



**INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE
DECREE No. 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF
REGULATION (EU) No. 537/2014**

RAI WAY SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders
of Rai Way SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rai Way SpA (the Company), which comprise the income statement, statement of comprehensive income, the statement of financial position as of 31 December 2018, statement of changes in equity, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Rai Way SpA as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of Rai Way SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SpA

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Auditing procedures performed in response to key audit matters
<p>Evaluation of the estimated economic and technical useful life and recoverability of property, plant and equipment</p> <p><i>"Accounting policies" paragraphs "Property, plant and equipment" and "Impairment of tangible and intangible assets" and Note 16 "Property, plant and equipment" to the financial statements as of 31 December 2018</i></p> <p>The item "Property, plant and equipment" of the financial statements of Rai Way SpA as of 31 December 2018 amounted to Euro 108.9 million representing 61.5 per cent of total assets as of 31 December 2018.</p> <p>Property, plant and equipment, starting from the moment they are ready to be used for the purpose they were constructed, are systematically depreciated on a straight-line basis over their economic and technical useful life, namely within the period of time the Company expects these assets will be used.</p> <p>The estimated economic and technical useful life of property, plant and equipment is revised and, if necessary, updated by the Company's management at least at each balance sheet date, taking into account that the Company's core business is subject to changes, even significant, linked to the technology, regulatory and market environment. Should management analyses highlight any indication of impairment of these assets, their value is compared with the assets' recoverable</p>	<p>As part of our auditing, we performed the following main procedures aimed at verifying the evaluations made by the Company with reference to property, plant and equipment:</p> <ul style="list-style-type: none">i) discussion with the management of Rai Way SpA about their conclusions reached on the non existence of any impairment indicators of property, plant and equipment;ii) comparative analysis and examination, by discussions with the relevant corporate functions, about the most significant differences compared with the values recorded in the previous year and review of the documentary evidence concerning increases and decreases in property, plant and equipment;iii) verification, on a sample basis, of the assets' economic and technical useful life estimated by the Company compared with that used by the other main operators in the sector, and review, on a sample basis, of the accurate and consistent determination of the depreciation charges entered in the income statement;iv) physical stock-count, on a sample basis, of the property, plant and equipment items selected from various sites of the Company in order to verify the agreement of the tangible assets physically identified in those sites and those accounted for, as well as the existence



amount, which is the higher of their fair value net of selling cost and value in use, that is the present value of the future cash flows expected to be derived from such asset.

The evaluation of the estimated economic and technical useful life and the recoverability of the tangible assets of Rai Way SpA represented a key audit matter because of the significance of the value recognised in the financial statements, its incidence with respect to total assets and the complexity marking the estimates adopted by the Company's management.

of obsolete assets, if any.

v) verification of the accuracy and completeness of the information provided in the notes to the financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No.38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the ability of Rai Way SpA to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Rai Way SpA or to cease operations, or have no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, the financial reporting process of Rai Way SpA.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.



Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 4 September 2014, the shareholders of Rai Way SpA in general meeting engaged us to perform the statutory audit of the Company's financial statements for the years ending 31 December 2014 to 31 December 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Rai Way SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Rai Way SpA as of 31 December 2018, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Rai Way SpA as of 31 December 2018 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Rai Way SpA as of 31 December 2018 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No.39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.



***Statement in accordance with article 4 of Consob's Regulation implementing
Legislative Decree No. 254 of 30 December 2016***

The directors of Rai Way SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Rome, 27 March 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