



INTERIM REPORT OF
THE AUTOSTRADE PER
L'ITALIA GROUP FOR
THE SIX MONTHS
ENDED 30 JUNE 2018

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1.

Introduction

1.1 Consolidated financial highlights ^(*)

€m	H1 2018	H1 2017 ⁽¹⁾
Total operating revenue	1,901	1,861
Toll revenue	1,740	1,696
Other operating revenue	161	165
Gross operating profit (EBITDA)	1,193	1,149
Operating profit (EBIT)	930	860
Profit/(Loss) before tax from continuing operations	702	639
Profit for the period	492	475
Profit attributable to owners of the parent	484	452
Operating cash flow ⁽²⁾	824	841
Capital expenditure	207	243

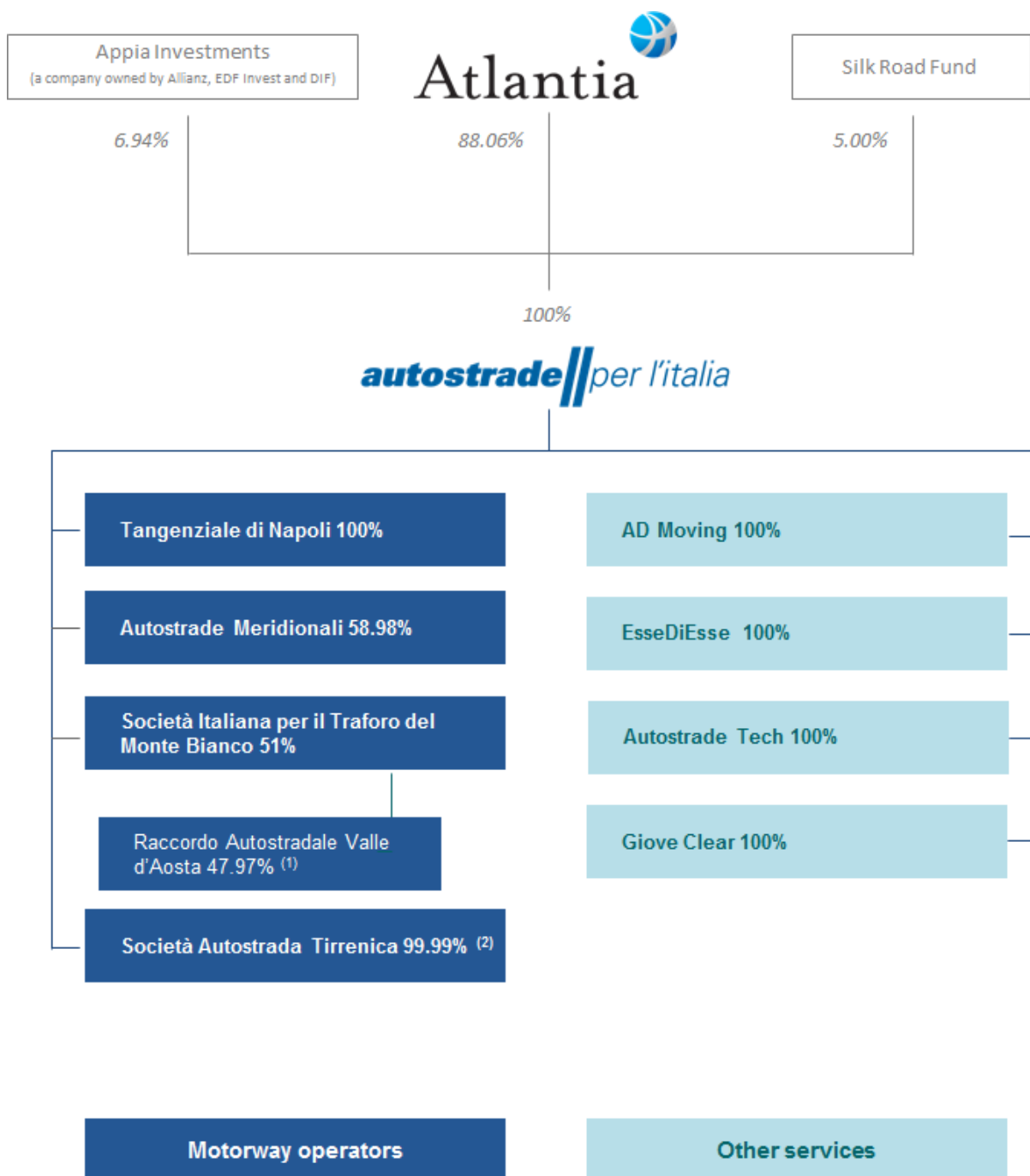
€m	30 June 2018	31 December 2017
Equity	2,723	2,738
Equity attributable to owners of the parent	2,377	2,390
Net debt	9,170	9,351

(*) The amounts shown in the above table have been extracted from the reclassified consolidated financial statements included in the "Group financial review", which also includes the reconciliation of the reclassified and reported amounts published in the "Condensed consolidated interim financial statements". Some of the amounts shown in the table refer to alternative performance indicators, definitions of which are provided in a specific section of this Interim Report.

(1) The contributions of Autostrade Indian Infrastructure Development Private Ltd. ("AID"), Autostrade dell'Atlantico ("ADA") and the related subsidiaries to the operating results for the first half of 2017 have been classified in "Profit/(Loss) from discontinued operations" through to the date of their deconsolidation (31 March 2017 and 28 February 2017, respectively).

(2) Operating cash flow for the first half of 2017 includes the contribution of ADA and the related subsidiaries.

1.2 Structure of the Autostrade per l'Italia Group ^(*)

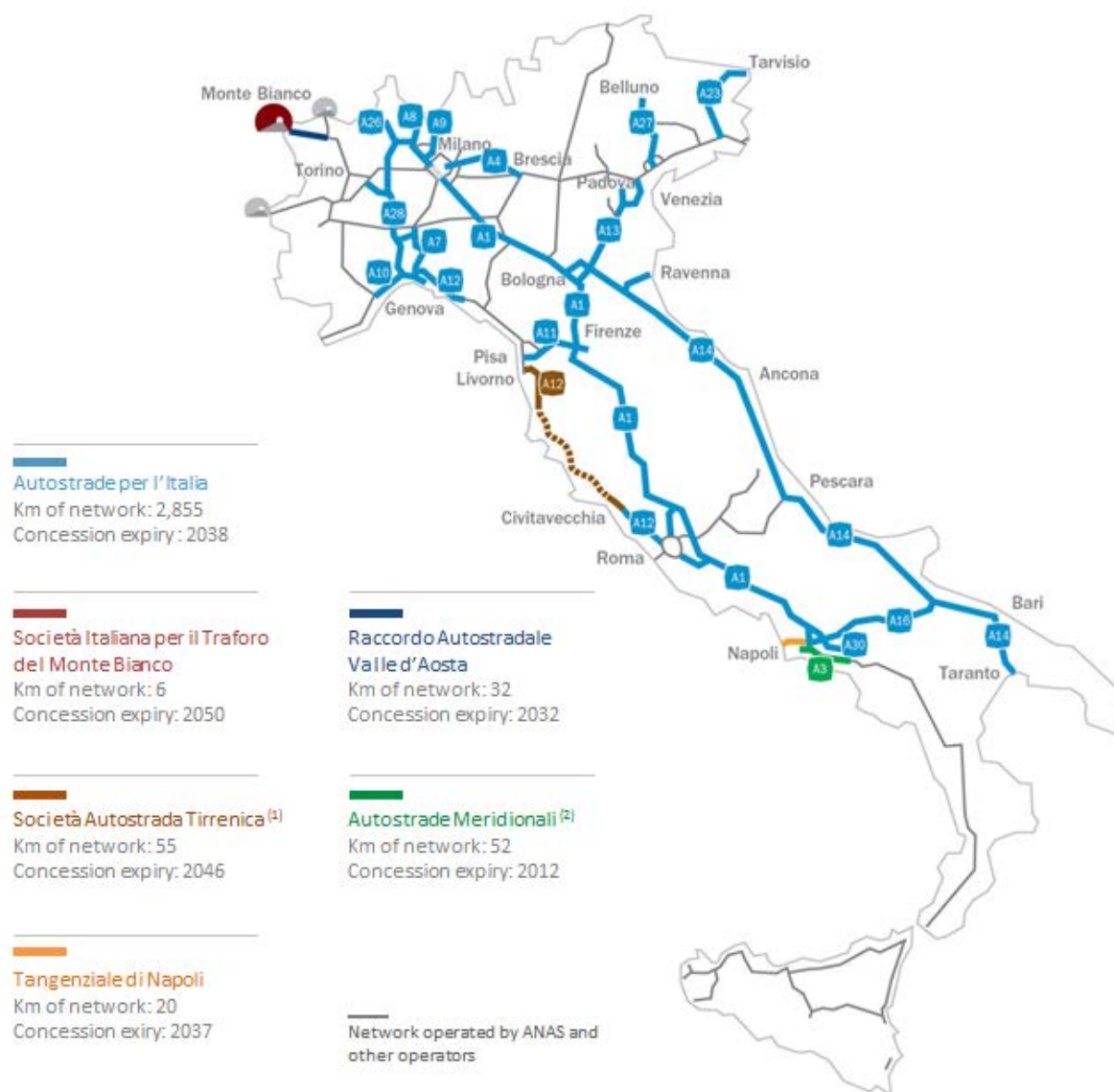


^(*) The chart shows interests in the principal Autostrade per l'Italia Group companies as at 30 June 2018. Autostrade per l'Italia's investments as at 30 June 2018 are described in Annex 1 to the condensed consolidated interim financial statements.

⁽¹⁾ The percentage shown refers to the interest in terms of the total number of shares in issue, whilst the interest in ordinary voting shares is 58.00%.

⁽²⁾ The percentage interest refers to the interest in terms of the total number of shares in issue.

1.3 The Group's motorway operators



(at 30 June 2018)	Autostrade per l'Italia	Subsidiaries
Toll stations	240	31
Service areas	204	14
Car parks	95	5
Punto Blu customer service points	57	7
Workforce	5,579	1,849

⁽¹⁾ A draft addendum to the concession arrangement is currently being negotiated with the Grantor.

⁽²⁾ The process of awarding the new concession is underway.

1.4 Corporate bodies as at 30 June 2018

BOARD OF DIRECTORS IN OFFICE FOR THE PERIOD 2017 – 2018

CHAIRMAN	Fabio CERCHIAI
CHIEF EXECUTIVE OFFICER	Giovanni CASTELLUCCI
DIRECTORS	Giuseppe ANGIOLINI Massimo BIANCHI Christoph HOLZER Hongcheng LI Roberto PISTORELLI Roberto TOMASI Antonino TURICCHI
SECRETARY	Amedeo GAGLIARDI

BOARD OF STATUTORY AUDITORS FOR THE THREE-YEAR PERIOD 2018 – 2019 – 2020

CHAIRMAN	Giandomenico GENTA
AUDITORS	Alberto DE NIGRO Giulia DE MARTINO Roberto COLUSSI Antonio PARENTE
ALTERNATE AUDITORS	Mario VENEZIA Francesco ORIOLI

INDEPENDENT AUDITORS FOR THE PERIOD 2012 – 2020

Deloitte & Touche SpA



A large, multi-lane highway bridge spanning a deep valley. The bridge has a complex steel truss structure with numerous vertical supports. The valley below is filled with dense, dark green forest. In the background, rolling hills and mountains are visible under a clear sky. A white truck is visible on the bridge deck.

2.

Interim report
on operations

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2.1 Alternative performance indicators

In application of the CONSOB Ruling of 3 December 2015, governing implementation in Italy of the guidelines for alternative performance indicators (“APIs”) issued by the European Securities and Markets Authority (ESMA), the basis used in preparing the APIs published by the Autostrade per l’Italia Group is described below.

The APIs shown in this interim report on operations are deemed relevant to an assessment of the operating performance based on the Group’s overall results and the results of individual consolidated companies. In addition, the APIs provide an improved basis for comparison of the results over time, even if they are not a replacement for or an alternative to the results published in accordance with international financial reporting standards (IFRS) described in the relevant section of the “Consolidated financial statements as at and for the year ended 31 December 2017” (also “reported amounts”).

With regard to the APIs, the Autostrade per l’Italia Group presents reclassified financial statements in the “Group financial review” which are different from the aforementioned consolidated financial statements (the statutory financial statements). In addition to amounts from the income statement and statement of financial position prepared under IFRS, these reclassified financial statements thus present a number of indicators and items derived from them, even when they are not required by the above standards and are, therefore, identifiable as APIs. In this regard, the “Reconciliation of the reclassified and statutory financial statements”, included in the “Group financial review”, presents the reconciliation of the reclassified financial statements with the corresponding statutory financial statements.

The APIs shown in this Interim Report for the six months ended 30 June 2018 are the same as those presented in the Annual Report for 2017, which includes detailed information on the composition of the APIs and the computation methods used by the Group.

A number of APIs are also presented after certain adjustments applied in order to provide a consistent basis for comparison over time. These “**like-for-like changes**” are used in the analysis of changes in gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow. The reconciliation of the like-for-like indicators and the corresponding amounts in the reclassified financial statements is provided in the section, “Like-for-like changes”, in the “Group financial review”, in addition to details of the adjustments made.

2.2 Group financial review

Introduction

The financial review contained in this section includes and analyses the Autostrade per l'Italia Group's reclassified consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the statement of changes in consolidated net debt for the first half of 2018, in which amounts are compared with those for the same period of the previous year. The review also includes the reclassified statement of financial position as at 30 June 2018, compared with the corresponding amounts as at 31 December 2017.

During preparation of the consolidated accounts for the first half of 2018, the international accounting standards (IFRS) approved by the European Commission and in force at 30 June 2018 were applied. The new IFRS in effect from 1 January 2018 include the first-time adoption of IFRS 15 "Revenues from Contracts with Customers", which however had no impact on the financial statements for the period, and of IFRS 9 "Financial Instruments", which led to an increase of €26 million in consolidated equity, as described in greater detail below.

The scope of consolidation as at 30 June 2018 is largely unchanged with respect to 31 December 2017. It should however be noted that Infoblu was deconsolidated, after completion of Autostrade per l'Italia's transfer of the investment to the affiliate, Telepass, as described in greater detail below in note 6, "Corporate actions", in the section, "Condensed consolidated interim financial statements". It should also be noted that the first half of 2017 benefitted from the contributions of Autostrade Indian Infrastructure (AID), Autostrade dell'Atlantico (ADA) and their subsidiaries, classified under "Profit/(Loss) from discontinued operations", which were deconsolidated in March and February 2017, respectively, following the transfer of these investments to the parent, Atlantia, at book value, via distribution of a special dividend in kind as part of the Group's restructuring.

Finally, it should be noted that the Group did not enter into non-recurring, atypical or unusual transactions, either with third or related parties, during the two comparative periods.

Like-for-like financial indicators

The following table shows a reconciliation of like-for-like consolidated amounts for gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow for the comparative periods and the corresponding amounts presented in the reclassified consolidated financial statements included below.

€m	Note	H1 2018				H1 2017			
		Gross operating profit (EBITDA)	Profit for the period	Profit attributable to owners of the parent	Operating cash flow	Gross operating profit (EBITDA)	Profit for the period	Profit attributable to owners of the parent	Operating cash flow
Reported amounts (A)		1,193	492	484	824	1,149	475	452	841
Adjustment for non like-for-like items									
Change in scope of consolidation	(1)	-	-	-	-	-	25	10	57
Change in discount rate applied to provisions	(2)	-	8	8	1	-	32	32	-
Sub-total (B)		-	8	8	1	-	57	42	57
Like-for-like amounts (C) = (A)-(B)		1,193	484	476	823	1,149	418	410	784

Notes:

The term "like-for-like basis", used in the following consolidated financial review, indicates that amounts for comparative periods have been determined by eliminating:

- (1) from consolidated amounts for the first half of 2017, the contributions of the companies deconsolidated as part of the Group's restructuring;
- (2) from consolidated amounts for the first half of 2018 and the first half of 2017, the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities.

Consolidated results of operations

“**Operating revenue**” for the first half of 2018 totals €1,901 million, up €40 million (2%) on the same period of 2017 (€1,861 million).

“**Toll revenue**” of €1,740 million is up €44 million (3%) compared with the first half of 2017 (€1,696 million), primarily due to the following:

- a) a 0.6% increase in traffic on the Italian network. After also taking into account the positive effect of the traffic mix, the increase in toll revenue is approximately €16 million;
- b) application of annual toll increases with an overall benefit estimated to be approximately €25 million, attributable to Autostrade per l’Italia (€15 million) and to other motorway operators (€10 million).

“**Other operating revenue**” of €161 million is down €4 million on the first half of 2017 (€165 million), primarily in connection with Autostrade Meridionali which in the first half of 2017 benefitted from income resulting from positive developments in a number of disputes.

“**Net operating costs**” of €708 million are down €4 million on the same period of 2017 (€712 million).

The “**Cost of materials and external services**” amounts to €234 million, marking a decrease of €2 million compared with the first half of 2017 (€236 million). This decline was affected by a different scheduling of maintenance work on the network, above all at Autostrade per l’Italia, and also in connection with tendering procedures for resurfacing work, partly offset by increases in the variable cost of winter operations (due to intense snowfall in the first quarter of 2018) and other operating costs.

“**Concession fees**” of €224 million are up €4 million (2%) on the first half of 2017 (€220 million), largely reflecting the component of tolls corresponding with the additional concession fee payable to ANAS, also accounted for in toll revenue.

“**Net staff costs**” amount to €250 million, a decrease of €6 million (2%) compared with the first half of the previous year, reflecting a combination of the following:

- a) a reduction of 75 (1.1%) in the average headcount, broadly reflecting slower turnover among toll collectors and the transfer of staff from Autostrade per l’Italia’s Foreign Department to Atlantia in March 2017, partially offset by the hiring of staff to fill specific roles within certain organisational units and an increase in the workforce at Giove Clear to cope with the greater volume of work;
- b) an increase in capitalised costs and a reduction in the costs linked to changes in the fair value of management incentive plans, partially offset by the cost of contract renewals.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT ^(*)

€m	H1 2018	H1 2017	Increase/(Decrease)	
			Absolute	%
Toll revenue	1,740	1,696	44	3
Other operating revenue	161	165	-4	-2
Total operating revenue	1,901	1,861	40	2
Cost of materials and external services	-234	-236	2	-1
Concession fees	-224	-220	-4	2
Net staff costs	-250	-256	6	-2
Total net operating costs	-708	-712	4	-1
Gross operating profit (EBITDA)	1,193	1,149	44	4
Amortisation, depreciation, impairment losses and reversals of impairment losses	-305	-299	-6	2
Operating change in provisions and other adjustments	42	10	32	n.s.
Operating profit (EBIT)	930	860	70	8
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-15	-12	-3	25
Net other financial expenses	-212	-209	-3	1
Financial expenses capitalised as intangible assets deriving from concession rights	3	1	2	n.s.
Share of profit/(loss) of investees accounted for using the equity method	-4	-1	-3	n.s.
Profit/(Loss) before tax from continuing operations	702	639	63	10
Income tax expense	-210	-188	-22	12
Profit/(Loss) from continuing operations	492	451	41	9
Profit/(Loss) from discontinued operations	-	24	-24	n.s.
Profit for the period	492	475	17	4
Profit for the period attributable to non-controlling interests	8	23	-15	-65
Profit for the period attributable to owners of the parent	484	452	32	7

	H1 2018	H1 2017	Increase/ (Decrease)
Basic earnings per share attributable to the owners of the parent (€)	0.78	0.73	0.05
<i>of which:</i>			
- from continuing operations	0.78	0.71	0.07
- from discontinued operations	-	0.02	-0.02
Diluted earnings per share attributable to the owners of the parent (€)	0.78	0.73	0.05
<i>of which:</i>			
- from continuing operations	0.78	0.71	0.07
- from discontinued operations	-	0.02	-0.02

(*) The reconciliation with reported amounts in the consolidated income statement is provided in the section, "Reconciliation of the reclassified and statutory financial statements".

“Gross operating profit” (EBITDA) for the first half of 2018 is €1,193 million, marking an increase, on a like-for-like basis, of €44 million (4%) on the same period of 2017 (€1,149 million).

“Amortisation, depreciation, impairment losses and reversals of impairment losses”, totalling €305 million, are broadly in line with the first half of 2017 (€299 million).

The **“Operating change in provisions and other adjustments”** have resulted in income of €42 million. The increase of €32 million compared with the first half of 2017 (€10 million) is essentially attributable to the change in provisions for the repair and replacement of Autostrade per l’Italia’s motorway infrastructure, due to the fact that uses during the period were higher than the new provisions required.

“Operating profit” (EBIT) of €930 million is up €70 million (8%) on the first half of 2017 (€860 million).

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €15 million (€12 million in the first half of 2017).

“Net other financial expenses” of €212 million are up €3 million on the same period of 2017 (€209 million). This essentially reflects a combination of the following:

- a) the reduction in income (€7 million), primarily relating to the change in fair value of Cross Currency Swaps, not qualifying for hedge accounting, following the issuer substitution completed in December 2016 with the parent, Atlantia;
- b) the reduced amount of interest and financial expenses, attributable to Autostrade per l’Italia, primarily reflecting a decrease in amounts due in the first half of 2018 compared with the same period of 2017 (€4 million).

The **“Share of profit/(loss) of investees accounted for using the equity method”** amounts to a loss of €4 million (€1 million in the first half of 2017). This reflects the Group’s share of the profit or loss of its associates and joint ventures.

“Income tax expense” of €210 million is up €22 million on the first half of 2017 (€188 million). This is proportionately in line with the increase in profit before tax from continuing operations.

“Profit from continuing operations” amounts to €492 million, marking an increase of €41 million (9%) on the first half of 2017 (€451 million).

“Profit/(Loss) from discontinued operations” amounts to zero for the first half of 2018. In the same period in 2017, it reflected the contributions of AID, ADA and the related subsidiaries, deconsolidated in March and February 2017, respectively.

“Profit for the period”, amounting to €492 million, is up €17 million (4%) on the first half of 2017 (€475 million). On a like-for-like basis, profit for the period is up €66 million (16%).

“Profit for the period attributable to owners of the parent”, amounting to €484 million, is up €32 million (7%) on the first half of 2017 (€452 million). On a like-for-like basis, profit for the period attributable to owners of the parent is up €66 million.

“Profit attributable to non-controlling interests” amounts to €8 million, down €15 million compared with the first half of 2017 (€23 million), essentially due to the difference in the scope

of consolidation in the two comparative periods. In the first half of 2017, the contributions of the companies deconsolidated as part of the Group's restructuring totalled €15 million.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€m		H1 2018	H1 2017
Profit for the period	(A)	492	475
Fair value gains/(losses) on cash flow hedges		-9	45
Tax effect of fair value gains/(losses) on cash flow hedges		2	-10
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-	90
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-	1
Other comprehensive income/(loss) reclassifiable to profit or loss for the period	(B)	-7	126
Other comprehensive income/(loss) not reclassifiable to profit or loss for the period	(C)	-	-
Reclassifications of other components of comprehensive income to profit or loss for the period	(D)	-	-
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the period	(E)	-	-
Total other comprehensive income/(loss) for the period	(F=B+C+D+E)	-7	126
<i>of which attributable to discontinued operations</i>		-	91
Comprehensive income for the period	(A+F)	485	601
<i>Of which attributable to owners of the parent</i>		477	533
<i>Of which attributable to non-controlling interests</i>		8	68

The “**Total other comprehensive loss**” for the first half of 2018 has a negative balance of €7 million (income of €126 million in the same period of 2017) in connection with the increase in fair value losses on cash flow hedges, amounting to €7 million (after tax). This is essentially due to the reduction in interest rates in the first half of 2018. In the first half of 2017, a corresponding improvement in fair value of €35 million was registered in connection rising interest rates. It should also be noted that the positive balance in the first half of 2017 was also influenced by the increase in the foreign currency translation reserves of ADA's subsidiaries (€90 million), due to improvements, at the date of deconsolidation, in the exchange rates used to convert the Brazilian real and the Chilean peso into euros, compared with the rates used at 31 December 2017.

Consolidated financial position

As at 30 June 2018, “**Non-current non-financial assets**” of €18,411 million are down €191 million compared with the figure for 31 December 2017 (€18,602 million).

“**Property, plant and equipment**” of €73 million is broadly in line with the figure for 31 December 2017 (€81 million).

“Intangible assets” total €18,164 million (€18,356 million as at 31 December 2017) and essentially consist of intangible assets deriving from the Group’s concession rights, amounting to €12,031 million (€12,221 million as at 31 December 2017), and goodwill (€6,111 million) recognised following the contribution of the motorway assets of the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia) to Autostrade per l’Italia as part of a reorganisation of the Group in 2003.

The reduction of €192 million in intangible assets is primarily due to a combination of the following:

- a) amortisation for the period (€294 million);
- b) investment during the period in construction services for which additional economic benefits are received (€55 million);
- c) an increase in concession rights regarding construction services for which no additional benefits are received due to an updated estimate of investments planned until the end of the concession (€42 million).

“Investments” and **“Deferred tax assets”**, amounting to €69 million and €105 million, respectively, are broadly in line with the figures for 31 December 2017 (€64 million for the former, and €101 million for the latter).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

€m	30 June 2018	31 December 2017	Increase/ (Decrease)
Non-current non-financial assets			
Property, plant and equipment	73	81	-8
Intangible assets	18,164	18,356	-192
Investments	69	64	5
Deferred tax assets	105	101	4
Total non-current non-financial assets (A)	18,411	18,602	-191
Working capital			
Trading assets	547	507	40
Current tax assets	33	35	-2
Other current assets	90	82	8
Non-financial assets held for sale or related to discontinued operations	4	5	-1
Current portion of provisions for construction services required by contract	-641	-422	-219
Current provisions	-217	-214	-3
Trading liabilities	-1,276	-1,324	48
Current tax liabilities	-230	-88	-142
Other current liabilities	-321	-302	-19
Non-financial liabilities related to discontinued operations	-	-6	6
Total working capital (B)	-2,011	-1,727	-284
Gross invested capital (C=A+B)	16,400	16,875	-475
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2,531	-2,840	309
Non-current provisions	-1,269	-1,314	45
Deferred tax liabilities	-676	-598	-78
Other non-current liabilities	-31	-34	3
Total non-current non-financial liabilities (D)	-4,507	-4,786	279
NET INVESTED CAPITAL (E=C+D)	11,893	12,089	-196
Equity			
Equity attributable to owners of the parent	2,377	2,390	-13
Equity attributable to non-controlling interests	346	348	-2
Total equity (F)	2,723	2,738	-15
Net debt			
Non-current net debt			
Non-current financial liabilities	10,315	10,991	-676
Bond issues	7,505	8,093	-588
Medium/long-term borrowings	2,387	2,469	-82
Non-current derivative liabilities	423	429	-6
Non-current financial assets	-413	-394	-19
Non-current financial assets deriving from government grants	-198	-188	-10
Non-current term deposits	-194	-184	-10
Other non-current financial assets	-21	-22	1
Total non-current net debt (G)	9,902	10,597	-695
Current net debt			
Current financial liabilities	2,668	2,231	437
Bank overdrafts repayable on demand	3	-	3
Short-term borrowings	275	775	-500
Current derivative liabilities	-	1	-1
Intercompany current account payables due to related parties	472	14	458
Current portion of medium/long-term borrowings	1,879	1,385	494
Other current financial liabilities	39	56	-17
Cash and cash equivalents	-2,904	-2,945	41
Cash	-2,196	-2,076	-120
Cash equivalents	-	-100	100
Intercompany current account receivables due from related parties	-702	-762	60
Cash and cash equivalents related to discontinued operations	-6	-7	1
Current financial assets	-496	-532	36
Current financial assets deriving from concession rights	-400	-400	-
Current financial assets deriving from government grants	-43	-52	9
Current term deposits	-41	-51	10
Current portion of other medium/long-term financial assets	-4	-22	18
Other current financial assets	-8	-7	-1
Total current net debt (H)	-732	-1,246	514
Total net debt (I=G+H) ⁽¹⁾	9,170	9,351	-181
NET DEBT AND EQUITY (L=F+I)	11,893	12,089	-196

(*) The reconciliation with the reported amounts in the consolidated interim financial statements is provided in the section, "Reconciliation of the reclassified and statutory financial statements".

(1) Net debt includes non-current financial assets, unlike the Group's financial position shown in the notes to the consolidated financial statements and prepared in compliance with the European Securities and Markets Authority (ESMA) Recommendation of 20 March 2013, which does not permit the deduction of non-current financial assets from debt.

“Working capital” reports a negative balance of €2,011 million, marking an increase of €284 million compared with the balance of €1,727 million as at 31 December 2017. This essentially reflects the following:

- a) an increase of €219 million in the current portion of Autostrade per l’Italia’s provisions for construction services required by contract, based on expected investment in construction services for which no additional benefits are received during the next 12 months;
- b) an increase of €144 million in net current tax liabilities, relating to provisions for tax expense for the period;
- c) a €48 million decrease in trading liabilities, essentially attributable to Autostrade per l’Italia as a result of a reduction in amounts due to suppliers (€153 million), primarily reflecting a decrease in investment carried out on the motorway network during the first half of 2018, compared with the second half of 2017. This effect is partially offset by an increase in amounts payable to the operators of interconnecting motorways and tolls in the process of settlement (€103 million), reflecting normal seasonal traffic trends;
- d) a €40 million increase in trading assets, primarily attributable to Autostrade per l’Italia, in relation to a rise in amounts due from customers (€84 million) resulting from a higher volume of motorway tolls, partially offset by a reduction in amounts due from sub-operators at motorway service areas (€38 million).

“Non-current non-financial liabilities”, totalling €4,507 million, are down €279 million compared with the figure for 31 December 2017 (€4,786 million). The change primarily reflects a combination of the following:

- a) a reduction of €309 million in the non-current portion of provisions for construction services required by contract, primarily reflecting reclassification of the current portion, totalling €357 million, partially offset by an updated estimate of the present value on completion of investment in construction services yet to be carried out (a reduction of €42 million);
- b) a reduction of €45 million in the non-current portion of provisions, relating to an updated estimate of the present value on completion of construction services included in the provisions for the repair and replacement of Autostrade per l’Italia’s motorway infrastructure (€41 million);
- c) an increase in deferred tax liabilities, totalling €78 million, primarily due to deduction, solely for tax purposes, of the amortisation of goodwill recognised by Autostrade per l’Italia (€49 million), and recognition of the deferred tax effect relating to first-time application of the new accounting standard, IFRS 9 (€8 million).

As a result, **“Net invested capital”**, totalling €11,893 million, is down €196 million on the figure for 31 December 2017 (€12,089 million).

“Equity” amounts to €2,723 million (€2,738 million as at 31 December 2017).

“Equity attributable to owners of the parent”, totalling €2,377 million, is down €13 million on the figure for 31 December 2017 (€2,390 million). This primarily reflects a combination of the following:

- a) payment of Autostrade per l’Italia’s final dividend for 2017 (€518 million);
- b) comprehensive income for the period attributable to owners of the parent (€477 million);
- c) the increase, before tax, deriving from first-time adoption of the new accounting standard, IFRS 9 (€26 million).

“Equity attributable to non-controlling interests” of €346 million is broadly in line with the figure for 31 December 2017 (€348 million), reflecting the fact that the dividends paid by a number of Group companies to non-controlling shareholders (€8 million) was offset by comprehensive income for the period attributable to non-controlling interests (€8 million).

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€m	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS	
	Issued capital	Cash flow hedge reserve	Net investment hedge reserve	Reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro	Reserve for translation of investments accounted for using the equity method denominated in functional currencies other than the euro	Other reserves and retained earnings	Profit/(Loss) for the period after interim dividend			Total
Balance as at 31 December 2016	622	-155	-36	-185	-3	3,613	513	4,369	1,749	6,118
Comprehensive income/(loss) for the period	-	35	-	46	-	-	-452	533	68	601
<u>Owner transactions and other changes</u>										
Autostade per Italia SpA's final dividend (€0.505 per share)	-	-	-	-	-	-	-314	-314	-	-314
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	-	199	-199	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-13	-13
Share-based incentive plans	-	-	-	-	-	1	-	1	-	1
Change in scope of consolidation following distribution of the special dividend in kind, including the effect on current tax income/(expense)	-	-	36	139	3	-1,333	-	-1,155	-1,473	-2,628
Distribution of available reserves	-	-	-	-	-	-1,101	-	-1,101	-	-1,101
Balance as at 30 June 2017	622	-120	-	-	-	1,379	452	2,333	331	2,664
Balance as at 31 December 2017	622	-110	-	-	-	1,355	523	2,390	348	2,738
Impact of first-time adoption of IFRS 9 from 1 January 2018	-	-	-	-	-	26	-	26	-	26
Balance as at 1 January 2018	622	-110	-	-	-	1,381	523	2,416	348	2,764
Comprehensive income/(loss) for the period										
<u>Owner transactions and other changes</u>										
Autostade per Italia SpA's final dividend (€0.832 per share)	-	-7	-	-	-	-	-484	477	8	485
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	-	4	-4	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-8	-8
Change in reserves due to transactions involving companies under common control	-	-	-	-	-	2	-	2	-	2
Change in scope of consolidation and other minor changes	-	-	-	-	-	-	-	-	-2	-2
Balance as at 30 June 2018	622	-117	-	-	-	1,387	485	2,377	346	2,723

The Group's "Net debt" as at 30 June 2018 amounts to €9,170 million, a reduction of €181 million compared with 31 December 2017 (€9,351 million). As mentioned in the introduction and explained in greater detail in note 3, "Accounting standards and policies", in the section "Condensed consolidated interim financial statements", the first-time adoption of IFRS 9 has resulted in a different accounting treatment for non-substantial modifications of financial liabilities. As a result of a transaction carried out by Autostrade per l'Italia in 2017, this has led to a reduction of €34 million in financial liabilities, recognised at 1 January 2018, with a matching increase in equity (€26 million), after tax of €8 million.

"Non-current net debt", totalling €9,902 million, is down €695 million on the figure for 31 December 2017 (€10,597 million). This primarily reflects a reduction of €676 million in non-current financial liabilities due to a combination of the following:

- a) the reclassification to short-term of the balance of the bond issue maturing in February 2019 (€592 million);
- b) the reclassification to short-term of bank borrowings to be repaid within 12 months (€62 million), and recognition of the above-mentioned impact of first-time adoption of IFRS 9 (€34 million).

"Current net debt" amounts to €732 million, down €514 million compared with 31 December 2017 (€1,246 million). The decrease was mainly affected by the above reclassifications of bond issues and bank borrowings, totalling €654 million, partially offset by net cash flow generated during the period (€138 million), as described in the section on "Consolidated cash flow".

The residual weighted average term to maturity of the Group's interest bearing debt is approximately six years as at 30 June 2018. 94% of the Group's interest bearing debt is fixed rate, taking into account the hedging derivative instruments entered into. 8% of the Group's debt is denominated in currencies other than the euro (sterling and yen).

The average cost of the Group's medium/long-term borrowings in the first half of 2018 was 3.5%.

As at 30 June 2018, the Group has cash reserves of €4,189 million, consisting of:

- a) €2,399 million in investments and cash maturing in the short term (€2,199 million) and Autostrade per l'Italia's net short-term debt (€230 million), essentially relating to its role as a provider of centralised treasury management, partially offset by short-term borrowing (€30 million);
- b) €235 million in term deposits allocated primarily to cover part of the financial needs necessary for the execution of specific construction services on the motorways operated under concession;
- c) €1,555 million in undrawn committed lines of credit.

As at 30 June 2018, the Group has lines of credit with a weighted average residual term to maturity of approximately seven years and six months and a weighted average residual drawdown period of approximately three years and three months.

The Group's net debt, as defined in the European Securities and Market Authority (ESMA) Recommendation of 20 March 2013 (which does not permit the deduction of non-current financial assets from debt), amounts to €9,583 million as at 30 June 2018, compared with €9,744 million as at 31 December 2017.

Consolidated cash flow

"Net cash from operating activities" amounts to €875 million in the first half of 2018, down €101 million on the first half of 2017 (€976 million). This reflects a combination of the following:

- a) a reduction of €17 million in operating cash flow, with a decrease of €57 million due to the different scope of consolidation in the first half of 2018, partly offset by an increase in operating profit (EBITDA) of €46 million. On a like-for-like basis, operating cash flow for the first half of 2018 is up €39 million (5%) compared with the first half of 2017;
- b) the differing performance of movements in operating capital and non-financial assets and liabilities in the two comparative periods (an outflow of €86 million in the first half of 2018 and an inflow of €99 million in the comparable period). Cash flows in the first half of 2018 were particularly affected by an increase in trading assets and a reduction in trading liabilities, as described above;
- c) a greater contribution from cash flows reflecting changes in non-financial assets and liabilities, amounting to €101 million and related to a change in current tax expense.

"Cash used for investment in non-financial assets", has a negative balance of €212 million, reflects capital expenditure (€207 million) and the purchase of investments (€10 million) in the first half of 2018. The outflow of €444 million in the first half of 2017 reflected the deconsolidation of the net (debt)/funds of the companies transferred to Atlantia as part of the Group's restructuring.

"Net equity cash outflows" amount to €525 million in the first half of 2018, marking a decrease of €903 million compared with the previous first half. This primarily reflects distribution of a portion of the available reserves, amounting to €1,101 million, to the parent Atlantia in the comparative period.

In addition, other changes during the first half of 2018 have resulted in a decrease of €43 million in net debt, primarily due to a combination of the following:

- a) the recognition of non-cash financial income (€53 million) linked to the above-mentioned recognition of the impact of first-time adoption of the new IFRS 9 (€34 million before the related taxation) and the impact of the issuer substitution completed at the end of 2016 (€19 million);
- b) an increase in fair value losses on derivative financial instruments (€9 million), reflecting lower interest rates registered in the first half of 2018.

It should also be noted that other changes in net debt in the first half of 2017, totalling €82 million, were also impacted by fair value gains on derivatives (€45 million) as a result of rising interest rates.

The overall impact of the above cash flows has resulted in an overall decrease in net debt of €181 million in the first half of 2018 (an increase of €814 million in the first half of 2017).

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT (*)

€m	H1 2018	H1 2017
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	492	475
Adjusted by:		
Amortisation and depreciation	306	299
Operating change in provisions	-42	-10
Financial expenses from discounting of provisions for construction services required by contract and other provisions	15	12
Share of (profit)/loss of investees accounted for using the equity method	4	1
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	-1	1
Net change in deferred tax (assets)/liabilities through profit or loss	68	57
Other non-cash costs (income)	-18	-26
Non-cash inflows from discontinued operations	-	32
Operating cash flow	824	841
Change in operating capital	-86	99
Other changes in non-financial assets and liabilities	137	36
Net cash generated from/(used in) operating activities (A)	875	976
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-197	-232
Purchases of property, plant and equipment	-4	-5
Purchases of other intangible assets	-6	-6
Capital expenditure	-207	-243
Increase in financial assets deriving from concession rights (related to capital expenditure)	-	2
Purchases of investments	-10	-
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	1	-
Proceeds from sales of consolidated investments, including net debt transferred	4	-
Net funds of consolidated companies transferred as a result of distribution of special dividend in kind	-	-204
Net change in other non-current assets	-	1
Net cash from/(used in) investment in non-financial assets (B)	-212	-444
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Distribution of reserves to the parent	-	-1,101
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	-525	-327
Net equity cash inflows/(outflows) (C)	-525	-1,428
Increase/(Decrease) in cash and cash equivalents during period (A+B+C)	138	-896
Change in fair value of hedging derivatives	-9	45
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	-1	-3
Effect of foreign exchange rate movements on net debt and other changes	53	40
Other changes in net debt (D)	43	82
Decrease/(Increase) in net debt for period (A+B+C+D)	181	-814
Net debt at beginning of period	-9,351	-8,694
Net debt at end of period	-9,170	-9,508

(*) The reconciliation with the reported amounts in the consolidated interim financial statements is provided in the section, "Reconciliation of the reclassified and statutory financial statements".

Reconciliation of the reclassified and reported financial statements

Reconciliations of the reclassified financial statements presented above with the matching income statement, statement of financial position and statement of cash flows, as prepared under international financial reporting standards (IAS/IFRS), are included below.

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT

€m	H1 2018						H1 2017					
	Reported basis			Reclassified basis			Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items												
Toll revenue			1,740			1,740			1,696			1,696
Revenue from construction services			55					55				
Revenue from construction services - government grants and cost of materials	(a)	49							(a)	51		
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	3							(b)	3		
Revenue from construction services: capitalised financial expenses	(c)	3							(c)	1		
Revenue from construction services provided by sub-operators	(d)	-							(d)	-		
Other revenue	(e)		161					165	(e)			
Other operating revenue				(e+d)		161				(e+d)		165
Revenue from construction services provided by sub-operators	(d)			(d)		-			(d)			-
Total revenue			1,956					1,916				
TOTAL OPERATING REVENUE						1,901						1,861
Raw and consumable materials			-60		-60			-36			-36	
Service costs			-325		-325			-388			-388	
Gain/(Loss) on sale of elements of property, plant and equipment			-		-			-			-	
Other operating costs			-253					-251				
Concession fees	(f)		-224					-220	(f)			
Lease expenses			-4		-4			-5			-5	
Other			-25		-25			-26			-26	
Use of provisions for construction services required by contract					131				(h)		168	
Revenue from construction services: government grants and capitalised cost of materials and external services	(a)			(a)	49				(a)		51	
COST OF MATERIALS AND EXTERNAL SERVICES						-234						-236
CONCESSION FEES						-224			(f)			-220
Staff costs	(g)		-264					-268	(g)			
NET STAFF COSTS				(g+b+i)		-250				(g+b+i)		-256
TOTAL NET OPERATING COSTS						-708						-712
GROSS OPERATING PROFIT (EBITDA)						1,193						1,149
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						42						10
Operating change in provisions			45					11				
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			50		46			11			11	
(Provisions)/Uses of other provisions			-5		-5			-			-	
(Impairment losses)/Reversals of impairment losses on current assets				(l)	1				(l)		-1	
Use of provisions for construction services required by contract			138					177				
Use of provisions for construction services required by contract	127								(h)	168		
Capitalised staff costs - construction services for which no additional economic benefits are received	(i)	11						9	(i)			
Amortisation and depreciation	(j)		-305					-299	(j)			
Depreciation of property, plant and equipment			-11					-11				
Amortisation of intangible assets deriving from concession rights			-287					-282				
Amortisation of other intangible assets			-7					-6				
(Impairment losses)/Reversals of impairment losses	(k)		1					-1	(k)			
(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets	(k)								(k)			
(Impairment losses)/Reversals of impairment losses	(l)	1						-1	(l)			
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(j+k)		-305			(j+k)			-299
TOTAL COSTS			-1,023					-1,055				
OPERATING PROFIT/(LOSS)			933					861				
OPERATING PROFIT/(LOSS) (EBIT)						930						860
Financial income			45					59				
Dividends received from investees	(m)		1					2	(m)			
Other financial income	(n)		44					57	(n)			
Financial expenses			-272					-280				
Financial expenses from discounting of provisions for construction services required by contract and other provisions	(o)		-15					-12	(o)			
Other financial expenses	(p)		-257					-268	(p)			
Foreign exchange gains/(losses)	(q)		-					-	(q)			
FINANCIAL INCOME/(EXPENSES)			-227					-221				
Net financial expenses				(m+n+o+p+q+c)		-224				(m+n+o+p+q+c)		-220
Share of profit/(loss) of investees accounted for using the equity method			-4			-4		-1				-1
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			702			702		639				639
Income tax (expense)/benefit			-210			-210		-188				-188
Current tax expense			-142					-135				
Differences on tax expense for previous years			-					4				
Deferred tax income and expense			-68					-57				
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			492			492		451				451
Profit/(Loss) from discontinued operations			-			-		24				24
PROFIT FOR THE PERIOD			492			492		475				475
of which:												
Profit attributable to owners of the parent			484			484		452				452
Profit attributable to non-controlling interests			8			8		23				23

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION WITH THE RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€m	30 June 2018					31 December 2017				
	Reported basis		Reclassified basis			Reported basis		Reclassified basis		
	Ref.	Main entries	Ref.	Sub-items	Main entries	Ref.	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items										
Non-current non-financial assets										
Property, plant and equipment	(a)	73			73	(a)	81			81
Intangible assets	(b)	18,164			18,164	(b)	18,356			18,356
Investments	(c)	69			69	(c)	64			64
Deferred tax assets	(d)	105			105	(d)	101			101
Other non-current assets	(e)	-			-	(e)	-			-
Total non-current non-financial assets (A)					18,411					18,602
Working capital										
Trading assets	(f)	547			547	(f)	507			507
Current tax assets	(g)	33			33	(g)	35			35
Other current assets	(h)	90			90	(h)	82			82
Non-financial assets held for sale or related to discontinued operations			(w)		4			(w)		5
Current portion of provisions for construction services required by contract	(i)	-641			-641	(i)	-422			-422
Current provisions	(j)	-217			-217	(j)	-214			-214
Trading liabilities	(k)	-1,276			-1,276	(k)	-1,324			-1,324
Current tax liabilities	(l)	-230			-230	(l)	-88			-88
Other current liabilities	(m)	-321			-321	(m)	-302			-302
Non-financial liabilities related to discontinued operations			(x)		-			(x)		-6
Total working capital (B)					-2,011					-1,727
Gross invested capital (C=A+B)					16,400					16,875
Non-current non-financial liabilities										
Non-current portion of provisions for construction services required by contract	(n)	-2,531			-2,531	(n)	-2,840			-2,840
Non-current provisions	(o)	-1,269			-1,269	(o)	-1,314			-1,314
Deferred tax liabilities	(p)	-676			-676	(p)	-598			-598
Other non-current liabilities	(q)	-31			-31	(q)	-34			-34
Total non-current non-financial liabilities (D)					-4,507					-4,786
NET INVESTED CAPITAL (E=C+D)					11,893					12,089
Total equity (F)		2,723			2,723		2,738			2,738
Net debt										
Non-current net debt										
Non-current financial liabilities	(r)	10,315			10,315	(r)	10,991			10,991
Non-current financial assets	(s)	-413			-413	(s)	-394			-394
Total non-current net debt (G)					9,902					10,597
Current net debt										
Current financial liabilities	(t)	2,668			2,668	(t)	2,231			2,231
Bank overdrafts repayable on demand		3		3			-			-
Short-term borrowings		275		275			775			775
Current derivative liabilities		-		-			1			1
Intercompany current account payables due to related parties		472		472			14			14
Current portion of medium/long-term financial liabilities		1,879		1,879			1,385			1,385
Other current financial liabilities		39		39			56			56
Current financial liabilities related to discontinued operations			(aa)		-			(aa)		-
Cash and cash equivalents	(u)	-2,898			-2,904	(u)	-2,938			-2,945
Cash		-2,196		-2,196			-2,076			-2,076
Cash equivalents		-		-			-100			-100
Intercompany current account receivables due from related parties		-702		-702			-762			-762
Cash and cash equivalents related to discontinued operations			(y)		-6			(y)		-7
Current financial assets	(v)	-496			-496	(v)	-532			-532
Current financial assets deriving from concession rights		-400		-400			-400			-400
Current financial assets deriving from government grants		-43		-43			-52			-52
Current term deposits		-41		-41			-51			-51
Current portion of other medium/long-term financial assets		-4		-4			-22			-22
Other current financial assets		-8		-8			-7			-7
Financial assets held for sale and related to discontinued operations			(z)		-			(z)		-
Total current net debt (H)					-732					-1,246
Total net debt (I=G+H)					9,170					9,351
NET DEBT AND EQUITY (L=F+I)					11,893					12,089
Assets held for sale and related to discontinued operations	(-y-z+w)	10				(-y-z+w)	12			
Liabilities related to discontinued operations	(-x+aa)	-				(-x+aa)	6			
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e-s)	18,824				(a+b+c+d+e-s)	18,996			
TOTAL CURRENT ASSETS	(f+g+h-u-v-y-z+w)	4,074				(f+g+h-u-v-y-z+w)	4,106			
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)	14,822				(-n-o-p-q+r)	15,777			
TOTAL CURRENT LIABILITIES	(-i-j-k-l-m+t-x+aa)	5,353				(-i-j-k-l-m+t-x+aa)	4,587			

RECONCILIATION OF THE STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT WITH THE CONSOLIDATED STATEMENT OF CASH FLOWS

€m		H1 2018		H1 2017	
Reconciliation of items	Note	Consolidated statement of cash flows	Changes in consolidated net debt	Consolidated statement of cash flows	Changes in consolidated net debt
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the period		492	492	475	475
Adjusted by:					
Amortisation and depreciation		306	306	299	299
Operating change in provisions		-42	-42	-10	-10
Financial expenses from discounting of provisions for construction services required by contract and other provisions		15	15	12	12
Share of (profit)/loss of investees accounted for using the equity method		4	4	1	1
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		-1	-1	1	1
Net change in deferred tax (assets)/liabilities through profit or loss		68	68	57	57
Other non-cash costs (income)		-18	-18	-26	-26
Non-cash inflows from discontinued operations	(a)		-		32
Operating cash flow			824		841
Change in operating capital	(b)		-86		99
Other changes in non-financial assets and liabilities	(c)		137		36
Change in working capital and other changes	(a+b+c)	51		167	
Net cash generated from/(used in) operating activities (A)		875	875	976	976
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-197	-197	-232	-232
Purchases of property, plant and equipment		-4	-4	-5	-5
Purchases of other intangible assets		-6	-6	-6	-6
Capital expenditure			-207		-243
Increase in financial assets deriving from concession rights (related to capital expenditure)		-	-	2	2
Purchases of investments		-10	-10	-	-
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		1	1	-	-
Proceeds from sales of consolidated investments, including net debt transferred	(d)		4		-
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred	(e)	6		-	
Cash and cash equivalents of consolidated companies transferred as a result of distribution of special dividend in kind	(f)	-		-386	
Net debt/(funds) of consolidated companies transferred as a result of distribution of special dividend in kind	(g)		-		-204
Net change in other non-current assets		-	-	1	1
Net change in current and non-current financial assets	(h)	17		-20	
Net cash from/(used in) investment in non-financial assets (B)	(i)		-212		-444
Net cash generated from/(used in) investing activities (C)	(i-d-g+e+f+h)	-193		-646	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Distribution of reserves to the parent		-	-	-1,101	-1,101
Dividends declared by Group companies	(j)		-525		-327
Dividends paid	(k)	-543		-327	
Net equity cash inflows/(outflows) (D)			-525		-1,428
Net cash generated during period (A+B+D)			138		-896
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-61		-52	
Net change in other current and non-current financial liabilities		-580		344	
Net cash generated from/(used in) financing activities (E)		-1,184		-1,136	
Change in fair value of hedging derivatives	(l)		-9		45
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)			-1		-3
Effect of foreign exchange rate movements on net debt and other changes	(m)		53		40
Other changes in net debt (F)			43		82
Net effect of foreign exchange rate movements on net cash and cash equivalents (G)			-	10	
Decrease in net debt for period (A+B+D+F)			181		-814
Net debt at beginning of period			-9,351		-8,694
Net debt at end of period			-9,170		-9,508
Increase/(Decrease) in cash and cash equivalents during period (A+C+E+G)		-502		-796	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,931		3,420	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,429		2,624	

Notes:

- a) this item shows cash flows not generated from operating activities with an impact on profit for the period of the companies classified as “discontinued operations”;
- b) the “Change in operating capital” shows the change in trade-related items directly linked to the Group’s ordinary activities (in particular: inventories, trading assets and trading liabilities);
- c) the “Change in other non-financial assets and liabilities” shows the change in items of a non-trading nature (in particular: current tax assets and liabilities, other current assets and liabilities, current provisions for construction services required by contract and other provisions);
- d) this item includes the impact on net debt arising from the sale and consequent deconsolidation of subsidiaries, calculated as the price collected on the sale, after the net (debt)/funds transferred;
- e) this item includes the impact of cash and cash equivalents arising from the sale and consequent deconsolidation of subsidiaries, calculated as the price collected on the sale, after the net (debt)/funds transferred;
- f) this item refers to cash and cash equivalents transferred following the deconsolidation of AID, ADA and the related subsidiaries, as a result of distribution of the special dividend in kind to the parent, Atlantia, in the first half of 2017;
- g) this item refers to the net (debt)/funds of AID, ADA and the related subsidiaries transferred as a result of distribution of the special dividend in kind to the parent, Atlantia, in the first half of 2017;
- h) the “Net change in current and non-current financial assets” is not shown in the “Statement of changes in consolidated net debt”, as it does not have an impact on net debt;
- i) “Net cash from/(used in) investment in non-financial assets” excludes changes in the financial assets and liabilities that do not have an impact on net debt;
- j) “Dividends declared by Group companies” regard the portion of dividends declared by the Parent Company and other Group companies attributable to non-controlling interests, regardless of the period of payment;
- k) “Dividends paid” refer to amounts effectively paid during the reporting period;
- l) the amount represents the change in the fair value of cash flow hedges, before the related taxation, as shown in “Fair value gains/(losses) on cash flow hedges” in the consolidated statement of comprehensive income;
- m) this item includes the impact of exchange rate movements on financial assets (including cash and cash equivalents) and financial liabilities denominated in currencies other than the euro held by Group companies, and non-cash income/(costs) resulting in changes in net debt.

2.3 Key performance indicators for Group companies

€m	OPERATING REVENUE ⁽¹⁾		
	H1 2018	H1 2017	Increase/ (Decrease)
	Absolute		
Autostrade per l'Italia	1,740	1,709	31
Autostrade Meridionali	46	46	-
Tangenziale di Napoli	37	35	2
Società Italiana per il Traforo del Monte Bianco	30	29	1
Autostrada Tirrenica	17	17	-
Essediesse	13	13	-
Raccordo Autostradale Valle d'Aosta	14	9	5
Giove Clear	7	6	1
Ad Moving	3	3	-
Autostrade Tech	26	24	2
Infoblu ⁽²⁾	1	2	-1
Consolidation adjustments	-33	-32	-1
TOTAL AUTOSTRADALE PER L'ITALIA GROUP	1,901	1,861	40

⁽¹⁾ The alternative performance indicators presented above are defined in the section, "Alternative performance indicators".

⁽²⁾ Infoblu contributed to the Group's key performance indicators in the first half of 2018 until the date of deconsolidation (end of April 2018), following the sale of Autostrade per l'Italia's interest in this company to Telepass.

EBITDA ⁽¹⁾			CAPITAL EXPENDITURE ⁽¹⁾		
H1 2018	H1 2017	Increase/ (Decrease) Absolute	H1 2018	H1 2017	Increase/ (Decrease) Absolute
1,120	1,080	40	195	229	-34
18	19	-1	-	2	-2
16	13	3	1	8	-7
19	19	-	5	1	4
9	9	-	4	2	2
1	1	-	-	-	-
8	4	4	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2	4	-2	2	1	1
-	-	-	-	-	-
-	-	-	-	-	-
1,193	1,149	44	207	243	-36

2.4 Group operating review

Traffic

The number of kilometres travelled on the Group's Italian network in the first six months of 2018 is up 0.6% on the first half of the previous year. In particular the number of vehicles with 2 axles is up 0.3%, whilst the figure for those with 3 or more axles is up 2.9%.

The performance for the first half of 2018, compared with the same period of 2017, reflects the negative impact of the heavy snowfall seen between the end of February and early March. After stripping out the resulting effect, like-for-like traffic using Autostrade per l'Italia's network in the first half of 2018 is up 1.4%.

OPERATOR	MILLIONS OF KM TRAVELLED ⁽¹⁾				ATVD ⁽²⁾
	VEHICLES WITH 2 AXLES	VEHICLES WITH 3+ AXLES	TOTAL VEHICLES	% CHANGE VERSUS H1 2017	H1 2018
Autostrade per l'Italia	19,240.9	3,321.6	22,563	0.7	43,668
Autostrade Meridionali	822.1	18.0	840	0.6	89,945
Tangenziale di Napoli	461.5	8.0	469	-0.2	128,398
Società Autostrada Tirrenica	116.9	12.0	129	-2.3	15,690
Raccordo Autostradale Valle d'Aosta	41.3	10.2	52	-1.9	8,897
Società Italiana per il Traforo del Monte Bianco	3.5	1.8	5	-0.6	5,062
Total Italian operators	20,686.2	3,371.6	24,058	0.6	44,164

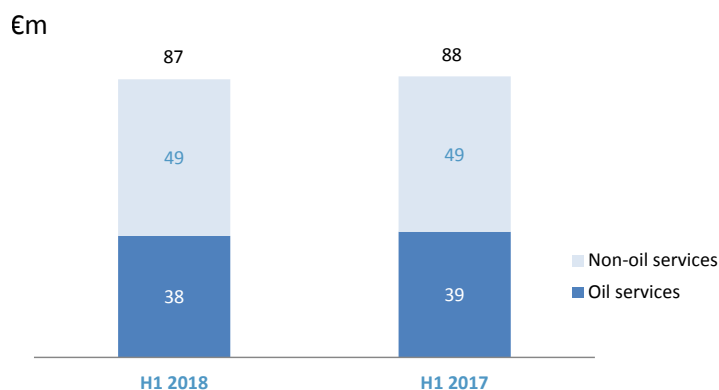
⁽¹⁾ The data for June 2018 is provisional. Figures in millions of kilometres travelled, after rounding to the nearest decimal place.

⁽²⁾ ATVD = Average theoretical vehicles per day, equal to the total number of kilometres travelled/journey length /number of days.

Service areas

Recurring royalties received from sub-operators at service areas on the network managed by Autostrade per l'Italia and the Group's other motorway operators amount to €87 million, during the first six months of 2018, broadly in line with the first half of 2017.

RECURRING ROYALTIES FROM SUB-OPERATORS - AUTOSTRADA PER L'ITALIA AND SUBSIDIARIES



Capital expenditure

Capital expenditure by Autostrade per l'Italia and the other Group companies in the first half of 2018 amounts to €207 million.

€M	H1 2018	H1 2017
Autostrade per l'Italia -projects in Agreement of 1997	82	103
Autostrade per l'Italia - projects in IV Addendum of 2002	43	39
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	63	78
Other operators (including capitalised costs)	9	12
Total investment in infrastructure operated under concession	197	232
Investment in other intangible assets	6	6
Investment in property, plant and equipment	4	5
Total capital expenditure	207	243

With regard to the works envisaged in the Agreement of 1997, work continued in the first half of 2018 on widening the A1 between Barberino and Florence North to three lanes, with mechanical boring of the Santa Lucia Tunnel currently under way. Work is also in progress on the third lane of the section between Florence South and Incisa in Lot 1 North. Work is also continuing on completion of the *Variante di Valico*, which relates solely to off carriageway works and completion of the Florence North-Florence South section.

In terms of the works contained in the IV Addendum of 2002, work on construction of link roads and on mitigation works in the Municipality of Fano, connected with work on the A14 motorway, proceeded in the first half of 2018. Preparations for the start-up of work on the upgrade of the road and motorway system serving Genoa (the so-called *Gronda di Genova*) are in progress.

Autostrade per l'Italia's other capital expenditure includes approximately €21 million invested in major works, primarily construction of the fourth free-flow lane for the A4 in the Milan area and improvements to feeder roads for the Tuscan stretch of the A1.

2.5 Workforce

As at 30 June 2018, the Autostrade per l'Italia Group employs 6,891 staff on permanent contracts and 537 temporary staff, making a total workforce of 7,428 (up 79 compared with the 7,349 of 31 December 2017).

The change in permanent staff (a reduction of 35 compared with 31 December 2017) primarily reflects events at the following Group companies:

- motorway operators (down 31), primarily due to slower turnover among toll collectors at Autostrade per l'Italia, Tangenziale di Napoli and Autostrade Meridionali, partly offset by the hiring of staff to fill specific roles within certain organisational units;
- Giove Clear (up 6) due to an increase in the volume of work.

The change in temporary staff as at 30 June 2018 (up 114 compared with 31 December 2017) primarily reflects events at the following Group companies:

- motorway operators (up 112), primarily reflecting a greater need for seasonal toll collection staff at Autostrade per l'Italia and Società Autostrada Tirrenica;
- Giove Clear (up 2) due to the above-mentioned increase in the volume of work.

The average workforce is down from 6,841 in the first half of 2017 to 6,766 in the first half of 2018, marking a total reduction of 75 on average (down 1.1%). This reduction primarily reflects:

- motorway operators (down 94 on average), primarily due to the transfer of staff from Autostrade per l'Italia's Foreign Department to Atlantia in March 2017 and slower turnover among toll collectors at Autostrade per l'Italia, Autostrade Meridionali and Tangenziale di Napoli, partly offset by the hiring of staff to fill specific roles within certain organisational units;
- Giove Clear (up 30 on average) due to an increase in the volume of work.

Information on the performance of staff costs is provided in the "Group financial review".

PERMANENT STAFF

	30 June 2018	31 December 2017	Increase/(Decrease)	
			absolute	%
Senior managers	97	95	2	2.1%
Middle managers	377	378	-1	-0.3%
Administrative staff	2,697	2,686	11	0.4%
Manual workers	1,460	1,469	-9	-0.6%
Toll collectors	2,260	2,298	-38	-1.7%
Total	6,891	6,926	-35	-0.5%

TEMPORARY STAFF

	30 June 2018	31 December 2017	Increase/(Decrease)	
			absolute	%
Senior managers	-	-	-	n.a.
Middle managers	-	-	-	n.a.
Administrative staff	18	16	2	12.5%
Manual workers	185	182	3	1.6%
Toll collectors	334	225	109	48.4%
Total	537	423	114	27.0%

AVERAGE WORKFORCE

	H1 2018	H1 2017	Increase/(Decrease)	
			absolute	%
Senior managers	96	101	-5	-5.0%
Middle managers	373	393	-20	-5.1%
Administrative staff	2,638	2,648	-10	-0.4%
Manual workers	1,456	1,425	31	2.2%
Toll collectors	2,203	2,274	-71	-3.1%
Total	6,766	6,841	-75	-1.1%

2.6 Related party transactions

Information on related party transactions is provided in note 10.5, “Related party transactions”, in the condensed consolidated interim financial statements.

2.7 Significant regulatory aspects

In addition to the information already provided in the Annual Report for the year ended 31 December 2017, this section provides details of updates or new developments relating to significant regulatory events affecting Group companies and occurring through to the date of approval of this Interim Report for the six months ended 30 June 2018.

Toll increases with effect from 1 January 2018

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued decrees on 29 December 2017, determining toll increases with effect from 1 January 2018. These are as follows:

- a) Autostrade per l'Italia was to apply an overall toll increase of 1.51%, including 0.49% as the inflation-linked component, 0.64% to provide a return capital expenditure via the "X" tariff component and -0.04% to provide a return on investment via the "K" tariff component (the shortfall in the increase awarded for 2017 was recouped almost in full for both these components) and 0.43% to recover the reduction in revenue earned in the period from June 2014 to 2017 as a result of the discounted tolls for frequent motorway users, introduced by the Memorandum of Understanding entered into with the Ministry. Regarding the shortfall in the increase with respect to the requested amount, equal to 0.01% (relating to the "X" component), the Grantor, following submission of additional documentation by Autostrade per l'Italia on 12 March 2018, deemed that the request was largely warranted, and therefore to be taken into account when determining the toll increase for 2019. Application of the remaining amounts was suspended, pending an update of the financial plan;
- b) Raccordo Autostradale Valle d'Aosta was to apply a toll increase of 52.69%, compared with the 81.12% requested. The company has challenged this determination before the Regional Administrative Court;
- c) Autostrade Meridionali was to apply a toll increase of 5.98%, compared with the 9.9% requested;
- d) Società Autostrada Tirrenica was to apply a toll increase of 1.33%, compared with the 36.51% requested. The company has challenged this determination before the Regional Administrative Court;
- e) Tangenziale di Napoli was to apply a toll increase of 4.31%, including recovery of amounts not applied in previous years, compared with the 1.93% requested. This application was granted on the basis of the new operating and financial plan attached to the Addendum, signed first on 8 September 2017 and, subsequently, at the Grantor's request, by digital signature on 22 February 2018. This came into effect with the approval of Ministry of Infrastructure and Transport and Ministry of the Economy and Finance Decree 131 of 16 March 2018, registered at the Court of Auditors on 23 April 2018.

In the case of Traforo del Monte Bianco, which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel gave the go-ahead for a toll increase of 1.09%. This is based on the average of the inflation rates registered in Italy and France from 1 September 2016 to 31 August 2017, in addition to an extra 0.95% increase determined by the mentioned Committee. From 1 April 2018, the toll for all Euro 3 heavy goods vehicles, of more than 3.5 tonnes, was increased by 5%.

II Addendum to Autostrade per l'Italia's Single Concession Arrangement

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017, replacing the previous concession arrangement signed on 10 December 2015 for which the related approval process had not been completed. The Addendum governs the inclusion of the Casalecchio Interchange, northern section, among the investment commitments of the Single

Concession Arrangement. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and the remaining €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure.

This amount, which will be paid to ANAS on a stage of completion basis and in terms of a specific agreement to be entered into, will be recovered by Autostrade per l'Italia via the "K" toll component. During the approval process, the Grantor once again requested that the above Addendum be signed by means of a digital signature. The Addendum was thus signed on 22 February 2018 and came into effect with approval by Decree 128 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered by the Court of Auditors on 31 May 2018.

[Five-year update of Autostrade per l'Italia's financial plan](#)

On 15 June 2018, Autostrade per l'Italia submitted a proposal to the Grantor regarding the five-year update of its financial plan, which will subsequently be formalised as an addendum to the current Concession Arrangement.

[Addendum to Tangenziale di Napoli's Single Concession Arrangement](#)

On 8 September 2017, the Addendum to Tangenziale di Napoli's Single Concession Arrangement was signed. The Addendum sets out the results of the five-yearly review (2014 – 2018) of the financial plan annexed to the Arrangement. During the approval process, the Grantor once again requested that the above Addendum be signed by means of a digital signature. The Addendum was thus signed on 22 February 2018 and came into effect with approval of Decree 131 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered by the Court of Auditors on 23 April 2018.

[Agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna](#)

On 15 April 2016, Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and the Municipality of Bologna signed an agreement for the upgrade of the existing motorway system/ring road interchange serving the city of Bologna. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l'Italia has modified the design for the project in full compliance with the principles set out in the agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure.

Work then began on the environmental impact assessment in January 2017 and was completed with the EIA order of 31 March 2018. On 21 March 2018, Autostrade per l'Italia requested the Ministry of Infrastructure and Transport to convene the Services Conference.

[Award of the concession for the A3 Naples – Pompei – Salerno motorway](#)

In 2012, the Ministry of Infrastructure and Transport issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. Following the challenges brought by Autostrade Meridionali and Consorzio Stable SIS before Campania Regional Administrative Court, contesting the Ministry's decision, dated 22 March 2016, to disqualify both bidders from the tender process, on 19 December 2016, Campania Regional Administrative Court announced that it did not have jurisdiction for either action, referring the challenges to Lazio Regional Administrative Court. On 29 and 30 December 2016, respectively, Consorzio Stable SIS and Autostrade Meridionali returned to court and, on 31 January 2017, Lazio Regional Administrative Court published its view that the Campania Regional Administrative Court had jurisdiction, referring the matter to the Council of State in order to decide on the question. Following the hearing held on 27 June 2017, the Council of State, in a ruling published on 17 November 2017, declared that Campania Regional Administrative Court had final

jurisdiction to decide on the dispute. Following the resumption of proceedings before Campania Regional Administrative Court, in judgement 4627 of 11 July 2018, the Court confirmed the ruling excluding the bid submitted by Autostrade Meridionali, which is considering its next course of action. On the same date, a similar ruling, contained in judgement 4620, was issued against Consorzio Stabile SIS, whose exclusion was also confirmed.

[Decision of the European Commission regarding the extension of Autostrade per l'Italia's concession](#)

In July 2017, the Ministry of Infrastructure and Transport reached an agreement with the European Commission. The agreement sets out the key conditions to be met in order to grant Autostrade per l'Italia a 4-year extension to its concession in return for pre-determined toll increases and recognition of a takeover right on expiry.

On 27 April 2018, the European Commission announced that the Commission had given its approval for the "plan for investment in Italian motorways". In view of the implementation of Autostrade per l'Italia's investment plan of approximately €7.9 billion, the approval envisages extension of the concession term by four years (from 31 December 2038 to 31 December 2042), a cap on toll increases and introduction of a takeover right on expiry of the concession. The European Commission's decision was published on its website.

2.8 Other information

Autostrade per l'Italia does not own, either directly or indirectly through trust companies or proxies, treasury shares or shares or units issued by parent companies. No transactions were carried out during the period involving treasury shares or shares or units issued by parent companies.

Autostrade per l'Italia does not operate branch offices.

With reference to CONSOB Ruling 2423 of 1993, regarding criminal proceedings or judicial investigations, the Company is not involved in proceedings, other than those described in note 10.7, "Significant legal and regulatory aspects", that may result in charges or potential liabilities with an impact on the consolidated financial statements.

Increase in the interest held by Autostrade per l'Italia in Tangenziali Esterne di Milano SpA

Due to exercise of the pre-emption right on the shares of Tangenziali Esterne di Milano SpA (TEM) that Società Autostradale Torino-Alessandria-Piacenza SpA (SATAP) intended to sell to Impresa Pizzarotti & Co. SpA, Autostrade per l'Italia will acquire 8.11% of the share capital of TEM from SATAP. As provided for in the agreements Autostrade per l'Italia has adhered to through exercise of its pre-emption right, SATAP will reserve the right of usufruct on the shares sold until 31 December 2018. The amount that Autostrade per l'Italia has undertaken to pay for the purchase of the TEM shares will be paid to SATAP on 29 January 2019.

As a result of this purchase and all Autostrade per l'Italia's commitments to purchase shares in TEM, Autostrade per l'Italia will increase its stake to approximately 27.45% of TEM's share capital.

2.9 Events after 30 June 2018

At the date of approval of the Autostrade per l'Italia Group's Interim Report for the six months ended 30 June 2018, no significant subsequent events have occurred.

2.10 Outlook and risks or uncertainties

Traffic using the Group's network and other performance indicators lead us to expect growth in full-year earnings in 2018.

Work on upgrading the network operated under concession will continue in the rest of 2018. Preparations for the start-up of work on the upgrade of the road and motorway system serving Genoa (the so-called "*Gronda di Genova*") are in progress.



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3.

Condensed
consolidated
interim
financial
statements

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	30 June 2018	<i>of which related party transactions</i>	31 December 2017	<i>of which related party transactions</i>
ASSETS					
Non-current assets					
Property, plant and equipment	7.1	73,235		81,099	
Property, plant and equipment		71,640		79,298	
Investment property		1,595		1,801	
Intangible assets	7.2	18,163,959		18,355,696	
Intangible assets deriving from concession rights		12,030,818		12,220,843	
Goodwill and other intangible assets with indefinite lives		6,111,237		6,111,237	
Other intangible assets		21,904		23,616	
Investments	7.3	69,402		63,944	
Investments accounted for at cost or fair value		43,505		33,920	
Investments accounted for using the equity method		25,897		30,024	
Non-current financial assets	7.4	413,529		393,619	
Non-current financial assets deriving from government grants		198,130		188,299	
Non-current term deposits		194,091		184,261	
Other non-current financial assets		21,308		21,059	
Deferred tax assets	7.5	104,580		101,314	
Other non-current assets	7.6	285		285	
Total non-current assets		18,824,990		18,995,957	
Current assets					
Trading assets	7.7	546,683		507,456	
Inventories		53,934		52,053	
Contract work in progress		4,204		4,204	
Trade receivables		488,545	73,226	451,199	100,561
Cash and cash equivalents	7.8	2,898,458		2,938,061	
Cash		2,196,071		2,076,029	
Cash equivalents		50		100,075	
Intercompany current account receivables due from related parties		702,337	702,337	761,957	761,957
Current financial assets	7.4	495,868		531,753	
Current financial assets deriving from concession rights		399,857		399,863	
Current financial assets deriving from government grants		42,529		52,265	
Current term deposits		40,768		50,599	
Current portion of other medium/long-term financial assets		4,389		22,147	
Other current financial assets		8,325		6,879	
Current tax assets	7.9	32,918	28,421	34,800	31,229
Other current assets	7.10	90,067		81,862	
Assets held for sale and related to discontinued operations	7.11	10,762		11,061	
Total current assets		4,074,756		4,104,993	
	TOTAL ASSETS	22,899,746		23,100,950	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	30 June 2018	<i>of which related party transactions</i>	31 December 2017	<i>of which related party transactions</i>
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent		2,377,200		2,390,132	
Issued capital		622,027		622,027	
Reserves and retained earnings		1,270,950		1,246,560	
Profit/(Loss) for the period net of interim dividends		484,223		521,545	
Equity attributable to non-controlling interests		346,187		347,660	
Issued capital and reserves		338,591		292,779	
Profit/(Loss) for the period net of interim dividends		7,596		54,881	
Total equity	7.12	2,723,387		2,737,792	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	7.13	2,531,159		2,839,552	
Non-current provisions	7.14	1,269,137		1,314,339	
Non-current provisions for employee benefits		96,213		100,030	
Non-current provisions for repair and replacement of motorway infrastructure		1,155,953		1,197,310	
Other non-current provisions		16,971		16,999	
Non-current financial liabilities	7.15	10,315,704		10,990,445	
Bond issues		7,504,992		8,092,619	
Medium/long-term borrowings		2,387,399		2,468,682	
Non-current derivative liabilities		423,313		429,144	
Deferred tax liabilities	7.5	675,721		598,364	
Other non-current liabilities	7.16	31,029		33,103	
Total non-current liabilities		14,822,750		15,775,803	
Current liabilities					
Trading liabilities	7.17	1,276,226		1,323,768	
Trade payables		1,276,226	182,768	1,323,768	250,370
Current portion of provisions for construction services required by contract	7.13	640,637		421,949	
Current provisions	7.14	216,933		214,309	
Current provisions for employee benefits		23,653		23,525	
Current provisions for repair and replacement of motorway infrastructure		151,275		152,092	
Other current provisions		42,005		38,692	
Current financial liabilities	7.15	2,668,405		2,230,850	
Bank overdrafts repayable on demand		3,125		7	
Short-term borrowings		274,999	-	774,999	500,000
Current derivative liabilities		341		638	
Intercompany current account payables due to related parties		472,322	472,322	13,954	13,954
Current portion of medium/long-term financial liabilities		1,879,239	1,021,906	1,384,584	1,000,411
Other current financial liabilities		38,379	5,578	56,668	3,450
Current tax liabilities	7.9	229,870	84,462	88,449	87,143
Other current liabilities	7.18	321,062	17,962	301,730	18,561
Liabilities related to discontinued operations	7.11	476		6,300	
Total current liabilities		5,353,609		4,587,355	
TOTAL LIABILITIES		20,176,359		20,363,158	
TOTAL EQUITY AND LIABILITIES		22,899,746		23,100,950	

CONSOLIDATED INCOME STATEMENT

€000	Note	H1 2018	of which related party transactions	H1 2017	of which related party transactions
REVENUE					
Toll revenue	8.1	1,740,436		1,696,371	
Revenue from construction services	8.2	54,921		55,195	
Other revenue	8.3	160,912	52,343	164,607	51,250
TOTAL REVENUE		1,956,269		1,916,173	
COSTS					
Raw and consumable materials	8.4	-60,107		-35,650	
Service costs	8.5	-324,879	-132,283	-388,469	-187,909
Gain/(Loss) on sale of elements of property, plant and equipment		280		380	
Staff costs	8.6	-264,383	-9,667	-267,884	-14,572
Other operating costs	8.7	-253,218		-251,233	
Concession fees		-223,725		-220,480	
Lease expenses		-4,070		-4,824	
Other		-25,423		-25,929	
Operating change in provisions	8.8	45,008		11,609	
(Provisions)/Uses of provisions for repair and replacement of motorway infrastructure		49,996		11,162	
Provisions		-4,988		447	
Use of provisions for construction services required by contract	8.9	138,492		177,442	
Amortisation and depreciation		-304,721		-299,212	
Depreciation of property, plant and equipment		-11,124		-11,426	
Amortisation of intangible assets deriving from concession rights		-286,533		-281,693	
Amortisation of other intangible assets		-7,064		-6,093	
(Impairment losses)/Reversals of impairment losses	8.10	512		-1,338	
TOTAL COSTS		-1,023,016		-1,054,355	
OPERATING PROFIT/(LOSS)		933,253		861,818	
Financial income					
Dividends received from investees		45,208		59,999	
Other financial income		1,028		2,430	
Other financial income		44,180		57,569	
Financial expenses					
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-272,411		-281,497	
Other financial expenses		-15,310		-12,614	
Other financial expenses		-257,101	-28,930	-268,883	-29,844
Foreign exchange gains/(losses)		173		-14	
FINANCIAL INCOME/(EXPENSES)	8.11	-227,030		-221,512	
Share of profit/(loss) of investees accounted for using the equity method	8.12	-4,121		-1,436	
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		702,102		638,870	
Income tax (expense)/benefit					
Current tax expense	8.13	-210,471		-188,477	
Current tax expense		-142,089		-134,896	
Differences on current tax expense for previous years		-184		3,635	
Deferred tax income and expense		-68,198		-57,216	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		491,631		450,393	
Profit/(Loss) from discontinued operations	8.14	188		24,197	
PROFIT FOR THE PERIOD		491,819		474,590	
<i>of which:</i>					
Profit attributable to owners of the parent		484,223		451,983	
Profit attributable to non-controlling interests		7,596		22,607	
€					
		H1 2018		H1 2017	
Basic earnings per share attributable to owners of the parent					
of which:	8.15	0.78		0.73	
- continuing operations		0.78		0.71	
- discontinued operations		-		0.02	
Diluted earnings per share attributable to owners of the parent					
of which:	8.15	0.78		0.73	
- continuing operations		0.78		0.71	
- discontinued operations		-		0.02	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000		H1 2018	H1 2017
Profit for the period	(A)	491,819	474,590
Fair value gains/(losses) on cash flow hedges		-9,058	45,391
Tax effect on fair value gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		2,174	-10,844
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-244	90,923
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-6	792
Other comprehensive income/(loss) for the period reclassifiable to profit or loss	(B)	-7,134	126,262
Other comprehensive income/(loss) for the period not reclassifiable to profit or loss	(C)	-	-
Reclassifications of other components of comprehensive income to profit or loss for the period	(D)	2	-217
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the period	(E)	-	-
Total other comprehensive income/(loss) for the period	(F=B+C+D+E)	-7,132	126,045
<i>of which attributable to discontinued operations</i>		-	91,602
Comprehensive income for the period	(A+F)	484,687	600,635
<i>Of which attributable to owners of the parent</i>		477,091	532,723
<i>Of which attributable to non-controlling interests</i>		7,596	67,912

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

000	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS		
	Issued capital	Cash flow hedge reserve	Net investment hedge reserve	Reserve for translation differences on assets and liabilities of consolidated companies in functional currencies other than the euro	Reserve for translation of investments accounted for using the equity method (determined in consolidated financial statements other than the euro)	Other reserves and retained earnings			Profit/(loss) for the period after interim dividend	Total
Balance as at 31 December 2016	622,027	-154,890	-36,400	-185,138	-3,652	3,613,953	512,452	4,368,352	1,749,310	6,117,662
Comprehensive income for the period	-	34,330	-	45,972	488	-	451,983	532,723	67,912	600,635
Owner transactions and other changes										
Austomade per Italia SpA's final dividend (€0.832 per share)	-	-	-	-	-	-	-314,124	-314,124	-	-314,124
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	-	198,328	-198,328	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-12,625	-12,625
Share-based incentive plans	-	-	-	-	-	1,175	-	1,175	-	1,175
Change in scope of consolidation following distribution of the special dividend in kind, including the effect on current tax income/(expense)	-	-	-36,400	139,205	3,168	-1,332,302	-	-1,153,229	-1,474,106	-2,627,335
Distribution of available reserves	-	-	-	-	-	-1,101,312	-	-1,101,312	-	-1,101,312
Other minor changes	-	-	-	-	-	-46	-	-46	-	-46
Balance as at 30 June 2017	622,027	-120,560	-	39	-46	1,179,796	451,983	2,333,239	330,491	2,663,730
Balance as at 31 December 2017	622,027	-110,199	-	111	28	1,356,620	521,545	2,390,132	347,660	2,737,792
Impact of first-time adoption of IFRS 9 from 1 January 2018	-	-	-	-	-	25,528	-	25,528	-	25,528
Balance as at 1 January 2018	622,027	-110,199	-	111	28	1,382,148	521,545	2,415,660	347,660	2,763,320
Comprehensive income for the period										
Owner transactions and other changes										
Austomade per Italia SpA's final dividend (€0.832 per share)	-	-6,882	-	-244	-6	-	-484,223	477,051	7,596	484,687
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	4,019	-4,019	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-7,698	-7,698
Share-based incentive plans	-	-	-	-	-	-72	-	-72	-	-72
Change in reserves due to transactions involving companies under common control	-	-	-	-	-	2,056	-	2,056	-	2,056
Change in scope of consolidation and other minor changes	-	-	-	-	-	-9	-	-9	-1,371	-1,300
Balance as at 30 June 2018	622,027	-117,081	-	-133	22	1,388,142	484,223	2,377,200	346,187	2,723,387

CONSOLIDATED STATEMENT OF CASH FLOWS

€000	Note	H1 2018	<i>of which related party transactions</i>	H1 2017	<i>of which related party transactions</i>
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit for the period		491,819		474,590	
Adjusted by:					
Amortisation and depreciation		304,721		299,212	
Operating change in provisions		-41,418		-11,013	
Financial expenses from discounting of provisions for construction services required by contract and other provisions	8.11	15,310		12,614	
Impairment losses/(Reversal of impairment losses) on non-current financial assets and investments accounted for at cost or fair value		-		-	
Share of (profit)/loss of investees accounted for using the equity method	8.12	4,121		1,436	
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		-512		1,338	
(Gains)/Losses on sale of non-current assets		-280		-380	
Net change in deferred tax (assets)/liabilities through profit or loss		68,198		57,216	
Other non-cash costs (income)		-18,604		-24,613	
Change in working capital and other charges		51,748	41	166,013	28,957
Net cash generated from/(used in) operating activities [a]	9.1	875,103		976,413	
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	7.2	-196,525		-232,275	
Purchases of property, plant and equipment	7.1	-3,523		-4,763	
Purchases of other intangible assets	7.2	-6,193		-5,747	
Government grants related to assets held under concession		229		252	
Increase in financial assets deriving from concession rights (related to capital expenditure)		-6		1,560	
Purchases of investments		-9,842		-	
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		732		433	
Cash and cash equivalents of consolidated transferred as a result of distribution of the special dividend in kind		-		-386,046	
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred		6,200		-	
Net change in other non-current assets		-		-164	
Net change in current and non-current financial assets		16,767		-19,100	
Net cash generated from/(used in) investing activities [b]	9.1	-192,161		-645,850	
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Distribution of reserves to the parent	7.12	-		-1,101,312	
Dividends paid		-543,376		-326,358	
Repayments of medium/long-term borrowings (excluding finance lease liabilities)	7.15	-60,896		-52,250	
Net change in other current and non-current financial liabilities		-579,812	-478,549	344,398	367,886
Net cash generated from/(used in) financing activities [c]	9.1	-1,184,084		-1,135,522	
Net effect of foreign exchange rate movements on net cash and cash equivalents [d]		-		9,702	
Increase/(Decrease) in cash and cash equivalents [a+b+c+d]	9.1	-501,142		-795,257	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,930,623		3,419,541	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,429,481		2,624,284	

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€000	Note	H1 2018	H1 2017
Income taxes paid		4,531	68,221
Interest and other financial income collected		41,351	27,572
Interest expense and other financial expenses paid		333,008	317,136
Dividends received	8.11	1,028	2,430
Foreign exchange gains collected		74	7
Foreign exchange losses incurred		36	19

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€000	Note	H1 2018	H1 2017
<u>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</u>		2,930,623	3,419,541
Cash and cash equivalents	7.8	2,938,061	3,223,793
Bank overdrafts repayable on demand	7.15	-7	-
Intercompany current accounts payables due to related parties	7.15	-13,954	-205,768
Cash and cash equivalents related to discontinued operations	7.11	6,523	401,516
<u>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</u>		2,429,481	2,624,284
Cash and cash equivalents	7.8	2,898,458	2,789,968
Bank overdrafts repayable on demand	7.15	-3,125	-417
Intercompany current account payables due to related parties	7.15	-472,322	-172,554
Cash and cash equivalents related to discontinued operations	7.11	6,470	7,287

Notes

1. Introduction

The core business of the Autostrade per l'Italia Group ("the Group") is the operation of motorways under concessions granted by the relevant authorities. Under the related concession arrangements, the Group's operators are responsible for the construction, management, improvement and upkeep of motorway infrastructure. Further information on the Group's concession arrangements is provided in note 4, "Concessions". The Group's activities are not, on the whole, subject to significant seasonal variations between the first and second halves of the year.

The Parent Company, Autostrade per l'Italia SpA ("Autostrade per l'Italia", "the Company" or "the Parent Company") is a company incorporated in 2003. The Company's core business is the operation of motorways under a concession granted by the Ministry of Infrastructure and Transport, which assumed the role of Grantor previously fulfilled by ANAS SpA (Italy's Highways Agency) from 1 October 2012.

Its registered office is at Via Bergamini, 50 in Rome. The Company does not have branch offices. The duration of the Company is until 31 December 2050.

At the date of preparation of these condensed consolidated interim financial statements, 88.06% of the Company's share capital is held by Atlantia SpA (also referred to as "Atlantia"), which is listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA, and is responsible for management and coordination of the Company. Sintonia SpA is the shareholder that holds a relative majority of the issued capital of Atlantia SpA. Neither Sintonia SpA nor its direct parent, Edizione Srl, is responsible for management and coordination of Atlantia.

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2018 were approved by the Company's Board of Directors at its meeting of 3 August 2018.

2. Basis of preparation of the consolidated financial statements

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2018 have been prepared pursuant to articles 2 and 3 of Legislative Decree 38/2005 and article 154-ter "Financial Reports" of the Consolidated Finance Act, as amended, on the assumption that the Parent Company and consolidated companies are going concerns.

The condensed consolidated interim financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), above all with regard to IAS 34 "Interim Financial Reporting" (relating to the content of interim reports), issued by the International Accounting Standards Board and endorsed by the European Commission, and as in force at the end of the period. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the period. For the sake of simplicity, all the above standards and interpretations are hereinafter referred to as "IFRS".

Moreover, the measures introduced by the CONSOB (*Commissione Nazionale per le Società e la Borsa*) in application of paragraph 3 of article 9 of Legislative Decree 38/2005, relating to the preparation of financial statements, have also been taken into account.

The condensed consolidated interim financial statements consist of the consolidated accounts (the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows) and these notes. The Group has applied IAS 1 - *Presentation of Financial Statements* and, in general, the historic cost convention,

with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the notes to the relevant items in the consolidated financial statements as at and for the year ended 31 December 2017, to which reference should be made. Compared with the consolidated annual report, the consolidated interim financial statements have been prepared in condensed form, as permitted by IAS 34. For a more complete description, these condensed consolidated interim financial statements should, therefore, be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2017. Given their importance, it should also be noted that, from 1 January 2018, the following accounting standards have become effective: IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers*. In adopting IFRS 9 – *Financial Instruments*, the Group elected to recognise the impact of retrospective restatement of amounts in equity as at 1 January 2018, without restating the comparative prior-year amounts. In adopting IFRS 15 – *Revenue from Contracts with Customers*, the Group opted for retrospective application, reclassifying components of “Revenue” for the first half of 2017.

Further information on the impact of the adoption of these standards is provided below in note 3, “Accounting standards and policies applied”.

The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities. The income statement is classified by nature of expense. The statement of cash flows has been prepared in application of the indirect method.

With regard to the consolidated financial statements, with respect to the information published in the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 and the consolidated financial statements as at and for the year ended 31 December 2017, the names of certain line items in the statements have been modified:

- a) the item “Investments accounted for at cost or fair value” has been renamed “Investments accounted for at fair value”;
- b) the item “Contract work in progress” has been renamed “Contract assets”;

In addition, the balance of “Contract revenue” has been reclassified to “Other revenue”.

IFRS have been applied in accordance with the indications provided in the “Conceptual Framework for Financial Reporting”, and no events have occurred that would require exemptions pursuant to paragraph 19 of IAS 1.

CONSOB Resolution 15519 of 27 July 2006 requires that, in addition to the specific requirements of IAS 1 and other IFRS, financial statements must, where material, include separate sub-items providing (i) disclosure of amounts deriving from related party transactions; and, with regard to the income statement, (ii) separate disclosure of income and expenses deriving from events and transactions that are non-recurring in nature, or transactions or events that do not occur on a frequent basis in the normal course of business.

In this regard, no non-recurring, atypical or unusual transactions, having a material impact on the Group’s consolidated income statement, were entered into during the first half of 2018 or the first half of 2017, either with third or related parties.

The consolidated financial statements therefore only show material amounts relating to related party transactions.

All amounts are shown in thousands of euros, unless otherwise stated. The euro is both the functional currency of the Parent Company and its principal subsidiaries and the presentation currency for these condensed consolidated interim financial statements.

3. Accounting standards and policies applied

The accounting standards and policies applied in preparation of the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018 are consistent with

those applied in preparation of the consolidated financial statements as at and for the year ended 31 December 2017, with the exception of the changes introduced as a result of adoption, with effect from 1 January 2018, of the new accounting standards, IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers*.

The notes to the consolidated financial statements as at and for the year ended 31 December 2017, to which reference should be made, provide both a detailed description of the accounting standards and policies applied, and the most significant aspects of the new accounting standards, IFRS 9 and IFRS 15, in effect from 1 January 2018.

Preparation of financial statements in compliance with IFRS involves the use of estimates and judgements, which are reflected in the measurement of the carrying amounts of assets and liabilities and in the disclosures provided in the notes to the financial statements, including contingent assets and liabilities at the end of the reporting period. These estimates are especially used in determining amortisation and depreciation, impairment testing of assets (including the measurement of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, and current and deferred tax assets and liabilities.

The amounts subsequently recognised may, therefore, differ from these estimates. Moreover, these estimates and judgements are periodically reviewed and updated, and the resulting effects of each change immediately recognised in the consolidated financial statements.

As required by IAS 36, in preparing the condensed consolidated interim financial statements the only assets tested for impairment are those for which there are internal and external indications of a reduction in value, requiring immediate recognition of the relevant losses. If there are indications that these assets have been impaired, the value of such assets is estimated in order to verify the recoverability of the carrying amounts and eventually measure the amount of the impairment loss.

With regard to the potential impact of introduction of IFRS 16, effective from 1 January 2019, the Group is not a party to significant lease arrangements as a lessee. In addition, with regard to arrangements in which Group companies are the lessor, essentially represented by sub-concession arrangements involving the lease of space used by retailers and food service providers along the motorways operated under concession, IFRS 16 has not introduced changes to the accounting treatment of lease arrangements by lessors, compared with the requirements of IAS 17. As a result, introduction of the new standard is not currently expected to have a material impact.

The potential impact of future application of all the newly issued standards due to come into effect on 1 January 2018, as well as of revisions and amendments to existing standards, is currently being evaluated by the Group. The impact of their future application cannot currently be reasonably estimated.

With regard to IFRS 9 and IFRS 15, which as indicated have been adopted from 1 January 2018, the principal changes introduced by these standards and differences with respect to the policies previously applied are described below.

IFRS 9 – Financial Instruments

IFRS 9, which has replaced IAS 39, has introduced a new approach to accounting for and measuring financial instruments.

The standard introduces new rules for the classification and measurement of financial instruments, a new impairment model for financial assets and a new hedge accounting model.

Classification and measurement

IFRS 9 envisages a single approach for the assessment and classification of all financial assets, including those containing embedded derivatives. The classification and related measurement is driven by both the business model in which the financial asset is held and the contractual cash flow characteristics of the asset.

The financial asset is measured at amortised cost subject to both of the following conditions:

- a) the asset is held in conjunction with a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial asset is measured at fair value, with any changes recognised in comprehensive income, if the objectives of the business model are to hold the financial asset to collect the contractual cash flows, or to sell it.

Finally, the standard envisages a residual category of financial asset measured at fair value through profit or loss, which includes assets held for trading.

A financial asset meeting the conditions to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value through profit or loss, to the extent that this accounting treatment would eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

In addition, the new standard provides that an entity may, with respect to investments in equity instruments, which consequently may not be carried and measured at amortised cost unless such instruments are shares that are not held for trading but rather for strategic reasons, make an irrevocable election on initial recognition to present changes in the fair value in comprehensive income.

The new IFRS 9, on the other hand, has confirmed the provisions of IAS 39 for financial liabilities including the relative measurement at amortised cost or, in specific circumstances, at fair value through profit or loss.

In addition, the amendment approved on 12 October 2017 specifies that:

- a) in the event of non-substantial modifications to the terms of a financial instrument, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss;
- b) a debt instrument with a prepayment option may comply with the definition of contractual cash flows alone required by IFRS 9 and, as a result, be accounted for at amortised cost or at fair value through other comprehensive income, even when the contract provides for negative compensation for the lender.

The requirements of IAS 39 that have been changed are primarily:

- a) the reporting of changes in fair value in connection with the credit risk of certain liabilities, which IFRS 9 requires to be recognised in comprehensive income rather than in profit or loss as movements in fair value as a result of other risks;
- b) the elimination of the option to measure, at amortised cost, financial liabilities consisting of derivative financial instruments entailing the delivery of unlisted equity instruments. The consequence of the change is that all derivative financial instruments must now be recognised at fair value.

Impairment

IFRS 9 has defined a new impairment model for financial assets, with the objective of providing the users of financial statements with more useful information about an entity's expected losses. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected losses recognised at each reporting date to reflect changes in the credit risk

of the financial instruments. It is, therefore, no longer necessary to wait for evidence of a trigger event before testing for impairment and recognition of a credit loss.

All financial instruments must be tested for impairment, with the exception of those measured at fair value through profit or loss.

Hedge accounting

The most important changes introduced by IFRS 9 regard:

- (a) the extended scope of the risks eligible for hedge accounting, to include those to which non-financial assets and liabilities are exposed, also permitting the designation of groups and net positions as hedged items, also including any derivatives;
- (b) the option of designating a financial instrument at fair value through profit or loss as a hedging instrument;
- (c) the alternative method of accounting for forwards and options, when included in a hedge accounting relationship;
- (d) changes to the method of conducting hedge effectiveness tests, following introduction of the principle of the “economic relationship” between the hedged item and the hedging instrument; in addition, retrospective hedge effectiveness testing is no longer required;
- (e) the possibility of “rebalancing” an existing hedge where the risk management objectives continue to be valid.

Impact of the adoption of IFRS 9 on the Group’s consolidated financial statements

As permitted by IFRS 9, the Autostrade per l’Italia Group has restated the assets and liabilities accounted for as at 31 December 2017, recognising the impact of adoption of the new standard as an adjustment to equity as at 1 January 2018.

In terms of the Group’s assets and liabilities as at 31 December 2017, as reported in the statement of financial position included in the consolidated financial statements as at that date, the only effect of note resulting from adoption of IFRS 9 regards the non-substantial modifications of financial liabilities carried out by Autostrade per l’Italia in 2017 (as described in note 7.15 to the consolidated financial statements as at and for the year ended 31 December 2017). Under the new standard, these modifications have resulted in recognition of the difference between the present value of the modified cash flows (determined using the instrument’s effective interest rate at the date of the modification) and the carrying amount of the instrument at the date of the modification.

As a result and as shown in the following consolidated statement of financial position as at 1 January 2018, non-current financial liabilities have been reduced by €34 million, recognising the related deferred tax liabilities of €8 million. This has, therefore, resulted in an increase in equity attributable to owners of the parent of €26 million.

€000	31 December 2017	Impact of adoption of IFRS 9	1 January 2018
ASSETS			
Non-current assets			
Property, plant and equipment	81,099		81,099
Intangible assets	18,355,696		18,355,696
Investments	63,944		63,944
Non-current financial assets	393,619		393,619
Deferred tax assets	101,314		101,314
Other non-current assets	285		285
Total non-current assets	18,995,957	-	18,995,957
Current assets			
Trading assets	507,456		507,456
Cash and cash equivalents	2,938,061		2,938,061
Current financial assets	531,753		531,753
Current tax assets	34,800		34,800
Other current assets	81,862		81,862
Assets held for sale or related to discontinued operations	11,061		11,061
Total current assets	4,104,993	-	4,104,993
TOTAL ASSETS	23,100,950	-	23,100,950
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent	2,390,132	25,528	2,415,660
Equity attributable to non-controlling interests	347,660		347,660
Total equity	2,737,792	25,528	2,763,320
Non-current liabilities			
Non-current portion of provisions for construction services required by contract	2,839,552		2,839,552
Non-current provisions	1,314,339		1,314,339
Non-current financial liabilities	10,990,445	-33,589	10,956,856
Deferred tax liabilities	598,364	8,061	606,425
Other non-current liabilities	33,103		33,103
Total non-current liabilities	15,775,803	-25,528	15,750,275
Current liabilities			
Trading liabilities	1,323,768		1,323,768
Current portion of provisions for construction services required by contract	421,949		421,949
Current provisions	214,309		214,309
Current financial liabilities	2,230,850		2,230,850
Current tax liabilities	88,449		88,449
Other current liabilities	301,730		301,730
Liabilities related to discontinued operations	6,300		6,300
Total current liabilities	4,587,355	-	4,587,355
TOTAL LIABILITIES	20,363,158	-25,528	20,337,630
TOTAL EQUITY AND LIABILITIES	23,100,950	-	23,100,950

In addition, the following table provides an overview of financial assets and liabilities as at 31 December 2017, showing the measurement criteria applied under the previous IAS 39 and under the new IFRS 9. From the table, it is clear that the introduction of IFRS 9 has not had an impact with respect to the measurement criteria already used.

€000	IFRS 9		IAS 39	
	Portfolio	Measurement criteria	Portfolio	Measurement criteria
Investments				
Investments accounted for at fair value	HTCS	HFT	AFS	FV TO OCI
Non-current financial assets				
Non-current financial assets deriving from concession rights	HTC	AMORTISED COST	HTM	AMORTISED COST
Non-current financial assets deriving from government grants	HTC	AMORTISED COST	L&R	AMORTISED COST
Non-current term deposits	HTC	AMORTISED COST	L&R	AMORTISED COST
Other non-current financial assets	HTC	AMORTISED COST	L&R	AMORTISED COST
Trading assets				
Trade receivables	HTC	AMORTISED COST	L&R	AMORTISED COST
Cash and cash equivalents				
Cash	HTC	AMORTISED COST	L&R	AMORTISED COST
Cash equivalents	HTC	AMORTISED COST	L&R	AMORTISED COST
Current financial assets				
Current financial assets deriving from government grants	HTC	AMORTISED COST	L&R	AMORTISED COST
Current term deposits	HTC	AMORTISED COST	L&R	AMORTISED COST
Current portion of other medium/long-term financial assets	HTC	AMORTISED COST	L&R	AMORTISED COST
Other current financial assets	HTC	AMORTISED COST	L&R	AMORTISED COST
Non-current financial liabilities				
Bond issues		AMORTISED COST-FVTPL		AMORTISED COST-FVTPL
Medium/long-term borrowings		AMORTISED COST-FVTPL		FVTPL
Non-current derivative liabilities		FVH-FVTPL		FVH-FVTPL
Other non-current financial liabilities		AMORTISED COST		AMORTISED COST
Trading liabilities				
Trade payables		AMORTISED COST		AMORTISED COST
Current financial liabilities				
Bank overdrafts repayable on demand		AMORTISED COST		AMORTISED COST
Short-term borrowings		AMORTISED COST		AMORTISED COST
Current derivative liabilities		FVH-FVTPL		FVH-FVTPL
Current portion of medium/long-term borrowings		AMORTISED COST		AMORTISED COST
Other current financial liabilities		AMORTISED COST		AMORTISED COST

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 has replaced the previous IAS 18 and IAS 11 and the related interpretations, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

The new standard establishes the standards to follow in recognising revenue from contracts with customers, with the exception of contracts falling within the scope of application of standards governing leases, insurance contracts and financial instruments.

The standard provides an overall framework for identifying the timing and amount of revenue to be recognised in the financial statements.

Under IFRS 15, the entity must analyse the contract and the related accounting effects using the following steps:

- a) identification of the contract;
- b) identification of the performance obligations in the contract;
- c) determination of the transaction price;
- d) allocation of the transaction price to each identified performance obligation;
- e) recognition of revenue when the performance obligation is satisfied.

The amount recognised as revenue by an entity must, therefore, reflect the consideration to which the entity is entitled in exchange for goods transferred to the customer and/or services rendered. This revenue is to be recognised when the entity has satisfied its performance obligations under the contract.

In addition, in recognising revenue, the standard stresses the need to assess the likelihood of obtaining/collecting the economic benefits linked to the proceeds. In the case of contract work in progress, the new standard introduces the requirement to recognise revenue taking into account the effect of discounting to present value resulting from the deferral of collections over time.

Impact of the adoption of IFRS 15 on the Group's consolidated financial statements

Following the assessment conducted, the adoption of IFRS 15 is not expected to have any impact on the Group, with the exception of reclassification of the item, "Contract revenue", to "Other revenue". In this regard, the income statement for the first half of 2017, presented for comparative purposes, has been restated without having any impact on profit for the period or on consolidated equity.

4. Concessions

The Group's core business is the operation of motorways under concessions held by Group companies. The purpose of the concessions is the construction and operation of motorway infrastructure. Essential information on changes in the concessions held by Group companies during the first half of 2018 is set out below, whilst key information on the concessions is provided in note 4, "Concessions", in the consolidated financial statements as at and for the year ended 31 December 2017. Further details of events of a regulatory nature, linked to the Group's concession arrangements, during the first half of 2018 are provided in note 10.7, "Significant legal and regulatory aspects".

The only changes to the motorway concessions held by the Group's Italian companies are as follows:

- a) the II Addendum to Autostrade per l'Italia's Single Concession Arrangement, signed on 22 February 2018, is effective following its approval by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance in Decree 128 of 16 March 2018, registered by Italy's Court of Auditors on 31 May 2018;
- b) the Addendum to Tangenziale di Napoli's Single Concession Arrangement, regarding the five-yearly review (2014–2018) of the financial plan annexed to the Arrangement, is effective following its approval by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance in Decree 131 of 16 March 2018, registered by Italy's Court of Auditors on 23 April 2018;
- c) on 15 June 2018, Autostrade per l'Italia submitted its proposed five-yearly review of its financial plan to the Grantor, to be formalised via an addendum to the existing concession arrangement;
- d) on 27 April 2018, the European Commission announced that the Commission had given its approval for the "plan for investment in Italian motorways", under which, in return for Autostrade per l'Italia's implementation of an investment programme amounting to

approximately €7.9 billion, the concession terms is to be extended by four years (from 31 December 2038 to 31 December 2042), toll increases are to be capped and a takeover right is to be introduced on expiry of the concession. The European Commission’s decision has been published on the Commission’s website.

5. Scope of consolidation

The consolidation policies and methods used for the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018 are consistent with those used in preparation of the consolidated financial statements as at and for the year ended 31 December 2017.

In addition to the Parent Company, Autostrade per l’Italia, companies are consolidated when Autostrade per l’Italia SpA exercises control as a result of its direct or indirect ownership of a majority of the voting power of the relevant entities (including potential voting rights resulting from currently exercisable options), or because, as a result of other events or circumstances that (regardless of its percentage interest in the entity) mean it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of investors’ returns. Subsidiaries are consolidated using the line-by-line method and are listed in Annex 1.

Entities are consolidated from the date on which the Group gains control. Entities are deconsolidated from the date on which the Group ceases to exercise control, as defined above.

In this regard, the scope of consolidation as at 30 June 2018 has changed with respect to the scope as at 31 December 2017, following the deconsolidation of Infoblu after completion of Autostrade per l’Italia’s transfer of the investment to the affiliate, Telepass, as described in greater detail below in note 6, “Corporate actions”.

For the purposes of preparing the condensed consolidated interim financial statements, all consolidated companies have, as in previous years, prepared a specific reporting package as of the end of the reporting period, with accounting information consistent with the IFRS adopted by the Group.

The following exchange rates applied for the first half of 2018 and for the comparative period, and used for the translation of reporting packages denominated in functional currencies other than the euro, were obtained from the Bank of Italy.

Currency	2018		2017		
	Spot exchange rate 30 June	Average exchange rate H1	Spot exchange rate 30 June	Spot exchange rate 31 Dec	Average exchange rate H1
Euro/US Dollar (*)	n/a	n/a	1.060	1.060	1.107
Euro/Polish Zloty	4.373	4.221	4.226	4.177	4.269
Euro/Chilean Peso (*)	n/a	n/a	687.102	687.102	748.477
Euro/Brazilian Real (*)	n/a	n/a	3.281	3.281	3.856
Euro/Indian Rupee (**)	n/a	n/a	69.397	69.397	74.372

(*) Following the above restructuring, the spot rates for 2017 shown in the table and used to convert the reporting packages denominated in functional currencies represented by the US dollar, the Chilean peso and the Brazilian real, refer to exchange rates as at 28 February 2017. In addition, the average rates for 2017 used to convert the reporting packages denominated in the same currencies refer to average exchange rates for the first two months of 2017.

(**) Following the above restructuring, the spot rate for 2017 shown in the table and used to convert the reporting package denominated in the functional currency represented by the Indian rupee, refers to the exchange rate as at 31 March 2017. In addition, the average rate for 2017 used to convert the reporting package denominated in the same currency refers to the average exchange rate for the first three months of 2017.

6. Corporate actions in the first half of 2018

6. 1 Sale of Infoblu

In the first half of 2018, Autostrade per l'Italia completed the sale of its investment in Infoblu (a 75% interest in the company) to Telepass. The transaction consideration was equal to the estimated fair value of the above investment, determined by an independent expert and amounting to approximately €6 million.

The sale in question is classifiable as a transaction involving the transfer of companies and/or business units under common control. As a result, in accordance with the accounting standard applied in previous years, taking into account that the transactions merely represent a restructuring of the Atlantia Group, without generating added value for any of the parties involved, resulting in significant measurable changes in the cash flows generated by the assets transferred before and after the transaction, the difference between the carrying amount of the assets and liabilities transferred and the agreed purchase consideration has been recognised in the Group's consolidated equity, after taking into account the related taxation. The difference amounts to approximately €2 million.

7. Notes to the consolidated statement of financial position

The following notes provide information on items in the consolidated statement of financial position as at 30 June 2018. Comparative amounts as at 31 December 2017 are shown in brackets. Details of items in the consolidated statement of financial position deriving from related party transactions are provided in note 10.5, "Related party transactions".

7.1 Property, plant and equipment - €73,235 thousand (€81,099 thousand)

As at 30 June 2018, property, plant and equipment amounts to €73,235 thousand, compared with a carrying amount of €81,099 thousand as at 31 December 2017.

The following table provides details of property, plant and equipment at the beginning and end of the period, showing the original cost and accumulated depreciation at the end of the period.

€000	30 June 2018			31 December 2017		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	328,231	-256,591	71,640	329,444	-250,146	79,298
Investment property	5,852	-4,257	1,595	5,852	-4,051	1,801
Total property, plant and equipment	334,083	-260,848	73,235	335,296	-254,197	81,099

The following table shows amounts at the beginning and end of the period for the different categories of asset, and the related changes in the first half of 2018.

€000	Carrying amount as at 31 December 2017	CHANGES DURING THE PERIOD					Carrying amount as at 30 June 2018
		Additions	Depreciation	Disposals	Reclassifications and other adjustments	Change in scope of consolidation	
Property, plant and equipment							
Land	2,890	-	-	-	-	-	2,890
Buildings	24,100	201	-689	-	-	-	23,612
Plant and machinery	1,128	49	-119	-	-	-	1,058
Industrial and business equipment	31,108	1,454	-6,968	-193	316	-	25,717
Other assets	18,633	1,406	-3,142	-	-	-68	16,829
Property, plant and equipment under construction and advance payments	1,439	413	-	-	-318	-	1,534
Total	79,298	3,523	-10,918	-193	-2	-68	71,640
Investment property							
Land	158	-	-	-	-	-	158
Buildings	1,643	-	-206	-	-	-	1,437
Total	1,801	-	-206	-	-	-	1,595
Total property, plant and equipment	81,099	3,523	-11,124	-193	-2	-68	73,235

The reduction in the carrying amount of property, plant and equipment with respect to 31 December 2017, amounting to €7,864 thousand, essentially reflects a combination of depreciation for the period, amounting to €11,124 thousand, and capital expenditure in the first half of 2018, totalling €3,523 thousand.

Investment property of €1,595 thousand as at 30 June 2018 refers to land and buildings not used in operations and is stated at cost. The total fair value of these assets is estimated to be €14.9 million, based on independent appraisals and information on property markets relevant to these types of investment property.

There were no significant changes in the expected useful lives of these assets during the first half of 2018.

As at 30 June 2018, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2 Intangible assets - €18,163,959 thousand (€18,355,696 thousand)

This item consists of:

- a) intangible assets deriving from concession rights, totalling €12,030,818 thousand (€12,220,843 thousand as at 31 December 2017), and regarding the following categories:
 - 1) rights recognised as a result of the performance of construction services for which no additional economic benefits are received (€7,827,923 thousand);
 - 2) rights deriving from construction services for which additional economic benefits are received (€3,999,244 thousand);
 - 3) rights deriving from construction services carried out by service area operators (€105,333 thousand), represented by assets that were handed over free of charge to the Group's operators on expiry of the related sub-concessions;
 - 4) rights acquired from third parties (€98,318 thousand), essentially reflecting the fair value of concession rights recognised following acquisitions of motorway operators in previous years;
- b) goodwill and other intangible assets with indefinite lives, totalling €6,111,237 thousand and unchanged with respect to 31 December 2017;
- c) other intangible assets of €21,904 thousand (€23,616 thousand as at 31 December 2017).

€000	30 June 2018				31 December 2017			
	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount
Intangible assets deriving from concession rights	18,723,367	-6,576,501	-116,048	12,030,818	18,626,859	-6,289,968	-116,048	12,220,843
Goodwill and other intangible assets with indefinite lives	6,111,237	-	-	6,111,237	6,111,237	-	-	6,111,237
Other intangible assets	266,609	-244,705	-	21,904	265,332	-241,716	-	23,616
Intangible assets	25,101,213	-6,821,206	-116,048	18,163,959	25,003,428	-6,531,684	-116,048	18,355,696

Intangible assets recorded a net decrease of €191,737 thousand in the first half of 2018, primarily due to a combination of the following:

- a) amortisation for the period of €293,597 thousand;
- b) investment in construction services for which additional economic benefits are received, totalling €54,921 thousand;
- c) the increase in the present value on completion of investment in construction services for which no additional benefits are received, amounting to €41,808 thousand.

The following table shows intangible assets at the beginning and end of the period and changes in the different categories of intangible asset during the first half of 2018.

€000	Carrying amount as at 31 December 2017	CHANGES DURING THE PERIOD					Carrying amount as at 30 June 2018
		Additions due to completion of construction services, purchases and capitalisations	Amortisation	Changes due to revised present value of contractual obligations	Reclassifications and other adjustments	Change in scope of consolidation	
Intangible assets deriving from concession rights							
Acquired concession rights	100,660	-	-2,342	-	-	-	98,318
Concession rights accruing from construction services for which no additional economic benefits are received	7,976,248	-	-189,906	41,808	-227	-	7,827,923
Concession rights accruing from construction services for which additional economic benefits are received	4,036,033	54,921	-91,716	-	6	-	3,999,244
Concession rights accruing from construction services provided by sub-operators	107,902	-	-2,569	-	-	-	105,333
Total	12,220,843	54,921	-286,533	41,808	-221	-	12,030,818
Goodwill and intangible assets with indefinite lives							
Goodwill and intangible assets with indefinite lives	6,111,234	-	-	-	-	-	6,111,234
Trademarks	3	-	-	-	-	-	3
Total	6,111,237	-	-	-	-	-	6,111,237
Other intangible assets							
Development costs	10,482	1,805	-3,911	-	1,581	-341	9,616
Industrial patents and intellectual property rights	8,296	2,907	-3,051	-	101	-480	7,773
Concessions and licenses	872	-	-102	-	-	-	770
Intangible assets under development and advance payments	3,966	1,481	-	-	-1,682	-20	3,745
Total	23,616	6,193	-7,064	-	-	-841	21,904
Intangible assets	18,355,696	61,114	-293,597	41,808	-221	-841	18,163,959

There were no significant changes in the expected useful lives of intangible assets during the period.

In the first half of 2018, the Group invested a total of €196,525 thousand in assets held under concession (€232,275 thousand in the first half of 2017).

The following analysis shows the various components of investment in assets held under concession effected through construction services, as also reported in the consolidated statement of cash flows.

€000	Note	H1 2018	H1 2017	Increase/ (Decrease)
Use of provisions for construction services required by contract for which no additional economic benefits are received		141.604	177.442	-35.838
Increase in intangible concession rights accruing from completed construction services for which additional economic benefits are received	8.2	54.921	54.833	88
Investment in assets held under concession		196.525	232.275	-35.750

Research and development expenditure of approximately €0.2 million has been recognised in the consolidated income statement for the first half of 2018. These activities are carried out in order to improve infrastructure, services offered, safety levels and environmental protection and in relation to the inhouse development of software and IT systems.

"Goodwill and other intangible assets with indefinite lives" amounts to €6,111,237 thousand. The balance primarily consists of the carrying amount of goodwill (impairment tested at least once a year rather than amortised), recognised following the transfer of motorway assets from the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia), as part of the

Autostrade Group's reorganisation in 2003. This goodwill was determined in accordance with prior accounting standards under the exemption permitted by IFRS 1 and coincides with the carrying amount as at 1 January 2004, the Parent Company's IFRS transition date.

With regard to the recoverability of goodwill and the concession rights belonging to the Group's operators, and of other intangible assets with indefinite lives, there were no indications of impairment during the period. The recoverability of goodwill and of other intangible assets with indefinite lives is tested annually for impairment at the end of each year when there are no indications of impairment. Reference should be made to note 7.2 to the consolidated financial statements as at and for the year ended 31 December 2017 for a detailed description of the assumptions and criteria used in the most recent impairment testing of intangible assets.

7.3 Investments - €69,402 thousand (€63,944 thousand)

As at 30 June 2018, this item has increased by €5,458 thousand, essentially due to a combination of the following:

- a) the injection of capital into Tangenziali Esterne di Milano, amounting to €9,842 thousand;
- b) recognition of the Group's share of the profit or loss of investees accounted for using the equity method, amounting to a reduction of €4,121 thousand and primarily reflecting the loss for the period incurred by Pavimental.

The table below shows the carrying amounts of the Group's investments at the beginning and end of the period, grouped by category, and changes in the first half of 2018.

€000	31 December 2017 Opening balance	CHANGES DURING THE PERIOD				30 June 2018 Closing balance
		Acquisitions and capital contributions	Measurement using equity method		Sales, returns of capital and other changes	
			Profit or loss	Other comprehensive income		
Investments accounted for at fair value:	33,920	9,842	-	-	-257	43,505
Investments accounted for using the equity method:						
- associates	29,024	-	-4,121	-6	-	24,897
- joint ventures	1,000	-	-	-	-	1,000
Investments	63,944	9,842	-4,121	-6	-257	69,402

The equity method was used to measure interests in associates and joint ventures based on the most recent approved financial statements available. In the event that interim financial statements as at 30 June 2018 were not available, the above data was supplemented by specific estimates based on the latest available information and, where necessary, restated to bring them into line with Group accounting policies.

The following table shows an analysis of the Group's principal investments as at 30 June 2018, including the Group's percentage interest and the relevant carrying amount.

There are no investments in associates and joint ventures that are individually material with respect to total consolidated assets, operating activities and geographical area and, therefore, the additional disclosures required in such cases by IFRS 12 are not presented.

€000	30 June 2018		31 December 2017	
	% interest	Closing balance	% interest	Closing balance
Investments accounted for at fair value:				
Tangenziali Esterne di Milano	18.14%	41,864	13.67%	32,022
Tangenziale Esterna	0.25%	1,162	0.25%	1,162
Uirnet	1.51%	427	1.51%	427
Veneto Strade	-	-	5.00%	258
Other minor investments	-	52	-	51
Total investments accounted for at fair value		43,505		33,920
Investments accounted for using the equity method:				
- associates				
Spea Engineering	20.00%	16,363	20.00%	17,501
Pavimental	20.00%	3,717	20.00%	6,722
Società Infrastrutture Toscane (in liquidation)	46.00%	3,101	46.00%	3,065
Pedemontana Veneta (in liquidation)	29.77%	1,655	29.77%	1,675
Bologna & Fiera Parking	36.81%	-	36.81%	-
Other minor investments	-	61	-	61
- joint ventures				
Geie del Traforo del Monte Bianco	50.00%	1,000	50.00%	1,000
Total investments accounted for using the equity method		25,897		30,024
Investments		69,402		63,944

Annex 1 provides a list of the Group's investments as at 30 June 2018.

7.4 Financial assets

(non-current) €413,529 thousand (€399,619 thousand)

(current) €495,868 thousand (€531,753 thousand)

The following analysis shows the composition of other financial assets at the beginning and end of the period, together with the current and non-current portions.

€000	Note	30 June 2018			31 December 2017		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Takeover rights		399,857	399,857	-	399,863	399,863	-
Financial assets deriving from concession rights	(1)	399,857	399,857	-	399,863	399,863	-
Financial assets deriving from government grants related to construction services	(1)	240,659	42,529	198,130	240,564	52,265	188,299
Term deposits	(1)	234,859	40,768	194,091	234,860	50,599	184,261
Derivative assets	(2)	2,279	2,279	-	20,007	20,007	-
Other medium/long-term financial assets	(1)	23,418	2,110	21,308	23,199	2,140	21,059
Other medium/long-term financial assets		25,697	4,389	21,308	43,206	22,147	21,059
Other current financial assets	(1)	8,325	8,325	-	6,879	6,879	-
Total		909,397	495,868	413,529	925,372	531,753	393,619

(1) These assets are held within a hold to collect business model and, as such, are measured at amortised cost.

(2) These assets primarily include derivative financial instruments classified as hedges under level 2 of the fair value hierarchy.

Financial assets deriving from concession rights include takeover rights attributable to Autostrade Meridionali (€399,857 thousand as at 30 June 2018), being the amount payable, under the concession arrangement, by a replacement operator on termination of the concession for the

company's unamortised capital expenditure during the final years of the outgoing operator's concession.

Financial assets deriving from government grants to finance infrastructure works, totalling €240,659 as at 30 June 2018, include amounts receivable from grantors, from third parties or other public entities as grants accruing as a result of construction and maintenance of assets held under concession.

Term deposits, totalling €234,859 thousand, essentially relate to loans disbursed by banks as a condition precedent for the grants financing the new construction required by laws 662/1996, 345/1997 and 135/1997, relating to the *Variante di Valico* and the upgrade of the motorway interchange serving Florence. The balances on the accounts may not be withdrawn until such time as the Grantor specifically approves the substantial completion of the works and the stage of completion.

There has been no indication of impairment of any financial assets recognised in the financial statements in the first half of 2018.

7.5 Deferred tax assets and deferred tax liabilities

Deferred tax assets - €104,580 thousand (€101,314 thousand)

Deferred tax liabilities - €675,721 thousand (€598,364 thousand)

The amount of deferred tax assets and liabilities both eligible and ineligible for offset is shown below, with respect to temporary timing differences between consolidated carrying amounts and the corresponding tax bases at the end of the period.

€000	30 June 2018	31 December 2017
Deferred tax assets	936,243	953,559
Deferred tax liabilities eligible for offset	-831,663	-852,245
Deferred tax assets less deferred tax liabilities eligible for offset	104,580	101,314
Deferred tax liabilities not eligible for offset	-675,721	-598,364
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-571,141	-497,050

Changes in the Group's deferred tax assets and liabilities during the period, based on the nature of the temporary differences giving rise to them, are summarised in the following table.

€000	CHANGES DURING THE PERIOD						30 June 2018
	31 December 2017	Provisions	Releases	Provisions (releases) in other components of comprehensive income	Provisions recognised in equity on first-time adoption of IFRS 9	Change in prior year estimates and other changes	
Deferred tax assets on:							
Restatement of total amount subject to IFRIC 12 by Autostrade per l'Italia	401,925	283	-9,863	-	-	-	392,345
Provisions	439,517	9,812	-23,091	-	-	-	426,238
Impairments and depreciation of non-current assets	14,544	-	-467	-	-	-	14,077
Derivative liabilities	40,750	-	-	1,806	-	-	42,556
Impairment of receivables and inventories	4,066	179	-369	-	-	-75	3,801
Other temporary differences	52,757	5,997	-1,475	-	-	-53	57,226
Total	953,559	16,271	-35,265	1,806	-	-128	936,243
Deferred tax liabilities on:							
Off-balance sheet amortisation of goodwill	-1,415,925	-49,318	-	-	-	-	-1,465,243
Other temporary differences	-34,684	-672	906	368	-8,061	2	-42,141
Total	-1,450,609	-49,990	906	368	-8,061	2	-1,507,384
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-497,050	-33,719	-34,359	2,174	-8,061	-126	-571,141

The balance of net deferred tax liabilities, totalling €571,141 thousand as at 30 June 2018, primarily consists of the following:

- deferred tax liabilities recognised from 2003 as a result of the deduction, solely for tax purposes, of the amortisation of goodwill recognised by Autostrade per l'Italia, totalling €1,465,243 thousand;
- the residual balance of Autostrade per l'Italia's deferred tax assets accounted for as a result of recognition of the impact on taxation of the carrying amounts accounted for in application of IFRIC 12 and to be released on a straight-line basis over the concession term, amounting to €392,345;
- deferred tax assets on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years, totalling €426,238 thousand.

The increase of €74,091 thousand in net deferred tax liabilities primarily reflects a combination of the following:

- the provision of deferred taxes on the above deduction, solely for tax purposes, of amortisation of the goodwill formerly recognised by Autostrade per l'Italia (€49,318 thousand);
- the net release of deferred tax assets of €13,279 thousand, linked to provisions;
- the recognition of deferred tax liabilities of €8,061 thousand linked to first-time adoption of the new accounting standard, IFRS 9.

7.6 Other non-current assets - €285 thousand (€285 thousand)

This item is unchanged compared with 31 December 2017.

7.7 Trading assets – €546,683 thousand (€507,456 thousand)

As at 30 June 2018, trading assets include:

- a) inventories of €53,934 thousand (€52,053 thousand as at 31 December 2017), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of plant;
- b) contract assets of €4,204 thousand (unchanged with respect to 31 December 2017);
- c) trade receivables of €488,545 thousand (€451,199 thousand as at 31 December 2017), consisting of the following items.

€000	30 June 2018	31 December 2017
Trade receivables due from:		
Motorway users	307,549	222,025
Sub-operators at motorway service areas	47,250	84,983
Sundry customers	130,154	138,950
Gross trade receivables	484,953	445,958
Allowance for bad debts	(36,328)	(34,427)
Other trading assets	39,920	39,668
Net trade receivables	488,545	451,199

Trade receivables, after the allowance for bad debts, are up €37,346 thousand, essentially due to a combination of the following:

- a) an increase in receivables due from motorway customers, totalling €85,524 thousand, primarily due to the increased amount billed and the increased volume of motorway tolls, reflecting traffic growth on the motorway network;
- b) a reduction in amounts due from sub-operators at motorway services areas, totalling €37,733 thousand, essentially due to receipt of outstanding balances recognised as at 31 December 2017, with particular regard to arrangements entered into prior to 2014 and involving annual billing of royalties.

The following table shows an ageing schedule for trade receivables.

€000	Total receivables as at 30 June 2018	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	484,953	383,021	13,184	22,958	65,790

Overdue receivables regard uncollected and unpaid tolls, in addition to royalties due from service area operators and sales of other goods and services.

The following table shows movements in the allowance for bad debts for trade receivables during the first half of 2018, determined with reference to the management and measurement of receivables and historical data regarding losses on receivables, also taking into account guarantee deposits and other collateral given by customers.

€000	31 December 2017	Additions	Uses	Reclassifications and other changes	30 June 2018
Allowance for bad debts	34,427	2,028	-93	-34	36,328

The carrying amount of trade receivables approximates the related fair value.

7.8 Cash and cash equivalents – €2,898,458 thousand (€2,938,061 thousand)

This item includes cash in hand and investments maturing within the short term. The item is down €39,603 thousand compared with 31 December 2017.

Detailed explanations of the cash flows resulting in the increase in the Group's net cash in the first half of 2018 are contained in note 9.1, "Notes to the consolidated statement of cash flows".

7.9 Current tax assets and liabilities

Current tax assets - €32,918 thousand (€34,800 thousand)

Current tax liabilities - €229,870 thousand (€88,449 thousand)

Current tax assets and liabilities at the beginning and end of the period are detailed below.

€000	Current tax assets		Current tax liabilities	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
IRES	32,433	33,874	198,295	87,143
IRAP	312	753	31,575	1,306
Taxes attributable to foreign operations	173	173	-	-
	32,918	34,800	229,870	88,449

Net current tax liabilities amount to €196,952 thousand as at 30 June 2018, an increase of €143,303 thousand compared with the net liabilities recognised as at 31 December 2017 (€53,649 thousand thousand). This broadly reflects income tax payable for the period.

7.10 Other current assets - €90,067 thousand (€81,862 thousand)

This item consists of receivables and other current assets that are not eligible for classification as trading or financial. The composition of this item is shown below.

€000	30 June 2018	31 December 2017	Increase/ (Decrease)
Receivable from public entities	10,539	13,133	-2,594
Tax credits other than for income tax	12,325	9,864	2,461
Receivables due from end users and insurance companies for damages	16,971	18,583	-1,612
Accrued income of a non-trading nature	1,071	477	594
Amounts due from staff	2,036	1,683	353
Receivables from social security institutions	2,300	612	1,688
Payments on account to suppliers and other current assets	48,068	42,291	5,777
Gross other current assets	93,310	86,643	6,667
Allowance for bad debts	-3,243	-4,781	1,538
Other current assets	90,067	81,862	8,205

The balance is up €8,205 thousand compared with 31 December 2017, primarily reflecting an increase in payments on account to suppliers and other current assets due to the start-up of expropriation procedures in preparation for work to begin on the *Gronda di Genova* (the Genoa Bypass).

The allowance for bad debts, totalling €3,243 thousand as at 30 June 2018 (€4,781 thousand as at 31 December 2017), essentially relates to estimated losses on amounts due from road users and insurance companies to cover damage to the motorway infrastructure managed by Autostrade per l'Italia.

7.11 Assets held for sale and related to discontinued operations - €10,762 thousand (€11,061 thousand)

Liabilities related to discontinued operations – €476 thousand (€6,300 thousand)

The following table shows the composition of the related assets and liabilities according to their nature (trading, financial or other).

€000	30 June 2018	31 December 2017	Increase/ (Decrease)
Non-current non-financial assets	4,271	4,271	-
Current non-financial assets	13	259	-246
Current financial assets	6,478	6,531	-53
- Cash and cash equivalents	6,470	6,523	-53
- Other current financial assets	8	8	-
Total assets held for sale or related to discontinued operations	10,762	11,061	-299
Trading liabilities and other current non-financial liabilities	456	5,972	-5,516
Current financial liabilities	20	328	-308
Total liabilities related to discontinued operations	476	6,300	-5,824

Net assets held for sale or related to discontinued operations, amounting to €10,286 thousand as at 30 June 2018, include:

- the remaining net assets of the French companies involved in the EcoTaxe project, totalling €6,015 thousand;
- the remaining 2% interest in Strada dei Parchi, amounting to €4,271 thousand, that is the subject of put and call options agreed with Toto Costruzioni Generali in the contract governing the sale, in 2011, of a controlling interest in the company.

7.12 Equity - €2,723,387 thousand (€2,737,792 thousand)

Autostrade per l'Italia SpA's issued capital as at 30 June 2018 is fully subscribed and paid and consists of 622,027,000 ordinary shares of a par value of €1 each, amounting to a total of €622,027 thousand. This figure has not undergone any changes compared with 31 December 2017.

Equity attributable to owners of the parent, totalling €2,377,200 thousand, is down €12,932 thousand compared with 31 December 2017. The most important changes during the first half of 2018 are shown in detail in the statement of changes in consolidated equity. These regard:

- payment of Autostrade per l'Italia's final dividend for 2017 (€517,526 thousand);
- comprehensive income for the first half of 2018, amounting to €477,091 thousand;
- recognition of the impact of first-time adoption of the new accounting standard, IFRS 9 (€25,528 thousand), after the related taxation.

Equity attributable to non-controlling interests, totalling €346,187 thousand, is broadly in line with the figure for 31 December 2017 (€347,660 thousand). This is because the dividends paid by a number of Group companies to non-controlling shareholders (€7,698 thousand) have been offset by comprehensive income for the period attributable to non-controlling interests (€7,596 thousand).

Autostrade per l'Italia aims to manage its capital in order to create value for shareholders, ensure the Company remains a going concern, safeguard the interests of stakeholders and guarantee

efficient access to external sources of funding to adequately support the growth of the Group's businesses and fulfil the commitments given in concession arrangements.

7.13 Provisions for construction services required by contract

(non-current) €2,531,159 thousand (€2,839,552 thousand)

(current) €640,637 thousand (€421,949 thousand)

Provisions for construction services required by contract represent the present value of motorway infrastructure construction and/or upgrade services that Autostrade per l'Italia is required to provide and for which no additional economic benefits are received in terms of specific toll increases and/or significant increases in traffic.

The following table shows provisions for construction services required by contract and for which no additional economic benefits are received at the beginning and end of the year and changes during the first half of 2018, showing the non-current and current portions.

€000	31 December 2017			CHANGES DURING THE PERIOD			30 June 2018		
	Carrying amount	non-current portion	current portion	Changes due to revised present value of obligations	Financial provisions and other changes	Uses to finance works	Carrying amount	non-current portion	current portion
Provisions for construction services required by contract	3,261,501	2,839,552	421,949	41,808	6,979	-138,492	3,171,796	2,531,159	640,637

The reduction in these provisions, including both the current and non-current portions, amounts to €89,705 thousand and primarily reflects the following:

- the use of provisions for construction services for which no additional economic benefits are received performed during the period (€138,492 thousand);
- the increase, with a matching increase in intangible assets deriving from concession rights, due to a revised estimate of the works still to be carried, totalling €41,808 thousand.

7.14 Provisions

(non-current) - €1,269,137 thousand (€1,314,339 thousand)

(current) - €216,933 thousand (€214,309 thousand)

As at 30 June 2018, provisions amount to €1,486,070 thousand (€1,528,648 thousand as at 31 December 2017). The following table shows details of provisions by type, showing the non-current and current portions.

€000	30 June 2018			31 December 2017		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	119,866	96,213	23,653	123,555	100,030	23,525
Provisions for repair and replacement of motorway infrastructure	1,307,228	1,155,953	151,275	1,349,402	1,197,310	152,092
Other provisions	58,976	16,971	42,005	55,691	16,999	38,692
Total provisions	1,486,070	1,269,137	216,933	1,528,648	1,314,339	214,309

The following table shows provisions at the beginning and end of the period and changes in the first half of 2018.

€000	31 December 2017	CHANGES DURING THE PERIOD					30 June 2018
	Carrying amount	Operating provisions	Finance-related provisions	Uses	Reclassifications and other changes	Change in scope of consolidation	Carrying amount
Provisions for employee benefits							
Post-employment benefits	123,555	477	511	-4,391	-98	-188	119,866
Total	123,555	477	511	-4,391	-98	-188	119,866
Provisions for repair and replacement of motorway infrastructure							
	1,349,402	106,877	7,822	-156,873	-	-	1,307,228
Other provisions							
Provisions for disputes, liabilities and sundry charges	55,691	4,988	-	-1,301	-402	-	58,976
Total	55,691	4,988	-	-1,301	-402	-	58,976
Total provisions	1,528,648	112,342	8,333	-162,565	-500	-188	1,486,070

PROVISIONS FOR EMPLOYEE BENEFITS
(non-current) - €96,213 thousand (€100,030 thousand)
(current) - €23,653 thousand (€23,525 thousand)

As at 30 June 2018, this item consists entirely of provisions for post-employment benefits to be paid to staff employed under Italian law. The reduction of €3,689 thousand primarily reflects uses of provisions for benefits and advances paid. The actuarial model used to measure provisions for post-employment benefits is based on both demographic and economic assumptions. Having carried out a simplified actuarial assessment of these liabilities as at 30 June 2018, a number of key assumptions used were the same as those used in measuring the liabilities as at 31 December 2017. These are described in note 7.14 to the consolidated financial statements as at and for the year ended 31 December 2017.

PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE
(non-current) - €1,155,953 thousand (€1,197,310 thousand)
(current) - €151,275 thousand (€152,092 thousand)

This item regards the present value of provisions for the repair and replacement of motorway infrastructure operated under concession, in accordance with the contractual commitments of the Group's operators and designed to ensure the serviceability and safety of the assets. The provisions, including the current and non-current portions, are down €42,174 thousand compared with 31 December 2017, reflecting a combination of the following:

- uses (€156,873 thousand) in connection with repairs and replacements carried out during the period;
- operating provisions of €106,877 thousand;
- financial provisions for the period of €7,822 thousand.

OTHER PROVISIONS
(non-current) - €16,971 thousand (€16,999 thousand)
(current) - €42,005 thousand (€38,692 thousand)

These provisions essentially regard estimates of liabilities, at the end of the period, expected to be incurred in connection with pending litigation and disputes, including the estimated expenses provisioned for contract reserves relating to contractors who carry out maintenance work on the motorway infrastructure operated under concession. The overall amount is up €3,285 thousand, reflecting operating provisions made during the period following Autostrade per l'Italia's receipt of a number of notices of assessment regarding local taxes.

Further information on developments in the principal disputes outstanding as at 30 June 2018 is provided in note 10.7, "Significant legal and regulatory aspects".

7.15 Financial liabilities

(non-current) €10,315,704 thousand (€10,990,445 thousand)
(current) €2,668,405 thousand (€2,230,850 thousand)

MEDIUM/LONG-TERM FINANCIAL ASSETS

(non-current) €10,315,704 thousand (€10,990,445 thousand)
(current) €1,879,239 thousand (€1,384,584 thousand)

As at 30 June 2018, medium/long-term financial liabilities amount to €12,194,943 thousand. These liabilities essentially consist of bonds issued by Autostrade per l'Italia since 2015, the bonds involved in the issuer substitution completed at the end of 2016 and bank borrowings.

The following tables provide an analysis of medium/long-term financial liabilities, showing:

a) an analysis of the balance by face value and maturity (current and non-current portions);

(€000)	Note	30 June 2018					31 December 2017				
		Face value	Carrying amount	Current portion	Non-current portion	Term between 13 and 60 months	after 60 months	Face value	Carrying amount	Current portion	Non-current portion
Bond issues	(1) (2) (3)	8,246,083	8,097,316	592,324	7,504,992	2,962,808	4,542,184	8,244,396	8,092,619	-	8,092,619
Bank borrowings		2,329,968	2,289,537	123,421	2,166,116	515,834	1,650,282	2,390,864	2,380,229	122,061	2,258,168
Other borrowings		1,277,171	1,263,108	1,041,825	221,283	208,165	13,118	1,277,164	1,260,142	1,049,628	210,514
of which due to Atlantia		1,000,000	998,285	998,285	-	-	-	1,000,000	996,256	996,256	-
Medium/long-term borrowings	(2) (3)	3,607,139	3,552,645	1,165,246	2,387,399	723,999	1,663,400	3,668,028	3,640,371	1,171,689	2,468,682
Derivative liabilities	(4)		423,313	-	423,313	263,186	160,127		429,144	-	429,144
Accrued expenses on medium/long-term financial liabilities (2)			121,669	121,669	-	-	-		212,895	212,895	-
Other financial liabilities			-	-	-	-	-		-	-	-
Other medium/long-term financial liabilities			121,669	121,669	-	-	-		212,895	212,895	-
Total			12,194,943	1,879,239	10,315,704	3,949,993	6,365,711		12,375,029	1,384,584	10,990,445

(1) The par value of the bonds denominated in pounds sterling and yen is shown at the exchange rate applicable to the related Cross Currency Swaps.

(2) These financial instruments are held within a hold to collect business model and, as such, are measured at amortised cost.

(3) Further details of hedged financial liabilities are contained in note 9.2.

(4) Financial instruments classified as hedging derivatives in accordance with IFRS 9 and in level 2 of the fair value hierarchy.

b) type of interest rate, maturity and fair value;

€000	Maturity	30 June 2018		31 December 2017	
		Carrying amount ⁽¹⁾	Fair value ⁽²⁾	Carrying amount ⁽¹⁾	Fair value ⁽²⁾
Bond issues					
- listed fixed rate	from 2019 to 2038	8,097,316	8,652,598	8,092,619	8,885,248
		8,097,316	8,652,598	8,092,619	8,885,248
Bank borrowings					
- fixed rate	from 2018 to 2036	1,534,619	1,707,897	1,583,886	1,830,066
- floating rate	from 2018 to 2034	754,918	779,279	796,343	825,030
		2,289,537	2,487,176	2,380,229	2,655,096
Other borrowings					
- fixed rate	2018	998,285	1,015,984	996,256	1,035,960
- non-interest bearing	(3) from 2019 to 2020	264,823	264,823	263,886	263,886
		1,263,108	1,280,807	1,260,142	1,299,846
	<i>of which due to Atlantia</i>	<i>998,285</i>	<i>1,015,984</i>	<i>996,256</i>	<i>1,035,960</i>
Medium/long-term borrowings					
		3,552,645	3,767,983	3,640,371	3,954,942
Derivative liabilities					
Accrued expenses on medium/long-term financial liabilities		423,313	423,313	429,144	429,144
Other financial liabilities		121,669	121,669	212,895	212,895
Other medium/long-term financial liabilities		-	-	-	-
Other medium/long-term financial liabilities		121,669	121,669	212,895	212,895
Total		12,194,943	12,965,563	12,375,029	13,482,229

(1) The amounts shown in the table for medium/long-term financial liabilities include both the non-current and current portions.

(2) The fair value shown is classified in level 2 of the fair value hierarchy.

(3) This item primarily includes the amount repayable by Autostrade per l'Italia to the Central Guarantee Fund following SAT's contribution of the payable as a result of the acquisition of control of this company in 2015.

c) a comparison of the face value of each liability (bond issues and medium/long-term borrowings) and the related carrying amount, by issue currency, showing the corresponding average and effective interest rates;

€000	30 June 2018				31 December 2017	
	Face value	Carrying amount	Average interest rate applied to 30 June 2018	Effective interest rate as at 30 June 2018	Face value	Carrying amount
Euro (EUR)	10,954,046	10,794,655	3.37%	3.47%	11,013,248	10,873,750
Sterling (GBP)	750,000	653,690	5.99%	2.20%	750,000	663,703
Yen (JPY)	149,176	201,615	5.30%	3.39%	149,176	195,537
Total	11,853,222	11,649,960	3.52%		11,912,424	11,732,990

d) movements during the period in the carrying amounts of outstanding bond issues and medium/long-term borrowings.

€000	Carrying amount as at 31 December 2017	New borrowings	Repayments	Impact of first-time adoption of IFRS 9	Currency translation differences and other changes	Carrying amount as at 30 June 2018
Bond issues	8,092,619	-	-	-	4,697	8,097,316
Bank borrowings	2,380,229	-	-60,896	-33,589	3,793	2,289,537
Other borrowings	1,260,142	-	-	-	2,965	1,263,107
Medium/long-term borrowings	3,640,371	-	-60,896	-33,589	6,758	3,552,644
Total	11,732,990	-	-60,896	-33,589	11,455	11,649,960

The Group uses derivative financial instruments to hedge certain current and highly likely future financial liabilities, including Interest Rate Swaps (IRSS) and Cross Currency Swaps (CCIRSS). These derivative financial instruments have been classified as cash flow hedges, as they meet the related requirements in IFRS 9. The fair value of the hedging instruments as at 30 June 2018 is

recognised in “Derivative liabilities”. More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Group, is contained in note 9.2 “Financial risk management”.

As described in note 3, “Accounting standards and policies applied”, first-time adoption of the new IFRS 9 to non-substantial modifications of financial liabilities has led, as a result of the transaction carried out by Autostrade per l'Italia in 2017, to a reduction in medium/long-term borrowings of €34 million, recognised as at 1 January 2018 as a contra-entry for an increase in equity (€26 million), after the related taxation of €8 million.

BOND ISSUES

(non-current) €7,504,992 thousand (€8,092,619 thousand)
(current) €592,324 thousand (-)

This item consists of bonds issued by Autostrade per l'Italia, including:

- a) bonds transferred from Atlantia to Autostrade per l'Italia following the issuer substitution carried out in December 2016 (a total of €4,392,326 thousand as at 30 June 2018);
- b) bonds (€2,966,617 thousand as at 30 June 2018) issued to institutional investors as part of the Euro Medium Term Note Programme launched in October 2014 (and authorised for an amount of up to €7 billion);
- c) bonds issued to retail investors (totalling €738,373 thousand as at 30 June 2018).

As at 30 June 2018, the balance is broadly in line with 31 December 2017.

MEDIUM/LONG-TERM BORROWINGS

(non-current) €2,387,399 thousand (€2,468,682 thousand)
(current) €1,165,246 thousand (€1,171,689 thousand)

The balance of this item, including both current and non-current portions, consists of other borrowings (with a carrying amount of €1,263,108 thousand). These essentially include medium/long-term loans to Autostrade per l'Italia from the parent, Atlantia (with a carrying amount of €998,285 thousand and maturing in November 2018), and the Group's bank borrowings (totalling €2,289,537 thousand).

The reduction of €87,727 thousand in medium/long-term borrowings compared with 31 December 2017 essentially reflects repayments during the period (€60,896 thousand) and the first-time adoption of the new IFRS 9 (as described in greater detail in note 3, “Accounting standards and policies applied”), which has resulted in a reduction of €33,589 thousand in financial liabilities.

A number of the medium/long-term loan agreements include negative pledge provisions, in line with international practice. Under these provisions, it is not possible to create or maintain (unless required to do so by law) collateral guarantees on all or a part of any proprietary assets, with the exception of project debt. The above agreements also require compliance with certain covenants. The method of selecting the variables to compute the ratios is specified in detail in the relevant loan agreements. Breach of these covenants, at the relevant measurement dates, could constitute a default event and result in the lenders calling in the loans, requiring the early repayment of principal, interest and of further sums provided for in the agreements.

The most important covenants are those relating to the loan agreements with Cassa Depositi e Prestiti (totalling €754,918 thousand as at 30 June 2018) that require compliance with a minimum threshold for “Operating cash flow available for Debt Service/Debt Service” (DSCR). Autostrade per l'Italia is in compliance with these covenants.

NON-CURRENT DERIVATIVE LIABILITIES

(non-current) - €423,313 thousand (€429,144 thousand)

(current) - - (-)

As at 30 June 2018, this item includes derivative financial instruments entered into with a number of banks to hedge the Group's exposure to interest rate and foreign currency risk on certain medium/long-term financial liabilities, partly with regard to highly likely future financial liabilities to be entered into through to 2019.

The overall reduction in this item compared with 31 December 2017, amounting to €5,830 thousand, essentially reflects a combination of the following:

- a) a €14,888 thousand decrease in fair value losses, including exchange rate movements, on Cross Currency Swaps linked to foreign currency bonds (pounds sterling and Japanese yen);
- b) an increase of €9,058 thousand in fair value losses on Forward-Starting Interest Rate Swaps already present as at 31 December 2017 and entered into to hedge highly likely future financial liabilities to be entered into through to 2019, reflecting lower interest rates as at 30 June 2018 compared with 31 December 2017.

The following have been recognised as at 30 June 2018 in relation to the Forward-Starting Interest Rate Swaps:

- a) financial instruments entered into to hedge highly likely future financial liabilities to be entered into by the Company through to 2018 in order meet its funding requirements, amounting to €47,063 thousand, and having a notional value of €850 million;
- b) financial instruments entered into to hedge highly likely future financial liabilities to be entered into by the Company through to 2019 in order meet its funding requirements, amounting to €11,248 thousand, and having a notional value of €750 million.

Further details are contained in note 9.2 "Financial risk management".

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - (-)

(current) €121,669 thousand (€212,895 thousand)

The balance of this item, including the current and non-current portions, is down €91,226 thousand. This is essentially due to a reduction in accrued expenses payable, following payment of interest on bond issues (€81,413 thousand).

SHORT-TERM FINANCIAL LIABILITIES - €789,166 thousand (€846,266 thousand)

An analysis of short-term financial liabilities is shown below.

€000	30 June 2018	31 December 2017
Bank overdrafts repayable on demand	3,125	7
Short-term borrowings	274,999	774,999
Current derivative liabilities ⁽¹⁾	341	638
Intercompany current account payables due to related parties	472,322	13,954
Other current financial liabilities	38,379	56,668
Short-term financial liabilities	789,166	846,266

(1) These liabilities include derivative instruments that classify as non-hedge accounting and in level 2 of the fair value hierarchy.

This item, amounting to €789,166 thousand, is down €57,100 thousand, essentially due to a combination of the following:

- a) a reduction in short-term borrowings following repayment, in February 2018, of a loan of €500,000 thousand from Atlantia;
- b) an increase of €458,361 thousand in amounts in intercompany current accounts repayable to related parties, connected to Autostrade per l'Italia's role as a provider of centralised treasury management. The change is essentially due to the increased exposure to Atlantia (€455,852 thousand).

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

An analysis of the various components of net debt is shown below with amounts payable to and receivable from related parties, as required by CONSOB Ruling DEM/6064293 of 28 July 2006, in accordance with European Securities and Markets Authority ("ESMA") Recommendation of 20 March 2013 (which does not entail the deduction of non-current financial assets from debt).

€m	30 June 2018	of which related party transactions	31 December 2017	of which related party transactions
Cash	-2,196		-2,076	
Cash equivalents and intercompany current account receivables due from related parties	-702	-702	-862	-762
Cash and cash equivalents related to discontinued operations	-6		-7	
Cash and cash equivalents (A)	-2,904		-2,945	
Current financial assets ⁽¹⁾ (B)	-496	-	-532	-
Bank overdrafts repayable on demand	3		-	
Current portion of medium/long-term financial liabilities	1,879	1,022	1,385	1,000
Other financial liabilities	786	478	846	517
Current financial liabilities (C)	2,668		2,231	
Current net debt (D=A+B+C)	-732		-1,246	
Medium/long-term borrowings	2,387	-	2,469	-
Bond issues	7,505	-	8,093	-
Other non-current borrowings	423	-	428	-
Non-current financial liabilities (E)	10,315		10,990	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)	9,583		9,744	
Non-current financial assets (G)	-413	-	-393	-
Net debt (H=F+G)	9,170		9,351	

(1) Includes financial assets held for sale and related to discontinued operations.

7.16 Other non-current liabilities - €31,029 thousand (€33,103 thousand)

The balance as at 30 June 2018 amounts to €31,029 thousand and is substantially in line with the figure for 31 December 2017 (€33,103 thousand). The following table shows a breakdown of this item.

€000	30 June 2018	31 December 2017
Accrued expenses of a non-trading nature	24,041	24,608
Payable to staff	5,707	7,497
Amounts payable for expropriations	406	405
Social security contributions payable	801	518
Other payables	74	75
Other non-current liabilities	31,029	33,103

7.17 Trading liabilities - €1,276,226 thousand (€1,323,768 thousand)

An analysis of trading liabilities is shown below.

€000	30 June 2018	31 December 2017
Amounts payable to suppliers	427,028	580,409
Payable to operators of interconnecting motorways	749,135	664,961
Tolls in the process of settlement	95,928	77,025
Accrued expenses, deferred income and other trading liabilities	4,135	1,373
Trading liabilities	1,276,226	1,323,768

Trading liabilities, totalling €1,276,226 thousand, are down €47,542 thousand compared with 31 December 2017 (€1,323,768 thousand), primarily reflecting a combination of the following:

- a) a reduction in amounts payable to suppliers (€153,381 thousand), primarily due to reduced investment in assets held under concession in the first half of 2018, compared with the second half of 2017.
- b) increases in amounts payable to the operators of interconnecting motorways (€84,174 thousand) and in tolls in the process of settlement (€18,903 thousand), essentially due to increases in the operators' toll revenue and in line with standard payment periods.

The carrying amount of trading liabilities approximates the related fair value.

7.18 Other current liabilities - €321,062 thousand (€301,730 thousand)

An analysis of other current liabilities is shown below.

€000	30 June 2018	31 December 2017
Taxation other than income taxes	66,352	26,021
Payable to staff	44,747	35,526
Concession fees payable	46,507	96,071
Social security contributions payable	31,566	22,888
Amounts payable for expropriations	11,046	9,587
Amounts payable to public entities	21	15
Other payables	120,823	111,622
Other current liabilities	321,062	301,730

This item amounts to €321,062 thousand as at 30 June 2018, with an increase of €19,332 thousand compared with 31 December 2017 (€301,730 thousand). This reflects a combination of the following:

- a) an increase of €40,331 thousand in amounts payable in the form of taxation other than income taxes, primarily linked to VAT payable, which was paid in July 2018;
- b) an increase of €17,899 thousand in amounts payable to staff and in social security contributions payable, essentially linked to accrued thirteenth-month pay to be paid by the end of the year;
- c) a reduction of €49,564 thousand in concession fees payable, reflecting payments during the first half of 2018, primarily by Autostrade per l'Italia.

8. Notes to the consolidated income statement

This section includes the notes to amounts in the income statement, with negative components of the income statement shown with a “-” sign in the headings and tables and amounts for the first half of 2017 shown in brackets.

Details of amounts in the consolidated income statement deriving from related party transactions are provided in note 10.5 “Related party transactions”.

8.1 Toll revenue - €1,740,436 thousand (€1,696,371 thousand)

Toll revenue of €1,740,436 thousand is up €44,065 thousand (3%) on the first half of 2017 (€1,696,371 thousand), primarily due to the following:

- a) a 0.6% increase in traffic on the Italian network, accounting for an increase in toll revenue of approximately €16 million (including the impact of the different traffic mix);
- b) application of annual toll increases, boosting toll revenue by an estimated €25 million, with Autostrade per l’Italia accounting for €15 million of the increase and the other operators for €10 million.

8.2 Revenue from construction services - €54,921 thousand (€55,195 thousand)

An analysis of this revenue is shown below.

€000	H1 2018	H1 2017	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	54,921	54,833	88
Revenue from construction services provided by sub-operators	-	362	-362
Revenue from construction services	54,921	55,195	-274

Revenue from construction services essentially consists of construction services for which additional benefits are received, represented by the fair value of the consideration due in return for the construction and upgrade services rendered in relation to assets held under concession during the period.

Revenue from construction services performed during the first half of 2018, totalling €54,921 thousand, is broadly in line with the figure for the same period of the previous year (€55,195 thousand).

In the first half of 2018, the Group carried out additional construction services for which no additional benefits are received, amounting to €138,492 thousand, for which the Group made use of a portion of the specifically allocated “Provisions for construction services required by contract”. Uses of these provisions are classified as a reduction in operating costs for the period, as explained in note 8.9, “Use of provisions for construction services required by contract”. Details of total investment in assets held under concession during the period are provided in note 7.2 above, “Intangible assets”.

8.3 Other revenue - €160,912 thousand (€164,607 thousand)

An analysis of other revenue is provided below.

€000	H1 2018	H1 2017	Increase/ (Decrease)
Revenue from sub-concessions	87,179	88,111	-932
Maintenance revenue	7,657	7,058	599
Other revenue from motorway operation	12,094	12,110	-16
Revenue from the sale of technology devices and services	13,202	9,096	4,106
Refunds	10,092	9,648	444
Damages and compensation	8,027	9,340	-1,313
Advertising revenue	1,492	1,500	-8
Other income	21,169	27,744	-6,575
Other revenue	160,912	164,607	-3,695

Other revenue of €160,912 thousand is down €3,695 thousand on the first half of 2017, primarily reflecting the fact that, in the first half of 2017, Autostrade Meridionali benefitted from income resulting from positive developments in a number of disputes.

8.4 Raw and consumable materials - -€60,107 thousand (-€35,650 thousand)

This item consists of purchases of materials and the change in inventories of raw and consumable materials.

€000	H1 2018	H1 2017	Increase/ (Decrease)
Construction materials	-5,128	-3,719	-1,409
Electrical and electronic materials	-18,655	-13,398	-5,257
Lubricants and fuel	-5,456	-5,366	-90
Other raw and consumable materials	-32,881	-15,519	-17,362
Cost of materials	-62,120	-38,002	-24,118
Change in inventories of raw, ancillary and consumable materials and goods for resale	1,882	2,289	-407
Capitalised cost of raw materials	131	63	68
Raw and consumable materials	-60,107	-35,650	-24,457

This item has increased by €24,457 thousand, primarily due an increase in costs incurred by Autostrade per l'Italia as a result of the start of work on the *Gronda di Genova* (the Genoa Bypass).

8.5 Service costs - -€324,879 thousand (-€388,469 thousand)

An analysis of service costs is provided below.

€000	H1 2018	H1 2017	Increase/ (Decrease)
Construction and similar	-196,791	-263,580	66,789
Professional services	-59,021	-63,169	4,148
Transport and similar	-16,734	-12,417	-4,317
Utilities	-16,108	-16,744	636
Insurance	-5,651	-4,978	-673
Statutory Auditors' fees	-336	-293	-43
Other services	-30,238	-27,288	-2,950
Service costs	-324,879	-388,469	63,590

The decrease in service costs, amounting to €63,590 thousand, essentially reflects a reduction in construction services (amounting to €66,789 thousand), linked substantially to the lower volume of investment in assets held under concession.

8.6 Staff costs - -€264,383 thousand (-€267,884 thousand)

Staff costs break down as follows.

€000	H1 2018	H1 2017	Increase/ (Decrease)
Wages and salaries	-182,439	-181,422	-1,017
Social security contributions	-54,464	-54,003	-461
Payments to supplementary pension funds, INPS and for post-employment benefits	-10,941	-11,334	393
Directors' remuneration	-1,900	-1,901	1
Other staff costs	-14,639	-19,224	4,585
Staff costs	-264,383	-267,884	3,501

Staff costs of €264,383 thousand are down €3,501 thousand on the first half of 2017 (€267,884 thousand). This is due to a combination of the following:

- a) a reduction of 75 (-1.1%) in the average headcount, broadly reflecting slower turnover among toll collectors and the transfer of staff from Autostrade per l'Italia's Foreign Department to Atlantia from March 2017, partially offset by the hiring of staff to fill specific roles within certain organisational units;
- b) an increase in capitalised costs and a reduction in the cost of management incentive plans, partially offset by the cost of contract renewals.

The following table shows the average number of employees (by category and including agency staff).

Average workforce	H1 2018	H1 2017 ^(*)	Increase/ (Decrease)
Senior managers	96	101	-5
Middle managers and administrative staff	3,011	3,041	-30
Toll collectors	2,203	2,274	-71
Manual workers	1,456	1,425	31
Total	6,766	6,841	-75

(*) The figure for the first half of 2017 excludes the staff employed by companies whose income and costs are classified in "Profit/(Loss) from discontinued operations".

Information on equity-settled and cash-settled share-based incentive plans for certain Directors and employees of Group companies is provided in note 10.6, "Disclosures regarding share-based payments".

8.7 Other operating costs - -€253,218 thousand (-€251,233 thousand)

Other operating costs in the first half of 2018, analysed in the following table, are broadly in line with the figure for the same period of the previous year.

€000	H1 2018	H1 2017	Increase/ (Decrease)
Concession fees	-223,725	-220,480	-3,245
Lease expense	-4,070	-4,824	754
Grants and donations	-12,772	-12,959	187
Direct and indirect taxes	-5,316	-5,465	149
Other	-7,335	-7,505	170
Other costs	-25,423	-25,929	506
Other operating costs	-253,218	-251,233	-1,985

8.8 Operating change in provisions - €45,008 thousand (€11,609 thousand)

This item reflects the impact on profit or loss of operating changes (new provisions and uses) in provisions, excluding those for employee benefits (classified in staff costs), made by Group companies during the period in order to meet their legal and contractual obligations requiring the use of financial resources in future years. The positive balance for the first half of 2018, amounting to €45,008 thousand, essentially reflects the present value of provisions for the repair and replacement of the Group's motorway infrastructure (€49,996 thousand), due to the fact that uses during the period were higher than the new provisions required.

8.9 Use of provisions for construction services required by contract - €138,492 thousand (€177,442 thousand)

This item regards the use of provisions for construction services required by contract, relating to the performance of services for which no additional economic benefits during the period, net of accrued government grants (recognised in revenue from construction services, as explained in note 8.2 "Revenue from construction services"). The item represents the indirect adjustment to construction costs classified by nature and incurred during the period by Autostrade per l'Italia, whose concession arrangement provides for such obligations. The reduction of €38,950 thousand is broadly linked to reduced investment in the upgrade of the A1 Milan-Naples (the Bologna-Florence section).

8.10 (Impairment losses) and reversals of impairment losses - €512 thousand (-€1,338 thousand)

The balance of this item, in line with the comparative period, consists of the impairment of trade receivables arising in past years, reflecting the risk of partial non-collection.

8.11 Financial income/(expenses) - -€227,030 thousand (-€221,512 thousand)

Financial income €45,208 thousand (€59,999 thousand)

Financial expenses -€272,411 thousand (-€281,497 thousand)

Foreign exchange gains/(losses) €173 thousand (-€14 thousand)

An analysis of financial income and expenses is shown below.

€000	H1 2018	H1 2017	Increase/ (Decrease)
Dividends received from investees	1,028	2,430	-1,402
Financial income accounted for as an increase in financial assets	472	472	-
Income from derivative financial instruments	29,146	45,525	-16,379
Interest and fees receivable on bank and post office deposits	963	1,632	-669
Other	13,599	9,940	3,659
Other financial income	44,180	57,569	-13,389
Financial income (a)	45,208	59,999	-14,791
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-15,310	-12,614	-2,696
Interest on medium/long-term borrowings	-56,670	-63,246	6,576
Losses on derivative financial instruments	-46,662	-49,206	2,544
Interest on bonds	-143,116	-144,966	1,850
Interest expense accounted for as an increase in financial liabilities	-1,687	-1,634	-53
Impairment losses on investments measured at cost or fair value and non-current financial assets	-	-	-
Interest and fees payable on bank and post office deposits	-418	-703	285
Other	-8,548	-9,128	580
Other financial expenses	-257,101	-268,883	11,782
Financial expenses (b)	-272,411	-281,497	9,086
Foreign exchange gains	7,824	20,925	-13,101
Foreign exchange losses	-7,651	-20,939	13,288
Foreign exchange gains/(losses) (c)	173	-14	187
Financial income/(expenses) (a+b+c)	-227,030	-221,512	-5,518

Net other financial expenses of €212,921 thousand are up €1,607 thousand compared with the first half of 2017 (€211,314 thousand). This is essentially due to a combination of the following:

- reduced income (€6,537 thousand) essentially on the change in fair value of Cross Currency Swaps not qualifying for hedge accounting, following the issuer substitution carried out with the parent, Atlantia, in December 2016;
- a reduction in financial expenses and interest payable, essentially due to a reduction in debt in the first half of 2018 compared with the same period of 2017 (€3,812 thousand).

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €15,310 thousand for the first half of 2018, broadly in line with the same period of 2017 (€12,614 thousand).

8.12 Share of profit/(loss) of investees accounted for using the equity method - -€4,121 thousand (-€1,436 thousand)

The “Share of profit/(loss) of investees accounted for using the equity method” amounts to a loss of €4,121 thousand for the first half of 2018. This reflects the Group’s share of the profit or loss of its associates and joint ventures and any dividends paid during the first half of 2018. Further details are provided in note 7.3, “Investments”.

8.13 Income tax expense - -€210,471 thousand (-€188,477 thousand)

A comparison of the net tax charges for the two comparative periods is shown below.

€000	H1 2018	H1 2017	Increase/ (Decrease)
IRES	-111,491	-106,994	-4,497
IRAP	-30,598	-27,902	-2,696
Current tax benefit of tax loss carry-forwards	-	-	-
Current tax expense	-142,089	-134,896	-7,193
Recovery of previous years' income taxes	243	3,965	-3,722
Previous years' income taxes	-427	-330	-97
Differences on current tax expense for previous years	-184	3,635	-3,819
Provisions	16,271	29,327	-13,056
Releases	-35,265	-35,069	-196
Changes in prior year estimates	-120	-1,956	1,836
Deferred tax income	-19,114	-7,698	-11,416
Provisions	-49,990	-50,095	105
Releases	906	577	329
Changes in prior year estimates	-	-	-
Deferred tax expense	-49,084	-49,518	434
Deferred tax income/(expense)	-68,198	-57,216	-10,982
Income tax (expense)/benefit	-210,471	-188,477	-21,994

Income tax expense for the first half of 2018 amounts to €210,471 thousand, an increase of €21,944 thousand compared with the first half of 2017 (€188,477 thousand). This is proportionately in line with the increase in profit before tax from continuing operations.

8.14 Profit/(loss) from discontinued operations - €188 thousand (€24,197 thousand)

The composition of this item is shown in the following table.

€000	H1 2018	H1 2017	Increase/ (Decrease)
Operating income	-	140,959	-140,959
Operating costs	-134	-99,106	98,972
Financial income	14	63,804	-63,790
Financial expenses	308	-60,467	60,775
Tax benefit/(expense)	-	-20,993	20,993
Profit/(loss) from discontinued operations	188	24,197	-24,009

The change reflects the different scopes of consolidation in the two comparative periods. In the same period of 2017, this item reflected the positive contributions of AID, ADA and the related subsidiaries, deconsolidated from March and February 2017, respectively.

8.15 Earnings per share

The following statement shows a breakdown of the calculation of basic and diluted earnings per share for the two comparative periods. In the absence of options or convertible financial instruments issued by the Parent Company, diluted earnings per share coincides with the figure for basic earnings per share.

	H1 2018	H1 2017
Weighted average of shares outstanding	622,027,000	622,027,000
Weighted average of shares outstanding	622,027,000	622,027,000
Profit for the period attributable to owners of the parent (€000)	484,223	451,983
Earnings per share (€)	0.78	0.73
Profit from continuing operations attributable to owners of the parent (€000)	484,091	442,482
Basic earnings per share from continuing operations (€)	0.78	0.71
Profit/(Loss) from discontinued operations attributable to owners of the parent ('€000)	132	9,501
Basic earnings/(losses) per share from discontinued operations (€)	0.00	0.02

9. Other financial information

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flow in the first half of 2018, compared with the first half of 2017, is analysed below. The consolidated statement of cash flows is included in the “Consolidated financial statements”.

Cash flows during the first half of 2018 resulted in a decrease of €501,142 thousand in cash and cash equivalents, versus a net cash outflow of €795,257 thousand in the first half of 2017.

Operating activities generated cash flows of €875,103 thousand in the first half of 2018, a reduction of €101,310 thousand on the figure for the first half of 2017 (€976,413 thousand). This reflects a combination of the following:

- a) a reduction of €114,265 thousand in cash generated from movements in working capital and other changes; cash flows for the first half of 2018 reflect the above mentioned increase in trading assets and a reduction in trading liabilities, whilst the figure for the first half of 2017 reflected an increase in trading liabilities;
- b) an increase of €12,955 thousand in operating cash flow in the first half of 2018.

Cash used for investing activities in the first half of 2018 amounts to €192,161 thousand, a reduction of €453,689 thousand compared with the first half of 2017, when the figure was €645,850 thousand. The comparative figure partly reflects deconsolidation of the cash and cash equivalents (totalling €386,046 thousand) of the companies transferred to Atlantia as part of the Group’s restructuring.

Cash used for financing activities in the first half of 2018 amounts to €1,184,084 thousand, a reduction of €48,562 thousand compared with the first half of 2017 (€1,135,522 thousand). This primarily reflects a combination of the following:

- a) the differing contribution in the comparative periods of cash flows from the net change in other current and non-current financial liabilities, represented by an outflow of €579,812 thousand in the first half of 2018 as a result of the repayment of short-term borrowings to Atlantia in the period, and an inflow of €344,398 thousand in the first half of 2017;
- b) an increase of €217,018 thousand in dividends paid in the first half of 2018;
- c) the greater outflow in the first half of 2017 as a result of distribution of a portion of the available reserves, amounting to €1,101,312 thousand, to Atlantia.

The following table shows net cash flows generated from discontinued operations, including the contributions of the French companies (Ecomouv and Tech Solutions Integrators), and the related subsidiaries for both the comparative periods, and the contributions of ADA and the related subsidiaries for the first half of 2017. These cash flows are included in the consolidated statement of cash flows under operating, investing and financing activities.

CASH FLOWS FROM DISCONTINUED OPERATIONS

€m	H1 2018	H1 2017
Net cash generated from/(used in) operating activities	-5	25
Net cash generated from/(used in) investing activities	-	-16
Net cash generated from/(used in) financing activities	2	358

9.2 Financial risk management

The Autostrade per l'Italia Group's financial risk management objectives and policies

In the normal course of business, the Group is exposed to:

- a) market risk, principally linked to the effect of movements in interest and foreign exchange rates on financial assets acquired and financial liabilities assumed;
- b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund the Group's operating activities and repayment of the liabilities assumed;
- c) credit risk, linked to both ordinary trading relations and the likelihood of defaults by financial counterparties.

The Group's financial risk management strategy is derived from and consistent with the business goals set by Atlantia's Board of Directors, as contained in the long-term plans approved annually by the Board, taking into account Atlantia's role in the management and coordination of Autostrade per l'Italia.

Market risk

The adopted strategy for each type of risk aims, wherever possible, to eliminate interest rate and currency risks and minimise borrowing costs, whilst taking account of stakeholders' interests, as defined in the Financial Policy as approved by the Board of Directors of the parent, Atlantia.

Management of these risks is based on prudence and best market practice.

The main objectives set out in this policy are as follows:

- a) to protect the scenario forming the basis of the long-term plan from the effect of exposure to currency and interest rate risks, in the latter case identifying the best combination of fixed and floating rates;
- b) to pursue a potential reduction of the Group's borrowing costs within the risk limits determined by the Board of Directors;
- c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

The Group's hedges outstanding as at 30 June 2018 are classified, in accordance with IFRS 9, as cash flow hedges. The fair value of derivative financial instruments is based on expected cash flows that are discounted at rates derived from the market yield curve at the measurement date and the curve for listed credit default swaps entered into by the counterparty and Group companies, to include the non-performance risk explicitly provided for by IFRS 13.

As at 30 June 2018, the Group's portfolio also includes non-hedge accounting transactions, including the derivatives embedded in a short-term borrowings obtained by Autostrade Meridionali, with a notional value of €245,000 thousand and fair value losses of €341 thousand.

The residual average term to maturity of the Group's debt as at 30 June 2018 is six years. The average cost of the Group's medium/long-term borrowings in the first half of 2018 was 3.5%. Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

This risk is linked to uncertainty regarding the performance of interest rates, and takes two forms:

- a) cash flow risk: linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce the amount of floating rate debt, the Group has entered into interest rate swaps (IRSs), classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Following tests of effectiveness, changes in fair value are recognised in other comprehensive income. Interest income or expense deriving from the hedged instruments is recognised simultaneously in profit or loss;

b) fair value risk: the risk of losses deriving from an unexpected change in the value fixed rate financial assets and liabilities following an unfavourable shift in the market yield curve.

As a result of the above cash flow hedges, 94% of interest bearing debt is fixed rate.

Currency risk

Currency risk can result in the following types of exposure:

- a) economic exposure incurred through purchases and sales denominated in currencies other than the individual companies' functional currency;
- b) translation exposure through equity investments in subsidiaries and associates whose financial statements are denominated in a currency other than the Group's functional currency;
- c) transaction exposure incurred by making deposits or obtaining loans in currencies other than the individual companies' functional currency.

The prime objective of the Group's currency risk management strategy is to minimise transaction exposure through the assumption of liabilities in currencies other than the Group's functional currency.

Currency risk derives primarily from the presence of financial assets and liabilities denominated in currencies other than the Group's functional currency. This risk relates to the issuer substitution, carried out by Atlantia and Autostrade per l'Italia in December 2016. In this regard, following the above issuer substitution, the Group is party to Cross Currency Swaps (CCIRSs) linked to the bonds denominated in sterling (GBP) and yen (JPY). Whilst, from an operational viewpoint, the bonds' exposure to currency risk is fully hedged by these derivatives, the CCIRSs do not meet all the requirements for classification as hedges under IFRS 9. As a result they are classified, from an accounting point of view, as non-hedge accounting.

8% of the Group's debt is denominated in currencies other than the euro (sterling and yen).

Taking account of the Cross Currency Swaps linked to the foreign currency bonds, the Group's net debt is, therefore, effectively not exposed to currency risk on translation.

The following table summarises outstanding derivative financial instruments as at 30 June 2018 (compared with 31 December 2017) and shows the corresponding market and notional values of the hedged financial asset or liability.

€000		30 June 2018		31 December 2017	
Type	Purpose of hedge	Fair value asset/(liability)	Notional amount	Fair value asset/(liability)	Notional amount
<i>Cash flow hedges ⁽¹⁾</i>					
Interest Rate Swaps	Interest rate risk	-139,003	2,395,349	-129,946	2,406,977
Total		-139,003	2,395,349	-129,946	2,406,977
<i>Derivatives not accounted for as hedges</i>					
Cross Currency Swaps ⁽¹⁾	Currency and interest rate risk	-284,310	899,176	-299,198	899,176
Derivatives embedded in loans	Interest rate risk	-341	245,000	-638	245,000
Total		-284,651	1,144,176	-299,836	1,144,176
Total derivatives		-423,654	3,539,525	-429,782	3,551,153
of which:					
fair value (asset)		-		-	
fair value (liability)		-423,654		-429,782	

(1) The fair value of cash flow hedges excludes accruals at the measurement date.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Group is exposed would have had on the consolidated income statement for the first half of 2018 and on equity as at 30 June 2018. The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the year, assuming, in terms of the impact on the income statement, a 0.10% (10 bps) shift in the market yield curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on other comprehensive income, the 10 bps shift in the curve was assumed to have occurred at the measurement date. The results of the analyses were:

- in terms of interest rate risk, an unexpected and unfavourable 0.10% shift in market interest rates would have resulted in a negative impact on the consolidated income statement, totalling €2,477 thousand, and on other comprehensive income, totalling €19,590 thousand, before the related taxation;
- in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have resulted in a negative impact on the consolidated income statement, totalling €13,403 thousand.

Liquidity risk

Liquidity risk relates to the risk that cash resources may be insufficient to fund the payment of liabilities as they fall due. The Group believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of committed and uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

As at 30 June 2018, the Group has cash reserves of €4,189 million, consisting of:

- €2,399 million in investments and cash maturing in the short term (€2,199 million), Autostrade per l'Italia's cash and cash equivalents (€230 million) essentially relating to its role as a provider of centralised treasury management, partially offset by short-term borrowings (€30 million, excluding the loan to SAM with a face value of €245 million and renewed for a further 12 months as at 31 December 2017, given that the process of awarding the concession for the A3 motorway had yet to be completed);
- €235 million in term deposits allocated primarily to part finance the execution of specific construction services;
- €1,555 million in undrawn committed lines of credit. the Group has lines of credit with a weighted average residual term to maturity of approximately seven years and six months and a weighted average residual drawdown period of approximately three years and three months.

Details of drawn and undrawn committed lines of credit are shown below.

€000		30 June 2018					
Borrower	Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn	
Autostrade per l'Italia	Medium/long-term committed EIB line 2013 "Environment and Motorway Safety"	31 Dec 2018	15 Sept 2037	200	-	200	
Autostrade per l'Italia	Medium/long-term committed from Cassa Depositi e Prestiti	31 Dec 2021	13 Dec 2027	1,100	400	700	
Autostrade per l'Italia	Revolving line of credit from Cassa Depositi e Prestiti	02 Oct 2022	31 Dec 2022	600	-	600	
Autostrade Meridionali	Short-term loan from Banco di Napoli	31 Dec 2018	31 Dec 2018	300	245	55	
				Line of credit	2,200	645	1,555

Credit risk

The Group manages credit risk essentially through recourse to counterparties with high credit ratings, with no significant credit risk concentrations as required by Financial Policy.

Credit risk deriving from outstanding derivative financial instruments can also be considered marginal in that the counterparties involved are major financial institutions. There are no margin agreements providing for the exchange of cash collateral if a certain fair value threshold is exceeded.

Provisions for impairment losses on individually material items, on the other hand, are established when there is objective evidence that the Group will not be able to collect all or any of the amount due. The amount of the provisions takes account of estimated future cash flows and the date of collection, any future recovery costs and expenses, and the value of any security and guarantee deposits received from customers. General provisions, based on the available historical and statistical data, are established for items for which specific provisions have not been made. Details of the allowance for bad debts for trade receivables are provided in note 7.7, "Trading assets".

10. Other information

10.1 Geographical information and operating segments

The following table shows an analysis of the Autostrade per l'Italia Group's revenue and non-current assets by geographical area.

€m	Revenue (*)		Non-current assets (**)	
	H1 2018	H1 2017	30 June 2018	31 December 2017
Italy	1,955	1,915	18,306	18,501
Sub-total Europe	1,955	1,915	18,306	18,501
Chile	1	1	-	-
Total	1,956	1,916	18,306	18,501

(*) Revenue does not include income from discontinued operations.

(**) In accordance with IFRS 8, non-current assets do not include non-current financial assets or deferred tax assets.

The disaggregation of revenue, depending on whether it is recognised at a point in time or over time, is shown below, as required by IFRS 15.

€m	H1 2018				H1 2017			
	IFRS 15		Outside scope of IFRS 15	Total revenue	IFRS 15		Outside scope of IFRS 15	Total revenue
	At a point in time	Over time			At a point in time	Over time		
Net toll revenue	1,740	-	-	1,740	1,696	-	-	1,696
Revenue from construction services	-	55	-	55	-	55	-	55
Other revenue	42	7	112	161	39	7	119	165
Total revenue	1,782	62	112	1,956	1,735	62	119	1,916

Finally, other than the "Italian motorways" segment (including the motorway concessions held by the Italian companies), the Autostrade per l'Italia Group does not include other operating segments that exceed the materiality threshold established by IFRS 8. As a result, the Group no longer presents the segment information required by this standard.

10.2 Disclosure of non-controlling interests in consolidated companies

As required by IFRS 12, a list of the principal consolidated companies with non-controlling interests as at 30 June 2018 (with the relevant comparatives as at 31 December 2017) is provided below. The complete list of the Group's investments as at 30 June 2018 is provided in Annex 1 "The Autostrade per l'Italia Group's scope of consolidation and investments".

Non-controlling interests in consolidated companies	Country	30 June 2018		31 December 2017	
		Group interest	Non-controlling interests	Group interest	Non-controlling interests
Autostrade Meridionali SpA	Italy	58.98%	41.02%	58.98%	41.02%
Catterick Investments Spółka z o.o.	Poland	90.00%	10.00%	90.00%	10.00%
Società Italiana per Azioni per il Traforo del Monte Bianco	Italy	51.00%	49.00%	51.00%	49.00%
Raccordo Autostradale Valle d'Aosta SpA	Italy	24.46%	75.54%	24.46%	75.54%
Società Autostrada Tirrenica SpA	Italy	99.99%	0.01%	99.99%	0.01%
Ecomouv' SAS	France	70.00%	30.00%	70.00%	30.00%
Infoblu SpA	Italy	-	-	75.00%	25.00%

There are no consolidated companies deemed to be material for the Autostrade per l'Italia Group, in terms of the percentage interest held by non-controlling interests, for the purposes of the financial disclosures required by IFRS 12.

10.3 Guarantees

The Group has certain personal guarantees in issue to third parties as at 30 June 2018. These include, listed by importance:

- a) guarantees issued by Autostrade per l'Italia securing the bonds issued by Atlantia, amounting to a total of €1,200,000 thousand and representing 120% of par value, in return for which Autostrade per l'Italia receives intragroup loans with the same terms to maturity and a face value of €1,000,000 thousand as at 30 June 2018;
- b) bank guarantees provided by Tangenziale di Napoli (€26,150 thousand) to the Ministry of Infrastructure and Transport, as required by the covenants in the relevant concession arrangement.

Shares in the investees, Tangenziale Esterna and Bologna & Fiera Parking, have also been pledged to the respective providers of financing.

10.4 Reserves

As at 30 June 2018, Group companies have recognised contract reserves in relation to:

- a) investing activities, amounting to approximately €1,363 million (€1,361 million as at 31 December 2017). Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in intangible assets deriving from concession rights.
- b) non-investing activities, amounting to approximately €38 million, the estimated future cost of which is covered by existing provisions in the consolidated financial statements.

10.5 Related party transactions

This section describes the Autostrade per l'Italia Group's principal transactions with related parties, identified as such according to the criteria in the procedure for related party transactions adopted by the parent, Atlantia, in application of art. 2391-*bis* of the Italian Civil Code, the Regulations adopted by the *Commissione Nazionale per le Società e la Borsa* (the CONSOB) in Resolution 17221 of 12 March 2010, as subsequently amended. The Procedure, which is available for inspection at www.atlantia.it, establishes the criteria to be used in identifying related parties, in distinguishing between transactions of greater and lesser significance and in applying the rules governing the above transactions of greater and lesser significance, and in fulfilling the related reporting requirements.

The following table shows material amounts in the income statement and statement of financial position generated by the Autostrade per l'Italia Group's related party transactions, broken down by nature of the transaction (trading or financial), including those with Directors, Statutory Auditors and key management personnel at Autostrade per l'Italia.

En	Principal trading transactions with related parties																	
	Assets					Liabilities				Income					Expenses			
	Trading and other assets					Trading and other liabilities				Trading and other income					Trading and other expenses			
	Trade receivables	Current tax assets	Other trading assets	Assets related to other operations	Total	Trade payables	Current tax liabilities	Other current liabilities	Other non-current liabilities	Liabilities related to discontinued operations	Total	Other operating revenue	Total	Raw and consumable materials	Service costs	Self-costs	Other operating costs	Total
	30 June 2018																	
Simtonia	-	6.3	-	-	6.3	-	-	-	-	-	89.8	1.4	1.4	-	-	-	-	-
Allania	3.6	221	0.1	-	258	5.3	84.5	-	-	-	89.8	1.4	1.4	0.4	-	-	0.1	0.5
Total	3.6	284	0.1	-	321	5.3	84.5	-	-	-	89.8	1.4	1.4	0.4	-	-	0.1	0.5
Belogna and Fiera Parking	0.9	-	-	-	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Pavimental	1.3	-	-	-	1.3	107.8	6.9	-	-	-	114.7	0.2	0.2	98.9	-	-	0.3	99.2
Spa Engineering	21.9	-	-	-	21.9	60.9	-	-	-	-	60.9	0.4	0.4	-	-	-	27.2	27.2
Total associates	24.1	-	-	-	24.1	168.7	6.9	-	-	-	175.6	0.6	0.6	136.1	-	-	0.3	136.4
Autogrill (*)	15.3	-	-	-	15.3	1.8	-	-	-	-	1.8	35.6	35.6	-	-	-	0.4	0.7
AB Concessões	-	-	-	-	-	0.4	-	-	-	-	0.4	-	-	-	-	-	0.3	0.3
AutotraderBrasil	1.9	-	-	-	1.9	-	1.2	-	-	-	1.2	-	-	-	-	-	-	-
AutotraderAtlantico	0.2	-	-	-	0.2	-	0.2	-	-	-	0.2	-	-	-	-	-	-	-
AutotraderHolding do Sur	0.2	-	-	-	0.2	-	-	-	-	-	0.2	-	-	-	-	-	-	-
AutotraderIndia Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronic Transaction Consultants	4.3	-	-	-	4.3	0.8	-	-	-	-	0.8	0.4	0.4	-	-	-	-	0.1
Gruppo Aeroporti di Roma	0.8	-	-	-	0.8	0.3	-	-	-	-	0.3	0.2	0.2	-	-	-	-	-
Gruppo Stalport	0.5	-	-	-	0.5	-	-	-	-	-	0.3	0.3	0.3	-	-	-	-	-
Società Gestioni VIII	0.7	-	-	-	0.7	-	-	-	-	-	0.7	0.7	0.7	-	-	-	-	-
Teipass	21.2	-	-	-	21.2	5.6	-	-	-	-	5.6	13.0	13.0	-	-	-	5.1	5.1
Teipass Pay	0.5	-	-	-	0.5	-	-	-	-	-	0.1	0.1	0.1	-	-	-	-	-
Teipass Services	4.56	-	-	-	4.56	8.9	-	-	-	-	10.5	30.4	30.4	5.8	-	-	0.4	6.3
ASTRI pension fund	-	-	-	-	-	-	5.8	-	-	-	5.8	-	-	-	-	-	4.5	4.5
COPI pension fund	-	-	-	-	-	-	1.6	-	-	-	1.6	-	-	-	-	-	1.5	1.5
Total actions funds	-	-	-	-	-	-	7.4	-	-	-	7.4	-	-	-	-	-	6.0	6.0
Key management personnel	-	-	-	-	-	-	-	-	-	-	3.7	-	-	-	-	-	3.7	3.7
Total key management personnel (1)	-	-	-	-	-	-	2.0	1.7	-	-	3.7	-	-	-	-	-	3.7	3.7
TOTAL	73.3	284	0.1	-	101.8	182.9	84.5	17.9	1.7	-	287.0	52.4	52.4	-	132.3	9.7	0.8	142.8
	31 December 2017																	
Simtonia	-	6.3	-	-	6.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Allania	5.7	24.9	-	-	30.6	3.8	87.1	-	-	-	90.9	1.5	1.5	-	-	-	0.1	1.0
Total parents	5.7	31.2	-	-	36.9	3.8	87.1	-	-	-	90.9	1.5	1.5	-	-	-	0.1	1.0
Belogna and Fiera Parking	1.2	-	-	-	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Pavimental	1.5	-	-	-	1.5	159.9	6.8	-	-	-	166.7	0.7	0.7	148.8	-	-	0.2	149.0
Spa Engineering	23.3	-	-	-	23.3	72.8	-	-	-	-	72.8	0.4	0.4	31.1	-	-	3.1	31.1
Total associates	26.0	-	-	-	26.0	232.7	6.8	-	-	-	239.5	1.1	1.1	181.9	-	-	0.2	182.1
Autogrill (*)	31.9	-	-	-	31.9	1.5	-	-	-	-	1.5	34.9	34.9	0.4	0.2	-	-	0.6
AB Concessões	1.7	-	-	-	1.7	-	-	-	-	-	1.1	-	-	-	-	-	-	-
AutotraderBrasil	0.2	-	-	-	0.2	-	0.2	-	-	-	0.2	-	-	-	-	-	-	-
AutotraderAtlantico	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
AutotraderHolding do Sur	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-
AutotraderIndia Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronic Transaction Consultants	3.7	-	-	-	3.7	0.7	-	-	-	-	0.7	-	-	-	-	-	-	0.1
Gruppo Aeroporti di Roma	1.4	-	-	-	1.4	0.6	-	-	-	-	0.6	0.2	0.2	-	-	-	-	-
Gruppo Stalport	1.2	-	-	-	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Società Gestioni VIII	0.2	-	-	-	0.2	-	-	-	-	-	-	0.4	0.4	-	-	-	-	-
Teipass	28.1	-	-	-	28.1	11.0	-	-	-	-	11.0	11.8	11.8	-	-	-	4.8	4.8
Teipass Pay	0.4	-	-	-	0.4	-	-	-	-	-	1.3	1.3	1.3	-	-	-	-	-
Total associates	68.9	-	-	-	68.9	13.8	-	1.5	-	-	15.3	48.6	48.6	0.4	5.1	-	0.1	5.6
ASTRI pension fund	-	-	-	-	-	-	-	-	-	-	6.2	-	-	-	-	-	7.8	7.8
COPI pension fund	-	-	-	-	-	-	-	-	-	-	7.3	-	-	-	-	-	2.0	2.0
Total actions funds	-	-	-	-	-	-	-	-	-	-	13.5	-	-	-	-	-	9.8	9.8
Key management personnel	-	-	-	-	-	-	-	-	-	-	5.2	-	-	-	-	-	4.8	4.8
Total key management personnel (1)	-	-	-	-	-	-	-	-	-	-	5.2	-	-	-	-	-	4.8	4.8
TOTAL	100.6	31.2	-	-	131.8	250.3	87.1	18.5	2.5	-	398.4	51.2	51.2	0.4	187.9	14.6	0.4	203.3

(*) The companies deconsolidated in the first half of 2018.

(1) Autotrader per l'Italia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel as a whole. Expense for each period include emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans) for Autotrader per l'Italia's staff and staff of the relevant subsidiaries.

In addition to the information shown in the table, the consolidated financial statements for 2017 also include contributions of €1.4 million paid on behalf of Director, Statutory Auditors and other key management personnel and liabilities of €1.5 million payable to such persons as at 31 December 2017.

Principal financial transactions with related parties													
Assets						Liabilities							
Financial assets						Financial liabilities							
Income		Expenses		Income		Expenses		Income		Expenses			
Financial income		Financial expenses		Financial income		Financial expenses		Financial income		Financial expenses			
Total		Total		Total		Total		Total		Total			
30 June 2018						31 December 2017							
Current financial assets deriving from government grants		Intercompany current account receivables		Other current financial assets		Short-term borrowings		Intercompany current account payables		Current portion of medium/long-term financial liabilities		Other current borrowings	
Total		Total		Total		Total		Total		Total		Total	
30 June 2018													
H1 2018													
€m													
Atlantia	-	-	-	-	-	-	-	463.3	-	1,021.9	-	-	-
Total parents	-	-	-	-	-	-	-	463.3	-	1,021.9	-	-	-
Payimental	-	125.2	-	-	-	-	-	-	-	-	-	-	-
Pedemontana Veneta (in liquidation)	-	-	0.2	-	-	-	-	-	-	-	-	-	-
Società Infrastrutture Toscane (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Spea Engineering	-	-	1.4	-	-	-	-	0.2	-	-	-	-	-
Total associates	-	125.2	1.6	-	-	-	-	0.2	-	-	-	-	-
Autogrill	0.5	-	-	-	-	-	-	-	-	-	-	-	-
Infrablu (*)	-	-	-	-	-	-	-	2.8	-	-	-	-	-
Autostrade dell'Atlantico	-	-	-	-	-	-	-	6.1	-	-	-	-	-
Telepass	-	577.2	-	-	-	-	-	-	-	-	-	-	-
Total affiliates	0.5	577.2	-	-	-	-	-	8.9	-	-	-	-	-
TOTAL	0.5	702.4	1.6	-	-	-	-	472.4	-	1,021.9	-	-	-
31 December 2017													
H1 2017													
Atlantia	-	-	-	-	-	-	-	7.4	-	1,000.4	-	-	-
Total parents	-	-	-	-	-	-	-	7.4	-	1,000.4	-	-	-
Payimental	-	121.1	-	-	-	-	-	-	-	-	-	-	-
Pedemontana Veneta (in liquidation)	-	-	0.2	-	-	-	-	-	-	-	-	-	-
Società Infrastrutture Toscane (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Spea Engineering	-	-	-	-	-	-	-	0.4	-	-	-	-	-
Total associates	-	121.1	-	-	-	-	-	0.4	-	-	-	-	-
Autogrill	0.5	-	-	-	-	-	-	-	-	-	-	-	-
Autostrade dell'Atlantico	-	-	-	-	-	-	-	6.1	-	-	-	-	-
Telepass	-	640.8	-	-	-	-	-	-	-	-	-	-	-
Total affiliates	0.5	640.8	-	-	-	-	-	6.1	-	-	-	-	-
TOTAL	0.5	761.9	0.2	-	-	-	-	13.9	-	1,000.4	-	-	-

(*) This company was deconsolidated in the first half of 2018.

It should be noted that the related party transactions do not include transactions of an atypical or unusual nature, and are conducted on an arm's length basis.

The principal transactions entered into by the Group with related parties are described below.

The Autostrade per l'Italia Group's transactions with Atlantia and Sintonia

With regard to trading relations, Autostrade per l'Italia provides administrative services, in addition to providing support for Atlantia's non-core and financial activities.

As a result of the tax consolidation arrangement headed by Atlantia, in which Autostrade per l'Italia and certain of its Italian subsidiaries, as at 30 June 2018 the Group has recognised tax liabilities and assets due to and from Atlantia of €22.1 million and €84.5 million, respectively.

As at 30 June 2018, the Group reports tax assets due from the parent, Sintonia, which in 2012 absorbed Schemaventotto, totalling €6.3 million, relating to amounts receivable in the form of tax rebates applied for by Schemaventotto for income tax (IRES) paid during the period when this company headed the tax consolidation arrangement.

With regard to transactions of a financial nature, as at 30 June 2018, financial liabilities (including the current portion) repayable to Atlantia, amount to €1,485.2 million, broadly in line with the figure for 31 December 2017 (€1,507.8 million). In addition, as a result of the centralised treasury services provided to the Atlantia Group by Autostrade per l'Italia, the current account between the latter and Atlantia has a debit balance of €463.3 million as at 30 June 2018. Finally, financial expenses payable to the parent, Atlantia, as at 30 June 2018, amount to €24.6 million, broadly in line with the figure for 30 June 2017 (€25 million).

The Autostrade per l'Italia Group's transactions with other related parties

The Group reports trading liabilities payable to the affiliates, Pavimental and Spea. As at 30 June 2018, trade payables due to these companies total €107.8 million and €60.9 million, respectively. These payables essentially regard maintenance and construction services provided by these companies to the Group's operators and regarding motorway infrastructure. In addition, the Group reports costs of €98.9 million payable to Pavimental in return for the above services provided.

Trade receivables due from the affiliate, Telepass amount to €21.2 million as at 30 June 2018. This primarily regards the fact that Telepass collects tolls on the Group's behalf through its Viacard and Telepass payment systems.

With regard to relations between the Autostrade per l'Italia Group's motorway operators and the Autogrill group (considered a related party as it is under the common control of Edizione Srl), as at 30 June 2018, Autogrill holds 100 food service concessions for service areas along the Group's motorway network. In the first half of 2018, the Group earned total revenue of €35.6 million on transactions with Autogrill, including €30.8 million in royalties deriving from the management of service areas. This recurring income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders. As at 30 June 2018, trading assets receivable from Autogrill amount to €15.3 million.

Transactions of a financial nature as at 30 June 2018 include, as part of the Autostrade per l'Italia's provision of centralised treasury services for the Atlantia Group, intercompany current account receivables of €125.2 million due from Pavimental. The amount due from Telepass totals €577.2 million.

10.6 Disclosures regarding share-based payments

There were no changes, during the first half of 2018, in the share-based incentive plans already adopted for Group companies as at 31 December 2017. The characteristics of the incentive plans

are described in note 10.6 to the consolidated financial statements as at and for the year ended 31 December 2017.

Details of all the plans are contained in specific information circulars prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as amended. Further details of the plans already in effect as at 31 December 2017 are provided in the Remuneration Report for 2017 prepared pursuant to art. 123 *ter* of Legislative Decree 58 of 24 February 1998 (the Consolidated Finance Act), published in the “Remuneration” section of Atlantia’s website at www.atlantia.it.

The Annual General Meeting of Atlantia’s shareholders, held on 20 April 2018, also approved a number of changes to the supplementary phantom share option plan for a limited number of core people, who will be heavily involved in the process of building and creating value at the new Group that will be formed as a result of the joint investment in Abertis alongside ACS and Hochtief. This plan was originally approved by the General Meeting of 2 August 2017. The plan is subject to successful completion of the above transaction and entails the award of phantom share options free of charge, being options that give beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia’s ordinary shares over a determinate period. At the date of preparation of these condensed consolidated interim financial statements, none of the related options have been awarded.

The following table shows the main aspects of existing share-based incentive plans as at 30 June 2018. The table shows the options and units awarded to directors and employees of the Atlantia Group at that date, and the related changes (in terms of new awards and the exercise, conversion or lapse of options or units) in the first half of 2018. The table also shows the fair value (at the grant date) of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions. The amounts have been adjusted for the amendments to the plans originally approved by Atlantia’s shareholders, which were required to ensure plan benefits remained substantially unchanged despite the dilution caused by the bonus issues approved by Atlantia’s shareholders on 20 April 2011 and 24 April 2012.

	Number of options/units awarded (***)	Vesting date	Exercise/Grant date	Exercise price (euro)	Fair value of each option or unit at grant date (euro)	Expected expiration at grant date (years)	Risk free interest rate used	Expected volatility (based on historic mean)	Expected dividends at grant date
2011 SHARE OPTION PLAN									
Options outstanding as at 1 January 2018									
- 13 May 2011 grant	279,860	13 May 2014	14 May 2017	14.78	3.48	6.0	2.60%	25.2%	4.09%
- 14 October 2011 grant	13,991	13 May 2014	14 May 2017	14.78	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	14,692	13 May 2014	14 May 2017	14.78	(*)	(*)	(*)	(*)	(*)
	345,887	14 June 2015	14 June 2018	9.66	2.21	6.0	1.39%	28.0%	5.05%
- 8 Nov 2013 grant	1,592,367	8 Nov 2016	9 Nov 2019	16.02	2.65	6.0	0.86%	29.5%	5.62%
- 13 May 2014 grant	173,762	N/A (**)	14 May 2017	N/A	(**)	(**)	(**)	(**)	(**)
- 15 June 2015 grant	52,359	N/A (**)	14 June 2018	N/A	(**)	(**)	(**)	(**)	(**)
- 8 Nov 2016 grant	526,965	N/A (**)	9 Nov 2019	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-2,442,675								
- options lapsed	-329,832								
Total	227,376								
Changes in options in H1 2018									
- options exercised	-130,669								
- options lapsed	-5,189								
Options outstanding as at 30 June 2018	91,518								
2011 SHARE GRANT PLAN									
Units outstanding as at 1 January 2018									
- 13 May 2011 grant	192,376	13 May 2014	14 May 2016	N/A	12.90	4,0 - 5,0	2.45%	26.3%	4.09%
- 14 October 2011 grant	9,618	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	10,106	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
	348,394	14 June 2015	15 June 2017	N/A	7.12	4,0 - 5,0	1.12%	29.9%	5.05%
- 8 Nov 2013 grant	209,420	8 Nov 2016	9 Nov 2018	N/A	11.87	4,0 - 5,0	0.69%	28.5%	5.62%
- units converted into shares on 15 May 2015	-97,439								
- units converted into shares on 16 May 2016	-103,197								
- units converted into shares on 16 June 2016	-98,582								
- units converted into shares on 15 June 2017	-136,572								
- units converted into shares on 13 Nov 2017	-77,159								
- units lapsed	-159,629								
Total	97,336								
Changes in units in H1 2018									
	-								
Units outstanding as at 30 June 2018	97,336								

(*) These options and units were awarded as a result of bonus issues by Atlantia and, therefore, do not represent the award of new benefits.

(**) These are phantom share options granted in place of certain conditional rights included in the grants of 2011 and 2012 which, therefore, do not represent the award of new benefits.

(***) These are options and units awarded to beneficiaries throughout the Atlantia Group and not only to those at Autostrade per l'Italia.

The following changes took place during the first half of 2018.

2011 Share Option Plan

With regard to the second and third award cycles (the vesting periods for both of which have expired), a number of beneficiaries exercised their vested options and paid the established exercise price during the first half of 2018. This entailed the allocation to them of Atlantia's ordinary shares held by the parent as treasury shares. This resulted in the transfer of:

- 17,862 of Atlantia's ordinary shares to beneficiaries in connection with the second cycle; as at 30 June 2018, all the options awarded under this cycle have thus lapsed. Moreover, 6,946 phantom options awarded in 2015 were exercised;
- 47,591 of Atlantia's ordinary shares to beneficiaries in connection with the third cycle; moreover, 58,270 phantom options awarded in 2016 were exercised.

As at 30 June 2018, after taking into account lapsed options at that date, the remaining options outstanding total 91,518, including 44,722 phantom options awarded under third cycle (the unit fair values of which, as at 30 June 2018, were remeasured as €13.76, in place of the unit fair values at the grant date).

The following table shows the main aspects of the Autostrade per l'Italia Group's cash-settled incentive plans outstanding as at 30 June 2018. The table shows the options awarded to directors and employees of Autostrade per l'Italia and its subsidiaries at this date and changes (in terms of new awards and the exercise, conversion or lapse of rights) during the first half of 2018. The table also shows the fair values (at the grant date) of outstanding options, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions.

	Number of options/units awarded	Vesting date	Exercise/Grant date	Exercise price (euro)	Fair value of each option or unit at grant date (euro)	Expected expiration at grant date (years)	Risk free interest rate used	Expected volatility (based on historic mean)	Expected dividends at grant date
2014 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2018									
- 9 May 2014 grant	1,566,736	9 May 2017	9 May 2020	N/A (*)	2.88	3,0 - 6,0	1.10%	28.9%	5.47%
- deconsolidation of companies	-125,222								
- 8 May 2015 grant	1,436,941	8 May 2018	08 May 2021	N/A (*)	2.59	3,0 - 6,0	1.01%	25.8%	5.32%
- 10 June 2016 grant	1,617,292	10 June 2019	10 June 2022	N/A (*)	1.89	3,0 - 6,0	0.61%	25.3%	4.94%
- transfers/secondments	-403,705								
- options exercised	-456,694								
- options lapsed	-273,155								
Total	3,362,193								
Changes in units in H1 2018									
- options exercised	-745,255								
- transfers/secondments	-45,481								
- options lapsed	-420,957								
Units outstanding as at 30 June 2018	2,150,500								
2017 PHANTOM SHARE OPTION PLAN									
Units outstanding as at 1 January 2018									
- 12 May 2017 grant	882,917	15 June 2020	1 July 2023	N/A (*)	2.37	3,13 - 6,13	1.31%	25.6%	4.40%
- transfers/secondments	6,717								
- options lapsed	-33,220								
Total	856,414								
Changes in units in H1 2018									
- transfers/secondments	-11,398								
Units outstanding as at 30 June 2018	845,016								
2017 PHANTOM SHARE GRANT PLAN									
Units outstanding as at 1 January 2018									
- 12 May 2017 grant	79,305	15 June 2020	1 July 2023	N/A (*)	23.18	3,13 - 6,13	1.31%	25.6%	4.40%
- transfers/secondments	669								
- options lapsed	-3,307								
Total	76,667								
Changes in units in H1 2018									
- transfers/secondments	-1,135								
Units outstanding as at 30 June 2018	75,532								

(*) Given that these are cash bonus plans, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan and the 2017 Phantom Share Option Plan do not require an exercise price. However, the Terms and Conditions of the plans indicate an "Exercise price" (equal to the arithmetic mean of Atlantia's share price in a determinate period) as the basis on which to calculate the gross amount to be paid to beneficiaries.

2014 Phantom Share Option Plan

The vesting period for the second cycle of the Plan expired on 8 May 2017. From this date until 30 June 2018, a total of 477,017 phantom options awarded under the second award cycle were exercised. In addition, 268,238 phantom options awarded under the first cycle were exercised in the first half of 2018, following expiry of the vesting period on 9 May 2017.

Thus, as at 30 June 2018, after taking into account lapsed options at that date, and changes resulting from transfers and/or secondments of staff to and from other Atlantia Group companies, the remaining options outstanding amount to 2,150,500. The unit fair values of the options awarded under the first, second and third award cycles were remeasured as at 30 June 2018 as €6.01, €3.17 and €2.94, respectively.

2017 Phantom Share Option Plan

As a result of transfers and/or secondments of staff to and from other Atlantia Group companies in the first half of 2018, the number of options was reduced by 11,398. Due to this change, as at 30 June 2018, the remaining options outstanding amount to 845,016. The unit fair value of the options awarded at that date has been remeasured as €2.95 in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

As a result of transfers and/or secondments of staff to and from other Atlantia Group companies in the first half of 2018, the number of options was reduced by 1,135. Due to this change, as at 30 June 2018, the remaining options outstanding amount to 75,532. The unit fair value of the options awarded at that date has been remeasured as €25.68 in place of the unit fair value at the grant date.

The prices of Atlantia's ordinary shares in the various periods covered by the above plans are shown below:

- a) price as at 30 June 2018: €25.24;
- b) the weighted average price for the first half of 2018: €25.95;

In accordance with the requirements of IFRS 2, as a result of the existing plans, in the first half of 2018, the Group recognised staff costs of €3,759 thousand, based on the accrued fair value of the options and units awarded at that date, including €73 thousand accounted for in equity reserves. In contrast, the liabilities represented by "phantom" share options outstanding as at 30 June 2018 have been recognised in other current and non-current liabilities, based on the assumed exercise date.

10.7 Significant legal and regulatory aspects

In addition to the information already provided in the Annual Report for the year ended 31 December 2017, this section provides details of updates or new developments relating to the main disputes outstanding and significant regulatory events affecting Group companies and occurring through to the date of approval of this Interim Report for the six months ended 30 June 2018. Current disputes are unlikely to give rise to significant charges for Group companies in addition to the provisions already accounted for in the consolidated statement of financial position as at 30 June 2018.

Toll increases with effect from 1 January 2018

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued decrees on 29 December 2017, determining toll increases with effect from 1 January 2018. These are as follows:

- a) Autostrade per l'Italia was to apply an overall toll increase of 1.51%, including 0.49% as the inflation-linked component, 0.64% to provide a return capital expenditure via the "X" tariff component and -0.04% to provide a return on investment via the "K" tariff component (the shortfall in the increase awarded for 2017 was recouped almost in full for both these components) and 0.43% to recover the reduction in revenue earned in the period from June 2014 to 2017 as a result of the discounted tolls for frequent motorway users, introduced by the Memorandum of Understanding entered into with the Ministry. Regarding the shortfall in the increase with respect to the requested amount, equal to 0.01% (relating to the "X" component), the Grantor, following submission of additional documentation by Autostrade per l'Italia on 12 March 2018, deemed that the request was largely warranted, and therefore to be taken into account when determining the toll increase for 2019. Application of the remaining amounts was suspended, pending an update of the financial plan;
- b) Raccordo Autostradale Valle d'Aosta was to apply a toll increase of 52.69%, compared with the 81.12% requested. The company has challenged this determination before the Regional Administrative Court;
- c) Autostrade Meridionali was to apply a toll increase of 5.98%, compared with the 9.9% requested;
- d) Società Autostrada Tirrenica was to apply a toll increase of 1.33%, compared with the 36.51% requested. The company has challenged this determination before the Regional Administrative Court;
- e) Tangenziale di Napoli was to apply a toll increase of 4.31%, including recovery of amounts not applied in previous years, compared with the 1.93% requested. This application was granted on the basis of the new operating and financial plan attached to the Addendum, signed first on 8 September 2017 and, subsequently, at the Grantor's request, by digital signature on 22 February 2018. This came into effect with the approval of Ministry of Infrastructure and

Transport and Ministry of the Economy and Finance Decree 131 of 16 March 2018, registered at the Court of Auditors on 23 April 2018.

In the case of Traforo del Monte Bianco, which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel gave the go-ahead for a toll increase of 1.09%. This is based on the average of the inflation rates registered in Italy and France from 1 September 2016 to 31 August 2017, in addition to an extra 0.95% increase determined by the mentioned Committee. From 1 April 2018, the toll for all Euro 3 heavy goods vehicles, of more than 3.5 tonnes, was increased by 5%.

[II Addendum to Autostrade per l'Italia's Single Concession Arrangement](#)

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017, replacing the previous concession arrangement signed on 10 December 2015 for which the related approval process had not been completed. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the investment commitments of the Single Concession Arrangement. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and the remaining €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount, which will be paid to ANAS on a stage of completion basis and in terms of a specific agreement to be entered into, will be recovered by Autostrade per l'Italia via the "K" toll component.

During the approval process, the Grantor once again requested that the above Addendum be signed by means of a digital signature. The Addendum was thus signed on 22 February 2018 and came into effect with approval by Decree 128 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered at the Court of Auditors on 31 May 2018.

[Five-year update of Autostrade per l'Italia's financial plan](#)

On 15 June 2018, Autostrade per l'Italia submitted a proposal to the Grantor regarding the five-year update of its financial plan, which will subsequently be formalised as an addendum to the current Concession Arrangement.

[Addendum to Tangenziale di Napoli's Single Concession Arrangement](#)

On 8 September 2017, the Addendum to Tangenziale di Napoli's Single Concession Arrangement was signed. The Addendum sets out the results of the five-yearly review (2014 – 2018) of the financial plan annexed to the Arrangement. During the approval process, the Grantor once again requested that the above Addendum be signed by means of a digital signature. The Addendum was thus signed on 22 February 2018 and came into effect with approval of Decree 131 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered by the Court of Auditors on 23 April 2018.

[Agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna](#)

On 15 April 2016, Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and the Municipality of Bologna signed an agreement for the upgrade of the existing motorway system/ring road interchange serving the city of Bologna. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l'Italia has modified the design for the project in full compliance with the principles set out in the

agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure.

Work then began on the environmental impact assessment in January 2017 and was completed with the EIA order of 31 March 2018. On 21 March 2018, Autostrade per l'Italia requested the Ministry of Infrastructure and Transport to convene the Services Conference.

[Award of the concession for the A3 Naples – Pompei – Salerno motorway](#)

In 2012, the Ministry of Infrastructure and Transport issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. Following the challenges brought by Autostrade Meridionali and Consorzio Stable SIS before Campania Regional Administrative Court, contesting the Ministry's decision, dated 22 March 2016, to disqualify both bidders from the tender process, on 19 December 2016, Campania Regional Administrative Court announced that it did not have jurisdiction for either action, referring the challenges to Lazio Regional Administrative Court. On 29 and 30 December 2016, respectively, Consorzio Stable SIS and Autostrade Meridionali returned to court and, on 31 January 2017, Lazio Regional Administrative Court published its view that the Campania Regional Administrative Court had jurisdiction, referring the matter to the Council of State in order to decide on the question. Following the hearing held on 27 June 2017, the Council of State, in a ruling published on 17 November 2017, declared that Campania Regional Administrative Court had final jurisdiction to decide on the dispute. Following the resumption of proceedings before Campania Regional Administrative Court, in judgement 4627 of 11 July 2018, the Court confirmed the ruling excluding the bid submitted by Autostrade Meridionali, which is considering its next course of action. On the same date, a similar ruling, contained in judgement 4620, was issued against Consorzio Stabile SIS, whose exclusion was also confirmed.

[Decision of the European Commission regarding the extension of Autostrade per l'Italia's concession](#)

In July 2017, the Ministry of Infrastructure and Transport reached an agreement with the European Commission. The agreement sets out the key conditions to be met in order to grant Autostrade per l'Italia a 4-year extension to its concession in return for pre-determined toll increases and recognition of a takeover right on expiry.

On 27 April 2018, the European Commission announced that the Commission had given its approval for the "plan for investment in Italian motorways". In view of the implementation of Autostrade per l'Italia's investment plan of approximately €7.9 billion, the approval envisages extension of the concession term by four years (from 31 December 2038 to 31 December 2042), a cap on toll increases and introduction of a takeover right on expiry of the concession. The European Commission's decision was published on its website.

[Accident on the Acqualonga viaduct on the A16 Naples-Canosa motorway on 28 July 2013](#)

With regard to the accident that occurred on 28 July 2013, the Public Prosecutor's Office in Avellino notified all the employees of Autostrade per l'Italia SpA under investigation (twelve people in total, including executives, former managers and employees) of the Public Prosecutor's intention to charge the employees with being accessories to culpable multiple manslaughter and criminal negligence.

This was followed by a request from the Public Prosecutor's Office to commit all the above accused for trial to answer the above charges. Having heard the arguments and evidence presented by the Public Prosecutors, and counsel for both the civil parties and for the defence, on 9 May 2016 the judge committed all the accused for trial before a single judge at the Court of Avellino.

At subsequent hearings on 9 and 25 November 2016, 7 and 16 December 2016, 13 January 2017, 3, 17 and 22 February 2017, and on 31 March and 21 April 2017, the examination and cross examination of the witnesses for the prosecution continued.

At the hearing held on 10 March 2017, the experts appointed by the Public Prosecutor's Office testified.

At the following hearings, held between May 2017 and March 2018, examination and cross examination of the witnesses for the defence took place.

The testimonies of the experts appointed by the defendants employed by Autostrade per l'Italia were then heard on 6 and 20 December 2017, whilst their cross examination by the public prosecutors began during the hearings held on 24 and 31 January 2018. This process will conclude during the hearing to be held on 28 March 2018. During the subsequent hearing on 6 April 2018, two of the defendants, the owner of the bus and an employee of the Naples office of the *Motorizzazione Civile* (Italy's Driver and Vehicle Licencing Agency), gave evidence and made statements to the court.

The defendants employed by Autostrade per l'Italia made statements to the court at the hearings of 20 April 2018 and 4 May 2018.

At the subsequent hearing of 16 May 2018, the court appointed an independent expert and established the related terms of reference.

At the subsequent hearing of 13 July 2018, two witnesses were heard, following a request from the public prosecutor pursuant to art. 507 of the criminal code.

A hearing was then scheduled for 12 September 2018 to hear the evidence of the independent expert.

To date, almost all of the civil parties whose entry of appearance in the criminal trial has been admitted have received compensation and have, therefore, withdrawn their actions following payment of their claims by Autostrade per l'Italia's insurance provider under the existing general liability policy.

In addition to the criminal proceedings, a number of civil actions have been brought by persons not party to the criminal trial. These actions have been combined by the Civil Court of Avellino.

Following the combination of the various proceedings, judgement is thus pending before the Civil Court of Avellino in relation to: (i) the original action brought by Reale Mutua Assicurazioni, the company that insured the coach, in order to make the maximum claim payable available to the damaged parties, including Autostrade per l'Italia (€6 million), (ii) subsequent claims, submitted as counterclaims or on an individual basis, by a number of damaged parties, including claims against Autostrade per l'Italia.

Subject to the permission of the court, Autostrade per l'Italia intends to refer claimants to its insurance provider (Swiss Re International), with a view to being indemnified against any claims should it lose the case.

At the hearing of 20 October 2016, the court, in accepting the specific requests made by certain parties appearing before the court, appointed an independent expert to assess the psychological trauma caused to the above parties by the loss of close members of their families.

During the same hearing, the court appointed further independent experts to reconstruct, among other things, the dynamics of the accident and to assess both its causes and the number of vehicles involved, identifying the victims and preparing a document showing the family relations between these people and the defendants and plaintiffs.

Autostrade per l'Italia thus appointed its own experts. The experts began their investigation on 15 November 2016.

The court subsequently authorised access to a number of mechanical parts from the coach, which is currently under seizure, requesting the intervention of the fire service during the operations scheduled for 22 February 2017 and 10 March 2017.

On 18 May 2017, the court then rejected the independent experts' request to be permitted to carry out further mechanical testing of the coach and adjourned the hearing until 20 July 2017, when the court rejected a request from Autostrade per l'Italia's counsel to put the civil action on hold whilst awaiting the outcome of the criminal trial.

Subsequently, following submission of the experts' draft report on 15 September 2017, the court set a deadline of 30 November 2017 for the experts appointed by the various parties to formulate their observations and adjourned the case until 15 February 2018, when the final report will be examined.

In the course of this hearing, the court reserved judgement on the defendants' request for new or additional independent expert appraisals, adjourning the case until 19 April 2018 when further counter-arguments will be presented by the Company's expert witnesses.

At the hearing held on 19 April 2018, the court again reserved judgement on all the motions submitted by the parties and set a term of 15 days for the court to arrive at a decision.

On 28 May 2018, the court ordered the independent experts to file a report clarifying their conclusions, adjourning the hearing until 12 July 2018. At the hearing of 12 July 2018, the court reserved judgement on all the motions submitted by the parties.

[Investigation by the Public Prosecutor's Office in Prato of a fatal accident to a worker employed by Pavimental](#)

On 27 August 2014, a worker employed by Pavimental SpA – the company contracted by Autostrade per l'Italia to carry out work on a section of carriageway on the A1 – was involved in a fatal accident whilst at work. In response, the Public Prosecutor's Office in Prato has placed a number of Pavimental personnel under criminal investigation for reckless homicide, alleging violation of occupational health and safety regulations.

In December 2014, Autostrade per l'Italia received a request for information about the Company, accompanied by a request to appoint a defence counsel and to elect an address for service, as it was under investigation as a juridical person, pursuant to Legislative Decree 231/2001 (the "Administrative liability of legal entities").

A similar request for information was received by Pavimental. Autostrade per l'Italia has been charged with the offence provided for in art. 25 *septies* of Legislative Decree 231/2001, as defined in art. 589, paragraph 3 of the penal code ("Culpable homicide resulting from breaches of occupational health and safety regulations").

A similar charge has also been brought against, among others, Autostrade per l'Italia's Project Manager.

A hearing took place on 5 February 2016, following a request from the Public Prosecutor's Office for a pre-trial hearing for the appointment of experts to reconstruct the dynamics of the fatal accident and apportion liability, including that of companies pursuant to Legislative Decree 231/2001.

At the end of the related hearing, during which the companies' Organisational, Management and Control Models were examined, the case against the companies was dismissed. The case then proceeded with the focus solely on the charges against the natural persons involved, with the preliminary hearing held on 8 February 2017, when the civil parties appeared before the court and it was requested that the accused be summoned to appear.

Hearings were then held on 26 April 2017, to verify settlement of the damages requested by the parties to the civil action, and on 5 July 2017, to withdraw the actions brought by these parties and for any potential requests for an alternative procedure (an "accelerated trial").

At the next hearing held on 8 November 2017, the parties concluded their depositions and the hearing was adjourned until 15 November 2017, when the court was to pronounce judgement. At the hearing of 15 November 2017, the court committed Autostrade per l'Italia's Project Manager for trial and adjourned the hearing until 15 February 2018, when the parties were to begin giving evidence before the court.

Due to the absence of the presiding judge, this hearing was then adjourned until 9 July 2018. The hearing of 9 July 2018 was adjourned until 10 January 2019 due to a procedural defect.

[Autostrade per l'Italia -Autostrade Tech against Alessandro Patanè and companies linked to him and appeals brought before the Civil Court of Rome](#)

With regard to the writ served on Mr. Alessandro Patanè and the companies linked to him by Autostrade per l'Italia and Autostrade Tech at the Civil Court of Rome, the court's decision is awaited.

[Proceedings before the Supreme Court - Autostrade per l'Italia versus Craft Srl](#)

On 4 November 2015, the First Civil Section of the Supreme Court handed down judgement no. 22563, rejecting Autostrade per l'Italia's appeal regarding the fact that Craft's patent should be declared null and void and partially annulling the earlier sentence of the Court of Appeal in Rome, referring the case back to this court, to be heard by different judges, following the reinstatement of proceedings by one of the parties. The Court of Appeal was asked to provide logical grounds for finding that Autostrade per l'Italia has not infringed Craft's patent.

On 6 May 2016, Craft notified Autostrade per l'Italia of an application for the reinstatement of proceedings before the Court of Appeal, requesting the court, among other things, to rule that Autostrade per l'Italia has infringed Craft's patent and to order the former to pay Craft compensation for the resulting damage to its moral and economic rights, calculated by the plaintiff to be approximately €3.5 million, with this sum to be reduced or increased by the court depending on the "economic benefits obtained by the defendant". At the first hearing, held on 11 October 2016, the court scheduled a hearing for admission of the facts for 14 March 2017.

At the hearing of 14 March 2017, the parties admitted the facts and the court reserved judgement, fixing a term pursuant to art. 190 of the code of civil procedure for the submission of closing and reply briefs.

On 10 April 2018, the Court of Appeal of Rome handed down judgement no. 2275/2018, ruling, without the aid of a new expert evidence, that the TUTOR system installed by Autostrade per l'Italia constitutes an infringement (due to its equivalence to) Craft's patent.

The Court also ordered Autostrade per l'Italia to remove and destroy all existing equipment installed on the motorways it operates that is in violation of Craft's patent (prohibiting its future sale or use), and imposing a civil penalty of €500.00 to be paid by Autostrade per l'Italia for every day it fails to comply with the above order.

The Court also rejected Craft's claim for economic damages and its claim for the return of any profits as, in the Court's opinion, the Tutor system does generate earnings for the road operator, even in terms of cost savings. There was no award of non-economic damages as there is no proof that the infringement has damaged Craft's image.

Autostrade per l'Italia has appealed the judgement before the Supreme Court, believing it to be unlawful, and requesting suspensive relief before the Court of Appeal of Rome and requesting an *ex parte* decision by the court.

On 28 May 2018, Court of Appeal of Rome rejected the request for suspensive relief.

The judges ruled that motorway safety was not a question of Autostrade per l'Italia's interest, but the interests of the institutions (the police) and, as such, the safety of road users cannot, in Autostrade per l'Italia's case, constitute serious prejudice pursuant to art. 373 of the code of civil procedure.

In addition, the judges stated that within the scope of the responsibilities assigned by art. 14 of the highway code, the operator is under no obligation to install speed check systems, but is responsible for the safety of the infrastructure (as Autostrade per l'Italia is solely responsible for its maintenance).

The judges ruled that there were no grounds to pass the case on to the public prosecutor in relation to Craft's claim that the Company had infringed its patent, given that the various judgements had so far failed to agree and that the appeal was pending before the Supreme Court. Faced with the need to comply with the judgement, the SICVE software used in Autostrade per l'Italia's systems was uninstalled, subject to independent certification of compliance, and based on the needs of the traffic police, recognised as the only legitimate entity in this regard, alternative solutions were examined.

A new system for conducting speed checks (SICVe-PM) has already been made available to the traffic police.

[Claim for damages from the Ministry of the Environment](#)

A criminal case (initiated in 2007) pending before the Court of Florence involves two of Autostrade per l'Italia's managers and another 18 people from contractors, who are accused of violating environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico*. Between February 2016 and May 2016, all the witnesses and experts called to give evidence by the defence were heard. On conclusion, the court declared the hearing of 19 July 2016 to be the last occasion for the submission of documents. At the hearings held on 5 and 12 December 2016, the defendants wishing to file a deposition were heard.

The Public Prosecutor made his closing statement at the hearings held on 6, 13 and 20 February 2017.

The parties began to make their final depositions at the hearing of 27 March 2017 and this process continued at the hearings of 15 and 22 May 2017 and in June 2017.

At the hearings of 17 July 2017 and 21 September 2017, the parties concluded their depositions and the hearing was adjourned until 30 October 2017, when the court was to pronounce judgement.

At the hearing of 30 October 2017, the court acquitted the two managers from Autostrade per l'Italia in accordance with art. 530, paragraph I of the criminal code, based on the fact that there was no case to answer and setting a term of 90 days for the court to file the reasons for its judgement. The deadline for filing the court's reasons for the judgements has been further extended and there are no further developments to report.

[Investigation by the Public Prosecutor's Office in Vasto of the fatal motorway accident of 21 September 2013](#)

Following the motorway accident of 21 September 2013 at km 450 of the A14, operated by Autostrade per l'Italia, in which several people were killed, the Public Prosecutor's Office in Vasto has launched a criminal investigation, initially against persons unknown. On 23 March 2015, the Chief Executive Officer and, later, further two executives of the Company received notice of completion of the investigation, containing a formal notification of charges. The charges relate to negligent cooperation resulting in reckless manslaughter. The Public Prosecutor, following initiatives taken by the defence counsel, has requested that the case be brought to court.

Due to irregularities in the writs of summons sent to the defendants, the preliminary hearing was adjourned until 1 March 2016. At this hearing, in view of the request for an alternative procedure (an "accelerated trial") from the defence counsel representing the owner of the vehicle, the court adjourned the hearing until 17 May 2016. At the end of the last hearing, the court committed all the defendants for trial on 12 October 2016 before a single judge at the Court of Vasto. This hearing was adjourned until 24 November 2016 in order to for a new judge to be appointed.

At the hearing of 24 November 2016, the parties requested leave to present their evidence to the court.

At the hearing held on 23 February 2017, the court began to hear the witnesses for the prosecution, who continued and completed the process of giving evidence at the hearing held on 18 May 2017.

At the next hearing held on 26 October 2017, the witnesses for the defence were heard and one of them was questioned.

At the hearing held on 22 February 2018, the expert witnesses appointed by the counsel for Autostrade per l'Italia's defendants were heard.

At the hearing of 15 May 2018, the court appointed an independent expert and established the related terms of reference, adjourning the case until 27 September 2018 when the expert will be heard.

10.8 Events after 30 June 2018

At the date of approval of this Interim Report for the six months ended 30 June 2018, there are no material events occurring after the reporting date for the Autostrade per l'Italia Group to report.

Annexes to the consolidated financial statements

Annex 1

The Autostrade per l'Italia Group's scope of consolidation and investments as at 30 June 2018

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2018 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2018	OVERALL GROUP INTEREST (%)	NOTE
PARENT COMPANY								
AUTOSTRADE PER L'ITALIA SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	622,027,000				
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS								
ADM MOVING SPA	ROME	ADVERTISING SERVICES	EURO	1,000,000	Autostrade per l'Italia Spa	100%	100%	
AUTOSTRADE MERIDIONALI SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION INFORMATION SYSTEM AND EQUIPMENT FOR THE CONTROL AND AUTOMATION OF TRAFFIC AND ROAD PROJECT COMPANY	EURO	9,056,250	Autostrade per l'Italia Spa	58.88%	58.88%	(1)
AUTOSTRADE TECH SPA	WARSAW (POLAND)	PROJECT COMPANY	POLISH ZLOTY	1,120,000	Autostrade per l'Italia Spa	100%	100%	
CATERBICK INVESTMENTS SPOLKA Z O.O.	PARIS (FRANCE)	FINANCING/DESIGN/CONSTRUCTION/OPERATION OF EQUIPMENT REQUIRED FOR ECO - TAKE GENERAL AND ADMINISTRATIVE SERVICES	EURO	5,000	Autostrade Tech Spa	90%	90%	
ECONOMOLV SAS (IN LIQUIDATION)	ROME	GENERAL AND ADMINISTRATIVE SERVICES	EURO	6,000,000	Autostrade per l'Italia Spa	70.00%	70.00%	
ESSEDESSE SOCIETA' DI SERVIZI SPA	ROME	GENERAL AND ADMINISTRATIVE SERVICES	EURO	500,000	Autostrade per l'Italia Spa	100%	100%	
GIOVE CLEAR Srl	ROME	CLEANING SERVICES & MAINTENANCE VARE	EURO	10,000	Autostrade per l'Italia Spa	100%	100%	
RACCORDO AUTOSTRADALE VALLE D'AOSTA SPA	AOSTA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	343,805,000	Società Italiana per Azioni per il Titolo del Monte Bianco	47.57%	24.46%	(2)
SOCIETA' AUTOSTRADA TIRRENA SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	24,460,800	Autostrade per l'Italia Spa	99.93%	99.99%	(3)
SOCIETA' TALIANA PER AZIONI PER IL TRAFORD DEL MONTE BIANCO	PRE SAINT DIDIER (AOSTA)	MONT BLANC TUNNEL OPERATION AND CONSTRUCTION	EURO	198,749,200	Autostrade per l'Italia Spa	51.00%	51.00%	
TANGENZIALE DI NAPOLI SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	108,077,480	Autostrade per l'Italia Spa	100%	100%	
TECH SOLUTIONS INTEGRATORS SAS	PARIS (FRANCE)	CONSTRUCTION, INSTALLATION AND MAINTENANCE OF ELECTRONIC TOLLING SYSTEMS	EURO	2,000,000	Autostrade per l'Italia Spa	100%	100%	

(1) The company is listed on Borsa Italiana Spa's Espanditi market.

(2) The issued capital is made up of 6284,350,000 in ordinary shares and 659,455,000 in preference shares. The percentage interest is calculated with reference to all shares in issue, whereas the 58.08% of voting rights is calculated with reference to ordinary voting shares.

(3) On 29 December 2015, Autostrada Tirrenica, following authorisation by the general meeting of shareholders held on the same date, purchased 109,600 own shares from non-controlling shareholders. Autostrade per l'Italia's interest is, therefore, equal to 99.99% as at 30 June 2018 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.93%).

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2018 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2018	NOTE
INVESTMENTS ACCOUNTED FOR AT COST OF FAIR VALUE							
Other investments							
CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI SpA	LIVORNO	DISTRIBUTION CENTRE	EURO	11,756,695	Società Autostrada Tirrenica p.A.	0.43%	
TANGENZIALE ESTERNA SpA	MILAN	MOTORWAY OPERATION AND CONSTRUCTION	EURO	464,945,000	Autostrade per l'Italia SpA	0.25%	
TANGENZIALI ESTERNE DI MILANO SpA	MILAN	CONSTRUCTION AND OPERATION OF MILAN RING ROAD	EURO	220,344,608	Autostrade per l'Italia SpA	18.14%	(1)
URNET SpA	ROME	OPERATION OF NATIONAL LOGISTICS	EURO	1,061,000	Autostrade per l'Italia SpA	1.51%	
AUTOSTRADE HOLDING DO SUR SA	SANTIAGO (CHILE)	HOLDING COMPANY	CHILEAN PESO	51,496,805,692	Autostrade per l'Italia SpA	0.00%	(2)

(1) A 4.47% interest in the company has been sold to Autostrade per l'Italia SpA by Intesa San Paolo SpA. In this regard, the seller has reserved the right of usufruct on the shares until 31 December 2018 in accordance with the terms and conditions of the original agreements between Intesa San Paolo SpA and SIAS - Società Iniziative Autostradali e Servizi SpA, which Autostrade per l'Italia SpA has accepted as a result of the pre-emption right by which it increased its investment.

(2) The company's shares are held as follows: Autostrade dell'Atlantico Srl (1,000,000 shares) and Autostrade per l'Italia SpA (1 share).

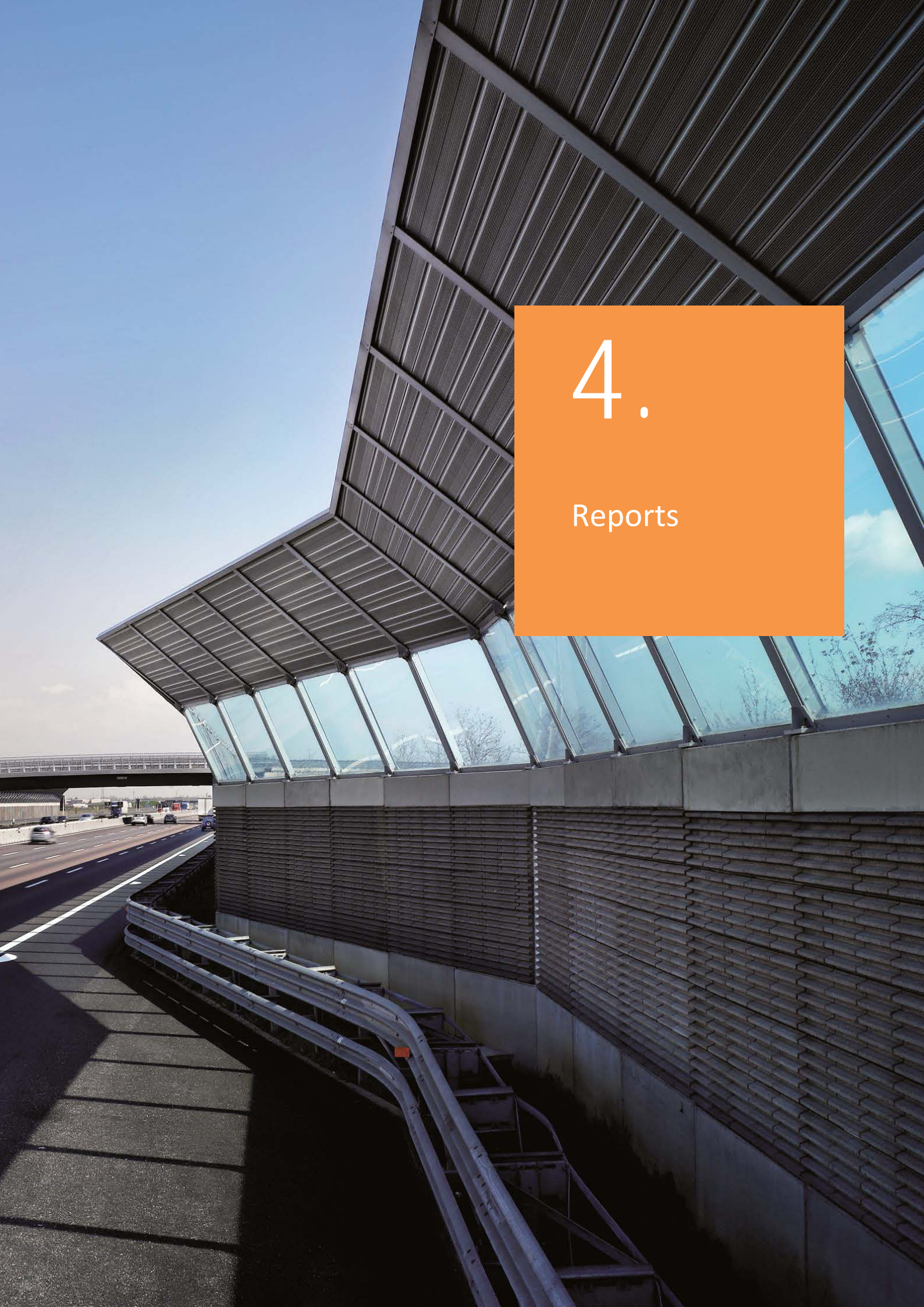
NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2018 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2018
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD						
<i>Asociates</i>						
PAVIMENTAL SpA	ROME	MOTORWAY AND AIRPORT CONSTRUCTION AND MAINTENANCE	EURO	10,116,452	Autostrade per l'Italia SpA	20.00%
SPEA ENGINEERING SPA	ROME	INTEGRATED TECHNICAL ENGINEERING SERVICES	EURO	6,966,000	Autostrade per l'Italia SpA	20.00%
BOLOGNA & FIERA PARKING SpA	BOLOGNA	DESIGN, CONSTRUCTION AND MANAGEMENT OF MULTI-LEVEL PUBLIC CAR PARKS	EURO	2,715,200	Autostrade per l'Italia SpA	36.83%
PEDEMONTANA VENETA SpA (IN LIQUIDATION)	VERONA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	6,000,000	Autostrade per l'Italia SpA	29.77%
SOCIETA' INFRASTRUTTURE TOSCANIE SpA (IN LIQUIDATION)	ROME	AUTOSTRAD E AEROPORTI	EURO	15,000,000	Autostrade per l'Italia SpA	46.00%
<i>Joint ventures</i>						
GEIE DEL TRAFORO DEL MONTE BIANCO	COURMAYEUR (AOSTA)	MAINTENANCE AND OPERATION OF MONT BLANC TUNNEL	EURO	2,000,000	Società Italiana per Azioni per il Traforo del Monte Bianco	50.00%

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 30 JUNE 2018 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2018
CONSORTIA						
CONSORZIO AUTOSTRADE ITALIANE ENERGIA	ROME	ELECTRICITY PROCUREMENT	EURO	113,849	Autosstrade per l'Italia SpA Tangenziale di Napoli SpA Societa Italiana per Adioni per il Traloro del Monte Bianco Raccordo Autostradale Valle d'Aosta SpA Societa Autostrade Tirrenica p.A. Autostrade Meridionali SpA	27.30% 2.00% 1.90% 1.10% 0.30% 0.90%
CONSORZIO MIDRA	FLORENCE	SCIENTIFIC RESEARCH FOR DEVICE BASED TECHNOLOGIES	EURO	73,989	Autosstrade Tech SpA	33.33%
COSTRUZIONI IMPIANTI AUTOSTRADALI S.C.A.R.L. (IN LIQUIDATION)	ROME	CONSTRUCTION OF PUBLIC WORKS AND INFRASTRUCTURE	EURO	10,000	Autosstrade Tech SpA	20.00%
SAT LAVORI S.C.A.R.L. (IN LIQUIDATION)	ROME	CONSTRUCTION CONSORTIUM	EURO	100,000	Societa Autostrade Tirrenica p.A.	1.00%
INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS STRADA DEI PARCHI SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	48,114,240	Autosstrade per l'Italia SpA	2.00%

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4.

Reports

Attestation of the condensed consolidated interim financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

1. We, the undersigned, Giovanni Castellucci and Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Autostrade per l'Italia SpA's financial reporting, having taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective application of the administrative and accounting procedures adopted in preparation of the condensed consolidated interim financial statements during the first half of 2018.

2. The administrative and accounting procedures adopted in preparation of the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Autostrade per l'Italia SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level.

3. We also attest that:
 - 3.1 the condensed consolidated interim financial statements:
 - a) have been prepared in compliance with international accounting standards approved for application in the European Community by EC Regulation 1606/2002, passed by the European Parliament and by the Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) present a true and fair view of the financial position and results of operations of the issuer and the consolidated companies.
 - 3.2 The interim report on operations contains a reliable analysis of material events during the first six months of the year and their impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of related party transactions.

3 August 2018

Giovanni Castellucci

Chief Executive Officer

Giancarlo Guenzi

Manager responsible for
financial reporting



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**REPORT ON REVIEW OF THE HALF-YEARLY
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**To the Shareholders of
Autostrade per l'Italia S.p.A.**

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Autostrade per l'Italia S.p.A. and subsidiaries (the "Autostrade per l'Italia Group"), which comprise the consolidated statement of financial position as of June 30, 2018 and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flow for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Autostrade per l'Italia Group as at June 30, 2018 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Fabio Pompei
Partner

Rome, Italy
August 8, 2018

This report has been translated into the English language solely for the convenience of international readers.

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Legal information

Autostrade per l'Italia SpA
A sole shareholder company, managed and coordinated by Atlantia SpA
Issued capital: €622,027,000 (fully paid)
Tax code, VAT number and Rome Companies' Register number: 07516911000
REA no. 1037417

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autostrade // *per l'italia*

gruppo Atlantia

