

**I N T E R I M
R E P O R T F O R
T H E S I X M O N T H S
E N D E D**

30 JUNE 2020

autostrade // *per l'italia*



(This page intentionally left blank)

CONTENTS

1. Introduction	4
1.1 Consolidated financial highlights	7
1.2 Structure of the Autostrade per l'Italia Group.....	8
1.3 The Group's motorway operators	9
1.4 Corporate bodies	10
1.5 Autostrade for Genoa	11
1.6 Strategic Transformation Plan 2020-2023	14
2. Interim report on operations	16
Introduction	18
2.1 Alternative performance indicators.....	21
2.2 Group financial review.....	22
2.3 Key performance indicators for Group companies.....	42
2.4 Group operating review.....	44
2.5 Workforce.....	47
2.6 Autostrade per l'Italia's risk management.....	49
2.7 Related party transactions.....	51
2.8 Significant regulatory aspects.....	52
2.9 Other information.....	60
2.10 Events after 30 June 2020	61
2.11 Outlook and risks or uncertainties	63
3. Condensed consolidated interim financial statements	64
4. Reports	146

INTRODUCTION





(This page intentionally left blank)

1.1 Consolidated financial highlights

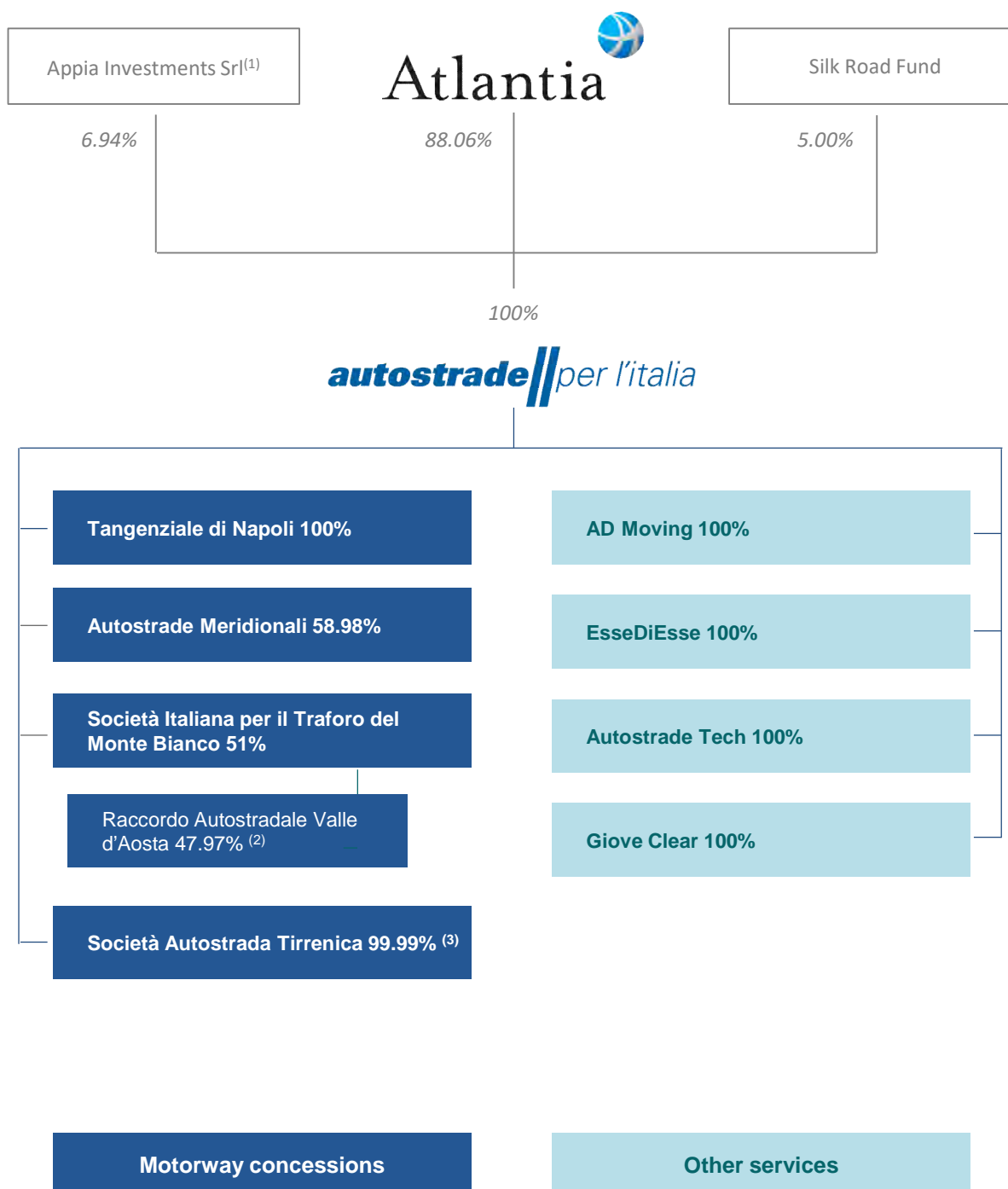
€m	H1 2020	H1 2019
Total operating revenue	1,263	1,967
Toll revenue	1,167	1,761
Other operating income	96	206
Gross operating profit/(loss) (EBITDA) ⁽¹⁾	-62	1,162
Operating profit/(loss) (EBIT)	-392	833
Profit/(Loss) before tax from continuing operations	-654	616
Profit/(Loss) for the period	-479	430
Profit/(Loss) attributable to owners of the parent	-476	426
Operating cash flow	219	687
Capital expenditure	215	271

€m	30 June 2020	31 December 2019
Equity	1,753	2,220
Equity attributable to owners of the parent	1,400	1,864
Net debt	8,868	8,392

Note: 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 the interim report on operations.

(1) EBITDA for the first half of 2020 reflects the impact on revenue of the restrictions on movement introduced in response to the spread of Covid-19 and increased provisions for risks and charges, as described in more detail below.

1.2 Structure of the Autostrade per l'Italia Group



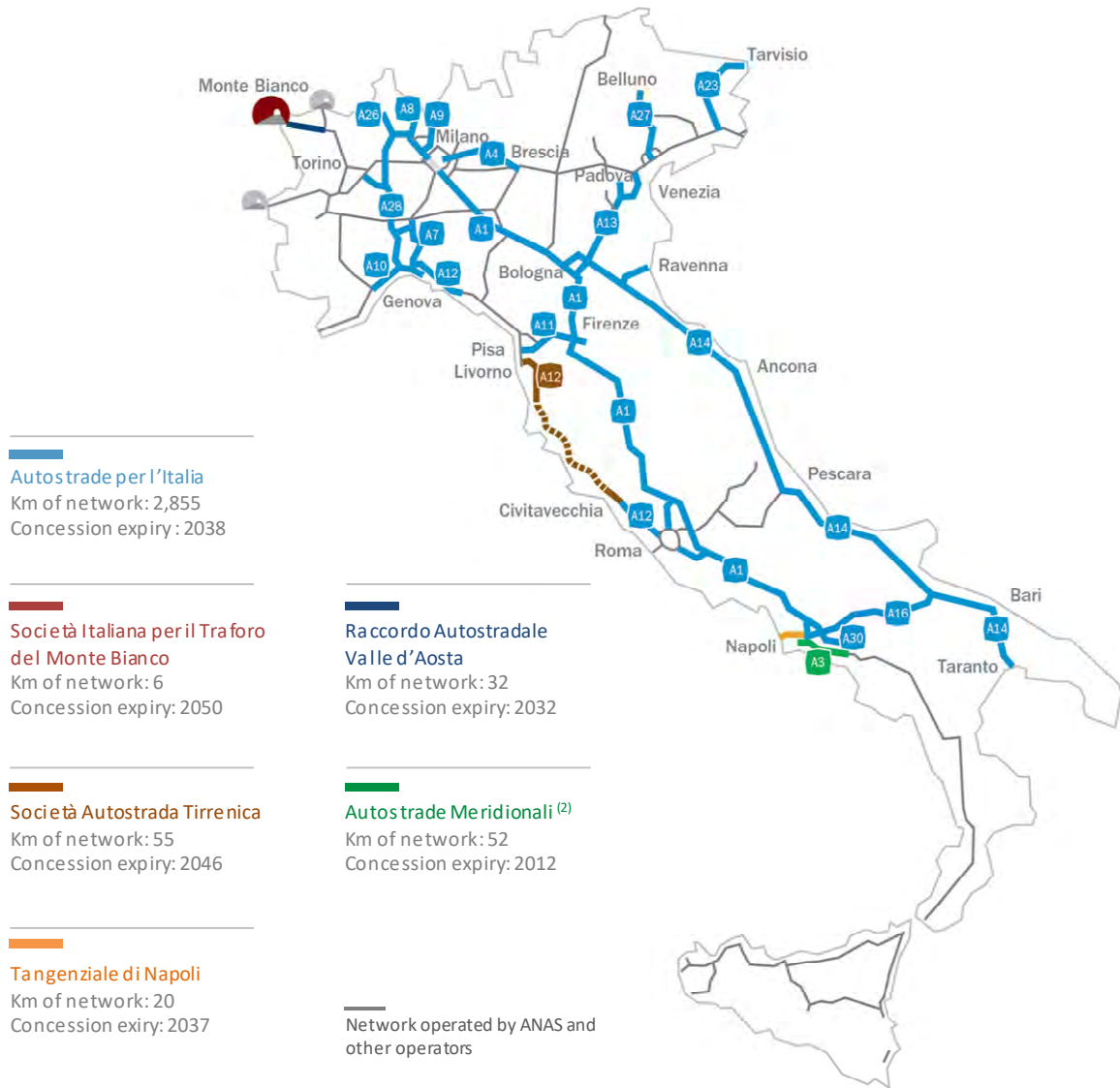
Note: The chart shows interests in the principal Autostrade per l'Italia Group companies as at 30 June 2020. The companies are described in detail in Annex 1 to the condensed consolidated interim financial statements.

⁽¹⁾ An investment vehicle owned by Allianz Group, EDF Invest and DIF.

⁽²⁾ 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%.

⁽³⁾ The percentage interest refers to the interest in terms of the total number of shares in issue.

1.3 The Group's motorway operators



(1) In compliance with the concession arrangement and whilst awaiting the outcome of the tender process to award the concession to a new operator, as described in greater detail in section 2.8, "Significant regulatory aspects", Autostrade Meridionali is continuing to operate the motorway.

1.4 Corporate bodies

BOARD OF DIRECTORS IN OFFICE FOR THE FINANCIAL YEARS 2019 – 2020 – 2021 ⁽¹⁾

CHAIRMAN	Giuliano MARI
CHIEF EXECUTIVE OFFICER	Roberto TOMASI
DIRECTORS	Carlo BERTAZZO Massimo BIANCHI Elisabetta DE BERNARDI DI VALSERRA Christoph HOLZER Hongcheng LI Roberto PISTORELLI Nicola ROSSI Antonino TURICCHI
SECRETARY	Giulia MAYER

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

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

INDEPENDENT AUDITORS FOR THE PERIOD 2012 – 2020

Deloitte & Touche SpA

(1) Following the resignation of Tommaso Barracco from the Board, the Ordinary General Meeting of the Company's shareholders held on 27 January 2020 decided to reduce the number of members of the Board of Directors from eleven to ten.

1.5 Autostrade for Genoa

Collapse of the Morandi road bridge and the extraordinary monitoring of infrastructure

A section of the Morandi Bridge on the A10 motorway in Genoa collapsed on 14 August 2018. The collapse, which took place at 11.36 in the morning, caused the deaths of 43 people. Investigating magistrates are conducting an investigation into the causes and with a view to eventually identifying those responsible. Immediately after the tragedy, the Company put in place an extraordinary monitoring programme for the infrastructure along its network, carried out by a pool of external companies specialising in the inspection and certification of infrastructure. This activity continued throughout 2019 and regarded all the infrastructure assets managed by the Company, consisting of 1,946 bridges and viaducts. Quarterly surveillance activities were also carried out on schedule in early 2020 by a pool of leading external companies.

Our new approach to surveillance and our commitment to safety

Autostrade per l'Italia has completely changed the way we carry out surveillance of the network, adopting a rigorous approach and making use of the best engineering expertise available. The Company has broken off relations with Spea as regards statutory inspections of the network, with monitoring now carried out by a temporary consortium consisting of Proger Spa, Bureau Veritas Nexta Srl, Tecno Piemonte Spa and Tecno Lab srl, chosen after a public tender. The consortium brings together some of the most important engineering companies specialising in the inspection and certification of materials. The consortium will provide this service until a contract for this type of activity has been awarded following a European tender process, which we expect to be concluded by the end of 2020.

Again, on the subject of inspections, the Genoa Area Office has launched a series of specific inspections of areas where access is difficult, conducted by highly specialist personnel (rock-climbing engineers) and through the use of drones. This activity has also been extended to other area offices around the network.

The Company also intensified dialogue with local inspectors employed by the Ministry of Infrastructure and Transport in 2019, with particular regard to network infrastructure located in Liguria and along the Adriatic coast in the Abruzzo region. This process has led to the imposition of temporary limitations on certain sections of motorway, in some cases causing major disruption. These problems were then overcome via the identification of agreed solutions that, in many cases, enabled us to improve inspections and maintenance work that was already in progress. For example, in the case of the A14 motorway, in early July 2020, magistrates in Avellino accepted the Company's request for permission to modify the width of lanes where work is being carried out on lateral barriers on a number of viaducts. Autostrade per l'Italia's Pescara and Cassino area offices immediately began the work necessary to widen the lanes, significantly reducing disruption to traffic. The restoration of two-lane carriageways in both directions was completed by 31 July 2020.

The new approach to the surveillance of network infrastructure has made maintenance planning more efficient. It has speeded up the performance of work, which now takes almost half the time originally foreseen. This will increase the cost of the extraordinary bridge and viaduct maintenance programme for the period 2019-2023 to over €370m, with work taking place on approximately 530 structures around the country, including 139 bridges and viaducts managed by the Genoa Area Office.

The monitoring and surveillance of tunnels has also radically changed. Following the incident that took place in the Bertè tunnel on the A26, on the evening of 30 December 2019, Autostrade per l'Italia reached agreement with the Ministry of Infrastructure and Transport ("MIT") on an inspection programme designed to carry out detailed surveys of all the tunnels on the network, extending for a total of approximately 354 km. The latest technologies are being used to carry out the surveys, including georadar and laser scanners to get a closer look at the condition of the tunnels. Visual inspections are also being conducted at the same time, using video endoscopy, so as to assess the state of the cement. Based on the initial findings, repair work was immediately carried where necessary. The first phase of the inspections is nearing completion. Following the measures introduced by the MIT on 29 May 2020, altering the inspection procedures to be followed, it was necessary to restart the checks on tunnels in the Liguria region from scratch, deploying a significant quantity of personnel and equipment in order to meet the strict requirements and deadlines imposed on the Company. The large number of sites where inspections and maintenance work had to be carried out on a daily basis – totalling an average of 100 - caused major disruption to traffic. For this reason, the Company decided to exempt users on over 150 km of motorway in the Liguria region from the payment of all tolls whilst the disruption lasted. Inspections of the 285 tunnels on the motorway network in Liguria were completed between 29 and 30 July.

A second in-depth assessment phase will be completed by the end of the first quarter of 2021.

This type of activity is being carried out by a number of leading engineering companies specialising in tunnel inspections, including the Lombardi group, SWS Engineering and Rocksoil, who have maintained and inspected some of the world's best-known tunnels, such as for example the Saint Gothard tunnel and the Bermont Tunnel.

To provide motorists and lorry drivers using the motorways in Liguria with up-to-date information on maintenance work taking place on the network, Autostrade per l'Italia is producing a "weekly bulletin" containing details of planned works. The bulletin is also sent to local authorities and media in the Liguria region, and is published on the homepage of the Company's website www.autostrade.it, as well on the Info Moving channel at service areas in the region. To communicate directly with road users, we have also begun trial use of a Telegram channel for motorway traffic in the Liguria region.

With regard to transparency, the Company has published a detailed list of all current and planned maintenance works on the most important infrastructure on its website. Transparency will be further strengthened with the publication of a map showing where major maintenance work is being carried out. This will be updated regularly.

Finally, Autostrade per l'Italia has entered into partnership with a leading international company to develop a digital platform for monitoring network infrastructure. The platform, which will use Artificial Intelligence, will make a significant contribution to enhancing the transparency of the monitoring process. The software will be able to handle all the steps involved in the survey of each individual asset, from the inspection stage through to the completion of maintenance work. The first viaducts to trial the platform will be the Bisagno viaduct in Liguria. The platform will be capable of monitoring the entire network managed by Autostrade per l'Italia by the end of 2020.

Opening of the San Giorgio bridge and our commitment to the people of Genoa

During 2019, Autostrade per l'Italia confirmed its commitment to supporting the people of Genoa. Cooperation with Liguria Regional Authority (where the Area Office plays a pro-active role in the traffic unit), with Genoa City Council, with the Special Commissioner's team and with the Port Authority. Payments to cover the costs of demolition, reconstruction and project management were made as requested. As at 30 June 2020, the payment of a total of €379 million has been made to the Commissioner, without prejudice to the objections raised in correspondence with the Commissioner and in the legal challenges filed. The Genoa Area Office also gave its full support to the Commissioner's team with regard to disposal and management of the debris resulting from demolition of the Morandi Bridge. A large part of the material was actually stored initially in areas under the Company's control, before being processed and reused in the redevelopment of areas of public interest or in the preparation for work to start on the Bypass, following the necessary statutory checks. This "circular economy" approach has avoided the need to use quarried material, with a positive impact on the environment.

A technical committee was set up with representatives from the Special Commissioner's office with a view to ensuring the efficient operation of the new San Giorgio road bridge in Genoa. As requested by the MIT, and following signature of a specific memorandum, the Commissioner has handed back responsibility for operating the new infrastructure to Autostrade per l'Italia's Genoa Area Office. The new bridge is due to enter service from 5 August 2020.

The Genoa Area Office has greatly intensified its engagement with local businesses and with local institutions and committees. Ongoing dialogue has been established with local committees and with mayors in the area, including with regard to the effects of the significant increase in maintenance work. This was done with the aim of providing due reassurance and transparency in response to the various concerns raised by the public and various committees and associations regarding the state of repair of the motorway network and the safety of bridges, viaducts and tunnels. Where maintenance works have had a major impact on traffic flow, the Company has agreed with local authorities to temporarily suspend the payment of tolls. The Company intends to continue to engage in dialogue with the people of Genoa.

The Company continue to provide support for businesses located in the Orange Zone (*Zona Arancione*) in 2019. Autostrade per l'Italia again set up an office in the area below the bridge, located at the Caffaro school, where personnel from the Group organised meetings with people affected by the collapse. The businesses, shopkeepers and local firms involved highlighted the economic problems they are experiencing as a result of changes to the ordinary road network following the collapse of the bridge. The meetings have enabled the Company to assess the amount of compensation to be provided, with the aim of covering in full not only the losses incurred following the collapse of the bridge, but also those that will be incurred until work on the new bridge has been completed. As at 31 December 2019, a total of 1,329 grants have been disbursed by Autostrade per l'Italia to businesses, shops and local firms.

1.6 Strategic Transformation Plan 2020-2023

Work on the projects and initiatives that make up the Strategic Transformation Plan continued in the first half of 2020. The Plan, approved by the Board of Directors on 16 January 2020, contains the guidelines on which the Company intends to base its business model, services and core values, with the aim of achieving a radical transformation of Autostrade per l'Italia. It sets out all the strategic steps that the Company has begun to implement and intends to continue with in the next four years, representing a major commitment in terms of human and financial resources.

From an operational viewpoint, the Plan is made up of projects and initiatives falling within the scope of seven key pillars:

- **Promotion of Core Values:** competence, integrity, transparency, responsibility;
- **360° Safety Culture:** on roads, at construction sites and at places of work;
- **Operational Excellence:** to ensure the highest quality standards throughout the value chain, from planning to the execution of work on the network;
- **Technological Innovation and Digitalisation:** the development of information systems that will enable us to constantly keep pace with the highest technological standards in order to optimise operations, support improvements to internal processes and measure their performance securely, continuously and in a structured way;
- **Putting the Customer First:** through a series of initiatives designed to improve the customer experience before and during their trip and when stopping at service areas;
- **Sustainable Mobility for the Future:** with the goal of creating “green infrastructure”, through the development of smart roads, efforts to reduce the environmental impact and ongoing materials innovation and research;
- **Development of Our People:** investing in talent and in the development of human capital is a key enabling factor for the Transformation Plan.

The Plan marks a radical change of course with respect to the past, by taking advantage of not only new technologies and the development of talent, but also a reorganization of the Company, above all in the areas of **engineering and infrastructure construction**. Changes to the way we carry out such activities will have a key role in delivering a major modernisation programme for the entire motorway network, forming an integral part of the Transformation Plan. This will aim to bring the performance and reliability of infrastructure into line with the very highest standards in the sector, through delivery of a large-scale maintenance and investment programme at a total cost of over €20 billion through to 2038.

In this sense, the following are key priorities for Autostrade per l'Italia:

- the creation of a single engineering unit within the Company, capable of ensuring the direct, coordinated management of all aspects of design and project management (a role previously fulfilled by SPEA);
- direct management, through a specific business unit, of the construction phase for projects having the greatest impact on traffic, leveraging our distinctive and unique technical expertise as a motorway operator with regard to road surface maintenance, the installation of noise barriers, the replacement of safety barriers, the widening of existing motorways and the delivery of underground motorway infrastructure using traditional and mechanical boring techniques.

Within the scope of the Plan's seven pillars, around 80 projects have so far been identified, with work having already begun on over 70 and 6 already completed. These primarily relate to:

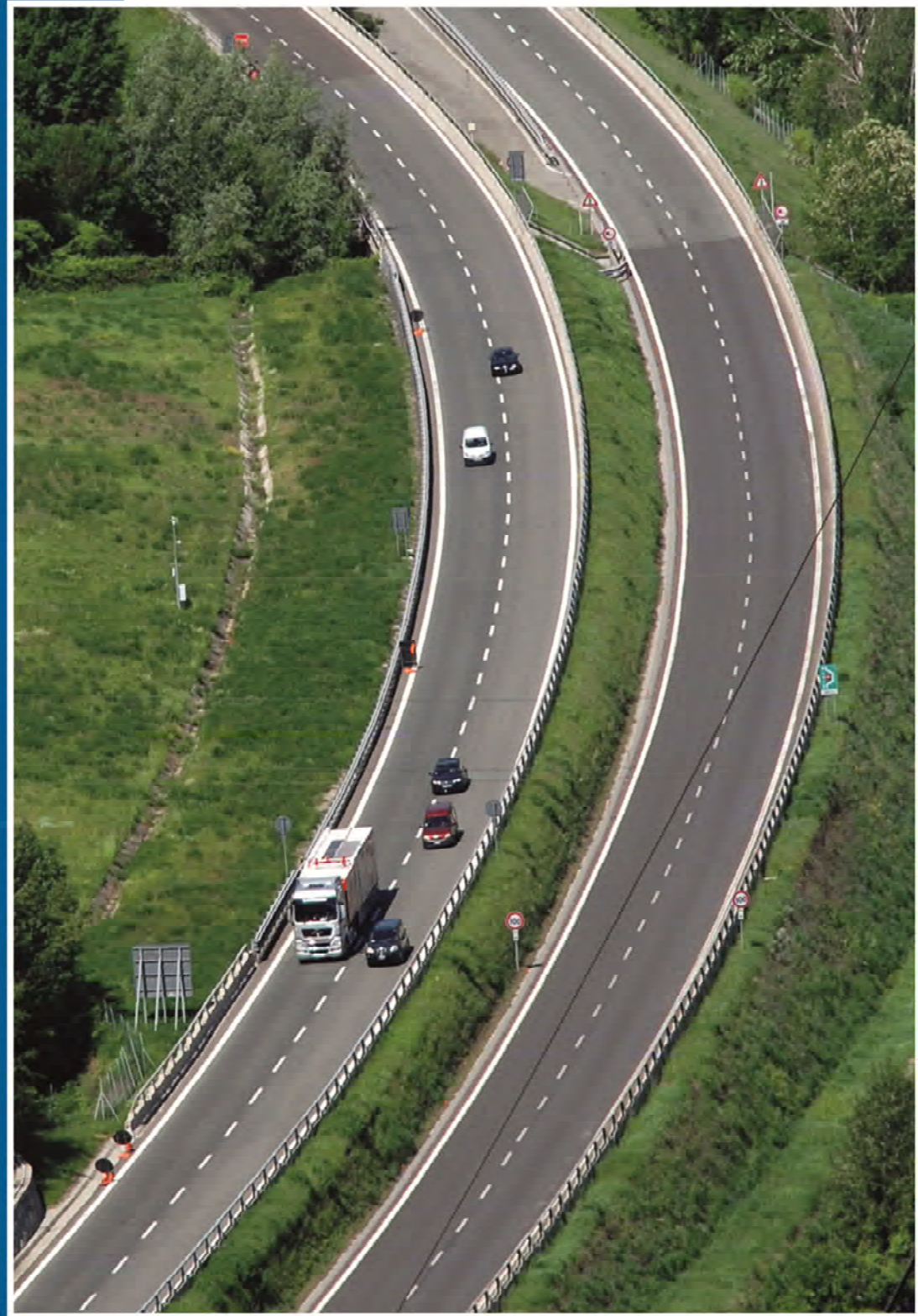
- 360° safety, involving completion of a geolocation project for mechanical safety equipment on Autostrade per l'Italia's network, resulting in certification in accordance with the new ISO 45001:2018 standard for health and safety Management Systems;
- digitalisation, via an initial series of robotic process automation initiatives that have simplified and optimised the monitoring and collection of data on a series of documentary checks previously carried out by an operator;
- customer care, with the creation of a section on the homepage of the "www.autostrade.it" website providing access to transparent information on network safety, with an interactive map enabling customers to view individual works and information on current monitoring initiatives and planned works;
- the promotion of values, by setting up a "Dialogue for Company Value" process, forming the next step in the process of empowering personnel and ensuring the timely sharing and handling of information by organizational units and management which, since the beginning of 2020, has led to over 15 meetings focusing on monitoring of the Company's performance.

Work on the remaining projects is progressing broadly in line with expectations.

Autostrade per l'Italia has also launched an ambitious growth and development plan for the subsidiary, Autostrade Tech, with the aim, on the one hand, of strengthening its role as the Group's centre for research and development and, on the other, of taking advantage of opportunities to expand the business. Expansion will initially focus on sectors closely related to the subsidiary's core business (tolling systems, onboard units, infrastructure monitoring, value added traffic management systems and services), before gradually diversifying into less familiar markets (smart and green cities, connected cars, logistics, etc.). This process will include the development of major partnerships involving start-ups and other innovation incubators.



**INTERIM REPORT
ON OPERATIONS**



Introduction

Despite material uncertainties that may cast significant doubt on application of the going concern assumption, primarily connected with the content, procedures and timing of the process involved in concluding the agreements with the Government described below, the condensed consolidated interim financial statements have been prepared on a going concern basis.

These uncertainties, which were already present at the time of preparation of the Annual Report for 2019, emerge from an assessment of both the risk factors for Autostrade per l'Italia's ability to operate as a going concern and the elements enabling the Company to mitigate such risks.

The identified risk factors are described below, including details of the origin and nature of the risks and the steps taken, or to be taken, to manage such risk factors.

The reasons behind the decision to continue using the going concern basis, despite the uncertainties remaining after the currently available mitigating actions have been adopted, are also described.

Autostrade per l'Italia's Board of Directors examined all the existing the risk factors and uncertainties at the date of preparation of this document, above all developments regarding the factors already described in detail in the section, "Going-concern uncertainties and assessments conducted by the Company", in note 2 to the consolidated financial statements as at and for the year ended 31 December 2019, included in the Annual Report for 2019, and sections 2.8 "Significant regulatory aspects" and 2.10 "Events after 30 June 2020" and note 6 "Events and corporate actions during the period" in the condensed consolidated interim financial statements in this document. The elements requiring careful assessment with regard to the Company's ability to continue to operate as a going concern for a period of at least twelve months following approval of these condensed consolidated interim financial statements are grouped together and summarized below:

- a) relations and outstanding litigation between Autostrade per l'Italia and the Grantor, as described in greater detail in section 2.8, "Significant regulatory aspects";
- b) the Italian Government's approval of the so-called *Milleproroghe* Decree, above all art. 35 of the Decree (as referred to in section 2.8, "Significant regulatory aspects"), which, among other things, amends the legislation governing the "revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways";
- c) the downgrade of Autostrade per l'Italia's credit ratings to below investment grade and of its outlook by the international agencies, Moody's, Fitch and Standard & Poor's, affecting the Company's ability to borrow in the financial markets. The downgrade to below investment grade could expose the Company to the risk that the European Investment Bank (the "EIB") and, in relation to its share of the debt, Cassa Depositi e Prestiti ("CDP") might request additional protections, and, were such protections not judged to be reasonably satisfactory, they could request early repayment of the existing debt (as at 30 June 2020, amounting to approximately €2.1 billion, with approximately €1.7 billion, including early repayment penalties, guaranteed by Atlantia). The failure to satisfy a request for early repayment from the EIB or CDP, provided that it were lawful, could result in similar requests from the Company's other creditors, including bondholders;
- d) the restrictions on movement, introduced in response to the emergency caused by the spread of the Covid-19 virus, which have led to a sharp fall in traffic volumes and have had, and will continue to have, a significant impact on the results for the first half of 2020 and which we believe may also have an impact on the results for 2020 and 2021. This situation has had significant repercussions on the temporary ability of Autostrade per l'Italia and

the Group's other operators to generate sufficient cash to fund planned investment and to service debt. Together with the regulatory framework in the first half of 2020, it has also had a wider impact on Autostrade per l'Italia's ability to borrow in the financial markets in order to meet its financial needs.

With regard to points a) and b) above (relations with the Grantor and the *Milleproroghe* Decree), as described in full in section 2.8, "Significant regulatory aspects", the Company submitted a new settlement proposal on 11 July 2020 with a view to bringing to an end the procedure for serious breach of the Concession Arrangement. The proposal, based on the results of numerous exchanges with the Government, the MIT and the Ministry of the Economy and Finance, sets out key aspects of the settlement, described in more detail in note 6, "Events and corporate actions during the period" in the condensed consolidated interim financial statements and in section 2.8, "Significant regulatory aspects".

On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government, noting, among other things, the parent's willingness to reduce its stake in Autostrade per l'Italia, subject to the approval of the respective boards of directors, and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders. In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government *"has decided to begin the settlement process as provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised"*.

In brief, the developments described above and the position expressed by the Government in the above announcement, together with the complexity of the transactions to be carried out in order to implement the settlement agreement and the ongoing approval process for the Financial Plan, have led the Board of Directors to believe that it is not reasonably likely that the Government will decide to revoke the concession arrangement, and to believe, instead, that it is reasonably likely that an agreement will be reached. Should such a decision to revoke the concession be taken, the Board of Directors believes that there are strong grounds on which to challenge such a step.

With regard to points c) and d) above (the downgrade and the Covid-19 pandemic) and, more generally, the uncertainty regarding Autostrade per l'Italia's ability to generate sufficient cash to fund planned investment and to service debt, and its wider ability to borrow in the financial markets in order to meet its financial needs, it should be noted that the agreement for the first €400 million tranche of the financial support to be provided by the parent, Atlantia, was signed on 10 June 2020. €350 million of this amount, which forms part of the €900 million in financial support that Atlantia has committed to provide to the Company, has been disbursed and is to be repaid by December 2020. The Company also has access to facilities that, together with the loan from the parent and cash flow from continuing operations, will enable it to fund its operations and capital expenditure.

Again with regard to the financial position, and in particular the downgrade, it should be noted that at the date of preparation of this Interim Report, neither the EIB or CDP has requested the enforcement of any contractual rights and/or remedies.

In May 2020, Autostrade per l'Italia began the process of applying for a credit facility of €1,250 million that would benefit from a guarantee provided by SACE under art. 1, paragraph 7 of law Decree 23 of 8 April 2020 (the so-called *Liquidità* Decree). The Company believes it can access this guarantee in view of its role in managing "critical and strategic infrastructure" and its

“impact on employment and the labour market”. At the date of preparation of this Interim Report, the arrangement process is still ongoing.

Finally, in view of the changed environment and the Government’s express willingness to reach a settlement, on 18 July, Fitch upgraded the Company’s rating to Rating Watch Evolving. On 23 July 2020, Moody’s also upgraded the Company’s outlook from “negative” to “developing”.

Unless there is a further, unexpected deterioration in the economic scenario, the combination of the above actions should enable the Company to meet its reasonably expected funding needs in the second half of 2020 and in 2021, thus covering requirements connected with the significant reduction in traffic caused by Covid-19, the Company’s commitments linked to existing debt obligations and implementation of its investment and maintenance programmes.

The above elements and, in particular, the actions taken to meet the Company’s funding needs, and the expectation of an agreement with the Government and the MIT, have led the Directors to believe that all the above risks and uncertainties are reasonably surmountable.

The Board of Directors has thus deemed that all the conditions have been met for the Company to prepare the condensed consolidated interim financial statements as at and for the six months ended 30 June 2020 on a going concern basis, using the accounting policies applicable to such a going concern, as described in note 3, “Accounting standards and policies applied” in the condensed consolidated interim financial statements.

Assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.

The Board of Directors will continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable it, should it prove necessary, to take the required corrective action.

2.1 Alternative performance indicators

The alternative performance indicators ("APIs") shown in this Interim Report are deemed relevant to an assessment of the operating performance based on the results of the Group as a whole and of the 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 presented in the consolidated accounts in the section, "Condensed consolidated interim financial statements" (the "statutory financial statements") and determined applying the international financial reporting standards (IFRS) described therein.

With regard to the APIs, Autostrade per l'Italia presents reclassified financial statements in the "Group financial review". These statements are different from those required under IFRS, included in the consolidated financial statements as at and for the six months ended 30 June 2020 (the statutory financial statements). In addition to amounts from the income statement and statement of financial position prepared under IFRS, these reclassified financial statements 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 are unchanged with respect to those presented in the Annual Report for 2019, which includes detailed information on the composition of the APIs and the computation methods used by the Group.

A number of APIs, calculated as above, are also presented after certain adjustments applied in order to provide a consistent basis for comparison over time. These "Like-for-like changes", used in the analysis of changes in gross operating profit/(loss) (EBITDA), profit/(loss) for the period, profit/(loss) for the period attributable to owners of the parent and operating cash flow, have been calculated by excluding, where present, the impact of: (i) changes in the scope of consolidation, (ii) changes in exchange rates on the value of assets and liabilities denominated in functional currencies other than the euro; and (iii) events and/or transactions not strictly connected with operating activities that have an appreciable influence on amounts for at least one of the two comparative periods. 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 2020, 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 2020, compared with the corresponding amounts as at 31 December 2019.

The international financial reporting standards (IFRS) endorsed by the European Commission and in effect as at 30 June 2020 were used in the preparation of the accounts for the first half of 2020. The standards are unchanged with respect to those used in the preparation of the consolidated financial statements for the year ended 31 December 2019.

The scope of consolidation as at 30 June 2020 is unchanged with respect to 31 December 2019.

During the first half of 2020, the spread of the Covid-19 epidemic, the Italian Government's declaration of a health emergency and the resulting quarantine measures and restrictions on movement had a significant impact on the performance of traffic. This has had an estimated overall impact on EBITDA of approximately €565 million (€411 million after tax).

With regard to the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway on 14 August 2018, as at 30 June 2020:

- a) at the request of the Special Commissioner for Genoa, the Company has paid out a total of €379 million, including €320 million net of the remaining advance payment for the start-up of work and VAT, which was covered by use of the related provisions for repair and replacement (of which €95 million in the first half of 2020);
- b) compensation of €59 million has been paid from provisions for risks and charges to the families of the victims and the injured, as well as to cover legal expenses and provide financial support to small businesses and firms (including €8 million in the first half of 2020).

The decision to exempt road users in the Genoa area from the payment of tolls in the first half of 2020 has resulted in an estimated reduction in toll revenue of €7 million (a total of €26 million in 2019 and 2018).

With regard to efforts to resolve the dispute over allegations of serious breaches of the Concession Arrangement following the collapse of a section of the Polcevera road bridge, as described below, there has been extensive engagement with the MIT in 2020 through to the date of preparation of this document. On 11 July 2020, the Company submitted a new proposal which, among other things, has increased the funds the Company has committed to make available, at its own expense and without receiving any return, to €3,400 million, an increase of €500 million compared with the amount proposed on 5 March 2020. In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government

“has decided to begin the settlement process as provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised”.

With regard to the approach to presentation of the proposal of 5 March 2020, as used in the accounts included in the Annual Report for 2019, it should be noted that the sum of €1,500 million was recognised in “Other provisions for risks and charges”. As a result of the commitments assumed in the new proposal with regard to demolition and reconstruction of the Polcevera road bridge, further provisions amounting to €200 million have been made, thereby increasing the provisions for risks and charges set aside as at 31 December 2019 to €1,700 million. As regards the sum of €500 million earmarked to fund additional maintenance work, this increase has been included in “Provisions for the repair and replacement of motorway infrastructure”, which takes into account the commitments assumed by the Company for this purpose.

The Group did not enter into non-recurring, atypical or unusual transactions, either with third or related parties, in either of the comparative periods.

Like-for-like financial indicators

The following table shows the like-for-like consolidated amounts for gross operating profit (EBITDA), profit/(loss) for the period, profit/(loss) for the period attributable to owners of the parent and operating cash flow for the two comparative periods and the corresponding amounts derived from the reclassified financial statement shown below.

€m	Note	H1 2020				H1 2019			
		Gross operating profit/(loss) (EBITDA)	Profit/(Loss) for the period	Profit/(Loss) attributable to owners of the parent	Operating cash flow	Gross operating profit/(loss) (EBITDA)	Profit/(Loss) for the period	Profit/(Loss) attributable to owners of the parent	Operating cash flow
Reported amounts (A)		-62	-479	-476	219	1,162	430	426	687
Adjustments for non like-for-like items									
Impact connected with collapse of a section of the Polcevera road bridge	(1)	-7	-5	-5	-110	23	18	18	-145
Estimated additional costs to be incurred in relation to resolution of the dispute with the MIT	(2)	-200	-136	-136	-	-	-	-	-
3.5% IRES surtax on motorway operators	(3)	-	-	-	-1	-	-	-	-
Change in discount rate applied to provisions	(4)	-8	-	-	-	-47	-38	-35	-
Sub-total (B)		-215	-141	-141	-111	-24	-20	-17	-145
Like-for-like amounts (C) = (A)-(B)		153	-338	-335	330	1,186	450	443	832

Notes:

The term "like-for-like basis", used in the description of changes in certain consolidated performance indicators, means that amounts for comparative periods have been determined by eliminating:

- 1) from consolidated amounts for the first half of 2020 and the first half of 2019, the after-tax impact on the income statement and on operating cash flow of (i) reductions in toll revenue, (ii) payments made at the request of the Special Commissioner for Genoa in relation to reconstruction of the Polcevera road bridge, and (iii) the compensation paid to victims' families and the injured, to cover legal expenses and to fund the financial support provided to small businesses and firms;
- 2) from consolidated amounts for the first half of 2020, the impact on the income statement of the estimated additional costs to be incurred in relation to the ongoing talks with the Government and the MIT aimed at resolving the dispute between the parties, compared with the provisions already made as at 31 December 2019;
- 3) from consolidated amounts for the first half of 2020, the overall impact linked to the increase in current tax expense and remeasurement of the deferred tax assets and liabilities of operators resulting from the IRES surtax introduced by the 2020 Stability Law with effect from 2019;
- 4) from consolidated amounts for the first half of 2020 and the first half of 2019, 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 2020 totals €1,263 million, a reduction of €704 million compared with the comparative period (€1,967 million).

“**Toll revenue**” of €1,167 million is down €594 million compared with the first half of 2019 (€1,761 million). This reflects the fall in traffic on the network, registered from the end of February 2020 and amounting to a reduction of 37.7%¹. This essentially reflects the negative impact of the limitations and restrictions on movement that followed the spread of Covid-19. It should be noted that toll revenue for the first half of 2020 includes €124 million (€185 million in the same period of 2019) in surcharges matching the addition to the concession fee payable to ANAS and accounted for in operating costs under the item “concession fees”. The reduction of €61 million is linked to the decline in kilometres travelled during the first half. After stripping out the above surcharges, total revenue is down €533 million compared with the first half of 2019.

“**Other operating income**” amounts to €96 million (€206 million in the first half of 2019), a decline of €110 million. This primarily reflects reduced royalties from motorway service areas, following their complete suspension between March and May in order to support oil and food service providers. This was done to ease the financial pressures on operators during the Covid-19 emergency. In addition, it should be noted that the figure for the first half of 2019 included insurance proceeds of approximately €38 million, following agreement with the Company’s insurance company regarding quantification of the amount payable solely under existing third-party liability insurance policies for the Polcevera road bridge.

The “**Cost of materials and external services**” amounts to €455 million, an increase of €19 million compared with the first half of 2019 (€436 million). The change reflects the costs connected with work on reconstruction of the Polcevera road bridge (€95 million in the first half of 2020 and €155 million in the comparative period). The impact of these costs on EBITDA is essentially offset by use of the related provisions for repair and replacement accounted for in the “Operating change in provisions”. After stripping out these costs, the increase is €79 million and is essentially linked to increased maintenance work on the network, above all at Autostrade per l’Italia, regarding the continued implementation of network surveillance, inspection, maintenance and safety programmes. These increased costs were partially offset by a reduction in the variable costs linked to winter operations, reflecting kinder weather conditions during the first half of 2020, compared with the comparative period.

¹ The positive effect of the traffic mix is estimated to be +4.1%.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (*)

€m	H1 2020	H1 2019	Increase/(Decrease)	
			Absolute	%
Toll revenue	1,167	1,761	-594	-34
Other operating income	96	206	-110	-53
Total operating revenue	1,263	1,967	-704	-36
Cost of materials and external services	-455	-436	-19	4
Concession fees	-150	-227	77	-34
Net staff costs	-212	-253	41	-16
Operating change in provisions	-508	111	-619	n/s
Total net operating costs	-1,325	-805	-520	65
Gross operating profit (EBITDA)	-62	1,162	-1,224	n/s
Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work	-330	-329	-1	-
Operating profit (EBIT)	-392	833	-1,225	n/s
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-9	-19	10	-53
Other financial income/(expenses), net	-254	-199	-55	28
Capitalised financial expenses on intangible assets deriving from concession rights	5	2	3	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	-654	616	-1,270	n/s
Income tax (expense)/benefit	174	-186	360	n/s
Profit/(Loss) from continuing operations	-480	430	-910	n/s
Profit/(Loss) from discontinued operations	1	-	1	n/s
Profit/(Loss) for the period	-479	430	-909	n/s
(Profit)/Loss attributable to non-controlling interests	-3	4	-7	-
(Profit)/Loss attributable to owners of the parent	-476	426	-902	n/s
	2019	2018	Increase/ (Decrease)	
Basic earnings/(loss) per share attributable to the owners of the parent (€)	-0.77	0.68	-1.45	
<i>of which:</i>				
- from continuing operations	-0.77	0.68	-1.45	
- from discontinued operations	-	-	-	
Diluted earnings/(loss) per share attributable to the owners of the parent (€)	-0.77	0.68	-1.45	
<i>of which:</i>				
- from continuing operations	-0.77	0.68	-1.45	
- from discontinued operations	-	-	-	

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

“**Concession fees**”, totalling €150 million, are down €77 million compared with the first half of 2019 (€227 million), reflecting the performance of traffic, toll revenue and sub-concession arrangements.

“**Net staff costs**” of €212 million are down €41 million compared with the first half of 2019 (€253 million). This essentially reflects the following:

- a) a reduction of 263 in the average workforce, mainly linked to a slowdown in turnover among toll collectors, the reduction in activity brought about by the Covid-19 emergency and the absence of seasonal toll collectors at Autostrade per l’Italia in June 2020 (following activation of the ordinary wage guarantee fund or *CIGO*), partially offset by the recruitment of new operating and technical personnel;
- b) a decrease in the average cost, primarily due to a reduction in costs linked to the above activation of the ordinary wage guarantee fund and other effects of the Covid-19 emergency, partially offset by an increase in costs following renewal of the national collective labour agreement;
- c) a reduction in the fair value of management incentive plans.

The “**Operating change in provisions**” generated expense of €508 million (income of €111 million in the comparative period), essentially linked to:

- a) the change in the provisions for the repair and replacement of motorway infrastructure which, after stripping out the effect of the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€95 million paid from provisions made in previous years), results in net provisions of €403 million to reflect an updated estimate of the cost of repairs to network infrastructure, essentially at Autostrade per l’Italia;
- b) new provisions for risks and charges of €200 million made by Autostrade per l’Italia (€136 million after the related taxation), reflecting an updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the dispute brought, as mentioned above.

It should also be noted that the income of €111 million generated by the “Operating change in provisions” in the first half of 2019 included the impact of the use of the provisions for the repair and replacement of motorway infrastructure to fund preparations for the reconstruction of the Polcevera road bridge (€154 million from provisions already made as at 31 December 2018) and of provisions for risks and charges, totalling €4 million, relating to compensation paid to families of the victims of the events of 14 August 2018.

The “**Gross operating loss**” (**negative EBITDA**) of €62 million marks a deterioration of €1,224 million compared with the first half of 2019 (€1,162 million). This essentially reflects the above impact on revenue of restrictions on movement and the operating change in provisions. On a like-for-like basis, EBITDA amounts to €153 million, a reduction of €1,033 million (87%).

“**Amortisation and depreciation, impairment losses and reversals of impairment losses**”, total €330 million (€329 million in the first half of 2019).

The “**Operating loss**” (**negative EBIT**) of €392 million marks a deterioration of €1,225 million compared with the first half of 2019 (a profit of €833 million).

“**Financial expenses from the discounting of provisions for construction services required by contract and other provisions**” amount to €9 million (€19 million in the first half of 2019).

“Net other financial expenses” of €254 million are up €55 million compared with the same period of 2019 (€199 million), essentially due to changes in fair value losses on derivatives reclassified as not qualifying for hedge accounting in 2019 (€48 million).

“Capitalised financial expenses on intangible assets deriving from concession rights” amount to €5 million (€2 million in the first half of 2019).

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 2019), reflecting the Group’s share of the profit or loss of its associates.

“Tax benefits” amount to €174 million for the first half of 2020 (tax expense of €186 million in the same period of 2019). The change reflects:

- a) an increase in deferred tax income at Autostrade per l’Italia on provisions for repair and replacement (€124 million);
- b) the recognition of deferred tax income by Autostrade per l’Italia in the first half of 2020 (€64 million) as a result of an updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the dispute between the parties, as described above;
- c) Autostrade per l’Italia’s recognition of deferred tax income on the IRES tax loss for the first half of 2020 (€48 million);
- d) current tax expense recognised in the first half of 2019 (€131 million), reflecting the pre-tax result.

The **“Loss for the period”** of €479 million compares with a profit of €430 million for the first half of 2019. On a like-for-like basis, the loss amounts to €338 million, a deterioration of €788 million compared with the profit for the first half of 2019.

The **“Loss for the period attributable to owners of the parent”**, amounting to €476 million, compares with a profit of €426 million for the first half of 2019. On a like-for-like basis, the loss marks a deterioration of €778 million compared with the profit for the first half of 2019.

The **“Loss for the year attributable to non-controlling interests”** amounts to €3 million (a profit of €4 million for the first half of 2019).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€m		H1 2020	H1 2019
Profit/(Loss) for the period	(A)	-479	430
Fair value gains/(losses) on cash flow hedges		-	-136
Tax effect of fair value gains/(losses) on cash flow hedges		-	32
Other comprehensive income of investments accounted for using the equity method		1	-
Other comprehensive income/(loss) reclassifiable to profit or loss for the period	(B)	1	-104
Other comprehensive income/(loss) not reclassifiable to profit or loss for the period	(C)	-	-
Tax effect of reclassification of cash flow hedge reserve		-3	-
Reclassification of cash flow hedge reserve		14	-
Reclassifications of other components of comprehensive income to profit or loss for the period	(D)	11	-
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)	12	-104
<i>of which attributable to discontinued operations</i>		-	-
Comprehensive income/(loss) for the period	(A+F)	-467	326
<i>Of which attributable to owners of the parent</i>		-464	322
<i>Of which attributable to non-controlling interests</i>		-3	4

“**Total other comprehensive income**” for the first half of 2020 amounts to €12 million (a loss of €104 million for the comparative period). This essentially reflects the reclassification to profit or loss of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve. These derivatives were classified as not qualifying for hedge accounting in 2019.

Consolidated financial position

As at 30 June 2020, “**Non-current non-financial assets**”, totalling €17,856 million, are down €152 million compared with the figure as at 31 December 2019 (€18,008 million).

“**Property, plant and equipment**” of €82 million is up €6 million compared with 31 December 2019 (€88 million).

“**Intangible assets**” total €17,527 million (€17,727 million as at 31 December 2019) and essentially consist of intangible assets deriving from the Group’s concession rights, amounting to €11,385 million (€11,587 million as at 31 December 2019), 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 €200 million in intangible assets is primarily due to a combination of the following:

- a) amortisation for the period (€310 million);
- b) investment during the period in construction services for which additional economic benefits are received (€66 million);
- c) an increase in concession rights following an updated estimate of the present value on completion of investment in construction services for which no additional benefits are received (€33 million).

“**Investments**”, totalling €79 million, are broadly in line with 31 December 2019 (€82 million).

“**Deferred tax assets**” of €168 million are up €57 million compared with 31 December 2019 (€111 million). This essentially reflects deferred tax assets recognised by Autostrade per l’Italia in the first half of 2020 (€64 million) as a result of an updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the dispute between the parties, as described above.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

€m	30 June 2020	31 December 2019	Increase/ (Decrease)
Non-current non-financial assets			
Property, plant and equipment	82	88	-6
Intangible assets	17,527	17,727	-200
Investments	79	82	-3
Deferred tax assets	168	111	57
Total non-current non-financial assets (A)	17,856	18,008	-152
Working capital			
Trading assets	406	559	-153
Current tax assets	58	48	10
Other current assets	207	134	73
Non-financial assets held for sale or related to discontinued operations contract	4	4	-
	-629	-449	-180
Current provisions	-2,360	-2,259	-101
Trading liabilities	-969	-1,360	391
Current tax liabilities	-6	-45	39
Other current liabilities	-244	-324	80
Total working capital (B)	-3,533	-3,692	159
Gross invested capital (C=A+B)	14,323	14,316	7
Non-current non-financial liabilities			
contract	-2,032	-2,312	280
Non-current provisions	-1,624	-1,222	-402
Deferred tax liabilities	-22	-141	119
Other non-current liabilities	-24	-29	5
Total non-current non-financial liabilities (D)	-3,702	-3,704	2
NET INVESTED CAPITAL (E=C+D)	10,621	10,612	9
Equity			
Equity attributable to owners of the parent	1,400	1,864	-464
Equity attributable to non-controlling interests	353	356	-3
Total equity (F)	1,753	2,220	-467
Net debt			
Non-current net debt			
Non-current financial liabilities	7,538	9,682	-2,144
Bond issues	6,389	7,025	-636
Medium/long-term borrowings	580	2,166	-1,586
Non-current derivative liabilities	569	491	78
Non-current financial assets	-365	-348	-17
Non-current financial assets deriving from government grants	-174	-165	-9
Non-current term deposits	-170	-161	-9
Other non-current financial assets	-21	-22	1
Total non-current net debt (G)	7,173	9,334	-2,161
Current net debt			
Current financial liabilities	3,118	1,168	1,950
Short-term borrowings	340	245	95
Current derivative liabilities	-	1	-1
Intercompany current account payables due to related parties	32	28	4
Current portion of medium/long-term financial liabilities	2,364	863	1,501
Other current financial liabilities	382	31	351
Cash and cash equivalents	-982	-1,619	637
Cash	-505	-954	449
Cash equivalents	-24	-5	-19
parties	-453	-660	207
Current financial assets	-441	-491	50
Current financial assets deriving from concession rights	-410	-410	-
Current financial assets deriving from government grants	-5	-25	20
Current term deposits	-4	-25	21
Current portion of medium/long-term financial assets	-4	-23	19
Other current financial assets	-18	-8	-10
Total current net debt (H)	1,695	-942	2,637
Total net debt (I=G+H) ⁽¹⁾	8,868	8,392	476
NET DEBT AND EQUITY (L=F+I)	10,621	10,612	9

“Working capital” reports a negative balance of €3,533 million, marking a reduction of €159 million compared with 31 December 2019 (€3,692 million). This essentially reflects:

- a) a €391 million reduction in trading liabilities, essentially due to a decline in amounts payable by Autostrade per l’Italia to the operators of interconnecting motorways and in tolls in the process of settlement, reflecting the decline in traffic caused by Covid-19, and a decrease in amounts payable to suppliers, primarily due to the performance of capital expenditure and maintenance during the period under review;
- b) an increase of €101 million in the current portion of provisions, reflecting the previously mentioned provisions of €200 million connected with the updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the dispute between the parties, as described above, partially offset by the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€95 million);
- c) a €153 million decrease in trading assets, essentially linked to the reduction in trade receivables resulting from the lower amount of motorway tolls to be collected.

“Non-current non-financial liabilities”, totalling €3,702 million, are down €2 million compared with 31 December 2019 (€3,704 million). This primarily reflects:

- a) a €402 million increase in the non-current portion of provisions, primarily following an updated estimate of the present value on completion of work on the repair and replacement of motorway infrastructure;
- b) a reduction of €280 million in the non-current portion of provisions for construction services required by contract, essentially due to reclassification of the current portion (€311 million), partially offset by an updated estimate of the present value on completion of the works to be carried out (€33 million);
- c) a reduction of €119 million in deferred tax liabilities

“Net invested capital” of €10,621 million is up €9 million compared with 31 December 2019 (€10,612 million).

“Equity” amounts to €1,753 million (€2,220 million as at 31 December 2019).

“Equity attributable to owners of the parent”, totalling €1,400 million, is down €464 million compared with 31 December 2019 (€1,864 million), reflecting the comprehensive loss for the period attributable to owners of the parent.

“Equity attributable to non-controlling interests” of €353 million is broadly in line with 31 December 2019 (€356 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	Cash flow hedge reserve	Other reserves and retained earnings	Profit/(Loss) for the period after interim dividend	Total		
Balance as at 31 December 2018	622	-125	1,388	608	2,493	351	2,844	
Comprehensive income/(loss) for the period	-	-104	-	426	322	4	326	
<u>Owner transactions and other changes</u>								
Autostrade per l'Italia SpA's final dividend (€0.50 per share)	-	-	-	-311	-311	-	-311	
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	297	-297	-	-	-	
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-8	-8	
Balance as at 30 June 2019	622	-229	1,685	426	2,504	347	2,851	
Balance as at 31 December 2019	622	-157	1,681	-282	1,864	356	2,220	
Comprehensive income/(loss) for the period	-	11	1	-476	-464	-3	-467	
<u>Owner transactions and other changes</u>								
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-282	282	-	-	-	
Balance as at 30 June 2020	622	-146	1,400	-476	1,400	353	1,753	

As at 30 June 2020, the Group's "Net debt" amounts to €8,868 million, an increase of €476 million on the figure for 31 December 2019 (€8,392 million).

"Non-current net debt", totalling €7,173 million, is down €2,161 million compared with 31 December 2019 (€9,334 million), essentially due to reclassifications during the period, amounting to €2,194 million. As part of these reclassifications, given continuing material uncertainties that may cast significant doubt on application of the going concern assumption, as described in greater detail in the paragraph, "Going concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation of the consolidated financial statements", solely for the purposes provided for in paragraph 69 of IAS 1, from 30 June 2020 a portion of the medium/long-term borrowings from the European Investment Bank ("EIB") and Cassa Depositi e Prestiti ("CDP"), amounting to a total of €1,528 million, has been reclassified to the current portion of medium/long-term borrowings. The fact that the downgrade of the Company's debt to below investment grade, which took place in January 2020, gives the EIB and, in relation to its share of the debt, CDP the right to request additional protections continues to apply. Were such protections not judged to be reasonably satisfactory, the banks would have the right to request early repayment of the existing debt. At the date of preparation of this document, neither the EIB or CDP has requested any early repayment.

"Current net debt" amounts to €1,695 million, a change of €2,637 million compared with net funds of €942 million as at 31 December 2019. The change primarily reflects the reclassification of amounts from non-current to current (a total of €2,194 million) and net cash outflows during the first half of 2020 (€447 million), as described in the section, "Consolidated cash flow".

In March 2020, the Company redeemed bonds with a remaining nominal value of €502 million, paying coupon interest of 4.375% and guaranteed by Atlantia. The Company also made use of €350 million (subject to a fixed rate of 1.5% and maturing on 15 December 2020) of the first €400 million tranche of the credit facility agreed with Atlantia maturing on 15 January 2021 (to be used by 15 December 2020). The use forms part of the financial support that Atlantia has committed to provide the Company in the form of a loan of up to €900 million. The facility breaks down into two tranches to be disbursed by 31 December 2020 and maturing on 31 December 2021. The support is subject to the Company's continued ability to operate as a going concern and the absence of events or circumstances – that cannot be resolved by such financial support – that could prevent the Company from meeting its debt obligations.

The residual weighted average term to maturity of the Group's interest-bearing debt is approximately five years and six months as at 30 June 2020. 96% of the Group's interest-bearing debt is fixed rate, taking into account the hedging derivative instruments entered into. 9% 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 2020 was approximately 3.4%.

As at 30 June 2020, the Group has lines of credit amounting to €1,405 million with a weighted average residual term to maturity of approximately five years and a weighted average residual drawdown period of approximately one year and nine months. Talks are continuing with CDP with the aim of assessing whether or not the suspensive conditions that would permit the disbursement of funds under the revolving credit facility granted to Autostrade per l'Italia by this institution have been met.

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 €9,233 million as at 30 June 2020 (€8,740 million as at 31 December 2019).

Consolidated cash flow

“**Net cash used for operating activities**” in the first half 2020 amounts to €232 million, a difference of €1,072 million compared with the net inflow of €840 million in the comparative period. This reflects:

- a) a decrease of €468 million in operating cash flow, reflecting the negative impact of the spread of Covid-19 (€565 million), partially offset by current tax expense recognized in the first half of 2019 (€124 million). On a like-for-like basis, operating cash flow for the first half of 2020 is down €502 million (60%) compared with the comparative period;
- b) an increase in the outflow for movements in operating capital and non-financial assets and liabilities (totalling €604 million). The outflow of €451 million in the first half of 2020 primarily reflects the above increase in trading liabilities.

“**Cash used for investment in non-financial assets**”, totalling €215 million, a reduction of €57 million compared with the first half of 2019 (€272 million), essentially due to reduced capital expenditure during the period (€56 million).

“**Net equity cash outflows**” amount to zero in the first half of 2020, marking a reduction of €319 million compared with the comparative period. This reflects dividends declared by Group companies for payment to non-controlling shareholders in the same period of 2019.

In addition, other changes during the first half of 2020 have resulted in an increase in net debt of €29 million (€142 million in the first half of 2019), essentially due to the increase in fair value losses on derivative financial instruments that do not qualify for hedge accounting.

The overall impact of the above cash flows increased net debt by €476 million in the first half of 2020 compared with 31 December 2019.

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT (*)

€m	H1 2020	H1 2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) for the period	-479	430
Adjusted by:		
Amortisation and depreciation	321	313
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure	498	-139
Financial expenses from discounting of provisions for construction services required by contract and other provisions	9	19
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	6
Net change in deferred tax (assets)/liabilities through profit or loss	-180	59
Other non-cash costs (income)	45	-2
Operating cash flow	219	687
Change in working capital and other changes	-226	55
Other changes in non-financial assets and liabilities	-225	98
Net cash generated from operating activities [A]	-232	840
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-197	-257
Purchases of property, plant and equipment	-6	-6
Purchases of other intangible assets	-12	-8
Capital expenditure	-215	-271
Government grants related to assets held under concession	-	1
Purchases of investments	-	-3
Net change in other non-current assets	-	1
Net cash from/(used in) investment in non-financial assets (B)	-215	-272
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	-	-319
Net equity cash inflows/(outflows) (C)	-	-319
Increase/(Decrease) in cash and cash equivalents during period (A+B+C)	-447	249
Change in fair value of hedging derivatives	-	-136
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	-1	-1
Other changes	-28	-5
Other changes in net debt (D)	-29	-142
Decrease/(Increase) in net debt for period (A+B+C+D)	-476	107
Net debt at beginning of period	-8,392	-8,813
Net debt at end of period	-8,868	-8,706

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

Reconciliation of the reclassified and statutory 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 (IFRS), are included below.

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

€m	H1 2020						H1 2019					
	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			1,167			1,167			1,761			1,761
Revenue from construction services			66						71			
Revenue from construction services - government grants and cost of materials and capitalised staff costs - construction services for which additional economic benefits are received	(a)	56					(a)	65				
Revenue from construction services: capitalised financial expenses	(b)	5					(b)	4				
Revenue from construction services provided by sub-operators	(c)	5					(c)	2				
Other revenue	(d)	-					(d)	-				
Other operating income	(e)	96				96	(e)	206				206
Revenue from construction services provided by sub-operators				(e+d)						(e+d)		
				(d)	-					(d)	-	
Total revenue			1,329						2,038			
TOTAL OPERATING REVENUE						1,263						1,967
Raw and consumable materials			-31			-31			-179			-179
Service costs			-570			-570			-451			-451
Gain/(Loss) on sale of elements of property, plant and equipment			-			-			-			-
Other operating costs			-180			-180			-272			-272
Concession fees	(f)	-150					(f)	-227				
Lease expense			-4			-4			-3			-3
Other			-26			-26			-42			-42
Use of provisions for construction services required by contract				(j)		120				(j)		174
Revenue from construction services: government grants and capitalised cost of materials and external services				(a)		56				(a)		65
Use of provisions for renewal of motorway infrastructure				(i)		-				(i)		-
COST OF MATERIALS AND EXTERNAL SERVICES						-455						-436
CONCESSION FEES				(f)		-150				(f)		-227
Staff costs	(g)	-228					(g)	-269				
NET STAFF COSTS				(g+b+k)		-212				(g+b+k)		-253
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						-508						111
Operating change in provisions			-515						101			
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			-308			-308			123			123
(Provisions)/Uses of provisions for renewal of motorway infrastructure			-7			-7			-10			-10
Provisions for renewal of motorway infrastructure	(h)	-7					(h)	-10				
Uses of provisions for renewal of motorway infrastructure	(i)	-					(i)	-				
Provisions/(Uses) of provisions for risks and charges			-200			-200			-12			-12
TOTAL NET OPERATING COSTS						-1,325						-805
GROSS OPERATING PROFIT/(LOSS) (EBITDA)						-62						1,162
Use of provisions for construction services required by contract				(j)		120			186			
Use of provisions for construction services required by contract	(j)	120					(j)	174				
Capitalised staff costs - construction services for which no additional economic benefits are received	(k)	11					(k)	12				
Amortisation and depreciation	(l)	-321					(l)	-312				
Depreciation of property, plant and equipment			-11			-11			-11			-11
Amortisation of intangible assets deriving from concession rights			-300			-300			-292			-292
Amortisation of other intangible assets			-10			-10			-9			-9
(Impairment losses)/Reversals of impairment losses	(m)	-2				-2	(m)	-7				-7
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(l+h+m)		-330				(l+h+m)		-329
TOTAL COSTS			-1,716						-1,203			
OPERATING PROFIT/(LOSS)			-387						835			
OPERATING PROFIT/(LOSS) (EBIT)						-392						833
Financial income			42						43			
Dividends received from investees	(n)	-					(n)	-				
Other financial income	(o)	42					(o)	43				
Financial expenses	(p)	-305					(p)	-261				
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-9			-9			-19			-19
Other financial expenses	(q)	-296					(q)	-242				
Foreign exchange gains/(losses)	(r)	-				-	(r)	-				-
FINANCIAL INCOME/(EXPENSES)			-263						-218			
Net financial expenses				(c+n+o+p+q+r)		-258				(c+n+o+p+q+r)		-216
Share of profit/(loss) of investees accounted for using the equity method			-4			-4			-1			-1
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			-654			-654			616			616
Income tax (expense)/benefit			174			174			-186			-186
Current tax expense			-7			-7			-131			-131
Differences on tax expense for previous years			1			1			4			4
Deferred tax income and expense			180			180			-59			-59
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			-480			-480			430			430
Profit/(Loss) from discontinued operations			1			1			-			-
PROFIT/(LOSS) FOR THE PERIOD			-479			-479			430			430
of which:												
Profit/(Loss) attributable to owners of the parent			-476			-476			426			426
Profit/(Loss) attributable to non-controlling interests			-3			-3			4			4

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

€m	30 June 2020					31 December 2019				
	Reported basis		Reclassified basis			Reported basis		Reclassified basis		
Reconciliation of items	Ref.	Main entries	Ref.	Sub-items	Main entries	Ref.	Main entries	Ref.	Sub-items	Main entries
Non-current non-financial assets										
Property, plant and equipment	(a)	82			82	(a)	88			88
Intangible assets	(b)	17,527			17,527	(b)	17,727			17,727
Investments	(c)	79			79	(c)	82			82
Deferred tax assets	(d)	168			168	(d)	111			111
Other non-current assets	(e)	-			-	(e)	-			-
Total non-current non-financial assets (A)					17,856					18,008
Working capital										
Trading assets	(f)	406			406	(f)	559			559
Current tax assets	(g)	58			58	(g)	48			48
Other current assets	(h)	207			207	(h)	134			134
Non-financial assets held for sale or related to discontinued operations				(w)	4				(w)	4
Current portion of provisions for construction services required by contract	(i)	-629			-629	(i)	-449			-449
Current provisions	(j)	-2,360			-2,360	(j)	-2,259			-2,259
Trading liabilities	(k)	-969			-969	(k)	-1,360			-1,360
Current tax liabilities	(l)	-6			-6	(l)	-45			-45
Other current liabilities	(m)	-244			-244	(m)	-324			-324
Non-financial liabilities related to discontinued operations				(x)	-				(x)	-
Total working capital (B)					-3,533					-3,692
Gross invested capital (C=A+B)					14,323					14,316
Non-current non-financial liabilities										
Non-current portion of provisions for construction services required by contract	(n)	-2,032			-2,032	(n)	-2,312			-2,312
Non-current provisions	(o)	-1,624			-1,624	(o)	-1,222			-1,222
Deferred tax liabilities	(p)	-22			-22	(p)	-141			-141
Other non-current liabilities	(q)	-24			-24	(q)	-29			-29
Total non-current non-financial liabilities (D)					-3,702					-3,704
NET INVESTED CAPITAL (E=C+D)					10,621					10,612
Total equity (F)		1,753			1,753		2,220			2,220
Net debt/(Net funds)										
Non-current net debt/(net funds)										
Non-current financial liabilities	(r)	7,538			7,538	(r)	9,682			9,682
Non-current financial assets	(s)	-365			-365	(s)	-348			-348
Total non-current net debt/(net funds) (G)					7,173					9,334
Current net debt/(net funds)										
Current financial liabilities	(t)	3,118			3,118	(t)	1,168			1,168
Short-term borrowings		340			340		245			245
Current derivative liabilities		-			-		1			1
Intercompany current account payables due to related parties		32			32		28			28
Current portion of medium/long-term borrowings		2,364			2,364		863			863
Other current financial liabilities		382			382		31			31
Current financial liabilities related to discontinued operations				(aa)	-				(aa)	-
Cash and cash equivalents	(u)	-982			-982	(u)	-1,619			-1,619
Cash		-505			-505		-954			-954
Cash equivalents		-24			-24		5			5
Intercompany current account receivables due from related parties		-453			-453		-660			-660
Cash and cash equivalents related to discontinued operations				(y)	-				(y)	-
Current financial assets	(v)	-441			-441	(v)	-491			-491
Current financial assets deriving from concession rights		-410			-410		-410			-410
Current financial assets deriving from government grants		-5			-5		-25			-25
Current term deposits		-4			-4		-25			-25
Current portion of other medium/long-term financial assets		-4			-4		-23			-23
Other current financial assets		-18			-18		-8			-8
Financial assets held for sale or related to discontinued operations				(z)	-				(z)	-
Total current net debt (H)					1,695					-942
Total net debt (I=G+H)					8,868					8,392
NET DEBT AND EQUITY (L=F+I)					10,621					10,612
Assets held for sale or related to discontinued operations	(y-z+w)		4			(y-z+w)		4		
Liabilities related to discontinued operations	(-x+aa)		-			(-x+aa)		-		
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e-s)		18,221			(a+b+c+d+e-s)		18,356		
TOTAL CURRENT ASSETS	(f+g+h-u-v-y-z+w)		2,098			(f+g+h-u-v-y-z+w)		2,855		
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)		11,240			(-n-o-p-q+r)		13,386		
TOTAL CURRENT LIABILITIES	(-i-j-k-l-m+t-x+aa)		7,326			(-i-j-k-l-m+t-x+aa)		5,605		

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

€m	H1 2020		H1 2019		
	Consolidated statement of cash flows	Changes in consolidated net debt	Consolidated statement of cash flows	Changes in consolidated net debt	
Reconciliation of items	<i>Note</i>				
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the period		-479	-479	430	430
Adjusted by:					
Amortisation and depreciation		321	321	313	313
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		498	498	-139	-139
Financial expenses from discounting of provisions for construction services required by contract and other provisions		9	9	19	19
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	6	6
Net change in deferred tax (assets)/liabilities through profit or loss		-180	-180	59	59
Other non-cash costs (income)		45	45	-2	-2
Operating cash flow			219		687
Change in operating capital	(a)		-226		55
Other changes in non-financial assets and liabilities	(b)		-225		98
Change in working capital and other changes	(a+b)	-451		153	
Net cash generated from/(used in) operating activities (A)		-232	-232	840	840
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-197	-197	-257	-257
Purchases of property, plant and equipment		-6	-6	-6	-6
Purchases of other intangible assets		-12	-12	-8	-8
Capital expenditure			-215		-271
Government grants related to assets held under concession		-	-	1	1
Purchases of investments		-	-	-3	-3
Net change in other non-current assets		-	-	1	1
Net change in current and non-current financial assets	(c)	33		16	
Net cash from/(used in) investment in non-financial assets (B)	(d)		-215		-272
Net cash generated from/(used in) investing activities (C)	(c+d)	-182		-256	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	(e)		-		-319
Dividends paid	(f)		-	-322	
Net equity cash inflows/(outflows) (D)					-319
Net cash generated during period (A+B+D)			-447		249
Increase in lease liabilities		1		2	
Redemption of bonds		-502		-593	
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-70		-62	
Repayments of lease liabilities		-2		-1	
Net change in other current and non-current financial liabilities		345		-78	
Net cash generated from/(used in) financing activities (E)		-228		-1,054	
Change in fair value of hedging derivatives			-		-136
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)			-1		-1
Other changes			-28		-5
Other changes in net debt (F)			-29		-142
Decrease in net debt for period (A+B+D+F)			-476		107
Net debt at beginning of period			-8,392		-8,813
Net debt at end of period			-8,868		-8,706
Increase/(Decrease) in cash and cash equivalents during period (A+C+E+G)		-642		-470	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,592		1,784	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		950		1,314	

Notes:

- a) 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);
- b) this item shows the balance of cash flows not generated by operating activities, with an impact on profit/(loss) for the year of companies classified as "discontinued operations";
- c) 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;
- d) 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;
- e) "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;
- f) "Dividends paid" refer to amounts effectively paid during the reporting period.

2.3 Key performance indicators for Group companies

€m	OPERATING REVENUE ⁽¹⁾		
	H1 2020	H1 2019	Increase/ (Decrease)
	Absolute		
Autostrade per l'Italia	1,142	1,792	-650
Autostrade Meridionali	30	45	-15
Tangenziale di Napoli	24	38	-14
Società Italiana per il Traforo del Monte Bianco	24	31	-7
Autostrada Tirrenica	11	17	-6
Essediesse	14	14	-
Raccordo Autostradale Valle d'Aosta	11	15	-4
Giove Clear	7	7	-
Ad Moving	1	3	-2
Autostrade Tech	36	41	-5
Consolidation adjustments	-37	-36	-1
TOTAL AUTOSTRADE PER L'ITALIA GROUP	1,263	1,967	-704

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

EBITDA ⁽¹⁾			CAPITAL EXPENDITURE ⁽¹⁾		
H1 2020	H1 2019	Increase/ (Decrease)	H1 2020	H1 2019	Increase/ (Decrease)
Absolute			Absolute		
-94	1,093	-1,187	211	261	-50
4	17	-13	-	1	-1
5	17	-12	1	2	-1
11	15	-4	-	1	-1
3	9	-6	1	4	-3
2	1	1	-	-	-
2	7	-5	1	-	1
1	-	1	-	-	-
-	-	-	-	-	-
4	3	1	1	2	-1
-	-	-	-	-	-
-62	1,162	-1,224	215	271	-56

2.4 Group operating review

Traffic

Traffic during the first half was significantly impacted by the progressive introduction of restrictions on movement linked to the spread of Covid-19 in Italy from the last week in February. Traffic on the motorway network operated by Autostrade per l'Italia and its subsidiaries is down 37.7% compared with the same period of the previous year. The reduction primarily regarded the number of kilometres travelled by vehicles with 2 axles, which is down 41.7%, whilst the figure for vehicles with 3 or more axles is down 13.6%.

Traffic on the network operated under concession in H1 2020

OPERATOR	KM TRAVELLED (IN MILLIONS) ⁽¹⁾			% CHANGE VERSUS H1 2019	ATVD H1 2020 ⁽²⁾
	VEHICLES WITH 2 AXLES	VEHICLES WITH 3+ AXLES	TOTAL VEHICLES		
Autostrade per l'Italia	11,166	2,970	14,137	-37.9%	27,210
Autostrade Meridionali	532	12	544	-34.9%	57,915
Tangenziale di Napoli	306	5	312	-33.6%	84,782
Autostrada Tirrenica	68	10	78	-39.5%	9,409
Raccordo Autostradale Valle d'Aosta	26	9	35	-34.4%	5,976
Società Italiana per il Traforo del Monte Bianco	2	2	3	-40.4%	3,066
TOTAL	12,100	3,008	15,108	-37.7%	27,582

(1) The figures for June 2020 are provisional.

The half-year performance includes the leap-year effect, equal to 0.35%

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

Monthly traffic trends on the network operated under concession in H1 2020



Service areas

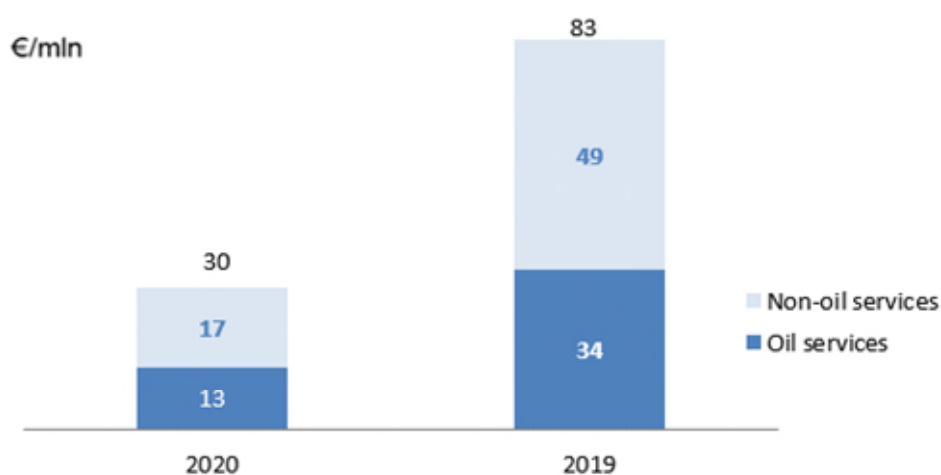
Recurring royalties received from sub-operators on the network managed by Autostrade per l'Italia and the Group's other motorway operators amounted to €30 million in the first half of 2020, a reduction of €53 million compared with the first six months of 2019.

Autostrade per l'Italia introduced a series of measures to support oil and food service providers, with the aim of mitigating the negative impact on the sub-operators' businesses of the Covid-19 emergency, which led to an almost total absence of customers during the lockdown, and of

continuing to guarantee the quality of the services provided to motorway users, given the obligations imposed on the operators by the Government's legislation.

The measures include the suspension of all fees between March and May and the application of variable royalties in derogation from the mechanisms provided for in existing agreements, with differing levels of royalty charged depending on the volume of sales in June.

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



Capital expenditure

Capital expenditure on the motorways operated by the Group continued in the first half of 2020, with investment amounting to €215 million.

(€m)	H1 2020	H1 2019
Autostrade per l'Italia - projects in Agreement of 1997	66	101
Autostrade per l'Italia - projects in IV Addendum of 2002	52	57
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	77	91
Other operators (including capitalised costs)	2	8
Total investment in infrastructure operated under concession	197	257
Investment in other intangible assets	12	8
Investment in property, plant and equipment	6	6
Total capital expenditure	215	271

With regard to Autostrade per l'Italia, work on the following projects continued in the first half of 2020:

- projects included in the Agreement of 1997, with particular regard to the widening of the A1 between Barberino and Florence North and between Florence South and Incisa to three lanes. The most important of the works completed is the boring of the Santa Lucia Tunnel. The tunnel forms part of the planned upgrade of the Barberino–Florence North section of the A1, which is a natural continuation of the *Variante di Valico*. Boring of the tunnel began on 26 April 2017 and was completed on 8 June 2020;
- projects included in the IV Addendum of 2002, with particular regard to works involved in completion of the widening to three lanes of the A14, the interventions included in the second phase of the Tunnel Safety Plan and work on the fifth lane of the A8 motorway between Milan and the Lainate Link Road;

- other capital expenditure, with particular regard to the continuation of work on the development of new technologies and ongoing improvements to quality and safety standards on the network, as well as to the major works involved in construction of the fourth free-flow lane for the A4 in the Milan area.

2.5 Workforce

As at 30 June 2020, the Autostrade per l'Italia Group employs 6,801 staff on permanent contracts and 123 temporary staff, making a total workforce of 6,924 (down 197 or 2.8% compared with the 7,121 of 31 December 2019).

The reduction of 18 in permanent staff is primarily linked to the following companies:

- Autostrade Meridionali (down 10), due to a slowdown in turnover among toll collectors;
- Autostrade per l'Italia (down 4), due to a slowdown in turnover among toll collectors, partially offset by the recruitment of new operating and technical personnel;

The reduction of 179 in temporary staff is primarily linked to the following companies:

- Autostrade per l'Italia (down 135), the absence of seasonal toll collectors in June 2020 following the Covid-19 emergency and activation of the ordinary wage guarantee fund or *CIGO*;
- Giove Clear (down 34), the decision not to offer extensions to people on fixed-term contracts or to convert them to permanent deals due to the downturn in activity as a result of the Covid-19 emergency.

The average workforce has declined from 6,690 in the first half of 2019 to 6,427 in the first half of 2020, representing a decline of 263 (3.9%). This is primarily linked to the following companies:

- Autostrade per l'Italia (down 184 on average), due to a slowdown in turnover among toll collectors, reflecting the downturn in activity as a result of the Covid-19 emergency and the absence of seasonal toll collectors in June 2020 (following activation of the ordinary wage guarantee fund or *CIGO*), partially offset by the recruitment of new operating and technical personnel;
- Autostrade Meridionali (down 22 on average) and Tangenziale di Napoli (down 15 on average), primarily due to a slowdown in turnover among toll collectors;
- Giove Clear (down 44 on average), primarily due to the downturn in activity as a result of the Covid-19 emergency.

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

PERMANENT STAFF

	30 June 2020	31 December 2019	Increase/(Decrease)	
			absolute	%
Senior managers	100	95	5	5.3%
Middle managers	339	353	-14	-4.0%
Administrative staff	2,770	2,691	79	2.9%
Operational personnel	1,496	1,513	-17	-1.1%
Toll collectors	2,096	2,167	-71	-3.3%
Total	6,801	6,819	-18	-0.3%

TEMPORARY STAFF

	30 June 2020	31 December 2019	Increase/(Decrease)	
			absolute	%
Middle managers	-	-	-	n.a.
Administrative staff	16	22	-6	-27.3%
Operational personnel	75	109	-34	-31.2%
Toll collectors	32	171	-139	-81.3%
Total	123	302	-179	-59.3%

AVERAGE WORKFORCE

	H1 2020	H1 2019	Increase/(Decrease)	
			absolute	%
Senior managers	97	96	1	1.0%
Middle managers	338	360	-22	-6.1%
Administrative staff	2,672	2,651	21	0.8%
Operational personnel	1,394	1,443	-49	-3.4%
Toll collectors	1,926	2,140	-214	-10.0%
Total	6,427	6,690	-263	-3.9%

2.6 Autostrade per l'Italia's risk management

Due to the nature of our business, consisting of complex processes (e.g. the development and construction of motorway infrastructure, traffic management), Autostrade per l'Italia is exposed to risks capable of having a significant impact on the achievement of its business objectives.

In response, the Company has put in place a Risk Management process, with the aim of monitoring the Company's ability to achieve its business and strategic objectives by optimizing performance, in accordance with the relevant legislative and regulatory requirements and ensuring the reliability and integrity of accounting and operational information.

At Autostrade per l'Italia, this process is managed by the Risk Officer, who is responsible for enabling synergies among key stakeholders and facilitating the integration of performance and compliance, so as to provide an integrated vision to senior management when taking strategic and business decisions.

In particular, the Company is exposed to strategic, operational, financial and compliance risks. The Risk Officer, working with the head of the various departments (Process Owners), conducts specific risk analyses, assessments and monitoring activities in line with the risk appetite established by senior management.

Autostrade per l'Italia's main risks

The following risk clusters, identified by Autostrade per l'Italia following its Risk Assessment 2019-2020, are appropriately managed via specific controls and action plans.

Strategic risk

- 1) **REG** **Concession arrangement:** Autostrade per l'Italia's business is regulated by its relationship with the Grantor. Potential changes in this relationship could have a negative impact on the Company's operations, its results and business continuity.
- 2) **HR** **People:** the failure to appoint people with the required expertise to key roles could adversely affect the Company's ability to achieve its objectives and deliver on the Transformation Plan it has embarked on.
- 3) **BCM** **Business Continuity:** Autostrade per l'Italia manages a complex infrastructure network and, its inability to manage emergencies or provide a timely response to crisis situations could have a major impact on continuity of service.
 - 4) **Pandemic:** the failure to adequately respond to the current global crisis could expose the Company to the risk that it is unable to appropriately manage infrastructure and traffic, with an impact on the continuity and quality of service.
 - 5) **Climate change:** extreme weather events expose the Company to the risk of damage to assets and infrastructure, with the resulting potential for prolonged closures or disruption to operations.

Operational risk

- 1) **SOP** **Infrastructure safety:** the type of infrastructure that makes up the approximately 3,000 km of network managed by Autostrade per l'Italia exposes the Company to both exogenous and endogenous events (e.g. delays in carrying out maintenance)

that may cause a loss of static efficiency or the detachment of structural and/or non-structural works and assets.

- 2) **SIC** **Road safety:** the management of traffic exposes the Company to the risk of harm being caused to people and vehicles in the ordinary course of motorway use.
- 3) **GCOM** **Contractor management:** shortcomings in the management of contracts for new works and/or improvements/modernisation expose the Company to the risk of major delays in achieving its business objectives and of cost overruns.
- 4) **IT** **Digital and Cyber Attacks:** the Company's organisational complexity and the large number of IT environments expose Autostrade per l'Italia to the risk that confidential information contained in company databases will be stolen, altered or damaged (cyber security). The impact of such an event is measured in terms of the resulting operational problems and the loss of critical information.

Financial risk

Information on financial risk management is provided in the section, "Group financial review" and note 9.2, "Financial risk management" included in section 3, "Consolidated financial statements as at and for the year ended 31 December 2019".

However, it should be noted that following developments in the regulatory environment and the resulting downgrade of the Company's rating, Autostrade per l'Italia is exposed to the following risks:

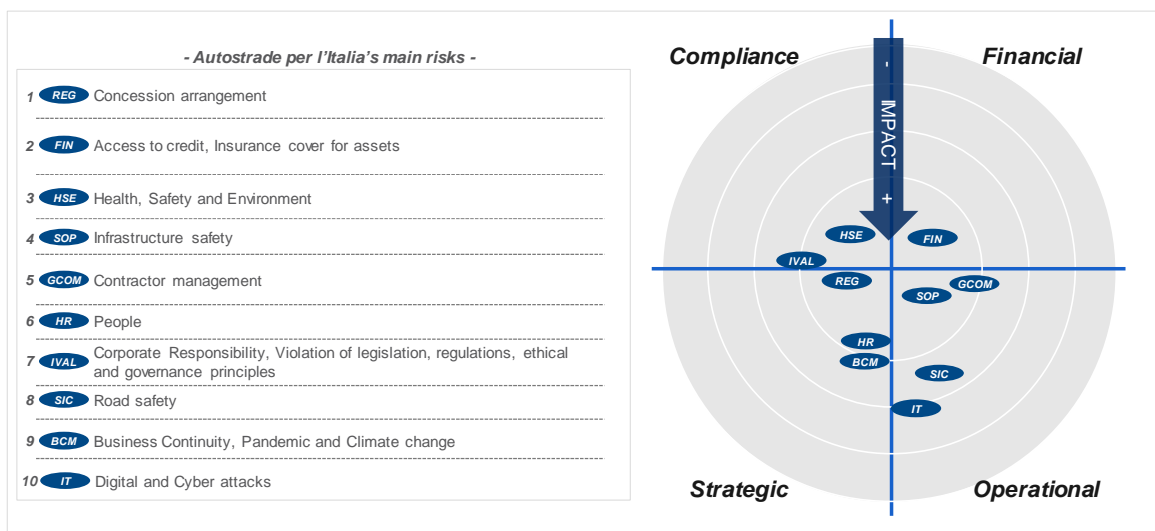
- 1) **FIN** **Access to credit:** the current regulatory situation could put the Company's ability to access credit at risk and, should this occur, could result in an increase in its cost of debt.
- 2) **Insurance cover for assets:** The size of claims could make it difficult for the Company to satisfy its principal insurance needs.

Compliance risk

Autostrade per l'Italia is exposed to various risks linked to breaches of legislation, regulations, governance rules and values (the articles of association, codes of conduct, the Code of Ethics, the Corporate Governance Code, etc.):

- 1) **IVAL** **Violation of legislation, regulations, ethical and governance principles:** The Company's employees, suppliers or partners could engage in conduct in violation of legislation, regulations, ethical or governance principles (e.g. corruption, discrimination, conflicts of interest, fraud, etc.)
- 2) **Corporate Responsibility:** personnel could commit offences on behalf of or in the interests of the Company in violation of Legislative Decree 231/01.
- 3) **HSE** **Health, Safety and Environment:** given its type of business, the Company is exposed to risks linked to the health and safety of its staff and protection of the environment.

The Company's main risks are shown below in terms of their nature and importance:



2.7 Related party transactions

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

2.8 Significant regulatory aspects

In addition to the information already provided in the Annual Report for the year ended 31 December 2019, 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 2020.

Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa

A section of the Polcevera road bridge on the A10 Genoa-Ventimiglia collapsed on 14 August 2018, causing the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Interim Report for the six months ended 30 June 2020.

Talks between Autostrade per l'Italia and the Cabinet Office, the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance

Autostrade per l'Italia is engaged in talks with the Ministry of Infrastructure and Transport (the "MIT"), aimed at resolving the dispute over the Ministry's allegations of serious breaches of the Concession Arrangement following the collapse of a section of the Polcevera road bridge. In both the Annual Report for 2019, approved on 29 May 2020 and the quarterly report approved on 10 June 2020, Autostrade per l'Italia has already noted that, whilst continuing to have confidence in a rapid and positive solution to the situation, based on the progress of talks with the MIT, the Ministry of the Economy and Finance (the "MEF") and the Cabinet Office, and the legislative and/or regulatory framework, including with regard to the eventual outcome of the challenges contesting the provisions contained in the *Milleproroghe* Decree, the company has, in any event, the option of exercising all the rights granted to it under the terms of the concession arrangement, as confirmed by the opinions provided by its legal advisors.

Following the memorandum sent on 13 May 2020, in which Autostrade per l'Italia, with reference to its proposal of 5 March 2020, reiterated the need to rapidly agree on a resolution of the dispute, Autostrade per l'Italia and Atlantia sent a new joint memorandum to the Ministry of Infrastructure and Transport on 10 June 2020. In this memorandum, the Company, after summarising the requests made by the Ministry during the meeting held on 5 June 2020 as a condition for reaching a positive resolution of the dispute, added to the previous proposal "*in order to further emphasise and highlight the public interest in acceptance of the proposal*".

In a memorandum sent to the MIT on 22 June 2020, Autostrade per l'Italia reiterated this conviction "*without prejudice to the rights acquired, or to be acquired, by this company, including those granted by art. 9-bis of the Single Concession Arrangement entered into in 2007*", and stated that "*were such conviction to be proved wrong by the outcomes of the legal challenges brought, this would mean that there were valid grounds for application of the above art. 9-bis and that such grounds cannot be considered to have been waived*".

On 29 June 2020, Aosta Regional Administrative Court dismissed the challenge brought by Raccordo Autostradale Valle d'Aosta against the MIT's decision to award a toll increase of 0% for 2020 and to impose an obligation on the operator, in common with the other operators affected by the amendments to legislation introduced by art. 13 of the *Milleproroghe* Law Decree, to submit by 30 March 2020 as revised Financial Plan in compliance with the new tariff regime introduced by the Transport Regulator. Among other things, the Court also ruled against the

company's claim that art. 13 of the *Milleproroghe* Law Decree is in conflict with EU legislation and in breach of the constitution.

On 8 July 2020, the Constitutional Court, following a hearing held that day to examine issues regarding the lawfulness of the Genoa Decree raised by Autostrade per l'Italia and referred to the Court by Liguria Regional Administrative Court for a preliminary ruling, announced its judgement. The Court found that *"the issues raised with regarding the lawfulness of Autostrade per l'Italia's exclusion from the call for tenders held to choose contractors to carry out the work involved in demolition and reconstruction of the road bridge were without grounds. The legislator's decision not to award Autostrade per l'Italia the contract to rebuild the bridge was based on the exceptional gravity of the situation which led it, by way of precaution, not to award the contract to the undertaking responsible for maintaining the bridge itself"*.

On 8 July 2020, the MIT also called Autostrade per l'Italia to meeting to be held on the following day, given *"the need to complete a full and final assessment of the latest settlement proposal received on 10 June"*.

At the meeting of 9 July 2020, representatives from the Cabinet Office, the Ministry of Infrastructure and Transport and the Ministry for the Economy and Finance set out the terms of a potential agreement designed to reach a settlement of the dispute that would be in the public interest. In response, Autostrade per l'Italia, whilst continuing to reject the allegations made against the company regarding alleged breaches of its obligations in relation to management of the Polcevera road bridge, submitted a new settlement proposal in a memorandum dated 11 July 2020. This involves:

- a) a commitment to provide the full amount of the funding requested by Government representatives, amounting to €3,400 million, entirely at the company's own expense and without any return, with this sum to be used to finance reductions in tolls for the benefit of road users (€1,500 million), additional maintenance work on the infrastructure operated under concession during the regulatory period 2020 - 2024 (€1,200 million), and work on reconstruction of the Polcevera road bridge and all other related expenses (€700 million);
- b) a commitment to accept the tariff regime set out in the Transport Regulator's determinations 16 and 71, applying annual toll increases of 1.75% from 1 January 2021, as indicated by representatives of the Government, in addition to the recovery of the negative impact of Covid-19;
- c) a commitment to submit an updated Financial Plan within 7 days of acceptance of the new proposal in keeping with the terms thereof;
- d) a commitment, subject to prior assessment of the conditions for the bankability of the planned investment programme, to amend art. 9 of the Concession Arrangement in line with the compensation regime set out in art. 35 of Law Decree 163 of 2019, only in cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network, where there is certain proof of the operator's sole responsibility;
- e) a commitment to work with the Grantor on an inspection programme, backed up by an appropriate system of penalties;
- f) a commitment to withdraw a series of pending legal actions relating to reconstruction of the road bridge, the tariff regime introduced by the Transport Regulator and the provisions of the *Milleproroghe* Law Decree.

At the same time, Autostrade per l'Italia, noting Atlantia's willingness to reduce its stake in the company and allow new investors to acquire shares, declared a willingness to ask shareholders

to consider the sale of shares to public and private institutional investors by issuing new shares as part of a capital increase.

Following subsequent talks, on 13 July 2020, Autostrade per l'Italia sent a letter to the Cabinet Office, the MIT and the Ministry of the Economy and Finance, providing further details of the proposal dated 11 July 2020.

On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government. This expressed a willingness, subject to approval by their respective boards of directors, to enter into an agreement to carry out a market transaction designed to result in Atlantia giving up control of Autostrade per l'Italia and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders.

Finally, on 15 July 2020, Atlantia and Autostrade per l'Italia submitted a further proposal, based on the indications received in the meantime. This new proposal, subject to approval by the companies' board of directors, entails the inclusion of Covid-19 related costs in the average annual toll increase of 1.75%, in addition to acceptance of the amendment of art. 9 of the Concession Arrangement, stating that in the event of the identification of specific causes of forfeiture, the compensation due is to be determined on the basis of the unamortised cost of construction and upgrade services performed.

In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government *"has decided to begin the settlement process as provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised"*.

On 15 July 2020, the Grantor also requested Autostrade per l'Italia to submit the revised Financial Plan. Autostrade per l'Italia responded to the request by sending the revised plan with a letter dated 23 July 2020.

Subsequently, on 31 July 2020, the MIT called a meeting with Autostrade per l'Italia in order to agree on how to proceed (with regard to the settlement agreement and an addendum to the concession arrangement) and to convey its observations on previous documents. This meeting gave rise to a number of differences with respect to what had previously been agreed. On this basis, the operator will itself respond by drawing up a revised text in line with what has been agreed on during the talks, thus progressing negotiations with the grantor with a view to reaching a rapid conclusion of the dispute.

At the same time, on 3 August 2020, Autostrade per l'Italia received observations on the Financial Plan submitted by the operator on 23 July. These are being examined before preparing an appropriate response.

Constitutional Court rulings on issues of constitutional legitimacy raised by Autostrade per l'Italia within the context of legal challenges brought against the measures introduced by the Special Commissioner for the Reconstruction

A public Constitutional Court hearing was held on 8 July 2020 in response to a request for a ruling on the constitutional legitimacy of the measures in the Genoa Decree and the related actions of the Commissioner, which are already the subject of four challenges before Liguria Regional

Administrative Court (in addition to the challenge lodged by Pavimental) regarding (i) the procedure for awarding contracts for the demolition and reconstruction of the road bridge; (ii) the procedure for awarding contracts for project management and the related activities; (iii) the Special Commissioner's request for the handover of the connecting sections of motorway affected by work on the reconstruction; (iv) the Special Commissioner's request for the sums of money needed to fund reconstruction and demolition of the road bridge.

These measures had already been contested by Autostrade per l'Italia as being in contrast with Constitutional law and with various EU legal principles. The related matters, having been by Liguria Regional Administrative Court to be relevant and not manifestly unfounded, were referred to the Constitutional Court for a preliminary ruling on 6 December 2019.

Following the above hearing, in its announcement dated 8 July 2020 and judgement 168/2020 (containing reasons) published on 27 July 2020, the Constitutional Court ruled that the issues regarding the lawfulness of the Genoa Decree, as raised by Autostrade per l'Italia and as referred to the Court by Genoa Regional Administrative Court for a preliminary ruling, were in part without grounds and in part inadmissible.

The reasons that led the Constitutional Court to rule that the Genoa Decree does not breach Constitutional law, enabling, above all, Autostrade per l'Italia SpA to be excluded from work on the demolition and reconstruction of the road bridge, are based on *"the urgent need to start work on restoring the section of motorway and doubts surrounding the advisability of awarding the contract to the operator given the gravity of the collapse of the motorway viaduct known as the Morandi Bridge, and in view of the initial results of the related administrative investigations"*. The Court affirmed that *"Moreover, the decision to exclude Autostrade per l'Italia from the call for tenders for the contract, as well as being a natural consequence of the above, is consistent with EU law regarding public contracts and also served to open up the motorway construction sector to greater competition"*. In addition, *"The judgement explains that the exclusion of Autostrade per l'Italia from work on demolition and reconstruction of the road bridge took place over two stages. Above all, the legislator decided that, with regard to these activities, it would not apply the arrangement to which the operator is a party and that the operator was not, therefore, obligated to provide the construction services involved in demolition and reconstruction, despite the fact that Autostrade per l'Italia had expressed a willingness to provide such services. Secondly, the Special Commissioner, charged with carrying out the work, was precluded from entering into negotiations with Autostrade per l'Italia regarding the related contract"*.

Among the matters ruled inadmissible, the Constitutional Court mentioned the question *"relating to Autostrade per l'Italia's responsibility for meeting the costs of reconstruction and of expropriations, given that the Regional Administrative Court has not clarified the grounds on which such responsibility has been assigned: whether final, or merely provisional, whilst awaiting confirmation of the operator's responsibility for providing compensation"*.

Extraordinary tunnel inspections – Ministerial Circular no. 6736/61A1 of 19 July 1967 – Launch of a procedure for serious breach pursuant to art. 8 of the Single Concession Arrangement

On 22 July 2020, following a one-off inspection conducted by the Grantor, with the aim of verifying correct implementation of the planned checks being carried out by Autostrade per l'Italia on tunnels around the network it operates, with particular regard to those in the Liguria region, the Grantor announced the *"launch of a procedure pursuant to art. 8 of the Concession Arrangement in force"*, having identified *"operational problems, delays and a failure to comply with the instructions given"*.

The above procedure is based on a report prepared by inspectors from the Local Inspection Department based in Rome. The report sets out details of the alleged problems identified during

onsite inspections carried out on a number of sections of motorway located in the provinces of Genoa and Pescara.

The alleged breaches of the Concession Arrangement regard (i) the failure, when carrying out the inspections, to employ the methods provided for in circular no. 6736 of 19 July 1967, which requires checks to be conducted on the tunnel's entire surface area, involving the disassembly of any ducts; (ii) the failure to observe the terms and conditions provided for in the above circular, resulting in *“major delays in assessing the state of repair of the infrastructure and the need to repeat inspections previously carried out unilaterally, in order to identify any defects in the structure that constitute a danger to traffic”*; (iii) the failure to meet the deadlines set out in the schedule of work to be carried out, with particular regard to 4 tunnels indicated in the report; (iv) delays to completion of the inspections indicated by Autostrade per l'Italia.

Based on the above findings, the Grantor has concluded that there are shortcomings in the operator's management of the infrastructure, as it has failed to comply with the requirements contained in the above circular and the instructions issued by the Grantor. These shortcomings in management of the infrastructure have, in the Grantor's opinion, *“not only led to a situation constituting a risk to motorway traffic and a danger to the public, but have also led to delays in conducting the surveys, resulting in major disruption to traffic in the Liguria region”*.

In the announcement of the launch of the procedure, dated 22 July 2020, the Grantor gave Autostrade per l'Italia 30 days to conduct the required checks and to provide its justifications individual findings.

Subsequently, on 28 July 2020, Local Inspection Department based in Rome extended the above procedure for serious breach by requesting, for each tunnel, detailed reasons for the delays in completing the inspections and the related works.

Art. 8 of the Single Concession Arrangement requires the operator to report on its inspection activity to the Grantor within the deadline set by the latter, indicating where it is in compliance or providing justifications. In order to report on the actual state of progress in implementing work on the tunnels and to clarify its position with regard to compliance with the law, Autostrade per l'Italia is preparing a detailed response to each of the above alleged breaches.

Five-yearly updated of Autostrade per l'Italia's financial plan

With regard to the five-yearly update of the Financial Plan, and following the submission of the updated Financial Plan for the regulatory period 2020-2024 on 8 April 2020, and the technical committee set up with representatives from the Ministry of the Economy and Finance, on 19 June 2020, Autostrade per l'Italia sent the Grantor a technical document containing a summary of all the in-depth discussions had during the meetings held in May and June 2020, indicating the aspects still to be examined and what still needed to be discussed with the MIT. Subsequently, in a letter dated 15 July 2020, following on from the meeting with Government representatives held on 14 July 2020, which resulted in agreement on the measures deemed necessary in order to meet the public interest in settling the dispute over alleged serious breaches of the concession arrangement launched on 16 August 2018, the MIT requested Autostrade per l'Italia to submit its revised Financial Plan by 23 July 2020. As requested, on 23 July, Autostrade per l'Italia submitted the above Financial Plan.

Legal challenges against the actions taken by the Special Commissioner pursuant to Law Decree 109/2018

With regard to the appeals brought by the Cabinet Office, the Ministry of Infrastructure and Transport and the Special Commissioner on 5 January 2020, contesting Liguria Regional Administrative Court's ruling on the preliminary questions proposed by the authorities as part of the related judgements at first instance, the public hearing has been scheduled for 8 October 2020.

Agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna

With regard to the agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna, the related Services Conference took place on 16 June 2020. During the event, the authorities involved requested reinstatement of the previously identified design solution, to which they wish to see certain changes made. The Company is currently waiting for the Ministry to decide which changes are acceptable before proceeding with revision of the design.

Legal challenge contesting the Transport Regulator's determinations on the new tariff regime

A legal challenge contesting the ruling handed down by Piedmont Regional Administrative Court, which upheld the lawfulness of the Transport Regulator's decision to partially deny Autostrade per l'Italia access to all the data, computations, estimates and criteria on which the Regulator based the contested determinations, was brought before the Council of State. On 22 June 2020, the Council of State upheld Autostrade per l'Italia's challenge and ordered "*release of the data used by the Regulator in order to determine the weighted average cost of capital (WACC) based on the method set out in paragraph 16 of Resolution 71/2019, and, more specifically, the elements that were used in defining the criteria referred to in paragraph 16.5 of the resolution and the data extracted from the database enabling the Regulator to estimate the efficiency gap and identify the annual efficiency improvement targets*".

Toll increases for 2019 and 2020

With regard to the toll increase for 2019 of 0.81%, as authorised by the MIT and MEF and voluntarily deferred for the whole of 2019, Autostrade per l'Italia has repeatedly volunteered to extend the deferral, the latest extension postponing application of the increase through to 31 December 2020.

The toll increase for 2020 has also been deferred until the revised Financial Plan, drawn up in accordance with the Transport Regulator's model by 30 March 2020, has been approved, a process currently in progress.

Both the above increases will be taken into account in the revised Financial Plan.

Investigation launched by AGCM (the Italian Competition Authority)

On 16 June 2020, officials from the Italian Competition Authority, assisted by the *Guardia di Finanza* (Finance Police), conducted an inspection of the Company's Rome headquarters and Cassino 6 Local Area Office. This was accompanied by notification of the launch of an investigation pursuant to art. 27, paragraph 3 of the Consumer Code.

Investigation PS no. 11644 – launched by AGCM following complaints from consumers and local press reports – is looking into allegations that Autostrade per l'Italia has engaged in unfair trading practices. The investigation regards the decision to narrow lanes and reduce speed limits on sections of the A16 and A14 motorways, focusing above all on the information provided to road users on reductions and suspensions of tolls in order to compensate users for the disruption caused.

On 26 June 2020, Autostrade per l'Italia requested an extension to the deadline of 6 July 2020 for submitting all the related documentation and representations, also requesting that the documents removed during the inspection be kept confidential. The request for an extension was accepted and the date was moved to 21 July, when the requested documentation and related notes were delivered. Moreover, on 31 July 2020, Autostrade per l'Italia submitted the list of commitments provide for in the Regulation governing consumer protection investigations. The list commits the Company to revise the form and content of the information provided to

road users on speed limits and to make available a webform to be used by motorists in order to claim a refund of tolls.

Concession for the A3 Naples-Pompei-Salerno motorway

With regard to Autostrade Meridionali's appeal to the Campania Regional Administrative Court against the decision to award the SIS Consortium the new concession to operate the A3 Naples-Pompei-Salerno motorway, requesting its cancellation after suspension of the award, on 13 May 2020, the Court rejected Autostrade Meridionali's request for a provisional injunction halting the award and, at the same time, scheduled a hearing on the merits of the case to be held on 7 October 2020.

Dispute regarding the failure to formally approve Autostrade Meridionali's financial plan and CIPE Resolution 38/2019

With regard to the legal challenge lodged by Autostrade Meridionali, contesting the Grantor's failure to respond to the proposed Financial Plan submitted for the period 2013–2022 and CIPE Resolution 38/2019 (governing the transition period between the date of expiry of the concession and the date the new operators takes over), following Campania Regional Administrative Court's ruling that it did not have jurisdiction on 29 January 2020, Autostrade Meridionali transferred its action to Lazio Regional Administrative Court. A hearing on the merits of the case has been scheduled for 2 December 2020.

Raccordo Autostradale Valle d'Aosta's toll increase for 2020

Raccordo Autostradale Valle d'Aosta brought an action before Aosta Regional Administrative Court challenging the MIT's decision to award a toll increase of 0% for 2020 and to impose an obligation on the operator, in common with the other operators affected by the amendments to legislation introduced by art. 13 of the *Milleproroghe* Law Decree, to submit by 30 March 2020 as revised Financial Plan in compliance with the new tariff regime introduced by the Transport Regulator.

On 29 June 2020, the above Court dismissed the challenge, ruling that the measures challenged were lawful, and that they did not represent a refusal to approve a toll increase for 2020, but rather a postponement of determination and application of the increase until the company's submission of a revised financial plan that complies with the Transport Regulator's determinations, as required by art. 13 of the *Milleproroghe* Law Decree.

The Court also ruled against the company's claim that the new regulations are in conflict with EU legislation and in breach of the constitution.

The company is currently considering whether or not to appeal the ruling before the Council of State.

Autostrada Tirrenica - judgement of the Court of Justice of 18 September 2019 and art. 35 of the *Milleproroghe* Decree

Following conversion into law of the *Milleproroghe* Decree, on 14 May 2020, Autostrade Tirrenica filed a legal challenge with Lazio Regional Administrative Court. The operator has requested the Court to rule on whether the articles in the operator's Concession Arrangement are still valid and in force, subject to granting relief in the form of non-application of art. 35, paragraphs 1 and 1-ter of Law Decree 162 of 30 December 2019, converted with amendments into Law 8 of 28 February 2020, or relief in relation to issues regarding the interpretation of EU law and connected issues relating to constitutional law.

The operator's challenge primarily requests the Court to confirm the validity and effectiveness of the provisions in the concession arrangement, having granted relief in the form of non-application of art. 35, paragraphs c(1) and c(1-ter) of the *Milleproroghe* Decree as it breaches

numerous constitutional principles, in addition to certain basic EU principles, above all those regarding legal certainty and legitimate expectations forming the basis of the fundamental freedoms established by articles 49 *et seq.* and 63 *et seq.* of the Treaty on the Functioning of the European Union.

The challenge also requests the Court to rule on the validity and effectiveness of the provisions in the Single Concession Arrangement, following the referral of preliminary issues to the European Court, and of the issue of constitutional legitimacy to the Constitutional Court.

Autostrada Tirrenica – Toll increases for 2014, 2016, 2017 and 2018 – Lazio Regional Administrative Court ruling

With regard to the absence or partial application of toll increases for the years 2014, 2016, 2017 and 2018, Autostrade Tirrenica (“SAT”) has filed a series of challenges contesting the related MIT/MEF decrees before Lazio Regional Administrative Court, claiming that the decrees are unlawful. The overall toll increases not granted for the period 2014 – 2018, including compound interest, is approximately 35%.

All the above challenges were upheld by Lazio Regional Administrative Court in a ruling dated 7 February 2019, which set aside the related interministerial decrees, ordering the MIT and MEF to review their decision regarding the toll increases.

Later, at SAT’s request in view of the ministries’ failure to act, on 18 November 2019, the Regional Administrative Court ordered the MIT and the MEF to comply with the Court’s request within 60 days.

SAT subsequently returned to court in order to request action be taken in response to the ministries’ failure to comply with the above Regional Administrative Court orders within the required deadline.

In orders published on 30 June 2020, Lazio Regional Administrative Court upheld SAT’s requests, appointing an acting commissioner to assume the role of the ministries in deciding on the toll increases for the years 2014, 2016, 2017 and 2018, complying with the principles set out in the above Regional Administrative Court rulings within 90 days.

2.9 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 condensed consolidated interim financial statements.

The use of reserves to pay dividends is not provided for.

2.10 Events after 30 June 2020

Developments in the talks with the Ministry of Infrastructure and Transport regarding the procedure for serious breach and the search for an agreed solution

With regard to the talks with the Ministry of Infrastructure and Transport (the “MIT”), aimed at resolving the dispute over the Ministry’s allegations of serious breaches of the Concession Arrangement following the collapse of a section of the Polcevera road bridge, in a memorandum dated 11 July 2020, Autostrade per l’Italia, whilst continuing to reject the allegations made against the company regarding alleged breaches of its obligations in relation to management of the Polcevera road bridge, set out a new settlement proposal. This is also described in note 2.8, “Significant regulatory aspects”. The new proposal involves:

- a) a commitment to provide the full amount of the funding requested by Government representatives, amounting to €3,400 million, entirely at the company’s own expense and without any return, with this sum to be used to finance reductions in tolls for the benefit of road users (€1,500 million), additional maintenance work on the infrastructure operated under concession during the regulatory period 2020 - 2024 (€1,200 million), and work on reconstruction of the Polcevera road bridge and all other related expenses (€700 million);
- b) a commitment to accept the tariff regime set out in the Transport Regulator’s determinations 16 and 71, applying annual toll increases of 1.75% from 1 January 2021, as indicated by representatives of the Government, in addition to the recovery of the negative impact of Covid-19;
- c) a commitment to submit an updated Financial Plan within 7 days of acceptance of the new proposal in keeping with the terms thereof;
- d) a commitment, subject to prior assessment of the conditions for the bankability of the planned investment programme, to amend art. 9 of the Concession Arrangement in line with the compensation regime set out in art. 35 of Law Decree 163 of 2019, only in cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network, where there is certain proof of the operator’s sole responsibility;
- e) a commitment to work with the Grantor on an inspection programme, backed up by an appropriate system of penalties;
- f) a commitment to withdraw a series of pending legal actions relating to reconstruction of the road bridge, the tariff regime introduced by the Transport Regulator and the provisions of the *Milleproroghe* Law Decree.

At the same time, Autostrade per l’Italia, noting Atlantia’s willingness to reduce its stake in the company and allow new investors to acquire shares, declared a willingness to ask shareholders to consider the sale of shares to public and private institutional investors by issuing new shares as part of a capital increase.

Following subsequent talks, on 13 July 2020, Autostrade per l’Italia sent a letter to the Cabinet Office, the MIT and the Ministry of the Economy and Finance, providing further details of the proposal dated 11 July 2020.

On 14 July 2020, Atlantia and Autostrade per l’Italia sent a further letter to the above representatives of the Government. This expressed a willingness, subject to approval by their respective boards of directors, to enter into an agreement to carry out a market transaction designed to result in Atlantia giving up control of Autostrade per l’Italia and make it possible for

a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders.

Finally, on 15 July 2020, Atlantia and Autostrade per l'Italia submitted a further proposal, based on the indications received in the meantime. This new proposal, subject to approval by the companies' board of directors, entails the inclusion of Covid-19 related costs in the average annual toll increase of 1.75%, in addition to acceptance of the amendment of art. 9 of the Concession Arrangement, stating that in the event of the identification of specific causes of forfeiture, the compensation due is to be determined on the basis of the unamortised cost of construction and upgrade services performed.

In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government *"has decided to begin the settlement process as provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised"*.

On 15 July 2020, the Grantor also requested Autostrade per l'Italia to submit the revised Financial Plan. Autostrade per l'Italia responded to the request by sending the revised plan with a letter dated 23 July 2020.

Subsequently, on 31 July 2020, the MIT called a meeting with Autostrade per l'Italia in order to agree on how to proceed (with regard to the settlement agreement and an addendum to the concession arrangement) and to convey its observations on previous documents. This meeting gave rise to a number of differences with respect to what had previously been agreed. On this basis, the operator will itself respond by drawing up a revised text in line with what has been agreed on during the talks, thus progressing negotiations with the grantor with a view to reaching a rapid conclusion of the dispute.

At the same time, on 3 August 2020, Autostrade per l'Italia received observations on the Financial Plan submitted by the operator on 23 July. These are being examined before preparing an appropriate response.

Autostrade per l'Italia's rating

As noted in the "Introduction" to the interim report on operations, on 18 July, Fitch upgraded the Company's rating to Rating Watch Evolving from Rating Watch Negative, whilst on 23 July 2020 Moody's upgraded the outlook from "negative" to "developing".

The Company's ratings at the date of publication of this document are shown below:

- S&P Global 'BB-' (CreditWatch negative)
- Moody's 'Ba3' ("developing" outlook)
- Fitch Ratings 'BB+' (Rating Watch "evolving").

2.11 Outlook and risks or uncertainties

At the date of preparation of the Interim Report for the six months ended 30 June 2020, there are significant ongoing uncertainties surrounding Autostrade per l'Italia's concession and regulatory framework and the resulting financial and liquidity risks, which have also been caused by the restrictions on movements introduced in order to combat the spread of the Covid-19 pandemic.

The resulting reductions in traffic are having a negative impact on the ability of Group companies to generate cash to fund planned investment and to service debt.

The Group has responded to the consequences of the decline in traffic by rapidly taking steps to implement cost efficiencies and cuts and partially revise its investment programme, whilst continuing to ensure continued investment in the safety of infrastructure. The Group is also looking into taking advantage of the measures made available by the Government to mitigate the impact of the Covid-19 emergency.

It is not at this time possible to foresee how the situation will develop or how long it will take for traffic and the Group's activities to return to pre-existing conditions. As previously noted in the Annual Report for 2019, considering the traffic figures up to this point, a preliminary sensitivity analysis, conducted with the support of leading research organisations, results in an estimated annual decline in traffic of between 20% and 30% compared with the previous year. This would lead to an estimated reduction in Autostrade per l'Italia's toll revenue of between €800 million and €1,000 million. The assumptions underlying such a sensitivity analysis are, however, subject to change depending on events and on a number of risk factors and uncertainties. As a result, the impact on expected revenue may differ, perhaps significantly, from the above figures.

Group companies are closely monitoring developments in the situation and further cost efficiencies, as well as the potential for taking advantage of government measures designed to mitigate the impact on revenue and the financial position.



**CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS**



Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	30 June 2020	<i>of which related party transactions</i>	31 December 2019	<i>of which related party transactions</i>
ASSETS					
Non-current assets					
Property, plant and equipment	7.1	82,468		87,730	
Property, plant and equipment		80,198		85,201	
Investment property		2,270		2,529	
Intangible assets	7.2	17,527,438		17,727,337	
Intangible assets deriving from concession rights		11,384,627		11,586,985	
Goodwill and other intangible assets with indefinite lives		6,111,304		6,111,304	
Other intangible assets		31,507		29,048	
Investments	7.3	78,729		82,439	
Investments accounted for at cost or fair value		1,645		1,645	
Investments accounted for using the equity method		77,084		80,794	
Non-current financial assets	7.4	365,830		348,238	
Non-current financial assets deriving from government grants		174,078		165,463	
Non-current term deposits		169,935		161,319	
Other non-current financial assets		21,817		21,456	
Deferred tax assets	7.5	167,289		110,338	
Other non-current assets	7.6	164		164	
Total non-current assets		18,221,918		18,356,246	
Current assets					
Trading assets	7.7	406,387		559,325	
Inventories		66,585		60,737	
Contract work in progress		4,204		4,204	
Trade receivables		335,598	56,864	494,384	95,881
Cash and cash equivalents	7.8	981,741		1,619,600	
Cash		504,963		954,055	
Cash equivalents		23,994		5,125	
Intercompany current account receivables due from related parties		452,784	452,784	660,420	660,420
Current financial assets	7.4	440,994		490,922	
Current financial assets deriving from concession rights		409,742		409,584	
Current financial assets deriving from government grants		4,794		25,495	
Current term deposits		3,973		24,674	
Current portion of medium/long-term financial assets		3,942		22,798	
Other current financial assets		18,543		8,371	
Current tax assets	7.9	58,178	27,628	48,287	28,065
Other current assets	7.10	207,046		134,057	
Assets held for sale or related to discontinued operations	7.11	4,271		4,271	
Total current assets		2,098,617		2,856,462	
TOTAL ASSETS		20,320,535		21,212,708	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	30 June 2020	<i>of which related party transactions</i>	31 December 2019	<i>of which related party transactions</i>
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent		1,400,108		1,864,165	
Issued capital		622,027		622,027	
Reserves and retained earnings		1,253,854		1,524,032	
Profit/(Loss) for the period		-475,773		-281,894	
Equity attributable to non-controlling interests		352,526		356,259	
Issued capital and reserves		356,259		342,798	
Profit/(Loss) for the period net of interim dividends		-3,733		13,461	
Total equity	7.12	1,752,634		2,220,424	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	7.13	2,032,143		2,311,749	
Non-current provisions	7.14	1,623,837		1,222,454	
Non-current provisions for employee benefits		83,843		89,588	
Non-current provisions for repair and replacement of motorway infrastructure		1,440,260		1,040,913	
Non-current provisions for renewal of motorway infrastructure		83,897		75,921	
Other non-current provisions for risks and charges		15,837		16,032	
Non-current financial liabilities	7.15	7,538,288		9,682,179	
Bond issues		6,389,155		7,024,847	
Medium/long-term borrowings		579,699		2,166,407	
Non-current derivative liabilities		569,434		490,925	
Deferred tax liabilities	7.5	21,874		141,009	
Other non-current liabilities	7.16	25,013		29,149	
Total non-current liabilities		11,241,155		13,386,540	
Current liabilities					
Trading liabilities	7.17	969,186		1,360,207	
Trade payables		969,186	236,639	1,360,207	288,351
Current portion of provisions for construction services required by contract	7.13	628,649		448,979	
Current provisions	7.14	2,359,641		2,259,287	
Current provisions for employee benefits		16,499		16,588	
Current provisions for repair and replacement of motorway infrastructure		594,743		676,057	
Current provisions for renewal of motorway infrastructure		2,591		2,750	
Other current provisions		1,745,808		1,563,892	
Current financial liabilities	7.15	3,118,030		1,167,908	
Bank overdrafts repayable on demand		1		2	
Short-term borrowings		339,999		244,999	
Current derivative liabilities		355		794	
Intercompany current account payables due to related parties		32,359	32,359	27,858	27,860
Current portion of medium/long-term financial liabilities		2,364,154		863,072	
Other current financial liabilities		381,162	350,000	31,183	
Current tax liabilities	7.9	6,459		45,031	26,618
Other current liabilities	7.18	244,685	16,346	324,236	18,028
Liabilities related to discontinued operations	7.11	96		96	
Total current liabilities		7,326,746		5,605,744	
TOTAL LIABILITIES		18,567,901		18,992,284	
TOTAL EQUITY AND LIABILITIES		20,320,535		21,212,708	

CONSOLIDATED INCOME STATEMENT

€000	Note	H1 2020	of which related party transactions	H1 2019	of which related party transactions
REVENUE					
Toll revenue	8.1	1,167,038		1,761,206	
Revenue from construction services	8.2	65,628		70,741	
Other operating revenue	8.3	95,885	37,380	205,968	68,667
TOTAL REVENUE		1,328,551		2,037,915	
COSTS					
Raw and consumable materials	8.4	-31,446		-179,429	
Service costs	8.5	-570,293	-131,703	-451,352	-135,464
Gain/(Loss) on sale of elements of property, plant and equipment		212		149	
Staff costs	8.6	-228,321	-9,364	-269,020	-12,910
Other operating costs	8.7	-178,944		-271,737	
Concession fees		-150,413		-226,708	
Lease expenses		-4,020		-3,127	
Other		-24,511		-41,902	
Operating change in provisions	8.8	-515,739		100,524	
Provisions/(Uses of provisions) for repair and replacement of motorway infrastructure		-308,726		122,722	
(Provisions)/Uses of provisions for renewal of motorway infrastructure		-7,262		-10,239	
(Provisions)/Uses of provisions for risks and charges		-199,751		-11,959	
Use of provisions for construction services required by contract	8.9	131,383		186,031	
Amortisation and depreciation		-321,207		-311,960	
Depreciation of property, plant and equipment		-11,417		-11,418	
Amortisation of intangible assets deriving from concession rights		-300,456		-292,048	
Amortisation of other intangible assets		-9,334		-8,494	
(Impairment losses)/Reversals of impairment losses	8.10	-1,269		-6,446	
TOTAL COSTS		-1,715,624		-1,203,240	
OPERATING PROFIT/(LOSS)		-387,073		834,675	
Financial income					
Dividends received from investees		41,869		42,935	
Other financial income		-		-	
Financial expenses		41,869		42,935	
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-304,338		-261,750	
Other financial expenses		-8,827		-19,384	
Foreign exchange gains/(losses)		-295,511	-6,456	-242,366	-7,507
		-342		410	
FINANCIAL INCOME/(EXPENSES)	8.11	-262,811		-218,405	
Share of (profit)/loss of investees accounted for using the equity method	7.3	-4,363		-526	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		-654,247		615,744	
Income tax (expense)/benefit					
Current tax expense	8.12	173,518		-185,964	
Differences on current tax expense for previous years		-6,591		-130,854	
Deferred tax income and expense		555		3,537	
		179,554		-58,647	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		-480,729		429,780	
Profit/(Loss) from discontinued operations		1,223		-70	
PROFIT/(LOSS) FOR THE PERIOD		-479,506		429,710	
<i>of which:</i>					
Profit/(Loss) attributable to owners of the parent		-475,773		425,729	
Profit/(Loss) attributable to non-controlling interests		-3,733		3,981	
€					
		H1 2020		H1 2019	
Basic earnings/(loss) per share attributable to owners of the parent					
of which:	8.13	-0.77		0.68	
- continuing operations		-0.77		0.68	
- discontinued operations		-		-	
Diluted earnings/(loss) per share attributable to owners of the parent					
of which:	8.13	-0.77		0.68	
- continuing operations		-0.77		0.68	
- discontinued operations		-		-	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000		H1 2020	H1 2019
Profit/(Loss) for the period	(A)	-479,506	429,710
Fair value gains/(losses) on cash flow hedges		-	-136,143
Tax effect of fair value gains/(losses) on cash flow hedges		-	32,670
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		80	-64
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-62	-4
Other comprehensive income of investments accounted for using the equity method		715	-
Other comprehensive income/(loss) reclassifiable to profit or loss for the period	(B)	733	-103,541
Other comprehensive income/(loss) not reclassifiable to profit or loss for the period	(C)	-	-
Tax effect of reclassification of cash flow hedge reserve		-3,469	-
Reclassification of cash flow hedge reserve		14,452	15
Reclassifications of other components of comprehensive income to profit or loss for the period	(D)	10,983	15
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)	11,716	-103,526
<i>of which attributable to discontinued operations</i>		-	-
Comprehensive income/(loss) for the period	(A+F)	-467,790	326,184
<i>Of which attributable to owners of the parent</i>		-464,057	322,203
<i>Of which attributable to non-controlling interests</i>		-3,733	3,981

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	Reserve for translation of 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 2018	622,027	-125,499	39	-16	1,388,112	608,109	2,492,772	350,825	2,843,597
Comprehensive income/(loss) for the period	-	-103,458	-64	-4	-	425,729	322,203	3,981	326,184
<u>Owner transactions and other changes</u>									
Autotrading per Italia SpA's final dividend (€0.50 per share)	-	-	-	-	-	-311,013	-311,013	-	-311,013
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	297,096	-297,096	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-8,016	-8,016
Share-based incentive plans and other minor changes	-	-	-	-	81	-	81	19	100
Balance as at 30 June 2019	622,027	-228,957	-25	-20	1,685,289	425,729	2,504,043	346,809	2,850,852
Balance as at 31 December 2019	622,027	-157,639	55	-37	1,681,653	-281,894	1,864,165	356,259	2,220,424
Comprehensive income/(loss) for the period	-	10,983	80	-62	715	-475,773	-464,057	-3,733	-467,790
<u>Owner transactions and other changes</u>									
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	-281,894	281,894	-	-	-
Balance as at 30 June 2020	622,027	-146,656	135	-99	1,400,474	-475,773	1,400,108	352,526	1,752,634

CONSOLIDATED STATEMENT OF CASH FLOWS

€000	Note	H1 2020	<i>of which related party transactions</i>	H1 2019	<i>of which related party transactions</i>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the period		-479,506		429,710	
Adjusted by:					
Amortisation and depreciation		321,207		311,960	
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		498,255		-138,880	
Financial expenses from discounting of provisions for construction services required by contract and other provisions	8.11	8,827		19,384	
Share of (profit)/loss of investees accounted for using the equity method	7.3	4,363		526	
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	8.10	1,269		6,446	
(Gains)/Losses on sale of non-current assets		-212		-149	
Net change in deferred tax (assets)/liabilities through profit or loss	8.12	-179,554		58,647	
Other non-cash costs (income)		43,744		-2,194	
Change in working capital and other charges		-450,818	-44,138	154,539	34,900
Net cash generated from/(used in) operating activities [a]	9.1	-232,425		839,989	
CASH FLOWS (USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	7.2	-197,170		-256,760	
Purchases of property, plant and equipment	7.1	-6,466		-6,265	
Purchases of other intangible assets	7.2	-11,793		-7,698	
Government grants related to assets held under concession		38		1,368	
Increase in financial assets deriving from concession rights (related to capital expenditure)		158		479	
Purchases of investments		-		-2,808	
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		525		495	
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred		-		-	
Net change in other non-current assets		-		-	
Net change in current and non-current financial assets		32,809		16,148	
Net cash generated from/(used in) investing activities [b]	9.1	-181,899		-255,041	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Dividends paid		-		-321,621	
Return of capital to non-controlling shareholders		-		-	
Repayments of loans from the parent		-	-	-	
Increase in lease liabilities	7.15	1,221		2,476	
Redemption of bonds	7.15	-501,728		-593,334	
Repayments of medium/long term borrowings (excluding finance lease liabilities)	7.15	-69,717		-62,222	
Repayments of lease liabilities	7.15	-1,654		-1,223	
Net change in other current and non-current financial liabilities		343,843	350,019	-77,991	1,463
Net cash generated from/(used in) financing activities [c]	9.1	-228,035		-1,053,915	
Increase/(Decrease) in cash and cash equivalents [a+b+c]	9.1	-642,359		-468,967	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,591,740		1,784,201	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		949,381		1,315,234	

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€000	Note	H1 2020	H1 2019
Income taxes paid		53,277	107
Interest and other financial income collected		39,171	39,476
Interest expense and other financial expenses paid		335,329	334,314
Foreign exchange gains collected		278	22
Foreign exchange losses incurred		3	5

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€000	Note	H1 2020	H1 2019
<u>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</u>		1,591,740	1,784,201
Cash and cash equivalents	7.8	1,619,600	1,791,628
Bank overdrafts repayable on demand	7.15	-2	-2
Intercompany current accounts payables due to related parties	7.15	-27,858	-7,425
<u>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</u>		949,381	1,315,234
Cash and cash equivalents	7.8	981,741	1,324,127
Bank overdrafts repayable on demand	7.15	-1	-4
Intercompany current account payables due to related parties	7.15	-32,359	-8,889

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" or "ASPI") 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 2020 were approved by the Company's Board of Directors at its meeting of 3 August 2020.

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 2020 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. They have been prepared on the assumption that the Parent Company is a going concern, given that the Company's Board of Directors believes that there is a reasonable expectation that the Company, and the Group it heads, will continue to operate normally in the foreseeable future, and in any event over a period of at least twelve months from 30 June 2020. In assessing whether application of the going concern assumption was appropriate, the Board examined the various risk factors and uncertainties and conducted the assessment described in detail in the following section, "Going-concern uncertainties and assessment conducted by the Company" in note 2. On completion of the assessment, Autostrade per l'Italia's Board of Directors concluded that, whilst there are uncertainties regarding the future operations of the Company and the Group, these uncertainties are surmountable and, therefore, deemed it appropriate to prepare these consolidated financial statements on a going concern basis.

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 described in note 3 to the consolidated financial statements as at and for the year ended 31 December 2019, 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 2019. In addition, no new accounting standards or interpretations, nor amendments to existing standards or interpretations, with an impact on the consolidated financial statements have come into effect during the first half of 2020.

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.

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, it should be noted that:

- a) no non-recurring events (other than the effects of the Covid-19 pandemic, which has resulted in a significant reduction in revenue for the period) and no non-recurring, atypical or unusual transactions either with third or related parties, having a material impact on the Group’s consolidated income statement, occurred during the first half of 2020. As a result, the consolidated financial statements therefore only show material amounts relating to related party transactions;
- b) the condensed consolidated interim financial statements as at and for the six months ended 30 June 2020 (like those for the comparative period of 2019) include information on the impact on profit or loss and on the financial position of the non-recurring event that took place in August 2018, relating to the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway operated by Autostrade per l’Italia. The impact on the consolidated income statement for the first half of 2020 are described in note 6.2.

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.

Each item in the financial statements is compared with the corresponding amount for the previous reporting period. Amounts for the comparative period have not been restated or reclassified.

Going-concern uncertainties and assessment conducted by the Company

Despite material uncertainties that may cast significant doubt on application of the going concern assumption, primarily connected with the content, procedures and timing of the process involved in concluding the agreements with the Government described below, the condensed consolidated interim financial statements have been prepared on a going concern basis.

These uncertainties, which were already present at the time of preparation of the Annual Report for 2019, emerge from an assessment of both the risk factors for Autostrade per l'Italia's ability to operate as a going concern and the elements enabling the Company to mitigate such risks.

The identified risk factors are described below, including details of the origin and nature of the risks and the steps taken, or to be taken, to manage such risk factors.

The reasons behind the decision to continue using the going concern basis, despite the uncertainties remaining after the currently available mitigating actions have been adopted, are also described.

Autostrade per l'Italia's Board of Directors examined all the existing the risk factors and uncertainties at the date of preparation of this document, above all developments regarding the factors already described in detail in the section, "Going-concern uncertainties and assessments conducted by the Company", in note 2 to the consolidated financial statements as at and for the year ended 31 December 2019, included in the Annual Report for 2019, and notes 10.7, "Significant legal and regulatory aspects", 10.8, "Events after 30 June 2020" and note 6, "Events and corporate actions during the period" in this document. The elements requiring careful assessment with regard to the Company's ability to continue to operate as a going concern for a period of at least twelve months following approval of these condensed consolidated interim financial statements are grouped together and summarized below:

- a) relations and outstanding litigation between Autostrade per l'Italia and the Grantor, as described in greater detail in section 10.7 "Significant legal and regulatory aspects";
- b) the Italian Government's approval of the so-called *Milleproroghe* Decree, above all art. 35 of the Decree (as referred to in section 10.7 "Significant legal and regulatory aspects"), which, among other things, amends the legislation governing the "revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways";
- c) the downgrade of Autostrade per l'Italia's credit ratings to below investment grade and of its outlook by the international agencies, Moody's, Fitch and Standard & Poor's, affecting the Company's ability to borrow in the financial markets. The downgrade to below investment grade could expose the Company to the risk that the European Investment Bank (the "EIB") and, in relation to its share of the debt, Cassa Depositi e Prestiti ("CDP") might request additional protections, and, were such protections not judged to be reasonably satisfactory, they could request early repayment of the existing debt (as at 30 June 2020, amounting to approximately €2.1 billion, with approximately €1.7 billion, including early repayment penalties, guaranteed by Atlantia). The failure to satisfy a request for early repayment from the EIB or CDP, provided that it were lawful, could result in similar requests from the Company's other creditors, including bondholders;
- d) the restrictions on movement, introduced in response to the emergency caused by the spread of the Covid-19 virus, which have led to a sharp fall in traffic volumes and have had, and will continue to have, a significant impact on the results for the first half of 2020 and which we believe may also have an impact on the results for 2020 and 2021. This situation has had significant repercussions on the temporary ability of Autostrade per l'Italia and the Group's other operators to generate sufficient cash to fund planned investment and to service debt. Together with the regulatory framework in the first half of 2020, it has also had a wider impact on Autostrade per l'Italia's ability to borrow in the financial markets in order to meet its financial needs.

With regard to points a) and b) above (relations with the Grantor and the *Milleproroghe* Decree), as described in full in note 10.7, “Significant legal and regulatory aspects”, the Company submitted a new settlement proposal on 11 July 2020 with a view to bringing to an end the procedure for serious breach of the Concession Arrangement. The proposal, based on the results of numerous exchanges with the Government, the MIT and the Ministry of the Economy and Finance, sets out key aspects of the settlement, described in more detail in note 6, “Events and corporate actions during the period” and in note 10.7, “Significant legal and regulatory aspects”.

On 14 July 2020, Atlantia and Autostrade per l’Italia sent a further letter to the above representatives of the Government, noting, among other things, the parent’s willingness to reduce its stake in Autostrade per l’Italia, subject to the approval of the respective boards of directors, and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator’s existing minority shareholders. In response, through press release n.56 of 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government “*has decided to begin the settlement process as provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised*”.

In brief, the developments described above and the position expressed by the Government in the above announcement, together with the complexity of the transactions to be carried out in order to implement the settlement agreement and the ongoing approval process for the Financial Plan, have led the Board of Directors to believe that it is not reasonably likely that the Government will decide to revoke the concession arrangement, and to believe, instead, that it is reasonably likely that an agreement will be reached. Should such a decision to revoke the concession be taken, the Board of Directors believes that there are strong grounds on which to challenge such a step.

With regard to points c) and d) above (the downgrade and the Covid-19 pandemic) and, more generally, the uncertainty regarding Autostrade per l’Italia’s ability to generate sufficient cash to fund planned investment and to service debt, and its wider ability to borrow in the financial markets in order to meet its financial needs, it should be noted that the agreement for the first €400 million tranche of the financial support to be provided by the parent, Atlantia, was signed on 10 June 2020. €350 million of this amount, which forms part of the €900 million in financial support that Atlantia has committed to provide to the Company, has been disbursed and is to be repaid by December 2020. The Company also has access to facilities that, together with the loan from the parent and cash flow from continuing operations, will enable it to fund its operations and capital expenditure.

Again with regard to the financial position, and in particular the downgrade, it should be noted that at the date of preparation of this Interim Report, neither the EIB or CDP has requested the enforcement of any contractual rights and/or remedies.

In May 2020, Autostrade per l’Italia began the process of applying for a credit facility of €1,250 million that would benefit from a guarantee provided by SACE under art. 1, paragraph 7 of law Decree 23 of 8 April 2020 (the so-called *Liquidità* Decree). The Company believes it can access this guarantee in view of its role in managing “critical and strategic infrastructure” and its “impact on employment and the labour market”. At the date of preparation of this Interim Report, the arrangement process is still ongoing.

Finally, in view of the changed environment and the Government’s express willingness to reach a settlement, on 18 July, Fitch upgraded the Company’s rating to Rating Watch Evolving. On 23 July 2020, Moody’s also upgraded the Company’s outlook from “negative” to “developing”.

Unless there is a further, unexpected deterioration in the economic scenario, the combination of the above actions should enable the Company to meet its reasonably expected funding needs in the second half of 2020 and in 2021, thus covering requirements connected with the significant reduction in traffic caused by Covid-19, the Company’s commitments linked to existing debt obligations and implementation of its investment and maintenance programmes.

The above elements and, in particular, the actions taken to meet the Company's funding needs, and the expectation of an agreement with the Government and the MIT, have led the Directors to believe that all the above risks and uncertainties are reasonably surmountable.

The Board of Directors has thus deemed that all the conditions have been met for the Company to prepare the condensed consolidated interim financial statements as at and for the six months ended 30 June 2020 on a going concern basis, using the accounting policies applicable to such a going concern, as described in note 3, "Accounting standards and policies applied" in the condensed consolidated interim financial statements.

Assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.

The Board of Directors will continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable it, should it prove necessary, to take the required corrective action.

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 2020 are consistent with those applied in preparation of the consolidated financial statements as at and for the year ended 31 December 2019. This reflects the fact that, as previously noted, no new accounting standards or interpretations, having an impact on individual items in the consolidated financial statements, have come into effect during the first half of 2020.

Note 3 to the consolidated financial statements as at and for the year ended 31 December 2019, to which reference should be made, provides both a detailed description of the accounting standards and policies applied.

The amendments to IFRS 9, IAS 39 and IFRS 7 on "Interest Rate Benchmark Reform" came into effect from 1 January 2020. The amendments have modified certain of the requirements for the application of hedge accounting, introducing temporary exemptions to such requirements. This is to mitigate the impact of uncertainty over the reform of Interbank Offered Rates (IBOR), whilst awaiting its completion, on assessments of the effectiveness of hedging derivatives. Following a review of the accounting treatment applied to the entire derivatives portfolio during the previous year, and as a result of which all the Company's derivatives are classified as not qualifying for the application of hedge accounting, the amendment has not had any impact on the accounts as at 30 June 2020.

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 primarily used in determining amortisation and depreciation, in the impairment testing of assets (including financial assets) and in estimating provisions for construction services required by contract and other provisions, employee benefits, the fair value of financial assets and liabilities, the percentage of completion of the performance of services that generate revenue 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.

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. 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 2019.

Further details of significant events linked to the Group's concession arrangements, during the first half of 2020, are provided in note 10.7, "Significant legal and regulatory aspects".

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 2020 are consistent with those used in preparation of the consolidated financial statements as at and for the year ended 31 December 2019 and described in note 5 therein.

In addition to the Parent Company, Autostrade per l'Italia, companies are consolidated when Autostrade per l'Italia exercises control. Control over an entity is exercised when the Group is exposed to or has the right to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's 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 2020 is unchanged with respect to the scope as at 31 December 2019.

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.

With regard to the subsidiary, Autostrade Meridionali, whose concession to operate the Naples – Pompei – Salerno motoway expired on 31 December 2012 and for which, as described in note 10.7, the process of selecting a new operator is in progress, it should be noted that the incoming operator will be required (i) to pay the company a takeover right (as described in note 7.4) equal to the carrying amount of unamortised capital expenditure during the final years of the concession, and (ii) to acquire and assume all existing contractual rights and obligations entered into by the outgoing operator, with the exception of those of a financial nature, and responsibility for all pending disputes and litigation. Despite this, given that, as at 30 June 2020, not all the conditions established in IFRS 5 has been met in order to consider the transfer of the above rights and obligations to a new operator highly probable, the operator's assets and liabilities have continued to be classified, in the Group's consolidated consolidated financial statements, on the same basis as in previous years. This reflects the fact that the requirements for classification in "Non-current assets held for sale and assets/liabilities related to discontinued operations" have not been met.

6. Events and corporate actions during the period

6.1 Impact of the Covid-19 pandemic

As also required by ESMA recommendation “ESMA 32-63-972”, this section provides a summary of the impact on the issuer of the health emergency caused by the Covid-19 pandemic and the responses of Autostrade per l’Italia and the other Group companies. A description of the uncertainties arising as a result of the health emergency is provided in the section, “Going concern uncertainties and assessment conducted by the Company”, in note 2 “Basis of preparation of the consolidated financial statements”.

As previously noted, the spread of the Covid-19 epidemic, the Italian Government’s declaration of a health emergency and the resulting restrictions on movement had a significant impact on the performance of traffic throughout the network. This had an impact on the toll revenue and other operating income (lower income from service area royalties) earned by Autostrade per l’Italia and the other Group companies, with the resulting reductions amounting to approximately €612 million and €55 million, respectively (a total of €592 million after the related concession fees).

In response, Group companies took rapid steps to implement cost efficiencies, whilst not reducing expenditure on the maintenance and safety of the Group’s infrastructure, and adopted the measures made available by the authorities in order to protect their workers. These included use of the ordinary wage guarantee fund or *CIGO* and other instruments that have enabled the Parent Company and the Group’s other operators to reduce their staff costs by a total of €22 million.

In addition, Autostrade per l’Italia has adopted a series of financial initiatives designed to support service area operators, resulting an overall increase of €2 million in the Group’s operating costs.

Based on the figures and simulations conducted, the estimated overall impact of the Covid-19 pandemic and the Group’s response on profit for the period attributable to owners of the parent amounts to approximately €565 million (€411 million after the related taxation).

6.2 Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa and resulting impact on the financial statements

With regard to the tragic collapse of a section of the Polcevera road bridge (the “road bridge”) on the A10 Genoa-Ventimiglia motorway on 14 August 2018, reference should be made to the information already provided in note 6.1 to the consolidated financial statements as at and for the year ended 31 December 2019.

Information on developments regarding the legal and concession-related aspects in the first half of 2020 is provided below in note 10.7, “Significant legal and regulatory aspects”.

Convinced that it has complied with its concession obligations and whilst awaiting the outcome of the ongoing investigation into the causes of the collapse, the Parent Company, Autostrade per l’Italia has, in any event, an obligation to reconstruct the Polcevera road bridge under the terms of the existing Single Concession Arrangement. This obligation falls within the scope of provisions to be made to the “Provisions for the repair and replacement of motorway infrastructure”, in application of the accounting standards and policies applied and described in note 3. In particular, the provision made in the consolidated financial statements as at and for the year ended 31 December 2018 meets the requirements of IAS 37 in relation to provisions, being that

- a) the Group has a present obligation as a result of a past event;
- b) it is probable that an outflow of resources will be required to settle the obligation; and
- c) the related amount can be reliably estimated.

Moreover, fulfilment of the obligation will not qualify for recognition of an intangible asset, either as a right deriving from construction services for which no additional economic benefits are received or as a right deriving from construction services for which additional benefits are received.

Autostrade per l'Italia has an obligation to reconstruct the infrastructure previously operated under concession and this reconstruction of the road bridge:

- a) does not form part of specific obligations to perform certain construction services (services that do not give rise to any form of toll increase or other benefit) assumed at the time of signing the Concession Arrangement;
- b) does not generate any additional economic benefit, in that it relates to the mere reconstruction /replacement of pre-existing infrastructure. Any indirect benefits, such as, for example, the fact that the new road bridge will result in lower maintenance costs in future years cannot result in recognition of an intangible asset, as this would not meet the requirements of IAS 38.

With regard to the above, in accordance with the accounting treatment applicable had Autostrade per l'Italia proceeded directly to carry out the above activities based on the terms of the Single Concession Arrangement (despite the fact that responsibility for reconstruction of the road bridge has been assigned by law to a Special Commissioner for appointed by the government), a series of costs resulting from the events in question have already been recognised in the income statement for 2018, including the costs directly incurred by the Parent Company, as described in detail in note 6.1 to the consolidated financial statements as at and for the year ended 31 December 2018 and 31 December 2019.

As stated in the above note, with regard to the method of accounting for risks and charges connected with “direct” and “indirect” damages, the following should be noted:

- a) so-called “direct damages”, meaning damages directly linked to the events as a direct and immediate consequence of the collapse of the road bridge and regardless of any theoretical hypothesis on the cause of the collapse, may be divided into two types: i) the costs connected with demolition and reconstruction, including the payment of compensation to the businesses located beneath the road bridge, for which the Company has made provision in the “Provisions for the repair and replacement of motorway infrastructure”; and ii) the charges related to the compensation paid to the victims’ families and to the injured, accounted for in “Other provisions for risks and charges”;
- b) with regard to so-called “indirect damages” hypothetically identified in relation to the collapse, it should be noted that, as regards determination of the probability of an adverse outcome and, as a result, identification of the accounting category provided for in IAS 37 (provisions or a contingent liability) with which it is reasonable to associate the legal risks in question, the Company’s considerations are based on, and are in consistent with, a series of technical and legal opinions from professionals specialising in the related areas, in which the circumstances surrounding the collapse of the road bridge and the related disputes have been analysed in detail in order to estimate the probability of an adverse outcome for the Company and the expected value of any liabilities in the event of such an outcome.

With regard to the “indirect damages”, the opinions received provide useful, if not decisive, elements on which Autostrade per l’Italia has based its judgement as to how to account for the charges, as either provisions or a contingent liability. This means assessing the degree to which it is likely that an adverse outcome will occur as a result of the disputes and the possibility of arriving with reasonable certainty at an estimate of the size of the loss connected with the occurrence of this event.

The above technical and legal opinions have demonstrated that it is currently impossible to construct an ex ante hypothesis, and that it will be necessary to assess the concrete evidence that may emerge from time to time, and that, as to any identification of the entity responsible for the event, the Parent Company has not been identified as being responsible for the occurrence of the event in any final court or out-of-court ruling.

Thus, based on the fact that:

- a) it is not possible to construct an ex ante hypothesis regarding the Company’s responsibility for the occurrence of the event, nor, as a result, regarding whether or not any damages are due or the size of any damages;

- b) at the present time, there are further causes of uncertainty regarding whether or not any damages are due, or the size of any damages payable by the Company, in view of the disputes arising as a result of the assessments currently being conducted by the Company's insurance providers in relation to the collapse of the road bridge;
and that, from an accounting point of view, the conditions set out in paragraph 14 of IAS 37 have not been met, it is not possible to recognise provisions in "Other provisions for risks and charges".

In addition, the decision to exempt road users in the Genoa area from the payment of tolls in the first half of 2020 has resulted in a reduction in toll revenue of €7 million (a total of €26 million in 2019 and 2018).

In keeping with the above accounting treatment, in the first half of 2020 Autostrade per l'Italia has:

- a) recognised costs of €94,659 thousand, as a result of requests from the Special Commissioner, set out in a letter dated 21 December 2018, in implementation of the provisions of art. 1, paragraphs 5 and 6, art. 1-*bis*, art. 4-*bis* of Law Decree 109, converted with amendments into Law 130 of 16 November 2018; these charges are covered in full by "Provisions for the repair and replacement of motorway infrastructure" already set aside as at 31 December 2019 and neutralized in the consolidated income statement for the first half of 2020 via use of these provisions, as accounted for in the "Operating change in provisions";
- b) paid €8,172 thousand directly from the "Other provisions for risks and charges", already made as at 31 December 2019, in the form of compensation for a number of the families of victims directly impacted by the collapse of the road bridge and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect the Company's rights and those of its employees who are under investigation;
- c) recognised costs of €644 million in "Other costs".

Finally, insurance proceeds of €37,500 thousand were recognised in the first half of 2019, following agreement with the insurance company regarding quantification of the amount payable to the Parent Company under existing third-party liability insurance policies for the Polcevera road bridge. This amount has been recognised in "Other operating income" in the consolidated income statement for the first half of 2019

As at 30 June 2020, the following provisions have been recognised in the financial statements in relation to the above charges:

- a) "Provisions for the repair and replacement of motorway infrastructure", totalling €77,103 thousand;
- b) "Other provisions for risks and charges", amounting to €10,066 thousand.

Following the collapse of the road bridge, the Ministry of Infrastructure and Transport (the "MIT") formally accused the Company of certain breaches of its contractual obligations under the Single Concession Arrangement, as described in note 10.7, "Significant legal and regulatory aspects", in the consolidated financial statements as at and for the year ended 31 December 2019.

As described in note 10.7, "Significant legal and regulatory aspects", in this document, in 2020, the Company complied with the indications received from the Government by drawing up numerous proposals aimed at settling the dispute with the MIT. This resulted in the preparation of a new proposal submitted on 11 July 2020 with a view to bringing to an end the procedure for serious breach of the Concession Arrangement. The proposal, based on the results of numerous exchanges with the Government, the MIT and the Ministry of the Economy and Finance, sets out key aspects of the settlement. On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government. This expressed a willingness, subject to approval by their respective boards of directors, to enter into an agreement to carry out a market transaction designed to result in Atlantia giving up control of Autostrade per l'Italia to one or more third parties.

In preparing the condensed consolidated interim financial statements as at and for the six months ended 30 June 2020, account was therefore taken of the impact of the content of the above proposal dated 11 July 2020. In making the related accounting entries, it was not possible to take into account the potential impact (currently not identifiable or quantifiable) of the key points in the settlement agreement and the addendum to the Concession Arrangement – indicated by the MIT on 31 July 2020 – given that talks and meetings designed to clarify such points are still ongoing, as described in note 10.7, “Significant legal and regulatory aspects”.

In line with the accounting treatment previously adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2019 (described in note 6, “Events and corporate actions” in that document), in the above proposal of 11 July 2020, Autostrade per l’Italia has committed, among other things, to provide total funding of €3,400 million at its own expense, marking an increase of €500 million compared with the amount proposed on 5 March 2020. This sum breaks down as follows:

- a) a sum of €1,500 million to be used to finance reductions in tolls, to be agreed with the Grantor and to be applied in such a way as to obtain the maximum benefit for road users, with specific regard to sections where, in the next five years, traffic flow will be most affected by roadworks and commuters. The reductions may also cut tolls to zero in the event of particularly bad disruption;
- b) a sum of €1,200 million – that includes the above increase of €500 million - (totally at the company’s expense) to cover the cost of maintenance of network infrastructure carried out in the regulatory period 2020-2024;
- c) a sum of €700 million to cover the cost of demolition and reconstruction of the Polcevera road bridge and all the associated additional expenses.

With regard to the commitments in point a), the sum of €1,500 million was previously recognised in “Other current provisions for risks and charges” in the consolidated financial statements as at and for the year ended 31 December 2019, as it corresponds with the current best estimate of the amount of Autostrade per l’Italia’s undertaking, despite the previously noted fact that the manner in which these funds are to be used has yet to be decided on. This approach is based on the requirements of IAS 37, above all based on the fact that the Company has assumed a specific current constructive obligation that has been indicated to the counterparty, resulting from the event represented by the collapse of the road bridge. The provisions made are therefore confirmed in relation to the content of the latest proposal.

With regard to the commitments in point b), these are maintenance works that Autostrade per l’Italia had already provided for in its current programme of works, included in its business plan, to be carried out in relation to the commitments assumed in the Single Concession Agreement and in the Financial Plan submitted to the MIT. These maintenance works are, therefore, accounted for in the financial statements in accordance with the criteria previously adopted in quantifying the “Provisions for the repair and replacement of motorway infrastructure”, which take into account the commitments assumed by the Company, including the above further sum of €500 million, including those with regard to the impact on the estimate of the duration of the upcoming cycle of repair or replacement work on the various components of motorway infrastructure.

With regard to the expenses incurred in relation to demolition and/or reconstruction of the road bridge and all the associated additional expenses, as referred to in point c) above, as previously indicated in this note, amounts representing a probable outflow and that can be reliably estimated have already been included in determining the related “Provisions for the repair and replacement of motorway infrastructure” or “Other provisions for risks and charges”. As a result, provisions of €200 million were recognised in “Other provisions for risks and charges” in the first half of 2020, thereby adding to the amount previously set aside as at 31 December 2019 and increasing the provisions to €1,700 million. This addition is to cover additional expenses connected with demolition and reconstruction of the Polcevera road bridge, in line with the information provided above.

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 2020. Comparative amounts as at 31 December 2019 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 - €82,468 thousand (€87,730 thousand)

As at 30 June 2020, property, plant and equipment amounts to €82,468 thousand, compared with a carrying amount of €87,730 thousand as at 31 December 2019.

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 2020			31 December 2019		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	349,640	-279,277	70,363	353,080	-277,847	75,233
Right to use property, plant and equipment	13,763	-3,928	9,835	12,542	-2,574	9,968
Total property, plant and equipment	363,403	-283,205	80,198	365,622	-280,421	85,201
Investment property	8,890	-6,620	2,270	8,889	-6,360	2,529
Total	372,293	-289,825	82,468	374,511	-286,781	87,730

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 2020.

€000	Carrying amount as at 31 December 2019	CHANGES DURING THE PERIOD				Carrying amount as at 30 June 2020
		Additions	Depreciation	Disposals	Reclassifications and other adjustments	
Property, plant and equipment						
Land	2,857	-	-	-	-	2,857
Buildings	20,615	170	-648	-	-	20,137
Plant and machinery	552	93	-40	-207	11	409
Industrial and business equipment	23,262	2,532	-5,796	-104	1,691	21,585
Other assets	16,041	1,860	-3,320	-	-	14,581
Property, plant and equipment under construction and advance payments	11,906	590	-	-	-1,702	10,794
Total	75,233	5,245	-9,804	-311	-	70,363
Right to use property, plant and equipment						
Rights to use leased buildings	7,579	1,076	-846	-	-	7,809
Rights to use leased plant and machinery	-	-	-	-	-	-
Rights to use leased equipment and other leased assets	2,389	145	-508	-	-	2,026
Total	9,968	1,221	-1,354	-	-	9,835
Total property, plant and equipment	85,201	6,466	-11,158	-311	-	80,198
Investment property						
Land	191	-	-	-	-	191
Buildings	2,338	-	-259	-	-	2,079
Total	2,529	-	-259	-	-	2,270
Total	87,730	6,466	-11,417	-311	-	82,468

The reduction in the carrying amount of property, plant and equipment with respect to 31 December 2019, amounting to €5,262 thousand, essentially reflects depreciation for the period (€11,417 thousand), partially offset by capital expenditure during the period (€6,466 thousand).

"Investment property" of €2,270 thousand as at 30 June 2020 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 €20 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 2020.

As at 30 June 2020, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2 Intangible assets - €17,527,438 thousand (€17,727,337 thousand)

This item consists of:

- a) intangible assets deriving from concession rights, totalling €11,384,627 thousand (€11,586,985 thousand as at 31 December 2019), 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 (€7,250,659 thousand);
 - 2) rights deriving from construction services for which additional economic benefits are received (€3,942,208 thousand);
 - 3) rights deriving from construction services carried out by service area operators (€104,362 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 (€87,398 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 €6,111,304 thousand, and unchanged with respect to the previous year;
- c) other intangible assets of €31,507 thousand.

€000	30 June 2020				31 December 2019			
	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount
Intangible assets deriving from concession rights	19,255,847	-7,755,172	-116,048	11,384,627	19,157,749	-7,454,716	-116,048	11,586,985
Goodwill and other intangible assets with indefinite lives	6,111,304	-	-	6,111,304	6,111,304	-	-	6,111,304
Other intangible assets	321,236	-289,729	-	31,507	309,443	-280,395	-	29,048
Intangible assets	25,688,387	-8,044,901	-116,048	17,527,438	25,578,496	-7,735,111	-116,048	17,727,337

Intangible assets recorded a net decrease of €199,899 thousand in the first half of 2020, primarily due to a combination of the following:

- a) amortisation for the period of €309,790 thousand;
- b) investment in construction services for which additional economic benefits are received, totalling €65,628 thousand;
- c) the increase in the present value on completion of investment in construction services for which no additional benefits are received, amounting to €32,666 thousand, reflects the significant decline in interest rates during the period.

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 2020.

€000	Carrying amount as at 31 December 2019	CHANGES DURING THE PERIOD				Carrying amount as at 30 June 2020
		Additions due to completion of construction services, purchases and capitalisations	Amortisation	Changes due to revised present value of contractual obligations	Reclassifications and other adjustments	
Intangible assets deriving from concession rights						
Acquired concession rights	91,294	-	-3,896	-	-	87,398
Concession rights accruing from construction services for which no additional economic benefits are received	7,413,112	-	-195,081	32,666	-38	7,250,659
Concession rights accruing from construction services for which additional economic benefits are received	3,975,397	65,628	-98,659	-	-158	3,942,208
Concession rights accruing from construction services provided by sub-operators	107,182	-	-2,820	-	-	104,362
Total	11,586,985	65,628	-300,456	32,666	-196	11,384,627
Goodwill and intangible assets with indefinite lives						
Goodwill	6,111,234	-	-	-	-	6,111,234
Trademarks	70	-	-	-	-	70
Total	6,111,304	-	-	-	-	6,111,304
Other intangible assets						
Development costs	13,344	6,627	-5,667	-	-	14,304
Industrial patents and intellectual property rights	6,915	3,992	-3,278	-	-	7,629
Concessions and licenses	1,308	-	-389	-	-	919
Intangible assets under development and advance payments	7,481	1,174	-	-	-	8,655
Total	29,048	11,793	-9,334	-	-	31,507
Intangible assets	17,727,337	77,421	-309,790	32,666	-196	17,527,438

There were no significant changes in the expected useful lives of intangible assets during the period. In the first half of 2020, the Group invested a total of €197,170 thousand in assets held under concession (€256,760 thousand in the first half of 2019), essentially in relation to:

- a) the use of provisions for construction services required by contract and for which no additional economic benefits are received and other provisions, totalling €131,383 thousand;
- b) construction services for which additional benefits are received, totalling €65,628 thousand.

Research and development expenditure of approximately €0.1 million has been recognised in the consolidated income statement for the first half of 2020. These activities are carried out in order to improve infrastructure, the 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 €6,111,304 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.

As required by IAS 36, the CGUs that during the first half of 2020 showed one or more indications of a potential impairment loss were identified.

In accordance with the recommendation issued by the European Securities and Markets Authority (ESMA) on 20 May 2020, and Warning Notice 8/2020 issued by the CONSOB on 16 July 2020, the

impact of the Covid-19 pandemic was also included among the factors potentially giving rise to a loss.

In line with the approach adopted in previous years, each operator is a separate CGU since the cash flows generated by the sections of motorways operated under specific concession arrangements are not closely linked. Subsidiaries that do not hold motorway concessions are also treated as a separate CGU.

The above process found indications of impairment for all the CGUs represented by the Group's motorway operators (including the Autostrade per l'Italia CGU, to which the above goodwill has been allocated).

There was, in contrast, no evidence of potential reversals of impairment losses on CGUs recognised in previous years.

The carrying amounts of the net invested capital of these CGUs as at 30 June 2020 were thus tested for impairment in order to assess the recoverability of both the goodwill recognised in the financial statements and the other intangible and tangible assets allocated to the CGUs.

The results of the impairment tests, examined by the Board of Directors, were obtained using the method required by IAS 36, estimating the value in use of each CGU, using the Unlevered Discounted Cash Flow method. The assumptions used as the basis for the quantification of cash flows and discount rates were primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

In particular:

a) the estimation of cash flows was, where available, based on the long-term plans drawn up by the individual CGUs, containing traffic, investment, revenue and cost projections for the full term of the related concessions. In the case of CGUs for which updated plans were not available, as permitted by paragraph 23 of IAS 36, reference was made to the latest available plans supplemented and adjusted to take account of the estimated impact of the recent performances of the various companies, above all bearing in mind the effects of the Covid-19 pandemic. In the case of Autostrade per l'Italia, reference was made to the Financial Plan submitted on 23 July 2020, as described in note 10.7, "Significant legal and regulatory aspects", which is in the process of being approved. The same plan was supplemented with an updated estimate of the impact of the potential settlement agreement being negotiated with the Government, as well as of the impact of Covid-19. The financial plans of Raccordo Autostradale Valle d'Aosta and Società Autostrada Tirrenica, on which the cash flow estimates for the related impairment tests were based, correspond with those submitted to the Grantor last June, prepared on the basis of the relevant determinations issued by the Transport Regulator and as yet still awaiting approval.

The use of long-term plans covering the entirety of the respective concession terms is deemed more appropriate than the approach provisionally suggested by IAS 36 (namely, a limited explicit projection period and the estimated terminal value), given the intrinsic nature of the related concession arrangements, above all with regard to the regulations governing the sector and the predetermined duration of the arrangements;

b) pre-tax discount rates were determined in accordance with IAS 36, taking into account market conditions as at 30 June 2020. In accordance with the provisions of paragraph 92 of IAS 37, no discount rate was indicated, given that talks with the Government are still ongoing (as described in note 10.7, "Significant legal and regulatory aspects").

The impairment tests confirmed that the net assets of all the CGUs are fully recoverable.

In addition to the above impairment tests, sensitivity analyses were also conducted on the recoverable value of the Autostrade per l'Italia CGU, increasing the indicated discount rate by 1%. This did not indicate a potential impairment loss.

7.3 Investments - €78,729 thousand (€82,439 thousand)

As at 30 June 2020, this item has declined by €3,710 thousand compared with 31 December 2019.

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 2020.

€000	31 December 2019 Opening balance	CHANGES DURING THE PERIOD			30 June 2020 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	1,645	-	-	-	1,645	
Investments accounted for using the equity method:						
- associates	79,794	-	-4,363	653	76,084	
- joint ventures	1,000	-	-	-	1,000	
Investments	82,439	-	-4,363	653	78,729	

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 2020, 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.

With regard to the recoverability of the carrying amount of investments, on the basis described above in note 7.2, the investments in Pavimental and Spea Engineering, were tested for impairment, given that the impact of the Covid-19 pandemic has also given rise to one or more indications of impairment for these companies.

The impairment tests of these CGUs were conducted using the Unlevered Discounted Cash Flow method. The assumptions used as the basis for the quantification of cash flows and discount rates were primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

Given that these companies essentially provides support services to the Atlantia Group's operators, it was deemed appropriate to estimate value in use on the basis of the same time-frame used in the long-term plans of the companies to which they provide their services, being 2044, without estimating terminal value.

Cash flows were discounted at an after-tax rate of 7.5%, determined in accordance with IAS 36 and market conditions as at 30 June 2020.

The impairment tests showed that the carrying amounts of the investments recognised as at 30 June 2020 are fully recoverable.

The following table shows an analysis of the Group's principal investments as at 30 June 2020, 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 2020		31 December 2019	
	% interest	Closing balance	% interest	Closing balance
Investments accounted for at fair value:				
Tangenziale Esterna	0.25%	1,162	0.25%	1,162
Uirnet	1.51%	427	1.51%	427
Other minor investments	-	56	-	56
Total investments accounted for at fair value		1,645		1,645
Investments accounted for using the equity method:				
- associates				
Tangenziali Esterne di Milano	27.45%	59,186	27.45%	58,420
Spea Engineering	20.00%	10,200	20.00%	13,224
Pavimental	20.00%	2,910	20.00%	3,791
Pedemontana Veneta (in liquidation)	29.77%	1,781	29.77%	1,781
Bologna & Fiera Parking	36.81%	1,943	36.81%	2,514
Other minor investments	-	64	-	64
- joint ventures				
Geie del Traforo del Monte Bianco	50.00%	1,000	50.00%	1,000
Total investments accounted for using the equity method		77,084		80,794
	Investments	78,729		82,439

Annex 1 provides a list of the Group's investments as at 30 June 2020.

7.4 Financial assets

(non-current) €365,830 thousand (€348,238 thousand)
(current) €440,994 thousand (€490,922 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 2020			31 December 2019		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Takeover rights		409,742	409,742	-	409,584	409,584	-
Financial assets deriving from concession rights	(1)	409,742	409,742	-	409,584	409,584	-
Financial assets deriving from government grants related to construction services	(1)	178,872	4,794	174,078	190,958	25,495	165,463
Term deposits	(1)	173,908	3,973	169,935	185,993	24,674	161,319
Derivative assets	(2)	2,222	2,222	-	20,878	20,878	-
Other medium/long-term financial assets	(1)	23,537	1,720	21,817	23,376	1,920	21,456
Other medium/long-term financial assets		25,759	3,942	21,817	44,254	22,798	21,456
Other current financial assets	(1)	18,543	18,543	-	8,371	8,371	-
Total		806,824	440,994	365,830	839,160	490,922	348,238

(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 (€409,742 thousand as at 30 June 2020), 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. Certain legislative developments took place in 2019 that could have a significant impact on the value of these rights, as described in note 10.7 in this document.

The balance of this item, including the current and non-current portions, is down €32,336 thousand. This essentially reflects the reduction of €12,085 thousand in financial assets deriving from government grants to finance infrastructure works and term deposits, following the Grantor's specific release of grants in relation to the effective completion of works and the progress of work on the designs for the A1 Milan-Naples in relation to certain lots making up the *Variante di Valico* and the upgrade of the motorway interchange serving Florence.

The financial assets recognised in the financial statements and described in this note were not subject to a significant increase in credit risk during the period.

7.5 Deferred tax assets and deferred tax liabilities

Deferred tax assets - €167,289 thousand (€110,338 thousand)

Deferred tax liabilities - €21,874 thousand (€141,009 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 2020	31 December 2019
Deferred tax assets	1,848,970	1,636,047
Deferred tax liabilities eligible for offset	-1,681,681	-1,525,709
Deferred tax assets less deferred tax liabilities eligible for offset	167,289	110,338
Deferred tax liabilities	-21,874	-141,009
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	145,415	-30,671

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 2020
	31 December 2019	Provisions	Releases	Provisions (releases) in other components of comprehensive income	Change in prior year estimates	Reclassifications and other changes	
Deferred tax assets on:							
Restatement of total amount subject to IFRIC 12 by Autostrade per l'Italia	372,520	-54	-11,185	-	-4	-	361,277
Provisions	1,118,388	262,990	-86,888	-	-687	-	1,293,803
Impairments and depreciation of non-current assets	13,501	-	-460	-	-66	-	12,975
Derivative liabilities	54,231	-	-	-3,847	-	-	50,384
Impairment of receivables and inventories	5,538	535	-213	-	-32	-	5,828
Tax losses eligible to be carried forward	513	50,188	-	-	-	-	50,701
Other temporary differences	71,356	6,851	-2,285	-	-1,920	-	74,002
Total	1,636,047	320,510	-101,031	-3,847	-2,709	-	1,848,970
Deferred tax liabilities on:							
Off-balance sheet amortisation of goodwill	-1,634,026	-37,703	-	-	-	-	-1,671,729
Other temporary differences	-32,692	-700	1,187	378	-	1	-31,826
Total	-1,666,718	-38,403	1,187	378	-	1	-1,703,555
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-30,671	282,107	-99,844	-3,469	-2,709	1	145,415

The balance of net deferred tax liabilities, totalling €145,415 thousand as at 30 June 2020, primarily consists of the following:

- deferred tax assets of €1,293,803 thousand on the portion of provisions deductible in future years, primarily referring to provisions for the repair and replacement of motorway infrastructure and provisions determined on the basis of the further expenses to be incurred as a result of the current talks with the Government and the MIT with the aim of resolving the ongoing dispute;
- 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, amounting to €361,277 thousand;
- 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 €1,671,729 thousand.

The increase in net deferred tax liabilities compared with 31 December 2019, totalling €176,086 thousand, primarily reflects the following:

- the recognition of deferred tax assets (€176,102 thousand) on the non-deducted portion of provisions, primarily those relating to the repair and replacement of motorway infrastructure and the updated estimate of the further expenses to be incurred as a result of the current talks with the Government and the MIT;
- the recognition of deferred tax assets (€50,188 thousand), essentially by Autostrade per l'Italia in relation to IRES tax losses in the first half of 2020;
- the recognition of deferred tax liabilities (€37,703 thousand) on the above deduction of tax amortisation of the goodwill recognised by Autostrade per l'Italia;
- the net release (€11,239 thousand) of deferred tax assets, representing the accrued portion of the total amount resulting from the application of IFRIC 12.

7.6 Other non-current assets - €164 thousand (€164 thousand)

This item is unchanged with respect to 31 December 2019.

7.7 Trading assets - €406,387 thousand (€559,325 thousand)

As at 30 June 2020, trading assets include:

- inventories of €66,585 thousand (€60,737 thousand as at 31 December 2019), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of plant;
- contract assets of €4,204 thousand (unchanged with respect to 31 December 2019);
- trade receivables of €335,598 thousand (€494,384 thousand as at 31 December 2019), consisting of the following items.

€000	30 June 2020	31 December 2019
Trade receivables due from:		
Motorway users	165,516	274,498
Sub-operators at motorway service areas	26,343	74,271
Sundry customers	115,633	118,387
Gross trade receivables	307,492	467,156
Allowance for bad debts	(51,006)	(48,083)
Other trading assets	79,112	75,311
Net trade receivables	335,598	494,384

Trade receivables, after the allowance for bad debts, are down €158,786 thousand, essentially due to a combination of the following:

- the reduction in the amount receivable from motorway customers, totalling €108,982 thousand, reflecting the downturn in toll revenue in the first half of 2020 linked to the negative performance of traffic due to the lockdown imposed in order to combat the spread of Covid-19;
- a reduction in amounts due from sub-operators at motorway services areas, totalling €47,928 thousand, essentially due to the combination of the receipt of outstanding balances recognised as at 31 December 2019, and the steps taken by the Group's operators to support sub-operators at service areas.

The following table shows an ageing schedule for amounts due from customers and other trade receivables.

€000	Total receivables as at 30 June 2020	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	307,492	204,925	8,442	24,671	69,454

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 2020, 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 2019	Additions	Uses	30 June 2020
Allowance for bad debts	48,083	3,134	-211	51,006

The carrying amount of trade receivables approximates to fair value.

7.8 Cash and cash equivalents - €981,741 thousand (€1,619,600 thousand)

This item includes cash in hand and investments maturing within the short term. The item is down €637,859 thousand compared with 31 December 2019.

Detailed explanations of the cash flows resulting in the movement in the Group's net cash in the first half of 2020 are contained in note 9.1, "Notes to the consolidated statement of cash flows".

7.9 Current and tax liabilities

Current tax assets - €58,178 thousand (€48,287 thousand)

Current tax liabilities - €6,459 thousand (€45,031 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 2020	31 December 2019	30 June 2020	31 December 2019
IRES	38,161	28,332	5,521	44,738
IRAP	16,065	16,003	938	293
Taxes attributable to foreign operations	3,952	3,952	-	-
	58,178	48,287	6,459	45,031

As at 30 June 2020, the Group reports net current tax assets of €51,719 thousand, an increase of €48,463 thousand compared with €3,256 thousand as at 31 December 2019. This primarily reflects the balance of IRES payable for the previous year, including the IRES surtax of 3.5% on the earnings of motorway, airport, port and railway operators under art.1, paragraphs 716-718 of Law 160/2019 (the 2020 Budget Law).

7.10 Other current assets - €207,046 thousand (€134,057 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 2020	31 December 2019
Payments on account to suppliers and other current assets	87,761	44,613
Tax credits other than for income tax	83,121	42,072
Receivables due from end users and insurance companies for damages	17,595	17,732
Receivable from public entities	16,087	29,795
Receivables from social security institutions	1,952	922
Amounts due from staff	1,818	1,729
Accrued income of a non-trading nature	1,062	432
Other current assets (gross)	209,396	137,295
Allowance for bad debts	-2,350	-3,238
Other current assets (net)	207,046	134,057

The balance is up €72,989 thousand compared with 31 December 2019, primarily reflecting:

- an increase in tax credits other than for income tax, reflecting refundable VAT on the invoices received in relation to demolition and reconstruction of the Polcevera road bridge (€17,568 thousand) and the refundable amount resulting from the VAT return filed by Autostrade per l'Italia in June (€24,040 thousand);
- an increase in payments on account to suppliers and other current assets, totalling €43,148 thousand, due primarily to the advance payment of concession fees for 2020 by Autostrade per l'Italia;
- a reduction in amounts receivable from public entities, essentially due to the recovery of advances paid to the Special Commissioner following the receipt of invoices relating to work on the demolition and reconstruction of the Polcevera road bridge (€13,708 thousand).

The allowance for bad debts, totalling €2,350 thousand as at 30 June 2020 (€3,238 thousand as at 31 December 2019), 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 or related to discontinued operations - €4,271 thousand (€4,271 thousand)

Liabilities related to discontinued operations - €96 thousand (€96 thousand)

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

€000	30 June 2020	31 December 2019	Increase/ (Decrease)
Non-current non-financial assets	4,271	4,271	-
Current non-financial assets	-	-	-
Total assets held for sale or related to discontinued operations	4,271	4,271	0
Trading liabilities and other current non-financial liabilities	76	76	-
Current financial liabilities	20	20	-
Total liabilities related to discontinued operations	96	96	-

Net assets held for sale or related to discontinued operations, after the related liabilities, amount to €4,175 thousand as at 30 June 2020. They essentially include 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 - €1,752,634 thousand (€2,220,424 thousand)

Autostrade per l'Italia SpA's issued capital as at 30 June 2020 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 2019.

Equity attributable to owners of the parent, totalling €1,400,108 thousand, is down €464,057 thousand compared with 31 December 2019 (€1,864,165 thousand). This reflects the comprehensive loss for the period of €464,057 thousand, consisting of the loss for the period (€475,773 thousand) less net other comprehensive income (€11,716 thousand). The latter essentially relates to the reclassification to profit or loss of a portion of the cash flow hedge reserve, accounted for as at 31 December 2019, relating to the cash flows generated by the underlying financial instruments (€10,983 thousand after tax).

The most important changes during the first half of 2020 are shown in detail in the statement of changes in consolidated equity.

Equity attributable to non-controlling interests, totalling €352,526 thousand, is substantially in line with the figure for 31 December 2019 (€356,259 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) €2,032,143 thousand (€2,311,749 thousand)

(current) €628,649 thousand (€448,979 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 2020, showing the non-current and current portions.

€000	31 December 2019			CHANGES DURING THE PERIOD			30 June 2020		
	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	2,760,728	2,311,749	448,979	32,666	-1,219	-131,383	2,660,792	2,032,143	628,649

The reduction in these provisions, including both the current and non-current portions, amounts to €99,936 thousand and primarily reflects the following:

- a) the use of provisions for construction services for which no additional economic benefits are received performed during the period (€131,383 thousand);
- b) 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 €32,666 thousand.

7.14 Provisions

(non-current) - €1,623,837 thousand (€1,222,454 thousand)
 (current) - €2,359,641 thousand (€2,259,287 thousand)

As at 30 June 2020, provisions amount to €3,983,478 thousand (€3,481,741 thousand as at 31 December 2019). The following table shows details of provisions by type, showing the non-current and current portions.

€000	30 June 2020			31 December 2019		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	100,342	83,843	16,499	106,176	89,588	16,588
Provisions for repair and replacement of motorway infrastructure	2,035,003	1,440,260	594,743	1,716,970	1,040,913	676,057
Provisions for renewal of motorway infrastructure	86,488	83,897	2,591	78,671	75,921	2,750
Other provisions for risks and charges	1,761,645	15,837	1,745,808	1,579,924	16,032	1,563,892
Total provisions	3,983,478	1,623,837	2,359,641	3,481,741	1,222,454	2,259,287

The following table shows provisions at the beginning and end of the period and changes in the first half of 2020.

€000	31 December 2019	CHANGES DURING THE PERIOD				30 June 2020
	Carrying amount	Operating provisions	Finance-related provisions	Uses	Reclassifications and other changes	Carrying amount
Provisions for employee benefits						
Post-employment benefits	106,176	387	184	-6,331	-74	100,342
Total	106,176	387	184	-6,331	-74	100,342
Provisions for repair and replacement of motorway infrastructure	1,716,970	652,963	9,307	-344,237	-	2,035,003
Provisions for renewal of motorway infrastructure	78,671	7,421	555	-159	-	86,488
Other provisions for risks and charges						
Provisions for disputes, liabilities and sundry charges	1,579,924	200,219	-	-18,498	-	1,761,645
Total	1,579,924	200,219	-	-18,498	-	1,761,645
Total provisions	3,481,741	860,990	10,046	-369,225	-74	3,983,478

PROVISIONS FOR EMPLOYEE BENEFITS

(non-current) - €83,843 thousand (€89,588 thousand)
 (current) - €16,499 thousand (€16,588 thousand)

As at 30 June 2020, this item consists entirely of provisions for post-employment benefits to be paid to staff employed under Italian law. The reduction of €5,834 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. In carrying out a simplified actuarial assessment of these liabilities as at 30 June 2020, the key assumptions used were the same as those used in measuring the liabilities as at 31 December 2019. These are described in note 7.14 to the consolidated financial statements as at and for the year ended 31 December 2019.

PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE

(non-current) - €1,440,260 thousand (€1,040,913 thousand)

(current) - €594,743 thousand (€676,057 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 up €318,033 thousand compared with 31 December 2019, reflecting a combination of the following:

- a) operating provisions of €652,963 thousand, in connection with an updated estimate of the cost of repairs to network infrastructure, as described in note 6.2, "Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa and the resulting impact on the financial statements";
- b) financial provisions for the period of €9,307 thousand;
- c) uses of €344,237 thousand (including €94,959 thousand linked to the demolition and reconstruction of the Polcevera road bridge), in connection with repairs and replacements carried out during the period.

PROVISIONS FOR THE RENEWAL OF MOTORWAY INFRASTRUCTURE

(non-current) - €83,897 thousand (€75,921 thousand)

(current) - €2,591 thousand (€2,750 thousand)

Provisions for the renewal of motorway infrastructure, including the non-current and current portions, amount to €86,488 thousand (€78,671 thousand as at 31 December 2019) and reflect the present value of the estimated costs to be incurred over time in relation to the contractual obligation, resulting from Società Italiana per Azioni per il Traforo del Monte Bianco's concession arrangement, to carry out specific extraordinary maintenance work in order to ensure the serviceability and safety of the assets held under concession. Compared with 31 December 2019, the provisions are up €7,817 thousand, essentially due to operating provisions made during the period.

OTHER PROVISIONS

(non-current) - €15,837 thousand (€16,032 thousand)

(current) - €1,745,808 thousand (€1,563,892 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 €181,721 thousand, primarily due to:

- a) new provisions of €200 million, reflecting an updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the dispute between the parties;
- b) direct uses, totalling €8,172 thousand, primarily relating to compensation for a number of the families of victims directly impacted by the collapse of the road bridge and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect the Company's rights and those of its employees who are under investigation;
- c) direct uses of €7,604 thousand to settle a number of demands for payment of local taxes by Autostrade per l'Italia.

Further information on developments in the principal disputes outstanding as at 30 June 2020 is provided in note 10.7, "Significant legal and regulatory aspects".

7.15 Financial liabilities

(non-current) €7,538,288 thousand (€9,682,179 thousand)
(current) €3,118,030 thousand (€1,167,908 thousand)

MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) €7,538,288 thousand (€9,682,179 thousand)
(current) €2,364,154 thousand (€863,072 thousand)

As at 30 June 2020, medium/long-term financial liabilities amount to €9,902,442 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 nominal value and maturity (current and non-current portions);

(€000)	Note	30 June 2020				Term		31 December 2019			
		Face value	Carrying amount	Current portion	Non-current portion	between 13 and 60 months	after 60 months	Face value	Carrying amount	Current portion	Non-current portion
Bond issues	(1) (2) (3)	7,158,216	6,982,931	593,776	6,389,155	2,805,081	3,584,074	7,658,075	7,526,401	501,554	7,024,847
Bank borrowings	(3)	2,073,547	2,049,494	1,670,783	378,711	-	378,711	2,143,262	2,114,486	139,807	1,974,679
Other borrowings		210,158	201,386	7,501	193,885	186,004	7,881	232,401	212,626	28,202	184,424
Lease liabilities		9,921	9,921	2,818	7,103	3,692	3,411	10,157	10,157	2,853	7,304
Medium/long-term borrowings	(2) (3)	2,293,626	2,260,801	1,681,102	579,699	189,696	390,003	2,385,820	2,337,269	170,862	2,166,407
Derivative liabilities	(4)		569,434	-	569,434	312,944	256,490		490,925	-	490,925
Accrued expenses on medium/long-term financial liabilities ⁽²⁾			89,276	89,276	-	-	-		190,656	190,656	-
Other financial liabilities			-	-	-	-	-		-	-	-
Other medium/long-term financial liabilities			89,276	89,276	-	-	-		190,656	190,656	-
Total			9,902,442	2,364,154	7,538,288	3,307,721	4,230,567		10,545,251	863,072	9,682,179

(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) These instruments are classified in level 2 of the fair value hierarchy and include both derivatives classified as hedges and those that do not qualify for hedge accounting in accordance with the requirements of IFRS 9. Further details are provided in note 9.2.

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

€000	Maturity	30 June 2020		31 December 2019	
		Carrying amount ⁽¹⁾	Fair value ⁽²⁾	Carrying amount ⁽¹⁾	Fair value ⁽²⁾
Bond issues					
- listed fixed rate	from 2021 to 2038	6,982,931	6,844,210	7,526,401	7,593,730
		6,982,931	6,844,210	7,526,401	7,593,730
Bank borrowings					
- fixed rate	from 2021 to 2038	1,324,709	1,368,860	1,382,797	1,539,488
- floating rate	from 2021 to 2038	724,785	660,487	731,689	741,978
		2,049,494	2,029,347	2,114,486	2,281,466
Other borrowings					
- non-interest bearing	(3) from 2021 to 2028	201,386	201,386	212,626	212,626
		201,386	201,386	212,626	212,626
Lease liabilities					
		9,921	9,921	10,157	10,157
Medium/long-term borrowings		2,260,801	2,240,654	2,337,269	2,504,249
Derivative liabilities					
Accrued expenses on medium/long-term financial liabilities		569,434	569,434	490,925	490,925
Other financial liabilities		89,276	89,276	190,656	190,656
Other medium/long-term financial liabilities		-	-	-	-
		89,276	89,276	190,656	190,656
Total		9,902,442	9,743,574	10,545,251	10,779,560

(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, with the exception of lease liabilities, the fair value of which is classified in level 3 of the hierarchy.

(3) This item primarily includes Autostrade per l'Italia's debt and the amount payable to the Central Guarantee Fund by Autostrada Tirrenica.

- c) a comparison of the nominal 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 2020				31 December 2019	
	Nominal value	Carrying amount	Average interest rate applied to 30 June 2020	Effective interest rate as at 30 June 2020	Nominal value	Carrying amount
Euro (EUR)	8,552,666	8,441,891	3.15%	3.15%	9,134,562	9,011,817
Sterling (GBP)	750,000	592,775	5.99%	2.20%	750,000	643,684
Yen (JPY)	149,176	209,066	5.30%	3.39%	149,176	208,169
Total	9,451,842	9,243,732	3.41%		10,033,738	9,863,670

- 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 2019	New borrowings	Repayments	Currency translation differences and other changes	Carrying amount as at 30 June 2020
Bond issues	7,526,401	-	-501,728	-41,742	6,982,931
Bank borrowings	2,114,486	-	-69,717	4,725	2,049,494
Other borrowings	212,626	-	-	-11,240	201,386
Lease liabilities	10,157	1,221	-1,654	197	9,921
Medium/long-term borrowings	2,337,269	1,221	-71,371	-6,318	2,260,801
Total	9,863,670	1,221	-573,099	-48,060	9,243,732

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). The fair value of the hedging instruments as at 30 June 2020 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”.

BOND ISSUES

(non-current) €6,389,155 thousand (€7,024,847 thousand)
(current) €593,776 thousand (€501,554 thousand)

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

- bonds transferred from Atlantia to Autostrade per l’Italia following the issuer substitution carried out in December 2016 (a total of €3,261,509 thousand as at 30 June 2020);
- bonds (€2,978,485 thousand as at 30 June 2020) 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);
- bonds issued to retail investors (totalling €742,937 thousand as at 30 June 2020).

As at 30 June 2020, the balance is down €543,470 thousand compared with 31 December 2019, essentially reflecting repayment, in March 2020, of bonds with a par value of €501,728 thousand, guaranteed by Atlantia and paying coupon interest of 4.375%.

Limited to the private placement in Japanese yen (amounting to 20,000,000 thousand yen, equal to €165,755 thousand as at 30 June 2020), the terms of the issue require compliance with certain minimum thresholds contained in the following financial covenants (to be calculated each year following approval of the consolidated and separate financial statements, and based on the consolidated accounts):

- debt-service coverage ratio;

- b) ratio of consolidated operating cash flow to total net debt at the end of each financial year;
- c) Autostrade per l'Italia's equity.

Breach of the covenants would constitute a default event. The Group was in compliance with all the above covenants as at 30 June 2020.

It should be noted that, with regard to the future ownership of Autostrade per l'Italia, and above all were control of the Company to be transferred to a new entity different from Atlantia, this would constitute a trigger event that could result in a request for early repayment, under the terms of certain bonds held by institutional investors. In this case, it would be necessary to obtain the prior consent of the above institutional investors in order to complete the transaction.

MEDIUM/LONG-TERM BORROWINGS

(non-current) €579,699 thousand (€2,166,407 thousand)

(current) €1,681,102 thousand (€170,862 thousand)

The balance of this item, including both current and non-current portions, primarily consists of the Group's bank borrowings (with a carrying amount of €2,049,494 thousand).

The reduction of €76,468 thousand in medium/long-term borrowings compared with 31 December 2019 essentially reflects repayment of loans from the European Investment Bank and from Cassa Depositi e Prestiti (€69,717 thousand).

Given continuing material uncertainties that may cast significant doubt on application of the going concern assumption, as described in greater detail in the paragraph, "Going concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation of the consolidated financial statements", solely for the purposes provided for in paragraph 69 of IAS 1, from 30 June 2020 a portion of the medium/long-term borrowings from the European Investment Bank ("EIB") and Cassa Depositi e Prestiti ("CDP"), amounting to a total of €1,528 million, has been reclassified to the current portion of medium/long-term borrowings. The fact that the downgrade of the Company's debt to below investment grade, which took place in January 2020, gives the EIB and, in relation to its share of the debt, CDP the right to request additional protections continues to apply. Were such protections not judged to be reasonably satisfactory, the banks would have the right to request early repayment of the existing debt. At the date of preparation of this document, neither the EIB or CDP has requested any early repayment.

The loan agreements require compliance with a minimum threshold for "Operating cash flow available for Debt Service/Debt Service" (DSCR). 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. Autostrade per l'Italia is in compliance with the above covenant at the reporting date.

Autostrade per l'Italia is in compliance with this covenant as at 30 June 2020.

In December 2019, the Company signed a Standstill Agreement with the European Investment Bank, under which the maturity date has been moved from March 2020 to September 2021, and the minimum ratings required have been cut to BBB- (investment grade).

The downgrade of the Company's rating to below investment grade in January 2020 gives the European Investment Bank ("EIB") and, in relation to its share of the debt, Cassa Depositi e Prestiti ("CDP") the right to request additional protections. Were such protections not judged to be reasonably satisfactory, they could request early repayment of the existing debt (as at 30 June 2020, amounting to approximately €2.1 billion, with approximately €1.7 billion, including early repayment

penalties, guaranteed by Atlantia). At the date of preparation of this document, neither the EIB or CDP has requested any early repayment. The loans from the EIB are guaranteed by Atlantia.

In terms of borrowings not subject to early repayment provisions due to the downgrade, in addition to compliance with the above covenants, the Company is required to demonstrate, until its rating remains below investment grade, that it is in compliance with certain minimum thresholds contained in the following additional covenants (on a consolidated basis):

- a) debt-service coverage ratio;
- b) ratio of consolidated operating cash flow to total net debt at the end of each financial year.

Were these covenants to be breached by the Company, it would be necessary to provide appropriate independent bank guarantees. Autostrade per l'Italia is in compliance with this covenant as at 30 June 2020.

It should be noted that, with regard to the future ownership of Autostrade per l'Italia, and in particular to the hypothesis of transfer of control of the Company to a new subject other than Atlantia, the "Change of Control" would constitute a trigger event that could result in a request for early repayment, under the terms of existing loan agreements. In this case, it would be necessary to obtain the prior consent of the above institutional investors in order to complete the transaction.

DERIVATIVE LIABILITIES

(non-current) €569,434 thousand (€490,925 thousand)

(current) - - (-)

As at 30 June 2020, 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 2021.

The overall increase in this item compared with 31 December 2019, amounting to €78,509 thousand, essentially reflects a combination of the following:

- a) an increase of €48,086 thousand in fair value losses on existing Interest Rate Swaps and Forward-Starting Interest Rate Swaps, essentially reflecting lower interest rates as at 30 June compared with 31 December 2019;
- b) a €30,423 thousand increase in fair value losses on Cross Currency Swaps linked to bonds denominated in pounds sterling and Japanese yen, resulting from the change in fair value (€7,532 thousand, reflecting the combined effect of movements in rates in the currencies and in euros), following the issuer substitution that took place at the end of 2016, recognised in financial income and in foreign exchange losses (€37,955 thousand), linked primarily to the fall in the value of sterling against the euro.

Fair value losses on Forward-Starting Interest Rate Swaps as at 30 June 2020 amount to €214,915 thousand. These swaps have a total notional value of €2,350 million, a weighted average duration of six years and five months and a weighted average fixed rate of approximately 1.146%. Their original purpose was to hedge highly likely future financial liabilities entered into in order meet funding requirements.

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

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - - (-)

(current) €89,276 thousand (€190,656 thousand)

The balance of this item, including the current and non-current portions, is down €101,380 thousand. This is essentially due to a reduction in accrued expenses on bond issues (€72,980 thousand).

SHORT-TERM FINANCIAL LIABILITIES - €753,876 thousand (€304,836 thousand)

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

€000	30 June 2020	31 December 2019
Bank overdrafts repayable on demand	1	2
Short-term borrowings	339,999	244,999
Current derivative liabilities ⁽¹⁾	355	794
Intercompany current account payables due to related parties	32,359	27,858
Other current financial liabilities	381,162	31,183
Short-term financial liabilities	753,876	304,836

(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 €753,876 thousand, is up €449,040 thousand, essentially reflecting the use of €350,000 thousand (subject to a fixed rate of 1.5% and maturing on 15 December 2020) of the first €400,000 thousand tranche of the credit facility agreed with Atlantia maturing on 15 January 2021 (to be used by 15 December 2020). The use forms part of the financial support that Atlantia has committed to provide the Company in the form of a loan of up to €900,000 thousand. The facility breaks down into two tranches to be disbursed by 31 December 2020 and maturing on 31 December 2021. The support is subject to the Company's continued ability to operate as a going concern and the absence of events or circumstances – that cannot be resolved by such financial support – that could prevent the Company from meeting its debt obligations.

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF MARCH 20 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 2020	<i>of which related party transactions</i>	31 December 2019	<i>of which related party transactions</i>
Cash	-505		-954	
Cash equivalents and intercompany current account receivables due from related parties	-477	-453	-665	-660
Cash and cash equivalents related to discontinued operations	-		-	
Cash and cash equivalents (A)	-982		-1,619	
Current financial assets ⁽¹⁾ (B)	-441		-491	
Bank overdrafts repayable on demand	-		-	
Current portion of medium/long-term financial liabilities	2,364	-	863	
Other financial liabilities	754	382	305	28
Current financial liabilities (C)	3,118		1,168	
Current net debt (D=A+B+C)	1,695		-942	
Medium/long-term borrowings	580		2,166	
Bond issues	6,389		7,025	
Other non-current borrowings	569		491	
Non-current financial liabilities (E)	7,538		9,682	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)	9,233		8,740	
Non-current financial assets (G)	-365		-348	
Net debt (H=F+G)	8,868		8,392	

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

7.16 Other non-current liabilities - €25,013 thousand (€29,149 thousand)

The balance as at 30 June 2020 amounts to €25,013 thousand and is down €4,136 thousand compared with 31 December 2019 (€29,149 thousand). This broadly reflects a reduction in amounts payable to staff, linked to a reduction in the fair value of management incentive plans.

€000	30 June 2020	31 December 2019
Accrued expenses of a non-trading nature	23,327	24,615
Payable to staff	1,207	4,055
Amounts payable for expropriations	405	405
Other payables	74	74
Other non-current liabilities	25,013	29,149

7.17 Trading liabilities - €969,186 thousand (€1,360,207 thousand)

An analysis of trading liabilities is shown below.

€000	30 June 2020	31 December 2019
Amounts payable to suppliers	554,524	615,841
Payable to operators of interconnecting motorways	402,109	660,178
Tolls in the process of settlement	3,081	83,461
Accrued expenses, deferred income and other trading liabilities	9,472	727
Trading liabilities	969,186	1,360,207

Trading liabilities, totalling €969,186 thousand, are down €391,021 thousand compared with 31 December 2019 (€1,360,207 thousand), primarily reflecting a combination of the following:

- a) a reduction in amounts payable to the operators of interconnecting motorways (€258,069 thousand) and in tolls in the process of settlement (€80,380 thousand), linked to the reduced amount payable by Autostrade per l'Italia as a result of the decline in traffic during the first half of 2020 caused by Covid-19;
- b) a reduction in amounts payable to suppliers (€61,317 thousand), primarily due to the performance of capital expenditure.

The carrying amount of trading liabilities approximates to fair value.

7.18 Other current liabilities - €244,685 thousand (€324,236 thousand)

An analysis of other current liabilities is shown below.

€000	30 June 2020	31 December 2019
Taxation other than income taxes	13,566	18,453
Amounts payable to staff	42,170	49,243
Concession fees payable	19,153	86,827
Social security contributions payable	27,007	25,796
Amounts payable for expropriations	224	1,684
Amounts payable to public entities	25	23
Other payables	142,540	142,210
Other current liabilities	244,685	324,236

As at 30 June 2020, this item amounts to €244,685 thousand and is down €79,551 thousand compared with 31 December 2019 (€324,236 thousand). This reflects a combination of the following:

- a) a reduction of €67,674 thousand in concession fees payable, reflecting payments during the first half of 2020, primarily by Autostrade per l'Italia;
- b) a reduction of €7,073 thousand in amounts payable to staff.

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 2020 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 - €1,167,038 thousand (€1,761,206 thousand)

Toll revenue of €1,167,038 thousand is down €594,168 thousand on the first half of 2019 (€1,761,206 thousand), primarily due to the significant fall in traffic using the network from the end of February 2020, amounting to decline of 37.7%. This essentially reflects the negative impact of the limitations and restrictions on movement that followed the spread of Covid-19, as described in detail in note 6.1, “Impact of the Covid-19 pandemic”.

8.2 Revenue from construction services - €65,628 (€70,741)

An analysis of this revenue is shown below.

€000	H1 2020	H1 2019	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	65,628	70,712	-5,084
Revenue from construction services provided by sub-operators	-	29	-29
Revenue from construction services	65,628	70,741	-5,113

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 2020, totalling €65,628 thousand, is down €5,113 thousand compared with the comparative period (€70,741 thousand). This primarily reflects reduced investment in construction services for which additional benefits are received.

In the first half of 2020, the Group carried out additional construction services for which no additional benefits are received, amounting to €131,383 thousand, for which the Group made use 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, “Intangible assets”.

8.3 Other operating income - €95,885 thousand (€205,968 thousand)

An analysis of other operating income is provided below.

€000	H1 2020	H1 2019	Increase/ (Decrease)
Revenue from sub-concessions	30,214	83,432	-53,218
Maintenance revenue	5,399	9,262	-3,863
Other revenue from motorway operation	9,623	11,966	-2,343
Revenue from the sale of technology devices and services	18,793	27,167	-8,374
Refunds	7,700	9,607	-1,907
Damages and compensation	8,626	43,653	-35,027
Advertising revenue	513	814	-301
Other income	15,017	20,067	-5,050
Other operating income	95,885	205,968	-110,083

Other operating income of €95,885 thousand is down €110,083 thousand compared with the comparative period, primarily reflecting:

- a) a sharp decline in revenue from sub-concessions, which is down €53,218 thousand primarily as a result of reduced royalties from motorway service areas linked to the decline in traffic and the suspension of royalty payments in order to support oil and food service providers during the lockdown linked to the Covid-19 health emergency. Further details are provided in note 6.1, "Impact of the Covid-19 pandemic";
- b) insurance proceeds recognised in the first half of 2019 in relation to the events of 14 August 2018 (€37,500 thousand).

8.4 Raw and consumable materials - -€31,446 thousand (-€179,429 thousand)

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

€000	H1 2020	H1 2019	Increase/ (Decrease)
Construction materials	-6,448	-2,862	-3,586
Electrical and electronic materials	-15,598	-22,935	7,337
Lubricants and fuel	-4,562	-5,643	1,081
Other raw and consumable materials	-10,713	-150,938	140,225
Cost of materials	-37,321	-182,378	145,057
Change in inventories of raw, ancillary and consumable materials and goods for resale	5,848	2,851	2,997
Capitalised cost of raw materials	27	98	-71
Raw and consumable materials	-31,446	-179,429	147,983

This item is down €147,983 thousand, primarily due to the cost of purchasing civil properties and industrial buildings, as requested by the Special Commissioner in implementation of the provisions of art. 1-*bis* and art. 4-*bis* of Law Decree 109, converted with amendments into Law 130 of 16 November 2018 (€114,913 thousand), in the first half of 2019.

8.5 Service costs - -€570,293 thousand (-€451,352)

An analysis of service costs is provided below.

€000	H1 2020	H1 2019	Increase/ (Decrease)
Construction and similar	-424,648	-318,080	-106,568
Professional services	-71,560	-59,433	-12,127
Transport and similar	-12,091	-15,737	3,646
Utilities	-19,383	-19,298	-85
Insurance	-9,489	-8,700	-789
Statutory Auditors' fees	-316	-315	-1
Other services	-32,806	-29,789	-3,017
Service costs	-570,293	-451,352	-118,941

The increase in service costs, amounting to €118,941 thousand, essentially reflects an increase in construction services broadly relating to an increase in motorway maintenance carried out by Autostrade per l'Italia.

8.6 Staff costs - -€228,321 thousand (-€269,020 thousand)

Staff costs break down as follows.

€000	H1 2020	H1 2019	Increase/ (Decrease)
Wages and salaries	-162,407	-182,276	19,869
Social security contributions	-49,746	-54,690	4,944
Payments to supplementary pension funds, INPS and for post-employment benefits	-10,132	-10,758	626
Directors' remuneration	-1,178	-1,316	138
Other staff costs	-5,612	-20,837	15,225
Gross staff costs	-229,075	-269,877	40,802
Capitalised staff costs attributable to assets not held under concession	754	857	-103
Staff costs	-228,321	-269,020	40,699

Staff costs of €228,321 thousand are down €40,699 thousand on the first half of 2019 (€269,020 thousand). This essentially reflects the following:

- a) a reduction in the fair value of management incentive plans;
- b) a decrease in the average cost, primarily due to a reduction in costs linked to the above activation of the ordinary wage guarantee fund, a reduction in variable employment and pay policies, partially offset by an increase in costs following renewal of the national collective labour agreement;
- c) a reduction of 263 in the average workforce, mainly linked to a slowdown in turnover among toll collectors, the absence of seasonal toll collectors and a revision of recruitment needs to reflect the limitations introduced in response to the Covid-19 emergency.

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

Average workforce	H1 2020	H1 2019	Increase/ (Decrease)
Senior managers	97	96	1
Middle managers and administrative staff	3,010	3,011	-1
Toll collectors	1,926	2,140	-214
Manual workers	1,394	1,443	-49
Total	6,427	6,690	-263

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 - -€178,944 thousand (-€271,737 thousand)

Other operating costs for the first half of 2020, details of which are shown in the table below, are down €92,793 thousand compared with the comparative period. This essentially regards a reduction in concession fees (€76,295 thousand), linked to the performance of traffic, toll revenue and sub-concession arrangements, and a reduction in the cost of compensation paid to businesses in order to cover the loss of equipment, machinery and materials or the transfer of operations to another location following the collapse of a section of the Polcevera road bridge (€14,445 thousand in the first half of 2019).

€000	H1 2020	H1 2019	Increase/ (Decrease)
Concession fees	-150,413	-226,708	76,295
Lease expense	-4,020	-3,127	-893
Grants and donations	-11,661	-14,951	3,290
Direct and indirect taxes	-4,486	-5,974	1,488
Other	-8,364	-20,977	12,613
Other costs	-24,511	-41,902	17,391
Other operating costs	-178,944	-271,737	92,793

8.8 Operating change in provisions - €515,739 thousand (€100,524 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 negative balance for the first half of 2020, amounting to €515,739 thousand, essentially reflects:

- the operating change in the provisions for the repair and replacement of motorway infrastructure, represented by an expense of €308,726 thousand, which, after stripping out the effect of the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€94,959 thousand paid from provisions made in previous years), results in net provisions of €403,685 thousand to reflect an updated estimate of the cost of repairs to network infrastructure;
- new provisions for risks and charges (€199,751 thousand), primarily reflecting an updated estimate of the additional costs to be incurred (€200,000 thousand) in connection with ongoing

talks with the Government and the MIT aimed at settling the dispute between the parties, as described in note 6.2;

- c) net provisions for the renewal of motorway infrastructure (€7,262 thousand).

8.9 Use of provisions for construction services required by contract - €131,383 thousand (€186,031 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). 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 €54,648 thousand compared with the figure for the first half of 2019 is broadly linked to reduced investment in the upgrade of the A1 Milan-Naples (the Bologna-Florence section) and investment in specific works provided for in art. 2 of the Single Concession Arrangement of 2007.

8.10 (Impairment losses) and reversals of impairment losses - -€1,269 thousand (-€6,446 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) - -€262,811 thousand (-€218,405 thousand)

Financial income - €41,869 thousand (€42,935 thousand)

Financial expenses - -€304,338 thousand (-€261,750 thousand)

Foreign exchange gains/(losses) - -€342 thousand (€410 thousand)

An analysis of financial income and expenses is shown below.

€000	H1 2020	H1 2019	Increase/ (Decrease)
Dividends received from investees	-	-	-
Financial income accounted for as an increase in financial assets	475	472	3
Income from derivative financial instruments	28,230	28,225	5
Interest and fees receivable on bank and post office deposits	321	794	-473
Other	12,843	13,444	-601
Other financial income	41,869	42,935	-1,066
Financial income (a)	41,869	42,935	-1,066
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-8,827	-19,384	10,557
Interest on medium/long-term borrowings	-32,984	-35,658	2,674
Losses on derivative financial instruments	-131,232	-65,720	-65,512
Interest on bonds	-120,950	-130,276	9,326
Interest expense accounted for as an increase in financial liabilities	-1,868	-1,775	-93
Interest and fees payable on bank and post office deposits	-451	-307	-144
Other	-8,026	-8,630	604
Other financial expenses	-295,511	-242,366	-53,145
Financial expenses (b)	-304,338	-261,750	-42,588
Foreign exchange gains	43,703	5,888	37,815
Foreign exchange losses	-44,045	-5,478	-38,567
Foreign exchange gains/(losses) (c)	-342	410	-752
Financial income/(expenses) (a+b+c)	-262,811	-218,405	-44,406

“Other financial expenses”, after “Other financial income”, amount to €253,642 thousand, an increase of €54,211 thousand compared with the first half of 2019 (€199,431 thousand). This is essentially due to changes in fair value losses on derivatives reclassified as not qualifying for hedge accounting in 2019 (€48,086 thousand).

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €8,827 thousand as at 30 June 2020, a reduction of €10,557 thousand compared with the first half of 2019 (€19,384 thousand), essentially due to a decline in the discount rates applied in the two comparative periods.

8.12 Income tax (expense)/benefit - €173,518 thousand (-€185,964 thousand)

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

€000	H1 2020	H1 2019	Increase/ (Decrease)
IRES	-5,622	-108,509	102,887
IRAP	-969	-22,345	21,376
Current tax expense	-6,591	-130,854	124,263
Recovery of previous years' income taxes	887	3,803	-2,916
Previous years' income taxes	-332	-266	-66
Differences on current tax expense for previous years	555	3,537	-2,982
Provisions	320,510	90,354	230,156
Releases	-101,031	-94,911	-6,120
Changes in prior year estimates	-2,709	15,488	-18,197
Deferred tax income	216,770	10,931	205,839
Provisions	-38,403	-50,596	12,193
Releases	1,187	568	619
Changes in prior year estimates	-	-19,550	19,550
Deferred tax expense	-37,216	-69,578	32,362
Deferred tax income/(expense)	179,554	-58,647	238,201
Income tax (expense)/benefit	173,518	-185,964	359,482

The income tax benefit for the first half of 2020 amounts to €173,518 thousand, a difference of €359,482 thousand compared with income tax expense for first half of 2019 (€185,964 thousand).

The change reflects:

- an increase in deferred tax income at Autostrade per l'Italia on provisions for repair and replacement (€123,561 thousand);
- the recognition of deferred tax income by Autostrade per l'Italia in the first half of 2020 (€63,938 thousand) as a result of an updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the dispute between the parties, as described above;
- Autostrade per l'Italia's recognition of deferred tax income on the IRES tax loss for the first half of 2020 (€48,329 thousand);
- current tax expense recognised in the first half of 2019 (€130,854 thousand), reflecting the pre-tax result.

8.13 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 2020	H1 2019
Weighted average of shares outstanding	622,027,000	622,027,000
Weighted average of shares outstanding	622,027,000	622,027,000
Profit/(Loss) for the period attributable to owners of the parent (€000)	-475,773	425,729
Earnings/(Loss) per share (€)	-0.77	0.68
Profit/(Loss) from continuing operations attributable to owners of the parent (€000)	-476,996	425,799
Basic earnings/(loss) per share from continuing operations (€)	-0.77	0.68
Profit/(Loss) from discontinued operations attributable to owners of the parent (€000)	1,223	-70
Basic earnings/(loss) per share from discontinued operations (€)	0.00	-0.00

9. Other financial information

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flow in the first half of 2020, compared with the first half of 2019, is analysed below. The consolidated statement of cash flows is included in the “Consolidated financial statements”.

Cash flows in the first half of 2020 resulted in a decrease in cash and cash equivalents of €642,359 thousand (€468,967 thousand in the first half of 2019).

Cash used for operating activities in the first half of 2020 amounts to €232,425 thousand, a difference of €1,072,414 thousand compared with the inflow registered in the first half of 2019 (€839,989 thousand). This primarily reflects the negative impact on traffic on the quarantine measures and restrictions on movement imposed in response to the spread of Covid-19. This reflects a combination of the following:

- a) the reduction in operating cash flow of €467,059 thousand, mainly due to the reduction in traffic resulting from the above restrictions, partially offset by current tax expense recognised in the first half of 2019;
- b) the different performance of movements in operating capital and other changes in the two comparative periods (€605,357 thousand). The outflow for the first half of 2020, totalling €450,818 thousand, essentially reflects the following:
 - 1) a reduction in trading liabilities (€391,021 thousand), primarily due to combination of reduced amounts payable to the operators of interconnecting motorways and in tolls in the process of settlement, reflecting the reduction in traffic;
 - 2) a reduction in other current liabilities (€79,551 thousand), essentially due to the decline in concession fees payable to the Grantor, following payment of the fees falling due and the above decline in traffic;
 - 3) an increase in other current assets (€72,989 thousand), primarily relating to an increase in refundable VAT and in advance payments to ANAS;
 - 4) a reduction in trade receivables (€158,786 thousand) linked to the above reduction in traffic due to Covid-19.

In the first half of 2019, movements in working capital and other changes generated a cash inflow of €154,539 thousand, primarily due to provisions for income tax expense for the period and an increase in trading liabilities, partially offset by an increase in other current assets and trading assets.

Cash used for investing activities in the first half of 2020 amounts to €181,899 thousand, a reduction of €73,142 thousand compared with the first half of 2019 (€255,041 thousand). This primarily reflects a combination of the following:

- a) reduced capital expenditure after the related government grants (€58,260 thousand), primarily reflecting work on the upgrade of the A1 between Bologna and Florence and other investment in specific works provided for in art. 2 of the Single Concession Arrangement of 2007;
- b) the collection of €12,085 thousand in financial assets deriving from government grants, following the Grantor’s specific release of grants in relation to the effective completion of works and the progress of work on the designs for the A1 Milan-Naples;
- c) an increase in purchases of property, plant and equipment and other intangible assets (€4,296 thousand).

Cash used for financing activities in the first half of 2020 amounts to €228,035 thousand, a reduction of €825,880 thousand compared with the first half of 2019 (€1,053,915 thousand). This primarily reflects a combination of the following:

- a) dividends paid in the first half of 2019 (€321,621 thousand);
- b) use (€350,000 thousand) of the first tranche of the credit facility granted by Atlantia, amounting to €400,000 thousand, maturing on 15 January 2021 (to be used by 15 December 2020). The

use forms part of the financial support that Atlantia has committed to provide the Company in the form of a loan of up to €900 million. The facility breaks down into two tranches to be disbursed by 31 December 2020 and maturing on 31 December 2021;

- c) a decrease in the value of bonds redeemed (€91,606 thousand).

The following table shows net cash flows generated from discontinued operations in the first half of 2020, including the contributions of Tech Solutions Integrators. This cash flow was included in the consolidated statement of cash flows under operating, investing and financing activities.

CASH FLOWS FROM DISCONTINUED OPERATIONS

€m	H1 2020	H1 2019
Net cash generated from/(used in) operating activities	1	-
Net cash generated from/(used in) investing activities	-	-
Net cash generated from/(used in) financing activities	-	1

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 medium/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.

As at 30 June 2020, the Group's holdings of derivatives, described below, do not qualify for the application of hedge accounting, in accordance with IFRS 9.

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. Amounts in currencies other than the euro are converted using closing exchange rates published by the European Central Bank. As at 30 June 2020, the Group's portfolio also includes a further non-hedge accounting transaction, including the derivative embedded in a short-term loan obtained by Autostrade Meridionali, with a notional value of €245,000 thousand and fair value losses of €355 thousand.

The residual average term to maturity of the Group's debt as at 30 June 2020 is approximately five years and six months. The average cost of the Group's medium/long-term borrowings in the first half of 2020 was 3.4%. 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 not qualifying for hedge accounting as at 30 June 2020;
- 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 at 30 June 2020, the Group is not a party to derivatives classified as fair value hedges.

The cash flow hedges entered into and the underlying financial liabilities have matching terms to maturity and notional amounts. As at 30 June 2020, these instruments have been reclassified as no longer qualifying for hedge accounting. The cash flow hedge reserve was frozen in 2019 and will be released when the interest flows from the originally hedged financial liability crystallise. Further details are provided in note 9.2, "Financial risk management" in the Annual Report for 2019.

With regard to the Forward-Starting Interest Rate Swaps, as at 30 June 2020 these derivatives are accounted for as non-hedges.

A number of these instruments were completely reclassified to profit or loss during the previous year. However, in the belief that future debt issues underlying these instruments were possible, in the case of other instruments, the cash flow hedge reserve was frozen in equity and the related gains or losses will be taken to profit or loss when the interest flows from the originally hedged financial liability crystallise. Further details are provided in note 9.2, "Financial risk management" in the Annual Report for 2019.

As a result of the hedges entered into, 96% 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.

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, from an accounting point of view, they are classified as non-hedge accounting.

9% of the Group's medium/long-term 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 2020 (compared with 31 December 2019) and shows the corresponding market and notional values of the hedged financial asset or liability.

€000		30 June 2020		31 December 2019	
Type	Purpose of hedge	Fair value assets/(liabilities)	Notional amount	Fair value assets/(liabilities)	Notional amount
<i>Non-hedge accounting derivatives</i>					
Cross Currency Swaps	Currency and interest rate risk	-258,442	899,176	-228,018	899,176
Derivatives embedded in loans	Interest rate risk	-354	245,000	-794	245,000
Interest Rate Swaps	Interest rate risk	-96,078	748,837	-89,349	760,465
Forward-Starting Interest Rate Swaps	Interest rate risk	-214,915	2,350,000	-173,558	2,350,000
		-569,789	4,243,013	-491,719	4,254,641
	Total	-569,789	4,243,013	-491,719	4,254,641
	of which:				
	fair value assets				
	fair value liabilities	-569,789		-491,719	

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 2020 and on equity as at 30 June 2020. 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 1% (100 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 100 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 1% shift in market interest rates would have resulted in a negative impact on the consolidated income statement, totalling €227,366 thousand, essentially attributable to the derivatives reclassified as no longer qualifying for hedge accounting as at 31 December 2019, 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 €15,232 thousand, linked to the movement in fair value losses on Cross Currency Swaps in sterling and yen, which, as noted previously, are accounted for using non-hedge accounting.

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 key factors contributing to the Company's liquidity risk are, on the one hand, the generation/use of cash from and for operating and investing activities and, on the other, its debt obligations and cash outflows.

As at 30 June 2020, the Group has lines of credit amounting to €1,405 thousand with a weighted average residual term to maturity of approximately five years and a weighted average residual drawdown period of approximately one year and nine months.

On 3 April 2020, Autostrade per l'Italia requested the disbursement of funds totalling €200 million under the credit facility agreed with Cassa Depositi e Prestiti SpA ("CDP") on 15 December 2017. The request regarded use of the Revolving Credit Facility tranche to meet the Company's working capital requirements. In a letter dated 24 April 2020, Cassa Depositi e Prestiti replied that not all the suspensive conditions that would permit the requested disbursement had been met. Cassa Depositi e Prestiti also informed the Company that - in view of the ongoing emergency and the corresponding need to support the recovery effort, and the need, stated by Autostrade per l'Italia, to use the requested funds to also finance implementation of its business plan - the request for disbursement could only be assessed following discussions with the company.

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

€000		30 June 2020				
Borrower	Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn
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 per l'Italia	Short-term Revolving Credit Facility from Atlantia	15 Dec 2020	15 Jan 2021	400	350	50
Autostrade Meridionali	Short-term loan from Banco di Napoli	31 Dec 2020	31 Dec 2020	300	245	55
Lines of credit				2,400	995	1,405

With regard to Autostrade per l'Italia's financial position, as described in other sections of these notes, the Company is exposed to a number of critical issues and uncertainties, including:

- a) the global spread of the Covid-19 epidemic and the Italian Government's declaration of a health emergency (as described in the paragraph, "Going-concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation of the consolidated financial statements"). The resulting restrictions on movement have had a significant impact in terms of reduced toll revenue and royalty revenue from service areas, in addition to seriously affecting the Group's ability to generate an adequate level of cash from the collection of tolls;
- b) the downgrade of Autostrade per l'Italia's credit ratings and outlook by the international agencies, Moody's, Fitch and Standard & Poor's (as described in the paragraph, "Going-concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation of the consolidated financial statements"), following the approval of art. 35 of the *Milleproroghe* Decree, which risks cutting off or complicating access to the credit market (including bank loans).

Against this backdrop, the Board of Directors has taken further steps to conserve cash. In particular:

- On 24 April 2020, Atlantia provided Autostrade per l'Italia with a Letter of Support, committing the parent to provide the Company with a line of credit of up to €900 million, where necessary and subject to the failure to secure other sources of funding. The facility breaks down into two tranches to be disbursed by 31 December 2020 and maturing on 31 December 2021. The support is subject to the Company's continued ability to operate as a going concern and the absence of events or circumstances – that cannot be resolved by such financial support – that could prevent the Company from meeting its debt obligations. The agreement for the first €400 million tranche of the financial support was signed on 10 June 2020. This tranche matures on 15 January 2021 and is to be used by 15 December 2020. The first disbursement under this agreement, amounting to €350 million and maturing on 15 December 2020, as made on 15 June 2020.
- In May 2020, Autostrade per l'Italia began the process of applying for loans from a number of banks that would benefit from guarantees provided by SACE under art. 1, paragraph 7 of the *Liquidità* Decree, which is designed to support companies in financial difficulty due to the Covid-19 emergency, taking into account ASPI's role in managing "critical and strategic infrastructure" and its "impact on employment and the labour market". Unicredit, acting as agent bank, has begun the arrangement process with SACE with the aim of obtaining a guarantee for 70% of the nominal amount of the facility, with a term to maturity of 3 years.

The above actions are designed to provide the Company with the financing necessary to meet its funding requirements, based on current reasonable expectations for 2020 and 2021, taking into account the significant decline in traffic caused by the Covid-19 emergency, the Company's existing debt obligations and implementation of its investment and maintenance programmes.

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 2020	H1 2019	30 June 2020	31 December 2019
Italy	1,328	2,035	17,688	17,897
Poland	1	1	-	-
France	-	2	-	-
Other European countries	-	-	-	-
Total	1,329	2,038	17,688	17,897

(*) 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 2020				H1 2019			
	IFRS 15		Outside scope of IFRS 15	Total revenue	IFRS 15		Outside scope of IFRS 15	Total revenue
	At a point in time	Over the time			At a point in time	Over the time		
Net toll revenue	1,167	-	-	1,167	1,761	-	-	1,761
Revenue from construction services	-	66	-	66	-	71	-	71
Other revenue	40	6	50	96	54	6	145	206
Total revenue	1,207	72	50	1,329	1,815	77	145	2,038

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 interest in consolidated companies

As required by IFRS 12, a list of the principal consolidated companies with non-controlling interests as at 30 June 2020 (with the relevant comparatives as at 31 December 2019) is provided below. The complete list of the Group's investments as at 30 June 2020 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 2020		31 December 2019	
		Group interest	Non-controlling interests	Group interest	Non-controlling interests
Autostrade Meridionali SpA	Italy	58.98%	41.02%	58.98%	41.02%
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%

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 2020. These include, listed by importance:

- bank guarantees provided by Tangenziale di Napoli (€23,591 thousand) to the Ministry of Infrastructure and Transport, as required by the covenants in the relevant concession arrangement;
- sureties provided to a number of companies as a result of the indirect consequences of the collapse of the Polcevera road bridge on 14 August 2018. These sureties guarantee the companies' claims set out in an application for a pre-trial preventive seizure order by Spinelli Srl, Terminal Rinfuse Genova Srl and Centro Servizi Derna Srl. The sureties amount to a total of €9,600 thousand;
- sureties provided to a number of suppliers (totalling €7,039 thousand) in relation repairs and consolidation work linked to the tunnel inspection programme being carried out by Autostrade per l'Italia.

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 2020, Group companies have recognised contract reserves in relation to:

- investing activities, amounting to approximately €822 million (€908 million as at 31 December 2019). 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;
- non-investing activities, amounting to approximately €32 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 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					
	Trading and other income			Trading and other expenses			Trading and other income			Trading and other expenses			Trading and other income			Trading and other expenses		
Trade receivables	Current tax assets	Other trading assets and other assets	Assets related to discontinued operations	Total	Trade payables	Current tax liabilities	Other current liabilities	Liabilities related to discontinued operations	Total	Other operating revenue	Total	Raw and consumable materials	Service costs	Staff costs	Other operating costs	Total		
30 June 2020												HI 2020						
Sironia	-	6.3	-	-	6.3	-	-	-	-	1.7	1.8	-	-	-	-	0.2	0.2	
Alitalia	3.3	21.3	-	-	24.6	1.7	-	-	-	1.8	1.8	-	-	-	-	0.2	0.2	
Alitalia - subsidiaries	2.3	27.6	-	-	29.9	1.7	-	-	-	1.8	1.8	-	-	-	-	0.2	0.2	
Pavimental	12.0	116.0	0.4	-	128.4	5.5	-	-	121.5	0.3	0.3	-	106.3	-	-	0.1	106.4	
Spa Engineering	14.7	16.5	1.8	-	33.0	5.9	-	-	58.6	0.3	0.3	-	19.2	-	-	0.1	19.2	
Total associates	26.7	289.2	2.2	-	308.1	25.5	-	-	181.1	0.4	0.4	-	125.6	-	-	0.1	125.6	
Alberis group	0.9	39.2	-	-	40.1	39.2	-	-	39.2	1.5	1.5	-	0.1	-	-	-	0.1	
Avogelli	4.4	4.6	0.2	-	9.2	3.8	-	-	3.8	13.7	13.7	-	1.2	-	-	-	1.2	
Iniblu	0.4	0.4	-	-	0.8	0.3	-	-	0.3	0.3	0.3	-	0.1	-	-	-	0.1	
Iniblu - subsidiaries	2.6	2.6	-	-	5.2	1.6	-	-	1.6	0.1	0.1	-	-	-	-	-	-	
Autosole Brasil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autosole dell'Atlantico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autosole Holding do Sur	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autosole Transaction Consultants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electronic Transaction Consultants	3.5	3.5	-	-	7.0	0.9	-	-	0.9	0.9	0.9	-	-	-	-	-	-	
Aeroposti di Roma group	1.2	1.2	-	-	2.4	0.6	-	-	0.6	0.6	0.6	-	-	-	-	-	-	
Stalport group	0.6	0.6	-	-	1.2	0.6	-	-	0.6	1.2	1.2	-	-	-	-	-	-	
Azurra Aeroporti	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Societal Gestion Vial	0.9	0.9	-	-	1.8	0.9	-	-	0.9	0.2	0.2	-	-	-	-	-	-	
Aeroporto Bologna	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Aeroporto Bologna - subsidiaries	12.1	12.1	-	-	24.2	9.9	-	-	9.9	17.9	17.9	-	4.2	-	-	0.1	4.3	
Telepass	0.5	1.0	-	-	1.5	1.0	-	-	1.0	0.1	0.1	-	0.6	-	-	-	0.6	
Telepass Pay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total affiliates	27.3	27.5	0.2	-	55.0	55.7	-	-	57.6	35.2	35.2	-	6.2	-	-	0.1	6.3	
SAT Lavori (in liquidation)	0.6	0.6	-	-	1.2	3.6	-	-	3.6	-	-	-	-	-	-	-	-	
SAT Lavori (in liquidation) - subsidiaries	0.6	0.6	-	-	1.2	3.6	-	-	3.6	-	-	-	-	-	-	-	-	
Total other companies	0.6	0.6	-	-	1.2	3.6	-	-	3.6	-	-	-	-	-	-	-	-	
ASTRI pension fund	-	-	-	-	-	5.9	-	-	5.9	7.9	7.9	-	7.9	-	-	-	7.9	
CAPIDI pension fund	-	-	-	-	-	1.3	-	-	1.3	-	-	-	1.2	-	-	-	1.2	
Total pension funds	-	-	-	-	-	7.2	-	-	7.2	-	-	-	9.1	-	-	-	9.1	
Key management personnel	-	-	-	-	-	1.7	0.2	-	1.9	-	-	-	-	-	-	-	0.3	
Key management personnel - subsidiaries	-	-	-	-	-	1.7	0.2	-	1.9	-	-	-	-	-	-	-	0.3	
Total key management personnel (1)	-	-	-	-	-	1.7	0.2	-	1.9	-	-	-	-	-	-	-	0.3	
TOTAL	56.9	27.6	2.4	-	86.9	236.6	-	-	253.1	37.4	37.4	-	131.7	-	-	0.4	141.5	
31 December 2019																		
Sironia	-	6.3	-	-	6.3	-	-	-	-	-	-	-	-	-	-	-	-	
Alitalia	5.2	21.8	-	-	27.0	2.3	-	-	28.9	1.7	1.7	-	-	-	-	-	-	
Alitalia - subsidiaries	5.2	28.1	-	-	33.3	2.3	-	-	28.9	1.7	1.7	-	-	-	-	-	-	
Bologna and Fire Parking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pavimental	0.8	-	-	-	0.8	131.2	-	-	136.7	0.1	0.1	-	104.2	-	-	0.1	104.3	
Societa' Infrastrutture Toscane (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Spa Engineering	16.3	-	-	-	16.3	70.5	-	-	70.5	0.3	0.3	-	25.3	-	-	-	25.3	
Total associates	17.1	201.7	-	-	218.8	201.7	-	-	202.2	0.4	0.4	-	229.5	-	-	0.1	229.6	
Alberis group	3.1	63.7	-	-	66.8	63.7	-	-	63.7	3.4	3.4	-	0.1	-	-	-	0.1	
Avogelli	31.3	2.7	-	-	34.0	2.7	-	-	2.7	37.1	37.1	-	0.5	-	-	-	0.5	
Iniblu	0.8	0.8	-	-	1.6	0.8	-	-	0.8	0.3	0.3	-	0.1	-	-	-	0.1	
Iniblu - subsidiaries	0.9	0.8	-	-	1.7	0.8	-	-	0.8	0.3	0.3	-	0.1	-	-	-	0.1	
Autosole Brasil	0.3	0.3	-	-	0.6	1.5	-	-	0.3	-	-	-	-	-	-	-	-	
Autosole dell'Atlantico	0.2	0.2	-	-	0.4	0.2	-	-	0.2	-	-	-	-	-	-	-	-	
Autosole Holding do Sur	0.1	0.1	-	-	0.2	0.2	-	-	0.2	0.1	0.1	-	-	-	-	-	-	
Autosole Transaction Consultants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electronic Transaction Consultants	3.4	0.9	-	-	4.3	0.9	-	-	0.9	0.9	0.9	-	-	-	-	-	-	
Aeroposti di Roma group	1.5	0.8	-	-	2.3	0.8	-	-	0.8	0.3	0.3	-	-	-	-	-	-	
Stalport group	1.7	1.7	-	-	3.4	1.1	-	-	1.1	1.1	1.1	-	-	-	-	-	-	
Azurra Aeroporti	0.1	0.1	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	
Societal Gestion Vial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Societal Gestion Vial - subsidiaries	1.0	1.0	-	-	2.0	-	-	-	-	0.2	0.2	-	-	-	-	-	-	
Telepass	26.6	26.6	-	-	53.2	11.5	-	-	11.5	23.7	23.7	-	5.1	-	-	0.1	5.2	
Telepass Pay	0.6	0.6	-	-	1.2	0.4	-	-	0.4	0.3	0.3	-	-	-	-	-	-	
Other affiliates	0.1	0.1	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	
Total affiliates	73.0	80.8	-	-	153.8	80.8	-	-	82.7	66.5	66.5	-	5.8	-	-	0.1	5.9	
SAT Lavori (in liquidation)	0.6	0.6	-	-	1.2	3.6	-	-	3.6	-	-	-	0.1	-	-	-	0.1	
SAT Lavori (in liquidation) - subsidiaries	0.6	0.6	-	-	1.2	3.6	-	-	3.6	-	-	-	0.1	-	-	-	0.1	
Total other companies	0.6	0.6	-	-	1.2	3.6	-	-	3.6	-	-	-	0.1	-	-	-	0.1	
ASTRI pension fund	-	-	-	-	-	5.9	-	-	5.9	-	-	-	8.1	-	-	-	8.1	
CAPIDI pension fund	-	-	-	-	-	1.1	-	-	1.1	-	-	-	0.9	-	-	-	0.9	
Total pension funds	-	-	-	-	-	7.0	-	-	7.0	-	-	-	9.0	-	-	-	9.0	
Key management personnel	-	-	-	-	-	3.6	1.3	-	4.9	-	-	-	3.9	-	-	-	3.9	
Key management personnel - subsidiaries	-	-	-	-	-	3.6	1.3	-	4.9	-	-	-	3.9	-	-	-	3.9	
Total key management personnel (1)	-	-	-	-	-	3.6	1.3	-	4.9	-	-	-	3.9	-	-	-	3.9	
TOTAL	95.9	28.1	-	-	124.0	288.4	26.6	-	334.3	68.7	68.7	-	135.5	-	-	0.3	146.7	

(1) "Autosole per l'Italia's 'key management personnel'" means the Company's Directors, Statutory Auditors and other key management personnel as a whole. Expenses for each period include emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans) for Autosole per l'Italia staff and staff of the relevant subsidiaries. In addition to the information shown in the table, the consolidated financial statements also include contributions for the first half of 2020 paid on behalf of Directors, Statutory Auditors and other key management personnel, totalling €0.1 million (€1.1 million in the first half of 2019) and liabilities of €0.5 million payable to such persons as at 30 June 2020 (€1.7 million as at 31 December 2019).

Principal financial transactions with related parties															
Assets				Liabilities				Income				Expenses			
Financial assets				Financial liabilities				Financial income				Financial expenses			
€m	Current financial assets deriving from government grants	Intercompany current account receivables	Intercompany current account receivables	Total	Medium/long-term borrowings	Intercompany current account payables	Current portion of medium/long-term financial liabilities	Current portion of medium/long-term financial liabilities	Other non-current financial liabilities	Total	Total	Other financial expenses	Total		
	30 June 2020				31 December 2019				H1 2020				H1 2019		
	Atlanta	-	-	-	2.2	32.2	0.8	350.0	385.2	-	-	-	3.3		
	Total parents	-	-	-	2.2	32.2	0.8	350.0	385.2	-	-	-	3.3		
	Pavimental	-	89.6	-	-	-	-	-	-	0.2	0.2	-	-		
	Pedemontana Veneta (in liquidation)	-	0.3	-	-	-	-	-	-	-	-	-	-		
	Spea Engineering	-	1.3	-	-	-	-	-	-	-	-	-	-		
	Total associates	-	89.6	1.6	-	-	-	-	-	0.2	0.2	-	-		
	Autogrill	0.5	-	-	-	-	-	-	-	-	-	-	-		
	Telepass	-	363.2	-	-	0.2	-	-	0.2	-	-	-	3.2		
	Total affiliates	0.5	363.2	-	-	0.2	-	-	0.2	-	-	-	3.2		
	TOTAL	0.5	452.8	1.6	2.2	32.4	0.8	350.0	385.4	0.2	0.2	-	6.5		
		30 June 2020				31 December 2019				H1 2020				H1 2019	
	Atlanta	-	-	-	2.3	24.5	0.8	-	27.6	-	-	-	2.9		
	Total parents	-	-	-	2.3	24.5	0.8	-	27.6	-	-	-	2.9		
	Pavimental	-	95.3	-	-	-	-	-	-	0.4	0.4	-	-		
	Pedemontana Veneta (in liquidation)	-	0.2	-	-	-	-	-	-	-	-	-	-		
	Spea Engineering	-	1.3	-	-	-	-	-	-	-	-	-	-		
	Total associates	-	95.3	1.5	-	-	-	-	-	0.4	0.4	-	-		
	Autogrill	0.5	-	-	-	-	-	-	-	-	-	-	-		
	Telepass	-	565.1	-	-	3.4	-	-	3.4	-	-	-	4.6		
	Total affiliates	0.5	565.1	-	-	3.4	-	-	3.4	-	-	-	4.6		
	TOTAL	0.5	660.4	1.5	2.3	27.9	0.8	-	31.0	0.4	0.4	-	7.5		

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 its parents

As a result of the tax consolidation arrangement headed by Atlantia, in which Autostrade per l'Italia and certain of its Italian subsidiaries participate, as at 30 June 2020 the Group has recognised tax assets due from Atlantia, amounting to €21.3 million.

As at 30 June 2020, 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.

The current account between the Group and its parent, Atlantia, has a debit balance of €32.2 million as at 30 June 2020. Finally, financial expenses payable to the parent, Atlantia, in the first half of 2020 amount to €3.3 million, broadly in line with the first half of 2019 (€2.9 million).

Finally, as previously commented on in note 7.15, "Financial liabilities", the balance of other current financial liabilities due to Atlantia as at 30 June 2020 has increased by €350 million compared with 31 December 2019. This follows the drawdown of this amount as part of the first tranche of the credit facility agreed with Atlantia, totalling €400,000 thousand and maturing on 15 January 2021. This tranche is subject to a fixed rate of 1.5%. This transaction forms part of the financial support that the parent has committed to provide the Company in the form of a loan of up to €900 million. The facility breaks down into two tranches to be disbursed by 31 December 2020 and maturing on 31 December 2021.

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

The Group reports trading liabilities payable to the affiliates, Pavimental and Spea Engineering. As at 30 June 2020, trade payables due to these companies total €116 million and €59.6 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 €106.3 million payable to Pavimental and of €19.2 million to Spea Engineering, in return for the above services provided.

Trade receivables due from the affiliate, Telepass amount to €12.1 million as at 30 June 2020. 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 2020, Autogrill holds 97 food service and 9 oil service concessions for service areas along the Group's motorway network. In the first half of 2020, the Group earned total revenue of €13.7 million, including €10.7 million in royalties deriving from the management of service areas. This recurring income is generated by contracts entered into over several years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders. In this regard, as mentioned above, as part of initiatives designed to support sub-operators that provide oil and food services during the Covid-19 emergency, Autostrade per l'Italia waived its right to the payment of royalties and fees by Autogrill between March and May. As at 30 June 2020, trading assets receivable from Autogrill amount to €4.4 million.

Transactions of a financial nature as at 30 June 2020 include, as part of the Autostrade per l'Italia's provision of centralised treasury services for the Atlantia Group, intercompany current account

receivables of €89.6 million due from Pavimental, whilst the amount due from Telepass totals €363.2 million.

10.6 Disclosures regarding share-based payments

There were no changes, during the first half of 2020, in the share-based incentive plans already adopted for Group companies as at 31 December 2019. 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 2019.

Details of all the plans are contained in specific information circulars prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as amended, and in Atlantia's Remuneration Report 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.

On 29 May 2020, the Annual General Meeting of Atlantia's shareholders approved a free share scheme for the employees of certain Atlantia Group companies. Under the scheme, each employee will have the right to receive 75 shares in Atlantia free of charge, within an acceptance period scheduled for 2020, by signing an allotment letter. The shares will be allocated in a one-off allotment on a date to be decided on by the Board of Directors during the year. The allocated shares, which are not linked to performance, will be subject to a lock-up period of three years from the allotment date.

As a result, no entries were made in the accounts in relation to this new scheme during the first half of 2020, as the process of selecting beneficiaries and obtaining their acceptance of the scheme terms and conditions has yet to be completed.

The following table shows the main aspects of the Group's existing cash-settled, share-based incentive plans as at June 30 2020. The table shows the options and units awarded to directors and employees of Autostrade per l'Italia and its subsidiaries at that date, and the related changes (in terms of new awards and the exercise, conversion or lapse of options or units and transfers/secondments from /to other Atlantia Group companies) in 2020. 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.

	Number of options/units awarded	Vesting date	Exercise/Grant date	Exercise price (€)	Fair value of each option or unit at grant date (€)	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 2020									
- 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	-530,512								
- options exercised	-1,964,959								
- options lapsed	-706,305								
Total	1,293,971								
Changes in options in H1 2020									
- options exercised	-47,578								
Options outstanding as at 30 June 2020	1,246,393								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2020									
- 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%
- 3 August 2018 grant	732,785	15 June 2021	1 July 2024	N/A (***)	2.91	5,91	2.35%	21.9%	4.12%
- 7 June 2019 grant	561,821	15 June 2022	1 July 2025	N/A (*)	2.98	6,06	1.72%	24.3%	4.10%
- transfers/secondments	-139,812								
- options lapsed	-249,737								
Total	1,787,974								
Changes in options in H1 2020									
- transfers/secondments	28,859								
- options lapsed	-865,264								
Options outstanding as at 30 June 2020	951,570								
2017 PHANTOM SHARE GRANT PLAN									
Options outstanding as at 1 January 2020									
- 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%
- 3 August 2018 grant	73,007	15 June 2021	1 July 2024	N/A	24.5	5,91	2.35%	21.9%	4.12%
- 7 June 2019	57,540	15 June 2022	1 July 2025	N/A (*)	2.98	6,06	1.72%	24.3%	4.10%
- transfers/secondments	-14,665								
- options lapsed	-19,144								
Total	176,043								
Changes in units in H1 2019									
- transfers/secondments	2,995								
- options lapsed	-78,064								
Options outstanding as at 30 June 2020	100,974								

(*) 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

47,578 options were exercised during the period. The unit fair values of the options awarded under the second and third award cycles were remeasured as at 30 June 2020 as €1.14 and €1.16 respectively, in place of the unit fair value at the grant date.

2017 Phantom Share Option Plan

On 11 June 2020, Atlantia's Board of Directors noted that the hurdles provided for in the terms and conditions with regard to the first cycle of the plan. As a result, the related options have lapsed. The unit fair values of the options awarded under the second and third award cycles were remeasured as at 30 June 2020 as €1.43 and €1.41 respectively, in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

On 11 June 2020, Atlantia's Board of Directors noted that the hurdles provided for in the terms and conditions with regard to the first cycle of the plan. As a result, the related units have lapsed. The unit fair values of the options awarded under the second and third award cycles were remeasured as at 30 June 2020 as €15.26 and €14.59 respectively, 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:

- price as at 30 June 2020: €14.36;
- the weighted average price for the first half of 2020: €15.84.;

In accordance with the requirements of IFRS 2, as a result of the existing plans, in the first half of 2020, the Group recognised a reduction in staff costs of €6,152 thousand, corresponding with an adjustment of the value of amounts payable in relation to the lapsed phantom options and the updated, accrued fair value of the options granted. Liabilities relating to the fair value of outstanding phantom options as at 30 June 2020 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 2019, 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 2020.

Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa

A section of the Polcevera road bridge on the A10 Genoa-Ventimiglia collapsed on 14 August 2018, causing the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Interim Report for the six months ended 30 June 2020.

Talks between Autostrade per l'Italia and the Cabinet Office, the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance

Autostrade per l'Italia is engaged in talks with the Ministry of Infrastructure and Transport (the "MIT"), aimed at resolving the dispute over the Ministry's allegations of serious breaches of the Concession Arrangement following the collapse of a section of the Polcevera road bridge. In both the Annual Report for 2019, approved on 29 May 2020 and the quarterly report approved on 10 June 2020, Autostrade per l'Italia has already noted that, whilst continuing to have confidence in a rapid and positive solution to the situation, based on the progress of talks with the MIT, the Ministry of the Economy and Finance (the "MEF") and the Cabinet Office, and the legislative and/or regulatory framework, including with regard to the eventual outcome of the challenges contesting the provisions contained in the *Milleproroghe* Decree, the company has, in any event, the option of exercising all the rights granted to it under the terms of the concession arrangement, as confirmed by the opinions provided by its legal advisors.

Following the memorandum sent on 13 May 2020, in which Autostrade per l'Italia, with reference to its proposal of 5 March 2020, reiterated the need to rapidly agree on a resolution of the dispute, Autostrade per l'Italia and Atlantia sent a new joint memorandum to the Ministry of Infrastructure and Transport on 10 June 2020. In this memorandum, the Company, after summarising the requests made by the Ministry during the meeting held on 5 June 2020 as a condition for reaching a positive resolution of the dispute, added to the previous proposal *"in order to further emphasise and highlight the public interest in acceptance of the proposal"*.

In a memorandum sent to the MIT on 22 June 2020, Autostrade per l'Italia reiterated this conviction *"without prejudice to the rights acquired, or to be acquired, by this company, including those granted by art. 9-bis of the Single Concession Arrangement entered into in 2007"*, and stated that *"were such conviction to be proved wrong by the outcomes of the legal challenges brought, this would mean that there were valid grounds for application of the above art. 9-bis and that such grounds cannot be considered to have been waived"*.

On 29 June 2020, Aosta Regional Administrative Court dismissed the challenge brought by Raccordo Autostradale Valle d'Aosta against the MIT's decision to award a toll increase of 0% for 2020 and to impose an obligation on the operator, in common with the other operators affected by the amendments to legislation introduced by art. 13 of the *Milleproroghe* Law Decree, to submit by 30 March 2020 as revised Financial Plan in compliance with the new tariff regime introduced by the Transport Regulator. Among other things, the Court also ruled against the company's claim that art. 13 of the *Milleproroghe* Law Decree is in conflict with EU legislation and in breach of the constitution.

On 8 July 2020, the Constitutional Court, following a hearing held that day to examine issues regarding the lawfulness of the Genoa Decree raised by Autostrade per l'Italia and referred to the Court by Liguria Regional Administrative Court for a preliminary ruling, announced its judgement. The Court found that *"the issues raised with regarding the lawfulness of Autostrade per l'Italia's exclusion from the call for tenders held to choose contractors to carry out the work involved in demolition and reconstruction of the road bridge were without grounds. The legislator's decision not to award Autostrade per l'Italia the contract to rebuild the bridge was based on the exceptional gravity of the situation which led it, by way of precaution, not to award the contract to the undertaking responsible for maintaining the bridge itself"*.

On 8 July 2020, the MIT also called Autostrade per l'Italia to meeting to be held on the following day, given *"the need to complete a full and final assessment of the latest settlement proposal received on 10 June"*.

At the meeting of 9 July 2020, representatives from the Cabinet Office, the Ministry of Infrastructure and Transport and the Ministry for the Economy and Finance set out the terms of a potential agreement designed to reach a settlement of the dispute that would be in the public interest. In response, Autostrade per l'Italia, whilst continuing to reject the allegations made against the company regarding alleged breaches of its obligations in relation to management of the Polcevera road bridge, submitted a new settlement proposal in a memorandum dated 11 July 2020. This involves:

- a) a commitment to provide the full amount of the funding requested by Government representatives, amounting to €3,400 million, entirely at the company's own expense and without any return, with this sum to be used to finance reductions in tolls for the benefit of road users (€1,500 million), additional maintenance work on the infrastructure operated under concession during the regulatory period 2020 - 2024 (€1,200 million), and work on reconstruction of the Polcevera road bridge and all other related expenses (€700 million);
- b) a commitment to accept the tariff regime set out in the Transport Regulator's determinations 16 and 71, applying annual toll increases of 1.75% from 1 January 2021, as indicated by representatives of the Government, in addition to the recovery of the negative impact of Covid-19;
- c) a commitment to submit an updated Financial Plan within 7 days of acceptance of the new proposal in keeping with the terms thereof;
- d) a commitment, subject to prior assessment of the conditions for the bankability of the planned investment programme, to amend art. 9 of the Concession Arrangement in line with the compensation regime set out in art. 35 of Law Decree 163 of 2019, only in cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network, where there is certain proof of the operator's sole responsibility;
- e) a commitment to work with the Grantor on an inspection programme, backed up by an appropriate system of penalties;

- f) a commitment to withdraw a series of pending legal actions relating to reconstruction of the road bridge, the tariff regime introduced by the Transport Regulator and the provisions of the *Milleproroghe* Law Decree.

At the same time, Autostrade per l'Italia, noting Atlantia's willingness to reduce its stake in the company and allow new investors to acquire shares, declared a willingness to ask shareholders to consider the sale of shares to public and private institutional investors by issuing new shares as part of a capital increase.

Following subsequent talks, on 13 July 2020, Autostrade per l'Italia sent a letter to the Cabinet Office, the MIT and the Ministry of the Economy and Finance, providing further details of the proposal dated 11 July 2020.

On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government. This expressed a willingness, subject to approval by their respective boards of directors, to enter into an agreement to carry out a market transaction designed to result in Atlantia giving up control of Autostrade per l'Italia and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders.

Finally, on 15 July 2020, Atlantia and Autostrade per l'Italia submitted a further proposal, based on the indications received in the meantime. This new proposal, subject to approval by the companies' board of directors, entails the inclusion of Covid-19 related costs in the average annual toll increase of 1.75%, in addition to acceptance of the amendment of art. 9 of the Concession Arrangement, stating that in the event of the identification of specific causes of forfeiture, the compensation due is to be determined on the basis of the unamortised cost of construction and upgrade services performed.

In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government "*has decided to begin the settlement process as provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised*".

On 15 July 2020, the Grantor also requested Autostrade per l'Italia to submit the revised Financial Plan. Autostrade per l'Italia responded to the request by sending the revised plan with a letter dated 23 July 2020.

Subsequently, on 31 July 2020, the MIT called a meeting with Autostrade per l'Italia in order to agree on how to proceed (with regard to the settlement agreement and an addendum to the concession arrangement) and to convey its observations on previous documents. This meeting gave rise to a number of differences with respect to what had previously been agreed. On this basis, the operator will itself respond by drawing up a revised text in line with what has been agreed on during the talks, thus progressing negotiations with the grantor with a view to reaching a rapid conclusion of the dispute.

At the same time, on 3 August 2020, Autostrade per l'Italia received observations on the Financial Plan submitted by the operator on 23 July. These are being examined before preparing an appropriate response.

Constitutional Court rulings on issues of constitutional legitimacy raised by Autostrade per l'Italia within the context of legal challenges brought against the measures introduced by the Special Commissioner for the Reconstruction

A public Constitutional Court hearing was held on 8 July 2020 in response to a request for a ruling on the constitutional legitimacy of the measures in the Genoa Decree and the related actions of the Commissioner, which are already the subject of four challenges before Liguria Regional Administrative Court (in addition to the challenge lodged by Pavimental) regarding (i) the procedure for awarding contracts for the demolition and reconstruction of the road bridge; (ii) the procedure for awarding contracts for project management and the related activities; (iii) the Special Commissioner's request for the handover of the connecting sections of motorway affected by work on the reconstruction; (iv) the Special Commissioner's request for the sums of money needed to fund reconstruction and demolition of the road bridge.

These measures had already been contested by Autostrade per l'Italia as being in contrast with Constitutional law and with various EU legal principles. The related matters, having been by Liguria Regional Administrative Court to be relevant and not manifestly unfounded, were referred to the Constitutional Court for a preliminary ruling on 6 December 2019.

Following the above hearing, in its announcement dated 8 July 2020 and judgement 168/2020 (containing reasons) published on 27 July 2020, la Constitutional Court ruled that the issues regarding the lawfulness of the Genoa Decree, as raised by Autostrade per l'Italia and as referred to the Court by Genoa Regional Administrative Court for a preliminary ruling, were in part without grounds and in part inadmissible.

The reasons that led the Constitutional Court to rule that the Genoa Decree does not breach Constitutional law, enabling, above all, Autostrade per l'Italia SpA to be excluded from work on the demolition and reconstruction of the road bridge, are based on *"the urgent need to start work on restoring the section of motorway and doubts surrounding the advisability of awarding the contract to the operator given the gravity of the collapse of the motorway viaduct known as the Morandi Bridge, and in view of the initial results of the related administrative investigations"*. The Court affirmed that *"Moreover, the decision to exclude Autostrade per l'Italia from the call for tenders for the contract, as well as being a natural consequence of the above, is consistent with EU law regarding public contracts and also served to open up the motorway construction sector to greater competition"*. In addition, *"The judgement explains that the exclusion of Autostrade per l'Italia from work on demolition and reconstruction of the road bridge took place over two stages. Above all, the legislator decided that, with regard to these activities, it would not apply the arrangement to which the operator is a party and that the operator was not, therefore, obligated to provide the construction services involved in demolition and reconstruction, despite the fact that Autostrade per l'Italia had expressed a willingness to provide such services. Secondly, the Special Commissioner, charged with carrying out the work, was precluded from entering into negotiations with Autostrade per l'Italia regarding the related contract"*.

Among the matters ruled inadmissible, the Constitutional Court mentioned the question *"relating to Autostrade per l'Italia's responsibility for meeting the costs of reconstruction and of expropriations, given that the Regional Administrative Court has not clarified the grounds on which such responsibility has been assigned: whether final, or merely provisional, whilst awaiting confirmation of the operator's responsibility for providing compensation"*.

Extraordinary tunnel inspections – Ministerial Circular no. 6736/61A1 of 19 July 1967 – Launch of a procedure for serious breach pursuant to art. 8 of the Single Concession Arrangement

On 22 July 2020, following a one-off inspection conducted by the Grantor, with the aim of verifying correct implementation of the planned checks being carried out by Autostrade per l'Italia on tunnels around the network it operates, with particular regard to those in the Liguria region, the

Grantor announced the *“launch of a procedure pursuant to art. 8 of the Concession Arrangement in force”*, having identified *“operational problems, delays and a failure to comply with the instructions given”*.

The above procedure is based on a report prepared by inspectors from the Local Inspection Department based in Rome. The report sets out details of the alleged problems identified during onsite inspections carried out on a number of sections of motorway located in the provinces of Genoa and Pescara.

The alleged breaches of the Concession Arrangement regard (i) the failure, when carrying out the inspections, to employ the methods provided for in circular no. 6736 of 19 July 1967, which requires checks to be conducted on the tunnel’s entire surface area, involving the disassembly of any ducts; (ii) the failure to observe the terms and conditions provided for in the above circular, resulting in *“major delays in assessing the state of repair of the infrastructure and the need to repeat inspections previously carried out unilaterally, in order to identify any defects in the structure that constitute a danger to traffic”*; (iii) the failure to meet the deadlines set out in the schedule of work to be carried out, with particular regard to 4 tunnels indicated in the report; (iv) delays to completion of the inspections indicated by Autostrade per l’Italia.

Based on the above findings, the Grantor has concluded that there are shortcomings in the operator’s management of the infrastructure, as it has failed to comply with the requirements contained in the above circular and the instructions issued by the Grantor. These shortcomings in management of the infrastructure have, in the Grantor’s opinion, *“not only led to a situation constituting a risk to motorway traffic and a danger to the public, but have also led to delays in conducting the surveys, resulting in major disruption to traffic in the Liguria region”*.

In the announcement of the launch of the procedure, dated 22 July 2020, the Grantor gave Autostrade per l’Italia 30 days to conduct the required checks and to provide its justifications individual findings.

Subsequently, on 28 July 2020, Local Inspection Department based in Rome extended the above procedure for serious breach by requesting, for each tunnel, detailed reasons for the delays in completing the inspections and the related works.

Art. 8 of the Single Concession Arrangement requires the operator to report on its inspection activity to the Grantor within the deadline set by the latter, indicating where it is in compliance or providing justifications. In order to report on the actual state of progress in implementing work on the tunnels and to clarify its position with regard to compliance with the law, Autostrade per l’Italia is preparing a detailed response to each of the above alleged breaches.

Five-yearly updated of Autostrade per l’Italia’s financial plan

With regard to the five-yearly update of the Financial Plan, and following the submission of the updated Financial Plan for the regulatory period 2020-2024 on 8 April 2020, and the technical committee set up with representatives from the Ministry of the Economy and Finance, on 19 June 2020, Autostrade per l’Italia sent the Grantor a technical document containing a summary of all the in-depth discussions had during the meetings held in May and June 2020, indicating the aspects still to be examined and what still needed to be discussed with the MIT. Subsequently, in a letter dated 15 July 2020, following on from the meeting with Government representatives held on 14 July 2020, which resulted in agreement on the measures deemed necessary in order to meet the public interest in settling the dispute over alleged serious breaches of the concession arrangement launched on 16 August 2018, the MIT requested Autostrade per l’Italia to submit its revised Financial Plan by 23 July 2020. As requested, on 23 July, Autostrade per l’Italia submitted the above Financial Plan.

Legal challenges against the actions taken by the Special Commissioner pursuant to Law Decree 109/2018

With regard to the appeals brought by the Cabinet Office, the Ministry of Infrastructure and

Transport and the Special Commissioner on 5 January 2020, contesting Liguria Regional Administrative Court's ruling on the preliminary questions proposed by the authorities as part of the related judgements at first instance, the public hearing has been scheduled for 8 October 2020.

Investigation by the Public Prosecutor's Office in Genoa

The collapse of a section of the road bridge has resulted in criminal action before the Court of Genoa against 39 Autostrade per l'Italia SpA personnel, including executives and other people employed at the Company's Rome headquarters and the relevant area office in Genoa, in relation to offences provided for in articles: 449-434 of the criminal code ("*accessory to culpable collapse*"); 449-432 of the criminal code ("*violation of transport safety regulations aggravated by culpable disaster*"); 589-bis, paragraph 1 of the criminal code ("*culpable vehicular homicide*"); 590-bis, paragraph 1 of the criminal code ("*grievous or very grievous bodily harm caused by road traffic violations*"); 589, paragraphs 1, 2 and 3 of the criminal code ("*culpable homicide resulting from breaches of occupational health and safety regulations*"); 590, paragraphs 1, 3 and 4 of the criminal code ("*negligent injury resulting from breaches of occupational health and safety regulations*"). Three of Autostrade per l'Italia's executives were subsequently also placed under investigation for the offence provided for in articles 110 and 479 of the criminal code ("*false statements by a public officer in a public office*"). As part of the same procedure, Autostrade per l'Italia is also under investigation pursuant to art. 25-septies of Legislative Decree 231/2001, relating to "*Culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations*".

Two pre-trial hearings were arranged by the preliminary investigating magistrate. The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial report prepared by experts on 7 August, followed by a hearing to examine it on 20 September 2019. With regard to the second pre-trial hearing, the purpose of which is to determine the causes of the collapse, at the hearing held on 14 July 2020, following the swearing in of a new court-appointed expert, the preliminary investigating magistrate further extended the deadline for completion of the expert investigation until 15 October 2020 and, as a result, the deadline for filing the expert technical report until 31 October 2020. The hearing at which the report is to be discussed is now scheduled to take place from 1 December 2020.

Investigation by the Public Prosecutor's Office in Genoa of bridges and road bridges managed by Autostrade per l'Italia and the initiatives undertaken

As part of a second investigation initiated by the Genoa Public Prosecutor's Office of a series of allegations regarding false statements in relation to monitoring reports relating to certain bridges and road bridges on Autostrade per l'Italia's network, four executives and a company employee, among others, were investigated.

According to the charge, some reports prepared by the technicians responsible for testing, monitoring and design were improperly drafted in order to make the maintenance conditions of the road bridges appear better than they actually were.

The imputed offences are the ones provided for in articles 81, 110 and 479 of the criminal code ("*false statements by a public officer in a public office*").

In September 2019, the preliminary investigating magistrate issued an injunction applying a personal precautionary measure (house arrest) and a prohibitive measure (suspension from work for a period of 12 months) against, among others, two of the above-mentioned Autostrade per l'Italia managers.

In opposition to these measures, the lawyers of the persons under investigation proposed a review, which led to the house arrest measure being replaced with suspension from practising a public service for one year and a ban on exercising any professional activity similar to the one carried out

previously for one year, while the prohibitive measure was confirmed, and following the subsequent rejection of the appeal before the Court of Cassation became enforceable.

Once the company became aware of the prohibitive injunctions, it promptly initiated disciplinary proceedings against the four executives under investigation, which then led to the dismissal of three of them, and the suspension from work of the other one.

Investigation by the Public Prosecutor's Office in Vasto of the alleged inclusion of false data in the technical documentation relating to the Giustina Viaduct (A14)

This criminal investigation is linked to the previous one and follows the provision of evidence gathered by the Public Prosecutor's Office in Genoa to the Public Prosecutor's Office in Vasto, which has jurisdiction.

On 26 June 2020, the Public Prosecutor asked the preliminary investigating magistrate at the Court of Vasto for an extension of the deadline for completing the preliminary investigation to 3 February 2021. The people under investigation are the former Head of Operational Maintenance and Investment, the former Director of local office VIII and Autostrade per l'Italia's then Sole Project Manager, who are accused of breaching articles 110 and 479 of the criminal code ("*false statements by a public officer in a public office*").

Investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

On 10 December 2019, the *Guardia di Finanza* (Finance Police) of Genoa made several visits to the Genoa and Rome offices of Autostrade per l'Italia and a number of Group companies in order to seize technical documents (i.e., designs, calculation reports, test certificates) and organisational documents (i.e. service orders and organisational arrangements in place since 2013) regarding the installation and maintenance of "Integautos" model noise barriers.

The people under investigation, for their alleged responsibility at the time the offences were committed, are the Head of Operational Maintenance and Investment, the Central Operations Director, the Joint General Manager for New Works at Autostrade per l'Italia and the Chief Executive Officer of SPEA Engineering SpA, who are suspected of the offences in articles 110 ("*aiding and abetting*"), 81 ("*continuing offence*"), 356 ("*public procurement fraud*") and 432 ("*violation of transport safety regulations*") of the criminal code.

In early 2020, Autostrade per l'Italia's then Joint General Manager for New Works made a number of statements during his interview under caution.

Agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna

With regard to the agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna, the related Services Conference took place on 16 June 2020. During the event, the authorities involved requested reinstatement of the previously identified design solution, to which they wish to see certain changes made. The Company is currently waiting for the Ministry to decide which changes are acceptable before proceeding with revision of the design.

Legal challenge contesting the Transport Regulator's determinations on the new tariff regime

A legal challenge contesting the ruling handed down by Piedmont Regional Administrative Court, which upheld the lawfulness of the Transport Regulator's decision to partially deny Autostrade per l'Italia access to all the data, computations, estimates and criteria on which the Regulator based the contested determinations, was brought before the Council of State. On 22 June 2020, the Council of State upheld Autostrade per l'Italia's challenge and ordered "*release of the data used by the Regulator in order to determine the weighted average cost of capital (WACC) based on the*

method set out in paragraph 16 of Resolution 71/2019, and, more specifically, the elements that were used in defining the criteria referred to in paragraph 16.5 of the resolution and the data extracted from the database enabling the Regulator to estimate the efficiency gap and identify the annual efficiency improvement targets”.

Toll increases for 2019 and 2020

With regard to the toll increase for 2019 of 0.81%, as authorised by the MIT and MEF and voluntarily deferred for the whole of 2019, Autostrade per l’Italia has repeatedly volunteered to extend the deferral, the latest extension postponing application of the increase through to 31 December 2020. The toll increase for 2020 has also been deferred until the revised Financial Plan, drawn up in accordance with the Transport Regulator’s model by 30 March 2020, has been approved, a process currently in progress.

Both the above increases will be taken into account in the revised Financial Plan.

Investigation launched by AGCM (the Italian Competition Authority)

On 16 June 2020, officials from the Italian Competition Authority, assisted by the *Guardia di Finanza* (Finance Police), conducted an inspection of the Company’s Rome headquarters and Cassino 6 Local Area Office. This was accompanied by notification of the launch of an investigation pursuant to art. 27, paragraph 3 of the Consumer Code.

Investigation PS no. 11644 – launched by AGCM following complaints from consumers and local press reports – is looking into allegations that Autostrade per l’Italia has engaged in unfair trading practices. The investigation regards the decision to narrow lanes and reduce speed limits on sections of the A16 and A14 motorways, focusing above all on the information provided to road users on reductions and suspensions of tolls in order to compensate users for the disruption caused. On 26 June 2020, Autostrade per l’Italia requested an extension to the deadline of 6 July 2020 for submitting all the related documentation and representations, also requesting that the documents removed during the inspection be kept confidential. The request for an extension was accepted and the date was moved to 21 July, when the requested documentation and related notes were delivered. Moreover, on 31 July 2020, Autostrade per l’Italia submitted the list of commitments provide for in the Regulation governing consumer protection investigations. The list commits the Company to revise the form and content of the information provided to road users on speed limits and to make available a webform to be used by motorists in order to claim a refund of tolls.

Concession for the A3 Naples-Pompei-Salerno motorway

With regard to Autostrade Meridionali’s appeal to the Campania Regional Administrative Court against the decision to award the SIS Consortium the new concession to operate the A3 Naples-Pompei-Salerno motorway, requesting its cancellation after suspension of the award, on 13 May 2020, the Court rejected Autostrade Meridionali’s request for a provisional injunction halting the award and, at the same time, scheduled a hearing on the merits of the case to be held on 7 October 2020.

Dispute regarding the failure to formally approve Autostrade Meridionali’s financial plan and CIPE Resolution 38/2019

With regard to the legal challenge lodged by Autostrade Meridionali, contesting the Grantor’s failure to respond to the proposed Financial Plan submitted for the period 2013–2022 and CIPE Resolution 38/2019 (governing the transition period between the date of expiry of the concession and the date the new operators takes over), following Campania Regional Administrative Court’s ruling that it did not have jurisdiction on 29 January 2020, Autostrade Meridionali transferred its action to Lazio Regional Administrative Court. A hearing on the merits of the case has been scheduled for 2 December 2020.

Raccordo Autostradale Valle d’Aosta’s toll increase for 2020

Raccordo Autostradale Valle d’Aosta brought an action before Aosta Regional Administrative Court challenging the MIT’s decision to award a toll increase of 0% for 2020 and to impose an obligation on the operator, in common with the other operators affected by the amendments to legislation introduced by art. 13 of the *Milleproroghe* Law Decree, to submit by 30 March 2020 as revised Financial Plan in compliance with the new tariff regime introduced by the Transport Regulator.

On 29 June 2020, the above Court dismissed the challenge, ruling that the measures challenged were lawful, and that they did not represent a refusal to approve a toll increase for 2020, but rather a postponement of determination and application of the increase until the company’s submission of a revised financial plan that complies with the Transport Regulator’s determinations, as required by art. 13 of the *Milleproroghe* Law Decree.

The Court also ruled against the company’s claim that the new regulations are in conflict with EU legislation and in breach of the constitution.

The company is currently considering whether or not to appeal the ruling before the Council of State.

Autostrada Tirrenica - judgement of the Court of Justice of 18 September 2019 and art. 35 of the *Milleproroghe* Decree

Following conversion into law of the *Milleproroghe* Decree, on 14 May 2020, Autostrade Tirrenica filed a legal challenge with Lazio Regional Administrative Court. The operator has requested the Court to rule on whether the articles in the operator’s Concession Arrangement are still valid and in force, subject to granting relief in the form of non-application of art. 35, paragraphs 1 and 1-ter of Law Decree 162 of 30 December 2019, converted with amendments into Law 8 of 28 February 2020, or relief in relation to issues regarding the interpretation of EU law and connected issues relating to constitutional law.

The operator’s challenge primarily requests the Court to confirm the validity and effectiveness of the provisions in the concession arrangement, having granted relief in the form of non-application of art. 35, paragraphs c(1) and c(1-ter) of the *Milleproroghe* Decree as it breaches numerous constitutional principles, in addition to certain basic EU principles, above all those regarding legal certainty and legitimate expectations forming the basis of the fundamental freedoms established by articles 49 *et seq.* and 63 *et seq.* of the Treaty on the Functioning of the European Union.

The challenge also requests the Court to rule on the validity and effectiveness of the provisions in the Single Concession Arrangement, following the referral of preliminary issues to the European Court, and of the issue of constitutional legitimacy to the Constitutional Court.

Autostrada Tirrenica – Toll increases for 2014, 2016, 2017 and 2018 – Lazio Regional Administrative Court ruling

With regard to the absence or partial application of toll increases for the years 2014, 2016, 2017 and 2018, Autostrade Tirrenica (“SAT”) has filed a series of challenges contesting the related MIT/MEF decrees before Lazio Regional Administrative Court, claiming that the decrees are unlawful. The overall toll increases not granted for the period 2014 – 2018, including compound interest, is approximately 35%.

All the above challenges were upheld by Lazio Regional Administrative Court in a ruling dated 7 February 2019, which set aside the related interministerial decrees, ordering the MIT and MEF to review their decision regarding the toll increases.

Later, at SAT’s request in view of the ministries’ failure to act, on 18 November 2019, the Regional Administrative Court ordered the MIT and the MEF to comply with the Court’s request within 60 days.

SAT subsequently returned to court in order to request action be taken in response to the ministries' failure to comply with the above Regional Administrative Court orders within the required deadline.

In orders published on 30 June 2020, Lazio Regional Administrative Court upheld SAT's requests, appointing an acting commissioner to assume the role of the ministries in deciding on the toll increases for the years 2014, 2016, 2017 and 2018, complying with the principles set out in the above Regional Administrative Court rulings within 90 days.

Litigation regarding the competitive tender for oil services at the Novate Nord service area

With regard to the appeal lodged with the Council of State by EG Italia SpA, challenging the ruling handed down by Lombardy Regional Administrative Court, which set aside the award to the appellant of the concession for oil services at the Novate Nord service area (following a legal challenge brought by Tamoil Italia SpA, the second ranked bidder), following discussion of the case on 25 June 2020, the Council reserved judgement. In the meantime, the service is being provided under an extension of the previous contract by EG Italia, the previous operator.

Investigation by the Public Prosecutor's Office in Genoa relating to the event that took place in the Bertè tunnel on the A26 motorway on 30 December 2019

Following the collapse of a section of ceiling in the Bertè tunnel on the A26 on 30 December 2019, the Public Prosecutor's Office in Genoa opened an investigation into the alleged failure to conduct the quarterly inspections provided for in Ministry of Public Works Circular no. 6736 of 9 July 1967. Documents relating to the roles and responsibilities of departments within Autostrade per l'Italia, in relation to tunnel maintenance and relations between the company and the Ministry of Infrastructure and Transport regarding such matters, were seized, on behalf of the Public Prosecutor's Office, by the *Guardia di Finanza* (Finance Police) at the Rome offices of Autostrade per l'Italia and at the relevant Local Area Office.

Finally, the Director of Genoa Local Office I was notified that they were under investigation for the offence provided for and punishable under art. 328 of the criminal code ("*Dereliction of duty*"). The Director made a number of statements during interviews conducted at the end of June 2020.

Criminal trial before the Court of Rome relating to the award of contracts

The trial regards charges of "*acts in breach of official duties*" (art. 319 of the criminal code) and "*abuse of office*" (art. 323 of the criminal code) brought against the Sole Project Manager and the Project Manager for Operating Investments in relation to work on construction of the Florence North, San Giovanni Valdarno and Rosignano toll stations and the Capannori flyover. Both the accused are employees of Autostrade per l'Italia and have been the subject of disciplinary action. At the end of the preliminary hearing, at which Autostrade per l'Italia, previously identified as the injured party, filed a civil action against the above employees, the accused were remanded for trial before the Court of Rome. The initial hearing was scheduled for 1 April 2020, but this was later adjourned until 9 September 2020 to allow the Court to resolve a number of preliminary issues raised 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 brought criminal charges

against, among other people, Autostrade per l'Italia's Sole Project Manager, who is charged with reckless homicide due to the violation of occupational health and safety regulations.

The trial is in progress. The hearing scheduled for 26 May 2020, in order to hear testimony from the witnesses called by the prosecution, was adjourned until a later date, yet to be communicated to the accused, following the entry into force of art. 36 of Law Decree 23 of 8 April, containing "*Urgent measures regarding access to credit and tax compliance for businesses, special powers in strategic sectors, measures relating to health and labour, and extensions to administrative and court proceedings*".

Claim for damages from the Ministry of the Environment

A criminal case is pending before the Supreme Court, following the *per saltum* appeal filed by the Public Prosecutor's office in Florence against the judgement handed down by the Court of Florence, acquitting Autostrade per l'Italia's Joint General Manager for Network Development and Project Manager as "*there was no case to answer*". The criminal case regards alleged violations of environmental laws relating to excavation work during construction of the *Variante di Valico* (offences provided for and punished in accordance with art. 260, "*organised trafficking in waste*", in relation to art. 186, paragraph 5 "*use of soil and rocks from excavation work as by-products and not as waste*" in the Consolidated Law on the Environment no. 152/06; art. 256, paragraph 1(a) and (b) "*unauthorised management of waste*" and paragraph three, "*fly tipping*" of the Consolidated Law). The hearing originally scheduled for 9 June 2020 has been postponed until a later date that has yet to be announced.

Investigation by the Public Prosecutor's Office in Ancona following the collapse of the motorway bridge on the SP10 crossing the A14 Bologna-Taranto motorway

On 9 March 2017, the collapse of a bridge on the SP10, as it crosses the A14 motorway at km 235+794, caused the deaths of the driver and a passenger in a car and injuries to three workers employed by a sub-contractor of Pavimental SpA, to which Autostrade per l'Italia had previously awarded the contract for the widening to three lanes of the Rimini North–Porto Sant'Elpidio section of the A14 Bologna-Bari-Taranto motorway. Criminal proceedings have been brought regarding the offences provided for and punished by Articles 113, 434, paragraph 2, and 449 of the criminal code ("*accessory to culpable collapse*"), 113 and 589, last paragraph, of the Italian Criminal Code ("*accessory to multiple negligent homicide*"), 113 and 589-*bis*, paragraph 1, and the last paragraph of the criminal code, ("*accessory to vehicular homicide*"), against the Client, the three Sole Project Managers who succeeded one another during the works, the Director and the Operations Manager of the Pescara VII area office and the Head of Autostrade per l'Italia's "Tender Management Department", as well as the company pursuant to art. 25-*septies* of Legislative Decree 231/2001 ("*culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations*").

During the preliminary hearing held on 9 December 2019, the parties appeared before the court and the preliminary investigating magistrate scheduled the next hearing for 23 April 2020, partly in order to define the preliminary questions regarding the civil claims brought and to start to hear the respective evidence.

Following the entry into force of Law Decree 11 of 8 March 2020, containing "*Extraordinary and urgent measures to combat the Covid-19 epidemic and contain the negative impact on the judicial system*", the hearing was adjourned until 15 October 2020.

Investigation by the Public Prosecutor's Office in Avellino regarding the anchorages for the New Jersey safety barriers installed on 12 road bridges on the A16

On 2 May 2019, a notice of investigation was received by 3 of Autostrade per l'Italia's executives in relation to the offences provided for in and punishable in accordance with articles 110 and 434 of the criminal code ("*culpable collapse or other culpable disasters*"). This was accompanied by a seizure order for the New Jersey barriers installed on 12 road ridges on the A16. The anchorages for these barriers underwent changes following the accident on the Acqualonga viaduct in July 2013, which, according to the technical experts appointed by the local Public Prosecutor, have reduced the overall performance of the barriers.

Since July 2019, the Company's area offices have launched a series of additional inspections throughout the network, with the exception of the road bridges on the A16 covered by the seizure order. The aim was to subject the anchorages of the safety barriers installed on the network to specific tests, the result of which provided reassurance about the overall performance of the barriers.

Following this, between September and November 2019, the preliminary investigating magistrate in Avellino seized further New Jersey barriers installed on a number of viaducts on the A14, A16 and A1, whilst the local Public Prosecutor has placed the current Head of the Pescara area office VII, their predecessor and three managers from the area office V between 2014 and today under investigation.

Autostrade per l'Italia has decided to bring forward implementation of its existing upgrade plan for the New Jersey barriers installed on bridges throughout the network in order to carry out work on those on the A14, A16 and A1 that have been seized. The related design and scheduling have been submitted to inspectors at the MIT for validation.

The Company has thus successfully requested the Public Prosecutor's Office in Avellino to release the barriers from seizure so as to carry out the work on the barriers according to the design and schedule agreed with the MIT's inspectors.

Lastly, on 17 July 2020, the Public Prosecutor's Office, again in response to a specific request from the Company's legal counsel, authorised the Company to reorganise the motorway layout close to the viaducts on the A14 and A16 by creating two lanes for each carriageway. This was done to avoid a repetition of the serious disruption and queues of traffic seen on the sections in question, issues that were likely to worsen during the imminent summer holiday season and the equally likely significant increase in traffic.

10.8 Events after 30 June 2020

Developments in the talks with the Ministry of Infrastructure and Transport regarding the procedure for serious breach and the search for an agreed solution

With regard to the talks with the Ministry of Infrastructure and Transport (the "MIT"), aimed at resolving the dispute over the Ministry's allegations of serious breaches of the Concession Arrangement following the collapse of a section of the Polcevera road bridge, in a memorandum dated 11 July 2020, Autostrade per l'Italia, whilst continuing to reject the allegations made against the company regarding alleged breaches of its obligations in relation to management of the Polcevera road bridge, set out a new settlement proposal. This is also described in note 10.7, "Significant legal and regulatory aspects". The new proposal involves:

- a) a commitment to provide the full amount of the funding requested by Government representatives, amounting to €3,400 million, entirely at the company's own expense and without any return, with this sum to be used to finance reductions in tolls for the benefit of road users (€1,500 million), additional maintenance work on the infrastructure operated under

- concession during the regulatory period 2020 - 2024 (€1,200 million), and work on reconstruction of the Polcevera road bridge and all other related expenses (€700 million);
- b) a commitment to accept the tariff regime set out in the Transport Regulator's determinations 16 and 71, applying annual toll increases of 1.75% from 1 January 2021, as indicated by representatives of the Government, in addition to the recovery of the negative impact of Covid-19;
 - c) a commitment to submit an updated Financial Plan within 7 days of acceptance of the new proposal in keeping with the terms thereof;
 - d) a commitment, subject to prior assessment of the conditions for the bankability of the planned investment programme, to amend art. 9 of the Concession Arrangement in line with the compensation regime set out in art. 35 of Law Decree 163 of 2019, only in cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network, where there is certain proof of the operator's sole responsibility;
 - e) a commitment to work with the Grantor on an inspection programme, backed up by an appropriate system of penalties;
 - f) a commitment to withdraw a series of pending legal actions relating to reconstruction of the road bridge, the tariff regime introduced by the Transport Regulator and the provisions of the *Milleproroghe* Law Decree.

At the same time, Autostrade per l'Italia, noting Atlantia's willingness to reduce its stake in the company and allow new investors to acquire shares, declared a willingness to ask shareholders to consider the sale of shares to public and private institutional investors by issuing new shares as part of a capital increase.

Following subsequent talks, on 13 July 2020, Autostrade per l'Italia sent a letter to the Cabinet Office, the MIT and the Ministry of the Economy and Finance, providing further details of the proposal dated 11 July 2020.

On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government. This expressed a willingness, subject to approval by their respective boards of directors, to enter into an agreement to carry out a market transaction designed to result in Atlantia giving up control of Autostrade per l'Italia and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders.

Finally, on 15 July 2020, Atlantia and Autostrade per l'Italia submitted a further proposal, based on the indications received in the meantime. This new proposal, subject to approval by the companies' board of directors, entails the inclusion of Covid-19 related costs in the average annual toll increase of 1.75%, in addition to acceptance of the amendment of art. 9 of the Concession Arrangement, stating that in the event of the identification of specific causes of forfeiture, the compensation due is to be determined on the basis of the unamortised cost of construction and upgrade services performed.

In response, through press release n.56 of 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government *"has decided to begin the settlement process as provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised"*.

On 15 July 2020, the Grantor also requested Autostrade per l'Italia to submit the revised Financial Plan. Autostrade per l'Italia responded to the request by sending the revised plan with a letter dated 23 July 2020.

Subsequently, on 31 July 2020, the MIT called a meeting with Autostrade per l'Italia in order to agree on how to proceed (with regard to the settlement agreement and an addendum to the concession arrangement) and to convey its observations on previous documents. This meeting gave rise to a number of differences with respect to what had previously been agreed. On this basis, the

operator will itself respond by drawing up a revised text in line with what has been agreed on during the talks, thus progressing negotiations with the grantor with a view to reaching a rapid conclusion of the dispute.

At the same time, on 3 August 2020, Autostrade per l'Italia received observations on the Financial Plan submitted by the operator on 23 July. These are being examined before preparing an appropriate response.

Autostrade per l'Italia's rating

As noted in the "Introduction" to the interim report on operations, on 18 July, Fitch upgraded the Company's rating to Rating Watch Evolving from Rating Watch Negative, whilst on 23 July 2020 Moody's upgraded the outlook from "negative" to "developing".

The Company's ratings at the date of publication of this document are shown below:

- S&P Global 'BB-' (CreditWatch negative)
- Moody's 'Ba3' ("developing" outlook)
- Fitch Ratings 'BB+' (Rating Watch "evolving").

Annexes to the consolidated financial statements

Annex 1

The Autostrade per l'Italia Group's scope of consolidation and investments as at 30 June 2020

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUNDS AS AT 30 JUNE 2020 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUNDS AS AT 30 JUNE 2020	OVERALL GROUP INTEREST (%)	NOTE
PARENT								
AUTOSTRADE PER ITALIA SPA	ROME	Motorway concessions	EURO	622,027,000				
SUBSIDIARIES CONSOLIDATED ON A LINE-UP VALUE BASIS								
AD MOVING SPA	ROME	Other activities	EURO	1,000,000	Autostrade per l'Italia SPA	100%	100%	(1)
AUTOSTRADE MERIDIONALI SPA	NAPLES	Motorway concessions	EURO	9,056,200	Autostrade per l'Italia SPA	58.98%	58.98%	(1)
AUTOSTRADE TECH SPA	ROME	Motorway services	EURO	1,120,000	Autostrade per l'Italia SPA	100%	100%	
ESSENESS SOCIETÀ DI SERVIZI SPA	ROME	Administrative services	EURO	500,000	Autostrade per l'Italia SPA	100%	100%	
GOVE CLEAR SF	ROME	Motorway services	EURO	10,000	Autostrade per l'Italia SPA	100%	100%	
RACCORDO AUTOSTRADE VALLE D'ACQUA SPA	ACQUA	Motorway concessions	EURO	343,805,000	Società Italiana per Azioni per il Trifoglio del Monte Bianco	47.57%	24.46%	(2)
SOCIETÀ AUTOSTRADE TIRRENICA P.A.	ROME	Motorway concessions	EURO	24,468,800	Autostrade per l'Italia SPA	99.83%	99.83%	(3)
SOCIETÀ ITALIANA PER AZIONI PER IL TRIFOGLIO DEL MONTE BIANCO (ASST/IA)	PRE-SANTY DUBIER (ASST/IA)	Motorway concessions	EURO	158,749,300	Autostrade per l'Italia SPA	51.00%	51.00%	
TANGENZIALE DI NAPOLI SPA	NAPLES	Motorway concessions	EURO	10,877,490	Autostrade per l'Italia SPA	100%	100%	
TECH SOLUTIONS INTEGRATORS SAS	PARIS (FRANCE)	Management of tolling and electronic tolling systems	EURO	3,000,000	Autostrade per l'Italia SPA	100%	100%	(4)

(1) The company is listed on Borsa Italiana SpA's Euronext market.

(2) The issued capital is made up of €284,350,000 in preference shares and €29,455,000 in preference shares. The percentage interest is calculated with reference to all shares in issue, whereas the 58.02% 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 99.83% as at 30 June 2019 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary is 99.53%).

(4) This company was struck off the French Companies Register on 8 July 2020.

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUNDS AS AT 30 JUNE 2020 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUNDS AT 30 JUNE 2020	NOTE
INVESTMENTS ACCOUNTED FOR AT FAIR VALUE							
<i>Other investments</i>							
CENTRO INTERMUNICIPALE TOSCANO AMERIGO VESPUCCI SpA	LIVORNO	Other activities	EURO	11,756,695	Società Autostrada Tirrenica p.A.	0.43%	
TANGENZIALE ESTERNA SpA	MILAN	Motorway concessions	EURO	464,945,000	Autostrade per l'Italia SpA	0.25%	
UIRNET SpA	ROME	Other activities	EURO	1,142,000	Autostrade per l'Italia SpA	1.401%	
AUTOSTRADA HOLDING DO SUR SA	SANTIAGO (CHILE)	Motorway concessions	CHILEAN PESO	51,496,805,692	Autostrade per l'Italia SpA	0.00%	(1)

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

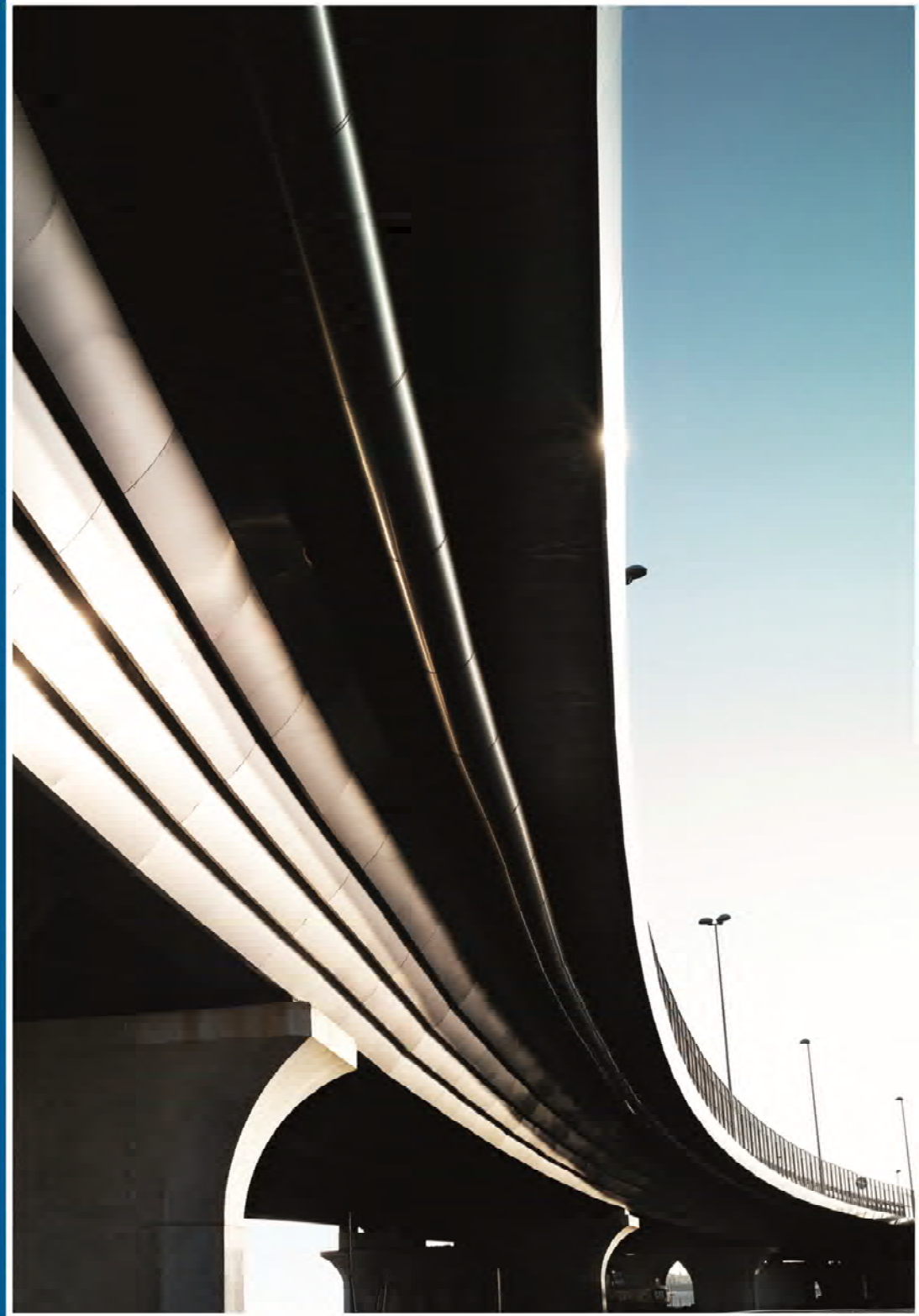
NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2020 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2020	NOTE
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD							
Assicures							
PAVIMENTAL Spa	ROME	Design, construction and maintenance	EURO	30,116,452	Autostrade per l'Italia Spa	20.00%	
SPEL ENGINEERING Spa	ROME	Design, construction and maintenance	EURO	6,986,000	Autostrade per l'Italia Spa	20.00%	
BOLOGNA & FIERA PARKING Spa	BOLOGNA	Other concessions	EURO	2,715,200	Autostrade per l'Italia Spa	36.81%	
PEDROMONTANA VENETA Spa	VERONA	Motorway concessions	EURO	6,000,000	Autostrade per l'Italia Spa	29.77%	
(IN LIQUIDATION)	MILAN	Design, construction and maintenance	EURO	220,344,608	Autostrade per l'Italia Spa	27.45%	
TANGENZIALI ESTERNE DI MILANO Spa							
Joint ventures							
GEIE DEL TRAFICHO DEL MONTE BIANCO	COURMAYEUR (MONTA)	Motorway services	EURO	2,000,000	Società Italiana per Azioni per il Traffico del Monte Bianco	50.00%	

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2020 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2020
CONSORTIA						
CONSORZIO AUTOSTRADE ITALIANE ENERGIA	ROME	ELECTRICITY PROCUREMENT	EURO	114,853	Autostrade per l'Italia SpA Tangenziale di Napoli SpA Società Italiana per Azioni per il Traforo del Monte Bianco Raccordo Autostradale Valle d'Aosta SpA Società Autostrada Tirrenica p.A. Autostrade Meridionali SpA	27.05% 1.93% 1.81% 1.08% 0.48% 0.97%
CONSORZIO MIDRA	FLORENCE	SCIENTIFIC RESEARCH FOR DEVICE BASED TECHNOLOGIES	EURO	73,989	Autostrade Tech SpA	33.33%
COSTRUZIONI IMPIANTI AUTOSTRADALI SCARL (IN LIQUIDATION)	ROME	CONSTRUCTION OF PUBLIC WORKS AND INFRASTRUCTURE	EURO	10,000	Autostrade Tech SpA	20.00%
SAFE ROADS S.C.A.R.L.	TORTONA	INTEGRATED ENGINEERING SERVICES	EURO	10,000	Autostrade Tech SpA	17.22%
SAT LAVORI SCARL (IN LIQUIDATION)	ROME	CONSTRUCTION CONSORTIUM	EURO	100,000	Società Autostrada Tirrenica p.A.	1.00%
SMART MOBILITY SYSTEMS S.C. A.R.L.	TORTONA	INTEGRATED ENGINEERING SERVICES	EURO	10,000	Autostrade Tech SpA	24.50%
INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS						
STRADA DEI PARCHI SpA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	48,114,240	Autostrade per l'Italia SpA	2.00%

(This page intentionally left blank)

REPORTS

4



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, Roberto Tomasi and Alberto Marco Milvio, 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 consolidated financial statements during the first half of 2020.
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 2020 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 2020

Roberto Tomasi
Chief Executive Officer

Alberto Marco Milvio
Manager responsible for
financial reporting

Report of the Independent Auditors



Deloitte & Touche S.p.A.
Via della Camilluccia, 589/A
00135 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

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, 2020 and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flows 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 Autostrade per l'Italia Group as at June 30, 2020 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.

Material Uncertainties Related to Going-Concern

We draw attention to the information provided by the Directors in the "Introduction" to the interim report on operations and in the paragraph "Going-concern uncertainties and assessment conducted by the Company", included in note 2 "Basis of preparation of the consolidated financial statements" in the condensed consolidated interim financial statements. This paragraph also contains references to the section of the interim report on operations and to the note 10.7 entitled "Significant legal and regulatory aspects" and to the note 10.8 "Events after 30 June 2020".

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano/Monza Brianza Lodi n. 03049560100 - R.E.A. Milano n. 172039 | Partita IVA IT 03049560100

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informazione completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

The Directors describe therein events and circumstances they believe suggest the existence of material uncertainties that may cast significant doubt on Autostrade per l'Italia S.p.A.'s ability to continue as a going concern. In particular, the Directors state that such uncertainties are linked to the conclusion of the agreements with the Italian Government, in terms of content, procedures and timing of execution. They also note that, on 15 July 2020, the Cabinet Office, with regard to settling the dispute against Autostrade per l'Italia S.p.A., regarding serious breaches of the concession arrangement, announced that the Government *"has decided to begin the settlement process as provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised"*. Autostrade per l'Italia S.p.A.'s Directors also report on their assessment of the above events and circumstances and on the actions thereon, on the basis of which they believe it appropriate to prepare the condensed consolidated interim financial statements as at and for the six months ended 30 June 2020 on a going concern basis.

Our conclusion is not modified in respect to the above-mentioned matters.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
August 7, 2020

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

Legal information and contacts

Registered Office and Operational Headquarters

Via Alberto Bergamini, 50
00159 Roma
Tel. +39 06 4363 1
e-mail: info@autostrade.it
www.autostrade.it

Legal information

Autostrade per l'Italia SpA
A 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

Media Relations

e-mail: ufficiostampa@autostrade.it

Investor Relations

e-mail: investor.relations@autostrade.it

autostrade // *per l'italia*