0	54.9
Net financial debt	130.2	286.0	(155.8)
	883.4	1,053.6	(170.2)

Summary of financial position as at 30 June 2019

Analysis of the results of Rai SpA

The financial statements for the first half of 2019 show a net profit of €14.0 million, in line with the result for the same period of 2018 (profit of €14.1 million).

Some summary information on the main items of the income statement and equity 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, totalling €1,277.7 million, up by €56.6 million (+4.6%).

TV licence fees

TV licence fees amounted to €922.2 million, up by €35.5 million (+4.0%) compared to the first half of 2018, as seen in the table below.

The increase in the item was mainly the result of licences fees collected by enforcement order, up by €34.6 million compared to the same period of 2018. These were due to higher amounts collected by the State through roles in the years between 2004 and 2015.

EXTERNAL REVENUE

(€/million)	June 2019	June 2018	Change
TV licence fees	922.2	886.7	35.5
Advertising	283.4	288.0	(4.6)
Other revenue	72.1	46.4	25.7
Total	1,277.7	1,221.1	56.6

TV LICENCE FEES

(€/million)	June 2019	June 2018	Change
Licence fees of the year - ordinary	817.4	817.2	0.2
Licence fees of the year - special	43.3	40.1	3.2
Licence fees collected by enforcement order	50.1	15.5	34.6
Contingencies on ordinary licence fees	11.4	13.9	(2.5)
Total	922.2	886.7	35.5

Advertising

In the first half of 2019, the advertising market decreased by 5.7% compared to the same period of 2018 (source: Nielsen data), at least in part due to the channelling of investments towards the so-called Over The Top (search - social - classified, etc.), which is not surveyed by Nielsen.

More specifically, television, which confirmed its leadership accounting for about 62% of the total market, recorded a 6.3% decrease, while the other media in which Rai is present are growing: Radio (+1.4%), and Internet (+1.2%, not including OTT).

In this context, Rai's advertising proceeds (€283.4 million), shown in detail in the table below, recorded a decrease of €4.6 million, compared to first half of 2018 (-1.6%).

Other revenue

This item amounted to €72.1 million, up by €25.7 million (+55.4%) compared to 30 June 2018.

A breakdown of this item is shown in the table below.

The positive change in this item compared to the first half of 2018 is due to €19.2 million, which is the portion pertaining to the annual contribution recognized by the State as consideration for the performance of obligations under the service contract, including those for the development of digital programming, determined (for the years 2019 and 2020) by Law no. 145 of 30 December 2018, and €7.1 million to sale of patents and trademarks for the portion relating to an agreement for the licensing of patents that are essential to the DVB-T2 standard owned by Rai.

ADVERTISING

(€/million)	June 2019	June 2018	Change
Television advertising on general-interest channels:			
- air time	158.4	173.3	(14.9)
- promotions, sponsorships and other initiatives	80.5	67.8	12.7
	238.9	241.1	(2.2)
Television advertising on specialist channels	28.3	31.2	(2.9)
Radio advertising	13.4	13.5	(0.1)
Web advertising	3.7	3.7	0.0
Other advertising	0.1	0.1	0.0
Third parties' share	(1.0)	(1.1)	0.1
Contingencies	0.0	(0.5)	0.5
Total	283.4	288.0	(4.6)

OTHER REVENUE

(€/million)	June 2019	June 2018	Change
Special services under convention	19.9	18.9	1.0
Fulfilment of service contract obligations and digital programming development - Law 145/2018	19.2	0.0	19.2
Service and other provision of services to investees	10.1	10.4	(0.3)
Sale of rights	2.5	4.4	(1.9)
Distribution and sale of channels	5.6	5.4	0.2
Sale of patents and trademarks	7.2	0.1	7.1
Sundry services, mainly for institutional purposes	2.6	2.8	(0.2)
Other	4.0	4.4	(0.4)
Third parties share on sales	(0.2)	(0.1)	(0.1)
Contingencies	1.2	0.1	1.1
Total	72.1	46.4	25.7

With regard to the trends shown above, other revenue accounted for 5.6% of income, with an increase of 1.8% compared to 30 June 2018, mainly at the expense of advertising, as shown 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 totalled €1,198.7 million, up €44.2 million (+3.8%) compared to the same period of 2018. The reasons for this are illustrated below.

External costs

These amounted to €726.3 million and included the purchases of goods and the supply of services necessary to produce

programmes of immediate use (purchases of consumables, external services, artistic collaboration agreements, etc.), the sports event recording rights, copyrights, services supplied by subsidiaries, operating costs and other management-related costs (indirect taxes, contributions payable to the control authorities, etc.).

As shown in the table below, the item recorded an increase of €45.2 million (+6.6%) compared to the first half of 2018, despite the presence in 2018 of the costs of the Winter Olympics (€10.8 million, of which €10.0 million for the acquisition alone of the recording rights) and the decrease in costs for rent and hire (-€9.6 million), largely due to the first-time adoption of IFRS 16, which provides for a different method for recognising the charges for long-term operating leases (amortisation of rights of use and financial charges instead of instalments posted among external costs).

% OF REVENUE

	June 2019	June 2018
TV licence fees	72.2	72.6
Advertising	22.2	23.6
Other revenue	5.6	3.8
Total	100.0	100.0

EXTERNAL COSTS

(€/million)	June 2019	June 2018	Change
Purchases of materials	5.8	5.9	(0.1)
Costs for services:			
Contractors	68.2	67.3	0.9
Services for programme acquisition and production	106.1	103.6	2.5
Service travel and accessory personnel costs	21.2	19.4	1.8
Signal broadcast and transmission – Rai Way	105.2	102.3	2.9
Maintenance, repairs, transport and similar	19.1	18.1	1.0
IT system documentation and assistance services	25.8	25.6	0.2
Other outsourced services (telephone, supply services, cleaning, postal, insurance etc.)	41.0	38.4	2.6
Purchase of passages from subsidiaries	127.5	125.1	2.4
Rental expenses and rentals	14.2	23.8	(9.6)
Recording rights (mainly Sports broadcasting rights)	115.1	74.2	40.9
Copyright	54.7	53.1	1.6
Recovery of expenses	(1.7)	(1.1)	(0.6)
Contingencies	1.1	2.1	(1.0)
	697.5	651.9	45.6
Other costs	23.0	23.3	(0.3)
Total	726.3	681.1	45.2

This increase was largely due to recording rights (+€40.9 million) for the following sports events: football - Coppa Italia (+€24.0 million) due to higher contractual costs and a higher number of matches played in the first half of 2019 compared to 2018; football - Champions League (+€23.1 million) not acquired in 2018; football - National team (+€6.7 million) also due to the presence in 2019 of the Under 21 European Football Championship.

HR expenses

This item amounted to €472.4 million, down by €1.0 million (-0.2%) compared to the first half of 2018, as shown in the table below.

The reduction in Wages and salaries, and social security costs was mainly due to lower provisions for the rewards system for employees compared to the first half of 2018 and to the effects of redundancy incentives in the second half of 2018. The savings recorded were largely offset by the economic effects of the recent renewals of collective bargaining agreements, the stabilisation of staff with fixed-term contracts, the hiring of staff to replace personnel under the incentive plan and contractual automatisms.

Moreover, it is worth noting:

- lower provisions for litigation (others);
- net contingent liabilities instead of net contingent assets in the first half of 2018, during which excess provisions were released.

The **average number of employees** during the period, including temporary personnel, was 11,450 units with 158 units less than in the first half of 2018, caused by a decrease in fixed-term personnel (386 units) and an increase in permanent personnel (228 units).

Current employees as at 30 December 2019 consisted of 11,386 units of headcount (including permanent personnel, temporary top management and apprenticeship contracts) and 278 units of temporary personnel. The decrease of 234 units in headcount compared to 31 December 2018 was caused by the exit of 113 units, of whom 73 due to incentives, and by the hiring of 347 units, of whom 177 to stabilise temporary personnel, 131 under new apprenticeship contracts, 8 following lawsuits and 10 for entries from Group companies.

HR EXPENSES

(€/million)	June 2019	June 2018	Change
Wages and salaries, and social security costs	450.0	454.0	(4.0)
Employee severance pay provision	19.6	19.6	0.0
Pensions and similar obligations	6.4	6.5	(0.1)
Other	3.0	4.3	(1.3)
	479.0	484.4	(5.4)
Redundancy incentives	1.6	1.0	0.6
Recovery of expenses	(2.0)	(2.8)	0.8
HR expenses capitalised	(6.5)	(6.9)	0.4
Contingencies	0.3	(2.3)	2.6
	(6.6)	(11.0)	4.4
Total	472.4	473.4	(1.0)

EBITDA

In connection with the changes stated above, EBITDA was positive and totalled €79.0 million, up €12.4 million compared to the first half of 2018.

Depreciation, amortisation and write-downs

The balance of the item amounted to €131.6 million, up €2.9 million (+2.3%) compared to 30 June 2018 and refers to depreciation, amortisation and write-downs of current and non-current assets as shown in the table below.

It is worth noting that the item includes the amortisation of the lease rights of use, amounting to €8.2 million, due to the application as of 1 January 2019 of the accounting standard IFRS 16, which, as already mentioned, provides for a different method for recognising the expenses of long-term operating leases (amortisation of rights of use and financial charges instead of the cost for rents and leases).

Provisions

The item, which recognises the provisions for risks and charges and any uses not classifiable in specific items of profit or loss, shows a negative balance of €0.5 million (negative for €1.8 million in 2018) caused by provisions for €1.3 million (of which €0.9 million for litigation in progress) and by uses of provisions set aside in previous years and now in excess by €0.8 million.

DEPRECIATION, AMORTISATION AND WRITE-DOWNS

(€/million)	June 2019	June 2018	Change
Amortisation/depreciation			
Of programmes			
TV series	72.3	71.6	0.7
Cartoons	3.7	2.7	1.0
Other	1.0	1.5	(0.5)
	77.0	75.8	1.2
Of property, plant and equipment			
Buildings	6.1	5.8	0.3
Plant and machinery	23.2	23.0	0.2
Fixtures and fittings, tools and other equipment	0.9	0.8	0.1
Other assets	2.8	2.8	0.0
	33.0	32.4	0.6
Of intangible assets			
Software	3.5	3.2	0.3
Other rights	0.0	0.1	(0.1)
	3.5	3.3	0.2
Lease-use rights			
Real Estate	6.8	0.0	6.8
Transport vehicles	1.4	0.0	1.4
	8.2	0.0	8.2
Total amortisation and depreciation	121.7	111.5	10.2
Write-downs (reversing impairment losses)			
Of intangible assets			
Programmes under amortisation	8.5	15.3	(6.8)
Programmes in progress	1.2	1.5	(0.3)
	9.7	16.8	(7.1)
Of investments valued at cost	0.1	0.0	0.1
Of other non-current assets	0.0	0.6	(0.6)
Of trade receivables and other current assets	0.1	(0.2)	0.3
Total write-downs	9.9	17.2	(7.3)
Total	131.6	128.7	2.9

EBIT

The trends in revenues and costs illustrated above resulted in a negative EBIT of €53.1 million, an improvement of €10.8 million compared to 30 June 2018.

Financial income (expense)

The item, as detailed in the following table, was positive at €52.7 million (€56.7 million as at 30 June 2018) and shows the economic effects arising from distribution of the dividends by the subsidiaries, from recognition of the actuarial interest for employee benefits, the effects of financial management, such interest income/expense from banks, Group companies and

bondholders, exchange rate charges/gains and, in 2019, interest expense for leases as a result of the adoption of the new accounting standard IFRS 16.

The change in this item compared to the first half of 2018 was mainly due to the decrease of €3.8 million in dividends from associates and the recognition of interest expense on lease contracts.

The average cost of loans, consisting of uncommitted lines of credit, revolving credit lines, EIB loan, and the 2020 bond with maturity in May 2020 was 1.7% and is aligned with the figure of the first half of 2018 (1.8%).

FINANCIAL INCOME (EXPENSE)

(€/million)	June 2019	June 2018	Change
Dividends			
Rai Cinema	0.0	14.5	(14.5)
Rai Way	38.8	35.8	3.0
Rai Com	11.3	11.6	(0.3)
Rai Pubblicità	8.1	0.0	8.1
Other	0.0	0.1	(0.1)
	58.2	62.0	(3.8)
Other net financial income (charges)			
Net interest income (expense) with banks	(0.2)	(0.3)	0.1
Net interest income (expense) from subsidiaries and associates	1.7	1.6	0.1
Interest expense on lease contracts	(0.3)	0.0	(0.3)
Interest expense on bonds	(3.1)	(3.0)	(0.1)
Interest on employee benefit liabilities	(2.5)	(2.5)	0.0
Net exchange rate gains (charges)	0.0	(0.3)	0.3
Other	(1.1)	(0.8)	(0.3)
	(5.5)	(5.3)	(0.2)
Net financial income (expense)	52.7	56.7	(4.0)

Earnings from equity investments recognised under the equity method

The item showed a gain of €0.4 million (€0.2 million in 2018) brought about by valuation of the associates and joint ventures at net equity.

Income tax

This item presented a positive value of €14.0 million (€21.1 million in the first half of 2018) and is due to the balance between current and deferred taxes, as itemised in the following table.

As at 30 June 2018, the economic trends during the first half of the year did not result in taxable income for direct taxes.

Deferred tax liabilities pointed to a positive economic effect of €1.0 million due to return of the temporary differences recognised in the previous years.

Deferred tax assets showed a positive economic effect of €13.0 million due to recognition of the tax loss of the year, which was offset by the income brought in by the Group companies during tax consolidation.

INCOME TAX

(€/million)	June 2019	June 2018	Change
IRES	0.0	0.0	0.0
IRAP	0.0	0.0	0.0
Deferred tax liabilities	1.0	0.9	0.1
Deferred tax assets	13.0	20.2	(7.2)
Total	14.0	21.1	(7.1)

Capital structure

Fixed assets

This item amounted to €2,253.7 million, up €34.1 million compared to 31 December 2018 due to recognition of lease rights of use for €54.6 million. A breakdown of this item is shown in the table below.

Property, plant and equipment, explained in detail in the table below, decreased by €7.1 million.

Lease rights of use amounted to €54.6 million and, as already mentioned, are recognised from 2019 as a result of the entry into force of IFRS 16, with reference to lease and rental contracts for assets with a term of more than 12 months.

These contracts are to be recorded in the financial statements of the lessee by recognising a liability in the statement of financial position, represented by the current value of future instalments, calculated using the implicit lease interest rate or the marginal financing rate of the lessee if the lease's implicit interest rate is not easy to calculate, with contextual recognition in assets of the corresponding "lease use right".

The audit carried out highlighted inclusion, applying the standard, of property and car lease contracts: the table below shows the amount of rights of use for these types of contracts.

FIXED ASSETS

(€/million)	30.06.2019	31.12.2018	Change
Property, plant and equipment	881.3	888.4	(7.1)
Lease-use rights	54.6	0.0	54.6
Assets in programmes	374.6	385.8	(11.2)
Long-term investments	922.8	922.1	0.7
Others	20.4	23.3	(2.9)
Total	2,253.7	2,219.6	34.1

PROPERTY, PLANT AND EQUIPMENT

(€/million)	30.06.2019	31.12.2018	Change
Land	371.4	371.4	0.0
Buildings	301.0	302.2	(1.2)
Plant and machinery	125.9	128.3	(2.4)
Fixtures and fittings, tools and other equipment	5.6	5.6	0.0
Other assets	22.6	22.7	(0.1)
Work in progress and payments on account	54.8	58.2	(3.4)
Total	881.3	888.4	(7.1)

LEASE RIGHTS OF USE

(€/million)	30.06.2019	31.12.2018	Change
Real Estate	49.6	0.0	49.6
Transport vehicles	5.0	0.0	5.0
Total	54.6	0.0	54.6

Assets in programmes, down by €11.2 million and explained in detail in the table below, are mostly represented by TV series, on which, as shown below, most investments in the half-year period were concentrated.

Long-term investments, consisting of company equity investments and other financial assets

falling due beyond 12 months, showed an increase of €0.7 million, mainly due to recognition of prepaid expenses for fees paid for the renegotiation of the stand-by loan agreement of April 2019.

The item is broken down in detail in the table below.

ASSETS IN PROGRAMMES

(€/million)	30.06.2019	31.12.2018	Change
TV series	280.8	291.7	(10.9)
Cartoons	34.3	33.6	0.7
Rights of library use	59.5	60.5	(1.0)
Total	374.6	385.8	(11.2)

LONG-TERM INVESTMENTS

(€/million)	30.06.2019	31.12.2018	Change
Equity investments in subsidiaries:			
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
	912.3	912.3	0.0
Equity investments in associated companies:			
Auditel Srl	0.8	0.7	0.1
Euronews SA	0.6	0.6	0.0
Tivù Srl	2.6	2.4	0.2
San Marino RTV SpA	1.9	2.1	(0.2)
	5.9	5.8	0.1
Other equity investments	0.9	0.9	0.0
Fixed-income securities	2.4	2.4	0.0
Other	1.3	0.7	0.6
Total	922.8	922.1	0.7

Rai SpA / Summary of financial position as at 30 June 2019

Other assets, explained in detail in the table below, decreased by €2.9 million.

Investments in the first half of 2019 amounted to €107.5 million, up €0.4 million compared to the first half of 2018. Unlike in 2018, the figure for 2019 includes investments in lease rights of use (equal to €5.5 million).

In detail:

- lower investments in programmes for €3.4 million (-4.3%) referring to the TV series genre;
- lower technical investments for €1.7 million (-6.0%) mostly referring to software.

OTHER FIXED ASSETS

(€/million)	30.06.2019	31.12.2018	Change
Software	19.2	22.1	(2.9)
Commercial rights with football clubs	1.2	1.2	0.0
Total	20.4	23.3	(2.9)

INVESTMENTS

(€/million)	June 2019	June 2018	Change
TV series	71.0	74.3	(3.3)
Cartoons	4.4	4.5	(0.1)
Investments in programmes	75.4	78.8	(3.4)
Tangible investments	26.1	26.5	(0.4)
Software	0.5	1.8	(1.3)
Technical investments	26.6	28.3	(1.7)
Investments in lease rights of use	5.5	0.0	5.5
Total investments	107.5	107.1	0.4

Net working capital

The most significant changes compared to 31 December 2018 regard the following items:

- **trade receivables**, up by €18.9 million for the recognition of the receivable from the State for the performance of obligations under the service contract, including those for the development of digital programming;
- **other receivables**, up by €55.7 million for advances paid for the acquisition of rights to future football events such as the 2020 European Football Championships and other UEFA events and for receivables from subsidiaries for VAT and Group tax consolidation;
- **other payables**, up by €257.1 million, due to deferrals on subscription fees originating from the difference between the amounts paid in the first half of the year by the Ministry of the Economy and Finance compared to the relevant economic value, the repayment of which is expected in the second half of the year.

Provisions for risks and charges

The item provisions for risks and charges, which totalled €146.3 million, decreased by €3.4 million compared to 31 December 2018 mainly due to the provision allocated for litigation in progress.

Employee benefits

The item employee benefits, which amounted to €423.7 million, increased by €10.8 million compared to 31 December 2018 mainly as a result of the decrease in discounting rates, which had a negative impact on the overall result for the period of €16.4 million.

The table below shows the details of the provisions and relevant changes compared to 31 December 2018.

NET WORKING CAPITAL

(€/million)	30.06.2019	31.12.2018	Change
Inventories	0.1	0.1	0.0
Trade receivables	304.3	285.4	18.9
Other receivables	255.4	199.7	55.7
Trade payables	(587.8)	(591.1)	3.3
Other payables	(721.6)	(464.5)	(257.1)
Assets (liabilities) for deferred taxes	(50.7)	(33.0)	(17.7)
Total	(800.3)	(603.4)	(196.9)

EMPLOYEE BENEFITS

(€/million)	30.06.2019	31.12.2018	Change
Employee severance pay	(211.7)	(204.2)	(7.5)
Supplementary company pension provision	(127.0)	(124.9)	(2.1)
Provision for former fixed substitute journalists benefits (former pay in lieu of notice to journalists)	(70.1)	(68.7)	(1.4)
FASDIR assistance provision for the retired	(14.6)	(14.6)	0.0
Other	(0.3)	(0.5)	0.2
Total	(423.7)	(412.9)	(10.8)

Net financial position

The first half of 2019 closed with a net financial position, calculated following the ESMA scheme, and was negative for €130.2 million (+€148.2 million as at 30 June 2018), showing an improvement over 31 December 2018 of €155.8 million, as illustrated in the table below.

The adoption of the new accounting standard IFRS 16 resulted in the recognition as at 30 June 2019 of liabilities for operating leases for €54.9 million; net of this amount, financial debt at 30 June 2019 would amount to €75.3 million, up by €210.7 million compared to 31 December 2018.

The reduction in net debt compared to 31 December 2018 is due to ordinary cash flows in the first half of the year, characterised by the settlement of ordinary instalments on account totalling €1,220 million. The balance was negatively affected by disbursements for the redundancy plan launched in May 2018 and the acquisition of the Champions League rights, which were absent in the first half of 2018.

NET FINANCIAL POSITION

(€/million)	30.06.2019	31.12.2018	Change June 2019 December 2018	30.06.2018
Liquidity	224.4	72.6	151.8	471.0
Current financial receivables:				
- due to subsidiaries and associates	211.9	165.8	46.1	212.7
- current financial assets on derivatives	0.7	0.6	0.1	0.4
- tied accounts	6.0	5.5	0.5	6.4
- other	0.7	0.3	0.4	0.5
	219.3	172.2	47.1	220.0
Current financial debt:				
- due to banks	(10.0)	(10.0)	0.0	(10.0)
- bond issue	(349.2)	0.0	(349.2)	0.0
- due to subsidiaries and associates	(126.0)	(146.3)	20.3	(163.5)
- liabilities for leases	(20.7)	(5.7)	(15.0)	0.0
- other	(1.2)	0.0	(1.2)	0.0
	(507.1)	(162.0)	(345.1)	(173.5)
Non-current financial debt:				
- due to banks	(10.0)	(15.0)	5.0	(20.0)
- bond issue	0.0	(348.7)	348.7	(348.3)
- financial liabilities on derivatives	(17.1)	(5.1)	(12.0)	(1.0)
- liabilities for leases	(39.7)	0.0	(39.7)	0.0
	(66.8)	(368.8)	302.0	(369.3)
Net cash (financial debt)	(130.2)	(286.0)	155.8	148.2
of which:				
- due to subsidiaries and associates	85.9	19.5	66.4	49.2
- due to third parties	(216.1)	(305.5)	89.4	99.0
	(130.2)	(286.0)	155.8	148.2
of which liabilities for operating leases	(54.9)	0.0	(54.9)	0.0
Net cash (financial debt) excluding operating lease liabilities	(75.3)	(286.0)	210.7	148.2

The average financial position (excluding liabilities for operating leases and assets/liabilities for derivatives) was negative by approximately €139 million (negative by €43 million in the first half of 2018), down by €96 million due to higher debt at the beginning of the year and disbursements recorded in the first months of the year as a result of the redundancy plan.

The Interest Rate Swap Forward Start contracts signed in the first half of 2017 for a total nominal amount of €350 million with start date May 2020 and validity for the following 5 years, to hedge the risk of an increase in interest rates when the current bond expires and the resulting need to refinance recorded a negative fair value of €17.1 million (negative at €5.1 million as at 31 December 2018), thus negatively impacting the overall result for the period by €12.0 million.

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 Statements, to which the reader is referred.

Financial Statements of Rai SpA

Financial Statements of Rai SpA

STATEMENT OF FINANCIAL POSITION

(in €/'000)	Note	Half-year ended on 30 June 2019	Year ended 31 December 2018
Property, plant and equipment	7.1	881,303	888,324
Lease-use rights	7.2	54,641	-
Intangible assets	7.3	395,029	409,117
Equity investments	7.4	919,123	919,097
Non-current financial assets	7.5	3,620	3,046
Deferred tax assets	7.6	-	-
Other non-current assets	7.7	13,962	42,756
Total non-current assets		2,267,678	2,262,340
Inventory	8.1	78	118
Trade receivables	8.2	304,287	285,440
Current financial assets	8.3	219,260	172,186
Current income tax receivables	8.4	17,966	17,965
Other current receivables and assets	8.5	223,528	138,929
Cash and cash equivalents	8.6	224,434	72,583
Total current assets		989,553	687,221
Total assets		3,257,231	2,949,561
Share capital		242,518	242,518
Reserves		540,876	586,664
Retained earnings (losses)		(30,177)	(61,581)
Total shareholders' equity	9	753,217	767,601
Non-current financial liabilities	10.1	27,087	368,849
Non-current financial liabilities for leases	10.2	39,673	-
Employee benefits	10.3	423,699	412,894
Provisions for non-current risks and charges	10.4	146,329	149,651
Deferred tax liabilities	10.5	50,706	33,023
Other non-current payables and liabilities	10.6	855	1,162
Total non-current liabilities		688,349	965,579
Trade payables	11.1	587,829	591,056
Current financial liabilities	11.2	486,389	161,952
Liabilities for current leases	10.2	20,739	-
Current income tax payables	11.3	13,208	30,224
Other current payables and liabilities	11.1	707,500	433,149
Total current liabilities		1,815,665	1,216,381
Total liabilities		2,504,014	2,181,960
Total shareholders' equity and liabilities		3,257,231	2,949,561

INCOME STATEMENT

(in €/'000)	Note	Half-year ended	
		30 June 2019	30 June 2018
Revenue from sales and services	12.1	1,264,967	1,207,892
Other revenue and income	12.2	12,724	13,199
Total revenue		1,277,691	1,221,091
Costs for the purchase of consumables	12.3	(5,754)	(5,866)
Costs for services	12.3	(697,538)	(651,920)
Other costs	12.3	(23,057)	(23,302)
HR expenses	12.4	(472,428)	(473,402)
Impairment of financial assets	12.5	(332)	594
Depreciation, amortisation and other write-downs	12.6	(131,270)	(129,279)
Provisions	12.7	(476)	(1,794)
Total costs		(1,330,855)	(1,284,969)
EBIT		(53,164)	(63,878)
Financial income	12.8	60,076	63,813
Financial expense	12.8	(7,325)	(7,097)
Earnings from equity investments recognised under the equity method	12.9	380	167
Pre-tax profit/(loss)		(33)	(6,995)
Income tax	12.10	14,002	21,050
Net profit (loss) for the period		13,969	14,055

Financial Statements of Rai SpA

STATEMENT OF COMPREHENSIVE INCOME

(in €/'000)	Half-year ended	
	30 June 2019	30 June 2018
Net profit (loss) for the period	13,969	14,055
Items that can be reclassified to the income statement:		
Profit/(loss) on cash flow hedge	(11,935)	(2,206)
Tax effect	-	289
Total	(11,935)	(1,917)
Items that cannot be reclassified to the income statement:		
Recalculation of defined-benefit plans	(16,418)	1,171
Total	(16,418)	1,171
Total profit/(loss) for the period	(14,384)	13,309

CASH FLOW STATEMENT

(in €/'000)	Note	Half-year ended	
		30 June 2019	30 June 2018
Pre-tax profit		(33)	(6,995)
Adjustments for:			
Depreciation, amortisation and write-downs	12.6	131,602	128,685
Provisions and (issues) of personnel provisions and other provisions		23,532	32,874
Net financial charges (income)	12.8	(52,751)	(56,715)
Earnings from equity investments recognised under the equity method	12.9	(380)	(167)
Other non-monetary items		5	46
Cash flow generated by operating activities before changes in net working capital		101,975	97,728
Change in inventory		39	80
Change in trade receivables	8.2	(19,179)	42,686
Change in trade payables	11.1	(3,227)	16,959
Change in other assets and liabilities		233,591	275,923
Use of provision for risks	10.4	(7,395)	(21,704)
Payment of employee benefits and to external provisions	10.3	(27,626)	(32,271)
Taxes paid		-	-
Net cash flow generated by operating activities		278,178	379,401
Investments in property, plant and equipment	7.1	(26,089)	(26,451)
Disposal of property, plant and equipment	7.1	11	2
Investments in intangible assets	7.3	(75,982)	(80,599)
Disposal of intangible assets	7.3	-	-
Equity investments		-	-
Dividends collected	7.4	58,358	62,256
Interest collected		42	42
Change in financial assets	7.5 8.3	(46,597)	(47,886)
Net cash flow generated by investment activity		(90,257)	(92,636)
Long-term loan redemptions	10.1 11.2	(5,000)	(5,000)
Increase (decrease) in short-term borrowings and other loans	11.2	(19,259)	22,432
Repayments of liabilities for leases		(7,721)	-
Net interest paid (*)		(4,090)	(4,128)
Net cash flow generated by financial activities		(36,070)	13,304
Change in cash and cash equivalents		151,851	300,069
Cash and cash equivalents at the beginning of the year	8.6	72,583	170,900
Cash and cash equivalents at the end of the period	8.6	224,434	470,969

(*) Referring to financial assets/liabilities

Financial Statements of Rai SpA

STATEMENT OF CHANGES IN EQUITY

(in €/'000)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Total shareholders' equity
Balances as at 1 January 2018	242,518	11,766	575,415	(21,972)	807,727
Allocation of profit	-	276	5,252	(5,528)	-
Net profit (loss) for the period	-	-	-	14,055	14,055
Statement of comprehensive income components	-	-	(1,917)	1,171	(746)
Total profit/(loss) for the period	-	-	(1,917)	15,226	13,309
Balances as at 30 June 2018	242,518	12,042	578,750	(12,274)	821,036
Balances as at 1 January 2019	242,518	12,042	574,622	(61,581)	767,601
Allocation of profit	-	-	(33,853)	33,853	-
Net profit (loss) for the period	-	-	-	13,969	13,969
Statement of comprehensive income components	-	-	(11,935)	(16,418)	(28,353)
Total profit/(loss) for the period	-	-	(11,935)	(2,449)	(14,384)
Balances as at 30 June 2019	242,518	12,042	528,834	(30,177)	753,217

Notes to the Interim Separate Financial Statements as at 30 June 2019

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, organised according to Italian law.

With Prime Ministerial Decree of 28 April 2017 containing "Assignment of the radio, televisions and multimedia Public Service concession and approval of the annexed draft agreement" (hereinafter "Public Service"), Rai was established as the concessionaire of the radio, television and multimedia Public Service on an exclusive basis for a decade, starting from 30 April 2017. That role is performed by the Company and its subsidiaries (jointly the "Group").

On the strength of specific Italian and EU regulatory sources, the Parent Company is required to meet precise programming quality and quantity obligations that are described in detail in the Service Agreement (hereinafter "Agreement") drawn up with the Ministry of Economic Development for the period 2018-2022, published in the Official Gazette on 7 March 2018.

The Agreement 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 held by:

- the Ministry of Economy and Finance (99.5583%)
- SIAE Società Italiana Autori Editori (0.4417%)

The limited audit of the interim Separate Financial Statements (hereinafter the "Separate Financial Statements") as at 30 June 2019 is conducted by 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 as a Public Interest Entity.

2 Criteria for the preparation, measurement and use of estimates

The Separate Financial Statements, as described below, have been prepared in accordance with the provisions of IAS 34 - Interim Financial Reporting, which is part of the *International Financial Reporting Standards* ("IFRS").

Regarding the criteria for the preparation, measurement and use of estimates adopted for the preparation of the Separate Financial Statements, kindly refer to the specific paragraphs in the explanatory notes to the Separate Financial Statements in the Reports and Financial Statements as at 31 December 2018, which are unchanged, except those related to the entry into force of IFRS 16 "Leasing" on 1 January 2019, (hereinafter, "IFRS 16"), the effects of which are set out in Note 3 "Effects of the first-time adoption of IFRS 16" below.

With regard to the IFRSs that are endorsed but not yet applicable or which have not yet approved by the European Union, reference should be made to the specific paragraph in the explanatory notes to the Separate Financial Statements of the Report and Financial Statements as at 31 December 2018. In addition, the following standards were approved in the first half of 2019:

- Regulation no. 2019/237, issued by the European Commission on 8 February 2019, endorsed the document "*Long-term interests in associates and joint ventures (Amendments to IAS 28)*". The amendments are intended to clarify that the impairment provisions of IFRS 9 "Financial Instruments" apply to long-term interests in associates and joint ventures.

These amendments are effective starting from the years beginning on or after 1 January 2019;

- Regulation no. 2019/402, issued by the European Commission on 13 March 2019, endorsed the document "*Plan amendment, curtailment or settlement (Amendments to IAS 19)*". The amendments specify that when an entity recalculates its net liabilities (assets) for defined benefit plans after a plan amendment, reduction or regulation, it has to use the updated actuarial hypotheses to calculate the cost of the current service and the net interest for the remaining part of the annual reference period.

These amendments are effective starting from the years beginning on or after 1 January 2019;

- Regulation no. 2019/412, issued by the European Commission on 14 March 2019, endorsed the document “*Annual Improvement to IFRS standards 2015-2017*”. The amendments it contains are:
 - IFRS 3 “*Business combinations*”: when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business;
 - IFRS 11 “*Joint Arrangements*”: when an entity obtains joint control of a business that is a joint operation, it must not remeasure the interests previously held in that joint operation;
 - IAS 12 “*Income Tax*”: an entity must recognise all income tax consequences of dividends in profit or loss when the entity recognises the liability relative to the dividend to be paid. An entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend;
 - IAS 23 “*Borrowing Costs*”: when an entity borrows generally and uses these funds to obtain an asset eligible for capitalisation, the entity must determine the amount of the financial expenses eligible for capitalisation by applying a capitalisation rate to the costs incurred for that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period.

These amendments are effective starting from the years beginning on or after 1 January 2019.

The above changes had no impact on the Separate Financial Statements.

Tax effects arising from the first-time adoption of accounting standard IFRS 16

IFRS 16 establishes that all leases, established as contracts attributing a right to use an identified or identifiable asset, for a certain period of time in exchange for a fee, be recognised in the financial statements of the lessee by recognising a liability in the statement of financial position, represented by the current value of future instalments, calculated using the implicit lease interest rate or the marginal financing rate of the lessee if the lease's implicit interest rate is not readily available, with contextual recognition in assets of the corresponding “right-of-use”, amortised on a straight line basis throughout the duration of the lease.

Therefore, the lessee will recognise amortisation for the right of use and interest accrued on the liability in the income statement, in place of the operating lease instalments recognised in costs for services based on IAS 17 which was in force until 2018.

In the financial report, payment of instalments repaying the aforementioned liability is presented in cash flows from financing. Therefore, referred to leases classified as operating leases in compliance with IAS 17, application of IFRS 16 implies a change to the net operating cash flow and the net cash flow from financing. IFRS 16 therefore exceeds, in the lessee's statement, the previous distinction between operating and financial leases. However, in the lessor's statement, both the distinction between operating and financial lease is maintained as is the accounting established in IAS 17.

The audit carried out highlighted inclusion, applying the standard, of the following contract types:

- property leases;
- car rentals.

Upon first-time adoption of accounting standard IFRS 16, the Company opted:

- to adopt the “simplified retrospective approach” allowed by the standard for leases previously classified as operating leases, recognising the lease payable and the corresponding right of use value measured on the remaining contractual instalments at the switch-over date and discounted based on the marginal lending rate applicable to the Company as at 1 January 2019, i.e. the interest rate the Company would have paid to implement a loan transaction with a similar cash profile and the same collateral guarantees as the lease being measured (so-called Incremental Borrowing Rate);
- to continue to recognise as an expense the payments due for short-term leases (of less than 12 months' duration) and for leases where the underlying asset of modest value;
- not to re-examine each lease in force as at 1 January 2019, applying IFRS 16 solely to contracts previously identified as leases (pursuant to IAS 17 and IFRIC 4);
- to check recoverability of right of use assets as at 1 January 2019 based on the measurement made for the Separate Financial Statements as at 31 December 2018, based on the cost of the leases in compliance with provisions in IAS 37;
- not to assimilate, in the switch-over stage, leases with a residual duration as at 1 January 2019 of less than 12 months to short term ones.

Notes to the Interim Separate Financial Statements as at 30 June 2019

To highlight the effects deriving from the application of the new standard, the statement of financial position has been modified with the introduction of the following items:

- “lease rights of use”, among non-current assets;
- “leasing liabilities” allocated to current and non-current liabilities in relation to the timing of the maturity of the liabilities (within and beyond 12 months, respectively).

The main impacts on the Separate Financial Statements can be summed up as follows:

- statement of financial position: greater non-current assets for recognition of “lease rights of use” of €57,329 thousand as at 1 January 2019 and “lease liabilities” of €56,875 thousand as at 1 January 2019. The difference between the two values is caused by advances paid in 2018 for contractual instalments straddling the two years;
- income statement: different type, quantification, qualification and classification of costs (amortisation of the “lease rights of use” under “amortisation and other write-downs” and “interest expense for leases” under “financial expenses” compared to the previous classification of costs for leases and rentals under “costs for services”) with a positive impact on gross operating profitability. Furthermore, the combination between straight line amortisation of lease use rights and the effective interest rate method applied to lease payables imply higher expenses in the income statement in the initial years of a lease and decreasing expenses in the last years of the lease, compared to IAS 17.

The effects on the statement of financial position as at 1 January 2019 of applying the accounting standards can be found in the following table:

(in €/'000)	31 December 2018	IFRS 16	1 January 2019
Property, plant and equipment	888,324	-	888,324
Lease-use rights	-	57,329	57,329
Intangible assets	409,117	-	409,117
Equity investments	919,097	-	919,097
Non-current financial assets	3,046	-	3,046
Deferred tax assets	-	-	-
Other non-current assets	42,756	-	42,756
Total non-current assets	2,262,340	57,329	2,319,669
Inventory	118	-	118
Trade receivables	285,440	-	285,440
Current financial assets	172,186	-	172,186
Current income tax receivables	17,965	-	17,965
Other current receivables and assets	138,929	(454)	138,475
Cash and cash equivalents	72,583	-	72,583
Total current assets	687,221	(454)	686,767
Total assets	2,949,561	56,875	3,006,436
Share capital	242,518	-	242,518
Reserves	586,664	-	586,664
Retained earnings (losses)	(61,581)	-	(61,581)
Total shareholders' equity	767,601	-	767,601
Non-current financial liabilities	368,849	-	368,849
Non-current financial liabilities for leases	-	41,897	41,897
Employee benefits	412,894	-	412,894
Provisions for non-current risks and charges	149,651	-	149,651
Deferred tax liabilities	33,023	-	33,023
Other non-current payables and liabilities	1,162	-	1,162
Total non-current liabilities	965,579	41,897	1,007,476
Trade payables	591,056	-	591,056
Current financial liabilities	161,952	-	161,952
Liabilities for current leases	-	14,978	14,978
Current income tax payables	30,224	-	30,224
Other current payables and liabilities	433,149	-	433,149
Total current liabilities	1,216,381	14,978	1,231,359
Total liabilities	2,181,960	56,875	2,238,835
Total shareholders' equity and liabilities	2,949,561	56,875	3,006,436



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 risk

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.

When managing market risk, the Company uses the following derivative instruments:

- Interest rate swap to hedge exposure to interest rate risk;
- forward currency purchase options to hedge exposure to the exchange risk.

Details of derivatives outstanding as at 30 June 2019 are provided in the table below:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Non-current assets		
Forward purchase of currency for the subsidiary Rai Cinema	13	-
Receivables from subsidiary Rai Cinema for currency-option derivative instruments	10	-
	23	-
Current assets		
Options on currencies for the subsidiary Rai Cinema	211	263
Forward purchase of currency for the subsidiary Rai Cinema	527	297
Receivables from subsidiary Rai Cinema for currency-option derivative instruments	2	-
	740	560
Non-current liabilities		
Options on currencies for the subsidiary Rai Cinema	10	-
Payables to the subsidiary Rai Cinema for forward currency purchase derivatives	13	-
Interest Rate Swap Forward Start	17,064	5,129
	17,087	5,129
Current liabilities		
Options on currencies for the subsidiary Rai Cinema	2	-
Payables to subsidiary Rai Cinema for currency-option derivative instruments	211	263
Payables to the subsidiary Rai Cinema for forward currency purchase derivatives	527	297
	740	560

Based on the policy used, derivatives may be used solely to hedge financial flows; they may not be used speculatively.

Further information on the fair value measurement of derivative instruments is provided in Note 6 "Fair value measurement."

The change to the spot forward purchase component (that is the change to spot exchange rates) and to exchange rate options are suspended, at the financial statement date, in the cash flow hedge reserve until recognition of the right or asset being hedged. The component linked to the time of forward purchase is registered in the income statement during the hedging duration.

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 and options on rates.

Medium/long-term borrowings as at 30 June 2019 are 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.

The Company has four Interest Rate Swap Forward Start contracts for a total nominal amount of €350,000 thousand with start date May 2020 and validity for the following 5 years, to hedge the risk of an increase in interest rates when the debenture bond issued expires and the resulting need to refinance.

The effectiveness of the hedge has been verified with reference to a hypothetical derivative with the same characteristics in terms of notional amount, maturity and reference rate, in consideration of the presumed characteristics of the future bond that will be issued within the maturity period of the current one. The fair value of these transactions at 30 June 2019 was suspended in a specific cash flow hedge reserve, with an effect on the overall result for the period.

Hereunder is a table summing up the financial effects of hedging instruments in place as at 30 June 2019:

(in €/000)	30 June 2019 Interest rate swap	31 December 2018 Interest rate swap
Book value	(17,064)	(5,129)
Notional amount	350,000	350,000
Interest Rate Swap Forward Start date	May 2020	May 2020
Change in fair value of the hedging instruments	(11,935)	(6,334)
Change in value of the hedged item	11,935	6,334
Fixed average rate at maturity	0.8855%	0.8855%

Sensitivity analysis

The sensitivity analysis was conducted on the uncovered financial positions, made up of only the short-term financial positions, and on Interest Rate Swap Forward Start contracts, considering a shift in the curve of +/- 50 bps. In the event of an increase, as at 30 June 2019 and 31 December 2018, there would be higher net gains on short-term positions with third parties and intercompany positions (of approximately €1.5 million and €0.5 million respectively) and a positive change in the cash flow hedge reserve (of approximately €9 million and €8 million respectively). Similar, albeit opposing, effects would occur if the rates were reduced.

Exchange rate risk

During the first half of 2019, Rai made payments in USD for about 4 million for several contracts (USD 3 million in the first half of 2018) and further payments in Swiss francs and GB pounds for a counter value of about €2 million. It also has intercompany accounts in USD for about 7 million.

Notes to the Interim Separate Financial Statements as at 30 June 2019

Hedging transactions are not in place as at 30 June 2019 considering the limited commitments in foreign currency.

Exchange rate risk is managed starting from the date the trade commitment is signed, which may also be 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 in force regulates their management in keeping with the international best practices, to minimise the risk. This is pursued through the active monitoring of exposure and 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.

Sensitivity analysis

The sensitivity analysis as at 30 June 2019 was carried out on credit and debit positions in foreign currencies and on larger amounts in foreign currencies, both consisting of items in USD and confirming the dynamics already highlighted as at 31 December 2018, so that a 10% depreciation of the EUR/USD exchange rate has limited negative economic effects.

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 for managing trade receivables.

Credit risk on uses 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. In the first half of 2019 and throughout 2018, only time or demand deposits with bank counterparties having investment grade rating were used.

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 current accounts of the Parent, which grants the intercompany credit facilities needed for the operations 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 11.2 "Current financial liabilities) and a loan with maturity in 2021 for the project to implement terrestrial digital technology for €20 million of the European Investment Bank (hereinafter "EIB").

In view of the significant fluctuation in interim debt, related to the periodic payment of fees by the Ministry of the Economy and Finance, the Company has uncommitted lines of credit of approximately €420 million and a revolving line with a pool of banks renegotiated during the half year to increase the original amount from €270 million to €320 million and extend its maturity to December 2023.

The revolving line requires that the following Consolidated Financial Statements parametric/equity ratio – to be calculated upon closing of the annual financial statements – be met:

- net financial debt (adjusted for receivables from the State for subscription fees, financial items relating to Rai Way and liabilities resulting from application of IFRS 16 for operating leases) / net equity ≤2.0.

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.

5 Management of capital risk

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 to realise a return and to access outside sources of funding. The Company constantly monitors the evolution of the indebtedness level in proportion to Shareholders' Equity. Specifically, the ratio between equity and the total of comprehensive liabilities of the Shareholders' Equity is seen in the following table:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Shareholders' equity	753,217	767,601
Total shareholders' equity and liabilities	3,257,231	2,949,561
Ratio	23.1%	26.0%

The net financial position of the Company for the periods under review is shown in Note 15.2 "Net financial position."

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 and accepted market formulas (current value of the expected future IRS cash flows, net current value for forward currency 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 the derivative instruments represents 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 the instruments present at 30 June 2019 and 31 December 2018 have been valued according to the Level 2 methodology: 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.

Notes to the Interim Separate Financial Statements as at 30 June 2019

Non-current assets

7.1 Property, plant and equipment

Property, plant and equipment, which amounted to €881,303 thousand (€888,324 thousand as at 31 December 2018), are broken down as follows:

(in €/'000)	Land	Buildings	Plant and machinery	Fixtures and fittings, tools and other equipment	Other assets	Assets under development and payments on account	Total
Cost	371,397	473,066	1,438,708	71,433	118,386	58,185	2,531,175
Accumulated amortisation	-	(170,889)	(1,310,457)	(65,808)	(95,697)	-	(1,642,851)
Balance as at 31 December 2018	371,397	302,177	128,251	5,625	22,689	58,185	888,324
Movements in the period							
Increases and capitalisation	-	1,667	5,735	248	838	17,601	26,089
Disposals [1]	-	-	(4)	(2)	(1)	(10)	(17)
Reclassifications	-	3,196	15,173	607	1,906	(20,882)	-
Transfers [2]	-	-	-	-	-	(59)	(59)
Amortisation	-	(6,063)	(23,247)	(888)	(2,836)	-	(33,034)
Balance at 30 June 2019	371,397	300,977	125,908	5,590	22,596	54,835	881,303
broken down as follows:							
Cost	371,397	477,888	1,454,225	70,900	120,483	54,835	2,549,728
Accumulated amortisation	-	(176,911)	(1,328,317)	(65,310)	(97,887)	-	(1,668,425)
[1] of which:							
Cost	-	(41)	(5,391)	(1,388)	(647)	(10)	(7,477)
Accumulated amortisation	-	41	5,387	1,386	646	-	7,460
	-	-	(4)	(2)	(1)	(10)	(17)
[2] of which:							
Cost	-	-	-	-	-	(59)	(59)
Accumulated amortisation	-	-	-	-	-	-	-
	-	-	-	-	-	(59)	(59)

Investments in the period, which amounted to €26,089 thousand fall within the scope of the modernisation and technological development initiatives that the Company initiated.

The amount of the existing contractual commitments for the purchase of property, plant and equipment is specified in Note 13.2 "Commitments."

7.2 Lease rights of use

In accordance with IFRS 16, the newly introduced lease rights of use totalled €54,641 thousand, as follows:

(in €/'000)	Buildings	Other assets	Total
Balance as at 31 December 2018	-	-	-
First-time adoption of IFRS 16	52,119	5,210	57,329
Movements in the period			
Increases	4,294	1,195	5,489
Decreases [1]	(15)	-	(15)
Amortisation	(6,753)	(1,409)	(8,162)
Balance at 30 June 2019	49,645	4,996	54,641
<i>broken down as follows:</i>			
Cost	56,398	6,405	62,803
Accumulated amortisation	(6,753)	(1,409)	(8,162)
[1] of which:			
Cost	(15)	-	(15)
Accumulated amortisation	-	-	-
	(15)	-	(15)

Investments during the period, amounting to €5,489 thousand, refer to property rental contracts or contracts for the rental of vehicles that entered into effect during the period.

No income from the subleasing of assets led to the recognition of a right of use highlighted in Note 12.2 "Other revenues and income."

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7.3 Intangible assets

Intangible assets, which amounted to €395,029 thousand (€409,117 thousand as at 31 December 2018), are broken down as follows:

(in €/000)	Programmes	Software	Trademarks	Other rights	Work in progress and payments on account	Total
Cost [1]	655,058	23,041	70	150	185,030	863,349
Accumulated depreciation [1]	(346,250)	(11,376)	(63)	(125)	-	(357,814)
Provision for write-downs [1]	(66,091)	-	-	-	(30,327)	(96,418)
Balance as at 31 December 2018	242,717	11,665	7	25	154,703	409,117
Movements in the period						
Increases and capitalisation	46,426	124	-	-	29,432	75,982
Disposals / Value recoveries	-	-	-	-	-	-
Reclassifications [2]	49,301	3,526	-	-	(52,827)	-
Transfers [3]	-	-	-	-	59	59
Write-downs [4]	(8,492)	-	-	-	(1,150)	(9,642)
Use of provision for write-downs	21,551	-	-	-	-	21,551
Amortisation	(98,548)	(3,462)	(3)	(25)	-	(102,038)
Balance at 30 June 2019	252,955	11,853	4	-	130,217	395,029
broken down as follows:						
Cost	751,018	26,691	70	150	160,311	938,240
Accumulated amortisation	(444,798)	(14,838)	(66)	(150)	-	(459,852)
Provision for write-downs	(53,265)	-	-	-	(30,094)	(83,359)
[1] amounts net of totally amortised assets in the previous period, equal to:	202,547	3,784	-	350	-	206,681
[2] of which:						
Cost	49,534	3,526	-	-	(53,060)	-
Accumulated amortisation	-	-	-	-	-	-
Provision for write-downs	(233)	-	-	-	233	-
	49,301	3,526	-	-	(52,827)	-
[3] of which:						
Cost	-	-	-	-	59	59
Accumulated amortisation	-	-	-	-	-	-
	-	-	-	-	59	59
[4] of which:						
Cost	-	-	-	-	(1,150)	(1,150)
Provision for write-downs	(8,492)	-	-	-	-	(8,492)
	(8,492)	-	-	-	(1,150)	(9,642)

Investments, which amounted to €75,982 thousand mainly refer to TV series for €71,015 thousand and cartoons for €4,434 thousand.

The amount of assets under development and payments on account refers to programmes for €121,640 thousand, software for €7,386 thousand and other rights for €1,191 thousand.

The write-downs recognised in the period amounted to €9,642 thousand, and were effected in order to adjust the 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."

7.4 Equity investments

Equity investments amounted to €919,123 thousand (€919,097 thousand as at 31 December 2018) and are broken down as follows:

EQUITY INVESTMENTS IN SUBSIDIARIES

(in €/000)	Year ended 31 December 2018			Movements in the period	Half-year ended on 30 June 2019		
	Cost	Write-downs	Financial statement value		Cost	Write-downs	Financial statement 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	(2,891)	-	-	2,891	(2,891)	-
Rai Pubblicità SpA	31,082	-	31,082	-	31,082	-	31,082
Rai Way SpA	506,260	-	506,260	-	506,260	-	506,260
Total equity investments in subsidiaries	915,237	(2,891)	912,346	-	915,237	(2,891)	912,346

EQUITY INVESTMENTS IN JOINT VENTURES AND ASSOCIATED COMPANIES

(in €/000)	Year ended 31 December 2018			Movements in the period			Half-year ended on 30 June 2019		
	Cost	Adjustment to Shareholders' Equity	Financial statement value	Acquisitions	Profit/(loss)	Dividends	Cost	Adjustment to Shareholders' Equity	Financial statement value
Joint ventures:									
San Marino RTV SpA	258	1,803	2,061	-	(119)	-	258	1,684	1,942
Tivù Srl	483	1,954	2,437	-	480	(354)	483	2,080	2,563
Associated companies:									
Audiradio Srl (in liquidation)	1,428	(1,428)	-	-	-	-	1,428	(1,428)	- (a)
Auditel Srl	10	716	726	-	19	-	10	735	745 (a)
Euronews SA	850	(256)	594	-	-	-	850	(256)	594 (a)
Tavolo Editori Radio Srl	2	25	27	-	-	-	2	25	27 (a)
Total equity investments in joint ventures and associated companies	3,031	2,814	5,845	-	380	(354)	3,031	2,840	5,871

(a) valuation relating to the Financial Statements as at 31 December 2018, the latest available.

EQUITY INVESTMENTS IN OTHER COMPANIES

(in €/000)	Year ended 31 December 2018			Movements in the period	Half-year ended on 30 June 2019		
	Cost	Provision for write-downs	Financial statement value		Cost	Provision for write-downs	Financial statement value
Almaviva SpA	324	-	324	-	324	-	324
Banca di Credito Cooperativo di Roma	1	-	1	-	1	-	1
Int. Multimedia University Umbria Srl in bankruptcy proceedings	52	(52)	-	-	52	(52)	-
Istituto della Enciclopedia Italiana Treccani SpA	713	(132)	581	-	713	(132)	581
Total equity investments in other companies	1,090	(184)	906	-	1,090	(184)	906

Notes to the Interim Separate Financial Statements as at 30 June 2019

7.5 Non-current financial assets

Non-current financial assets, which amounted to €3,620 thousand (€3,046 thousand as at 31 December 2018), break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Securities	2,382	2,422
Assets for derivatives activated on behalf of Rai Cinema	13	-
Receivables from subsidiary Rai Cinema for derivative instruments	10	-
Other financial assets (non-current deferrals)	1,137	552
Financial receivables from employees	257	251
- Provision for write-down of non-current financial assets	(179)	(179)
Total non-current financial assets	3,620	3,046

Non-current financial assets are shown net of the provision for write-downs of €179 thousand (unchanged compared to 31 December 2018), entirely referring to the financial receivables from employees.

The Securities item, €2,382 thousand (€2,422 thousand as at 31 December 2018), is entirely made up of government bonds falling due in May 2021, securing the Service Agreement and the special services agreement with the State.

Other non-current financial assets of €1,137 thousand (€552 thousand as at 31 December 2018) refer to the deferral of the non-current portion of commissions relating to the five-year revolving loan agreement for a total of €320 million.

Expiration of the current and non-current financial assets is broken down as shown below:

(in €/'000)	Half-year ended on 30 June 2019			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - c/a transactions	210,329	-	-	210,329
Receivables from joint ventures - c/a San Marino RTV SpA	1,328	-	-	1,328
Other financial receivables from associated companies	236	-	-	236
Tied current accounts	6,031	-	-	6,031
Securities	-	2,382	-	2,382
Assets for derivatives activated on behalf of Rai Cinema	738	13	-	751
Receivables from subsidiary Rai Cinema for derivative instruments	2	10	-	12
Financial receivables from employees	56	78	-	134
Other financial assets	540	1,137	-	1,677
Total financial assets	219,260	3,620	-	222,880

(in €/'000)	Year ended 31 December 2018			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - c/a transactions	165,759	-	-	165,759
Tied current accounts	5,528	-	-	5,528
Securities	-	2,422	-	2,422
Liabilities for derivatives activated for Rai Cinema	560	-	-	560
Financial receivables from employees	56	72	-	128
Other financial assets	283	552	-	835
Total financial assets	172,186	3,046	-	175,232

The short-term portion of financial assets, which amounted to €219,260 thousand, is included in the current components of the statement of financial position described in Note 8.3 "Current financial assets."

Information on risks hedged and on hedging policies is disclosed in Note 4.1 "Market risk."

7.6 Deferred tax assets

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Deferred tax assets eligible for offset	109,710	128,392
Deferred tax liabilities eligible for offset	(160,416)	(161,415)
Net deferred tax liabilities	(50,706)	(33,023)

As at 30 June 2019, at 31 December 2018 the net balance of deferred tax assets and deferred tax liabilities shows a negative amount, and is therefore recognised under liabilities in the statement of financial position. Please refer to Note 10.5 "Deferred tax liabilities" for the relevant analyses.

Income taxes are reported in Note 12.10 "Income taxes."

7.7 Other non-current assets

Other non-current assets totalled €13,962 thousand (€42,756 thousand as at 31 December 2018) and break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Advances for sports events	12,473	41,475
Advances for trade initiatives	7,809	8,123
Amounts committed to cautionary deposit with third parties	1,615	1,595
Receivables from personnel	1,029	527
- Provision for write-down of other non-current assets	(8,964)	(8,964)
Total other non-current assets	13,962	42,756

The items above basically regard non-current portions of assets described in Note 8.5 "Other current receivables and assets" to which the reader is referred.

The provision for write-downs for other non-current assets, amounting to €8,964 thousand, refers to advances for sports events and commercial initiatives and is unchanged compared to 31 December 2018.

Notes to the Interim Separate Financial Statements as at 30 June 2019

8 Current assets

8.1 Inventory

Inventory, net of its provision for write-downs, amounted to €78 thousand (€118 thousand as at 31 December 2018), and is broken down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Inventory	12,193	12,237
Provision for write-down of inventory	(12,115)	(12,119)
Total inventory	78	118

The final inventory of technical materials 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 is usually no longer than 12 months.

8.2 Trade receivables

Trade receivables came to €304,287 thousand (€285,440 thousand as at 31 December 2018) and break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Trade:		
- Status of performance of service contract obligations - Law 145/2018	19,231	-
- Italian Tax Revenue Office for services under agreement	11,000	8,000
- Other receivables	16,889	18,608
- Provision for write-downs - trade	(9,740)	(9,498)
Subsidiaries:		
- Receivables	267,413	268,906
- Provision for write-downs for the subsidiary Rai Com SpA	(833)	(743)
Joint ventures and associates	327	167
Total trade receivables	304,287	285,440

Receivables from subsidiaries, joint ventures and associates refer to:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Subsidiaries:		
Rai Cinema SpA	3,657	2,522
Rai Com SpA	91,453	83,796
Rai Pubblicità SpA	165,787	178,998
Rai Way SpA	5,683	2,847
Receivables from associated companies	266,580	268,163
Joint ventures and associated companies:		
San Marino RTV SpA	49	57
Tavolo Editori Radio Srl	2	-
Tivù Srl	276	110
Receivables from joint ventures and associated companies	327	167

The breakdown of trade receivables by geographical area shows a national prevalence.

Receivables from the Revenue Office for contracted services amounted to €11,000 thousand, of which €3,000 thousand for the management of ordinary license fees for the first half of 2019 and €8,000 thousand for the management of ordinary license fees for the periods 2018 and 2017.

The other receivables are recognised for a nominal value of €16,889 thousand and are for the sale of rights and for services of other kinds.

Receivables from related parties are specified in Note 13.4 "Transactions with related parties."

Trade receivables are shown net of the provision for write-downs of €10,573 thousand (€10,241 thousand as at 31 December 2018) as detailed below:

(in €/'000)	Balances as at 31 December 2018	Provisions	Balances as at 30 June 2019
Provision for write-downs - trade	(9,498)	(242)	(9,740)
Provision for write-downs - subsidiary Rai Com	(743)	(90)	(833)
Total bad debt provisions - trade	(10,241)	(332)	(10,573)

8.3 Current financial assets

Current financial assets, which amounted to €219,260 thousand (€172,186 thousand as at 31 December 2018), increased by €47,074 thousand. The breakdown of the item and the comparison with the previous year are shown below:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Receivables from subsidiaries - c/a transactions	210,329	165,759
Tied current accounts	6,031	5,528
Receivables from joint ventures - c/a San Marino RTV SpA	1,328	-
Other financial receivables from associated companies	236	-
Assets for derivatives activated on behalf of Rai Cinema	738	560
Financial receivables from employees	56	56
Receivables from subsidiary Rai Cinema SpA for derivative instruments	2	-
Other current financial assets	540	283
Total current financial assets	219,260	172,186

The receivables from subsidiaries - c/a transactions break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Receivables from subsidiaries - c/accounts:		
Rai Cinema SpA	199,532	165,677
Rai Pubblicità SpA	10,797	-
Rai Way SpA	-	82
Receivables from subsidiaries - c/a transactions	210,329	165,759

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Tied current accounts, which came to €6,031 thousand (€5,528 thousand as at 31 December 2018) refer to amounts seized on current accounts due to litigation in progress.

The fair value of derivative instruments was calculated considering valuation models largely used in the financial field and the market parameters as at the reporting date, as better specified in Note 6 "Fair value measurement."

Derivative instruments recognised at fair value, are broken down below in the assets component, including the current and non-current portions:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Assets for derivatives activated on behalf of Rai Cinema	738	560
Receivables from subsidiary Rai Cinema for derivative instruments	2	-
Total derivative financial instruments – current portion	740	560
Assets for derivatives activated on behalf of Rai Cinema	13	-
Receivables from subsidiary Rai Cinema for derivative instruments	10	-
Total derivative financial instruments – non-current portion	23	-
Total derivative financial instruments	763	560

Receivables from Rai Cinema for derivatives concern exchange risk hedging activity on behalf of the subsidiary in connection with purchase of television rights on serial and cinema products denominated in USD, performed by the Parent through mandate from Rai Cinema, amounted to €2 thousand, in addition to €10 thousand for the non-current portion, which relate to the exchange rate risk hedging instruments (with negative fair value) whose effects transit from the intercompany accounts, as illustrated in Note 11.2 "Current financial liabilities".

Information on risks hedged and on hedging policies is disclosed in Note 4.1 "Market risk."

8.4 Current income tax receivables

Current income tax receivables, which totalled €17,966 thousand (€17,965 thousand as at 31 December 2018), are specified as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
IRES requested as refund for IRAP deductibility for employee expense and similar	16,905	16,905
Deductions on assignments to foreign companies	729	728
- Provision for write-downs for current income taxes	(728)	(728)
IRES receivable	16,906	16,905
IRAP receivable	1,060	1,060
Total current income tax receivables	17,966	17,965

Current income tax receivables are shown net of the provision for write-downs of €728 thousand (unchanged compared to 31 December 2018) related to withheld taxes on income risking recoverability.

The IRAP receivable equal to €1,060 thousand (unchanged compared to 31 December 2018) refers to IRAP advances paid to tax authorities in previous years.

The taxes are commented on in Note 12.10 "Income taxes."

8.5 Other current receivables and assets

Other current receivables and assets, which totalled €223,528 thousand (€138,929 thousand as at 31 December 2018) break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Receivables from associated companies	57,488	32,010
Advances for sports events	79,535	27,261
Advances to suppliers, collaborators and agents	42,202	20,650
Receivables from entities, companies, bodies and others	14,021	9,497
Receivables from personnel	9,480	9,396
Receivables from social security and welfare institutions	2,748	2,627
Other tax receivables	1,918	1,882
Receivables for subsidies and grants from the State, EU and other public entities	297	479
Other receivables (current deferrals)	18,818	38,431
- Provision for write-downs of other current receivables and assets	(2,979)	(3,304)
Total other current receivables and assets	223,528	138,929

The breakdown of the receivables from subsidiaries follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Receivables from subsidiaries:		
Rai Cinema SpA	6,324	5,201
Rai Com SpA	5,389	3,780
Rai Pubblicità SpA	15,085	2,922
Rai Way SpA	30,690	20,107
Receivables from associated companies	57,488	32,010

It is also specified that:

- the receivables from social security and welfare institutions refer to advances disbursed against contributions due for artistic collaborations and other reasons;
- the receivables from subsidiaries consist of the contribution of the companies to the tax consolidation and the receivables coming from the Group VAT system (please refer to Note 13.4 "Transactions with related parties");
- the receivables from personnel relate to various cases that are explained in the following breakdown and include the receivables arising from application of Law 89/2014 in the item "Other":

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Travel expenses	4,170	3,396
Labour disputes	2,420	2,947
Production expense advances	1,861	1,719
Other	1,029	1,334
Receivables from personnel	9,480	9,396

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- other tax receivables break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
VAT refund requested	1,759	1,690
Other tax refunds requested	159	158
Other tax receivables	-	34
Total other tax receivables	1,918	1,882

The provision for write-downs for other current receivables and assets, which totalled €2,979 thousand (€3,304 thousand as at 31 December 2018) recorded the following change:

(in €/'000)	Balances as at 31 December 2018	Uses and other assets g/c	Absorption in income statement	Balances as at 30 June 2019
Provision for write-downs of other current receivables and assets	(3,304)	124	201	(2,979)

Considering the short period of time elapsing between when the receivable arises and its due date, it is not believed 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, which amounted to €224,434 thousand (€72,583 thousand as at 31 December 2018), are broken down into the following items:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Bank and postal deposits	224,176	72,327
Cash at bank and in hand	258	256
Total cash and cash equivalents	224,434	72,583

Bank and postal deposits amounted to €224,176 thousand (€72,327 thousand as at 31 December 2018) 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 on hand, cheques and other cash values amounted to €258 thousand (€256 thousand as at 31 December 2018) and include 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 2019.

Shareholders' equity

Here below is the breakdown of shareholders' equity:

(in €/000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Share capital	242,518	242,518
Legal reserve	12,042	12,042
IFRS first-time adoption reserve	545,898	570,446
Cash flow hedge reserve	(17,064)	(5,129)
Valuation reserve for equity investments	-	1,556
Other reserves	-	7,749
Total other reserves	528,834	574,622
Actuarial reserves for employee benefits	(40,808)	(24,390)
Losses carried forward	(3,338)	(3,338)
Profit (loss) for the year	13,969	(33,853)
Total retained earnings (losses carried forward)	(30,177)	(61,581)
Total shareholders' equity	753,217	767,601

Share capital

As at 30 June 2019, the share capital consisted of 242,518,100 ordinary shares with a unit par value of €1.00. 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%; and
- Società Italiana Autori Editori (S.I.A.E.) for a total of 1,071,100 shares, equal to 0.4417%.

Legal reserve

The legal reserve amounted to €12,042 thousand.

Other reserves and retained earnings (losses carried forward)

Other reserves, for €528,834 thousand (€574,622 thousand as at 31 December 2018), break down as follows:

- the IFRS first-time adoption reserve totalled €545,898 thousand (€570,446 thousand as at 31 December 2018) and is carried as an addition to shareholders' equity;
- the cash flow hedge reserve registered to reduce equity, for a value of €17,064 thousand, refers to the measurement at fair value of derivatives hedging the risk of a change in interest rates (€5,129 thousand as at 31 December 2018); the change compared to 31 December 2018 had negative effects on the comprehensive income statement for €11,935 thousand;
- the valuation reserve for equity investments totalled nil (€1,556 thousand as at 31 December 2018);
- the other reserves amounted to nil (€7,749 thousand as at 31 December 2018).

Losses carried forward, for €30,177 thousand (€61,581 thousand as at 31 December 2018), including the profit for the year, break down as follows:

- actuarial reserves for employee benefits totalled €40,808 thousand and are carried as a decrease to shareholders' equity; the change compared to 31 December 2018 (€24,390 thousand) had negative effects on the comprehensive income statement for €16,418 thousand;
- losses carried forward, registered in the period 2018 related to first adoption of the standards IFRS 9 and 15, amount to €3,338 thousand;
- profit for the year totalled €13,969 thousand.

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10 Non-current liabilities

10.1 Non-current financial liabilities and current portions of non-current financial liabilities

Financial liabilities totalled €386,997 thousand (€378,849 thousand as at 31 December 2018) and can be broken down as follows:

(in €/000)	Half-year ended on 30 June 2019			Year ended 31 December 2018		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	-	349,170	349,170	348,720	-	348,720
M/L-term loans due to banks	10,000	10,000	20,000	15,000	10,000	25,000
Hedging derivative liabilities – exchange rates	10	2	12	-	-	-
Hedging derivative liabilities – rates	17,064	-	17,064	5,129	-	5,129
Payables to the subsidiary Rai Cinema for derivative instruments	13	738	751	-	-	-
Total	27,087	359,910	386,997	368,849	10,000	378,849

Total financial liabilities increased by €8,148 thousand compared to 31 December 2018 mainly as a result of the increase in the negative fair value of the Interest Rate Swap Forward Start already shown in Note 4.1 "Market risk" offset by the repayment of one instalment of the EIB loan.

Medium/long-term payables as at 30 June 2019 consisted of a €20,000 thousand amortising loan maturing in 2021 from the EIB, granted to Rai for development of digital terrestrial infrastructure. The bond issue with maturity in May 2020 and a notional amount of €350,000 thousand became effective on 30 June 2019.

The fair value of liabilities for derivatives hedging the interest rate amounted to €17,064 thousand (€5,129 thousand as at 31 December 2018), refers to the Interest Rate Swap Forward Start contracts stipulated in April 2017 and taking effect in May 2020 with validity for the next 5 years to hedge the risk of rising interest rates at the time the bond issue is refinanced. Current portions were not recognised.

The EIB loan carries covenants requiring the following balance sheet parameters/ratios to be met in the consolidated annual and half-year financial statements:

- (adjusted) net financial indebtedness, net of receivables from the state for television licence fees/shareholders' equity ≤ 1.3 ;
- (adjusted) net financial indebtedness, net of receivables from the state for television licence fees/EBITDA ≤ 1.0 .

As at the reporting date, the ratio requirements were fully met at 0.59 and 0.40 respectively.

The Company also has a revolving credit line of €320 million maturing in December 2023, described in Note 4.3 "Liquidity risk", unused as at the reporting date.

The fair value of non-current financial liabilities (excluding derivative financial instruments) is reported in the table below, as measured under the following criterion:

- EIB loan (including short term part): calculated discounting flows for capital and interest at implicit Euro curve rates at the reporting date increased by the Rai credit spread, estimated based on the base of securities issued by the Italian state, essentially in line with the financial statement value.

The timing of financial liabilities held (current and non-current) is shown in the table below.

(in €/'000)	Half-year ended on 30 June 2019			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	349,170	-	-	349,170
Payables to subsidiaries – current account positions	125,274	-	-	125,274
Payables to the subsidiary Rai Cinema for derivative instruments	738	13	-	751
M/L-term loans due to banks	10,000	10,000	-	20,000
Hedging derivative liabilities – rates	-	17,064	-	17,064
Short-term payables to banks	2	-	-	2
Liabilities for derivatives taken out on behalf of Rai Cinema	2	10	-	12
Other payables	1,203	-	-	1,203
Total	486,389	27,087	-	513,476

(in €/'000)	Year ended 31 December 2018			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	348,720	-	348,720
Payables to subsidiaries – current account positions	145,668	-	-	145,668
Payables to the subsidiary Rai Cinema for derivative instruments	560	-	-	560
M/L-term loans due to banks	10,000	15,000	-	25,000
Hedging derivative liabilities – rates	-	5,129	-	5,129
Short-term payables to banks	-	-	-	-
Payables to associates – current account positions	70	-	-	70
Financial lease payables IAS 17	5,654	-	-	5,654
Hedging derivative liabilities – exchange rates	-	-	-	-
Total	161,952	368,849	-	530,801

All medium/long-term debt is held at fixed interest rates.

10.2 Total liabilities for leases

Non-current liabilities for leases, including current portions, total €60,412 thousand. The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019		
	Non-current portion	Current portion	Total
Liabilities for financial leases	-	5,500	5,500
Liabilities for operating leases	39,673	15,239	54,912
Total	39,673	20,739	60,412

The value of current lease liabilities is represented solely by the current portion of non-current lease liabilities, as short-term asset leases are recognised in the income statement under the item costs for the purchase of consumables, costs for services and other costs.

The value of cash outflows from leases as at 30 June 2019 was €7,721 thousand, plus interest of €236 thousand.

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Interest expense accrued on leasing liabilities is detailed in Note 12.8 "Financial income and expenses," to which reference should be made.

Payables for financial leases, for €5,500 thousand refer to exercising the option right during 2018 to purchase the building used as a regional office in Basilicata.

The expiration dates of financial liabilities for leases (current and non-current) are shown below.

(in €/'000)	Half-year ended on 30 June 2019			Total
	Within 12 months	Between 1 and 5 years	Beyond 5 years	
Liabilities for financial leases	5,500	-	-	5,500
Liabilities for operating leases	15,239	32,023	7,650	54,912
Total	20,739	32,023	7,650	60,412

10.3 Employee benefits

Employee benefits totalled €423,699 thousand (€412,894 thousand as at 31 December 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Provision for employee severance pay	211,668	204,217
Provision for supplementary pension benefits	126,956	124,871
Provision replacing the former fixed indemnity for journalists (former provisions in lieu of notice to journalists)	70,110	68,669
Health insurance fund for Rai senior managers (FASDIR)	14,587	14,587
Other	378	550
Total employee benefits	423,699	412,894

Provisions for employee benefits measured using actuarial techniques break down as follows:

(in €/000)	Half-year ended on 30 June 2019				
	Employee severance pay	Supplementary pension	Provision in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Present value of the liability at start of the period	204,217	124,871	68,669	14,587	550
Current cost of defined benefit plans	-	-	-	-	(42)
Current cost of defined contribution plans	19,620	-	-	469	-
Interest expense	1,291	796	289	86	-
Actuarial (gains)/losses resulting from changes in demographic assumptions	(2,343)	-	-	-	-
Actuarial (gains)/losses resulting from changes in financial assumptions	12,553	7,526	2,574	-	-
Actuarial (gains)/losses from past experience	(1,909)	(1,263)	(720)	-	-
Cost of past benefits and (gains)/losses on settlement	-	-	(435)	-	-
Benefits paid	(2,325)	(4,974)	(267)	(555)	(130)
Transfers to external funds for defined contribution plans	(19,559)	-	-	-	-
Other movements	123	-	-	-	-
Present value of the liability at the end of the period	211,668	126,956	70,110	14,587	378

There are no assets servicing the plan.

Costs for employee benefits, as measured using actuarial assumptions and recognised in the income statement, break down as follows:

(in €/000)	Half-year ended on 30 June 2019				
	Employee severance pay	Supplementary pension	Provision in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Current cost of defined benefit plans	-	-	-	-	42
Current cost of defined contribution plans	(19,620)	-	-	(469)	-
Cost of past benefits and gains/losses on settlement	-	-	435	-	-
Net interest (expense)/income:					
interest expense on the liability	(1,291)	(796)	(289)	(86)	-
- interest income on assets servicing the plan	-	-	-	-	-
Total net interest (expense)/income	(1,291)	(796)	(289)	(86)	-
Total	(20,911)	(796)	146	(555)	42
of which recognised as labour cost	(19,620)	-	435	(469)	42
of which recognised as financial income (expense)	(1,291)	(796)	(289)	(86)	-

Costs for defined benefit plans recognised in other comprehensive income components, equal to €16,418 thousand, break down as follows:

(in €/000)	Half-year ended on 30 June 2019				
	Employee severance pay	Supplementary pension	Provision in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Revaluations:					
- Actuarial gains/(losses) resulting from changes in demographic assumptions	2,343	-	-	-	-
- Actuarial gains/(losses) resulting from changes in financial assumptions	(12,553)	(7,526)	(2,574)	-	-
- Actuarial gains/(losses) from past experience	1,909	1,263	720	-	-
Total	(8,301)	(6,263)	(1,854)	-	-

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The main actuarial assumptions adopted are reported below:

	Half-year ended on 30 June 2019
Financial assumptions:	
Average discount rate [1]:	
- Provision for employee severance pay	0.61%
- Pension fund for former employees	0.62%
- Pension fund for former managers	0.67%
- Provision in lieu of indemnity former fixed journalists	0.44%
Inflation rate:	
- Provision for employee severance pay	1.50%
- Provision for supplementary pension benefits	1.50%
- Provision in lieu of indemnity former fixed journalists	1.50%
Expected rate of growth in remuneration/benefits [2]:	
- Provision for employee severance pay	2.625%
- Provision for supplementary pension benefits	1.21%
- Provision in lieu of indemnity former fixed journalists	3.00%
Demographic assumptions	
Maximum retirement age:	
- Provision for employee severance pay	As per law
- Provision for supplementary pension benefits	-
- Provision in lieu of indemnity former fixed journalists	As per law
Mortality tables:	
- Provision for employee severance pay	SI 2016 revised
- Provision for supplementary pension benefits	AS62
- Provision in lieu of indemnity former fixed journalists	SI 2016 revised
Disability tables:	
- Provision for employee severance pay	INPS tables by age and gender
- Provision for supplementary pension benefits	-
- Provision in lieu of indemnity former fixed journalists	-
Average annual employee leaving rate:	
- Provision for employee severance pay	6.60%
- Provision for supplementary pension benefits	-
- Provision in lieu of indemnity former fixed journalists	5.30%
Annual probability of advance requests:	
- Provision for employee severance pay	1.50%
- Provision for supplementary pension benefits	-
- Provision in lieu of indemnity former fixed journalists	-

[1] Measured as the weighted average of Eur Composite AA 2019 interest rate curve June 2019 for 30 June 2019.

[2] Including inflation.

10.4 Provisions for non-current risks and charges

The provisions for non-current risks and charges, totalling €146,329 thousand (€149,651 thousand as at 31 December 2018), break down as follows:

(in €/'000)	Balances as at 31 December 2018	Provisions	Drawdowns	Absorptions	Other movements	Balances as at 30 June 2019
Provisions for legal disputes	58,500	1,838	(4,838)	-	-	55,500
Provisions for building renovation and refurbishment	28,000	-	(195)	-	-	27,805
Provisions for accrued compensation costs	14,052	2,587	(2,230)	(16)	-	14,393
Provisions for the risk of recourse on bad debts by the concessionaires Rai Pubblicità and Rai Com	7,160	195	-	(300)	-	7,055
Provision for write-downs of surplus investments	4,037	135	-	-	-	4,172
Provisions for dismantling and restoration costs	3,967	3	-	-	9 (a)	3,979
Provisions for social security disputes	3,000	-	-	-	-	3,000
ISC and ISM provisions Agents	745	31	(10)	(7)	-	759
Other provisions	30,190	90	(121)	(493)	-	29,666
Total provisions for risks and charges	149,651	4,879	(7,394)	(816)	9	146,329

(a) capital provisions against assets affected by the dismantling process.

Provisions for legal disputes, totalling €55,500 thousand, show the prudential, forecasted estimate of charges for pending lawsuits in which the Company is involved in various ways. Specifically, the figure includes €33,500 thousand in provisions for civil, administrative and criminal litigation (including legal costs) and €22,000 thousand in provisions for labour law disputes.

Provisions for building renovation and refurbishment, totalling €27,805 thousand, show the estimated costs the Company expects to incur primarily in relation to the removal of asbestos containing materials present in buildings owned. The constructive obligation to proceed with the refurbishment and renovation of the aforementioned buildings is connected with 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 €14,393 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 €7,055 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.

The provision for write-down of the surplus investment refers almost all to the capital deficit recognised in the financial statements of Rai Corporation in liquidation as at 30 June 2019.

Provisions for dismantling and restoration costs, totalling €3,979 thousand, shows 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 €759 thousand, refer to 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.

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10.5 Deferred tax liabilities

Deferred tax liabilities totalled €50,706 thousand and are stated net of €109,710 thousand of deferred tax assets eligible for offsetting. The net balance as at 31 December 2018 showed a deferred tax liability of €33,023 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 2018	Changes		Balances as at 30 June 2019
		Income statement	Equity	
Taxable differences in property, plant and equipment	(154,719)	1,004	-	(153,715)
Neutralisation currency valuations	-	(5)	-	(5)
Taxable difference equity investments	(6,696)	-	-	(6,696)
Deferred tax liabilities eligible for offset	(161,415)	999	-	(160,416)
Negative IFRS taxable income	128,370	13,018	(31,685)	109,703
Tax effects resulting from the first-time adoption of the accounting standard IFRS 15 - Advertising revenues	22	(15)	-	7
Deferred tax assets eligible for offset	128,392	13,003	(31,685)	109,710
Net deferred tax liabilities	(33,023)	14,002	(31,685)	(50,706)

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

Deferred tax assets on tax losses carried forward totalled €109,703 thousand. It is probable that they will be used to offset the taxable earnings of Group companies that participate in the tax consolidation arrangement and the deferred tax liability carried through to the income statement.

10.6 Other non-current payables and liabilities

Other non-current payables and liabilities are all stated in Euros. Totalling €855 thousand (€1,162 thousand as at 31 December 2018), 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 €1,295,329 thousand (€1,024,205 thousand as at 31 December 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Payables to suppliers	490,112	502,532
Trade payables to subsidiaries	96,510	86,132
Trade payables to joint ventures and associates	1,207	2,392
Total trade payables	587,829	591,056
Payables to personnel	180,098	231,375
Payables to social security institutions	58,455	72,235
Other tax payables	35,973	34,966
Payables to subsidiaries	4,029	4,077
Other payables accruing for assessments	2,436	3,878
Payables for frequency rights	5,147	1
Other payables	7,213	4,878
Advances:		
- Ordinary licence fees	26,335	73,687
- Other advances	629	912
Accruals for fees and interest	563	3,138
Deferrals:		
- Adjustment to advertising revenues	3,145	2,320
- Licence fees	382,738	868
- Grants for the switch-over to digital terrestrial	708	805
- Other deferrals	31	9
Total other current payables and liabilities	707,500	433,149
Total trade payables and other current payables and liabilities	1,295,329	1,024,205

The breakdown of trade payables and other payables to subsidiaries, joint ventures and associates is shown in the table below:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Subsidiaries:		
Rai Cinema SpA	21,728	11,799
Rai Com SpA	6,790	7,762
Rai Pubblicità SpA	131	80
Rai Way SpA	67,861	66,491
Trade payables to subsidiaries	96,510	86,132

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Joint ventures and associated companies:		
Auditel Srl	590	1,977
Tavolo Editori Radio Srl	208	-
Tivù Srl	409	415
Trade payables to joint ventures and associates	1,207	2,392

Notes to the Interim Separate Financial Statements as at 30 June 2019

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Subsidiaries:		
Rai Cinema SpA	445	445
Rai Pubblicità SpA	1,128	1,128
Rai Way SpA	2,456	2,504
Other payables to subsidiaries	4,029	4,077

Trade payables, totalling €587,829 thousand, fell by €3,227 thousand compared to 31 December 2018.

Other current payables and liabilities increased by €274,351 thousand compared to 31 December 2018, mainly due to deferrals on subscription fees originating from the difference between the amounts paid in the first half of the year by the Ministry of the Economy and Finance compared to the relevant economic value, the repayment of which is mainly expected in the second half of the year.

Payables to personnel totalled €180,098 thousand (€231,375 thousand as at 31 December 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Untaken paid annual leave	84,036	66,116
Untaken time in lieu	52,045	51,705
Wage and salary assessment	41,881	67,693
Redundancy incentives	1,006	44,307
Other	1,130	1,554
Payables to personnel	180,098	231,375

Deferrals for grants for the switch-over to digital terrestrial included €708 thousand for the current portion of government grants provided by the former Ministry of Communications between 2007 and 2011 to support initiatives to fast-track the said switch-over process.

Payables to social security institutions totalled €58,455 thousand (€72,235 thousand as at 31 December 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Payables to supplementary pension funds for personnel	10,995	22,815
Payables to INPGI	11,405	13,990
Payables to INPS	24,255	24,426
Payables to CASAGIT	1,121	1,437
Contributions on assessed wages and salaries	10,305	9,135
Other payables	374	432
Payables to social security institutions	58,455	72,235

Other tax payables show taxes payable to Inland Revenue other than current income tax. The item breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Group VAT payable	10,957	2,030
Suspended VAT payable	1,008	1,008
Withholding tax on wages and salaries for employees and contractors, substitution tax and other withholdings	24,008	31,928
Total other tax payables	35,973	34,966

Payables to related parties are reported in Note 13.4 "Transactions with related parties."

11.2 Current financial liabilities

Current financial liabilities totalled €486,389 thousand (€161,952 thousand as at 31 December 2018). The breakdown is shown in the table below:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Bonds	349,170	-
Payables to subsidiaries – current account positions	125,274	145,668
M/L-term loans due to banks (current portion)	10,000	10,000
Liabilities for derivatives taken out on behalf of Rai Cinema	2	-
Payables for financial leases	-	5,654
Payables to the subsidiary Rai Cinema for derivative instruments	738	560
Short-term payables to banks	2	-
Payables to joint ventures and associates – San Marino RTV current account	-	70
Other payables	1,203	-
Total current financial liabilities	486,389	161,952

The totally unsecured bond issued by Rai in May 2015 and listed on Euronext Dublin, is fully subscribed to by international institutional investors, has a nominal rate of 1.5%, maturity in May 2020 and contains the usual covenants for issues with investment grade rating, including:

- a negative pledge prohibiting the granting of guarantees on other bond issues by the Issuer or its "significant subsidiaries", unless the same guarantees are extended to existing bondholders in circulation;
- 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.

The fair value of current financial liabilities (other than derivative financial instruments) relates to the bond issued by the Company in May 2015 and corresponds to the market price of €101.21, including accrued interest.

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The breakdown by company of payables to subsidiaries - current account positions is shown in the following table:

(in €/000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Subsidiaries:		
Rai Cinema SpA	3,197	1,743
Rai Com SpA	118,585	134,862
Rai Corporation in liquidation	3,361	3,428
Rai Pubblicità SpA	-	5,635
Rai Way SpA	131	-
Payables to subsidiaries – current account positions	125,274	145,668

The current portions of non-current financial liabilities have already been reported and explained in Note 10.1 "Non-current financial liabilities and current portions of non-current financial liabilities," to which reference should be made.

Derivative instruments recognised at fair value, are broken down below in the liability component, including the current and non-current portions:

(in €/000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Liabilities for derivatives taken out on behalf of Rai Cinema	2	-
Payables to the subsidiary Rai Cinema for derivative instruments	738	560
Total derivative financial instruments – current portion	740	560
Hedging derivative liabilities – rates	17,064	5,129
Liabilities for derivatives taken out on behalf of Rai Cinema	10	-
Payables to the subsidiary Rai Cinema for derivative instruments	13	-
Total derivative financial instruments – non-current portion	17,087	5,129
Total derivative financial instruments	17,827	5,689

Payables to Rai Cinema for derivatives concern exchange risk hedging activity on behalf of the subsidiary in connection with purchase of television rights on serial and cinema products denominated in USD, performed by the Parent through mandate from Rai Cinema, amounted to €738 thousand (€560 thousand as at 31 December 2018), in addition to €13 thousand for the non-current portion, which relate to the exchange rate risk hedging instruments (with positive fair value) whose effects transit from the intercompany accounts, as illustrated in Note 8.3 "Current financial assets."

Information on risks hedged and on hedging policies is disclosed in Note 4.1 "Market risk."

11.3 Current income tax payables

Current income taxes payable totalled €13,208 thousand (€30,224 thousand as at 31 December 2018), refer entirely to payable for IRES from the Group's tax consolidation.

On this point please note that the Company has opted for a Group taxation scheme under which the obligations connected with the settlement and payment of IRES tax on companies scoped into the tax consolidation arrangement have been transferred to the Group. 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

Income statement

12.1 Revenue from sales and services

The main items are analysed below:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
TV licence fees	922,217	886,709
Advertising	283,423	288,044
Other revenue	59,327	33,139
Total revenue from sales and services	1,264,967	1,207,892

The breakdown of revenue by geographical area shows that most revenue is from the domestic market.

TV licence fees

TV licence fees for €922,217 thousand (€886,709 thousand in the first half of 2018), break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Licence fees for the year – household licences	817,400	817,200
Licence fees for the year – special licences	43,300	40,100
Licences fees collected by enforcement order	50,144	15,500
Licence fees for prior years – household licences	11,373	13,909
Total TV licence fees	922,217	886,709

When calculating the amount from the TV licences of household licences, the information and figures made available with reference to the new collection method were used, considering Law 190 of 23 December 2014 (article 1, paragraph 293). This established a reduction of 5%, from 2015, of sums to be paid to Rai to cover the cost of the Public Service being supplied.

The new collection methods were introduced by Law no. 208 of 28 December 2015 (the “2016 Stability Law”), which provided, in Article 1 (152 et seq.), for TV licence fees for household licences to be charged, as of 1 January 2016, directly in power bills issued by electricity companies, under a separately detailed item.

That law introduced, in an effort to overcome evasion, the mechanism by which if a household has a utility account for power supply to a registered home address, then it can be presumed that the household is in possession of a television set. That 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 aforementioned 2016 Stability Law also established that any higher revenues collected from 2016 to 2018 with respect to 2016 state budget forecasts (the extra revenue) are to be transferred to Rai as follows: 67% for the year 2016, and 50% for the years 2017 and 2018. Law no. 145 of 30 December 2018 confirmed, when fully operational, the amount of €90 due for the Rai licence fee for private use and stabilised the allocation to Rai of 50% of the extra revenue.

In relation to the amounts reported above:

- TV licence fees collected by enforcement order refer to licence fees due in 2015 and previously, levied under an enforcement order addressed to households with overdue payments; these include the adjustment for higher amounts collected by the State through roles in the years between 2004 and 2015 of €41,344 thousand;
- previous year licences - households are related to 2018 licence fees that became known in financial year 2019 as they were paid to the State during the year.

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The mechanism for determining 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, has found a shortfall in such revenue for the period 2005-2017 of €2.6 billion. The separate annual accounts for 2018 are being prepared.

Advertising

Advertising revenues, for €283,423 thousand (€288,044 thousand in the first half of 2018), break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Television advertising on general-interest channels:		
- air time	158,401	173,331
- promotions, sponsorships and special initiatives	77,548	64,903
- product placements	2,994	2,903
Television advertising on specialist channels	28,327	31,243
Radio advertising	13,427	13,508
Web advertising	3,646	3,660
Other advertising	117	132
Third-party quotas	(1,008)	(1,101)
Contingencies	(29)	(535)
Total advertising	283,423	288,044

Other revenue

Other revenues from sales and services, for €59,327 thousand (€33,139 thousand in the first half of 2018), break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Special services under convention	19,942	18,940
Fulfilment of service contract obligations and digital programming development	19,231	-
Sale of patents and trademarks	7,176	133
Distribution and sale of channels	5,553	5,435
Sale of rights	2,373	4,294
Sundry services, mainly for institutional purposes	2,555	2,780
Production and facility services	197	125
Agreements with telephone service providers	495	236
Home video distribution	141	105
Other	1,047	1,037
Third-party quotas	(258)	(53)
Contingencies	875	107
Total other revenue	59,327	33,139

This item includes €19,231 thousand, which is the portion pertaining to the annual contribution of €40 million recognised by the State as consideration for the performance of obligations under the service contract, including those for the development of digital programming, determined by Law 145/2018, article 1, paragraph 101, for the years 2019 and 2020.

The increase in the item sale of patents and trademarks relates to the share of income deriving from an agreement for the licensing of patents essential for the DVB-T2 standard owned by Rai.

12.2 Other revenue and income

Other revenues and income for €12,724 thousand (€13,199 thousand in the first half of 2018), break down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Other income from investees	9,217	10,368
Contributions for operating expenses	493	990
Compensation for damages	265	343
Cost recoveries and expense refunds	419	516
Income from real estate investments	92	117
Income from subleasing as per IFRS 16 from Group companies	888	-
Other	1,014	866
Contingencies	336	(1)
Total other revenues and income	12,724	13,199

Other income from investee companies refers to agreements for the supply of services.

12.3 Costs for the purchase of consumables, costs for services and other costs

Costs for the purchase of consumables, costs for services and other costs totalled €726,349 thousand (€681,088 thousand in the first half of 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Purchases of consumables	5,754	5,866
Costs for services	697,538	651,920
Other costs	23,057	23,302
Total costs for the purchase of consumables, services and other costs	726,349	681,088

Notes to the Interim Separate Financial Statements as at 30 June 2019

The breakdown of costs for services is shown in the table below. The item totalled €697,538 thousand (€651,920 thousand in the first half of 2018), net of discounts and rebates obtained. It also includes, inter alia, emoluments, indemnities of office and expense refunds paid to Directors, for a total of €539 thousand, and to Statutory Auditors, for a total of €79 thousand.

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Contractors	68,210	67,251
Programme production services	106,060	103,579
Service travel and accessory personnel costs	21,198	19,389
Rai Way signal transmission and broadcasting	105,188	102,327
Maintenance, repairs, transport and similar	19,086	18,057
IT system documentation and assistance services	25,794	25,585
Other outsourced services	41,006	38,428
Purchase of showings	127,509	125,145
Rentals and leases	14,243	23,835
Recording rights	115,116	74,203
Copyright	54,724	53,109
Recovery of expenses	(1,675)	(1,071)
Contingencies	1,079	2,083
Costs for services	697,538	651,920

In accordance with Article 2427, no. 16-*bis*, of the Civil Code, please note that fees accruing to the period ended 30 June 2019 for services provided by the external auditors amounted to €84 thousand for the annual auditing of accounts, for other auditing services, including auditing of the half-year financial report and for non-auditing services were respectively €24 thousand and €3 thousand.

12.4 HR expenses

HR expenses totalled €472,428 thousand (€473,402 thousand in the first half of 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Wages and salaries, and social security costs	449,922	453,964
Employee severance pay	19,620	19,616
Pensions and similar obligations	6,405	6,524
Other	3,039	4,292
HR expenses	478,986	484,396
Costs for redundancy incentives	1,607	1,043
Recovery of expenses	(2,004)	(2,761)
HR expenses capitalised	(6,520)	(6,903)
Other HR expenses	(6,917)	(8,621)
Contingencies and releases of provisions	359	(2,373)
Total HR expenses	472,428	473,402

The item includes charges for defined contribution plans of €20,089 thousand and for defined benefit plans and past benefits of €477 thousand, as reported in Note 10.3 "Employee benefits."

The Company applies four Collective Bargaining Agreements, respectively the CCL for labour for middle managers, office staff and workers, the CCL for orchestra musicians, the national Bargaining Agreements for Journalists, applied in Rai in compliance with the method in a "Convention extended the CNLG to Rai" and the relative Addendum Agreement with Usigrai for journalist personnel, the CCNL for managers of companies producing goods and services and the relative Addendum Agreement between Rai and ADRai.

With respect to those agreements, we report that:

- the collective bargaining agreement for middle managers, office staff and workers was renewed, by agreement on 28 February 2018, for the period 2014- 2016 and, on an exceptional basis, for 2017 and 2018;
- the collective bargaining agreement for orchestra musicians was renewed, by agreement on 28 June 2018, for the three-year period 2014- 2016 and, on an exceptional basis, for 2017 and 2018;
- for journalist staff, on 13 March 2018 Rai and Unindustria Roma signed a Convention for the Extension of the National Collective Bargaining Agreement for Journalists to Rai with Usigrai and FNSI; 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-AD Rai Addendum Agreement for the period 2017-2019 was renewed on 6 July 2018.

The average number of Company employees is shown below by employment category:

	Half-year ended on 30 June 2019			Half-year ended on 30 June 2018		
	Permanent employees (average No.) (1)	Temporary employees (average No.)	Total	Permanent employees (average No.) (1)	Temporary employees (average No.)	Total
- Senior managers (2)	275	-	275	274	-	274
- Officers and middle managers	1,183	-	1,183	1,137	-	1,137
- Journalists	1,755	111	1,866	1,634	210	1,844
- Office staff, production staff, camera crew, director's assistants, technicians	6,931	185	7,116	6,850	430	7,280
- Workers	879	14	893	886	57	943
- Orchestra musicians and other artists	105	5	110	119	4	123
- General practitioners	7	-	7	7	-	7
Total	11,135	315	11,450	10,907	701	11,608

(1) of which apprentices. 310 39

(2) the figure includes top managers engaged under temporary employment 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.

Notes to the Interim Separate Financial Statements as at 30 June 2019

12.5 Impairment of financial assets

This item recognises impairment losses (including recoveries) of financial assets, which include all assets of a contractual origin that give right to receiving cash flows (including trade receivables).

As at 30 June 2019 the item amounted to €332 thousand (negative by €594 thousand in the first half of 2018) and refers to allocations to provisions shown in detail below, as already illustrated in Note 8.2 "Trade receivables," to which reference should be made.

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Trade receivables	242	(386)
Receivable from subsidiary Rai Com SpA	90	(208)
Total impairment of financial assets	332	(594)

12.6 Depreciation, amortisation and other write-downs

Amortisation, depreciation and other write-downs, including any reversal of impairment, amounted to €131,270 thousand (€129,279 thousand in the first half of 2018) and are broken down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Property, plant and equipment:		
Buildings	6,064	5,860
Plant and machinery	23,247	22,965
Fixtures and fittings, tools and other equipment	888	787
Other assets	2,835	2,778
Total depreciation of property, plant and equipment	33,034	32,390
Intangible assets:		
Programmes	76,996	75,794
Software	3,463	3,215
Trademarks	3	3
Other rights	25	52
Total amortisation of intangible assets	80,487	79,064
Leasing rights:		
Buildings	6,753	-
Other assets	1,409	-
Total amortisation of leasing rights	8,162	-
Total amortisation and depreciation	121,683	111,454
Programmes under amortisation	8,493	15,304
Programmes in progress	1,150	1,465
Equity investments recognised at cost	135	12
Other non-current receivables and assets	-	638
Other current receivables and assets	(191)	406
Total write-downs	9,587	17,825
Total depreciation, amortisation and write-downs	131,270	129,279

With regard to lease rights of use, recognised as from 1 January 2019, reference should be made to Note 3 "Effects of the first-time adoption of IFRS 16".

12.7 Provisions

The item, recognising provision to risks and charges and any risks not classifiable under specific income statement items, shows net allocations for €476 thousand (net provisions for €1,794 thousand in the first half of 2018), caused by provisions for €1,269 thousand, offset by releases for €793 thousand.

12.8 Financial income and expenses

Net financial income totalled €52,751 thousand (€56,716 thousand in the first half of 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Financial income:		
Dividends	58,240	61,970
Interest income from subsidiaries	1,715	1,654
Interest income from joint ventures – San Marino RTV	8	11
Interest on securities	2	2
Interest income from banks	52	55
Foreign exchange gains	14	21
Other	45	100
Total financial income	60,076	63,813
Financial expense:		
Interest on employee benefit liabilities	(2,463)	(2,484)
Interest expense on bonds	(3,054)	(3,046)
Interest expense due to banks	(330)	(387)
Interest expense on lease contracts	(382)	-
Foreign exchange losses	(58)	(219)
Interest expense due to subsidiaries	(34)	(29)
Other	(1,004)	(932)
Total financial expense	(7,325)	(7,097)
Net financial income (expense)	52,751	56,716

With regard to interest expense on lease contracts, recognised as from 1 January 2019, reference should be made to Note 3 "Effects of the first-time adoption of IFRS 16".

Dividends are broken down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Rai Cinema SpA	-	14,508
Rai Com SpA	11,311	-
Rai Pubblicità SpA	8,121	35,804
Rai Way SpA	38,808	11,556
Almaviva SpA	-	102
Total dividends	58,240	61,970

Notes to the Interim Separate Financial Statements as at 30 June 2019

12.9 Earnings from equity investments recognised under the equity method

Earnings from equity investments recognised under the equity method amounted to €380 thousand (€167 thousand in the first half of 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Income (expense) from equity investments:		
Auditel Srl	20	28
San Marino RTV SpA	(119)	(70)
Tavolo Editori Radio Srl	-	(17)
Tivù Srl	479	226
Total result of valuation with the equity method	380	167

The breakdown of the change in equity investments recognised under the equity method is reported in Note 7.4 "Equity investments."

12.10 Income taxes

Income taxes totalled a positive €14,002 thousand (€21,050 thousand in the first half of 2018) due to the effect of deferred tax assets and liabilities. The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019	Half-year ended on 30 June 2018
Deferred tax liabilities	999	908
Deferred tax assets	13,003	20,142
Total deferred taxes	14,002	21,050
Total tax for the period	14,002	21,050

For IRES purposes, in the first half of 2019, as well as in the first half of 2018, the Company recognised tax losses for which deferred tax assets have been allocated and which have had a positive effect on profit or loss.

13.1 Guarantees

Guarantees provided totalled €44,803 thousand (€58,284 thousand as at 31 December 2018). The figure breaks down as follows:

(in €/'000)	Half-year ended on 30 June 2019		
	Personal guarantees	Collateral	Total
	Surety guarantees		
Subsidiaries	39,987	-	39,987
Joint ventures and associates	2,582	-	2,582
Other	-	2,234	2,234
Total	42,569	2,234	44,803

(in €/'000)	Year ended 31 December 2018		
	Personal guarantees	Collateral	Total
	Surety guarantees		
Subsidiaries	53,468	-	53,468
Joint ventures and associates	2,582	-	2,582
Other	-	2,234	2,234
Total	56,050	2,234	58,284

Guarantees provided included the recognition of an obligation to pay, guaranteeing the early repayment of €38,626 thousand of surplus VAT (€52,026 thousand as at 31 December 2018) by subsidiaries, undertaken with Inland Revenue.

The Company has also recognised €356,765 thousand of guarantees provided by third parties (€398,909 thousand as at 31 December 2018) on commercial and financial obligations held by the Company. Those guarantees mainly consist of:

- (i) guarantees received from various banks and insurance institutions 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;
 - on other obligations – mainly surety guarantees provided to Inland Revenue to guarantee prize competitions and the VAT receivable being repaid, 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:

(€/million)	Half-year ended on 30 June 2019	Year ended 31 December 2018
Sports broadcasting rights	306.6	313.6
Investments in TV series and cartoons	91.9	107.0
Rights and services for the production of programmes	16.4	45.1
Technical investments	31.1	24.0
Total commitments	446.0	489.7

Notes to the Interim Separate Financial Statements as at 30 June 2019

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;
- possibility to estimate the expenses sufficiently reasonably, considering the *petitum attoreo*, the relative expense is registered through a provision to the 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.

Note 10.4 "Provisions for non-current risks and charges" details provisions made for that occurrence.

On the basis of information currently available, the Company believes that provisions for risks are adequate.

13.4 Transactions with related parties

Transactions between the Company and related parties are reported below; as identified on the basis of the criteria provided by IAS 24 "Related Party Disclosures".

The Company has dealings mainly of a commercial and financial nature with the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation;
- Rai Pubblicità;
- Rai Way;
- key management personnel ("Senior Management");
- other associated companies and joint ventures with which the Company has an interest as indicated in Note 7.4 "Equity investments"; companies under the control or joint control of Senior Management and bodies that manage benefit plans after the work relationship ends and solely for 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 stipulate 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, see Note 12.3 “Costs for the purchase of consumables, costs for services and other costs.”

The following table details the balance sheet totals as at 30 June 2019 and as at 31 December 2018 and the income effects of transactions between the Company and related parties conducted in the half-year periods ended 30 June 2019 and 30 June 2018:

(in €/'000)	Subsidiaries	Senior Management	Other related parties	Total
Lease rights of use				
At 30 June 2019	119	-	-	119
As at 31 December 2018	-	-	-	-
Trade receivables				
At 30 June 2019	266,581	-	326	266,907
As at 31 December 2018	268,162	-	167	268,329
Current financial assets				
At 30 June 2019	210,332	-	1,564	211,896
As at 31 December 2018	165,759	-	-	165,759
Other current receivables and assets				
At 30 June 2019	57,505	-	312	57,817
As at 31 December 2018	32,077	-	-	32,077
Non-current financial liabilities				
At 30 June 2019	(14)	-	-	(14)
As at 31 December 2018	-	-	-	-
Non-current financial liabilities for leases				
At 30 June 2019	(90)	-	-	(90)
As at 31 December 2018	-	-	-	-
Employee benefits				
At 30 June 2019	-	(4,299)	(14,587)	(18,886)
As at 31 December 2018	-	(4,069)	(14,587)	(18,656)
Trade payables				
At 30 June 2019	(96,510)	-	(1,207)	(97,717)
As at 31 December 2018	(86,131)	-	(2,392)	(88,523)
Current financial liabilities				
At 30 June 2019	(126,012)	-	-	(126,012)
As at 31 December 2018	(146,228)	-	(70)	(146,298)
Liabilities for current leases				
At 30 June 2019	(40)	-	-	(40)
As at 31 December 2018	-	-	-	-
Other current payables and liabilities				
At 30 June 2019	(7,203)	(6,294)	(6,774)	(20,271)
As at 31 December 2018	(6,403)	(5,900)	(14,050)	(26,353)

Notes to the Interim Separate Financial Statements as at 30 June 2019

(in €/'000)	Subsidiaries	Senior Management	Other related parties	Total
Revenue from sales and services				
At 30 June 2019	319,931	-	290	320,221
At 30 June 2018	318,851	-	276	319,127
Other revenue and income				
At 30 June 2019	10,764	-	15	10,779
At 30 June 2018	10,851	-	39	10,890
Costs for the purchase of consumables				
At 30 June 2019	-	-	-	-
At 30 June 2018	-	-	-	-
Costs for services				
At 30 June 2019	(235,042)	(616)	(5,786)	(241,444)
At 30 June 2018	(230,674)	(431)	(5,148)	(236,253)
Other costs				
At 30 June 2019	(216)	-	-	(216)
At 30 June 2018	(207)	-	-	(207)
HR expenses				
At 30 June 2019	1,820	(8,005)	(5,972)	(12,157)
At 30 June 2018	1,781	(8,589)	(5,194)	(12,002)
Impairment of financial assets				
At 30 June 2019	(90)	-	-	(90)
At 30 June 2018	208	-	-	208
Depreciation, amortisation and write-downs				
At 30 June 2019	(16)	-	-	(16)
At 30 June 2018	-	-	-	-
Financial income				
At 30 June 2019	59,955	-	8	59,963
At 30 June 2018	63,523	-	11	63,534
Financial expense				
At 30 June 2019	(36)	-	-	(36)
At 30 June 2018	(29)	-	-	(29)

With regard to the description of the main agreements in place between the Rai and the subsidiaries, associated companies and joint ventures identified above, reference should be made to the specific paragraph in the explanatory notes to the Separate Financial Statements of the Report and Financial Statements as at 31 December 2018, with the exception of the following paragraphs.

Tax consolidation arrangement

The Rai Group has a national tax consolidation arrangement in place for IRES tax purposes, as permitted under Articles 117 et seq. of the Italian Income Tax Code and governed by Ministerial Decree of 9 June 2004.

As of the 2017 tax year, the option to join the arrangement will be tacitly renewed without the 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 national tax consolidation arrangement, Rai held receivables from the participating companies totalling €45,778 thousand as at 30 June 2019.

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 2019. Tax and equity arrangements under the procedure are governed by a specific agreement between the parties.

14 Subsequent events

Incorporation of Editori Radio Srl

On 23 July 2019, Player Editori Radio Srl was incorporated, with a share capital of €10 thousand, divided between national and local radio producers (70% and 30% respectively). Rai's shareholding is 13.9% of the share capital. The other shareholders are: Elemedia, RMC Italia, Monradio, Radio Studio 105, Virgin Radio Italy, Il Sole 24 Ore, CN Media, RTL 102,500 Hit Radio, Radio Italia, Radio Dimensione Suono and the associations ACRC, Aeranti-Corallo and Radio FRT.

The company's main objective is the creation and technological development of a unified IT platform for the aggregation of radio content using an IP Protocol for subsequent provision to shareholders and third parties.

15 Appendix

15.1 Equity investments held by Rai in subsidiaries, joint ventures and associates

The following table sums up information on Companies Rai has investments in.

Values at 30 June 2019	Registered office	No. shares/units held	Nominal value (in Euros)	Share capital (in €/000)	Shareholders' equity (in €/000)	Profit (loss) (in €/000)	Equity interest held %	Carrying amount (in €/000)
Subsidiaries								
Rai Cinema SpA	Rome	38,759,690	5.16	200,000	265,326	3,288	100.00%	267,848
Rai Com SpA	Rome	2,000,000	5.16	10,320	112,959	6,796	100.00%	107,156
Rai Corporation in liquidation	New York (USA)	50,000	10.00 (1)	500 (2)	(4,163) (3)	(111) (4)	100.00%	- (5)
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	34,462	4,964	100.00%	31,082
Rai Way SpA	Rome	176,721,110	- (6)	70,176	153,218	32,594	64.971%	506,260
								912,346
Joint ventures and associates								
Audiradio Srl in liquidation	Milan	69,660	1.00	258	(33) (7)	- (7)	27.00%	- (8)
Auditel Srl	Milan	99,000	1.00	300	2,259 (7)	60 (7)	33.00%	745
Euronews SA	Lyon (F)	55,271	15.00	26,886	19,292 (7)	(19,169) (7)	3.08%	594
San Marino RTV SpA	S. Marino (RSM)	500	516.46	516	3,883	(239)	50.00%	1,942
Tavolo Editori Radio Srl	Milan	1	1,580.00	10	168 (7)	158 (7)	15.80%	27
Tivù Srl	Rome	1	482,500.00	1,002	5,322	996	48.16%	2,563
								5,871

(1) values in USD

(2) values in USD/000

(3) USD (4,737,973) at the exchange rate of 30 June 2019 of Euro/USD 1.138

(4) USD (126,126) at the exchange rate of 30 June 2019 of Euro/USD 1.138

(5) The balance sheet deficit of €4,163 thousand is covered by provisions for charges of an equal amount

(6) Ordinary shares with no stated par value

(7) As per financial statements as at 31 December 2018, the last available

(8) The balance sheet deficit of €9 thousand is covered by provisions for charges of an equal amount

Notes to the Interim Separate Financial Statements as at 30 June 2019

15.2 Net financial position

Net financial position, as measured in accordance with the recommendations of paragraph 127 of the ESMA no. ESMA/2013/319, implementing Regulation (EC) No 809/2004, is reported in the table below:

(in €/'000)	Half-year ended on 30 June 2019	Year ended 31 December 2018
A. Cash	258	256
B. Other cash equivalents	224,176	72,327
C. Securities held for trading	-	-
D. Liquidity (A+B+C)	224,434	72,583
E. Current financial receivables	219,260	172,186
F. Current bank debt	(2)	-
G. Current portion of long-term loans [*]	(359,170)	(10,000)
H. Other current financial debt	(147,956)	(151,952)
I. Current financial debt (F+G+H)	(507,128)	(161,952)
J. Net current financial position (I+E+D)	(63,434)	82,817
K. Non-current bank loans	(10,000)	(15,000)
L. Bonds issued	-	(348,720)
M. Other non-current financial indebtedness	(56,759)	(5,129)
N. Non-current financial debt (K+L+M)	(66,759)	(368,849)
O. Net financial indebtedness (J+N)	(130,193)	(286,032)
Of which liabilities for operating leases	(54,912)	-
Net financial position excluding operating lease liabilities	(75,281)	(286,032)

[*] of which €349,170 thousand relating to the bond issued in May 2015 with a nominal amount of €350 million, maturing in May 2020.

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 Italian 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 2019 during the first half of 2019.

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 2019 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, 3 October 2019

Fabrizio Salini
Chief Executive Officer



Massimo Cappelli
Manager in charge of drawing up
the corporate accounting documents



Independent Auditor's Report



REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
RAI – Radiotelevisione italiana SpA

Foreword

We have reviewed the accompanying interim financial statements of RAI – Radiotelevisione italiana SpA, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related explanatory notes as of 30 June 2019. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of the 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 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 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 interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of RAI – Radiotelevisione italiana SpA as of 30 June 2019 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, 7 October 2019

PricewaterhouseCoopers SpA

Signed by

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.

Interim Consolidated Financial Statements as at 30 June 2019

Directors' Report

For what concerns the information on activities performed by the Rai Group, to Human Resources, Research and Development, Facts occurring in the period, important Facts occurring after the period had ended and Business Continuity, please refer to the Directors' Report in the Separate Financial Statements, with which these Consolidated Financial Statements are being presented as single document.

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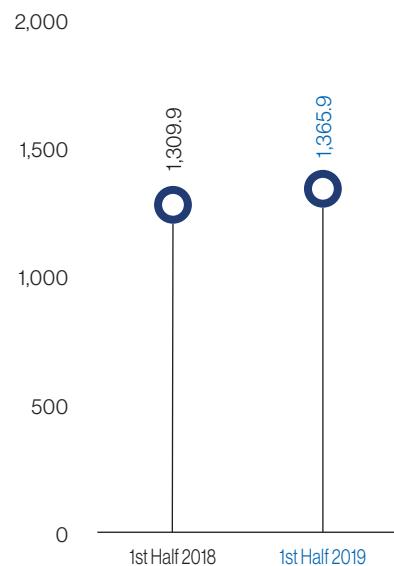
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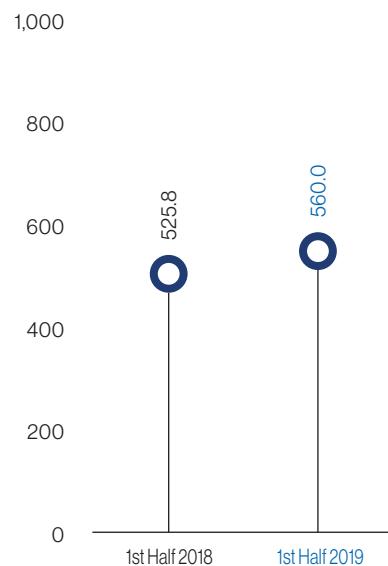
Highlights

(€/million)

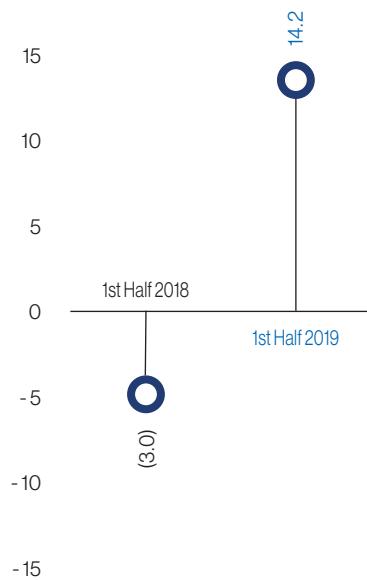
REVENUE



EXTERNAL COSTS

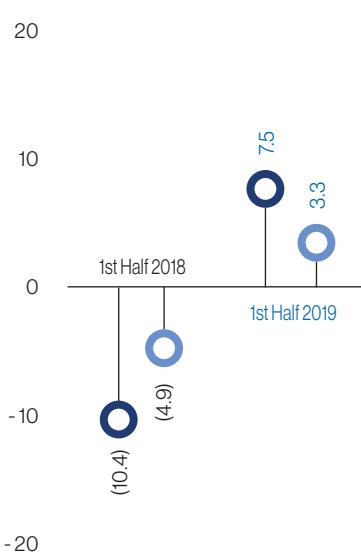


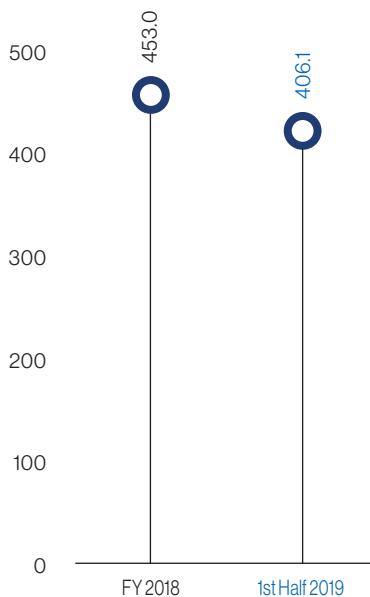
EBIT



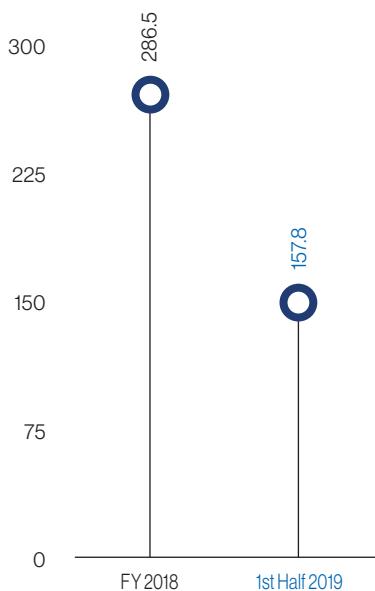
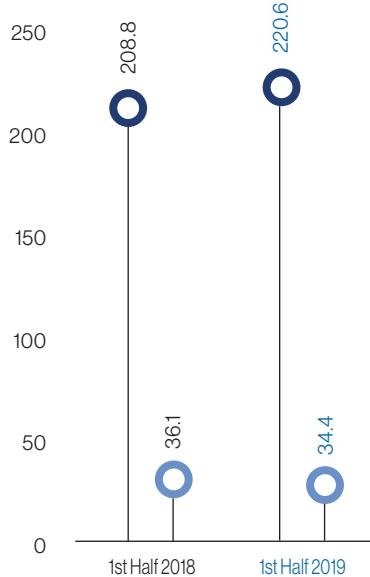
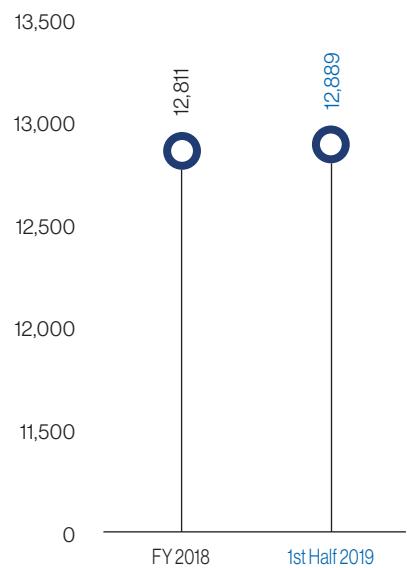
EBT

NET PROFIT (LOSS) FOR THE PERIOD



EQUITY**NET FINANCIAL DEBT**

EXCLUDING OPERATING LEASE LIABILITIES

**INVESTMENTS IN PROGRAMMES
AND TECHNICAL INVESTMENTS****PERSONNEL AT END OF PERIOD
(IN UNITS)***

* Includes temporary personnel amounting to 511 units as at 31 December 2018 and 330 units as at 30 June 2019.

Rai Group / Reclassified statements

Reclassified statements

INCOME STATEMENT

(€/million)	June 2019	June 2018	Change
External revenue	1,365.9	1,309.9	56.0
External costs net of major sports events	(560.0)	(515.0)	(45.0)
Major sports events	0.0	(10.8)	10.8
External costs	(560.0)	(525.8)	(34.2)
HR expenses	(521.1)	(519.4)	(1.7)
EBITDA	284.8	264.7	20.1
Depreciation, amortisation and write-downs	(271.4)	(265.8)	(5.6)
Provisions	0.8	(1.9)	2.7
EBIT	14.2	(3.0)	17.2
Financial income (expense)	(7.1)	(7.6)	0.5
Earnings from equity investments recognised under the equity method	0.4	0.2	0.2
EBT	7.5	(10.4)	17.9
Income tax	(4.2)	5.5	(9.7)
Net profit (loss) for the period	3.3	(4.9)	8.2
of which attributable to minority interests	11.4	10.8	0.6
Other components of the total profit/(loss)	(29.3)	(0.3)	(29.0)
Total profit/(loss) for the period	(26.0)	(5.2)	(20.8)
of which attributable to minority interests	11.1	10.9	0.2

CAPITAL STRUCTURE

(€/million)	30.06.2019	31.12.2018	Change
Fixed assets	2,081.7	2,006.8	74.9
Net working capital	(817.0)	(650.6)	(166.4)
Provisions for risks and charges	(173.9)	(181.8)	7.9
Employee benefits	(445.6)	(434.9)	(10.7)
Net invested capital	645.2	739.5	(94.3)
Equity	406.1	453.0	(46.9)
Net financial debt excluding operating lease liabilities	157.8	286.5	(128.7)
Liabilities for operating leases	81.3	0.0	81.3
Net financial debt	239.1	286.5	(47.4)
	645.2	739.5	(94.3)

Summary of financial position as at 30 June 2019

Analysis of results of the Rai Group

The Rai Group financial statements for the first half of 2019 show a net profit of €3.3 million, up from the result for the same period of 2018 (loss of €4.9 million).

Some summary information on the main items of the income statement and equity structure is provided below, along with the reasons for the most significant variances compared to the figures of the previous period.

TV licence fees

TV licence fees amounted to €922.2 million, up by €35.5 million (+4.0%) compared to the first half of 2018, as seen in the table below.

The increase in the item was mainly the result of licences fees collected by enforcement order, up by €34.6 million compared to the same period of 2018. These were due to higher amounts collected by the State through roles in the years between 2004 and 2015.

Income statement

External revenue

This is made up of licence fees, advertising proceeds and other trade revenue, totalling €1,365.9 million, up by € 56.0 million (+4.3%).

EXTERNAL REVENUE

(€/million)	June 2019	June 2018	Change
TV licence fees	922.2	886.7	35.5
Advertising	327.1	329.2	(2.1)
Other revenue	116.6	94.0	22.6
Total	1,365.9	1,309.9	56.0

TV LICENCE FEES

(€/million)	June 2019	June 2018	Change
Licence fees of the year - ordinary	817.4	817.2	0.2
Licence fees of the year - special	43.3	40.1	3.2
Licences fees collected by enforcement order	50.1	15.5	34.6
Contingencies on ordinary licence fees	11.4	13.9	(2.5)
Total	922.2	886.7	35.5

Rai Group / Summary of financial position as at 30 June 2019

Advertising

In the first half of 2019, the advertising market decreased by 5.7% compared to the same period of 2018 (source: Nielsen data), at least in part due to the channelling of investments towards the so-called Over The Top (search - social - classified, etc.), which is not surveyed by Nielsen.

More specifically, television, which confirmed its leadership accounting for about 62% of the total market, recorded a 6.3% decrease, while the other media in which the Rai Group is present are growing: Radio (+1.4%), Internet (+1.2%, not including OTT) and cinema (+24.8%).

In this context, the Rai Group's advertising proceeds (€327.1 million), shown in detail in the table below, recorded a decrease of €2.1 million, compared to first half of 2018 (-0.6%).

Other revenue

This item amounted to €116.6 million, up by €22.6 million (+24.0%) compared to 30 June 2018.

A breakdown of this item is shown in the table below.

The increase compared to the first half of 2018 is due to €19.2 million, which is the portion pertaining to the annual contribution recognized by the State as consideration

ADVERTISING

(€/million)	June 2019	June 2018	Change
Television advertising on general-interest channels:			
- air time	179.5	195.6	(16.1)
- promotions, sponsorships and other initiatives	90.8	76.7	14.1
	270.3	272.3	(2.0)
Television advertising on specialist channels	32.1	35.3	(3.2)
Radio advertising	15.2	15.3	(0.1)
Cinema advertising	2.4	1.7	0.7
Web advertising	7.0	5.9	1.1
Other advertising	1.1	0.4	0.7
Third parties' share	(1.0)	(1.1)	0.1
Contingencies	0.0	(0.6)	0.6
Total	327.1	329.2	(2.1)

OTHER REVENUE

(€/million)	June 2019	June 2018	Change
Special services under convention	23.0	22.0	1.0
Fulfilment of Service Contract obligations and digital programming development - Law 145/2018	19.2	0.0	19.2
Sale of rights, music publishing and patents	38.2	31.1	7.1
Film and home video distribution	13.5	19.8	(6.3)
Distribution and sale of channels	6.5	10.2	(3.7)
Fees for hosting plants and equipment	15.2	15.4	(0.2)
Sundry services, mainly for institutional purposes	3.8	3.8	0.0
Signal diffusion services, rental of circuits, radio links and connections	1.4	1.1	0.3
Interactive telephone	0.2	0.3	(0.1)
Contributions for operating expenses	1.6	2.8	(1.2)
Other	5.9	4.7	1.2
Third parties share on sales	(13.9)	(17.8)	3.9
Contingencies	2.0	0.6	1.4
Total	116.6	94.0	22.6

for the performance of obligations under the service contract, including those for the development of digital programming, determined (for the years 2019 and 2020) by Law no. 145 of 30 December 2018, and to €7.1 million for the sale of rights, music editions and patents, which rose as a result of an agreement for the licensing of patents that are essential to the DVB-T2 standard owned by Rai.

Among the other most significant changes are the decrease in revenues from film and home video distribution (-€6.3 million) as a result of the box office success achieved in the first half of 2018 by some films distributed by Rai Cinema and from channel distribution and marketing (-€3.7 million) as a result of the loss of revenues deriving from agreements for the marketing of the special-interest channels of some football teams, which ended with the 2017/2018 season.

With regard to the trends shown above, other revenue accounted for 8.5% of income, with an increase of 1.3% compared to 30 June 2018, mainly at the expense of advertising, as shown 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 totalled €1,081.1 million, up €35.9 million (+3.4%) compared to the same period of 2018. The reasons for this are illustrated below.

External costs

These amounted to €560.0 million and included the purchases of goods and the supply of services necessary 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.).

% OF REVENUE

	June 2019	June 2018
TV licence fees	67.6	67.7
Advertising	23.9	25.1
Other revenue	8.5	7.2
Total	100.0	100.0

EXTERNAL COSTS

(€/million)	June 2019	June 2018	Change
Purchases of materials	6.6	6.8	(0.2)
Costs for services			
Contractors	70.1	69.2	0.9
Services for programme acquisition and production	112.6	114.1	(1.5)
Service travel and accessory personnel costs	23.0	21.2	1.8
Maintenance, repairs, transport and similar	23.0	22.1	0.9
IT system documentation and assistance services	27.6	27.4	0.2
Other outsourced services (telephony, supply services, cleaning, postal, insurance, agency commissions, etc.)	74.5	73.1	1.4
Rental expenses and rentals	31.4	43.8	(12.4)
Recording rights (basically sports broadcasting rights)	116.3	75.1	41.2
Copyright	55.0	53.4	1.6
Recovery of expenses	(7.5)	(7.8)	0.3
Contingencies	1.9	1.0	0.9
	527.9	492.6	35.3
Other costs	25.5	26.4	(0.9)
Total	560.0	525.8	34.2

As shown in the table, the item recorded an increase of €34.2 million (+6.5%) compared to the first half of 2018, despite the presence in 2018 of the costs of the Winter Olympics (€10.8 million, of which €10.0 million for the acquisition alone of the recording rights) and the decrease in costs for rent and hire (-€12.4 million), largely due to the first-time adoption of IFRS 16, which provides for a different method for recognising the charges for long-term operating leases (amortisation of rights of use and financial charges instead of instalments posted among external costs).

This increase was largely due to recording rights (+€41.2 million) for the following sports events: football - Coppa Italia (+€24.0 million) due to higher contractual costs and a higher number of matches played in the first half of 2019 compared to 2018; football - Champions League (+€23.1 million) not acquired in 2018; football - National team (+€6.7 million) also due to the presence in 2019 of the Under 21 European Football Championship.

HR expenses

This item amounted to €521.1 million, up by €1.7 million (+0.3%) compared to the first half of 2018, as shown in the table below.

The reduction in Wages and salaries, and social security costs was mainly due to lower provisions for the rewards system for

employees compared to the first half of 2018 and to the effects of redundancy incentives in the second half of 2018. The savings recorded were largely offset by the economic effects of the recent renewals of collective bargaining agreements, the stabilisation of staff with fixed-term contracts, the hiring of staff to replace personnel under the incentive plan and contractual automatisms.

There were also net contingent liabilities instead of net contingent assets in the first half of 2018, as a result of the release of provisions in excess.

The **average number of employees** during the period, including temporary personnel, was 12,661 units with 148 units less than in the first half of 2018, caused by a decrease in fixed-term personnel (402 units) and an increase in permanent personnel (254 units).

Current employees as at 30 December 2019 consisted of 12,559 units of headcount (including permanent personnel, temporary top management and apprenticeship contracts) and 330 units of temporary personnel. The decrease of 259 units in headcount compared to 30 June 2019 was caused by the exit of 129 units, of whom 89 due to incentives, and by the hiring of 388 units, of whom 211 to stabilise temporary personnel, 141 under new apprenticeship contracts, and 8 following lawsuits.

HR EXPENSES

(€/million)	June 2019	June 2018	Change
Wages and salaries, and social security costs	495.3	497.9	(2.6)
Employee severance pay provision	21.8	21.6	0.2
Pensions and similar obligations	7.3	7.4	(0.1)
Other	3.6	3.4	0.2
	528.0	530.3	(2.3)
Redundancy incentives	1.6	1.1	0.5
Recovery of expenses	(0.2)	(1.1)	0.9
HR expenses capitalised	(8.5)	(8.4)	(0.1)
Contingencies	0.2	(2.5)	2.7
	(6.9)	(10.9)	4.0
Total	521.1	519.4	1.7

EBITDA

In connection with the changes stated above, EBITDA was positive and totalled €284.8 million, up €20.1 million compared to the first half of 2018.

Depreciation, amortisation and write-downs

The balance of the item amounted to €271.4 million, up €5.6 million (+2.1%) compared to 30 June 2018 and refers to depreciation, amortisation and write-downs of current and non-current assets as shown in the table below.

It is worth noting that the item includes the amortisation of the lease rights of use, amounting to €12.1 million, due to the application as of 1 January 2019 of the accounting

standard IFRS 16, which, as already mentioned, provides for a different method for recognising the expenses of long-term operating leases (amortisation of rights of use and financial charges instead of the cost for rents and leases).

Provisions

The item, which recognises the provisions for risks and charges and any uses not classifiable in specific items of profit or loss, shows a positive balance of €0.8 million (negative for €1.9 million in 2018) caused by provisions for €1.7 million (of which €1.0 for litigation in progress) and by uses of provisions set aside in previous years and now in excess by €2.5 million (of which €1.5 million following the successful outcome of disputes on fees for the occupancy of public land).

DEPRECIATION, AMORTISATION AND WRITE-DOWNS

(€/million)	June 2019	June 2018	Change
Amortisation/depreciation			
Of programmes			
Fiction	138.0	139.3	(1.3)
Film	49.4	47.8	1.6
Cartoons	5.6	4.8	0.8
Other	2.3	2.7	(0.4)
	195.3	194.6	0.7
Of property, plant and equipment			
Buildings	8.5	8.6	(0.1)
Plant and machinery	35.9	35.4	0.5
Fixtures and fittings, tools and other equipment	1.5	1.4	0.1
Other assets	3.0	3.0	0.0
	48.9	48.4	0.5
Of real estate investments	0.1	0.2	(0.1)
Of intangible assets			
Software	4.4	4.1	0.3
Other rights	0.2	0.2	0.0
	4.6	4.3	0.3
Lease rights of use			
Real Estate	10.3	0.0	10.3
Transport vehicles	1.8	0.0	1.8
	12.1	0.0	12.1
Total amortisation and depreciation	261.0	247.5	13.5
Write-downs (reversing impairment losses)			
Of intangible assets			
Programmes under amortisation	9.0	16.0	(7.0)
Programmes in progress	1.2	1.5	(0.3)
	10.2	17.5	(7.3)
Of other non-current assets	(0.7)	0.7	(1.4)
Of trade receivables and other current assets	0.9	0.1	0.8
Total write-downs	10.4	18.3	(7.9)
Total depreciation, amortisation and write-downs	271.4	265.8	5.6

EBIT

The trends in revenues and costs illustrated above resulted in a positive EBIT of €14.2 million, an improvement of €17.2 million compared to 30 June 2018.

Financial income (expense)

The item, as detailed in the following table, was negative by €7.1 million (-€7.6 million as at 30 June 2018) and shows the economic effects arising from recognition of the actuarial interest for employee benefits, the effects of financial management, such interest income/expense from banks and bondholders, exchange rate charges/gains and, in 2019, interest expense

on lease contracts as a result of the adoption of the new accounting standard IFRS 16.

The change in this item compared to the first half of 2018 was mainly due to the net exchange rate gains, up €0.8 million, and the recognition of interest expense on lease contracts for €0.5 million.

The average cost of loans, consisting of uncommitted lines of credit, revolving credit lines, EIB loan, and the 2020 bond of the Parent Company with maturity in May 2020 was 1.7% and is aligned with the figure of the first half of 2018 (1.7%).

FINANCIAL INCOME (EXPENSE)

(€/million)	June 2019	June 2018	Change
Dividends	0.0	0.1	(0.1)
Net interest income (expense) net with banks and other lenders	(0.3)	(0.6)	0.3
Interest expense on bonds	(3.1)	(3.0)	(0.1)
Interest on employee benefit liabilities	(2.6)	(2.6)	0.0
Interest expense on lease contracts	(0.5)	0.0	(0.5)
Net exchange rate gains (charges)	0.5	(0.3)	0.8
Other	(1.1)	(1.2)	0.1
Net financial income (expense)	(7.1)	(7.6)	0.5

Earnings from equity investments recognised under the equity method

The item showed a gain of €0.4 million (€0.2 million in 2018) brought about by valuation of the associates and joint ventures at net equity.

Income tax

This item presented a negative balance of €4.2 million (positive by €5.5 million in the first half of 2018) and is due to the balance between current and deferred taxes, as itemised in the following table.

With the exception of the Parent Company, the economic trends in the first half of the

year resulted in taxable results for Group companies, for which a total of €15.1 million for IRES and €3.1 million for IRAP was set aside.

Deferred tax liabilities showed a positive economic effect of €1.0 million due to return of the temporary differences recognised in the previous years.

Deferred tax assets showed a positive economic effect of €12.7 million due mainly to recognition of the tax loss of the Parent Company in the period, which was offset by the income brought in by the Group companies during tax consolidation.

INCOME TAX

(€/million)	June 2019	June 2018	Change
IRES	(15.1)	(13.6)	(1.5)
IRAP	(3.1)	(2.9)	(0.2)
Deferred tax liabilities	1.0	1.9	(0.9)
Deferred tax assets	12.7	19.8	(7.1)
Direct taxes of previous years, substitution tax and others	0.3	0.3	0.0
Total	(4.2)	5.5	(9.7)

Capital structure

Fixed assets

This item amounted to €2,081.7 million, up €74.9 million compared to 30 June 2019 due to recognition of lease rights of use for €79.7 million. A breakdown of this item is shown in the table below.

Property, plant and equipment, explained in detail in the table below, decreased by €16.0 million.

Lease rights of use amounted to €79.7 million and, as already mentioned, are recognised from 2019 as a result of the entry into force of IFRS 16, with reference to lease and rental contracts for assets with a term of more than 12 months.

These contracts are to be recorded in the financial statements of the lessee by recognising a liability in the statement of financial position, represented by the current value of future instalments, calculated using the implicit lease interest rate or the marginal financing rate of the lessee if the lease's implicit interest rate is not easy to calculate, with contextual recognition in assets of the corresponding "lease use right".

The audit carried out highlighted inclusion, applying the standard, of property and car lease contracts and, for minor amounts, office printers; the table below shows the amount of rights of use for these types of contracts.

FIXED ASSETS

(€/million)	30.06.2019	31.12.2018	Change
Property, plant and equipment	1,061.5	1,077.5	(16.0)
Lease-use rights	79.7	0.0	79.7
Assets in programmes	895.5	881.7	13.8
Long-term investments	10.4	9.8	0.6
Others	34.6	37.8	(3.2)
Total	2,081.7	2,006.8	74.9

PROPERTY, PLANT AND EQUIPMENT

(€/million)	30.06.2019	31.12.2018	Change
Land	383.4	383.4	0.0
Buildings	327.1	330.5	(3.4)
Plant and machinery	244.6	259.2	(14.6)
Fixtures and fittings, tools and other equipment	9.0	9.6	(0.6)
Other assets	23.7	23.9	(0.2)
Work in progress and payments on account	73.7	70.9	2.8
Total	1,061.5	1,077.5	(16.0)

RIGHTS OF USE FOR LEASING

(€/million)	30.06.2019	31.12.2018	Change
Real Estate	73.4	0.0	73.4
Transport vehicles	6.3	0.0	6.3
Total	79.7	0.0	79.7

Assets in programmes, up by €13.8 million and explained in detail in the table below, are mostly represented by the TV series.

Long-term investments, consisting of company equity investments and other financial assets falling due beyond 12 months, showed an increase of €0.6 million, mainly due to recognition of prepaid expenses for fees paid for the renegotiation of the Parent Company's stand-by loan agreement of April 2019.

The item is broken down in detail in the table below.

Other assets, detailed in the table below, include goodwill and customer portfolio resulting from the provision 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 recorded a decrease of €3.2 million mostly related to software.

ASSETS IN PROGRAMMES

(€/million)	30.06.2019	31.12.2018	Change
Fiction	513.6	483.7	29.9
Film	272.6	286.8	(14.2)
Cartoons	40.7	41.4	(0.7)
Rights of library use	59.5	60.5	(1.0)
Other	9.1	9.3	(0.2)
Total	895.5	881.7	13.8

LONG-TERM INVESTMENTS

(€/million)	30.06.2019	31.12.2018	Change
Equity investments in associated companies			
Auditel Srl	0.7	0.7	0.0
Euronews SA	0.6	0.6	0.0
San Marino RTV SpA	2.0	2.1	(0.1)
Tivù Srl	2.6	2.4	0.2
	5.9	5.8	0.1
Other equity investments	0.9	0.9	0.0
Fixed-income securities	2.4	2.4	0.0
Other	1.2	0.7	0.5
Total	10.4	9.8	0.6

OTHER FIXED ASSETS

(€/million)	30.06.2019	31.12.2018	Change
Software	25.6	28.7	(3.1)
Goodwill	5.0	5.0	0.0
Sud Engineering customer portfolio	2.8	2.9	(0.1)
Commercial rights with football clubs	1.2	1.2	0.0
Total	34.6	37.8	(3.2)

Investments in the first half of 2019 amounted to €261.0 million, up €16.1 million (+6.6%) compared to the first half of 2018. Unlike in 2018, the figure for 2019 includes investments in lease rights of use (equal to €6.0 million).

In detail:

- greater investments in programmes for €11.8 million (+5.7%) referring to the film genre;
- lower technical investments for €1.7 million (-4.7%) mostly referring to software.

Net working capital

The most significant changes compared to 30 June 2019 regard the following items:

Trade receivables, up by €75.0 million mainly for the recognition of the receivables from the State for the performance of obligations under the service contract, including those for the development of digital programming and for special services under convention.

Other receivables, up by €30.3 million mainly for advances paid for the acquisition of rights to future football events such as the 2020 European Football Championships and other UEFA events.

Other payables, up by €262.9 million, due to deferrals on subscription fees originating from the difference between the amounts paid in the first half of the year by the Ministry of the Economy and Finance compared to the relevant economic value, the repayment of which is expected in the second half of the year.

INVESTMENTS

(€/million)	June 2019	June 2018	Change
Fiction	177.9	177.6	0.3
Film	36.6	24.0	12.6
Other programmes	6.1	7.2	(1.1)
Total investments in programmes	220.6	208.8	11.8
Property, plant and equipment	33.0	33.3	(0.3)
Software	1.4	2.8	(1.4)
Total technical investments	34.4	36.1	(1.7)
Investments in lease rights of use	6.0	0.0	6.0
Total investments	261.0	244.9	16.1

NET WORKING CAPITAL

(€/million)	30.06.2019	31.12.2018	Change
Inventories	2.3	2.3	0.0
Trade receivables	452.4	377.4	75.0
Other receivables	217.3	187.0	30.3
Trade payables	(696.9)	(706.0)	9.1
Other payables	(750.7)	(487.8)	(262.9)
Assets (liabilities) for deferred taxes	(41.4)	(23.5)	(17.9)
Total	(817.0)	(650.6)	(166.4)

Provisions for risks and charges

The item provisions for risks and charges, amounting to €173.9 million, recorded a decrease of €7.9 million compared to 30 June 2019, mainly due to the provisions set aside for litigation in progress and tax disputes of Rai Pubblicità in the course of which the company has submitted a request for facilitated settlement of pending tax disputes.

Employee benefits

The item employee benefits, which amounted to €445.6 million, increased by €10.7 million compared to 30 June 2019 as a result of the decrease in discounting rates, which had a negative impact on the overall result for the period of €17.2 million.

The table below shows the details of the provisions and relevant changes compared to 31 December 2018.

EMPLOYEE BENEFITS

(€/million)	30.06.2019	31.12.2018	Change
Employee severance pay	(232.3)	(225.0)	(7.3)
Supplementary company pension provision	(127.5)	(125.4)	(2.1)
Provision for former fixed substitute journalists benefits (former pay in lieu of notice to journalists)	(70.1)	(68.7)	(1.4)
FASDIR assistance provision for the retired	(14.7)	(14.7)	0.0
Seniority bonuses	(0.6)	(0.5)	(0.1)
Other	(0.4)	(0.6)	0.2
Total	(445.6)	(434.9)	(10.7)

Rai Group / Summary of financial position as at 30 June 2019

Net financial position

The first half of 2019 closed with a net financial position, calculated following the ESMA scheme, and was negative for €239.1 million (+€89.2 million as at 30 June 2018), showing an improvement over 31 December 2018 of €47.4 million, as illustrated in the table below.

The adoption of the new accounting standard IFRS 16 resulted in the recognition as at 30 June 2019 of liabilities for operating leases for €81.3 million; net of this amount, financial debt at 30 June 2019 would amount to €157.8 million, up by €128.7 million compared to 30 June 2019.

The reduction in net debt compared to 30 June 2019 is due to ordinary cash flows in the first half of the year, characterised by the settlement of ordinary instalments on account totalling €1,220 million. The balance was negatively affected by lower revenues from advertising and other commercial revenues and by disbursements for the redundancy plan launched in May 2018 and the acquisition of the Champions League rights, which were absent in the first half of 2018.

NET FINANCIAL POSITION

(€/million)	30.06.2019	31.12.2018	Change June 2019 December 2018	30.06.2018
Liquidity	226.8	92.2	134.6	505.2
Current financial receivables:				
- financial assets on derivatives	0.7	0.6	0.1	0.4
- tied accounts	6.0	5.5	0.5	6.4
- due to associates	1.6	0.0	1.6	1.8
- other	0.6	0.4	0.2	0.6
	8.9	6.5	2.4	9.2
Current financial debt:				
- due to banks	(10.1)	(10.1)	0.0	(40.1)
- bond issue	(349.2)	0.0	(349.2)	0.0
- due to other lenders	0.0	(0.1)	0.1	(0.1)
- due to associates	0.0	(0.1)	0.1	0.0
- liabilities for leases	(30.5)	(5.7)	(24.8)	0.0
- other	(1.3)	0.0	(1.3)	(0.2)
	(391.1)	(16.0)	(375.1)	(40.4)
Non-current financial debt:				
- due to banks	(10.2)	(15.2)	5.0	(35.3)
- bond issue	0.0	(348.7)	348.7	(348.3)
- due to other lenders	(0.1)	(0.2)	0.1	(0.2)
- financial liabilities on derivatives	(17.1)	(5.1)	(12.0)	(1.0)
- liabilities for leases	(56.3)	0.0	(56.3)	0.0
	(83.7)	(369.2)	285.5	(384.8)
Net cash (financial debt)	(239.1)	(286.5)	47.4	89.2
of which liabilities for operating leases	(81.3)	0.0	(81.3)	0.0
Net cash (financial debt) excluding operating lease liabilities	(157.8)	(286.5)	128.7	89.2

The average financial position (excluding liabilities for operating leases and assets/liabilities for derivatives) was negative by approximately €169 million (negative by €42 million in the first half of 2018), down by €127 million due to higher debt at the beginning of the year, disbursements recorded in the first months of the year as a result of the redundancy plan and a different distribution of payments from associates.

The Interest Rate Swap Forward Start contracts signed in the first half of 2017 for a total nominal amount of €350 million with start date May 2020 and validity for the following 5 years, to hedge the risk of an increase in interest rates when the current bond expires and the resulting need to refinance recorded a negative fair value of €17.1 million (negative at €5.1 million as at 31 December 2018), thus negatively impacting the overall net result for the period by €12.0 million.

The financial risks to which the Group is exposed are monitored with appropriate IT and statistical tools. A policy regulates financial management according to best practices, to preserve the company's value through a stance adverse to risk, pursued with active monitoring implemented 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 statements, to which the reader is referred.

Financial Statements of the Rai Group

Financial statements of the Rai Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/million)	Note	Half-year ended 30 June 2019	Year ended 31 December 2018
Property, plant and equipment	8.1	1,057.2	1,073.1
Real estate investments	8.2	3.0	4.4
Lease rights of use	8.3	79.7	-
Intangible assets	8.4	930.1	919.5
Equity investments	8.5	6.8	6.7
Non-current financial assets	8.6	3.6	3.1
Deferred tax assets	8.7	-	-
Other non-current assets	8.8	27.1	50.2
Total non-current assets		2,107.5	2,057.0
Inventory	9.1	2.3	2.3
Trade receivables	9.2	442.6	373.3
Current financial assets	9.3	8.9	6.5
Current income tax receivables	9.4	19.5	19.0
Other current receivables and assets	9.5	180.5	121.9
Cash and cash equivalents	9.6	226.8	92.2
Total current assets		880.6	615.2
Non-current assets held for sale	10.0	1.3	-
Total assets		2,989.4	2,672.2
Share capital		242.5	242.5
Reserves		164.1	197.2
Retained earnings (losses)		(54.3)	(50.3)
Total Group shareholders' equity		352.3	389.4
Third party capital and reserves		42.6	42.5
Retained earnings (losses) attributable to minority interests carried forward		11.2	21.1
Total shareholders' equity attributable to minority interests		53.8	63.6
Total shareholders' equity	11	406.1	453.0
Non-current financial liabilities	12.1	27.4	369.2
Non-current lease liabilities	12.2	56.3	-
Employee benefits	12.3	445.6	434.9
Provisions for non-current risks and charges	12.4	173.7	181.5
Deferred tax liabilities	12.5	41.4	23.5
Other non-current payables and liabilities	12.6	0.9	1.6
Total non-current liabilities		745.3	1,010.7
Trade payables	13.1	696.9	706.0
Provisions for current risks and charges		0.2	0.3
Current financial liabilities	13.2	360.6	16.0
Current lease liabilities	12.2	30.5	-
Current income tax payables	13.3	17.2	31.0
Other current payables and liabilities	13.1	732.6	455.2
Total current liabilities		1,838.0	1,208.5
Total liabilities		2,583.3	2,219.2
Total shareholders' equity and liabilities		2,989.4	2,672.2

CONSOLIDATED INCOME STATEMENT

(€/million)	Note	Half year ended	
		30 June 2019	30 June 2018
Revenue from sales and services	14.1	1,360.8	1,303.6
Other revenue and income	14.2	5.1	6.3
Total revenue		1,365.9	1,309.9
Costs for the purchase of consumables	14.3	(6.6)	(6.8)
Costs for services	14.3	(527.9)	(492.6)
Other costs	14.3	(25.5)	(26.4)
HR expenses	14.4	(521.1)	(519.4)
Impairment of financial assets	14.5	(1.1)	0.3
Depreciation, amortisation and write-downs	14.6	(270.3)	(266.1)
Provisions	14.7	0.8	(1.9)
Total costs		(1,351.7)	(1,312.9)
EBIT		14.2	(3.0)
Financial income	14.8	0.8	0.8
Financial expenses	14.8	(7.9)	(8.4)
Earnings from equity investments recognised under equity method	14.9	0.4	0.2
Pre-tax profit/(loss)		7.5	(10.4)
Income tax	14.10	(4.2)	5.5
Profit/(loss) for the period		3.3	(4.9)
of which attributable:			
- to the Group		(8.1)	(15.7)
- to minority interests		11.4	10.8

Financial statements of the Rai Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/million)

Half year ended

	30 June 2019	30 June 2018
Profit/(loss) for the period	3.3	(4.9)
Items that can be reclassified to the income statement:		
Profit/(loss) on cash flow hedge	(12.1)	(1.8)
Conversion of balances with currency that is not the Euro	-	-
Tax effect	-	0.2
Total	(12.1)	(1.6)
Items that cannot be reclassified to the income statement:		
Recalculation of defined-benefit plans	(17.3)	1.3
Tax effect	0.1	-
Total	(17.2)	1.3
Total profit (loss) for the year	(26.0)	(5.2)
of which attributable:		
- to the Group	(37.1)	(16.1)
- to minority interests	11.1	10.9

CONSOLIDATED CASH FLOW STATEMENT

(€/million)	Note	Half year ended	
		30 June 2019	30 June 2018
Profit (loss) before tax		7.5	(10.4)
Adjustments for:			
Depreciation, amortisation and write-downs	14.5 - 14.6	271.4	265.8
Provisions and (issues) to personnel provisions and other provisions	14.7	27.2	35.8
Net financial charges (income)	14.8	7.1	7.6
Earnings from equity investments recognised under equity method	14.9	(0.4)	(0.2)
Other non-monetary items		-	0.1
Cash flow generated by operating activities before changes in net working capital		312.8	298.7
Change in inventory	9.1	-	0.1
Change in trade receivables	9.2	(70.4)	28.5
Change in trade payables	13.1	(9.1)	22.2
Change in other assets/liabilities		242.1	278.3
Use of provision for risks	12.4	(13.2)	(24.0)
Payment of employee benefits	12.3	(31.1)	(34.8)
Taxes paid		-	(0.3)
Net cash flow generated by operating activities		431.1	568.7
Investments in property, plant and equipment and real estate investments	8.1- 8.2	(33.0)	(33.3)
Disposal of property, plant and equipment and real estate investments	8.1- 8.2	-	-
Investments in intangible assets	8.4	(222.0)	(211.6)
Disposal of intangible assets	8.4	1.3	-
Equity investments	8.5	-	-
Dividends collected		0.1	0.1
Interest collected		0.1	0.1
Change in financial assets	8.6 - 9.3	(2.1)	(1.4)
Net cash flow generated by investment activity		(255.6)	(246.1)
Long-term loans taken out	12.1	-	-
Long-term loan redemptions	12.1	(5.1)	(20.1)
Repayment of lease liabilities	12.2	(10.2)	-
(Decrease)/Increase in short-term borrowings and other loans	13.2	1.2	0.1
Interest paid [1]		(5.9)	(6.1)
Dividends distributed		(20.9)	(19.3)
Net cash flow generated by financial activities		(40.9)	(45.4)
Change in cash and cash equivalents		134.6	277.2
Cash and cash equivalents at the beginning of the year	9.6	92.2	228.0
Cash and cash equivalents at the end of the period	9.6	226.8	505.2

[1] referring to financial assets/liabilities

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 11)
Balances as at 1 January 2018	242.5	11.8	197.0	(34.8)	416.5	61.7	478.2
Allocation of profit	-	0.2	(5.6)	5.4	-	-	-
Distribution of dividends	-	-	-	-	-	(19.3)	(19.3)
Transactions with shareholders	-	-	-	-	-	(19.3)	(19.3)
Profit/(loss) for the period	-	-	-	(15.7)	(15.7)	10.8	(4.9)
Statement of comprehensive income components	-	-	(1.7)	1.3	(0.4)	0.1	(0.3)
Total profit/(loss) for the period	-	-	(1.7)	(14.4)	(16.1)	10.9	(5.2)
Balances as at 30 June 2018	242.5	12.0	189.7	(43.8)	400.4	53.3	453.7
Balances as at 1 January 2019	242.5	12.0	185.2	(50.3)	389.4	63.6	453.0
Allocation of profit	-	-	(21.0)	21.0	-	-	-
Distribution of dividends	-	-	-	-	-	(20.9)	(20.9)
Transactions with shareholders	-	-	-	-	-	(20.9)	(20.9)
Profit/(loss) for the period	-	-	-	(8.1)	(8.1)	11.4	3.3
Statement of comprehensive income components	-	-	(12.1)	(16.9)	(29.0)	(0.3)	(29.3)
Total profit/(loss) for the period	-	-	(12.1)	(25.0)	(37.1)	11.1	(26.0)
Balances as at 30 June 2019	242.5	12.0	152.1	(54.3)	352.3	53.8	406.1

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

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, 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 service. With Prime Ministerial Decree of 28 April 2017 containing "Assignment of the radio, televisions and multimedia Public Service concession and approval of the annexed draft agreement", Rai was established as the 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 Italian and EU regulatory sources, the Parent Company is required to meet precise programming quality and quantity obligations that are described in detail in the Service Agreement (hereinafter the "Agreement") drawn up with the Ministry of Economic Development for the period 2018-2022, published in the Official Gazette on 7 March 2018.

The Agreement 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 held by:

- the Ministry of Economy and Finance (99.5583%)
- SIAE Società Italiana Autori Editori (0.4417%)

The review of the interim Consolidated Financial Statements (hereinafter the "Consolidated Financial Statements") as at 30 June 2019 is conducted by 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 as a Public Interest Entity.

2 Criteria for the preparation, measurement and use of estimates

The Consolidated Financial Statements have been prepared in accordance with the provisions of IAS 34 - Interim Financial Reporting, which is part of the *International Financial Reporting Standards (IFRS)*.

Regarding the criteria for the preparation, measurement and use of estimates adopted for the preparation of the Consolidated Financial Statements, kindly refer to the specific paragraphs in the explanatory notes to the Consolidated Financial Statements in the Reports and Financial Statements at 31 December 2018, which are unchanged, except those related to the entry into force of IFRS 16 "Leases" on 1 January 2019, (hereinafter, "IFRS 16"), the effects of which are set out in Note 3 "Effects of the first-time adoption of IFRS 16" below.

With regard to the IFRSs that are endorsed but not yet applicable or which have been not yet approved by the European Union, reference should be made to the specific paragraph in the explanatory notes to the Consolidated Financial Statements of the Report and Financial Statements at 31 December 2018. In addition, the following standards were approved in the first half of 2019:

- "*Long-term interests in associates and joint ventures (Amendments to IAS 28)*" was endorsed with regulation no. 2019/237, issued by the European Commission on 8 February 2019. The amendments are intended to clarify that the impairment requirements of IFRS 9 "Financial Instruments" apply to long-term interests in associates and joint ventures.

These amendments are effective starting from the years beginning on or after 1 January 2019.

- Regulation no. 2019/402, issued by the European Commission on 13 March 2019, approved the document "*Plan amendment, curtailment or settlement (Amendments to IAS 19)*". The amendments specify that when an entity recalculates its net liabilities (assets) for defined benefit plans after a plan amendment, curtailment or settlement, it must use the updated actuarial assumption to calculate the cost of the current service and the net interest for the remaining part of the annual reference period.

These amendments are effective starting from the years beginning on or after 1 January 2019.

- Regulation no. 2019/412, issued by the European Commission on 14 March 2019, approved the document "*Annual Improvement to IFRS standards 2015-2017*". The amendments it contains are:
 - IFRS 3 "*Business combinations*": when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

- IFRS 11 “*Joint Arrangements*”: when an entity obtains joint control of a business that is a joint operation, it must not remeasure the interests previously held in that joint operation.
 - IAS 12 “*Income Tax*”: an entity must recognise all income tax consequences of dividends in profit or loss when the entity recognises the liability relative to the dividend to be paid. An entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.
 - IAS 23 “*Borrowing Costs*”: when an entity borrows generally and uses these funds to obtain an asset eligible for capitalisation, the entity must determine the amount of the financial expenses eligible for capitalisation by applying a capitalisation rate to the costs incurred for that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period.
- These amendments are effective starting from the years beginning on or after 1 January 2019.

The above changes had no impact on the Consolidated Financial Statements.

3 Effects arising from the first-time adoption of accounting standard IFRS 16

IFRS 16 establishes that all leases, established as contracts attributing a right to use an identified or identifiable asset, for a certain period of time in exchange for a fee, be recognised in the financial statements of the lessee by recognising a liability in the statement of financial position, represented by the current value of future instalments, calculated using the implicit lease interest rate or the incremental borrowing rate of the lessee if the lease's implicit interest rate is not readily available, with contextual recognition in assets of the corresponding “right-of-use”, amortised on a straight line basis throughout the duration of the lease.

Therefore, the lessee will recognise amortisation for the right of use and interest accrued on the liability in the income statement, in place of the operating lease instalments recognised in costs for services based on IAS 17 which was in force until 2018.

In the cash flow statement, the payment of instalments repaying the aforementioned liability will be presented in cash flows from financing therefore, referring to leases classified as operating leases in compliance with IAS 17; application of IFRS 16 will imply a change to the net operating cash flow and the net cash flow from financing. IFRS 16 therefore exceeds, in the lessee's statement, the previous distinction between operating and financial leases. However, in the lessor's statement, both the distinction between operating and financial lease is maintained as is the accounting established in IAS 17.

The analysis carried out by the Group highlighted inclusion, applying the standard, of the following contract types:

- property leases;
- car rentals;
- office equipment rental.

Upon first-time adoption of accounting standard IFRS 16, the Group opted:

- to adopt the “simplified retrospective approach” allowed by the standard for leases previously classified as operating leases, recognising the lease payable and the corresponding right of use value measured on the remaining contractual instalments at the switch-over date and discounted based on the incremental borrowing rate applicable to the Group as at 1 January 2019, i.e. the interest rate the Group would have paid to implement a loan transaction with a similar cash profile and the same collateral guarantees as the lease being measured (the Incremental Borrowing Rate);
- to continue to recognise as an expense the payments due for short-term leases (of less than 12 months' duration) and for leases where the *underlying asset* is of modest value;
- not to re-examine each lease in force as at 1 January 2019, applying IFRS 16 solely to contracts previously identified as leases (pursuant to IAS 17 and IFRIC 4);
- to check recoverability of right of use assets as at 1 January 2019 based on the measurement made for the Consolidated Financial Statements as at 31 December 2018, based on the cost of the leases in compliance with provisions in IAS 37;
- not to group leases with a residual duration as at 1 January 2019 of less than 12 months with short term leases in the transitional stage.

To highlight the effects deriving from the application of the new standard, the statement of financial position has been modified with the introduction of the following items:

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

- “lease rights of use”, among non-current assets;
- “lease liabilities” allocated to current and non-current liabilities in relation to the timing of the maturity of the liabilities (within and beyond 12 months, respectively).

The main impacts on the Consolidated Financial Statements can be summed up as follows:

- consolidated statement of financial position: greater non-current assets for recognition of “lease rights of use” of €85.8 million as at 1 January 2019 and “lease liabilities” of €85.4 million as at 1 January 2019. The difference between the two values is caused by advances paid in 2018 for contractual instalments straddling the two years;
- consolidated income statement: different type, quantification, qualification and classification of costs (amortisation of the “lease rights of use” under “amortisation and other write-downs” and “interest expense for leases” under “financial expenses” compared to the previous classification of costs for leases and rentals under “costs for services”) with a positive impact on gross operating profitability. Furthermore, the combination between straight line amortisation of lease rights of use and the effective interest rate method applied to lease payables imply higher expenses in the income statement in the initial years of a lease and decreasing expenses in the last years of the lease, compared to IAS 17.

The effects on the consolidated statement of financial position as at 1 January 2019 of applying the accounting standard can be found in the following table:

(€/million)	31 December 2018	IFRS 16	1 January 2019
Property, plant and equipment	1,073.1		1,073.1
Real estate investments	4.4		4.4
Lease rights of use	-	85.8	85.8
Intangible assets	919.5		919.5
Equity investments	6.7		6.7
Non-current financial assets	3.1		3.1
Deferred tax assets	-	-	-
Other non-current assets	50.2		50.2
Total non-current assets	2,057.0	85.8	2,142.8
Inventory	2.3		2.3
Trade receivables	373.3		373.3
Current financial assets	6.5		6.5
Current income tax receivables	19.0		19.0
Other current receivables and assets	121.9	(0.4)	121.5
Cash and cash equivalents	92.2		92.2
Total current assets	615.2	(0.4)	614.8
Total assets	2,672.2	85.4	2,757.6
Share capital	242.5		242.5
Reserves	197.2		197.2
Retained earnings (losses)	(50.3)	-	(50.3)
Total Group shareholders' equity	389.4	-	389.4
Third party capital and reserves	42.5		42.5
Retained earnings (losses)	21.1	-	21.1
Total shareholders' equity attributable to minority interests	63.6	-	63.6
Total shareholders' equity	453.0	-	453.0
Non-current financial liabilities	369.2		369.2
Non-current financial liabilities for leases	-	62.6	62.6
Employee benefits	434.9		434.9
Provisions for non-current risks and charges	181.5		181.5
Deferred tax liabilities	23.5		23.5
Other non-current payables and liabilities	1.6		1.6
Total non-current liabilities	1,010.7	62.6	1,073.3
Trade payables	706.0		706.0
Current provisions for risks and charges	0.3		0.3
Current financial liabilities	16.0		16.0
Liabilities for current leases	-	22.8	22.8
Current income tax payables	31.0		31.0
Other current payables and liabilities	455.2		455.2
Total current liabilities	1,208.5	22.8	1,231.3
Total liabilities	2,219.2	85.4	2,304.6
Total shareholders' equity and liabilities	2,672.2	85.4	2,757.6

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

4 Principles of consolidation

The Consolidated Financial Statements were prepared using the interim financial statements as at 30 June 2019 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.

Regarding the consolidation principles used for the preparation of the Consolidated Financial Statements, please refer to the specific paragraphs in the Notes to the Consolidated Financial Statements of the Reports and Financial Statements as at 31 December 2018.

The companies included in the consolidation as at 30 June 2019 are unchanged from 31 December 2018. They are listed in Note 18 "Appendix".

5 Management of financial risks

The financial risks to which the Group is exposed are managed according to the approach and the procedures defined within 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 which is however similar to Rai's. 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 risk

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.

When managing market risk, the Group uses the following derivative instruments:

- Interest rate swap to hedge exposure to interest rate risk;
- Forward currency purchase options to hedge exposure to the exchange risk.

Details of derivatives outstanding as at 30 June 2019 are provided in the table below:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Current assets		
Options on currencies	0.2	0.3
Forward purchases of currency	0.5	0.3
	0.7	0.6
Non-current liabilities		
Interest rate swaps	17.1	5.1
	17.1	5.1

Based on the policies adopted, derivatives may be used solely to hedge financial flows; use for speculative purposes is not permitted.

Further information on the fair value measurement of derivative instruments is provided in Note 7 "Fair value measurement".

The change in the spot forward purchase component (that is the change in spot exchange rates) and to exchange rate options are suspended, at the financial statement date, in the cash flow hedge reserve until recognition of the right or asset being hedged. The component linked to the time of forward purchase is registered in the income statement during the hedging duration.

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 policies require 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 and options on rates.

As at 30 June 2019, the medium/long-term borrowings of the Parent Company are all at fixed rates; therefore, the effects of the change in rates affect only the short-term positions of a varying duration and sign during the year.

The Parent Company has four Interest Rate Swap Forward Start contracts for a total nominal amount of €350 million with start date May 2020 and validity for the following 5 years, to hedge the risk of an increase in interest rates when the debenture bond issued expires and the resulting need to refinance.

The effectiveness of the hedge has been verified with reference to a hypothetical derivative with the same characteristics in terms of notional amount, maturity and reference rate, in consideration of the presumed characteristics of the bond that will be issued within the maturity period of the current one. The fair value of these transactions at 30 June 2019 was suspended in a specific cash flow hedge reserve, with an effect on the overall result for the period.

Hereunder is a table summing up the financial effects of hedging instruments in place as at 30 June 2019:

(€/million)	Half-year ended 30 June 2019 Interest rate swap	Year ended 31 December 2018 Interest rate swap
Book value	(17.1)	(5.1)
Notional amount	350.0	350.0
Starting date IRS forward	May-20	May-20
Change in fair value of the hedging instruments	(12.0)	(6.3)
Change in value of the hedged item	12.0	6.3
Fixed average rate at maturity	0.8855%	0.8855%

Sensitivity analysis

The sensitivity analysis was conducted on unhedged financial positions, consisting solely of short-term items and on Rai's Interest Rate Swap Forward Start contracts, considering a shift in the curve of +/- 50 bps. In the event of an increase, as at 30 June 2019 and 31 December 2018, there would be higher net gains on short-term positions (of approximately €1.0 million and €0.5 million respectively) and a positive change in the cash flow hedge reserve (of approximately €9.0 million and €8.0 million respectively) originating from hedging derivatives. Similar, albeit opposing, effects would occur if the rates were reduced.

Exchange rate risk

The Group's exchange risk mainly consists of exposure in USD originating from the purchase of film and TV rights by Rai Cinema SpA (hereinafter "Rai Cinema"). In the first half of 2019, these commitments generated payments of about USD 81 million (USD 92 million in 2018). Further exposure currencies, with split disbursements and of a modest amount all in all, are to the Swiss Franc and British Sterling totalling about €3 million.

As at 30 June 2019 hedging transactions referred only to Rai Cinema.

Exchange rate risk is managed starting from the date the trade commitment is signed, which may also be 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 in force governs exchange risk management in keeping with international best practices, for minimisation of risk. This is pursued through

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

the active monitoring of exposure and 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.

Here below is a table summing up the financial effects of hedging instruments in place as at 30 June 2019, for invoices, assessments or binding commitments of Rai Cinema:

(€/million)	Half-year ended 30 June 2019		Year ended 31 December 2018	
	Options on currencies	Forward purchases of currency	Options on currencies	Forward purchases of currency
Book value	0.2	0.5	0.3	0.3
Notional amount in USD	12.3	14.7	8.5	12.7
Maturity of transactions	Sep 19-Dec 20	Aug 19-Dec 20	Mar 19-Dec 19	Apr 19-Dec 19
Change in fair value of the hedging instruments (*)	0.2	0.2	0.2	0.2
Change in value of the hedged item	(0.2)	(0.2)	(0.2)	(0.2)
Average weighted exchange rate for the year	1.16	1.19	1.19	1.21

(*) Intrinsic value for options on currencies and the spot component for forward purchases.

Sensitivity analysis

As explained above, exposure to the exchange rate risk is significant only for the EUR/USD exchange rate. Therefore, sensitivity was analysed on 30 June 2019 and 31 December 2018 on credit and debt positions in currency, non-hedged credit and debt positions, derivatives hedging commitments for contracts already signed and available cash in foreign currency. A symmetrical change of 10% of the exchange rate compared to the value present as at the reporting date, all other conditions being equal, was simulated. The effects on the economic result are determined by the net positions which are hedged for exchange risk; whereas the cash flow hedge reserve includes the effective portion of hedging on commitments already undertaken but with no impact on equity in the Consolidated Financial Statements, and refers solely to the subsidiary Rai Cinema.

In particular, as at 30 June 2019, a 10% depreciation of the Euro had a negative economic effect on the net unhedged debt position of approximately €1.0 million (€0.2 million as at 31 December 2018), while an appreciation of the Euro of the same amount resulted in lower charges of approximately €0.8 million (€-0.2 million as at 31 December 2018).

As at 31 December 2018, the cash flow hedge reserve at 30 June 2019 increased by €1.9 million due to a 10% change in the exchange rate, as a result of the higher value of the hedges; in the event of an appreciation of the Euro of the same size, it instead decreased by about €1.4 million.

5.2 Credit risk

The theoretical exposure to the credit risk for the Group mainly refers to the book value of the financial assets and trade receivables recognised in the Consolidated Financial Statements.

As for the counterparty risk, trade partner assessment procedures are adopted for managing trade receivables. The analysis is conducted periodically on the situation of the past due items and may lead to the dunning of the parties affected by solvency problems. The lists of the past due items analysed are arranged by amount and customer, updated to the analysis date and show those situations demanding greater attention.

The corporate functions of the single companies in charge of debt collection start with polite reminders with the counterparties that are debtors of amounts relating to past-due items. If these activities do not result in collection of the sums, the functions start in agreement with the respective legal functions (warning letter, injunction, etc.) actions to collect the credit after sending formal

dunning letters to debtors. The allocations to the provision for write-downs are made specifically on the credit positions having peculiar risk elements.

Moreover, the Group measures the expected losses on trade receivables considering their entire duration based on a weighted estimate of the probabilities that those losses could occur. To this end, the Group uses historical experience, suitably integrated with forecasts on the expected evolution of circumstances. If the conditions exist, losses are measured as the current value of all differences between the cash flows due contractually and cash flows the Group expects to receive discounted at the effective interest rate of the financial asset.

Credit risk on uses of funds is limited since the corporate policy requires the use of low risk financial instruments and with counterparties having high ratings for the periods of cash surplus. In the first half of 2019 and throughout 2018, only time or demand deposits with bank counterparties having investment grade rating were used.

5.3 Liquidity risk

Rai manages the Group's financial resources (with the sole exception of the subsidiary Rai Way which has its own resources) on the basis of a centralised treasury agreement 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 necessary for the operations of these companies.

As regards the medium/long-term, the financial structure of the Group consists of a bond issue with maturity date in May 2020 of €350 million (please refer to Note 13.2 "Current financial liabilities") and an amortising loan from the European Investment Bank (hereinafter "EIB") for the project to implement terrestrial digital technology worth €20 million, falling due in 2021, both in favour of Rai.

In view of the significant fluctuation in interim debt, related to the periodic payment of fees by the Ministry of the Economy and Finance, the Parent Company has uncommitted lines of credit of approximately €420 million and a revolving line with a pool of banks renegotiated during the half year to increase the amount from €270 million to €320 million and extend its maturity to December 2023.

The new revolving line, unused as at 30 June 2019, requires that the following Consolidated Financial Statements parametric/equity ratio (to be calculated upon closing of the annual financial statements) be met:

- net financial debt (adjusted for receivables from the State for subscription fees, financial items relating to Rai Way and liabilities resulting from application of IFRS 16 for operating leases) / net equity ≤2.00.

Rai Way has its own revolving line of €50 million not used as at 30 June 2019, maturing in September 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 Management of capital risk

The Group capital management objectives are inspired by preservation of the ability to continue guaranteeing optimum capital strength, including 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 a profit and to access external sources of funding. The Group constantly monitors the evolution of the indebtedness level related to Shareholders' Equity. Specifically, the ratio between equity and the total of comprehensive liabilities including the Shareholders' Equity is indicated in the following table:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Shareholders' equity	406.1	453.0
Total shareholders' equity and liabilities	2,989.4	2,672.2
Ratio	13.6%	17.0%

The net financial position of the Group for the periods under review is shown in Note 18.2 "Consolidated net financial position".

7 Fair value measurement

The financial instruments at fair value recorded in the financial statements are made up of hedging derivatives measured with a financial model that uses the most popular and accepted market formulas (net current value for forward currency 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, for Rai, of the securities issued by the Italian Government. The fair value of the derivative instruments represents the net position between assets and liabilities. For more information on the derivative instruments (assets and liabilities), please refer to Notes no. 9.3 "Current financial assets" and 13.2 "Current financial liabilities".

All the instruments present at 30 June 2019 and 31 December 2018 have been valued according to the Level 2 methodology: 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.) other than the Level 1 prices listed.

8 Non-current assets

8.1 Property, plant and equipment

Property, plant and equipment, which amounted to €1,057.2 million (€1,073.1 million as at 31 December 2018), are broken down as follows:

(€/million)	Land	Buildings	Plant and machinery	Fixtures and fittings, tools and other equipment	Other assets	Assets under construction and payments on account	Total
Cost	383.4	602.1	2,168.1	100.4	125.3	70.9	3,450.2
Accumulated depreciation	-	(276.0)	(1,908.9)	(90.8)	(101.4)	-	(2,377.1)
Balance as at 31 December 2018	383.4	326.1	259.2	9.6	23.9	70.9	1,073.1
Increases and capitalisation	-	1.7	5.7	0.3	0.9	24.4	33.0
Disposals [1]	-	-	-	-	-	-	-
Reclassifications [2]	-	3.5	15.6	0.6	1.9	(21.6)	-
Depreciation	-	(8.5)	(35.9)	(1.5)	(3.0)	-	(48.9)
Balance at 30 June 2019	383.4	322.8	244.6	9.0	23.7	73.7	1,057.2
<i>broken down as follows:</i>							
Cost	383.4	607.3	2,183.7	99.9	127.6	73.7	3,475.6
Accumulated depreciation	-	(284.5)	(1,939.1)	(90.9)	(103.9)	-	(2,418.4)
[1] of which:							
Cost	-	-	(5.5)	(1.4)	(0.7)	-	(7.6)
Accumulated depreciation	-	-	5.5	1.4	0.7	-	7.6
-	-	-	-	-	-	-	-
[2] of which:							
Cost	-	-	(0.2)	-	0.2	-	-
Accumulated depreciation	-	-	0.2	-	(0.2)	-	-
-	-	-	-	-	-	-	-

Investments in the period, which amounted to €33.0 million (€103.8 million in 2018), fall within the scope of the modernisation and technological development initiatives that the Group initiated.

The amount of the existing contractual commitments for the purchase of property, plant and equipment is specified in Note 15.2 "Commitments".

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8.2 Real estate investments

Real estate investments amount to €3.0 million (€4.4 million as at 31 December 2018) and concern some property, owned by Rai Pubblicità SpA (hereinafter "Rai Pubblicità"), leased to third parties, for which rent totalling €0.9 million was received in the first half of 2019, unchanged compared to the first half of 2018.

Following the Board of Directors' resolution of 20 June 2019, on 11 July 2019 Rai Pubblicità stipulated the pre-sale contract for the property located in Naples and collected the agreed amount as a deposit and down payment. The residual book value of the property has therefore been reclassified to non-current assets held for sale.

The final deed of sale is expected to be signed by mid-October.

Real estate investments break down as follows:

(€/million)	Buildings
Cost	13.6
Accumulated depreciation	(9.2)
Balance as at 31 December 2018	4.4
Reclassifications [1]	(1.3)
Depreciation	(0.1)
Balance at 30 June 2019	3.0
<i>broken down as follows:</i>	
Cost	7.1
Accumulated depreciation	(4.1)
[1] Reclassification to non-current assets held for sale, of which:	
Cost	(6.5)
Accumulated depreciation	5.2
	(1.3)

8.3 Lease rights of use

In accordance with IFRS 16, the newly introduced lease rights of use totalled €79.7 million, as follows:

(€/million)	Buildings	Other assets	Total
Balance as at 31 December 2018	-	-	-
First-time adoption of IFRS 16	79.1	6.7	85.8
Increases	4.6	1.4	6.0
Amortisation	(10.3)	(1.8)	(12.1)
Balance at 30 June 2019	73.4	6.3	79.7
<i>broken down as follows:</i>			
Cost	83.7	8.1	91.8
Accumulated amortisation	(10.3)	(1.8)	(12.1)

Investments during the period, amounting to €6.0 million, refer to property rental contracts or contracts for the rental of vehicles that entered into effect during the period.

No income was recorded from the subleasing of assets that led to the recognition of a right of use in the first half of 2019.

8.4 Intangible assets

Intangible assets, which amounted to €930.1 million (€919.5 million as at 31 December 2018), are broken down as follows:

(€/million)	Programmes	Software	Trademarks	Goodwill	Other intangible assets	Assets under development and payments on account	Total
Cost	1,415.2	29.0	0.1	5.0	3.5	297.3	1,750.1
Provision for write-downs	(68.7)	-	-	-	-	(30.7)	(99.4)
Accumulated amortisation	(717.0)	(13.6)	(0.1)	-	(0.5)	-	(731.2)
Balance at 31 December 2018 [1]	629.5	15.4	-	5.0	3.0	266.6	919.5
Increases and capitalisation	172.3	0.3	-	-	-	49.4	222.0
Disposals [2]	-	-	-	-	-	(1.3)	(1.3)
Reclassifications [3]	82.2	3.4	-	-	-	(85.6)	-
Write-downs and eliminations [4]	(9.0)	-	-	-	-	(1.2)	(10.2)
Amortisation [5]	(195.3)	(4.4)	-	-	(0.2)	-	(199.9)
Balance at 30 June 2019	679.7	14.7	-	5.0	2.8	227.9	930.1
broken down as follows:							
Cost	1,669.9	32.7	0.1	5.0	3.5	258.4	1,969.6
Provision for write-downs	(53.9)	-	-	-	-	(30.5)	(84.4)
Accumulated amortisation	(936.3)	(18.0)	(0.1)	-	(0.7)	-	(955.1)
[1] amounts net of assets amortised in the previous year and, for assets under development, net of assets eliminated, amounting to:							
Cost	(453.4)	(6.2)	-	-	(0.4)	(2.8)	(462.8)
Provision for write-downs	-	-	-	-	-	2.8	2.8
Accumulated amortisation	453.4	6.2	-	-	0.4	-	460.0
-	-	-	-	-	-	-	-
[2] of which:							
Cost	-	-	-	-	-	(1.3)	(1.3)
-	-	-	-	-	-	(1.3)	(1.3)
[3] of which:							
Cost	82.4	3.4	-	-	-	(85.8)	-
Provision for write-downs	(0.2)	-	-	-	-	0.2	-
	82.2	3.4	-	-	-	(85.6)	-
[4] of which:							
Cost	-	-	-	-	-	(1.2)	(1.2)
Provision for write-downs	(9.0)	-	-	-	-	-	(9.0)
	(9.0)	-	-	-	-	(1.2)	(10.2)
[5] net of use of the provision for write-downs for:							
Provision for write-downs	24.0	-	-	-	-	-	24.0
Accumulated amortisation	(24.0)	-	-	-	-	-	(24.0)
-	-	-	-	-	-	-	-

Investments in the period, which amounted to €222.0 million (€447.4 million as at 31 December 2018) mainly refer to TV series in the amount of €177.9 million and films in the amount of €36.6 million.

The amount of assets under development and payments on account refers to programmes totalling €215.8 million, software totalling €10.9 million and other rights totalling €1.2 million.

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The write-downs recognised during the period amounted to €10.2 million and were performed to adjust the assets to their estimated recoverable value.

The amount of the existing contractual commitments for the purchase of intangible assets is specified in Note 15.2 "Commitments".

8.5 Equity investments

Equity investments measured using the equity method and investments in other companies, of €5.9 million (€5.8 million as at 31 December 2018) and €0.9 million (€0.9 million as at 31 December 2018), break down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Joint ventures	4.6	4.5
Associates	1.3	1.3
Total equity investments measured using the equity method	5.9	5.8
Equity investments in other companies	0.9	0.9
Total equity investments	6.8	6.7

Here below are the movements of investments measured using the equity method:

(€/million)	Year ended 31 December 2018			Movements in the period			Half-year ended 30 June 2019		
	Cost	Adjustment to Shareholders' Equity	Financial statement value	Acquisitions	Profit/(loss)	Dividends	Cost	Adjustment to Shareholders' Equity	Financial statement value
Joint ventures:									
San Marino RTV SpA	0.3	1.8	2.1	-	(0.1)	-	0.3	1.7	2.0
Tivù Srl	0.5	1.9	2.4	-	0.5	(0.3)	0.5	2.1	2.6
Associated companies:									
Audiradio Srl (in liquidation)	1.4	(1.4)	-	-	-	-	1.4	(1.4)	- (a)
Auditel Srl	-	0.7	0.7	-	-	-	-	0.7	0.7 (a)
Euronews Sa	0.9	(0.3)	0.6	-	-	-	0.9	(0.3)	0.6 (a)
Tavolo Editori Radio Srl	-	-	-	-	-	-	-	-	- (a)
Total equity investments in joint ventures and associated companies	3.1	2.7	5.8	-	0.4	(0.3)	3.1	2.8	5.9

(a) figure from the Financial Statements as at 31.12.2018, the latest available.

The breakdown of the equity investments in other companies follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Almaviva SpA	0.3	0.3
Istituto dell'Encyclopedie Italiana Treccani SpA	0.7	0.7
Others [1]	0.1	0.1
Gross value	1.1	1.1
Provision for the write-down of equity investments in other companies	(0.2)	(0.2)
Total equity investments in other companies	0.9	0.9

[1] Banca di Credito Cooperativo di Roma Scpa, International Multimedia University Umbria Srl in fallimento and Immobiliare Editori Giornali Srl.

8.6 Non-current financial assets

Non-current financial assets, which amounted to €3.6 million (€3.1 million as at 31 December 2018), break down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Financial receivables from personnel	0.1	0.1
Securities	2.4	2.4
Other non-current financial assets	1.1	0.6
Total non-current financial assets	3.6	3.1

Non-current financial assets are shown net of the provision for write-downs of €0.2 million (unchanged compared to 31 December 2018) entirely referring to the financial receivables from employees.

The item securities equal to €2.4 million (unchanged from 31 December 2018) is entirely made up of government bonds falling due in May 2021, securing the Service Agreement and the special services agreement with the Government.

Other non-current financial assets of €1.1 million (€0.6 million at 31 December 2018) refer to the deferral of the non-current portion of commissions relating to the five-year revolving loan agreement for a total of €320 million.

Expiration of the current and non-current financial assets is broken down as shown below:

(€/million)	Half-year ended 30 June 2019			
	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	1.6	-	-	1.6
Derivative instruments	0.7	-	-	0.7
Blocked bank deposits	6.0	-	-	6.0
Other financial assets	0.5	1.1	-	1.6
Total current and non-current financial assets	8.9	3.6	-	12.5

(€/million)	Year ended 31 December 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
Derivative instruments	0.6	-	-	0.6
Blocked bank deposits	5.5	-	-	5.5
Other financial assets	0.3	0.6	-	0.9
Total current and non-current financial assets	6.5	3.1	-	9.6

The short-term portion of the financial assets, which amounted to €8.9 million, is included in the current components of the consolidated balance sheet described in Note 9.3 "Current financial assets".

Information on risks hedged and on hedging policies is disclosed in Note 5.1 "Market risk".

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8.7 Deferred tax assets

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Deferred tax assets eligible for offset	115.3	134.2
Deferred tax liabilities eligible for offset	(156.7)	(157.7)
Net deferred tax liabilities	(41.4)	(23.5)

As at 30 June 2019, at 31 December 2018 the net balance of deferred tax assets and deferred tax liabilities shows a negative amount, and is therefore recognised under liabilities in the consolidated statement of financial position. Please refer to Note 12.5 “Deferred tax liabilities” for the relevant analyses.

Income taxes are reported in Note 14.10 “Income tax”.

8.8 Other non-current assets

Other non-current assets totalled €27.1 million (€50.2 million as at 31 December 2018) and break down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Advances for sports events	12.5	41.5
Advances for trade initiatives	17.4	20.8
Non-current portion of trade receivables	9.8	4.1
Receivables from personnel	1.0	0.5
Amounts committed to cautionary deposit with third parties	2.2	2.2
Other non-current receivables	1.6	1.7
- Provision for write-down of other non-current assets	(17.4)	(20.6)
Total other non-current assets	27.1	50.2

The items above basically regard non-current portions of assets described in Note 9.5 “Other current receivables and assets”, to which the reader is referred.

Other non-current receivables refer to €0.9 million for the recognition of the non-current portion of the substitute tax arising from tax relief for the merger deficit generated by the merger through incorporation of the company Sud Engineering into Rai Way in 2017. The current portion equal to €0.1 million was recognised under the item current income tax receivables as explained in Note 9.4.

The provision for write-down of other non-current assets, which amounted to €17.4 million (€20.6 million as at 31 December 2018), is broken down below:

(€/million)	Year ended 31 December 2018	Provisions	Drawdowns	Reversals	Half-year ended 30 June 2019
Provision for write-down of advances for trade initiatives	(14.5)	-	2.5	0.7	(11.3)
Provision for write-down of advances for sports events	(6.1)	-	-	-	(6.1)
Total provision for write-down of other non-current assets	(20.6)	-	2.5	0.7	(17.4)

9.1 Inventory

Inventory, net of its provision for write-downs, amounted to €2.3 million (unchanged from 31 December 2018), and is broken down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Technical materials	12.9	12.9
- Provision for write-down of technical materials	(12.1)	(12.1)
Contract work in progress	0.2	0.2
Finished products and goods	1.3	1.3
Total inventory	2.3	2.3

The final inventory of technical materials, €0.8 million net of the provisions for write-down (unchanged from 31 December 2018), 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.

Contract work in progress, €0.2 million (unchanged compared to 31 December 2018), 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, equal to €1.3 million (unchanged compared to 31 December 2018), mainly concerns inventories related to magazines and books and home video distribution.

9.2 Trade receivables

Trade receivables amount to €442.6 million (€373.3 million as at 31 December 2018) and break down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Trade:		
- Government and other public bodies for services under agreement	83.4	59.4
- Government for performance of service contract obligations - L.145/2018	19.2	-
- Other receivables	387.1	360.2
- Provision for write-downs of trade receivables	(47.5)	(46.5)
Joint ventures and associates	0.4	0.2
Total trade receivables	442.6	373.3

Receivables from joint ventures and associated companies refer to:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
San Marino RTV SpA	0.1	0.1
Tivù Srl	0.3	0.1
Total receivables from joint ventures and associated companies	0.4	0.2

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The breakdown of trade receivables by geographical area shows the predominance of the domestic market.

The nominal value of receivables from the Government and other public bodies for services under agreement, €83.4 million (€59.4 million as at 31 December 2018), refers to:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Prime Minister's Office:		
Contribution to the year to be paid to San Marino RTV	4.5	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
Revenue Office:		
Management of ordinary TV licence fees	11.0	8.0
Regions and Provinces:		
Autonomous Province of Bolzano: broadcast of radio and TV programs in German and Ladin in the autonomous province of Bolzano	28.9	19.2
Autonomous Region of Valle d'Aosta: management of equipment for the TV reception of programs from the French cultural area	8.7	8.9
Total receivables from the Government and other public bodies for services under agreement	83.4	59.4

Receivables from related parties are specified in Note 15.4 "Transactions with Related Parties".

Trade receivables are shown net of the provision for write-downs of €47.5 million (€46.5 million as at 31 December 2018), with movements itemised below:

(€/million)	Year ended 31 December 2018	Provisions	Drawdowns	Reversals	Half-year ended 30 June 2019
Provision for write-downs of trade receivables	(46.5)	(1.6)	0.1	0.5	(47.5)

9.3 Current financial assets

Current financial assets, which amounted to €8.9 million (€6.5 million as at 31 December 2018), increased by €2.4 million. The breakdown of the item and the comparison with the previous year are shown below:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Joint ventures and associates	1.6	-
From employees	0.1	0.1
Derivative financial instruments	0.7	0.6
Blocked bank deposits	6.0	5.5
Other current financial assets	0.5	0.3
Total current financial assets	8.9	6.5

Receivables from joint ventures and associated companies as at 30 June 2019 refer to:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Joint ventures and associated companies:		
San Marino RTV SpA	1.3	-
Tivù Srl	0.3	-
Total current financial assets from joint ventures and associated companies	1.6	-

Blocked bank deposits, which came to €6.0 million (€5.5 million as at 31 December 2018) refer to amounts seized on current accounts due to litigation in progress.

Derivative instruments recognised at fair value, are broken down below as regards their assets component, including the current and non-current portions:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Currency hedging derivatives	0.7	0.6
Total derivative financial instruments – current portion	0.7	0.6
Total derivative financial instruments – non-current portion	-	-
Total derivative financial instruments	0.7	0.6

The fair value of derivative instruments was calculated considering valuation models largely used in the financial sector and the market parameters as at the reporting date, as better specified in Note 7 "Fair value measurement". Cash flow hedging on exchange rates refer to the hedging of contracts for the acquisition of TV and film rights of Rai Cinema in USD, an are adopted by the Parent Company under a specific mandate of the subsidiary.

No transactions qualifying on a preliminary basis as hedging changed status in the first half of 2019.

The fair value of derivative instruments at 30 June 2019 amounted to €0.7 million (€0.6 million at 31 December 2018) and mainly refers to the current share of the fair value of foreign exchange transactions carried out for Rai Cinema. Of this amount, €0.3 million is suspended in shareholders' equity in the cash flow hedge reserve, €0.1 million is an adjustment to the right acquired and for the remainder is charged to financial income and expenses. There are no significant non-current portions in millions of Euro.

The recognition of effects on the income statement and realisation of cash flows from hedged contracts take place over a time interval which ends in the third quarter of 2020.

Information on risks hedged and on hedging policies is disclosed in Note 5.1 "Market risk".

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9.4 Current income tax receivables

Current income tax receivables, which totalled €19.5 million (€19.0 million as at 31 December 2018), are specified as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
IRES refund requested	16.9	16.9
Withheld taxes	1.5	0.7
Total IRES	18.4	17.6
IRAP	1.7	2.0
Advance for substitute tax on goodwill	0.1	0.1
Provision for write-downs for current income taxes	(0.7)	(0.7)
Total current income tax receivables	19.5	19.0

Current income tax receivables are shown net of the provision for write-downs of €0.7 million (unchanged from 31 December 2018) related to withheld taxes on income risking recoverability.

The IRAP receivable, €1.7 million (€2.0 million as at 31 December 2018) refers to the IRAP advances paid to tax authorities.

The advance on the substitute tax for goodwill refers to the recognition of the current portion of the substitute tax arising from tax relief for the merger deficit generated by the merger through incorporation of the company Sud Engineering into Rai Way in 2017. The non-current portion equal to €0.9 million was recognised under the item other non-current assets as explained in Note 8.8.

Taxes are commented on in Note 14.10 "Income taxes".

9.5 Other current receivables and assets

Other current receivables and assets, which totalled €180.5 million (€121.9 million as at 31 December 2018) break down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Advances for sports events	79.5	27.3
Advances to suppliers, collaborators and agents	48.2	25.3
Receivables from social security and welfare institutions	2.8	2.8
Other tax receivables	2.7	3.6
Receivables from personnel	9.8	9.7
Receivables from entities, companies, bodies and others	17.4	16.3
Receivables for subsidies and grants from the Government, EU and other public entities	0.3	0.5
Other receivables (current deferrals)	23.5	40.5
- Provision for write-downs of other current receivables and assets	(3.7)	(4.1)
Total other current receivables and assets	180.5	121.9

Please note that:

- 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;
- other tax receivables break down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
VAT refund requested	2.3	2.2
Other tax refunds requested	0.1	0.2
Other	0.3	1.2
Total other tax receivables	2.7	3.6

The provision for write-downs of other current receivables and assets, which totalled €3.7 million (€4.1 million as at 31 December 2018) is broken down below:

(€/million)	Year ended 31 December 2018	Provisions	Drawdowns	Reversals	Half-year ended 30 June 2019
Provision for write-downs of other current receivables and assets	(4.1)	-	0.2	0.2	(3.7)
Total provision for write-downs of other current receivables and assets	(4.1)	-	0.2	0.2	(3.7)

Considering the short period of time elapsing between when the receivable arises and its due date, it is estimated that there are no 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 €226.8 million (€92.2 million as at 31 December 2018), are broken down into the following items:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Bank and postal deposits	226.5	91.9
Cash and securities in hand	0.3	0.3
Total cash and cash equivalents	226.8	92.2

Bank and postal deposits amounted to €226.5 million (€91.9 million as at 31 December 2018) 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 (unchanged from 31 December 2018) and include liquid funds in the form of cash and similar values (cashier's cheques or in any case secured by banks, etc.) in the company's coffers as at 30 June 2019.

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

10 Non-current assets held for sale

Non-current assets held for sale, equal to €1.3 million (zero value as at 31 December 2018) represent the residual book value of the property located in Naples reclassified from the item investment property as illustrated in Note 8.2:

(€/million)	Buildings
Cost	-
Accumulated depreciation	-
Balance as at 31 December 2018	-
Reclassifications [1]	1.3
Balance as at 30 June 2019	1.3
<i>broken down as follows:</i>	
Cost	6.5
Accumulated depreciation	(5.2)
[1] Reclassification from the item real estate investments, of which:	
Cost	6.5
Accumulated depreciation	(5.2)
	1.3

11 Shareholders' equity

Reported below is the breakdown of shareholders' equity, attributable to the Group and minority interests:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Share capital	242.5	242.5
Legal reserve	12.0	12.0
IFRS first-time adoption reserve	(83.3)	(58.7)
Translation difference reserve	0.6	0.6
Cash flow hedge reserve	(16.9)	(4.8)
Other reserves	251.7	248.1
Total other reserves	152.1	185.2
Actuarial reserves for employee benefits	(43.0)	(26.0)
Retained earnings (losses)	(3.2)	(3.3)
Profit (loss) for the year	(8.1)	(21.0)
Total retained earnings (losses carried forward)	(54.3)	(50.3)
Total Group shareholders' equity	352.3	389.4
Third party capital and reserves	42.6	42.5
Retained earnings (losses) attributable to minority interests carried forward	11.2	21.1
Total shareholders' equity attributable to minority interests	53.8	63.6
Total shareholders' equity	406.1	453.0

Third party equity interest

The profit/(loss) for the period and the shareholders' equity of Third party equity interest refer to the subsidiary Rai Way, with Rai holding a 64.971% share.

Share capital

As at 30 June 2019, 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) which holds 241,447,000 shares, equal to 99.5583% of the share capital; and
- Società Italiana Autori Editori (S.I.A.E.) which holds 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, of €152.1 million (€185.2 million as at 31 December 2018) and losses carried forward of €54.3 million (€50.3 million as at 31 December 2018), including the profit/(loss) for the period, are broken down as shown below.

12 Non-current liabilities

12.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities, including current portions, totalled €386.7 million (€379.4 million as at 31 December 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019			Year ended 31 December 2018		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	-	349.2	349.2	348.7	-	348.7
M/L-term loans due to banks	10.2	10.1	20.3	15.2	10.1	25.3
Derivative instruments	17.1	-	17.1	5.1	-	5.1
M/L-term loans due to other lenders	0.1	-	0.1	0.2	0.1	0.3
Total non-current financial liabilities and current portions of non-current financial liabilities	27.4	359.3	386.7	369.2	10.2	379.4

Non-current financial liabilities, including current portions, increased by €7.3 million compared to 31 December 2018 mainly due to the €12.0 million increase in the negative fair value of interest rate risk hedging derivatives that could occur at the time of renewal of the current bond issue, the effect of which is partially offset by the repayment of the €5.0 million instalment of the EIB loan.

The main medium/long-term bank loans due as at 30 June 2019 included:

- amortising loan, maturing in 2021, from the EIB for a residual €20 million, granted to Rai for development of the digital terrestrial infrastructure;
- medium/long-term credit lines granted to Rai Way by Mediocredito Centrale and Cassa Depositi e Prestiti totalling €0.5 million.

The EIB loan carries covenants requiring the following balance sheet parameters/ratios to be met in the consolidated annual and half-year financial statements:

- (Adjusted) Net Financial Debt, net of receivables from the Government for television licence fees/Shareholders' Equity <= 1.3;
- (Adjusted) Net Financial Debt, net of receivables from the Government for television licence fees/EBITDA <= 1.0.

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As at the reporting date, the ratio requirements were fully met at 0.59 and 0.40 respectively.

The Parent Company also has a revolving credit line of €320 million maturing in December 2023, described in Note 5.3 "Liquidity risk", unused as at the balance sheet date.

For the EIB loan (including the short-term portion), fair value was measured by discounting cash flows for principal and interest repayments at the rates implicit in the Euro curve as at the reporting date, plus a credit spread estimated for Rai on the basis of Italian government securities issued. The resulting fair value is in line with the carrying amount of the loan.

The entire amount of the bond issue with a nominal amount of €350 million, maturing in May 2020, has been reclassified under current financial liabilities.

As at 30 June 2019, the negative fair value of €17.1 million (€5.1 million as at 31 December 2018) refers to the Interest Rate Swap Forward Start hedging transactions carried out by the Parent Company. The negative value of these transactions was affected by the further decline in the interest rate curve in the first half of 2019. The amount is totally suspended in shareholders' equity in the cash flow hedge reserve. Current portions were not recognised.

The final due date of financial liabilities held (current and non-current) is shown in the table below:

(€/million)	Half-year ended 30 June 2019			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	349.2	-	-	349.2
M/L-term loans due to banks	10.1	10.2	-	20.3
M/L-term loans due to other lenders	-	0.1	-	0.1
Derivative instruments	-	17.1	-	17.1
Other financial liabilities	1.3	-	-	1.3
Total current and non-current financial liabilities	360.6	27.4	-	388.0

(€/million)	Year ended 31 December 2018			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	348.7	-	348.7
M/L-term loans due to banks	10.1	15.2	-	25.3
M/L-term loans due to other lenders	0.1	0.2	-	0.3
Payables to joint ventures and associates	0.1	-	-	0.1
Derivative instruments	-	5.1	-	5.1
Payables for financial leases	5.7	-	-	5.7
Total current and non-current financial liabilities	16.0	369.2	-	385.2

12.2 Total liabilities for leases

Total liabilities for leases, including current portions, total €86.8 million. The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019		
	Non-current portion	Current portion	Total
Liabilities for operating leases	56.3	25.0	81.3
Liabilities for financial leases	-	5.5	5.5
Total liabilities for leases	56.3	30.5	86.8

The value of current lease liabilities is represented solely by the current portion of non-current lease liabilities, as short-term asset leases are recognised in the income statement under the item costs for the purchase of consumables, costs for services and other costs.

The total value of cash outflows from leases at 30 June 2019 was €10.2 million, plus interest of €0.4 million.

Interest expense accrued on lease liabilities is detailed in Note 14.8 "Financial income and expenses", to which reference should be made.

Liabilities for financial leases, amounting to €5.5 million, relate to the exercise of option rights by Rai in 2018 for the purchase of the building used as the regional headquarters of Basilicata.

The expiration dates of financial liabilities for leases (current and non-current) are shown below:

(€/million)	Half-year ended 30 June 2019			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Liabilities for operating leases	25.0	44.7	11.6	81.3
Liabilities for financial leases	5.5	-	-	5.5
Total liabilities for leases	30.5	44.7	11.6	86.8

12.3 Employee benefits

Employee benefits totalled €445.6 million (€434.9 million as at 31 December 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Provision for employee severance pay	232.3	225.0
Provision for supplementary pension benefits	127.5	125.4
Provision in lieu of formerly fixed indemnity - journalists	70.1	68.7
Health insurance fund for senior managers (FASDIR)	14.7	14.7
Seniority bonuses	0.6	0.5
Other	0.4	0.6
Total employee benefits	445.6	434.9

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

Provisions for employee benefits measured using actuarial techniques break down as follows:

(€/million)	Half-year ended 30 June 2019				
	Employee severance pay	Supplementary pension	FASDIR	Provision in lieu of formerly fixed indemnity for journalists	Other benefits
Present value of the liability at the start of the year	225.0	125.4	14.7	68.7	1.1
Current cost of defined benefit plans	-	-	-	-	0.1
Current cost of defined contribution plans	21.8	-	0.5	-	-
Interest expense	1.4	0.8	0.1	0.3	-
Revaluations:					
- Actuarial gains/losses resulting from changes in demographic assumptions	(2.5)	-	-	-	-
- Actuarial gains/losses resulting from changes in financial assumptions	13.6	7.6	-	2.5	-
- Effect of past experience	(1.9)	(1.3)	-	(0.7)	-
Cost of past benefits and gains/losses on settlement	-	-	-	(0.4)	-
Benefits paid	(3.3)	(5.0)	(0.6)	(0.3)	(0.2)
Transfers to external funds for defined contribution plans	(21.7)	-	-	-	-
Other movements	(0.1)	-	-	-	-
Present value of the liability at the end of the period	232.3	127.5	14.7	70.1	1.0

Costs for employee benefits, as measured using actuarial assumptions and recognised in the consolidated income statement, break down as follows:

(€/million)	Half-year ended 30 June 2019				
	Employee severance pay	Supplementary pension	FASDIR	Provision in lieu of formerly fixed indemnity for journalists	Other benefits
Current cost of defined benefit plans	-	-	-	-	(0.1)
Current cost of defined contribution plans	(21.8)	-	(0.5)	-	-
Cost of past benefits and gains/losses on settlement	-	-	-	0.4	-
Interest expense	(1.4)	(0.8)	(0.1)	(0.3)	-
Total	(23.2)	(0.8)	(0.6)	0.1	(0.1)

Costs for defined benefit plans recognised in other comprehensive income break down as follows:

(€/million)	Half-year ended 30 June 2019				
	Employee severance pay	Supplementary pension	FASDIR	Provision in lieu of formerly fixed indemnity for journalists	Other benefits
Revaluations:					
- Actuarial gains/losses resulting from changes in demographic assumptions	2.5	-	-	-	-
- Actuarial gains/losses resulting from changes in financial assumptions	(13.6)	(7.6)	-	(2.5)	-
- Effect of past experience	1.9	1.3	-	0.7	-
Total	(9.2)	(6.3)	-	(1.8)	-

The main actuarial assumptions adopted are reported below:

	Half-year ended 30 June 2019
Financial assumptions	
Average discount rates [1]	from 0.44% to 0.81%
Inflation rate	1.50%
Expected rate of growth in remuneration/benefits [2]	from 1.21% to 3%
Demographic assumptions	
Maximum retirement age	As per law
Mortality tables:	
. Provision for employee severance pay	SI 2016 revised
. Provision for supplementary pension benefits	AS62
. Provision in lieu of the former fixed indemnity for journalists	SI 2016 revised
Disability tables:	
. Provision for employee severance pay	INPS tables by age and gender
. Provision for supplementary pension benefits	-
. Provision in lieu of the former fixed indemnity for journalists	-
Average annual employee leaving rate	from 3.80% to 8.10%
Annual probability of advance requests	1.50%

[1] Measured as the weighted average of Eurocomposite AA 2019 interest rate curve June 2019 for 30.06.2019.

[2] Including inflation.

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

12.4 Provisions for non-current risks and charges

Provisions for risks and non-current risks and charges totalled €173.7 million (€181.5 as at 31 December 2018). The figure breaks down as follows:

(€/million)	Year ended 31 December 2018	Provisions	Drawdowns	Reversals	Other movements	Half-year ended 30 June 2019
Provisions for legal disputes	69.6	1.9	(5.0)	(1.5)	-	65.0
Provisions for building renovation and refurbishment	28.0	-	(0.2)	-	-	27.8
Provisions for dismantling and restoration costs	14.5	0.1	-	-	-	14.6
Provisions for accrued remuneration costs	16.1	4.7	(2.9)	-	-	17.9
Provisions for disputes with social security institutions	3.0	-	-	-	-	3.0
Provisions for tax disputes	4.5	-	(4.5)	-	-	-
ISC and ICM provisions Agents	2.3	0.2	(0.1)	-	-	2.4
Provisions for licence fee refunds	0.3	-	(0.1)	-	-	0.2
Provisions for disputes over leases	1.0	0.1	-	-	-	1.1
Provisions for default interest payment risks	0.6	-	-	-	-	0.6
Other provisions	41.6	0.8	(0.4)	(1.0)	0.1	41.1
Total provisions for non-current risks and charges	181.5	7.8	(13.2)	(2.5)	0.1	173.7

Provisions for legal disputes, totalling €65.0 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 of €35.1 million, and €29.9 million in provisions for labour law disputes.

Provisions for building renovation and refurbishment, totalling €27.8 million, include the estimated costs expected to be incurred primarily in relation to the removal of structures containing asbestos present in buildings owned. The constructive obligation to proceed with the refurbishment and renovation of the aforementioned buildings is connected with the Parent Company's expression of intent to perform such work, as expressed on several occasions in negotiations with trade unions.

Provisions for dismantling and restoration costs, totalling €14.6 million, include the estimated costs for the dismantling and removal of installations and modifications and the restoration of 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 remuneration costs, totalling €17.9 million, include the overall costs estimated in relation to employment contracts in place.

Provisions for disputes with social security institutions, totalling €3.0 million, show the estimated costs connected with pending legal disputes with social security institutions.

The provision for tax litigation was fully utilised during the first half of 2019 following the submission by Rai Pubblicità of requests for the facilitated settlement of pending tax disputes concerning VAT and direct taxes for the years 2002 to 2009.

ISC (supplementary customer indemnities) and ICM (meritocratic customer indemnities) provisions for agents, of €2.4 million, include amounts payable to agents when 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 and growth in the customer portfolio or in business volumes with customers already in the portfolio.

12.5 Deferred tax liabilities

Deferred tax liabilities totalled €41.4 million and are stated net of €115.3 million of deferred tax assets eligible for offsetting. The net balance as at 31 December 2018 showed a deferred tax liability of €23.5 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 2018	Changes			Half-year ended 30 June 2019
		Income statement	Other comprehensive income	Balance sheet	
Statutory/tax differences on property, plant and equipment	(155.7)	1.1	-	-	(154.6)
Currency and rate derivatives	(0.1)	-	-	-	(0.1)
Other equity investments	(1.7)	-	-	-	(1.7)
Deferred tax liabilities on consolidation adjustments	-	(0.1)	-	-	(0.1)
Other	(0.2)	-	-	-	(0.2)
Deferred tax liabilities	(157.7)	1.0	-	-	(156.7)
Negative taxable income	128.3	13.1	-	(31.7)	109.7
Write-downs of programs	0.1	(0.1)	-	-	-
Statutory/tax difference on programs	0.3	(0.2)	-	-	0.1
Employee benefits	0.6	(0.1)	0.1	-	0.6
Estimate of provisions recovered	3.1	0.1	-	-	3.2
Deferred tax assets on consolidation adjustments	1.4	-	-	-	1.4
Other	0.4	(0.1)	-	-	0.3
Deferred tax assets eligible for offset	134.2	12.7	0.1	(31.7)	115.3
Net deferred tax liabilities	(23.5)	13.7	0.1	(31.7)	(41.4)

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

Changes in other comprehensive income essentially consisted of deferred tax assets recognised under shareholders' equity and refer to the tax effect on redetermining defined benefit plans.

Deferred tax assets on tax losses carried forward amounted to €109.7 million, and are likely to be used with reference to the possibility of them being offset with the taxable earnings of the Group companies participating in the tax consolidation arrangement and with the reversal of deferred tax liabilities to consolidated profit or loss.

12.6 Other non-current payables and liabilities

Other non-current payables and liabilities are all stated in Euros. Totalling €0.9 million (€1.6 million as at 31 December 2018), 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 13.1 "Trade payables and other current payables and liabilities" for further information on those grants.

Payables to related parties are reported in Note 15.4 "Transactions with related parties".

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

13 Current liabilities

13.1 Trade payables and other current payables and liabilities

Trade payables and other current payables and liabilities totalled €1,429.5 million (€1,161.2 million as at 31 December 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Trade payables to suppliers	691.1	700.4
Trade payables to joint ventures and associates	5.8	5.6
Total trade payables	696.9	706.0
Payables to personnel	190.4	241.4
Payables to social security institutions	64.6	79.3
Other tax payables	38.8	38.4
Payables for frequency rights	5.1	-
Other payables for assessments	3.1	4.5
Advances:		
- Ordinary licence fees	26.3	73.7
- Other advances	6.4	3.8
Deferrals:		
- Advertising	3.1	2.6
- Licence fees	382.7	0.9
- Grants for the switch-over to digital terrestrial	0.7	0.8
- Other deferrals	2.6	1.0
Accruals	0.6	3.1
Other payables	8.2	5.7
Total other current payables and liabilities	732.6	455.2
Total trade payables and other current payables and liabilities	1,429.5	1,161.2

Trade payables, totalling €696.9 million, fell by €9.1 million compared to 31 December 2018.

Trade payables to joint ventures and associates refer to:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Auditel Srl	0.6	2.0
San Marino RTV SpA	4.6	3.2
Tavolo Editori Radio Srl	0.2	-
Tivù Srl	0.4	0.4
Total trade payables to joint ventures and associates	5.8	5.6

Other current payables and liabilities increased by €277.4 million compared to 31 December 2018, mainly due to deferrals on subscription fees originating from the difference between the amounts paid in the first half of the year by the Ministry of the Economy and Finance compared to the relevant economic value, the repayment of which is mainly expected in the second half of the year.

Payables to personnel totalled €190.4 million (€241.4 million as at 31 December 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Untaken paid annual leave	89.1	69.8
Untaken time in lieu	52.4	52.1
Wage and salary assessment	45.7	72.5
Redundancy incentives	2.0	45.4
Other	1.2	1.6
Total payables to personnel	190.4	241.4

Payables to social security institutions totalled €64.6 million (€79.3 million as at 31 December 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Payables to supplementary pension funds for personnel	12.0	24.6
Payables to INPGI	11.4	14.0
Payables to INPS	27.7	27.8
Payables to CASAGIT	1.1	1.4
Contributions on assessed wages and salaries	11.3	10.4
Other payables	1.1	1.0
Total payables to social security institutions	64.6	79.2

Other tax payables show taxes payable to the Inland Revenue other than current income tax. The item breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Group VAT	11.0	2.1
Suspended VAT	1.0	1.0
Withheld tax on wages and salaries for employees and contractors, substitution tax and other withholdings	26.8	35.3
Total other tax payables	38.8	38.4

Deferrals for grants for the switch-over to digital terrestrial included €0.7 million for the current portion of government grants provided by the former Ministry of Communications between 2007 and 2011 to support initiatives to fast-track the switch-over to digital terrestrial.

Payables to related parties are reported in Note 15.4 “Transactions with related parties”.

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13.2 Current financial liabilities

Current financial liabilities totalled €360.6 million (€16.0 million as at 31 December 2018). The breakdown is shown in the table below:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Bonds	349.2	-
M/L-term loans due to banks (current portion)	10.1	10.1
M/L-term loans due to other lenders (current portion)	-	0.1
Payables for financial leases	-	5.7
Payables to joint ventures and associates	-	0.1
Other current financial payables and liabilities	1.3	-
Total current financial liabilities	360.6	16.0

The current portion of non-current financial liabilities is reported in the table above and explained in Note 12.1 "Non-current financial liabilities and current portions of non-current financial liabilities".

Rai's May 2015 bond issue with a nominal amount of €350 million, maturing in May 2020, has been reclassified under current financial liabilities. No non-current portions are recognised.

The bond, listed on Euronext Dublin (the Irish Stock Exchange) is fully subscribed by international institutional investors and has a nominal interest rate of 1.5% and is wholly unsecured. The bond carries the usual covenants for issues with a comparable rating, including:

- a negative pledge prohibiting the granting of guarantees on other bond issues by the Issuer or its "significant subsidiaries", unless the same guarantees are extended to existing bondholders;
- 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.

At 30 June 2019, the fair value of the bond was €354.2 million, calculated taking into account the listing value at Euronext Dublin, equal to €101.21 million, including accrued interest.

Payables for financial leases, relating to the exercise of option rights during 2018 for the purchase of the building used as the regional headquarters of Basilicata, have been reclassified under the item liabilities for leases.

The fair value of current and non-current derivative financial liabilities is given below:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
Total derivative financial instruments – current portion	-	-
Total derivative financial instruments – non-current portion	17.1	5.1
Total derivative financial instruments	17.1	5.1

Derivative transactions concern the cash flow hedge of the exchange risk on contracts for the acquisition of TV and film rights in USD and Interest Rate Swap Forward Start transactions.

At 30 June there were no current or non-current portions of exchange rate risk hedging transactions of a significant amount in millions of Euro.

The liabilities for rate hedging derivatives are explained in Note 12.1 "Non-current financial liabilities and current portions of non-current financial liabilities". Current portions were not recognised.

Information on risks hedged and on hedging policies is disclosed in Note 5.1 "Market risk".

13.3 Current income tax payables

Current income taxes payable totalled €17.2 million (€31.0 million as at 31 December 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Year ended 31 December 2018
IRES	13.2	30.2
IRAP	3.3	0.4
Tax and other assessments	0.7	0.4
Total current income taxes payable	17.2	31.0

As concerns amounts payable to the Inland Revenue for IRES, totalling €13.2 million (€30.2 million as at 31 December 2018), Group companies opted for Group taxation, thus transferring to the Parent Company, as the consolidating party, obligations related to settlement and payment of 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 15.4 "Transactions with related parties".

Income taxes are reported in Note 14.10 "Income tax".

14 Consolidated Income Statement

14.1 Revenue from sales and services

The main items are analysed below:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Licence fees	922.2	886.7
Advertising	327.1	329.2
Other revenue	111.5	87.7
Total revenue from sales and services	1,360.8	1,303.6

The breakdown of revenue by geographical area shows that most revenue is from the domestic market.

TV licence fees

TV licence fees in the first half of 2019 amounted to €922.2 million (€886.7 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Licence fees for the period - household licences	817.4	817.2
Licence fees for the period - special licences	43.3	40.1
Licence fees collected by enforcement order	50.1	15.5
Licence fees for prior years – household licences	11.4	13.9
Total TV licence fees	922.2	886.7

When calculating the amount from the TV licences of household licences, the information and figures made available with reference to the new collection method were used, considering Law 190 of 23 December 2014 (art. 1, paragraph 293). This established a reduction of 5 per cent, from 2015, of sums to be paid to Rai to cover the cost of the Public Service being supplied.

The new collection methods were introduced by Law 208 of 28 December 2015 (the “2016 Stability Law”), which provided, in Article 1 (152 et seq.), for TV licence fees for household licences to be charged, as of 1 January 2016, directly in power bills issued by electricity companies, under a separately detailed item.

That law introduced, in an effort to overcome evasion, the mechanism by which if a household has a utility account for power supply to a registered home address, then it can be presumed that the household is in possession of a television set. That presumption of the possession of a television set may only be overturned by a statutory declaration made in accordance with the Consolidated Law as per Presidential Decree 445 of 28 December 2000. False statements are punishable by law and may entail criminal liability.

The aforementioned 2016 Stability Law also established that any higher revenues collected from 2016 to 2018 with respect to 2016 government budget forecasts (the extra revenue) are to be transferred to Rai as follows: 67% for the year 2016, and 50% for the years 2017 and 2018.

Law 145 of 30 December 2018 confirmed €90 as the final amount due as Rai TV licence fee for private use and allocated 50% of the extra revenue to Rai.

In relation to the amounts reported above:

- TV licence fees collected by enforcement order refer to licence fees due in 2015 and previously, levied under an enforcement order addressed to households with overdue payments; these include the adjustment for higher amounts collected by the Government through roles in the years between 2004 and 2015 of €41.3 million;
- previous year licences - households are related to 2018 licence fees that became known in financial year 2019 as they were paid to the Government during the year.

The mechanism for determining the annual per-unit television licence fee as provided for by the Consolidated Broadcasting Law ("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, highlighted a shortfall in such revenue for the period 2005-2017 of €2.6 billion. The separate annual accounts for 2018 are being prepared.

Advertising

Revenue from advertising amounted to €327.1 million (€329.2 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Television advertising on general-interest channels:		
- commercial	179.5	195.6
- promotions, sponsorships and special initiatives	86.8	72.9
- product placements	4.0	3.8
Television advertising on specialist channels	32.1	35.3
Radio advertising	15.2	15.3
Cinema advertising	2.4	1.7
Web advertising	7.0	5.9
Other advertising	1.1	0.4
Third-party quotas	(1.0)	(1.1)
Contingencies	-	(0.6)
Total advertising	327.1	329.2

Other revenue

Other revenue from sales and services amounted to €111.5 million (€87.7 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Special services under agreement	23.0	22.0
Fulfilment of service contract obligations and digital programming development	19.2	-
Sale of rights, music publishing and patents	38.2	31.1
Film and home video distribution	13.5	19.8
Distribution and sale of channels	6.5	10.2
Fees for hosting plants and equipment	15.2	15.4
Sundry services, mainly for institutional purposes	3.8	3.8
Signal diffusion services, rental of circuits, radio links and connections	1.4	1.1
Interactive telephone	0.2	0.3
Production services	0.3	0.2
Revenue from sales	1.3	0.5
Other	1.2	0.8
Third-party quotas	(13.9)	(17.8)
Contingencies	1.6	0.3
Total other revenue	111.5	87.7

This item includes €19.2 million, which is the portion pertaining to the annual contribution of €40 million recognized by the Government as consideration for the performance of obligations under

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the service contract, including those for the development of digital programming, determined by Law 145/2018 art. 1 paragraph 101 for the years 2019 and 2020.

The increase in revenues from the sale of rights, music editions and patents relates to the proceeds from an agreement for the licensing of patents that are essential to the DVB-T2 standard owned by Rai.

14.2 Other revenue and income

Other revenue and income from sales and services totalled €5.1 million (€6.3 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Operating grants	1.6	2.8
Income from real estate investments and rentals	0.9	0.9
Compensation for damages	0.3	0.3
Contingencies	0.4	0.3
Other	1.9	2.0
Total other revenues and income	5.1	6.3

14.3 Costs for the purchase of consumables, costs for services and other costs

Costs for the purchase of consumables, costs for services and other costs totalled €560.0 million (€525.8 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Costs for the purchase of consumables	6.6	6.8
Costs for services	527.9	492.6
Other costs	25.5	26.4
Total costs for the purchase of consumables, costs for services and other costs	560.0	525.8

Costs for the purchase of consumables, totalled €6.6 million (€6.8 million in the first half of 2018), mainly refer to the purchase of various production materials, technical materials for inventories and other materials.

The breakdown of costs for services is shown in the table below. The item totalled €527.9 million (€492.6 million in the first half of 2018), net of discounts and rebates obtained. They include, inter alia, emoluments, remuneration for the performance of duties and expense refunds paid by the Parent Company to Directors, totalling €0.5 million, and to Statutory Auditors, totalling €0.1 million. It should also be noted that some members of the Board of Directors of the Parent Company have concurrently undertaken similar duties in other subsidiaries.

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Freelance services	70.1	69.2
Services for programme acquisition and production	112.6	114.1
Daily allowances, travel expenses and accessory costs for personnel	23.0	21.2
Maintenance, repairs, transport and similar	23.0	22.1
IT system documentation and assistance services	27.6	27.4
Other outsourced services (telephony, supply services, cleaning, postal, insurance, etc.)	74.5	73.1
Leases and rentals	31.4	43.8
Recording rights	116.3	75.1
Copyright	55.0	53.4
Contingencies	1.9	1.0
Cost recoveries and expense refunds	(7.5)	(7.8)
Total costs for services	527.9	492.6

Pursuant to Article 2427, no. 16 *bis*, of the Italian Civil Code, it should be noted that the fees for the first half of 2019 for the services provided by the Independent Auditors for the annual statutory audit of the accounts and for other audit services, including the review of the half-yearly financial statements of the Parent Company, totalled €0.2 million. Fees for services other than auditing are not significant in millions of Euro.

Other costs, totalling €25.5 million (€26.4 million in the first half of 2018), mainly refer to the contribution toward usage rights for digital TV frequencies and other contributions to the supervisory authorities, indirect taxes and other taxes and to prizes and winnings on radio and television competitions.

14.4 HR expenses

Personnel costs totalled €521.1 million (€519.4 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Wages and salaries, and social security costs	495.3	497.9
Employee severance pay	21.8	21.6
Pensions and similar obligations	7.3	7.4
Other	3.6	3.4
HR expenses	528.0	530.3
Costs for redundancy incentives	1.6	1.1
Recovery of expenses	(0.2)	(1.1)
HR expenses capitalised	(8.5)	(8.4)
Other HR expenses	(7.1)	(8.4)
Contingencies and releases of provisions	0.2	(2.5)
Total HR expenses	521.1	519.4

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The item includes charges for defined contribution plans and for defined benefit plans for €22.4 million and income from past services for €0.4 million, as reported in Note 12.3 "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 "Agreement 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 bargaining agreement for middle managers, office staff and workers was renewed, by agreement on 28 February 2018, for the period 2014-2016 and, on an exceptional basis, for 2017 and 2018;
- the collective bargaining agreement for orchestra musicians was renewed, by agreement on 28 June 2018, for the three-year period 2014-2016 and, on an exceptional basis, for 2017 and 2018;
- for journalist staff, on 13 March 2018 Rai and Unindustria Roma signed an Agreement for the Extension of the National Collective Bargaining Agreement for Journalists to Rai with Usigrai and FNSI; 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 for the period 2017-2019 was renewed on 6 July 2018;
- the collective bargaining agreement for middle managers and office staff of Rai Pubblicità was renewed, by agreement on 7 July 2018, for the period 2014-2016 and, on an exceptional basis, 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 2019			Half-year ended 30 June 2018		
	Average number of staff on a temporary contract	Average number of staff on a permanent contract (1)	Total	Average number of staff on a temporary contract	Average number of staff on a permanent contract (1)	Total
Managers	0	336	336	0	336	336
Officers/middle managers	0	1,443	1,443	1	1,385	1,386
Journalists	111	1,755	1,866	210	1,634	1,844
Office staff	242	7,750	7,992	502	7,642	8,144
Workers	14	893	907	57	912	969
Orchestra musicians and choristers	5	105	110	4	119	123
General Practitioners	0	7	7	0	7	7
	372	12,289	12,661	774	12,035	12,809

(1) of which trainees/apprentices

333

41

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.

14.5 Impairment of financial assets

The item, equal to €1.1 million (positive by €0.3 million in the first half of 2018) refers to the effect net of uses and provisions to the provision for write-down of trade receivables, as explained in Note 9.2 "Trade receivables", to which reference is made.

14.6 Depreciation, amortisation and other write-downs

Amortisation, depreciation and other write-downs, including any reversal of impairment, amounted to €270.3 million (€266.1 million in the first half of 2018) and are broken down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Amortisation/depreciation		
Property, plant and equipment:		
Buildings	8.5	8.6
Plant and machinery	35.9	35.4
Industrial and commercial equipment	1.5	1.4
Other assets	3.0	3.0
Total depreciation of property, plant and equipment	48.9	48.4
Lease rights:		
Real Estate	10.3	-
Transport vehicles	1.8	-
Total amortisation of lease rights	12.1	-
Intangible assets:		
Programmes	195.3	194.6
Software	4.4	4.1
Other intangible assets	0.2	0.2
Total amortisation of intangible assets	199.9	198.9
Amortisation of real estate investments	0.1	0.2
Total amortisation and depreciation	261.0	247.5
Other write-downs		
Programmes under amortisation	9.0	16.0
Programmes in progress	1.2	1.5
Other non-current receivables and assets	(0.7)	0.7
Other current receivables and assets	(0.2)	0.4
Total other write-downs	9.3	18.6
Total depreciation, amortisation and other write-downs	270.3	266.1

With regard to lease rights of use, recognised as from 1 January 2019, reference should be made to Note 3 "Effects of the first-time adoption of IFRS 16".

14.7 Provisions

Net provisions of €0.8 million (negative by €1.9 million in the first half of 2018), are determined by provisions of €1.7 million (€3.4 million in the first half of 2018), offset by absorptions of €2.5 million (€1.5 million in the first half of 2018) mainly consisting of provisions for risks and charges for disputes of various kinds.

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14.8 Financial income and expenses

Net financial expenses totalled €7.1 million (€7.6 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Financial income		
Dividends	-	0.1
Interest income from banks	0.1	0.1
Foreign exchange gains	-	0.3
Income from currency derivatives	0.5	0.2
Other	0.2	0.1
Total financial income	0.8	0.8
Financial expense		
Interest expense due to banks	(0.4)	(0.7)
Interest expense on bonds	(3.1)	(3.0)
Expenses on exchange hedging derivatives	-	(0.1)
Foreign exchange losses	-	(0.7)
Interest on employee benefit liabilities	(2.6)	(2.6)
Interest on leases	(0.5)	-
Other	(1.3)	(1.3)
Total financial expense	(7.9)	(8.4)
Total net financial income (expense)	(7.1)	(7.6)

With regard to interest expenses on leases, recognised as from 1 January 2019, reference should be made to Note 3 "Effects of the first-time adoption of IFRS 16".

14.9 Earnings from equity investments recognised under the equity method

Earnings from equity investments recognised under equity method were positive by €0.4 million (negative by €0.2 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Income (expense) from equity investments:		
San Marino RTV SpA	(0.1)	-
Tivù Srl	0.5	0.2
Total earnings from equity investments recognised under equity method	0.4	0.2

The breakdown of the change in equity investments recognised under the equity method is reported in Note 8.5 "Equity investments".

14.10 Income tax

Income taxes were negative by €4.2 million (€5.5 million in the first half of 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019	Half-year ended 30 June 2018
IRES	(15.1)	(13.6)
IRAP	(3.1)	(2.9)
Total current taxes	(18.2)	(16.5)
Deferred tax liabilities	1.0	1.9
Deferred tax assets	12.7	19.8
Total deferred taxes	13.7	21.7
Direct taxes of previous years	0.3	0.3
Total income taxes	(4.2)	5.5

In the first half of 2019, the economic trends that occurred led to taxable income for the period for Group companies consisting of IRES (corporate income tax) of €15.1 million and IRAP (regional tax on productive activities) of €3.1 million were allocated.

Deferred tax liabilities pointed to a positive economic effect of €1.0 million due to return of the temporary differences recognised in the previous years.

For IRES purposes, in the first half of 2019, as well as in the first half of 2018, the Parent Company has determined tax losses for which deferred tax assets of €12.7 million have been allocated which has had a positive effect on the income statement.

15.1 Guarantees

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Other information

Guarantees provided totalled €44.8 million (€58.3 million as at 31 December 2018). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2019		
	Sureties	Collateral	Total
Joint ventures and associates	2.6	-	2.6
Other	40.0	2.2	42.2
Total	42.6	2.2	44.8

(€/million)	Year ended 31 December 2018		
	Sureties	Collateral	Total
Joint ventures and associates	2.6	-	2.6
Other	53.5	2.2	55.7
Total	56.1	2.2	58.3

Guarantees given included the assumption of payment obligations in favour of the Tax Authorities, as security for the early repayment of VAT surplus of €38.6 million as at 30 June 2019 (€52.0 million as at 31 December 2018) in favour of subsidiaries.

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The Group has also recognised €446.6 million of guarantees provided by third parties (€485.7 million as at 31 December 2018) on commercial and financial obligations. Those guarantees mainly consist of:

- (i) guarantees received from various banks and insurance institutions 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 Group:
 - for payables – mainly surety guarantees for the Parent Company on the medium/long-term EIB loan;
 - for other obligations – mainly surety guarantees issued to the Inland Revenue in favour of the Parent Company to guarantee prize competitions and the VAT receivable being repaid, for surety issued to UEFA for qualifications at the European football Championships of 2020 and World football championships of 2022.

15.2 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 2019	Year ended 31 December 2018
Sports broadcasting rights	306.6	313.6
Investments in audiovisual works	203.1	246.4
Rights and services for the production of programmes	16.4	45.1
Technical investments	39.4	35.9
Total commitments	565.5	641.0

15.3 Contingent liabilities

Group companies, mainly Rai, are parties in civil, administrative, labour law and social security lawsuits connected with their ordinary business activities.

Civil and administrative litigation involving the Group companies 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 documentation 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 companies are parties in several 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.

Note 12.4 "Provisions for non-current risks and charges" details provisions made for that occurrence.

On the basis of information currently available, the Group believes that provisions for risks are adequate.

15.4 Transactions with related parties

Transactions between the Parent Company and related parties are reported below; as identified on the basis of the criteria provided by IAS 24 "*Related Party Disclosures*".

Related party dealings are mainly of a commercial and financial nature and involve 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 8.5 "Equity investments" companies under the control or joint control of Senior Management and bodies that manage benefit plans after the work relationship ends and 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 stipulate the same terms and conditions.

"Senior management" means key management personnel with strategic responsibilities with the power and direct or indirect responsibility for the planning, management and control of Group business, including therein the members of the Board of Directors of Group companies. For information on emoluments paid to statutory auditors of the Parent Company, see Note 14.3 "Costs for the purchase of consumables, costs for services and other costs".

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The follow table details the balance sheet totals as at 30 June 2019 and as at 31 December 2018 and the income effects of transactions between the Group and related parties conducted in the half years ended 30 June 2019 and 30 June 2018, except transactions between Group companies, consolidated on a line-by-line basis:

(€/million)	Senior Management	Other related parties	Total
Trade receivables			
At 30 June 2019	-	0.4	0.4
As at 31 December 2018	-	0.2	0.2
Current financial assets			
At 30 June 2019	-	1.6	1.6
As at 31 December 2018	-	-	-
Other current receivables and assets			
At 30 June 2019	0.1	0.3	0.4
As at 31 December 2018	0.1	-	0.1
Employee benefits			
At 30 June 2019	(4.7)	(14.7)	(19.4)
As at 31 December 2018	(4.8)	(14.7)	(19.5)
Trade payables			
At 30 June 2019	-	(5.8)	(5.8)
As at 31 December 2018	-	(5.6)	(5.6)
Current financial liabilities			
At 30 June 2019	-	-	-
As at 31 December 2018	-	(0.1)	(0.1)
Other current payables and liabilities			
At 30 June 2019	(7.8)	(7.8)	(15.6)
As at 31 December 2018	(7.5)	(15.8)	(23.3)

(€/'000)	Senior Management	Other related parties	Total
Revenue from sales and services			
At 30 June 2019	-	0.4	0.4
At 30 June 2018	-	0.3	0.3
Costs for services			
At 30 June 2019	(0.6)	(6.0)	(6.6)
At 30 June 2018	(0.4)	(5.3)	(5.7)
HR expenses			
At 30 June 2019	(11.2)	(6.5)	(17.7)
At 30 June 2018	(11.3)	(5.8)	(17.1)

With regard to the description of the main agreements in place between the Parent Company and the subsidiaries, associated companies and joint ventures identified above, reference should be made to the specific paragraph in the explanatory notes to the Consolidated Financial Statements of the Rai Group Report and Financial Statements at 31 December 2018, with the exception of the following paragraph.

Group VAT offsetting

The Group has adopted the group VAT offsetting procedure as per 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.

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 2019. Statutory and financial relationships are governed by a specific agreement between the parties.

16 Subsequent events

Incorporation of Player Editori Radio Srl

On 23 July 2019, Player Editori Radio Srl was incorporated, with a quota capital of €10,000, divided between national and local radio producers (70% and 30% respectively). Rai's shareholding is 13.9% of the quota capital. The other quotaholders are: Elemedia, RMC Italia, Monradio, Radio Studio 105, Virgin Radio Italy, Il Sole 24 Ore, CN Media, RTL 102,500 Hit Radio, Radio Italia, Radio Dimensione Suono and the associations ACRC, Aeranti-Corallo and Radio FRT.

The company's main objective is the creation and technological development of a unified IT platform for the aggregation of radio content using an IP Protocol for subsequent provision to quotaholders and third parties.

17 Reconciliation between the Separate and Consolidated Financial Statements

The analysis of items reconciling the result of the income statement and shareholders' equity of the Separate Financial Statements and respective figures of the Consolidated Financial Statements is presented below:

(€/million)	Profit/(loss)		Shareholders' equity	
	Half-year ended 30 June 2019	Half-year ended 30 June 2018	Half-year ended 30 June 2019	Year ended 31 December 2018
Separate Financial Statements	14.0	14.1	753.2	767.6
Elimination of the value of equity investments against respective shareholders' equity and of dividends distributed against profits for the period	(10.6)	(19.1)	(346.4)	(314.0)
Adjustment of deferred taxes on the Rai Way equity investment revaluation	-	-	5.0	5.0
Other consolidation adjustments	(0.1)	0.1	(5.7)	(5.6)
Consolidated Financial Statements	3.3	(4.9)	406.1	453.0
<i>of which non-controlling interest</i>	11.4	10.8	53.8	63.6

18 Appendix

18.1 Rai equity investments in subsidiaries

The following table reports the equity investments held by Rai in domestic and foreign subsidiaries. As at 30 June 2019, the above investments are unchanged from 31 December 2018.

	Registered office	No. shares/units held	Nominal value (in Euros)	Share capital (in €/'000)	Equity interest held %
Subsidiaries					
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) values in \$/'000;

(3) Ordinary shares with no stated par value.

The market value of Rai Way shares as at 28 June 2019 was €5.26.

Notes to the Interim Consolidated Financial Statements as at 30 June 2019

18.2 Net consolidated financial position

Net consolidated 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 2019	Year ended 31 December 2018
A. Cash	0.3	0.3
B. Other cash equivalents	226.5	91.9
C. Securities held for trading	-	-
D. Liquidity (A+B+C)	226.8	92.2
E. Current financial receivables	8.9	6.5
F. Current bank debt	-	-
G. Current portion of non-current debt [1]	(359.3)	(10.2)
H. Other current financial debt	(31.8)	(5.8)
I. Current financial debt (F+G+H)	(391.1)	(16.0)
J. Net current financial position (D+E+I)	(155.4)	82.7
K. Non-current bank loans	(10.2)	(15.2)
L. Bonds issued	-	(348.7)
M. Other non-current financial debts	(73.5)	(5.3)
N. Non-current financial debt (K+L+M)	(83.7)	(369.2)
O. Net consolidated financial position (J+N)	(239.1)	(286.5)
Of which liabilities for operating leases	(81.3)	-
Net financial position excluding operating lease liabilities	(157.8)	(286.5)

[1] of which €349.2 million relating to the bond issued by the Parent Company in May 2015 with a nominal amount of €350.0 million, maturing in May 2020.

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 Italian 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 2019 during the first half of 2019.

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 2019 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 and of all of the companies included in the scope of consolidation.
- the Report on Operations includes a reliable analysis of the trends and results of operations, as well as the situation of the issuer and of all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 3 October 2019



Fabrizio Salini
Chief Executive Officer



Massimo Cappelli
Manager in charge of drawing up the
corporate accounting documents

Independent Auditor's Report



REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
RAI – Radiotelevisione italiana SpA

Foreword

We have reviewed the accompanying interim consolidated financial statements of RAI – Radiotelevisione italiana SpA and its subsidiaries (the “RAI Group”), which comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated cash flow statement and related explanatory notes as of 30 June 2019. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of the interim consolidated 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 interim consolidated 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 interim consolidated 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 interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements of the RAI Group as of 30 June 2019 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, 7 October 2019

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

PricewaterhouseCoopers SpA

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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



