

ANNUAL REPORT — 2019 —

autostrade // *per l'italia*





Autostrade per l'Italia 2019 KEY FIGURES

THE LARGEST NETWORK IN EUROPE

- // **2.855 km** of motorway network
- // **~4,3 million** clients per day
- // **~2,5 million** vehicles per day
- // **16 toll motorways**

THE ASSET PORTFOLIO

- // **~14,5 billion Eur** of further investments by 2038
- // **~2 billion Eur** of maintenance by 2023
- // **4.300 +** works of art and **350 Km** of tunnels
- // **240 toll stations** and **204** Service Areas

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INTRODUCTION

01



Statement from the Chairman and the Chief Executive Officer

Dear Shareholders,

The presentation of our results for 2019 is taking place at a particularly challenging and difficult time for our country, due to the Covid-19 health emergency. The motorway sector has certainly felt the effects: the decline in traffic using our network, which in some cases has fallen by as much as 80%, has had a significant impact on the Company's revenue, although we will only be able to gauge the true medium- to long-term effects in the coming months, when we have a clearer idea of the extent of the impact.

To ensure the safety of our personnel, we have made major changes to the way we work, whilst guaranteeing continuity in key areas. We have faced a series of difficulties, but have managed to guarantee essential services, continuing to monitor the network and carry out the most important maintenance and construction work. At the same time, we have taken, and will continue to take, a rigorous and prudent approach to managing our financial resources. To this end, in addition to ensuring the safety and jobs of our personnel during the emergency, we have, in agreement with the unions, made use of the furlough schemes available to use under the law.

We are dealing with a rapidly changing situation: in recent days, we have been able to restart work on some of the most important construction projects around the network, adopting measures designed to enable people to work in complete safety. Our offices have remained in action, thanks to the wide-scale use of smart working arrangements. We have proceeded to work on our investment and maintenance programmes, so that we are ready to play our part in the country's recovery.

We would, therefore, like to thank everyone at the Company and the people employed by our contractors, who have made significant sacrifices and shown great determination in response to the emergency, acting in a spirit of service and pointing the way to how we should continue to approach the Company's transformation.

Autostrade per l'Italia's Annual Report for 2019 reflects a year of wide-ranging, radical change for the Company. In response to the enormous tragedy represented by the collapse of the Morandi Bridge in Genoa and the 43 victims – a memory that will remain in our hearts and be forever a part of the Company's history – we have launched a "Strategic Transformation Plan", based on values that focus on the safety of road users and workplaces, a spirit of service, transparency, a sense of responsibility, innovation and sustainability. We have developed this Plan in the full awareness that we are responsible for one of the country's key assets: our task is not only to maintain it with care and attention, but also to develop it where necessary, investing in infrastructure that will help to drive growth and development in the areas of the country in which we operate.

The Transformation Plan, approved by the Board of Directors, has provided us with a framework for the strategic actions we have taken so far and that we intend to take in the next 4 years. The Plan envisages the overall modernisation of the motorway network, with

investment of approximately €5 billion and a significant acceleration of maintenance activities, with expenditure due to be 40% higher than in the previous four-year period (a total of €2 billion if expenditure in 2019 is taken into account). Despite this, as the reader will be aware, full implementation of the investment programme included in the Plan is also linked to the possibility of resolving the issues raised by the introduction of the measures contained in the Mille Proroghe Decree, after which the Company saw its credit ratings sharply downgraded.

We have reviewed our infrastructure surveillance systems, completely altering the way we conduct monitoring activities and involving leading external companies specialising in the field. We will continue to work with the Ministry of Infrastructure and Transport to devise standards for the sector that will, on the one hand, enable us to share information on the state of the country's motorway infrastructure and, on the other, help us to improve the way we plan network maintenance and modernisation. We are also working with major international companies on the development of innovative digital platforms. These platforms will not only allow us to transform our business processes, but also to create smart infrastructure that will enable us to have a real-time view of all the components of the network, projecting us towards the mobility of the future.

2019 saw us embark on a thorough-going change management process, introducing a range of initiatives designed to develop people within the Company. We have also launched a recruitment drive that, over the next four years, will see us hire around 1,000 new technical and operational personnel.

We are well aware that Autostrade per l'Italia has many challenges to face up to in the coming years. However, we have a clear idea of the road we need to take, despite the ongoing legislative and regulatory uncertainty, which we sincerely hope can be quickly resolved for the benefit of the country as a whole. For this purpose, the Company has informed the Grantor of a series of initiatives that, once the procedure for serious breach of contract has been resolved, will make an important contribution to the construction of the new Polcevera road bridge, and will commit the Company to spending more on network maintenance and on initiatives that will benefit road users. Implementation of the Transformation Plan will involve a significant increase in investment and maintenance expenditure.

The modernisation of network infrastructure, completion of our €14.5 billion investment programme and the introduction of innovative technologies and processes: these are the key objectives that we will continue to work towards, with rigour, determination and in a spirit of service, in order to create real, lasting value for our customers, our shareholders and all our stakeholders.

Giuliano Mari
Chairman

Roberto Tomasi
Chief Executive Officer

1.2

Consolidated financial highlights

€m	2019	2018
Total operating revenue	4.083	4.004
Toll revenue	3.690	3.658
Other operating income	393	346
Gross operating profit (EBITDA) ⁽¹⁾	710	1.991
Operating profit (EBIT)	57	1.368
Profit/(Loss) before tax from continuing operations	-403	908
Profit/(Loss) for the year	-268	622
Profit/(Loss) for the year attributable to owners of the parent	-282	608
Operating cash flow	1.436	1.710
Capital expenditure	559	593

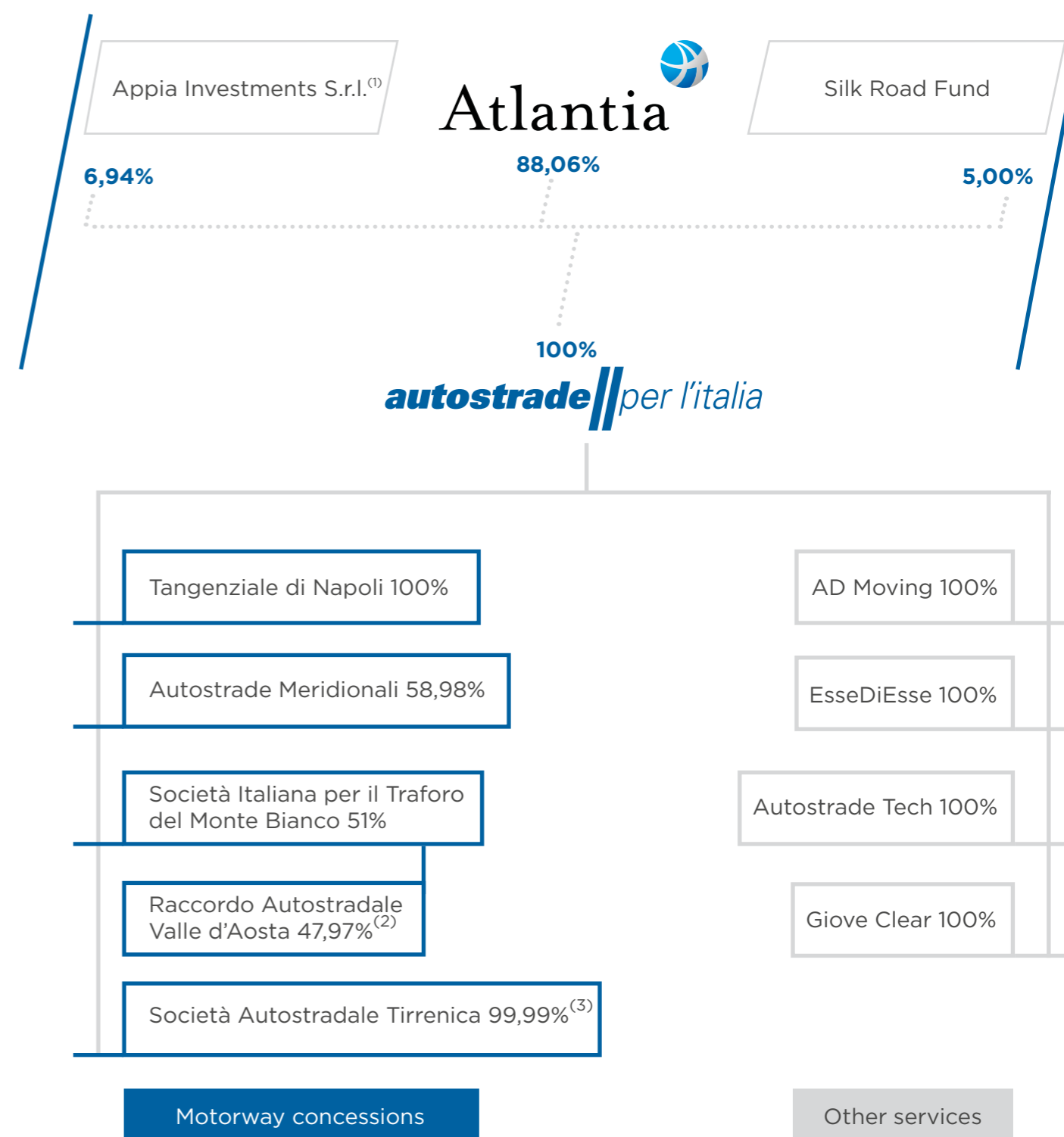
€m	31 Dec 2019	31 Dec 2018
Equity	2.220	2.844
Equity attributable to owners of the parent	1.864	2.493
Net debt	8.392	8.813

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 "Consolidated financial statements for the year ended 31 December 2018". Some of the amounts shown in the table refer to alternative performance indicators, definitions of which are provided in a specific section of the report on operations.

(1) L'EBITDA for 2019 reflects provisions of €1,500 million linked to the undertaking given during current discussions with the Government and the Ministry of Infrastructure and Transport, aimed at resolving the dispute between the parties, as described in more detail below.

1.3

Structure of the Autostrade per l'Italia Group



Note: The chart shows interests in the principal Autostrade per l'Italia Group companies as at 31 December 2019. The companies are described in detail in Annex 1 to the consolidated 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 of interest refers to the interest in terms of the total number of shares in issue.

1.4

The Group's motorway operators



Autostrade per l'Italia

Km of network: 2,855
Concession expiry: 2038

Società Italiana per il Traforo del Monte Bianco

Km of network: 6
Concession expiry: 2050

Società Autostrada Tirrenica

Km of network: 55
Concession expiry: 2046

Tangenziale di Napoli

Km of network: 20
Concession expiry: 2037

Raccordo Autostradale Valle d'Aosta

Km of network: 32
Concession expiry: 2032

Autostrade Meridionali⁽¹⁾

Km of network: 52
Concession expiry: 2012

(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 2.12, "Significant regulatory aspects", Autostrade Meridionali is continuing to operate the motorway.

1.5

Corporate bodies

BOARD OF DIRECTORS IN OFFICE FOR THE FINANCIAL YEARS 2019 - 2020 - 2021⁽¹⁾⁽²⁾

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 S.p.A.

(1) Elected by the Ordinary General Meeting of the Company's shareholders held on 22 November 2019.

(2) 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. During 2019, and more specifically on 22 November 2019, the following Directors also left the Board and the other positions held on Board Committees: (i) the Director and Vice-President for regulatory and legal affairs, Michelangelo Damasco, the Director and Chief Financial Officer, Giancarlo Guenzi, and the Directors, Amedeo Gagliardi, all following their resignation from their positions; and (ii) the Director, Giuseppe Angiolini, whose position lapsed in accordance with the Company's Articles of Association. Finally, Roberto Tomasi, who was already a Director of the Company, was appointed the Company's Chief Executive Officer by the Board of Directors' meeting of 30 January 2019, following the resignation of Giovanni Castellucci. His appointment was then confirmed by the Board of Directors at their meeting of 25 November 2019.

Autostrade for Genoa

The collapse of the Morandi 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 ridges and viaducts. The inspections confirmed that all the network infrastructure is safe.

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. 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.

The new approach to the surveillance of network infrastructure has made maintenance planning more efficient. This 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 €370 million, 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 has reached agreement with the Ministry of Infrastructure and Transport 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 surveys will use

the latest technologies, such as Georadar and Laser Scanner in order 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 out where necessary. The first phase of the inspections is nearing completion. A second in-depth assessment phase will be completed by the end of 2020 for tunnels built before the 1980s, which do not have waterproofing and which account for over 56% of the total number of tunnels managed by Autostrade per l'Italia. The second phase for the other tunnels will be completed by the end 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 Gotthard tunnel and the Bermtont Tunnel. 285 of the tunnels to be subjected to an in-depth survey are located in Liguria.

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 has produced a "weekly bulletin" containing details of planned works. The bulletin is regularly sent to local authorities and media 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. By providing more information at local level and, wherever possible, carrying out the work during the night, we have been able to reduce disruption to road users caused by several types of maintenance being carried out at the same time (for example, inspections and maintenance work carried out on noise barriers, tunnels and certain viaducts).

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.

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 proactive 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 31 December 2019, payment of a total of €280 million was 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.

The Genoa Area Office 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 regarding the state of repair of the motorway network and the safety of bridges, viaducts and tunnels. Where maintenance works had a major impact on traffic flow, the Company agreed with local authorities to temporarily suspend the payment of tolls. The Company intends to continue to engage in dialogue and discussion 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.

1.7

Guidelines for the Strategic Transformation Plan 2020-2023

Autostrade per l'Italia's Strategic Transformation Plan, which was 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 values in the next four years.

The Plan aims to radically transform Autostrade per l'Italia by promoting key values such as competence, integrity and transparency. The Plan provides for expenditure of approximately €7 billion by 2023, including investment and maintenance expenditure on the network.

THE PLAN IS BASED ON THE FOLLOWING PILLARS:

- .01** | A 360° safety culture
- .02** | Operational Excellence
- .03** | Digitalisation
- .04** | Putting customers first
- .05** | Sustainable mobility for the future
- .06** | Developing our people

360-DEGREE SAFETY

TRAFFIC SAFETY



- // Joint Committee with Motorway Police.
- // 2.0 Emergency Assistance Service.
- // High Tech for the control of vehicles and transport of dangerous goods.



WORKPLACE SAFETY

- // Safety Days with Virtual Reality simulations
- // Extension of the Behaviour Based Safety protocol to the entire network.
- // Geolocation, mechanical assistance and automatic alarm for vehicles on course for collision.

SAFETY ON NEW WORKS

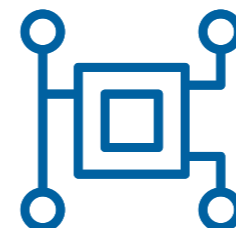


- // Incentives for safety in firms.
- // Virtual delimitation of construction sites with wearables sensors to monitor workers and vehicles.

OPERATIONAL EXCELLENCE AND DIGITALISATION

OPERATIONAL EXCELLENCE PROGRAMME

- // To guarantee top quality standards along the quality chain, from the planning to the execution of interventions.
- // Planning and programming of interventions will be integrated across the network and supported in identifying priorities by Advanced Analytics models.

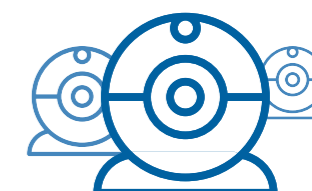


COMPLETE DIGITALISATION OF ASSETS

- // Maximum effectiveness of controls and rapid maintenance interventions using predictive models.
- // Monitoring of the motorway network through an IBM artificial intelligence platform.
- // Installation of 9.000 sensors and 500 drones on the entire network

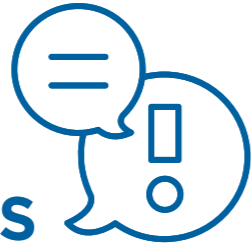
FULL DIGITALISATION OF PROCEDURES AND ORGANISATION

- // Transparency of information.
- // Rapid internal processes.



CLIENT AT THE CENTRE

REDUCTION IN RESPONSE TIME TO COMPLAINTS



TARIFF REDUCTIONS

In extraordinary circumstances, following critical delays and difficulties as a result of maintenance works.

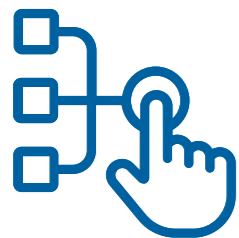


TRAFFIC INFORMATION SYSTEMS

Predictive information on all the motorway network information channels.



LESS TIME AT THE TOLL BOOTH AND BETTER TRAVEL EXPERIENCE

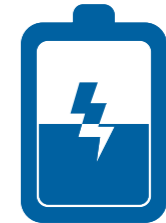


Contactless payment systems on 100% of all stations and interactions with virtual agents. //

Maximum comfort during stops at Service Areas thanks to free WiFi, smart parking systems, price comparisons on food, fuel and promotions. //

SUSTAINABLE MOBILITY OF THE FUTURE

GREEN INFRASTRUCTURE STRATEGY



- // Installation of charging infrastructures for electric vehicles.
- // Enhancement of renewable energies.

DECARBONISATION STRATEGY THROUGH



- Forestation actions. //
- Use of electric/hybrid vehicles. //

SMART ROAD

- // Testing of 5G technology on the network.
- // Use of smart lighting near junctions, tunnels, stations and Service Areas.
- // Introduction of dynamic road signs on principle stretches.



ENHANCE THE POTENTIAL OF OUR PEOPLE



1,000 JOB HIRES

Engineers, technicians, motorway workers and toll station personnel.

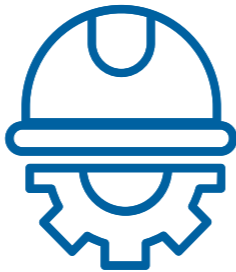


IMPLEMENTATION OF TRAINING PROGRAMMES

Ongoing, specific for professional families. //
To support the Managerial Growth. //

TALENT AND LEADERSHIP

- // Identification and development of talents.
- // Use of appraisal and mentoring programmes.



Resources allocated to the Transformation Plan 2020-2023

7,5 bln euro



Modernisation plan of the principal strategic assets across the network such as **bridges, viaducts, overpasses, tunnels, pavements and safety barriers.**

5 bln euro

on planned investments: **amounts tripled** compared to the previous four-year period.



+40%

1,6 bln euro

for maintenance expenditures: **+40%** compared to the previous four-year period.



A 360° SAFETY CULTURE

Autostrade per l'Italia considers safety to be a key priority. For this reason, the Company is developing a 360° approach to safety, bringing together road safety with safety at construction sites and at places of work.

As regards road safety, the Plan puts a major emphasis on the identification of innovative technological solutions through research and development. Key solutions include:

- // the introduction of artificial intelligence to improve the effectiveness of systems for analysing traffic using cameras (registering when a vehicle has broken down or is heading in the wrong direction, etc.);
- // the installation of systems capable of identifying vehicles transporting dangerous goods;
- // the development of a prototype for a robotic system for putting out fires in tunnels.

Alongside these technological solutions, the Company plans to run communication campaigns to encourage road users to drive safely and in accordance with the law. The Company ran two publicity campaigns in cooperation with the highway police in 2019 (#Seisicuro and #Nondistrarti), focusing on safe driving tips, and also involving toll collectors as testimonials. The Company also worked with the highway police during the summer season to promote a tour throughout the motorway network, with the aim of meeting travellers, offering them services and advice, and making them aware of the rules forming the basis for safe motorway driving.

Great attention is paid to workplace safety, with the aim of minimising risks and injuries. Autostrade dell'Italia's personnel is involved in events linked to safety (Safety Days), in which people from all levels of the Company take part, from senior management to operational managers. These events provide an opportunity to deal with issues linked to our activities and for everyone to make a contribution. One project that merits particular mention is the Behaviour 16 Based Safety (BBS) project, which has already been successfully rolled out in a number of areas and is due to be extended to the entire network. The thinking behind this system is based on increasing a person's motivation to behave safely, rather than on checks and fines, creating a climate of trust and encouraging everyone to contribute to making workplaces safer.

A similar approach to safety has also been extended to contractors' sites to increase safety during the construction of new infrastructure, using both classroom and onsite sessions (Safety Walks). In general, the support given to the companies that work for Autostrade per l'Italia is provided through our "Safety Academy", which offers a range of free initiatives for contractors, who, according to their needs, can support their management or site crews. In addition, we are looking to introduce incentives into contracts, designed to make contractors focus more closely on safety when tendering and that include bonuses once work has begun. One of the key areas addressed as part of the project is the issue of near misses, which play an important role in preventing accidents. A pilot project has also been launched in this regard, with improvements to the process, starting from the identification of near misses or of potentially dangerous situations, through to identification of the appropriate countermeasures and checks on their efficacy.

Autostrade per l'Italia has been certified according to the highest safety standards since 2006. In 2019, we prepared for the process of obtaining certification under the new ISO45001 standard, which focuses on communication and the awareness of the role that each member of the organization has in implementing the Safety System.





The Operational Excellence programme aims to ensure the highest quality standards throughout the value chain, from planning to the execution of work on the network.

In particular, the planning stage will be integrated at local level and the prioritisation of the various works will be based on the use of Advanced Analytics.

Designs will be produced using well-defined guidelines and standards to be applied throughout Autostrade per l'Italia, with support provided by BIM (3D Building Information Technology), thus ensuring greater transparency and control of efficiency and timing.

The performance of works will be made more efficient by making changes to the approach to sourcing, including the standardization of technical specifications and consolidation of the supply base. In addition, a Design-to-Value approach will be applied to various product categories in order to improve the quality and performance of the components used. Particular attention has been paid to the monitoring of infrastructure, which will be carried out by external companies and optimised via the use of the latest technologies, such as IBM's Maximo platform (with a detailed description provided in the next paragraph on digitalisation). The digitalisation of all the Company's business archives is in progress, with the data to be then compared with the actual state of each asset. This will help in the monitoring process and ensure maximum levels of safety. This will enable the Company to carry out predictive maintenance, supported by the asset management platform and the use of Virtual Reality. All inspection, structural monitoring and maintenance activities will be integrated to offer a single dashboard, thanks to the use of a single data infrastructure, cloud systems architecture and big data.

All this will speed up maintenance work and the delivery of network upgrades, as well as accelerating the construction of new infrastructure.

Autostrade per l'Italia has drawn up an improvement plan for its information systems, ensuring that the Company constantly keeps 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.

The key initiatives planned regard:

- // improvements to architecture, linked to the increasingly challenging innovation opportunities offered by the cloud and the technological structures that it makes available;
- // improved communication by boosting the capacity of the fibre network, enabling the creation of a widespread, high-speed communication system for securely and effectively collecting and transferring data from sensors, cameras and IoT (Internet of Things) devices to the existing backbone for use in relation to safety, traffic management and smart road functions;
- // digitalisation of the organisation, revisiting business processes based on best market practices, including use of the latest software such as, for example, robotic process automation technologies to carry out repetitive, monotonous processes so as to free up personnel to focus on higher value processes, or the upgrade of Business Intelligence systems to monitor performance;
- // the digitalisation of assets, including the new asset management system in the process of being developed (the ARGO project);
- // the ARGO project is part of the strategic and technological changes being implemented by Autostrade per l'Italia, involving the introduction of new tools for innovatively managing motorway assets and making best use of data. The project aims to create a single database to collect all the information needed to build and manage an integrated system capable of digitalising periodic checks and inspections, instrumental monitoring and the planning and management of maintenance work, in line with new statutory requirements and capable of meeting the needs of stakeholders.

The project involves the creation of new platform, developed by IBM in collaboration with Autostrade Tech and based on IBM's Maximo Enterprise Asset Management solution. This will support engineers as they check the state of network infrastructure, both in real time and throughout the entire lifecycle of each asset, delivering efficiency, quality and safety.

The new digital platform will combine inspections, structural monitoring and maintenance in order ensure the continuous management of assets.

The system will provide rapid access to all the available information on assets, starting from the state of the infrastructure through to a complete digital model and its inspection and maintenance history. The information will be backed up by all the archived documents, from the original design to work carried out over time, classified by type of asset and structural component so as to enable the user to immediately identify the type of structure involved.

It will be readily accessible and searchable, including the 3D model of the asset, and it will be possible to plan checks and maintenance with continuous reference to details of previous inspections and all the maintenance work previously carried out and planned.

With over 9,000 sensors, the Internet of Things will combine all the data from sensors installed on the infrastructure, which will provide further evidence to help the engineer assess the state of the asset and plan any work that needs doing. Finally, Artificial Intelligence will aid in assessing pictures, indicating what the physical checks and inspections need to focus on more closely.

All these activities will be carried out according to specific processes and levels of decision-making, thanks to the use of a process based on the responsibilities and roles provided for in the Company's organizational structure. The information will be made available in a fully transparent and secure manner to the relevant departments and oversight bodies.

The system will be accessible from a desktop, smartphone or tablet, and will enable inspections or work to be planned in real time, assigning and programming the necessary resources. In addition, it will interface with other digital management tools to enable the entire process of performing the work to be followed, from confirmation of then defect through to testing.

As part this project, the planning of activities in 2020 aims to rollout the technology to support the process of inspecting all the 1,946 bridges and viaducts on the network by the end of 2020. The macro-plan envisages that this will then be extended to tunnels and flyovers during 2021 and to the other network assets in 2022. The second phase of the project, which is due to begin halfway through 2020, is designed to support infrastructure maintenance activities, starting from design through to the tender process, from performance of the work to testing. The data will be accessible from a single dashboard, offering engineers a fully integrated view of the process. The launch strategy for the system will follow the same procedure as the inspection process, starting with bridges and viaducts before moving on to management of the maintenance of flyovers and tunnels, and then other network assets.



Autostrade per l'Italia intends to increasingly put customers and travellers at the centre of everything we do, with a strong focus on the quality of the services we provide.

This has led to the definition of a series of initiatives designed to improve the customer experience. Before beginning their trip, customers will be able to get the latest traffic information provided by intelligent video-surveillance systems, enabling them to plan their journey before they set off. The communication of this data will be available across all Autostrade per l'Italia's communication channels.

During their trip, customers will be able to benefit from reduced waiting times at toll stations, thanks to a greater number of contactless payment systems (with the aim of enabling all stations to handle contactless Near-Field Communication payments) and Virtual Agents to provide automated responses to the most frequently asked questions at toll stations.

During stops at service areas, customers will benefit from enhanced comfort, thanks to Wi-Fi connections, intelligent parking systems and price comparisons and promotions for both refreshments and fuel at the various areas.

Autostrade per l'Italia has also set a target for substantially reducing the average time it takes to respond to complaints (reaching an average of 7 days in 2023) and to provide refunds for major disruption caused by critical maintenance work.

By adopting these initiatives, Autostrade per l'Italia aims to improve the customer experience so as to achieve a +3% improvement in Customer Satisfaction by 2023.



As part of the Strategic Transformation Plan 2020-2023, Autostrade per l'Italia aims to develop a new paradigm for sustainable mobility, focusing on three key areas: These innovations will

// Smart Roads, with initial trials using 5G technology, intelligent lighting and dynamic road signage on around 20 km of motorway;

// Green Infrastructure to reduce the environmental impact, with electrification of the network (30% of service areas are to have HPG and multi-client charging points, 150 Green Islands are to be created, the latest LED lighting is to be installed in tunnels) and a strong commitment to decarbonisation (e.g., the planting of trees in areas adjacent to motorways, the introduction of electric and hybrid vehicles for trips within cities), with the aim of ensuring that all the energy we use is from renewable sources by 2023 (of including ~12% self-produced);

// Motorway pavements, with the aim of achieving a 3 percentage point improvement in road surfaces by trialling new materials (e.g., polymer modified asphalt, reduction in noise pollution) and the development of a Pavement Management System for preventive maintenance of road surfaces.

These innovations will benefit from significant investment in in-house research and development (led by, an Innovation Committee) and the creation of an “Italian Innovation Ecosystem”, based on external partnerships with Universities, Research Centres, Automobile Manufacturers and Start-ups.

Investment in talent and in the development of human capital is a key enabling factor for the Transformation Plan.

For this reason, Autostrade per l'Italia has embarked on an extraordinary recruitment drive that, over the life of the Transformation Plan, through to 2023, will result in the hire of over 1,000 personnel. 50% will be technical and operational, with the remaining people being distributed across corporate staff and toll collectors. A total of 380 people were recruited in 2019.

From the second half of 2019, Autostrade per l'Italia has identified, developed and implemented a series of tools designed to drive the Change Management process. This focuses on putting in place a new management team and a new approach to leadership, in line with the objectives and the values set out in the new Transformation Plan, by:

// rotating management, with the replacement of 85% of Area Office heads and Operational Managers and of 77% of the heads of local technical units in 2019;

// assessing management potential in order to fill roles of responsibility, adopting more advanced methods for appraising personnel and benefitting from support provided by some 20 of the leading specialists in the field. In 2019, this process involved approximately 145 people and the aim is to involve a further 200 in the first half of 2020;

// conducting a Management Leadership Review for managers, with the aim of rewarding not only the achievement of results, but also the manner in which they are achieved, fostering management styles based on change and the development of people;

// using Performance Management, a process that currently involves approximately 850 staff annually (middle managers and administrative staff) and that will be progressively extended to all the Company's personnel, involving a total of 1,400 staff in 2023. The aim is to focus the development of professional and managerial skills on the expertise that the Company and the Group are going to need in order to meet the challenges of the future, whilst also offering personnel greater transparency, and opportunities to receive prompt feedback from their line manager and to benefit from more personalized career and development paths.

Network investment and maintenance programme

The Strategic Transformation Plan marks a significant acceleration of network maintenance programmes and provides further impetus for investment in major works and modernisation of the network.

Autostrade per l'Italia is one of the biggest investors in the Italian economy, with a construction and modernisation programme for the motorway network, which at 2,855 km of motorway is one of the largest in Europe. With approximately €13.3 billion already invested, Autostrade per l'Italia now plans to invest a further €14.5 billion in existing and planned projects by 2038. This consists of €13.2 billion included in the proposed revision of the Financial Plan submitted to the Grantor, and a further €1.3 billion to be invested in modernisation projects of interest to the Grantor, which Autostrade per l'Italia would include among its investment commitments.

In general, the plan consists of works designed to improve, upgrade and modernise the network, and prolong the useful lives of assets.

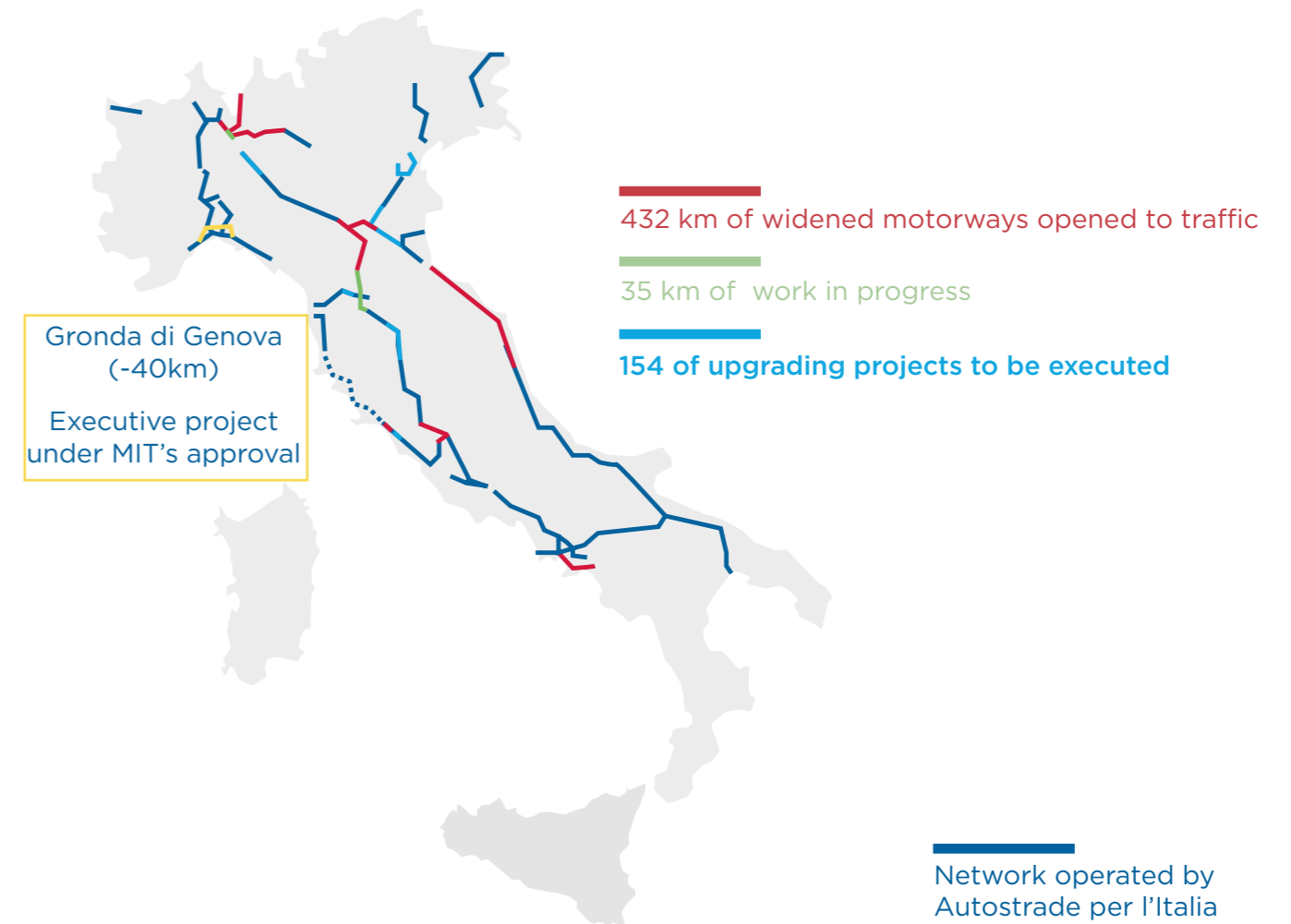
Following the recent approval of the guidelines for Autostrade per l'Italia's Strategic Transformation Plan, we expect to step up work on all investment programmes, with completion by 2023 of around a third of the remaining investment to be carried out through to the end of the concession term in 2038.

The main components of the Plan are:

- // the completion of work on the widening, upgrade and modernisation of the network, as already provided for in the plans approved and included in the Concession Arrangement (investment under the 1997 Plan, the IV Addendum of 2002 and the 2007 Plan), amounting to remaining investment of approximately €4.1 billion;
- // the strategic Gronda di Genova (Genoa Bypass), which will cost a total of €4.3 billion, including €4.1 billion still to be carried out; the detailed design has been submitted to the Grantor and is awaiting approval;
- // 7 projects for the addition of third and fourth lanes in the 2007 Plan, covering approximately 154 km of motorway, to be included in the Concession Arrangement, at a cost of €2.3 billion;
- // further investment proposed by the Grantor, relating to the modernisation and extension of the useful lives of assets (with work, among other things, on 260 km of tunnels, 300 other assets and 3,100 km of safety barriers), also to be included in the Concession Arrangement Annual Report 2019 21 and amounting to a total of up to €4 billion; including €2.7 billion covered by the updated Financial Plan, and €1.3 billion for additional works that Autostrade per l'Italia, if the Grantor confirms its interest, is willing to include among its investment commitments in the Financial Plan.

AUTOSTRADE PER L'ITALIA'S INVESTMENT PROGRAMME

(€bn)	Completed as at 31 Dec 2019	To be carried out 2020-2038	
1997 Plan	6,5	0,9	Already included in the Concession Arrangement 8,2
Other investment in major works	0,5	1,5	
Other investment in the existing network	2,1	0,5	
2002 Plan			
• In progress	3,7	0,5	
• Genoa Bypass ⁽¹⁾	0,2	4,1	
Noise barriers in the 2007 Plan	0,2	0,7	
3rd/4th lanes in the 2007 Plan ⁽¹⁾	0,1	2,3	To be added to the Concession Arrangement 6,3
New network modernisation and upgrade plan		4,0 ⁽²⁾	
Total	13,3	14,5	



(1) Design approved by the Ministry of Infrastructure and Transport

(2) Including €2.7 billion already included in the proposed update of the Financial Plan, currently under discussion.

The Strategic Transformation Plan 2020-2023 also increases maintenance expenditure, which has risen to €1.7 billion (€2 billion considering the amount spent in 2019). This investment will enable the Company to complete the modernisation of key strategic network assets, including repairs to motorway surfaces, over 500 interventions on key bridges and viaducts and work on 130 flyovers.

**REPORT ON
OPERATION**

2



Introduction

In compliance with the Italian Civil Code and the IFRS accounting standards (and as referred to in CONSOB Document 2 issued jointly with the Bank of Italy and ISVAP on 6 February 2009), in preparing the financial statements it is necessary to assess the ability of the Company and the Group to continue to operate as going concerns.

Paragraph 25 of IAS 1 states that “When preparing financial statements, management shall make an assessment of an entity’s ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern”.

Furthermore, paragraph 26 of IAS 1 requires that “In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period”; and that “...management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate”. Despite significant uncertainties, raising material doubts about use of the going concern assumption, these financial statements have been prepared on a going concern basis. These uncertainties 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, explaining the related reasons. 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 risk factors at the date of preparation of the financial statements, as described in detail in sections 2.12, “Significant regulatory aspects” and 2.13, “Events after 31 December 2019”, and in note 6, “Events and corporate actions”, in section, “Consolidated financial statements as at and for the year ended 31 December 2019”. 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 from the reporting date for these 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 2.12, “Significant regulatory aspects”;
- b) the Italian Government’s approval of the so-called Milleproroghe Decree, above all art. 35 of the Decree (the text of which is quoted in section 2.12, “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 recent downgrade of Autostrade per l’Italia’s credit rating to below investment grade and of its outlook by the international agencies, Moody’s, Fitch and Standard & Poor’s, following enactment of art. 35 of the above Milleproroghe Decree, affecting the Company’s ability to borrow in the financial markets. The downgrade to below investment 26 grade could expose the Company to the risk that the European Investment Bank (“EIB”) and, in relation to its share of 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 31 December 2019, amounting to approximately €2.1 billion, including approximately €1.7 billion 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, recently introduced in response to the emergency caused by the spread of the Covid-19 virus, have led to a sharp fall in traffic volumes and have had, and will continue to have, a significant impact on the revenue outlook for 2020. This situation has also had significant repercussions on the 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 changed regulatory framework, 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 point a) above (relations with the Grantor), the Board of Directors' decision to continue to use the going concern assumption was, among other things, based on the following objective elements:

- 1)** the procedure resulting from the MIT's allegation that the Company is in "serious breach" of its contractual obligations in relation to the collapse of a section of the Polcevera road bridge is still pending;
- 2)** no authority has, to date, found proof, above all conclusive proof, of any "serious breach" by the Company that would provide a basis in law for termination of the concession. In this regard, in four judgements published on 6 December 2019, Liguria Regional Administrative Court found that the Company's alleged responsibility for the collapse of the Polcevera road bridge had "not been ascertained, even circumstantially", given that it "has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded";
- 3)** the expert opinion provided by the Cross-Institutional Working Group set up by the MIT has highlighted the risks of any litigation, the expenses connected with termination and the related impact on operations, concluding that all of the above could "suggest an alternative solution aimed at renegotiating the Concession Arrangement";
- 4)** over many months (since July 2019), the Company has been in talks with the Grantor and the Government with the aim of reaching agreement about amendments to the Single Concession Arrangement and a final resolution of the dispute initiated by the MIT. This would lead to an agreed solution, which would also be in the public interest, as suggested in recent communications regarding this matter.

In brief, the objective elements described above, the legal opinions acquired and initial (though interlocutory) judgements handed down have led the Board of Directors to believe that it is not reasonably likely that the Government is close to deciding to revoking the concession arrangement, and to believe, instead, that it is reasonably likely that an agreement will be reached. Should such a decision be taken, the Board of Directors believes that it has strong arguments in its favour.

With regard to point b) above (the Milleproroghe Decree), the Board of Directors' decision to continue to use the going concern assumption was, among other things, based on numerous concordant opinions from leading legal and constitutional experts, who have identified a series of breaches of constitutional and EU law contained in the Decree (as described in greater detail in section 2.12, "Significant regulatory aspects"). In this regard, the judgements handed down Annual Report 2019 27 by Liguria Regional Administrative Court in December 2019, after it was asked to set aside the implementing provisions of the (even though different) Genoa Decree, contain statements affirming the necessity for the Grantor to comply with

the terms of the existing Concession Arrangement (art. 9) in relation to the procedure for forfeiture of the concession, including the need to have prior evidence of a serious breach (as described in section 2.12, "Significant regulatory aspects").

The Company filed a legal challenge with Lazio Regional Administrative Court to ascertain whether art. 35 of the Milleproroghe Decree is lawful, and whether articles 8, 9 and 9-bis of the Single Concession Arrangement are still valid and in force. On 3 April 2020, Autostrade per l'Italia filed an application for the legal challenge to be accelerated and for a hearing for discussion of the case to be held as soon as possible.

With regard to points c) and d) above (the downgrade and the Covid-19 pandemic), it should above all be noted that, at the date of preparation of this Annual Report, neither the EIB or CDP have requested the enforcement of any contractual rights and/or remedies, nor have they requested any early repayment. In addition, with regard to the rating agencies' expressed reason for the downgrade (i.e. approval of art. 35 of the Milleproroghe Decree), the fact that art. 35 is in violation of both EU and constitutional law, as already ruled on by the courts at the Company's request, and the many legal opinions on this matter, the Company believes that it will be able to continue its dialogue with the financial institutions in order to find an agreed solution. In relation to 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, as described in greater detail in section 2.14, "Events after 31 December 2019", partly in relation to the provision of updated guidance, the Board of Directors has taken a series of measures designed to ensure that the Company is able to fund itself. These include: (i) cost-efficiencies, implemented without detracting from safety; (ii) the search for alternative forms of working capital finance, including the request to draw down funds from Cassa Depositi e Prestiti; (iii) the request for short- and medium-term financial support from the parent, Atlantia; (iv) the implementation of measures to provide financial support, in part taking advantage of recently introduced legislation offering urgent financial aid for businesses, above all the guarantees provided by SACE backing any new loans that might be obtained by the Company. In terms of point (iii), and as more fully described in section 2.14, "Events after 31 December 2019", on 24 April 2020, the Company received confirmation of the parent's provision of contingent financial support of up to €900 million, calculated on the basis of the Company's most prudent estimate of the reduction in cash flows potentially resulting from the pandemic.

The Board of Directors will closely monitor implementation of the measures and, more generally, the Company's financial position.

The above elements and, in particular, the actions taken to meet the Company's funding needs, and the reasonable expectation of the likelihood of an agreement with the Government and the MIT (that would bring long-term structural stability and allow Autostrade per l'Italia to strengthen its financial structure, thanks to readier access to the credit market), lead the Directors to believe that all the risks and uncertainties are reasonably surmountable.

The Board of Directors has thus deemed that all the conditions have been met for the Company to continue to prepare the consolidated and separate financial statements as at and for the year ended 31 December 2019 on a going concern basis, using the accounting policies applicable to such a going concern, as described in note 3 to the section, “Consolidated financial statements as at and for the year ended 31 December 2019”.

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, 28 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

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

The APIs shown in the Annual 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, “Consolidated financial statements for the year ended 31 December 2019” (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, for both the Group and the Parent Company, in the “Group financial review” and the “Financial review for Autostrade per l’Italia SpA”. These statements are different from those required under IFRS, included in the consolidated financial statements and the separate financial statements for the year ended 31 December 2019 (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” and the “Financial review for Autostrade per l’Italia SpA”, presents the reconciliation of the reclassified financial statements with the corresponding statutory financial statements.

A list of the main APIs used in the Annual Report, together with a brief description and their reconciliation with reported amounts, is provided below:

a) “Gross operating profit (EBITDA)”, the synthetic indicator of earnings from operations, calculated by deducting the operating change in provisions and operating costs, with the exception of amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for the costs to be incurred over time in relation to the renewal of infrastructure operated under concession by Società Italiana per Azioni per il Traforo del Monte Bianco (“SITMB”), from operating revenue;

b) “Operating profit (EBIT)”, the indicator that measures the return on the capital invested in the business, calculated by deducting amortisation, depreciation, impairment losses, reversals of impairment losses and the above provisions for the costs to be incurred over time in relation to the renewal of infrastructure operated under concession by SITMB from EBITDA. Like EBITDA, EBIT does not include the capitalised component of financial expenses relating to construction services, which is shown in a specific item under financial income and expenses in the reclassified income statement, whilst being included in revenue in the consolidated income statement in the statutory financial statements;

c) **“Net invested capital”**, capital”, showing the total value of non-financial assets, after deducting non-financial liabilities;

d) **“Net debt”**, rindicating the portion of net invested capital funded by net financial liabilities, calculated by deducting “Current and non-current financial assets” from “Current and noncurrent financial liabilities”. The notes to the financial statements for the year ended 31 30 December 2018 also include the reconciliation of net debt with net debt calculated in compliance with the ESMA Recommendation of 20 March 2013;

e) **“Capital expenditure”**, indicating the total amount invested in development of the Group’s businesses, calculated as the sum of cash used in investment in property, plant and equipment, in assets held under concession and in other intangible assets, excluding investment linked to transactions involving investees;

f) **“Operating cash flow”**, indicating the cash generated by or used in operating activities. Operating cash flow is calculated as profit for the period + amortisation/depreciation +/- impairments/reversals of impairments of assets +/- provisions/releases of provisions in excess of requirements and uses of provisions + other adjustments + financial expenses from discounting of provisions +/- share of profit/(loss) of investees accounted for using equity method +/- (losses)/gains on sale of assets +/- other non-cash items +/- deferred tax assets/liabilities recognised in profit or loss.

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 (EBITDA), profit for the period, profit 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 amounts in the reclassified financial statements and the corresponding like-for-like indicators is provided in the paragraph, “Like-for-like financial indicators”, in section 2.2, “Group financial review”, in addition to notes on the adjustments made.

2.2

Group financial review

Introduction

The financial review contained in this section includes and analyses the reclassified consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the statement of changes in the Autostrade per l'Italia Group's net debt for the year ended 31 December 2019, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified consolidated statement of financial position as at 31 December 2019, compared with the corresponding amounts as at 31 December 2018, and the reconciliation of the equity and profit of Autostrade per l'Italia (the "Company") for 2019 with the corresponding consolidated amounts for the Autostrade per l'Italia Group.

During preparation of the consolidated accounts for 2019, the international accounting standards (IFRS) approved by the European Commission and in force at 31 December 2019 were applied. With regard to the new IFRS in effect, IFRS 16 - Leases was adopted for the first time from 1 January 2019. In relation to lease contracts where the Group has the role of lessee, this has resulted in the recognition of right-of-use assets in "Non-current non-financial assets" (€8 million corresponding with the present value of the of the minimum lease payments due over the remaining lease term), with the accompanying recognition of the non-current portion of the same amount in "medium/long-term borrowings", and the current portion in "Current portion of medium/long-term financial liabilities".

The scope of consolidation as at 31 December 2019 is unchanged with respect to 31 December 2018.

With regard to the collapse of a section of the Polcevera road bridge on 14 August 2018, in relation to the sum of €502 million reported in the financial statements for 2018, the following took place in 2019: (i) further provisions of €12 million were made to fund compensation for victims' families and for the injured and to cover legal expenses; and (ii) other operating costs of €6 million were incurred, thereby bringing the total cost to €520 million at the end of 2019 (including €454 million in the form of provisions). In addition to these charges, the decision to exempt road users in the Genoa area from the payment of tolls in 2019 has resulted in an estimated reduction in toll revenue of €19 million (€7 million in 2018). Work also began on demolition and reconstruction of the road bridge and the Company continued to provide support for the people and businesses directly affected by the collapse. From a financial viewpoint, movements in the above provisions were as follows:

a) at the request of the Special Commissioner for Genoa, and without prejudice to the objections raised in the legal challenges brought, the Company paid out a total of €280 million (€225 million, net of the remaining advance payment for the start-up of work and

VAT, which were also included in the provisions made as at 31 December 2018), essentially relating to preparations for the demolition and reconstruction of the road bridge;

b) compensation of €51 million was paid to the families of the victims and the injured, as well as to cover legal expenses and financial support provided to small businesses and firms. This amount was also included in the provisions made as at 31 December 2018

Moreover, insurance proceeds of €38 million have been recognised in "Other operating income" for 2019, following agreement with the Group's insurance company regarding quantification of the amount payable to Autostrade per l'Italia under existing third-party liability insurance policies for the Polcevera road bridge. It should also be noted that, following the collapse of a section of the Polcevera road bridge, the Ministry of Infrastructure and Transport (the "MIT") formally alleged that Autostrade per l'Italia was in serious breach of its contractual obligations under the Single Concession Arrangement, as described in greater detail in section 2.12, "Significant regulatory aspects". The resulting dispute could, in the Ministry's view, lead to termination of the Company's concession. Autostrade per l'Italia, without prejudice to any subsequent findings regarding liability for the collapse and whilst contesting any and all accusations levelled against it, expressed a willingness to enter into talks with the Government and the MIT with a view to identifying agreed solutions that would lead to a resolution of the dispute, which would also be in the public interest.

Based on the information provided in this Annual Report regarding existing uncertainties over the future performance of the Company and the Group, following its assessment, the Board of Directors of Autostrade per l'Italia concluded that the uncertainties were surmountable, based on the view that it is reasonably likely that agreement will be reached with the Government and the MIT as a result of the ongoing talks between the parties. As a result of this, the consolidated accounts for 2019 reflect the estimated additional costs that Autostrade per l'Italia has undertaken to bear in the course of the talks aimed at reaching an agreed resolution of the dispute, as more fully described in note 6, "Events and corporate actions in 2019" in the section, "Consolidated financial statements as at and for the year ended 31 December 2019". These additional costs are reflected in provisions of €1,500 million in "Other provisions for risks and charges".

Finally, there were no 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 year, profit/(loss) for the year 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	2019				2018			
		Gross operating profit (EBITDA)	Profit for the period	Profit attributable to owners of the parent	Operating cash flow	Gross operating profit (EBITDA)	Profit for the period	Profit attributable to owners of the parent	Operating cash flow
Reported amounts (A)		710	-268	-282	1.436	1.991	622	608	1.710
Adjustments for non like-for-like items									
Impact connected with collapse of a section of the Polcevera road bridge	(1)	1	2	2	-234	-509	-370	-370	-45
Estimated impact of additional costs to be incurred in order to resolve the dispute with the MIT	(2)	-1.500	-1.020	-1.020	-	-	-	-	-
3.5% IRES surtax on motorway operators	(3)	-	-12	-11	-32	-	-	-	-
Change in discount rate applied to provisions	(4)	-22	-17	-17	-1	22	17	16	-
Sub-total (B)		-1.521	-1.047	-1.046	-267	-487	-353	-354	-45
Like-for-like amounts (C) = (A)-(B)		2.231	779	764	1.703	2.478	975	962	1.755

Notes:

The term “like-for-like”, used below in analysing changes in certain consolidated financial indicators, indicates that amounts for the two comparative periods have been determined by eliminating the impact of the following:

- 1) from consolidated amounts for 2019 and 2018, the after-tax impact on the income statement and on operating cash flow of the reduction in toll revenue, the insurance proceeds and the charges and provisions recognised as a result of the collapse of a section of the Polcevera road bridge;
- 2) from consolidated amounts for 2019, the impact on the income statement of the estimated additional costs to be incurred in order to resolve the dispute with the MIT;
- 3) from consolidated amounts for 2019, 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 2019 and 2018, 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 2019 amounts to €4,083 million, an increase of €79 compared with 2018 (€4,004 million).

“**Toll revenue**” of €3,690 million is up by €32 million (+1%) compared with 2018 (€3,658 million), primarily reflecting traffic growth of +0.7% and the effect of the positive traffic mix.

“**Other operating income**” totals €393 million, an increase of €47 million compared with 2018 (€346 million). The change reflects the recognition of the insurance proceeds linked to the events of 14 August 2018 (€38 million), as previously mentioned in the introduction.

“**Net operating costs**” of €3,373 million are up €1,360 million compared with 2018 (€2,013 million).

The “**Cost of materials and external services**” amounts to €897 million, an increase of €334 million compared with 2018 (€563 million). The increase essentially reflects the costs connected with reconstruction of the Polcevera road bridge (€226 million in 2019), which have essentially had a zero impact on EBITDA as these costs were covered by the use of provisions for repair and replacement accounted for in the “Operating change in provisions”. After stripping out this item, the cost of materials and external services is up approximately €108 million, above all due to increased maintenance work on Autostrade per l’Italia’s network, reflecting the early implementation of operational programmes and an acceleration of work to make up for delays to programmes caused by new and more complex tender procedures (introduced in 2017), resulting in delays to work in the previous year. The cost of materials and external services in 2018 included charges of €48 million linked to the collapse of a section of the Polcevera road bridge.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT(*)

€M	2019	2018	Increase/(Decrease)	
			Absolute	%
Toll revenue	3,690	3,658	32	1
Other operating income	393	346	47	14
Total operating revenue	4,083	4,004	79	2
Cost of materials and external services	-897	-563	-334	59
Concession fees	-473	-469	-4	1
Net staff costs	-500	-486	-14	3
Operating change in provisions	-1,503	-495	-1,008	n.s.
Total net operating costs	-3,373	-2,013	-1,360	68
Gross operating profit (EBITDA)	710	1,991	-1,281	-64
Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work	-653	-623	-30	5
Operating profit (EBIT)	57	1,368	-1,311	-96
Financial expenses from the discounting of provisions for construction services required by contract and other provisions	-32	-30	-2	7
Other financial income/(expenses), net	-434	-431	-3	1
Capitalised financial expenses on intangible assets deriving from concession rights	9	5	4	80
Share of profit/(loss) of investees accounted for using the equity method	-3	-4	1	-25
Profit/(Loss) before tax from continuing operations	-403	908	-1,311	n.s.
Income tax (expense)/benefit	135	-286	421	n.s.
Profit/(Loss) from continuing operations	-268	622	-890	n.s.
Profit/(Loss) from discontinued operations	-	-	-	-
Profit/(Loss) for the year	-268	622	-890	n.s.
(Profit)/Loss attributable to non-controlling interests	14	14	-	-
(Profit)/Loss attributable to owners of the parent	-282	608	-890	n.s.
	2019	2018	Increase/	(Decrease)
Basic earnings/(loss) per share attributable to the owners of the parent (€)	-0,45	0,98	-1,43	
of which:				
- from continuing operations	-0,45	0,98	-1,43	
- from discontinued operations	-	-	-	
Diluted earnings/(loss) per share attributable to the owners of the parent (€)	-0,45	0,98	-1,43	
of which:				
- from continuing operations	-0,45	0,98	-1,43	
- 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" of €473 million are up €4 million compared with 2018 (€469 million), broadly due to the surcharge passed on to ANAS in the form of an addition to the concession fee, also accounted for in toll revenue.

"Net staff costs" of €500 million are up €14 million on 2018 (€486 million). The change broadly reflects:

a) an increase in the average cost due to an increase in the cost of contracted personnel and of variable workers, and increases in the fair value of management incentive plans and in the cost of early retirement incentives, partially offset by an increase in capitalised staff costs and a reduction in fees paid to Directors;

b) a reduction in the average workforce of 113, linked mainly to a slowdown in turnover among the toll collectors employed by the motorway companies, partially offset by Autostrade per l'Italia's recruitment of new operating and technical personnel and additional staff hired by Giove Clear linked to the expansion of this company's operations.

The **"Operating change in provisions"** recorded an expense of €1,503 million (€495 million in 2018). This essentially reflects the following in 2019:

a) provisions of €1,500 million to cover the estimated additional costs that will be incurred in relation to the discussions with the Government and the MIT aimed at resolving the ongoing dispute, as described in the introduction;

b) the change in the provisions for the repair and replacement of motorway infrastructure, represented by income of €18 million, which, after stripping out the effect of the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€225 million from provisions already made as at 31 December 2018), reflects provisions of €207 million following a revised estimate of the cost of the repairs to the network included in the new strategic plan (as described in section 1.7, "Guidelines for the Strategic Transformation Plan 2020-2023") and the performance of the discount rates used to discount the provisions to present value;

c) the operating change in provisions for risks and charges, consisting of further provisions of €12 million to cover compensation payable to families of the victims and people injured as a result of the events of 14 August 2018, in addition to legal expenses, and €8 million essentially linked to tax disputes with local authorities.

In 2018, this item recorded an expense of €495 million, which included provisions relating to the collapse of a section of the Polcevera road bridge (totalling €454 million) and regarding the demolition and reconstruction of the bridge (with related costs for expropriations and compensation payable to people, businesses and firms directly affected by the collapse), compensation payable to victims' families and to the injured, legal expenses and financial help to enable the purchase of basic necessities.

“Gross operating profit” (EBITDA), totalling €710 million, is down €1,281 million compared with 2018 (€1,991 million). On a like-for-like basis, EBITDA is down €247 million (-10%).

“Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work” amount to €653 million, an increase of €30 million compared with 2018 (€623 million in 2018).

“Operating profit” (EBIT) of €57 million is down €1,311 million compared with 2018 (€1,368 million).

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” amount to €32 million (€30 million in 2018).

“Net other financial expenses” of €434 million are up €3 million compared with 2018 (€431 million), essentially due to a combination of the following:

- a) the recognition of financial expenses of €60 million in 2019, linked to reclassification of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve, already recognised as at 31 December 2018, to profit or loss, given that these derivatives no longer meet the requirement of IFRS 9 with regard to the existence of an economic relationship between the hedged item and the hedging instrument (€44 million) essentially due to the regulatory uncertainty described in the introduction, and to the movement in fair value losses on these derivatives in 2019 (€16 million); the fact that the derivatives are no longer related to a highly probable transaction is directly linked to the uncertainties described in section 2.15, “Outlook”;
- b) a reduction in net financial expenses linked to the lower amount of debt in 2019, compared with the previous year.

“Capitalised financial expenses on intangible assets deriving from concession rights” amount to €9 million (€5 million in 2018).

The **“Share of the (profit)/loss of investees accounted for using the equity method”** amounts to a loss of €3 million (€4 million in 2018), reflecting the Group's share of the profit or loss of its associates.

“Tax benefits” amount to €135 million for 2019 (tax expense of €286 million in 2018). This item includes €480 million relating to the recognition of deferred tax assets on the above provisions made in relation to the undertaking given to the Government and the MIT with the aim of resolving the ongoing dispute. After stripping out this item, income tax expense amounts to €345 million, with the increase of €59 million broadly in line with the improvement in profit before tax from continuing operations before the above provisions. In addition, introduction of the 3.5% IRES surtax by art. 1, paragraphs 716-718 of Law 160/2019 (the 2020 Budget Law), applicable to the earnings of motorway, airport, port and railway operators, has increased current income tax expense in the consolidated financial statements for 2019 by €12 million.

The **“Loss for the year”** of €268 million compares with a profit of €622 million for 2018. On a like-for-like basis, profit amounts to €779 million, a reduction of €196 million (-20%) compared with 2018.

The **“Loss for the year attributable to owners of the parent”**, amounting to €282 million, compares with a profit of €608 million for 2018. On a like-for-like basis, profit for the year is €764 million, a reduction of €198 million (-21%) compared with 2018.

“Profit for the year attributable to non-controlling interests”, amounting to €14 million, is in line with 2018 (€14 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€m		2019	2018
Profit/(Loss) for the year	(A)	-268	622
Fair value gains/(losses) on cash flow hedges		-86	-20
Tax effect of fair value gains/(losses) on cash flow hedges		10	5
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-	-
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-	-
Other comprehensive income of investments accounted for using the equity method		-1	-
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	-77	-15
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	(C)	-3	-
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	44	-
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the year	(E)	-	-
Total other comprehensive income/(loss) for the year	(F=B+C+D+E)	-36	-15
	<i>of which attributable to discontinued operations</i>	-	-
Comprehensive income(loss) for the year	(A+F)	-304	607
<i>of which attributable to owners of the parent</i>		-318	593
<i>of which attributable to non-controlling interests</i>		14	14

The “Total other comprehensive loss” for 2019 amounts to €36 million (€15 million in 2018), essentially reflecting a combination of the following:

- a)** an increase in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps (after the related taxation), due to the significant reduction in interest rates in 2019, amounting to €76 million;
- b)** reclassifications from other comprehensive income to profit or loss for the year, amounting to €44 million, linked to the above reclassification to “Net other financial expenses” of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve.

Consolidated financial position

As at 31 December 2019, “Non-current non-financial assets” of €18,008 million are down €354 million compared with the figure for 31 December 2018 (€18,362 million).

“**Property, plant and equipment**” of €88 million is up €6 million compared with 31 December 2018 (€82 million).

“**Intangible assets**” total €17,727 million (€18,093 million as at 31 December 2018) and essentially consist of intangible assets deriving from the Group’s concession rights, amounting to €11,587 million (€11,952 million as at 31 December 2018), 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 €366 million in intangible assets is primarily due to a combination of the following:

- a)** amortisation for the period (€611 million);
- b)** investment during the period in construction services for which additional economic benefits are received (€148 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 (€76 million).

“**Investments**”, totalling €82 million are broadly in line with 31 December 2018 (€84 million).

“**Deferred tax assets**” of €111 million are broadly in line with the figure for 31 December 2018 (€103 million).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

€M	31.12.2019	31.12.2018	Increase/ (Decrease)
Non-current non-financial assets			
Property, plant and equipment	88	82	6
Intangible assets	17.727	18.093	-366
Investments	82	84	-2
Deferred tax assets	111	103	8
Total non-current non-financial assets (A)	18.008	18.362	-354
Working capital			
Trading assets	559	534	25
Current tax assets	48	32	16
Other current assets	134	79	55
Non-financial assets held for sale or related to discontinued operations	4	4	-
Current portion of provisions for construction services required by contract	-449	-406	-43
Current provisions	-2.259	-835	-1.424
Trading liabilities	-1.360	-1.319	-41
Current tax liabilities	-45	-30	-15
Other current liabilities	-324	-315	-9
Total working capital (B)	-3.692	-2.256	-1.436
Gross invested capital (C=A+B)	14.316	16.106	-1.790
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2.312	-2.639	327
Non-current provisions	-1.222	-1.194	-28
Deferred tax liabilities	-141	-589	448
Other non-current liabilities	-29	-27	-2
Total non-current non-financial liabilities (D)	-3.704	-4.449	745
NET INVESTED CAPITAL (E=C+D)	10.612	11.657	-1.045
Equity			
Equity attributable to owners of the parent	1.864	2.493	-629
Equity attributable to non-controlling interests	356	351	5
Total equity (F)	2.220	2.844	-624
Net debt			
Non-current net debt			
Non-current financial liabilities	9.682	10.260	-578
Bond issues	7.025	7.500	-475
Medium/long-term borrowings	2.166	2.324	-158
Non-current derivative liabilities	491	436	55
Non-current financial assets	-348	-410	62
Non-current financial assets deriving from government grants	-165	-196	31
Non-current term deposits	-161	-192	31
Other non-current financial assets	-22	-22	-
Total non-current net debt (G)	9.334	9.850	-516
Current net debt			
Current financial liabilities	1.168	1.236	-68
Short-term borrowings	245	245	-
Current derivative liabilities	1	1	-
Intercompany current account payables due to related parties	28	7	21
Current portion of medium/long-term borrowings	863	949	-86
Other current financial liabilities	31	34	-3
Cash and cash equivalents	-1.619	-1.791	172
Cash	-954	-1.139	185
Cash equivalents	-5	-	-5
Intercompany current account receivables due from related parties	-660	-652	-8
Current financial assets	-491	-482	-9
Current financial assets deriving from concession rights	-410	-408	-2
Current financial assets deriving from government grants	-25	-22	-3
Current term deposits	-25	-21	-4
Current portion of medium/long-term financial assets	-23	-22	-1
Other current financial assets	-8	-9	1
Total current net debt (H)	-942	-1.037	95
Total net debt (I=G+H) ⁽¹⁾	8.392	8.813	-421
NET DEBT AND EQUITY (L=F+I)	10.612	11.657	-1.045

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

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

"Working capital" has a negative balance of €3,692 million, an increase of €1,436 million compared with the figure as at 31 December 2018 (€2,256 million). This primarily reflects an increase of €1,424 million in the current portion of provisions following the additional provisions of €1,500 million made on the basis of the estimated additional costs to be incurred in relation to the current talks with the Government and the MIT with the aim of resolving the dispute between the parties.

"Non-current non-financial liabilities", totalling €3,704 million, are down €745 million compared with 31 December 2018 (€4,449 million). The change primarily reflects the following:

a) a reduction of €448 million in deferred tax liabilities less deferred tax assets eligible for offset, due to the recognition of deferred tax assets (€480 million) on the above provisions made on the basis of the estimated additional costs to be incurred in relation to the current talks with the Government and the MIT with the aim of resolving the dispute between the parties;

b) a reduction of €327 million in the non-current portion of provisions for construction services required by contract, primarily reflecting reclassification of the current portion, totalling €413 million, partially offset by an updated estimate of the present value on completion of investment in construction services yet to be carried out (€76 million).

As a result, **"Net invested capital"**, totalling €10,612 million is down €1,045 million compared with 31 December 2018 (€11,657 million).

"Equity" amounts to €2,220 million (€2,844 million as at 31 December 2018).

"Equity attributable to owners of the parent", totalling €1,864 million, is down €629 million compared with 31 December 2018 (€2,493 million). This reflects:

a) the comprehensive loss for the year attributable to owners of the parent (€318 million);

b) payment of Autostrade per l'Italia's final dividend for 2018 (€311 million).

"Equity attributable to non-controlling interests" of €356 million is broadly in line with the figure for 31 December 2018 (€351 million), as dividends paid by a number of Group companies to non-controlling shareholders (€9 million) were substantially offset by comprehensive income attributable to non-controlling interests (€14 million).

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€M	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NONCONTROLLING INTERESTS
	Issued capital	Cash flow hedge reserve	Other reserves and retained earnings	Profit/(Loss) for the period after interim dividend	Total		
Balance as at 31 December 2017	622	-110	1.355	523	2.390	348	2.738
Impact of first-time adoption of IFRS 9 from 1 January 2018	-	-	26	-	26	-	26
Balance as at 1 January 2018	622	-110	1.381	523	2.416	348	2.764
Comprehensive income for the year	-	-15	-	608	593	14	607
Owner transactions and other changes							
Autostrade per l'Italia SpA's final dividend (€0.832 per share)	-	-	-	-518	-518	-	-518
Transfer of profit/(loss) for previous year to retained earnings	-	-	5	-5	-	-	-
Dividends paid by other Group companies to non	-	-	-	-	-	-7	-7
Change in reserves due to transactions under common control	-	-	2	-	2	-	2
Change in scope of consolidation and other minor changes	-	-	-	-	-	-4	-4
Balance as at 31 December 2018	622	-125	1.388	608	2.493	351	2.844
Comprehensive income for the year	-	-32	-4	-282	-318	14	-304
Owner transactions and other changes							
Autostrade per l'Italia SpA's final dividend (€0.50 per share)	-	-	-	-311	-311	-	-311
Transfer of profit/(loss) for previous year to retained earnings	-	-	297	-297	-	-	-
Dividends paid by other Group companies to noncontrolling shareholders	-	-	-	-	-	-9	-9
Balance as at 31 December 2019	622	-157	1.681	-282	1.864	356	2.220

RECONCILIATION OF AUTOSTRADE PER L'ITALIA'S EQUITY AND PROFIT FOR THE YEAR WITH THE CORRESPONDING CONSOLIDATED AMOUNTS

€m	Equity as at 31 December 2019	Profit(Loss) for 2019
Amounts in financial statements of Autostrade per l'Italia	1.463	-291
Recognition in consolidated financial statements of equity and profit/(loss) for the year of investments less non-controlling interests	631	32
Elimination of carrying amount of consolidated investments	-280	-
Elimination of impairment losses on consolidated investments less reversals	5	-
Elimination of intercompany dividends	-	-22
Measurement of investments at fair value and using the equity method less dividends received	-4	-1
Other consolidation adjustments ⁽¹⁾	49	-
Consolidated carrying amounts (attributable to owners of the parent)	1.864	-282
Consolidated carrying amounts (attributable to non-controlling interests)	356	14
Carrying amounts in consolidated financial statements	2.220	-268

(1) Other consolidation adjustments essentially include the effects of remeasurement at fair value, solely for the purposes of consolidation, of previously held interests following the acquisition of control of the related companies.

The Group's "Net debt" as at 31 December 2019 amounts to €8,392 million, a reduction of €421 million compared with 31 December 2018 (€8,813 million).

"Non-current net debt", totalling €9,334 million, is down €516 million compared with 31 December 2018 (€9,850 million). After stripping out the impact of the reclassification of the current portions of bond issues and bank borrowings to be repaid within twelve months (totalling €682 million), this item is up €166 million. This primarily reflects the increase in fair value losses on derivatives, resulting from the sharp decline in interest rates as at 31 December 2019, compared with 31 December 2018.

"Current net debt" amounts to €942 million is down €95 million compared with 31 December 2018 (€1,037 million). The change primarily reflects the above reclassifications (totalling €682 million), partially offset by net cash generated in 2019 (€498 million), as described in the paragraph, "Consolidated cash flow".

The residual weighted average term to maturity of the Group's interest-bearing debt is approximately five years and six months as at 31 December 2019. 97% of the Group's interestbearing debt is fixed rate, taking into account the hedging derivative instruments entered into. 10% 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 2019 was approximately 3.5% (broadly in line with 2018).

As at 31 December 2019, the Group has estimated cash reserves of €2,947 million, consisting of:

a) €1,592 million in cash and investments in financial assets readily convertible into cash (€959 million) and Autostrade per l'Italia's net cash (€633 million), essentially resulting from the centralised treasury management services provided by Autostrade per l'Italia;

b) €1,355 million connected with undrawn committed lines of credit. These lines of credit include a facility of €1,300 million consisting of two lines of credit with Cassa Depositi e Prestiti, which are currently the subject of an assessment by the bank in order to exclude any reason that would prevent disbursement.

As at 31 December 2019, the Group has lines of credit with a weighted average residual term to maturity of approximately five years and five months and a weighted average residual drawdown period of approximately two years and three months.

The Group's net debt, as defined in the European Securities and Market Authority (ESMA) Recommendation of 20 March 2013 (which does not permit the deduction of non-current financial assets from debt), amounts to €8,740 million as at 31 December 2019 (€9,223 million as at 31 December 2018).

Consolidated cash flow

“**Net cash from operating activities**” amounts to €1,375 million in 2019, a reduction of €246 million compared with 2018 (€1,621 million). This primarily reflects the reduction in operating cash flow of €274 million, due to the outflow of €276 million linked to the cost of demolition and reconstruction of the Polcevera road bridge and the compensation paid to the families of the victims and the injured, as well as legal expenses. On a like-for-like basis, operating cash flow for 2019 is down €52 million (-3%) compared with 2018.

“**Cash used for investment in non-financial assets**”, totalling €558 million, is down €54 million compared with 2018 (€612 million). This primarily reflects reduced capital expenditure during the year (€34 million) and reduced purchases of investments (€25 million).

“**Net equity cash outflows**” amount to €319 million in 2019, a reduction of €208 million compared with 2018, reflecting a reduction in dividends declared by Autostrade per l'Italia and other Group companies and payable to non-controlling shareholders.

In addition, other changes during 2019 have resulted in an increase in net debt of €77 million, mainly due to fair value losses on hedging derivatives (€86 million), reflecting the sharp decline in interest rates as at 31 December 2019. On the other hand, other changes in 2018 resulted in a decrease in net debt of €56 million, partly linked to recognition of the impact of first-time adoption of the IFRS 9 (€34 million before the related taxation).

The overall impact of the above cash flows has resulted in an overall decrease in net debt of €421 million in 2019, compared with 31 December 2018.

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT

€m	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) for the year	-268	622
Adjusted by:		
Amortisation and depreciation	634	618
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure	1.442	505
Financial expenses from discounting of provisions for construction services required by contract and other provisions	32	30
Share of (profit)/loss of investees accounted for using the equity method	3	4
Impairment losses/(Reversal of impairment losses) and adjustments of current and noncurrent assets	7	-6
(Gains)/Losses on sale of non-current assets	-	-1
Net change in deferred tax (assets)/liabilities through profit or loss	-437	-15
Other non-cash costs (income)	23	-47
Operating cash flow	1.436	1.710
Change in working capital and other changes	-19	-25
Other changes in non-financial assets and liabilities	-42	-64
Net cash generated from operating activities [A]	1.375	1.621
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-517	-543
Purchases of property, plant and equipment	-20	-23
Purchases of other intangible assets	-22	-27
Capital expenditure	-559	-593
Government grants related to assets held under concession	2	1
Increase in financial assets deriving from concession rights (related to capital expenditure)	1	-
Purchases of investments	-3	-28
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	1	4
Proceeds from sales of consolidated investments, including net debt transferred	-	4
Net cash from/(used in) investment in non-financial assets (B)	-558	-612
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared by Autostrade per l'Italia and Group companies and payable to noncontrolling shareholders	-319	-525
Return of capital to non-controlling shareholders	-	-2
Net equity cash inflows/(outflows) (C)	-319	-527
Increase/(Decrease) in cash and cash equivalents during period (A+B+C)	498	482
Change in fair value of hedging derivatives	-86	-20
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	-3	-2
Other changes	12	78
Other changes in net debt (D)	-77	56
Decrease/(Increase) in net debt for year (A+B+C+D)	421	538
Net debt at beginning of year	-8.813	-9.351
Net debt at end of year	-8.392	-8.813

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	2019			2018										
	Reported basis	Reclassified basis	Reported basis	Reclassified basis	Reported basis	Reclassified basis								
Reconciliation of items	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries								
Toll revenue			3,690			3,690					3,658			3,658
Revenue from construction services			151								178			
Revenue from construction services - government grants and cost of materials and Capitalised staff costs - construction services for which additional economic benefits are received	(a)	132		(a)	157			(a)	157					
Revenue from construction services: capitalised financial expenses	(b)	7		(b)	9			(b)	9					
Revenue from construction services provided by sub-operators	(c)	9		(c)	5			(c)	5					
Other revenue	(d)	3		(d)	7			(d)	7					
	(e)	390		(e)	339			(e)	339					
Other operating income				(e+d)		393		(e+d)			346			346
Revenue from construction services provided by sub-operators				(d)		3		(d)			7			7
Total revenue			4,231			4,083			4,175		4,004			4,004
TOTAL OPERATING REVENUE														
Raw and consumable materials			-228			-228			-127		-127			-127
Service costs			-1,068			-1,068			-821		-821			-821
Gain/(Loss) on sale of elements of property, plant and equipment			-			-			1		1			1
Other operating costs			-551			-551			-586		-586			-586
Concession fees	(f)	-473		(f)	-469			(f)	-469					
Lease expense		-5			-8				-8					
Other		-73			-109				-109					
Use of provisions for construction services required by contract				(j)	345			(j)	341					341
Revenue from construction services: government grants and capitalised cost of materials and external services	(a)	132		(a)	132			(a)	157					157
Use of provisions for renewal of motorway infrastructure	(i)	-		(i)	-			(i)	3					3
COST OF MATERIALS AND EXTERNAL SERVICES			-897			-897			-563		-563			-563
CONCESSION FEES			-473			-473			-469		-469			-469
Staff costs	(g)	-531		(g)	-516			(g)	-516					
NET STAFF COSTS			(g+b+k)		-500			(g+b+k)	-486		-486			-486
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS			-1,516			-1,503			-503		-495			-495
Operating change in provisions		-1,516			-503				-503					
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure		18			-407				-407					
(Provisions)/Uses of provisions for renewal of motorway infrastructure		-13			-8				-8					
Provisions for renewal of motorway infrastructure	(h)	-13		(h)	-11			(h)	-11					
Uses of provisions for renewal of motorway infrastructure	(i)	-		(i)	3			(i)	3					
Provisions/(Uses) of provisions for risks and charges		-1,521			-88				-88					
TOTAL NET OPERATING COSTS			-1,521			-1,521			-88		-88			-88
GROSS OPERATING PROFIT (EBITDA)			710			710			1,991		1,991			1,991
Use of provisions for construction services required by contract	(j)	369		(j)	362			(j)	362					
Use of provisions for construction services required by contract	(k)	24		(k)	21			(k)	21					
Capitalised staff costs - construction services for which no additional economic benefits are received	(l)	-634		(l)	-617			(l)	-617					
Amortisation and depreciation			-23			-23			-21		-21			-21
Depreciation of property, plant and equipment		-589			-575				-575					
Amortisation of intangible assets deriving from concession rights		-22			-21				-21					
Amortisation of other intangible assets	(m)	-6		(m)	5			(m)	5					
(Impairment losses)/Reversals of impairment losses														
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES			(l+h+m)		-653			(l+h+m)	-623		-623			-623
TOTAL COSTS			-4,165			-2,802			-2,802		-2,802			-2,802
OPERATING PROFIT/(LOSS)			66			1,373			1,373		1,368			1,368
OPERATING PROFIT/(LOSS) (EBIT)			57			1,368			1,368		1,368			1,368
Financial income		87			93				93					
Dividends received from investees	(n)	-		(n)	1			(n)	1					
Other financial income	(o)	87		(o)	92			(o)	92					
Financial expenses			-553			-554			-554		-554			-554
Financial expenses from discounting of provisions for construction services required by contract and other provisions	(p)	-32		(p)	-30			(p)	-30					
Other financial expenses	(q)	-521		(q)	-524			(q)	-524					
Foreign exchange gains/(losses)	(r)	-		(r)	-			(r)	-					
FINANCIAL INCOME/(EXPENSES)			-466			-461			-461		-461			-461
Net financial expenses				(c+n+o+p+q+r)		-457		(c+n+o+p+q+r)			-456			-456
Share of profit/(loss) of investees accounted for using the equity method		-3			-3				-4		-4			
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			-403			-403			908		908			908
INCOME TAX (EXPENSE)/BENEFIT			135			135			-286		-286			-286
Income tax (expense)/benefit		135			135				-286		-286			
Current tax expense		-305			-308				-308					
Differences on tax expense for previous years		3			7				7					
Deferred tax income and expense		437			15				15					
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			-268			-268			622		622			622
Profit/(Loss) from discontinued operations		-			-				-		-			
PROFIT/(LOSS) FOR THE YEAR			-268			-268			622		622			622
of which:														
Profit/(Loss) attributable to owners of the parent		-282			-282				608		608			608
Profit/(Loss) attributable to non-controlling interests		14			14				14		14			14

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

€M	31/12/2019			31/12/2018		
	Ref.	Main entries	Reclassified basis Ref. Sub-items Main entries	Prospetto ufficiale Ref. Main entries	Prospetto riclassificato Ref. Sub-items Main entries	
Reconciliation of items						
Non-current non-financial assets						
Property, plant and equipment	(a)	88	88	(a)	82	82
Intangible assets	(b)	17.727	17.727	(b)	18.093	18.093
Investments	(c)	82	82	(c)	84	84
Deferred tax assets	(d)	111	111	(d)	103	103
Other non-current assets	(e)	-	-	(e)	-	-
Total non-current non-financial assets (A)			18.008			18.362
Working capital						
Trading assets	(f)	559	559	(f)	534	534
Current tax assets	(g)	48	48	(g)	32	32
Other current assets	(h)	134	134	(h)	79	79
Investments held for sale or for distribution to shareholders or related to discontinued operations			(w) 4		(w) 4	
Required by contract	(i)	-449	-449	(i)	-406	-406
Current provisions	(j)	-2.259	-2.259	(j)	-835	-835
Trading liabilities	(k)	-1.360	-1.360	(k)	-1.319	-1.319
Current tax liabilities	(l)	-45	-45	(l)	-30	-30
Other current liabilities	(m)	-324	-324	(m)	-315	-315
Non-financial liabilities related to discontinued operations			(x) -		(x) -	
Total working capital (B)			-3.692			-2.256
Gross invested capital (C=A+B)			14.316			16.106
Non-current non-financial liabilities						
Required by contract	(n)	-2.312	-2.312	(n)	-2.639	-2.639
Non-current provisions	(o)	-1.222	-1.222	(o)	-1.194	-1.194
Deferred tax liabilities	(p)	-141	-141	(p)	-589	-589
Other non-current liabilities	(q)	-29	-29	(q)	-27	-27
Total non-current non-financial liabilities (D)			-3.704			-4.449
NET INVESTED CAPITAL (E=C+D)			10.612			11.657
Total equity (F)		2.220	2.220		2.844	2.844
Net debt/(Net funds)						
Non-current net debt/(net funds)						
Non-current financial liabilities	(r)	9.682	9.682	(r)	10.260	10.260
Non-current financial assets	(s)	-348	-348	(s)	-410	-410
Total non-current net debt/(net funds) (G)			9.334			9.850
Current net debt/(net funds)						
Current financial liabilities	(t)	1.168	1.168	(t)	1.236	1.236
Short-term borrowings		245	245		245	245
Current derivative liabilities		1	1		1	1
Intercompany current account payables due to related parties		28	28		7	7
Current portion of medium/long-term borrowings		863	863		949	949
Other current financial liabilities		31	31		34	34
Current financial liabilities related to discontinued operations			(aa) -		(aa) -	
Cash and cash equivalents	(u)	-1.619	-1.619	(u)	-1.791	-1.791
Cash		-954	-954		-1.139	-1.139
Cash equivalents		-5	-5		-	-
Intercompany current account receivables due from related parties		-660	-660		-652	-652
Cash and cash equivalents related to discontinued operations			(y) -		(y) -	
Current financial assets	(v)	-491	-491	(v)	-482	-482
Current financial assets deriving from concession rights		-410	-410		-408	-408
Current financial assets deriving from government grants		-25	-25		-22	-22
Current term deposits		-25	-25		-21	-21
Current portion of other medium/long-term financial assets		-23	-23		-22	-22
Other current financial assets		-8	-8		-9	-9
Financial assets held for sale or related to discontinued operations			(z) -		(z) -	
Total current net debt (H)			-942			-1.037
Total net debt (I=G+H)			8.392			8.813
NET DEBT AND EQUITY (L=F+I)			10.612			11.657
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)	18.356		(a+b+c+d+e-s)	18.772	
TOTAL CURRENT ASSETS	(f+g+h+u-v-y-z+w)	2.855		(f+g+h+u-v-y-z+w)	2.922	
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)	13.386		(-n-o-p-q+r)	14.709	
TOTAL CURRENT LIABILITIES	(-i-j-k-l+m-t-x+aa)	5.605		(-i-j-k-l+m-t-x+aa)	4.141	

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

€M	2019		2018		
	Note	Consolidated statement of cash flows	Changes in consolidated net debt	Consolidated statement of cash flows	Changes in consolidated net debt
Reconciliation of items					
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the year		-268	-268	622	622
Adjusted by:					
Amortisation and depreciation		634	634	618	618
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		1.442	1.442	505	505
Financial expenses from discounting of provisions for construction services required by contract and other provisions		32	32	30	30
Share of (profit)/loss of investees accounted for using the equity method		3	3	4	4
Impairment losses/(Reversal of impairment losses) and adjustments of current and noncurrent assets (Gains)/Losses on sale of non-current assets		7	7	-6	-6
Net change in deferred tax (assets)/liabilities through profit or loss		-437	-437	-15	-15
Other non-cash costs (income)		23	23	-47	-47
Operating cash flow			1.436		1.710
Change in operating capital	(a)		-19		-25
Other changes in non-financial assets and liabilities	(b)		-42		-64
Change in working capital and other changes	(a+b)		-61		-89
Net cash generated from/(used in) operating activities (A)		1.375	1.375	1.621	1.621
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-517	-517	-543	-543
Purchases of property, plant and equipment		-20	-20	-23	-23
Purchases of other intangible assets		-22	-22	-27	-27
Capital expenditure			-559		-593
Government grants related to assets held under concession		2	2	1	1
Increase in financial assets deriving from concession rights related to capital expenditure)		1	1	-	-
Purchases of investments		-3	-3	-28	-28
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		1	1	4	4
Proceeds from sales of consolidated investments, including net debt transferred	(c)		-		4
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred	(d)			6	
Net change in current and non-current financial assets	(e)	54		35	
Net cash from/(used in) investment in non-financial assets (B)	(f)		-558		-612
Net cash generated from/(used in) investment activities (C)	(f+e)	-504		-575	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Distribution of reserves to the parent		-	-	-	-
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	(g)		-319		-525
Dividends paid	(h)	-323		-543	
Return of capital to non-controlling shareholders		-	-	-2	-2
Net equity cash inflows/(outflows) (D)			-319		-527
Net cash generated during year (A+B+D)			498		482
Repayments of loans from the parent		-	-	-1.000	
Increase in lease liabilities		4		-	
Redemption of bonds		-593		-	
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-129		-126	
Repayments of lease liabilities		-3		-	
Net change in other current and non-current financial liabilities		-20		-522	
Net cash generated from/(used in) financing activities (E)		-1.064		-2.193	
Change in fair value of hedging derivatives			-86		-20
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)			-3		-2
Other changes			12		78
Other changes in net debt (F)			-77		56
Net effect of foreign exchange rate movements on net cash and cash equivalents (G)			-		-
Decrease in net debt for year (A+B+D+F)				421	538
Net debt at beginning of year				-8.813	-9.351
Net debt at end of year				-8.392	-8.813
Increase/(Decrease) in cash and cash equivalents during year (A+C+E+G)		-193		-1.147	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR					
		1.784		2.931	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR					
		1.591		1.784	

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) this item includes the impact on net debt arising from the sale and consequent deconsolidation of subsidiaries, calculated as the price collected on the sale, after the net (debt)/funds transferred;
- d) this item includes the impact of cash and cash equivalents arising from the sale and consequent deconsolidation of subsidiaries, calculated as the price collected on the sale, after the net cash transferred;
- e) 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;
- f) “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;
- g) “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;
- h) “Dividends paid” refer to amounts effectively paid during the reporting period.

2.3

Financial review for Autostrade per l’Italia SpA

Introduction

This financial review includes and analyses the reclassified income statement, statement of comprehensive income, statement of changes in equity and statement of changes in net debt of Autostrade per l’Italia SpA (the “Company”) for the year ended 31 December 2019, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified statement of financial position as at 31 December 2019, compared with comparative amounts as at 31 December 2018.

During preparation of the consolidated accounts for 2019, the international accounting standards (IFRS) approved by the European Commission and in force at 31 December 2019 were applied. With regard to the new IFRS in effect, IFRS 16 - Leases was adopted for the first time from 1 January 2019. In relation to lease contracts where the Company has the role of lessee, this has resulted in the recognition of right-of-use assets in “Non-current non-financial assets” (€8 million corresponding with the present value of the of the minimum lease payments due over the remaining lease term), with the accompanying recognition of the non-current portion of the same amount in “medium/long-term borrowings”, and the current portion in “Current portion of medium/long-term financial liabilities”.

With regard to the collapse of a section of the Polcevera road bridge of A10 motorway Genova-Ventimiglia on 14 August 2018, in relation to the sum of €502 million reported in the financial statements for 2018, the following took place in 2019: (i) further provisions of €12 million were made to fund compensation for victims’ families and for the injured and to cover legal expenses; and (ii) other operating costs of €6 million were incurred, thereby bringing the total cost to €520 million at the end of 2019 (including €454 million in the form of provisions). In addition to these charges, the decision to exempt road users in the Genoa area from the payment of tolls in 2019 has resulted in an estimated reduction in toll revenue of €19 million (€7 million in 2018). Work also began on demolition and reconstruction of the road bridge and the Company continued to provide support for the people and businesses directly affected by the collapse. From a financial viewpoint, movements in the above provisions were as follows:

- a) at the request of the Special Commissioner for Genoa, and without prejudice to the objections raised in the legal challenges brought, the Company paid out a total of €280 million (€225 million, net of the remaining advance payment for the start-up of work and VAT, which were also included in the provisions made as at 31 December 2018), essentially relating to preparations for the demolition and reconstruction of the road bridge;
- b) compensation of €51 million was paid to the families of the victims and the injured, as well as to cover legal expenses and financial support provided to small businesses and firms. This amount was also included in the provisions made as at 31 December 2018

Moreover, insurance proceeds of €38 million have been recognised in “Other operating income” for 2019, following agreement with the Group’s insurance company regarding quantification of the amount payable to Autostrade per l’Italia under existing third-party liability insurance policies for the Polcevera road bridge.

It should also be noted that the Company, in response to requests from the Ministry of Infrastructure and Transport, voluntarily prolonged suspension of the toll increase for 2019 (0.81% recognized by the MIT), which was in place from the beginning of the year.

It should also be noted that, following the collapse of a section of the Polcevera road bridge, the Ministry of Infrastructure and Transport (the “MIT”) formally alleged that Autostrade per l’Italia was in serious breach of its contractual obligations under the Single Concession Arrangement, as described in greater detail in section 2.12, “Significant regulatory aspects”. The resulting dispute could, in the Ministry’s view, lead to termination of the Company’s concession. Autostrade per l’Italia, without prejudice to any subsequent findings regarding liability for the collapse and whilst contesting any and all accusations levelled against it, expressed a willingness to enter into talks with the Government and the MIT with a view to identifying agreed solutions that would lead to a resolution of the dispute, which would also be in the public interest.

Based on the information provided in this Annual Report regarding existing uncertainties over the future performance of the Company and the Group, following its assessment, the Board of Directors of Autostrade per l’Italia concluded that the uncertainties were surmountable, based on the view that it is reasonably likely that agreement will be reached with the Government and the MIT as a result of the ongoing talks between the parties. As a result of this, the consolidated accounts for 2019 reflect the estimated additional costs that Autostrade per l’Italia has undertaken to bear in the course of the talks aimed at reaching an agreed resolution of the dispute, as more fully described in note 5, “Events and corporate actions in 2019” in the section, “Separate financial statements as at and for the year ended 31 December 2019”. These additional costs are reflected in provisions of €1,500 million in “Other provisions for risks and charges”.

The Company did not enter into non-recurring, atypical or unusual transactions, either with third or related parties, having a material impact on the Company’s accounts in either of the comparative periods.

Results of operations

“Operating revenue” for 2019 amounts to €3,720 million, an increase of €58 million compared with 2018 (€3,662 million).

It should be noted that toll revenue includes for €366 million (€362 million in 2018) the surcharges matching the addition to the concession fee payable to ANAS and accounted for in operating costs, without having any impact on the Company’s results⁽¹⁾.

After stripping out the above surcharges, total revenue is up €54 million compared with the previous year.

“Toll revenue” of €3,404 million is up €34 million compared with 2018 (€3,370 million). After stripping out the above surcharges, the increase is €30 million and primarily reflects traffic growth of +0.7% (+1.1% after the effect of the positive traffic mix).

“Other operating income” amounts to €316 million. The increase of €24 million compared with 2018 reflects the €38 million in insurance proceeds recognised in 2019 linked to the events of 14 August 2018 referred to in the introduction. The result also reflects reduced revenue from service areas, resulting primarily from a decline in fuel sales and the different impact, in the comparative periods, of income recognised following the handover free of charge of buildings at service areas where the sub-concessions are being renewed.

“Net operating costs”, amounting to €3,160 million, are up €1,346 million compared with 2018 (€1,814 million).

The **“Cost of materials and external services”** amounts to €822 million, an increase of €309 million compared with 2018 (€513 million). The increase essentially reflects the costs connected with reconstruction of the Polcevera road bridge (€226 million in 2019), which have essentially had a zero impact on EBITDA as these costs were covered by the use of provisions for repair and replacement accounted for in the “Operating change in provisions”. After stripping out this item, the cost of materials and external services is up approximately €83 million, above all due to increased maintenance work on the network, reflecting the early implementation of operational programmes and an acceleration of work to make up for delays to programmes caused by new and more complex tender procedures (introduced in 2017), resulting in delays to work in the previous year. The cost of materials and external services in 2018 included charges of €48 million linked to the collapse of a section of the Polcevera road bridge.

“Concession fees” amount to €450 million (€445 million in 2018). This item includes the above addition to the concession fees payable and concession fees linked to toll revenue and subconcession arrangements.

(1) From 1 January 2011 the additional concession fees payable to ANAS, pursuant to laws 102/2009 and 122/2010, calculated on the basis of the number of kilometres travelled, amount to 6 thousandths of a euro per kilometre for toll classes A and B and 18 thousandths of a euro per kilometre for classes 3, 4 and 5.

RECLASSIFIED INCOME STATEMENT(*)

€M	2019	2018	INCREASE/(DECREASE)	
			ABSOLUTE	%
Toll revenue	3.404	3.370	34	1
Other operating income	316	292	24	8
Total operating revenue	3.720	3.662	58	2
Cost of materials and external services	-822	-513	-309	60
Concession fees	-450	-445	-5	1
Net staff costs	-383	-373	-10	3
Operating change in provisions	-1.505	-483	-1.022	n.s.
Total net operating costs	-3.160	-1.814	-1.346	74
Gross operating profit (EBITDA)	560	1.848	-1.288	-70
Amortisation, depreciation, impairment losses, reversals of impairment losses and other adjustments	-593	-573	-20	3
Operating profit (EBIT)	-33	1.275	-1.308	n.s.
Dividends received from investees	22	40	-18	-45
Reversals of impairment losses/(Impairment losses) on investments	-2	1	-3	n.s.
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-29	-29	-	-
Other financial income/(expenses), net	-412	-409	-3	1
Capitalised financial expenses on intangible assets deriving from concession rights	8	4	4	100
Profit/(Loss) before tax from continuing operations	-446	882	-1.328	n.s.
Income tax expense	155	-264	419	n.s.
Profit/(Loss) from continuing operations	-291	618	-909	n.s.
Profit/(Loss) for the year	-291	618	-909	n.s.
(€)	2019	2018	INCREASE/ (DECREASE)	
Basic earnings/(loss) per share	-0,47	0,99	-1,46	
of which:				
- from continuing operations	-0,47	0,99	-1,46	
Diluted earnings/(loss) per share	-0,47	0,99	-1,46	
of which:				
- from continuing operations	-0,47	0,99	-1,46	

(*) The reconciliation with the reported amounts in the income statement is provided in the section, "Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements".

"Net staff costs" of €383 million are up €10 million compared with 2018 (€373 million). The change reflects:

- a) an increase in the average cost due primarily to an increase in the cost of contracted personnel and of variable workers, and increases in the fair value of management incentive plans, in the cost of early retirement incentives and in the cost of seconded staff, partially offset by an increase in capitalised staff costs and a reduction in fees paid to Directors;
- b) a reduction in the average workforce of -93, linked mainly to a slowdown in turnover among toll collectors, partially offset by the recruitment of new operating and technical personnel.

The **"Operating change in provisions"** recorded an expense of €1,505 million (€483 million in 2018). This essentially reflects the following in 2019:

- a) provisions of €1,500 million to cover the estimated additional costs that will be incurred in relation to the discussions with the Government and the MIT aimed at resolving the ongoing dispute, as described in the introduction;
- b) the change in the provisions for the repair and replacement of motorway infrastructure, represented by income of €15 million, which, after stripping out the effect of the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€225 million from provisions already made as at 31 December 2018), reflects provisions of €210 million following a revised estimate of the cost of the repairs to the network included in the new strategic plan (as described in section 1.7, "Guidelines for the Strategic Transformation Plan 2020-2023") and the performance of the discount rates used to discount the provisions to present value;
- c) the operating change in provisions for risks and charges, consisting of further provisions of €12 million to cover compensation payable to families of the victims and people injured as a result of the events of 14 August 2018, in addition to legal expenses, and €8 million essentially linked to tax disputes with local authorities.

In 2018, this item recorded an expense of €483 million, which included provisions relating to the collapse of a section of the Polcevera road bridge (totalling €454 million) and regarding the demolition and reconstruction of the bridge (with related costs for expropriations and compensation payable to people, businesses and firms directly affected by the collapse), compensation payable to victims' families and to the injured, legal expenses and financial help to enable the purchase of basic necessities.

"Gross operating profit" (EBITDA), totalling €560 million, is down €1,288 million compared with 2018 (€1,848 million), reflecting the above performance.

The **"Operating loss (negative EBIT)"** amounts to €33 million, a difference of €1,308 million compared with the profit of €1,275 million recorded in 2018. In addition to the change in EBITDA, EBIT reflects higher depreciation and amortisation (€15 million) and an increase in provisions for bad debts relating to the risk of partial non-collection (€5 million).

"Dividends received from investees" total €22 million (€40 million in 2018). The reduction of €18 million is broadly due to the lower amount of dividends paid by the subsidiary, Autostrade Tech.

"Reversals of impairment losses/(Impairment losses) on investments" reflects the impairment loss on the carrying amount of the investment in Pavimental, amounting to €2 million.

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” amount to €29 million, as in 2018.

“Net other financial expenses” of €412 million (€409 million in 2018) are up €3 million, broadly reflecting a combination of the following:

- a) the recognition of financial expenses of €60 million in 2019, linked to reclassification of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve, already recognised as at 31 December 2018, to profit or loss, given that these derivatives no longer meet the requirement of IFRS 9 with regard to the existence of an economic relationship between the hedged item and the hedging instrument (€44 million) essentially due to the regulatory uncertainty described in the introduction, and to the movement in fair value losses on these derivatives in 2019 (€16 million); the fact that the derivatives are no longer related to a highly probable transaction is directly linked to the uncertainties described in section 2.15, “Outlook”;
- b) a reduction in net financial expenses linked to the lower amount of debt in 2019, compared with the previous year.

“Capitalised financial expenses on intangible assets deriving from concession rights” amount to €8 million (€4 million in 2018).

The **“Loss before tax from continuing operations”** amounts to €446 million, a difference of €1,328 million compared with a profit of €882 million in 2018.

“Tax benefits” amount to €155 million (expense of €264 million in 2018). This item includes €480 million relating to the recognition of deferred tax assets on the above provisions made in relation to the undertaking given to the Government and the MIT with the aim of resolving the ongoing dispute. After stripping out this item, income tax expense amounts to €325 million, with the increase of €61 million compared with 2018 (expense amounts to €264 million) broadly in line with the improvement in profit before tax from continuing operations before the above provisions. In addition, introduction of the 3.5% IRES surtax by art. 1, paragraphs 716-718 of Law 160/2019 (the 2020 Budget Law), applicable to the earnings of motorway, airport, port and railway operators, has increased current income tax expense in the consolidated financial statements for 2019 by €9 million.

The **“Loss for the year”** of €291 million compares with a profit of €618 million for 2018.

STATEMENT OF COMPREHENSIVE INCOME

€M		2019	2018
Profit/(Loss) for the year	(A)	-291	618
Fair value gains/(losses) on cash flow hedges		-86	-20
Tax effect of fair value gains/(losses) on cash flow hedges		10	5
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	-76	-15
Gains/(losses) from actuarial valuations of provisions for employee benefits		-3	-
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	(C)	-3	-
Other reclassifications of the cash flow hedge reserve		44	-
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	44	-
Total other comprehensive income/(loss) for the year	(E=B+C+D)	-35	-15
Comprehensive income/(loss) for the year	(A+E)	-326	603

The **“Total other comprehensive loss”** for 2019 amounts to €35 million (a loss of €15 million in 2018), essentially reflecting a combination of the following:

- a) an increase in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps (after the related taxation), due to the significant reduction in interest rates in 2019, amounting to €76 million;
- b) reclassifications from other comprehensive income to profit or loss for the year, amounting to €44 million, linked to the above reclassification to “Net other financial expenses” of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve.

Financial position

As at 31 December 2018, **“Non-current non-financial assets”** of €17,149 million are down €325 million compared with 31 December 2018 (€17,474 million).

This item primarily refers to **“Intangible assets”** of €16,824 million (€17,157 million as at 31 December 2018), essentially consisting of:

- a) concession rights totalling €10,690 million (€11,022 million as at 31 December 2018);
- b) the residual value of goodwill (€6,111 million) recognised following the contribution of the motorway assets of the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia SpA) to Autostrade per l'Italia as part of a reorganisation of the Group in 2003.

The reduction in intangible assets compared with 31 December 2018, amounting to €333 million, is essentially due to a combination of the following:

- a) amortisation for the year (€565 million);
- b) investment of €155 million during the period, primarily in construction services for which additional economic benefits are received (€137 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 (€76 million).

The increase in **“Property, plant and equipment”** reflects recognition, as at 1 January 2019, of right-of-use assets on first-time adoption of IFRS 16, in addition to new investment linked to the entry into effect of the new standard (€7 million in buildings and €2 million in motor vehicles).

As at 31 December 2019, **“Investments”** amount to €243 million, a figure broadly in line with 31 December 2018 (€242 million).

As at 31 December 2019, **“Working capital”** has a negative balance of €3,597 million (a negative €2,174 million as at 31 December 2018). The difference of €1,423 million compared with 31 December 2018 primarily reflects an increase of €1,417 million in the current portion of provisions following the additional provisions of €1,500 million made on the basis of the estimated additional costs to be incurred in relation to the current talks with the Government and the MIT with the aim of resolving the dispute between the parties.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION^(*)

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Non-current non-financial assets			
Property, plant and equipment	82	75	7
Intangible assets	16.824	17.157	-333
Investments	243	242	1
Total non-current non-financial assets (A)	17.149	17.474	-325
Working capital			
Trading assets	514	493	21
Current tax assets	40	24	16
Other current assets	110	62	48
Investments held for sale or for distribution to shareholders or related to discontinued operations	4	4	-
Current portion of provisions for construction services required by contract	-450	-405	-45
Current provisions	-2.238	-821	-1.417
Trading liabilities	-1.336	-1.294	-42
Current tax liabilities	-36	-25	-11
Other current liabilities	-205	-212	7
Total working capital (B)	-3.597	-2.174	-1.423
Gross invested capital (C=A+B)	13.552	15.300	-1.748
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2.312	-2.639	327
Non-current provisions	-955	-928	-27
Deferred tax liabilities, net	-133	-580	447
Other non-current liabilities	-29	-27	-2
Total non-current non-financial liabilities (D)	-3.429	-4.174	745
NET INVESTED CAPITAL (E=C+D)	10.123	11.126	-1.003
Equity			
Issued capital	622	622	-
Reserves and retained earnings	1.132	860	272
Profit/(Loss) for the year after payment of interim dividend	-291	618	-909
Total equity (F)	1.463	2.100	-637
Net debt/(net funds)			
Non-current net debt/(net funds)			
Non-current financial liabilities	9.659	10.235	-576
Bond issues	7.025	7.500	-475
Medium/long-term borrowings	2.143	2.299	-156
Non-current derivative liabilities	491	436	55
Non-current financial assets	-577	-634	57
Non-current financial assets deriving from government grants	-161	-192	31
Non-current term deposits	-161	-192	31
Other non-current financial assets	-255	-250	-5
Total non-current net debt/(net funds) (G)	9.082	9.601	-519
Current net debt/(net funds)			
Current financial liabilities	1.040	994	46
Intercompany current account payables due to related parties	85	49	36
Current portion of medium/long-term borrowings	860	945	-85
Other current financial liabilities	95	-	95
Cash and cash equivalent	-1.379	-1.495	116
Cash in hand	-716	-840	124
Intercompany current account receivables due from related parties	-663	-655	-8
Current financial assets	-83	-74	-9
Current financial assets deriving from government grants	-25	-22	-3
Current term deposits	-25	-21	-4
Current portion of other medium/long-term financial assets	-31	-29	-2
Other current financial assets	-2	-2	-
Total current net debt/(net funds) (H)	-422	-575	153
Total net debt/(net funds) (I=G+H)	8.660	9.026	-366
NET DEBT AND EQUITY (L=F+I)	10.123	11.126	-1.003

(*)The reconciliation with the reported amounts in the statement of financial position is provided in the section, “Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements”.

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

“**Non-current non-financial liabilities**”, totalling €3,429 million, are down €745 million (€4,174 million as at 31 December 2018), primarily due to:

a) a reduction of €447 million in deferred tax liabilities less deferred tax assets eligible for offset, due to the recognition of deferred tax assets (€480 million) on the above provisions made on the basis of the estimated additional costs to be incurred in relation to the current talks with the Government and the MIT with the aim of resolving the dispute between the parties;

b) a reduction of €327 million in the non-current portion of provisions for construction services required by contract, primarily reflecting reclassification of the current portion, totalling €413 million, partially offset by an updated estimate of the present value on completion of investment in construction services yet to be carried out (€76 million).

As a result, “**Net invested capital**”, totals €10,123 million (€11,126 million as at 31 December 2018).

“**Equity**” of €1,463 million is down €637 million compared with 31 December 2018 (€2,100 million), reflecting the comprehensive loss for the period (€326 million) and payment of the final dividend for 2018 (€311 million).

STATEMENT OF CHANGES IN EQUITY

€M	RESERVES AND RETAINED EARNINGS					Total reserves and retained earnings	Profit for the year after interim dividend	TOTAL EQUITY
	Issued capital	Share premium reserve	Legal reserve	Cas flow hedge reserve	Other reserves and retained earnings			
Balance as at 31 December 2018 (including impact of first-time adoption of IFRS 9)	622	216	124	-111	644	873	518	2.013
Comprehensive income for the year	-	-	-	-15	-	-15	618	603
Owner transactions and other changes								
Final dividend for 2017 (€0.832 per share, AGM of 20 April 2018)	-	-	-	-	-	-	-518	-518
Recognition of reserves, after related taxation, for sale of investments (transactions under common control)	-	-	-	-	2	2	-	2
Balance as at 31 December 2018	622	216	124	-126	646	860	618	2.100
Balance as at 31 December 2018	622	216	124	-126	646	860	618	2.100
Comprehensive income for the year	-	-	-	-76	41	-35	-291	-326
Owner transactions and other changes								
Final dividend for 2018 (€0.50 per share, AGM of 18 April 2019)	-	-	-	-	-	-	-311	-311
Appropriation of result for 2018 to retained earnings (AGM of 18 April 2019)	-	-	-	-	307	307	-307	-
Balance as at 31 December 2019	622	216	124	-202	994	1.132	-291	1.463

“**Net debt**” as at 31 December 2019 amounts to €8,660, a reduction of €366 million compared with 31 December 2018 (€9,026).

“**Non-current net debt**” of €9,082 million is down €519 million compared with 31 December 2018 (€9,601 million). After stripping out the impact of the reclassification of the current portions of bond issues and bank borrowings to be repaid within twelve months (totalling €641 million), this item is up €122 million. This primarily reflects the increase in fair value losses on derivatives, resulting from the sharp decline in interest rates as at 31 December 2019, compared with 31 December 2018.

As at 31 December 2019, “**Current net funds**” amount to €422 million (€575 million as at 31 December 2018), a reduction of €153 million. After stripping out the impact of the reclassifications, this item is up €488 million, primarily due to net cash generated in 2019 (€443 million), as described in the paragraph, “Cash flow”.

In February, the Company redeemed bonds with a remaining par value of €593 million and paying coupon interest of 4.5%. The bonds were guaranteed by Atlantia.

10% of the Company’s debt is denominated in currencies other than the euro (sterling and yen) as at 31 December 2019. Taking into account the cross currency swaps linked to the bonds denominated in sterling and yen, the percentage of foreign currency debt exposed to currency risk amounts to zero.

The residual weighted average term to maturity of the Company’s interest-bearing debt is approximately five years and seven months as at 31 December 2019. 99% of interest-bearing debt is fixed rate, taking into account the hedging derivative instruments entered into.

The average cost of the Company’s medium/long-term borrowings in 2019 was approximately 3.5%.

Finally, as at 31 December 2019, the Company has cash reserves (cash, term deposits and undrawn committed lines of credit) of €2,499 million, consisting of:

a) €1,199 million in cash and/or investments maturing in the short term, including the net shortterm exposure to Autostrade per l’Italia Group companies, essentially relating to the Company’s role as a provider of centralised treasury management, and to a number of Atlantia Group companies;

b) €1,300 million in undrawn committed lines of credit, consisting of two lines of credit from Cassa Depositi e Prestiti, which is currently processing an application for the drawdown of funds with a view to excluding any reason that would prevent the bank from disbursing the requested amount.



Cash flow

“Net cash from operating activities” amounts to €1,298 million, a reduction of €230 million compared with the figure for 2018 (€1,528 million). The reduction primarily reflects:

- a) operating cash flow of €1,361 million, down €280 million compared with the comparative year (€1,641 million). This is due to the outflow of €276 million linked to the cost of demolition and reconstruction of the Polcevera road bridge and the compensation paid to the families of the victims and the injured, as well as legal expenses, partially offset by reduced outflows for financing activities;
- b) a reduction in cash used for operating capital and other non-financial assets and liabilities (€50 million).

“Cash used for investment in non-financial assets”, totalling €544 million, is down €20 million compared with 2018 (€564 million), primarily due to a reduction in capital expenditure (€8 million) and reduced purchases of investments after proceeds from disposals (€10 million).

“Net equity cash outflows” include payment of the final dividend for the previous year, totalling €311 million (€518 million in 2018).

In addition, other changes during 2019 have resulted in an increase in net debt of €77 million, mainly due to fair value losses on hedging derivatives (€86 million, before tax), reflecting the sharp decline in interest rates as at 31 December 2019.

In 2018, other changes led to an overall reduction in net debt of €56 million, reflecting the reduction (€34 million) in non-current financial liabilities, recognised as a contra entry for equity reserves, following first-time adoption of IFRS 9, and the recognition of non-cash financial income in profit or loss (€44 million) resulting from the “issuer substitution” completed in December 2016. These movements were partially offset by the increase, before tax, in fair value losses on cash flow hedge (€20 million).

The above cash flows have, therefore, resulted in an **overall decrease in net debt** of €366 million in 2019 (€502 million in 2018).

STATEMENT OF CHANGES IN NET DEBT^(*)

€M	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	-291	618
Adjusted by:		
Amortisation and depreciation	586	571
Operating change in provisions, including direct uses of provisions for risks and charges	1.434	482
Financial expenses from discounting of provisions for construction services required by contract and other provisions	29	29
(Reversals of impairment losses)/Impairment losses on investments	2	-1
Impairment losses/(Reversals of impairment losses) on current and non-current assets	7	2
Net change in deferred tax (assets)/liabilities through profit or loss	-428	-12
Other non-cash costs (income)	22	-48
Operating cash flow	1.361	1.641
Change in operating capital	-15	-30
Other changes in non-financial assets and liabilities	-48	-83
Net cash generated from/(used in) operating activities (a)	1.298	1.528
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-506	-508
Purchases of property, plant and equipment	-19	-21
Purchases of other intangible assets	-18	-22
Capital expenditure	-543	-551
Government grants related to assets held under concession	2	-
Purchases of investments	-3	-28
Proceeds from sale of property, plant and equipment, intangible assets and investments	-	15
Net cash from/(used in) investment in non-financial assets [b]	-544	-564
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared	-311	-518
Net equity cash inflows/(outflows) [c]	-311	-518
Increase/(Decrease) in cash and cash equivalents during year [a+b+c]	443	446
OTHER CHANGES IN NET DEBT		
Change in fair value of hedging derivatives	-86	-20
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	-3	-2
Other change in financial assets and liabilities	12	78
Other changes in net debt [d]	-77	56
Decrease/(Increase) in net debt for year [a+b+c+d]	366	502
Net debt at beginning of year	-9.026	-9.528
Net debt at end of year	-8.660	-9.026

(*) The reconciliation with the statement of cash flows is provided in the section, "Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements".

Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements

Reconciliations of the reclassified income statement, the reclassified statement of financial position and the statement of changes in net debt with the matching statutory financial statements are included below.

€M	2019			2018		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items						
Toll revenue			3.404			3.404
Revenue from construction services			140			154
Revenue from construction services - government grants and cost of materials	(a)	122		(a)	136	
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	6		(b)	8	
Revenue from construction services: capitalised financial expenses:	(c)	8		(c)	4	
Revenue from construction services provided by sub-operators	(d)	4		(d)	6	
Other revenue	(e)		312	(e)		285
Other operating income				(e+d)		316
Total revenue			3.856			3.809
TOTAL OPERATING REVENUE						3.720
Raw and consumable materials			-192			-106
Service costs			-1.025			-774
Gain/(Loss) on sale of elements of property, plant and equipment			-			-
Other operating costs			-522			-555
Concession fees	(q)		-450	(q)		-445
Lease expense			-5			-8
Other			-67			-102
Use of provisions for construction services required by contract				(g)		345
Revenue from construction services: government grants and capitalised cost of materials and external services				(a)		122
				(i)		-
COST OF MATERIALS AND EXTERNAL SERVICES			-822			-513
CONCESSION FEES			-450			-445
Staff costs	(f)		-414	(f)		-401
NET STAFF COSTS			-383			-373
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS			-1.505			-483
Operating change in provisions						
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			15			-402
(Provisions)/Uses of provisions for risks and charges			-1.520			-81
TOTAL NET OPERATING COSTS			-3.160			-1.814
GROSS OPERATING PROFIT (EBITDA)			560			1.848
Use of provisions for construction services required by contract			369			361
Use of provisions for construction services required by contract	(g)	344		(g)	341	
Capitalised staff costs - construction services for which no additional economic benefits are received	(h)	25		(h)	20	
Amortisation and depreciation	(i)		-586	(i)		-571
Depreciation of property, plant and equipment			-18			-19
Depreciation of investment property			-1			-
Amortisation of intangible assets deriving from concession rights			-546			-533
Amortisation of other intangible assets			-19			-19
Depreciation of right to use property, plant and equipment			-2			-
(Impairment losses)/Reversals of impairment losses on current and non-			-7			-2
(Impairment losses)/Reversals of impairment losses on property, plant and	(j)		-	(j)		-
(Impairment losses)/Reversals of impairment losses on other assets	(k)		-7	(k)		-
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES			-593			-573
TOTAL COSTS			-3.882			-2.530
OPERATING PROFIT/(LOSS)			-26			1.279
OPERATING PROFIT/(LOSS) (EBIT)			-33			1.279
Financial income			126			151
Dividends received from investees			22			40
Reversal of impairment losses on financial assets and investment	(l)		-	(l)		1
Other financial income	(m)		104	(m)		110
Financial expenses			-547			-548
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-29			-29
Impairment losses on financial assets and investments	(n)		-2	(n)		-
Other financial expenses	(o)		-516	(o)		-519
Foreign exchange gains/(losses)	(p)		-	(p)		-
Reversals of impairment losses/(Impairment losses) on investments	(h+n)		-2	(h+n)		-
Other financial expenses, after other financial income	(m+o+p)		-412	(m+o+p)		-409
Capitalised financial expenses on intangible assets deriving from concession rights	(c)		8	(c)		4
FINANCIAL INCOME/(EXPENSES)			-420			-397
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			-446			882
Income tax (expense)/benefit			155			-264
Current tax expense			-273			-283
Differences on tax expense for previous years			-			7
Deferred tax income and expense			428			12
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			-291			618
Dividends, after the related taxation, from discontinued operations			-			-
PROFIT FOR THE YEAR			-291			618

RECONCILIATION OF AUTOSTRADA PER L'ITALIA SpA'S STATEMENT OF FINANCIAL POSITION WITH THE RECLASSIFIED STATEMENT OF FINANCIAL POSITION

€M	31 December 2019			31 December 2018		
	Ref.	Main entries	Reclassified basis Ref. Sub-items Main entries	Ref.	Main entries	Reclassified basis Ref. Sub-items Main entries
Reconciliation of items						
Non-current non-financial assets						
Property, plant and equipment	(a)	82	82	(a)	75	75
Intangible assets	(b)	16.824	16.824	(b)	17.157	17.157
Investments	(c)	243	243	(c)	242	242
Other non-current assets	(d)	-	-	(d)	-	-
Total non-current non-financial assets (A)			17.149			17.474
Change in trading assets and liabilities and other assets and liabilities						
Trading assets	(e)	514	514	(e)	493	493
Current tax assets	(f)	40	40	(f)	24	24
Other current assets	(g)	110	110	(g)	62	62
Investments held for sale or for distribution to shareholders or related to discontinued operations			(v) 4			(v) 4
Current portion of provisions for construction services required by contract	(h)	-450	-450	(h)	-405	-405
Current provisions	(i)	-2.238	-2.238	(i)	-821	-821
Trading liabilities	(j)	-1.336	-1.336	(j)	-1.294	-1.294
Current tax liabilities	(k)	-36	-36	(k)	-25	-25
Other current liabilities	(l)	-205	-205	(l)	-212	-212
Total change in trading assets and liabilities and other assets and liabilities (B)			-3.597			-2.174
Gross invested capital (C=A+B)			13.552			15.300
Non-current non-financial liabilities						
Non-current portion of provisions for construction services required by contract	(m)	-2.312	-2.312	(m)	-2.639	-2.639
Non-current provisions	(n)	-955	-955	(n)	-928	-928
Deferred tax liabilities	(o)	-133	-133	(o)	-580	-580
Other non-current liabilities	(p)	-29	-29	(p)	-27	-27
Total non-current non-financial liabilities (D)			-3.429			-4.174
NET INVESTED CAPITAL (E=C+D)			10.123			11.126
Total equity (F)		1.463	1.463		2.100	2.100
Net debt/(Net funds)						
Non-current net debt/(net funds)						
Non-current financial liabilities	(q)	9.659	9.659	(q)	10.235	10.235
Non-current financial assets	(r)	-577	-577	(r)	-634	-634
Total non-current net debt/(net funds) (G)			9.082			9.601
Current net debt/(net funds)						
Current financial liabilities						
Intercompany current account payables due to related parties		85	85		49	49
Current portion of medium/long-term borrowings		860	860		945	945
Other current financial liabilities		95	95		-	-
Cash and cash equivalents	(t)	-1.379	-1.379	(t)	-1.495	-1.495
Cash		-716	-716		-840	-840
Intercompany current account receivables due from related parties		-663	-663		-655	-655
Current financial assets	(u)	-83	-83	(u)	-74	-74
Current financial assets deriving from government grants		-25	-25		-22	-22
Current term deposits		-25	-25		-21	-21
Current portion of other medium/long-term financial assets		-31	-31		-29	-29
Other current financial assets		-2	-2		-2	-2
Total current net debt (H)			-422			-575
Total net debt (I=G+H)			8.660			9.026
NET DEBT AND EQUITY (L=F+I)			10.123			11.126
Investments held for sale or for distribution to shareholders or related to discontinued operations	(v)	4		(v)	4	
Liabilities related to discontinued operations	(w)	-		(w)	-	
TOTAL NON-CURRENT ASSETS	(a+b+c+d-r)	17.726		(a+b+c+d-r)	18.108	
TOTAL CURRENT ASSETS	(e+f+g-t-u+v)	2.130		(e+f+g-t-u+v)	2.152	
TOTAL NON-CURRENT LIABILITIES	(-m-n-o-p+q)	13.088		(-m-n-o-p+q)	14.409	
TOTAL CURRENT LIABILITIES	(-h+i-j+k-l+s-w)	5.305		(-h+i-j+k-l+s-w)	3.753	

RECONCILIATION OF AUTOSTRADA PER L'ITALIA SpA'S STATEMENT OF CHANGES IN NET DEBT WITH THE STATEMENT OF CASH FLOWS

€M	2019		2018	
	Statement of cash flows	Changes in net debt	Statement of cash flows	Changes in net debt
Reconciliation of items				
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Profit for the year	-291	-291	618	618
Adjusted by:				
Amortisation and depreciation	586	586	571	571
Operating change in provisions, including direct uses of provisions for risks and charges	1.434	1.434	482	482
Financial expenses from discounting of provisions for construction services required by contract and other provisions	29	29	29	29
(Reversal of impairment losses)/Impairment losses on investments	2	2	-1	-1
Impairment losses/(Reversal of impairment losses) on current and non-current assets	7	7	2	2
Net change in deferred tax (assets)/liabilities through profit or loss	-428	-428	-12	-12
Other non-cash costs (income)	22	22	-48	-48
Operating cash flow		1.361		1.641
Change in operating capital	(a)	-15		-30
Other changes in non-financial assets and liabilities	(b)	-48		-83
Change in working capital and other changes	(a+b)	-63	-113	
Net cash generated from/(used in) operating activities (A)		1.298	1.528	1.528
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS				
Investment in assets held under concession		-506	-508	-508
Purchases of property, plant and equipment		-19	-21	-21
Purchases of other intangible assets		-18	-22	-22
Capital expenditure		-543		-551
Government grants related to assets held under concession		2	-	-
Purchases of investments		-3	-28	-28
Proceeds from sales of property, plant and equipment, intangible assets and investments		-	15	15
Net change in current and non-current financial assets	(c)	50	73	
Net cash from/(used in) investment in non-financial assets (B)	(d)	-544		-564
Net cash generated from/(used in) investing activities (C)	(d-c)	-494	-491	
NET EQUITY CASH INFLOWS/(OUTFLOWS)				
Dividends declared	(e)	-311	-518	-518
Dividends paid	(f)	-311	-518	-518
Net equity cash inflows/(outflows) (D)		-311		-518
Net cash (used)/generated during year (A+B+D)		443		446
Repayment of loans from parent		-	-1000	
Increase in lease liabilities		4	-	
Bond redemptions		-593	-	
Repayments of medium/long term borrowings		-125	-122	
Repayments of lease liabilities		-3	-	
Net change in other current and non-current financial liabilities		72	-521	
Net cash generated from/(used in) financing activities (E)		-956	-2.161	
OTHER CHANGES IN NET DEBT				
Change in fair value of hedging derivatives			-86	-20
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)			9	-2
Other changes in financial assets and liabilities			-	78
Other changes in net debt (F)			-77	56
(Increase)/Decrease in net debt for year (A+B+D+F)			366	502
Net debt at beginning of year			-9.026	-9.528
Net debt at end of year			-8.660	-9.026
(Decrease)/Increase in cash and cash equivalents during year (A+C+E+G)		-152	-1.124	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1.446	2.570	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1.294	1.446	

2.4

Key performance indicators for Group companies

€ 000	OPERATING REVENUE ⁽¹⁾			EBITDA ⁽¹⁾			CAPITAL EXPENDITURE ⁽¹⁾		
	2019	2018	Increase/(Decrease) Absolute	2019	2018	Increase/(Decrease) Absolute	2019	2018	Increase/(Decrease) Absolute
Autostrade per l'Italia	3.720	3.662	58	560	1.848	-1.288	543	551	-8
Autostrade Meridionali	92	93	-1	32	30	2	2	8	-6
Tangenziale di Napoli	73	73	-	28	31	-3	4	4	-
Società Italiana per il Traforo del Monte Bianco	62	62	-	40	34	6	-	6	-6
Società Autostrada Tirrenica	40	40	-	22	22	-	6	18	-12
Essediese	28	27	1	2	2	-	-	-	-
Raccordo Autostradale Valle d'Aosta	31	29	2	16	14	2	1	1	-
Giove Clear	14	14	-	-	1	-1	-	-	-
Ad Moving	6	7	-1	-	-	-	-	-	-
Autostrade Tech	95	66	29	10	9	1	3	5	-2
Infoblu ⁽²⁾	-	1	-1	-	-	-	-	-	-
Consolidation adjustments	-78	-70	-8	-	-	-	-	-	-
TOTAL AUTOSTRADE PER L'ITALIA GROUP	4.083	4.004	79	710	1.991	-1.281	559	593	-34

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

(2) Infoblu contributed to the Group's operating results for 2018 until the date of its deconsolidation (the end of April 2018), following Autostrade per l'Italia's sale of its investment to Telepass.

2.5

Group operating review

Traffic

Traffic on the Group's motorway network in 2019 rose 0.7% compared with the previous year. The number of kilometres travelled by vehicles with "2 axles" is up 0.4%, whilst the figure for those with "3 or more axles" is up 2.9%.

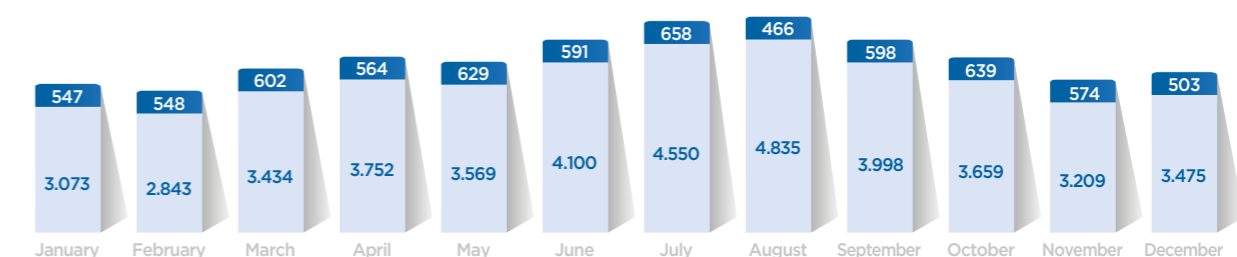
TRAFFIC ON THE NETWORK OPERATED UNDER CONCESSION IN ITALY IN 2019

Motorway section	Vehicles per km (in millions)				
	Vehicles with 2 axles	Vehicles with 3 or more axles	Total vehicles	% change versus 2018	VTMG 2019*
A1 Milan-Naples	15.598,5	3.099,0	18.697,5	1,5	63.754
A4 Milan-Brescia	3.325,8	441,3	3.767,2	0,5	110.385
A7 Serravalle-Genoa	513,7	82,7	596,4	-1,1	32.679
A8/A9 Milan-Lakes	2.407,7	143,9	2.551,6	-0,4	89.969
A8/26 spur	481,8	31,3	513,1	-0,2	58.574
A10 Genoa-Savona	672,0	93,4	765,4	-5,5	46.088
A11 Florence to the coast	1.451,5	114,7	1.566,2	1,5	52.520
A12 Genoa-Sestri	763,6	56,2	819,8	-2,6	46.122
A12 Rome-Civitavecchia	618,4	41,5	659,9	1,6	27.642
A13 Bologna-Padua	1.738,6	339,7	2.078,2	0,2	44.727
A14 Bologna-Taranto	8.964,6	1.597,9	10.562,5	1,1	37.034
A16 Naples-Canosa	1.231,7	158,7	1.390,4	-0,2	22.108
A23 Udine-Tarvisio	457,6	138,5	596,1	-0,7	16.138
A26 Genoa Voltri-Gravellona Toce	1.771,9	298,8	2.070,7	-0,3	23.165
A27 Venice-Belluno	732,0	61,1	793,1	0,9	26.435
A30 Caserta-Salerno	764,8	122,3	887,1	1,2	43.951
Mestre Interchange	41,1	6,1	47,2	0,0	-
TOTAL AUTOSTRADE PER L'ITALIA	41.535,4	6.827,0	48.362,4	0,7	46.416
Autostrade Meridionali	1.674,6	27,3	1.701,9	0,1	90.365
Tangenziale di Napoli	906,5	15,7	922,2	-0,6	125.080
Società Autostrada Tirrenica	277,2	25,2	302,4	-0,4	18.251
Raccordo Autostradale Valle d'Aosta	94,5	20,8	115,4	2,0	9.879
Trafo del Monte Bianco	8,0	3,6	11,6	0,4	5.484
TOTAL GROUP	44.496,3	6.919,7	51.416,0	0,7	46.805

Any apparent inconsistencies in the totals for km travelled are due to rounding.

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

MONTHLY TRAFFIC TRENDS ON THE GROUP'S NETWORK (in millions of kilometres travelled)



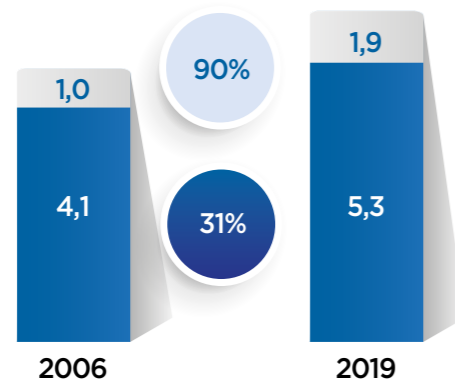
■ vehicles with 3 or more axles ■ vehicles with 2 axles

Tolls

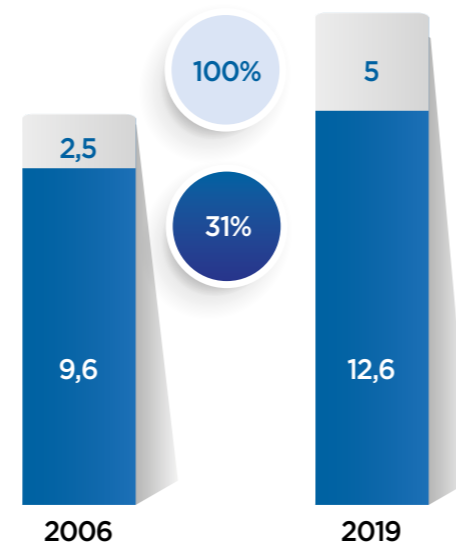
In 2019, Autostrade per l'Italia's tolls were unchanged compared with 2018, due to the decision taken by Autostrade per l'Italia to voluntarily postpone the previously approved annual increase.

The annual adjustment to the Company's tolls is equal on 70% of the real inflation rate between 1 July and 30 June of the previous year, plus a component providing a return on new investment. The final toll charged to road users consists of two components: Autostrade per l'Italia's share and the share to be passed on to the State, which includes the surcharge payable to ANAS and VAT.

Heavy vehicles (Class A)



Heavy vehicles (Class 5)



CAGR (2006-2019)
COMPANY'S SHARE OF TOLLS

2,1%

2,1%

CAGR (2006-2019)
TOLL CHARGED TO USERS

2,8%

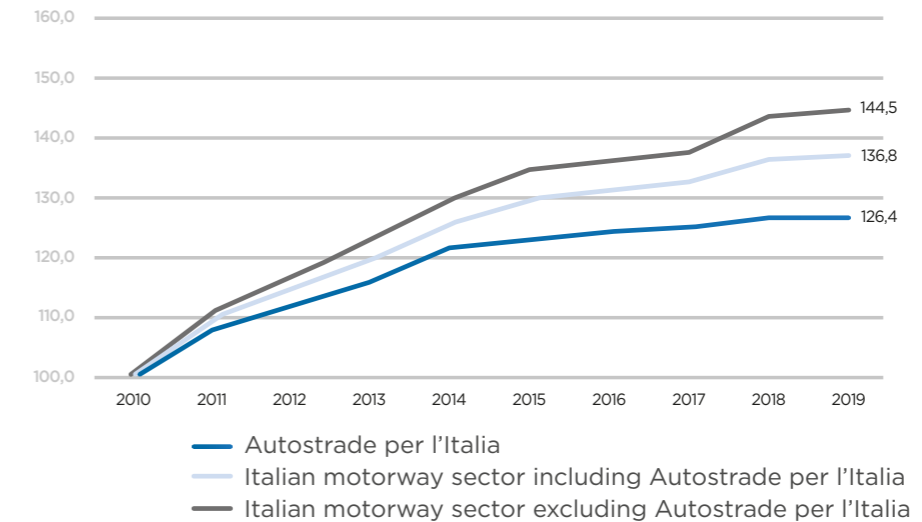
2,9%

■ ASPI's share of the final toll

■ Share of the final toll passed on to the State (VAT and the surcharge payable to ANAS)

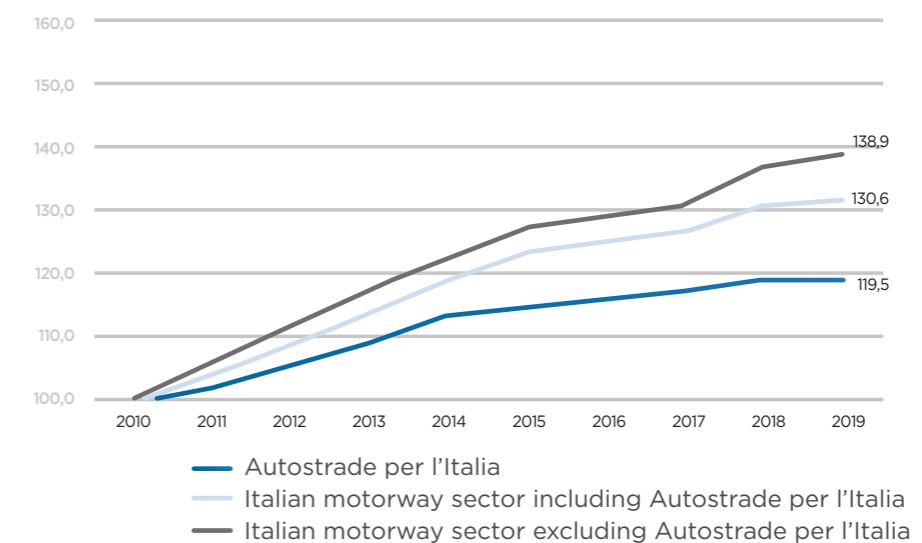
Autostrade per l'Italia's tariff formula has to date resulted in increases that on average are lower than those enjoyed by other Italian motorway operators, as shown in the following graphs for the period 2010-2019. The increase in tolls charged to the users of Autostrade per l'Italia's network (+26.4%) was lower than the average increase applied by other Italian motorway operators (+44.5%).

Performance of tolls for cars (Class A)
Final tolls charged to users weighted by km of network.
Base year 2010



Over the same period, Autostrade per l'Italia's tolls rose by 19.5%, approximately half the rate of increase at other Italian motorway operators (38.9%).

Performance of tolls of cars (Class A)
Final tolls charged to users weighted by km of network.
Base year 2010



The tolls charged by Autostrade per l'Italia are below the average tolls applied by motorway operators not only in Italy, but also in other major European countries with toll motorways. It should also be borne in mind that, in addition to inflation, the tariff formula used is also meant to take into account investment carried out.

Tariffe medie all'utente per autovettura nei principali Paesi Europei con autostrade a pedaggio ⁽¹⁾
(2018 - valori in € cent/km di infrastruttura)



(1) Source: Autostrade per l'Italia based on AISCAT data.

(2) The increase in French tolls was estimated on the basis of the available average figure for 2016, to which the average annual increases were applied, as reported in the French press (+0.76% for 2017 and +1.50% for 2018).

Further information on the toll increases applicable to the Group's other operators is provided in section 2.12, "Significant regulatory aspects".

Capital expenditure

Capital expenditure by Autostrade per l'Italia and the Group's other motorway operators in 2019 amounts to €559 million.

€M	2019	2018
Autostrade per l'Italia - projects in Agreement of 1997	214	216
Autostrade per l'Italia - projects in IV Addendum of 2002	98	121
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	194	171
Other operators (including capitalised costs)	11	35
Total investment in infrastructure operated under concession	517	543
Investment in other intangible assets	22	27
Investment in property, plant and equipment	20	23
Total capital expenditure	559	593

With regard to major works carried out by Autostrade per l'Italia, work on the following projects included in the Agreement of 1997 continued in 2019:

- // the widening of the A1 between Barberino and Florence North to three lanes, with mechanical boring of the Santa Lucia Tunnel currently under way alongside the existing motorway;
- // the widening of the A1 between Florence South and Incisa to three lanes, where work is in progress on Lot 1 North, and a public tender is in progress to award the contract to carry out the remaining work on Lots 1 South and 2;
- // work on completion of off carriageway works on sections already widened and open to traffic, such as the Variante di Valico and the section of the A1 between Florence North and Florence South..

Work on the following projects included in the **IV Addendum of 2002** also continued:

- // construction of link roads serving the Municipality of Fano, connected with the widening of the A14 motorway to three lanes;
- // work on most of the interventions included in the second phase of the Tunnel Safety Plan, in accordance with the requirements of Law Decree 264/2006 for tunnels longer than 500 metres;
- // the start-up of work on the fifth lane of the A8 Milan-Varese motorway between Milan North and the Lainate Link Road.

With regard to the new road and motorway system serving Genoa (the so-called “Gronda di Genova”), most of the work involved in preparing for the start-up of work has been completed (surveys, expropriations, the movement of existing services interfering with construction, etc.), with the costs incurred so far amounting to over €180 million. Tenders have been called for works amounting to a further €800 million (whilst awaiting the Grantor’s formal approval of the detailed designs, necessary before contracts can be awarded).

The Gronda aims to reduce traffic using the urban section of the A10 (between the Genoa West (Port of Genoa) toll station and the Voltri district) by redirecting through traffic to a new motorway running parallel to the existing road, thereby effectively widening the motorway by adding another road alongside.



In terms of Autostrade per l'Italia's **other expenditure** on upgrade and modernisation work, work in 2019 primarily included the following:

- // construction of the fourth free-flow lane for the A4 in the Milan area;
- // feeder roads for the Tuscan stretch of the A1;
- // design work and contract tenders relating to priority works relating to the addition of third and fourth lanes, such as the planned widening of the Florence-Pistoia, Ravenna-Bologna San Lazzaro and Milan South-Lodi sections of motorway.

A revised design for the Bologna Interchange was recently agreed on with the Ministry of Infrastructure and Transport, partly after talks with the relevant local authorities. The addendum including the agreed design solution has been finalised.

UPGRADE AND MODERNISATION OF THE NETWORK OPERATING UNDER CONCESSION

			Status as at 31 December 2019	km covered by project	Value of project ^(a)	Km opened to traffic as at 31 December 2019	Stage of completion as at 31 December 2019 ^(b)
				(km)	(€M)	(km)	(€M)
Autostrade per l'Italia: Arrangement of 1997							
1	A8	3rd and 4th lanes Milan-Gallarate	Completed	28,7	65	28,7	65
2	A1	4th lane Modena-Bologna	Completed ⁽¹⁾	31,6	178	31,6	146
2	A14	3rd lane Bologna Ring Road	Completed ⁽²⁾	13,7	59	13,7	59
3	A1	3rd lane Casalecchio - Sasso Marconi	Completed	4,1	82	4,1	83
4	A1	Variante di Valico	Work in progress/completed ⁽³⁾	58,7	4.336	58,7	4.224
4	A1	3rd lane Barberino - Incisa	Work in progress/completed ⁽⁴⁾	57,2	2.259	24,4	1.637
5	A1	3rd lane Orte - Rome North	Completed	37,8	191	37,8	191
		Other projects	Work in progress/completed		22	n.a	23
Total projects under Arrangement of 1997				231,8	7.192	199,0	6.429
Projects included in IV Addendum of 2002							
			Completed				
11	A1	3rd lane Fiano R. - Settebagni and Castelnuovo di Porto junction	Completed	15,9	138	15,9	128
8	A4	4th lane Milan East - Bergamo	Work in progress ⁽⁵⁾	33,6	513	33,6	514
6	A8	5th lane Milan - Lainate	Completed	4,4	197	2,2	70
6	A9	3rd lane Lainate - Como Grandate	Completed	23,2	345	23,2	312
10	A14	3rd lane Rimini North - Porto Sant'Elpidio	Final design approved ⁽⁶⁾	154,7	2.575	154,7	2.297
9	A7/A10/A12/A26	Genoa Bypass (plus other works)	Completed	39,7	4.323	-	184
7	A8	Link road for New Milan Exhibition Centre	Work in progress/completed ⁽⁷⁾	3,8	87	3,8	86
		Other projects			383	n.a	291
Total projects under IV Addendum of 2002				275,3	8.560	233,4	3.882,7
Other Group motorway operators							
			Completed				
12	A5	RAV new Morgex- Entreves section	Work in progress/completed	12,4	430	12,4	422
13	A3	Autostrade Meridionali, 3rd lane Naples-Pompeii East/Scafati (C)	Work in progress/to be approved ⁽⁸⁾	20,0	552	20,0	550
14	A12	Autostrada Tirrenica		18,6	222	18,6	220
Total projects of other operators				51,0	1.204	51,0	1.192
Total investment in major works by the Autostrade per l'Italia Group				558,1	16.956	483,4	11.503

(a) Total cost of carrying out the works, as assessed at 31 December 2019, including the base bid price (net of bid or agreed reductions), available funds, recognised reserves and early completion bonuses. The value of works under the Arrangement of 1997 is net of an amount included in “Other investment”.

(b) Excludes capitalised costs (financial expenses and staff costs).

(c) The concession held by Autostrade Meridionali expired on 31 December 2012. As requested by the Grantor, from 1 January 2013 the company has continued to be responsible for day-to-day operation of the motorway, including completion of the investment programme, whilst awaiting the transfer of the concession to the new operator subject to inclusion of the related costs in the value of its takeover right.

(1) Includes construction of the Modena Ring Road, a work requested by local authorities.

(2) Total investment of €247 million, of which €59 million in the Major Works Plan of 1997 and €188 million in “Other investment” in the Arrangement of 1997.

(3) Work is in progress on off carriageway works, landscaping and completion of the new Rioveggio junction.

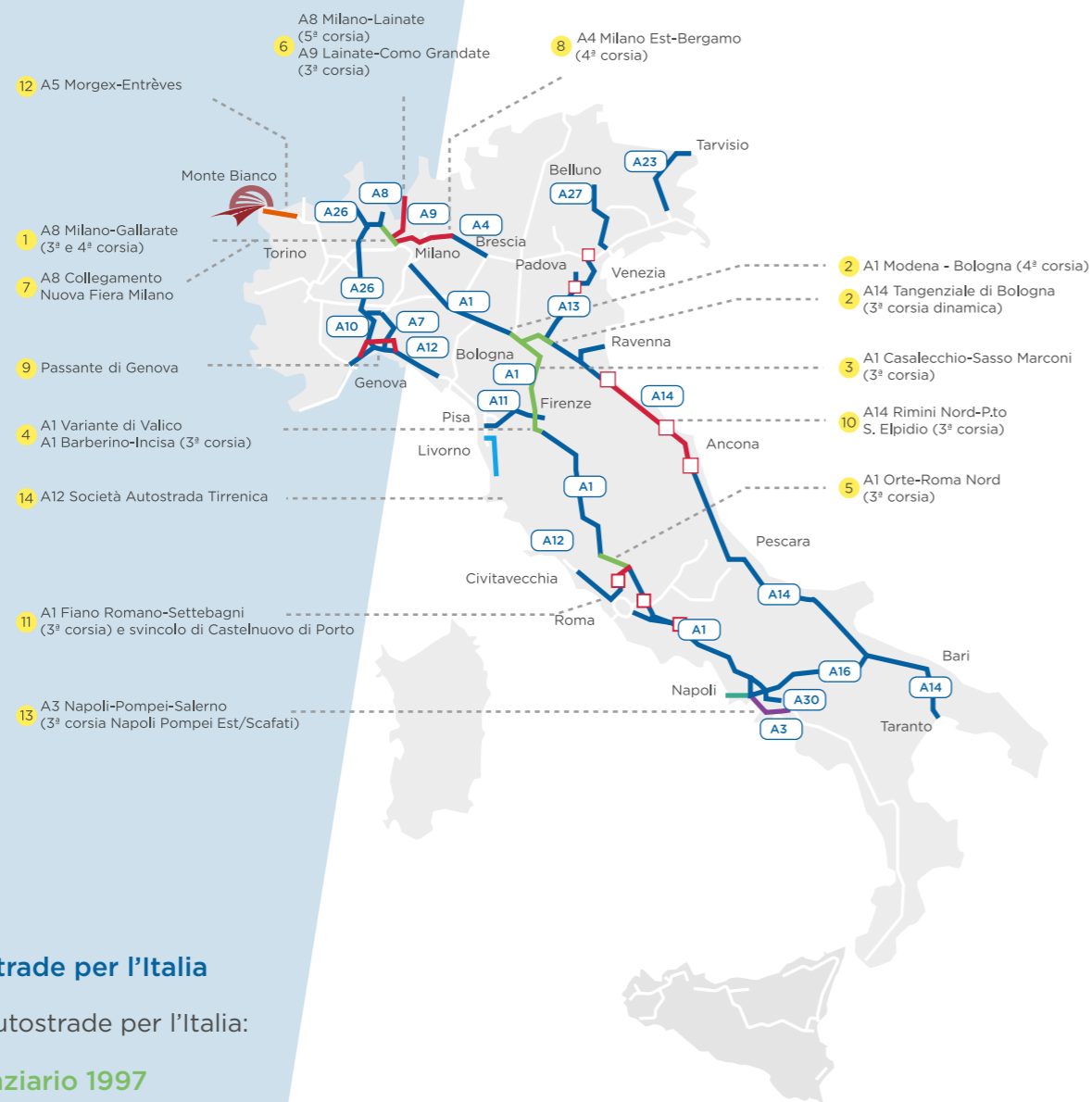
(4) Work on the Barberino-Florence North section is in progress; the executive design for lot 2B + 1 South of the Florence South-Incisa section was approved in August 2018 and the tender procedure is in progress, whilst work on lot 1 North is in progress.

(5) Work on lot 1 is close to completion and work on lot 2 is in progress 2.

(6) The portion of the works completed relates to design and preliminary activities (design, surveys, expropriations, the removal of existing services interfering with construction, etc.) for the Genoa Bypass and the San Benigno Interchange.

(7) Work on the Maddaloni junction and the Tunnel Safety Plan is in progress; work on the new A4/A13 interchange at the Padua Industrial Park toll station has been completed.

(8) Work is in progress on external roads for lot 6A of the Civitavecchia-Tarquinia.



Rete Autostrade per l'Italia

Interventi Autostrade per l'Italia:

Piano Finanziario 1997

IV Atto Aggiuntivo 2002

Interventi altre concessionarie del Gruppo:

Raccordo Autostradale Valle d'Aosta

Società Autostradale Tirrenica

Autostrade Meridionali

Tangenziale di Napoli

ANAS e altre concessionarie

Network operations

The cost to Autostrade per l'Italia and the Group's other Italian motorway operators for maintenance, safety and traffic management on the network in 2019 (excluding work at service areas) was €761 million. €724 million of this was spent by Autostrade per l'Italia.

Total expenditure in 2019 (not including the cost of maintenance personnel) is made up of the following:

- /// maintenance costs of €623¹ million;
- /// €138 million spent on safety and traffic management (including capitalised maintenance costs).

Safety and maintenance

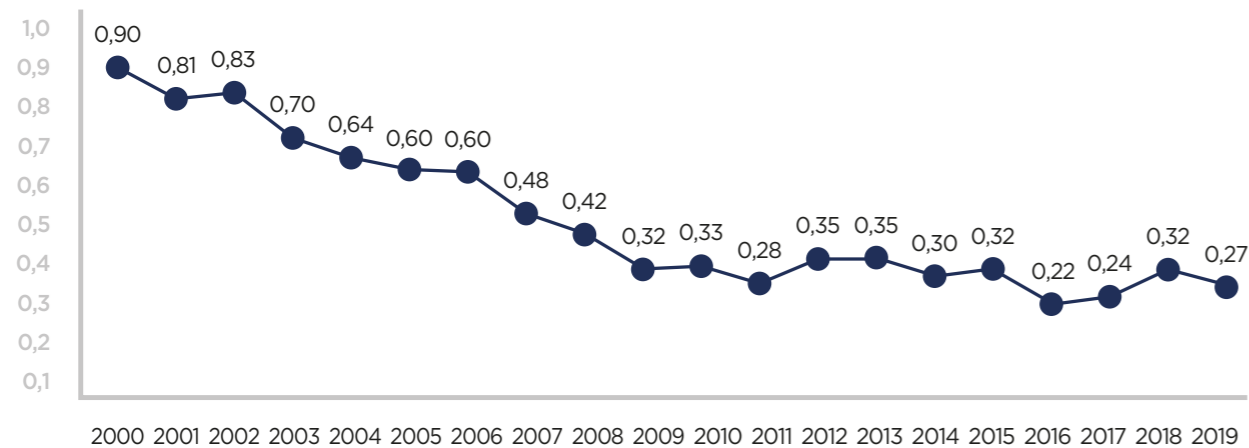
There were 14,429 accidents on the network managed by Autostrade per l'Italia and the Group's other operators in 2019 (down 6.22% compared with 2018). The global accident rate is down to 28.0 from 30.1 in 2018, whilst the death rate is 0.27, compared with 0.32 in 2018².

ACCIDENT RATES ON THE NETWORK OPERATED BY THE AUTOSTRADe PER L'ITALIA GROUP

€M	2000	2018	2019 ^(*)
Global accident rate (number of accidents per 100 km travelled)	60,6	30,1	28,0
Accident rate on carriageways	-	26,1	24,6
Casualty rate (number of accidents per 100 km travelled)	15,8	7,3	7,3
Fatal accident rate (number of accidents per 100 km travelled)	0,71	0,21	0,23
Death rate (number of deaths per 100 km travelled)	0,90	0,32	0,27

(1) Autostrade per l'Italia's maintenance expenditure includes €226 million in costs relating to reconstruction of the Polcevera road bridge. The consolidated amount for maintenance is €620 million following the elimination of intercompany amounts.
 (2) The figure for 2018 includes the 43 victims of the event of 14 August on the A10.

DEATH RATE ON THE NETWORK OPERATED BY THE AUTOSTRADE PER L'ITALIA GROUP



(The figures for 2019 are provisional)

The indicator that measures the number of accidents at so-called blackspots (the Blackspot Accident Index⁽³⁾) is 33.17⁽⁴⁾ for 2019 (37.54 in 2018), marking a reduction of 44.1% compared with 2013, when the indicator was introduced. Approximately 190 specific initiatives were implemented during 2019, to add to the over 2,310 such initiatives carried out from 2002, since when accidents at these points on the network have fallen by approximately 83%.

The improvement was also achieved thanks to deployment of the “Tutor” system for measuring average speeds, in addition to the continual improvement of quality standards and specific infrastructure and operational measures. These include the introduction of new “Guidelines for the installation, management and removal of roadworks on Autostrade per l’Italia’s network” and information campaigns designed to raise safety awareness among road users.

Monitoring of the network

To ensure that the motorway infrastructure, works and equipment is in good working order, and thereby guarantee the best possible standards of safety and service quality, the local Area Offices responsible for the various sections of the motorways operated by Autostrade per l’Italia and its subsidiaries carry out routine monitoring and maintenance.

Continuous surveillance of key motorway assets proceeded in 2019, as required by law. Area Offices also undertook a further programme of extraordinary inspections, carried out by leading external companies such as Proger SpA and Studio Speri, with a view to receiving further assurances regarding the safety of infrastructure. The companies carried out Due Diligence activities with the aim of assessing (independently with respect to SPEA Engineering, a subsidiary of Atlantia), the state of the bridges and viaducts in use on the network and conducting a further validation of the maintenance programmes carried out by Autostrade

(3) The Blackspot Accident Index: the number of accidents at blackspots per billion km travelled.

(4) The figures for 2019 are provisional whilst awaiting consolidation of the data.

per l’Italia to prevent the static risks associated with the structures. Proger and Studio Speri were asked to carry out a comparative analysis of the defects found in respect of each asset with those included in the findings in SPEA’s latest available quarterly reports. They were above all asked to provide an opinion on the action plans and maintenance programmes drawn up by Autostrade per l’Italia in order to prevent any form of static or safety risk, in relation to the effective findings of their inspections. The above due diligence did not find any evidence that the inspection processes used by SPEA Engineering, or the maintenance procedures adopted by Autostrade per l’Italia, might raise concerns over the approach taken in order to guarantee the safety and static and operational efficiency of the infrastructure.

With a view to progressively reducing its use of SPEA Engineering, in the last quarter of 2019, Autostrade per l’Italia decided to outsource infrastructure surveillance, resulting in the organisation of two public tenders. Whilst awaiting the outcome of the European tender process already initiated and which is due to be completed by the end of this year, surveillance activities for 2020 were contracted out to a temporary consortium following a public tender.

The members of the consortium are Proger SpA, Bureau Veritas Nexta srl, Tecno Piemonte spa and Tecno Lab srl. Again with regard to surveillance of the network, a number of specialist external companies have been commissioned to conduct an audit, starting from 2020, of the processes used in the surveillance of all motorway assets. The auditors have been asked to conduct tests and obtain evidence in order to assess the functionality and efficacy of the control system and surveillance and monitoring procedures used by the company responsible for surveillance of motorway infrastructure and other structures and/or assets. The results will be used to improve internal processes.

In addition, with regard to the overall management of network infrastructure, Autostrade per l’Italia is working with IBM on the development of a new digital platform to supplement inspection, instrumental monitoring and routine and non-routine maintenance activities.

This will result in a single tool for managing all the processes involved in managing all the motorway infrastructure. Autostrade per l’Italia’s new system is designed to interface with the “Ainop” database, set up by the MIT in order to monitor the state of all Italy’s infrastructure. The new system, including a new model for classifying malfunctions and prioritising maintenance interventions based on the best European standards, will be tested initially on three viaducts, with the aim of extending its use to key motorway assets by the end of 2020.

Furthermore, and in accordance with the guidelines established by the Directorate General for the Oversight of Motorway Concessions, the Company has entered into specific partnerships with leading Italian universities, with the aim of conducting specialist independent audits of the operating procedures used by the Company in inspecting infrastructure and in drawing up the related maintenance programmes. In order to guarantee progressive improvements in the safety of motorway infrastructure, in 2019, structural maintenance work was further increased, with almost 300 interventions carried out, including 84 on bridges and viaducts along the network and distributed around the country.

Finally, from 2020, routine and non-routine maintenance programmes will, in addition to the results of ordinary surveillance activity, also take into account specific assessment plans that the Company has decided to implement for the most important assets. These include bridges and viaducts, tunnels, areas subject to geotechnical and hydrological risk, walls and structural supports. The plans aim to create a new starting point for the collection of information on all aspects of the infrastructure, with the results progressively input into the digital platform described above.

The data gathered will then be used in managing the assets, via the recovery or reconstruction of design documents and the conduct of specific instrumental and diagnostic surveys covering all parts of the infrastructure.

Pavements

Draining pavement has been laid throughout Autostrade per l'Italia's network, with the exception of roads liable to ice over, tunnels and roads where high traction paving has been laid or sections where major works are due to take place or are in progress.

€M	2000	2017	2018	2019
Square metres (x 1,000)	11.256	7.286	2.952	7.037
of which square metres with draining pavement (x 1,000)	2.319	4.686	1.722	4.668
Total cubic metres (x 1,000)	586	371	169	425
Total percentage of Autostrade per l'Italia's network surfaced with draining pavement	18,9%	83,4%	83,8%	83,5%

Safety initiatives

As always, Autostrade per l'Italia ran numerous initiatives and campaigns in 2019 to promote safety:

// the plan for managing peak-time traffic during the summer, via additional road traffic information, the removal of all road works and increasing traffic flow at toll stations;

// traffic forecasts, made available on a specific section of Autostrade per l'Italia's website, at Hi-Point information desks at service areas and on Autostrade per l'Italia's My Way app;

// the "Snow Plan", put into practice each year in collaboration with the highway police and aimed at stressing Autostrade per l'Italia's commitment in terms of personnel and equipment used to manage emergency situations, in addition to providing a series of useful suggestions for motorists travelling on the motorway in snow. There is a specific section of the website dedicated to winter operations, providing a handbook containing advice on driving during the winter and details of the winter equipment road users are required to carry;

// application of the "Guidelines for the installation, management and removal of roadworks on Autostrade per l'Italia's network;

// an integrated communication campaign, organised in collaboration with the police, to raise awareness among drivers of the riskiest behaviours: the use of mobile phones whilst at the wheel, speed, the use of drugs and alcohol. The campaign ran from 19 July to 9 August on the main TV networks (2,931 showings) and in the press (125 editions), radio (642 times), on the web and social media (48 million impressions) and in the form of posters at service areas. From 20 July to 8 September, Autostrade per l'Italia personnel and the highway police organised a tour of the main service areas to provide drivers with customer care services (traffic information, advice on how to drive safely, health advice, etc.). The campaign also led to a spin-off web and social media initiative in autumn 2019: following an internal casting session, three of Autostrade per l'Italia's toll collectors took part in a short film about safe driving. The video was shown on Autostrade per l'Italia's channels and on leading online information providers.

Traffic management

The Total Delay⁽⁵⁾ on the network managed by Autostrade per l'Italia in 2019 amounted to approximately 7.1 million hours, compared with 6.3 million hours in 2018⁽⁶⁾.

The Total Delay Work, a sub-indicator of Total Delay, which measures disruption caused by roadworks on motorways, recorded a figure of approximately 641,000 hours⁽⁷⁾ in 2019, an increase of 10.9% compared with 2013, the last year before Autostrade per l'Italia's introduction of new measures designed to improve traffic flow in the presence of roadworks, the most important of which are:

- // a prior assessment of the impact on traffic of each roadwork to identify the best period of the year in which to carry out the work and the best layout of the site in order to reduce disruption to a minimum;
- // an increase in the number of road workers and equipment used to reduce the time required;
- // the suspension of work at busy times of day;
- // more information given to road users on the sections affected and the most critical times of day, with suggestions on how to organise journeys and choose alternative routes, including the information available via a range of media (RTL, ISORADIO, www.autostrade.it, the MyWay app, etc.).

In terms of the provisions of information:

- // there are a total of 1,844 Variable Message Panels providing traffic information on Autostrade per l'Italia's network;
- // the agreement with the radio broadcaster, RTL, continued in 2019 alongside the existing partnership with RAI Isoradio, with the broadcast of 27 live bulletins a day by operators from the MyWay group and Autostrade per l'Italia's Traffic Operations centre over the radio and in radiovision, in addition to another 106 reports broadcast via Radio DAB Rtl 102.5 Viaradio Autostrade per l'Italia. News on serious disruptions continues to be available via FM radio;

(5) Total Delay: the sum of the difference between the average transit time for each section of the entire network in the period under review and the equivalent time at an average speed typical of the section in question, multiplied by the number of journeys. From 1 January 2017, a new algorithm for calculating the Total Delay was introduced. This results in a more accurate estimate of "delays" on Autostrade per l'Italia's network and a more precise breakdown into sub-indicators (Accident, Traffic and Works), above all in the case of concomitant events on the same section of motorway, introducing a basis for temporal as well as spatial comparison. The algorithm has been certified in accordance with the ISO 9001:2015 standard.

(6) The main reason for the increases is linked to the greater number of accidents involving heavy vehicles, which have a more significant impact in terms of the complexities involved in clearing the road.

(7) In 2019, 204,000 hours (31.8% of the total) were caused by carriageway narrowing on a number of viaducts on the A14 and A16, as a result of court orders, and over 263,000 hours (41% of the total) was due to the major maintenance programme being carried out in Liguria, where the options for reducing disruption are limited as a result of the nature of the motorway network. In any event, local authorities were given prior notice of the works and toll discounts were also introduced.

- // a total of 267,478 calls were made to the traffic information centre, with a total of 99.9% answered;

- // as at 31 December 2019, live coverage on the MyWay slots on SkyTG24 was provided on 1,000 occasions, with peaks of 10 slots a day during the summer season; there were over 10,000 reports on SkyMeteo24's 502 channel, where MyWay is on air every day from 7.10 in the morning until 9.40 at night. In addition, around 910 reports were broadcast over La7's digital terrestrial radio channel, La7d.

Toll collection and payment systems

In 2019, the number of transactions handled by automated tolling systems on the network operated by Autostrade per l'Italia rose 2.3% on the previous year, reaching 87.7% of total transactions (86.4% in 2018).

This led to a 12.7% reduction in manual transactions. The number of transactions handled by automated tolling systems on the Italian network operated by Autostrade per l'Italia and the Group's other motorway operators is up 2.0%, accounting for 86.5% of total transactions (85.4% in 2018).

Free-flow tolling using Telepass accounted for 62.5% of transactions (61.1% including the networks of the Group's other operators), compared with 62.0% in 2018 (60.7% including the networks of the Group's other operators).

TRANSACTIONS BY METHOD OF PAYMENT ON AUTOSTRADA PER L'ITALIA'S NETWORK

Method of payment	Number of transactions 2019	%	Number of transactions 2018 ^(*)	%	(decrease) (%)
MANUAL CASH PAYMENTS	86.664.534	11,0%	99.285.923	12,76%	-12,7%
Automated cash	87.982.454	11,2%	83.894.541	10,79%	4,9%
VIACard direct debit	19.242.709	2,5%	20.110.417	2,59%	-4,3%
Telepass	490.739.623	62,5%	482.273.891	62,00%	1,8%
Prepaid cards	9.074.280	1,2%	10.059.545	1,29%	-9,8%
Credit cards	52.448.729	6,7%	49.603.603	6,38%	5,7%
FASTpay	28.490.236	3,6%	26.356.096	3,39%	8,1%
TOTAL AUTOMATED PAYMENTS	687.978.031	87,7%	672.298.093	86,44%	2,3%
Other (unpaid tolls, strikes, evasion, transits using automated self-service VIACard "zero" tollgates at ASPI's stations in the city of Genoa)	10.063.955	1,3%	6.216.193	0,80%	61,9%
GRAND TOTAL	784.706.520	100,0%	777.800.209	100,0%	0,9%

(*) Certain figures for 2018 have been reclassified with respect to those published in the Annual Report for 2018.

TRANSACTIONS BY METHOD OF PAYMENT ON THE NETWORKS OPERATED BY AUTOSTRADA PER L'ITALIA AND THE GROUP'S OTHER OPERATORS^(*)

Method of payment	Number of transactions 2019	%	Number of transactions 2018 ^(*)	%	Increase/(decrease) 2019/2018 (%)
MANUAL CASH PAYMENTS	113.803.215	12,0%	129.616.445	13,8%	-12,2%
Automated cash	120.397.292	12,7%	115.113.833	12,3%	4,6%
VIACard direct debit	21.578.856	2,3%	22.585.929	2,4%	-4,5%
Telepass	578.098.803	61,1%	570.657.897	60,7%	1,3%
Prepaid cards	10.325.501	1,1%	11.459.499	1,2%	-9,9%
Credit cards	57.696.562	6,1%	54.470.968	5,8%	5,9%
FASTpay	30.352.583	3,2%	28.139.770	3,0%	7,9%
TOTAL AUTOMATED PAYMENTS	818.449.597	86,5%	802.427.896	85,4%	2,0%
Other (unpaid tolls, strikes, evasion, transits using automated self-service VIACard "zero" tollgates at ASPI's stations in the city of Genoa)	13.949.788	1,5%	7.566.193	0,80%	84,4%
GRAND TOTAL	946.202.600	100,0%	939.610.534	100,0%	0,7%

(*) Excluding Monte Blanc Tunnel.

(**) Certain figures for 2018 have been reclassified with respect to those published in the Annual Report for 2018.

Service areas and advertising

There are currently 218 service areas along the motorway network operated by Autostrada per l'Italia and the Group's other motorway operators, 204 of which are on motorways operated by Autostrade per l'Italia. In addition, the Villa Costanza rest area on A1 motorway also offers food services.

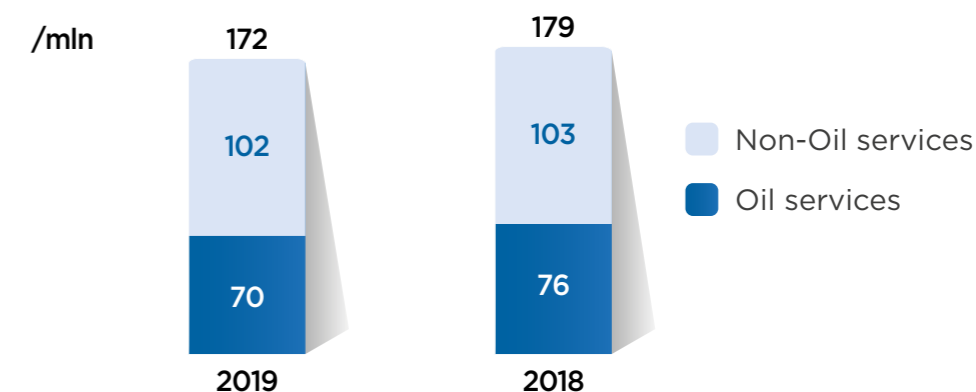
In accordance with its Concession Arrangement and, as regards food and retail services, as required by the Antitrust Authority, Autostrade per l'Italia has awarded sub-concessions to operators specialising in all the various services offered at services areas (oil and food services, etc.). The concessions are awarded on the basis of competitive, transparent and nondiscriminatory procedures, run by independent external advisors. New operators selected as a result of the competitive tenders conducted in 2018 began operating in 2019.

Implementation of Autostrade per l'Italia's service area upgrade programme continued in 2019, as agreed with the Grantor in 2017. The programme covers 60 service areas and involves both extensive upgrades (makeovers) and refurbishment work designed to improve comfort and access at services areas for road users. As at 31 December 2019, work on the refurbishment of 20 service areas and the makeover of a further 12 has been completed. Work is currently in progress or calls for tenders being held for the makeover of 6 areas and the refurbishment of a further 7. Another 15 makeovers are currently awaiting the related consents.

Recurring royalties received from sub-operators on the network managed by Autostrade per l'Italia totalled €169 million, a reduction of 3.6% compared with 2018, essentially due to a decline in fuel volumes (down 6.8% on 2018).

Including subsidiaries, recurring royalties received from sub-operators at service areas in 2019 amount to €171.9 million, a reduction of 3.8% compared with 2018.

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



In 2019, the subsidiary, AD Moving SpA, earned revenue of approximately €6.2 million from the management and marketing of advertising space at service areas and road travel information along the motorways. The reduction of €1 million reflects changes to the contract with Autostrade per l'Italia relating to road travel information, which led to a similar reduction in costs. Finally, Autostrade per l'Italia has informed the Grantor and service area operators about a series of financial initiatives designed to benefit oil and refreshment service providers. The aim is to preserve jobs at service areas and maintain the quality, health and safety standards offered to consumers and ensure that both refreshment and oil services are available 24 hours a day, 7 days a week, even when there are almost no customers. This is also a requirement imposed on the operators by legislation introduced by the Government.

Financial review for the principal subsidiaries

Autostrade Meridionali

In compliance with the concession arrangement, in December 2012 the Grantor asked Autostrade Meridionali to continue operating the motorway, in accordance with the existing terms and conditions, and to implement safety measures on the motorway.

Total operating revenue for 2019 amounts to €92 million and consists of toll revenue of €89 million and other operating income of €3 million, registered a slight fall of €1 million compared with 2018 as a result of the traffic mix. Revenue includes the previously mentioned surcharge to be paid to the Grantor (€10 million in 2019), with a matching amount recognised in operating costs. Net operating costs, excluding concession fees, are down approximately €2 million compared with 2018. The reduction primarily reflects reduced provisions for risks and charges, partially offset by increased maintenance costs. EBITDA for 2019, amounting to €32 million, is up approximately €2 million compared with 2018.

Tangenziale di Napoli

Total operating revenue of €73 million in 2019 is in line with the previous year.

Revenue includes the previously mentioned surcharge to be paid to the Grantor (€5 million in 2019), with a matching amount recognised in operating costs. Net toll revenue of €67 million is down by approximately €2 million compared with 2018. The reduction is due to slight fall in traffic (down 0.6%) and the exemption from toll payments introduced by the Company, at the invitation of the Grantor, during work on the Capodichino viaduct between 26 October and 5 November 2019, in order to make it easier for people to travel during the All Saints' Day holiday.

The decline in toll revenue is broadly offset by an increase in other operating income, which is up on 2018 due primarily to non-recurring income linked to litigation.

Net operating costs, excluding concession fees, are up by approximately €3 million compared with the previous year, essentially due to an increase in non-recurring expenditure on the maintenance of infrastructure and pavements.

EBITDA for 2019, amounting to €28 million, is down €3 million compared with 2018.

Modernisation and upgrade of the motorway continued in 2019, with work primarily regarding the earthquake proofing of the Capodichino and Sant'Antonio viaducts and the upgrade of tunnels in compliance with Legislative Decree 264/06.

Società Italiana per Azioni per il Traforo del Monte Bianco

Total operating revenue of €62 million in 2019 is in line with the previous year and almost entirely regards toll revenue.

Net operating costs are down €6 million compared with 2018. The difference is primarily linked to the operating change in provisions for the repair and replacement of assets operated under concession.

EBITDA for 2019, amounting to €40 million, is up €6 million on the previous year.

Raccordo Autostradale Valle d'Aosta

Total operating revenue, essentially consisting of toll revenue, amounted to €31 million in 2019, an increase of approximately €2 million on 2018. The increase primarily reflects the 6.32% toll increase applied by the Company in 2019. EBITDA for 2019, amounting to €16 million, is up €2 million compared with the previous year.

Autostrada Tirrenica

Total operating revenue, essentially consisting of toll revenue of €38 million and other operating income of €2 million, amounts to €40 million and is broadly in line with 2018. EBITDA for 2019 amounts to €22 million and is in line with 2018.

Capital expenditure amounted to €6 million in 2019 and primarily regarded work on lot 6A of the Civitavecchia-Tarquinia section of motorway.

2.6

Innovation, research and development

The Group's innovation, research and development activities aim to offer innovative, technologically advanced solutions designed to:

- // boost the quality of motorway services, optimising performance through the upgrade, modernisation and maintenance of the network;
- // improve operations and infrastructure efficiency, thanks to the digitalisation of assets and the development of dedicated information systems;
- // minimise the impacts, by managing infrastructure according to sustainability criteria that complies with European and national goals.

These activities, some of which are long-term in nature, are undertaken by the relevant departments, generally in synergy with Group companies, and on occasion in collaboration with national and international research centres and universities or, in certain cases, industrial partners. Numerous projects were carried out in 2019, some of which were co-financed at EU and national level. The Strategic Transformation Plan (described earlier) has further strengthened the commitment to digitalisation and the development of information systems.

The following projects were put into operation in 2019:

- // new free-flow tolling systems using ANPR Vega Smart cameras for video tolling;
- // next generation dual-mode devices for the Italian and European market.

The main activities carried out in 2019 include:

- // the adaptation of free-flow tollgates using innovative technologies (e.g. stereoscopy, machine vision, etc.), including for use in identifying the correct class of vehicle for tolling purposes and in tracking and managing vehicles on motorways;
- // the development of software for use in automated number plate recognition, using deep learning technologies;
- // new higher performance tri-standard satellite devices;

- // the development of ITS-G5 technologies for use in the provision of smart road services;
- // the design and development of hardware and software to enable onboard units to be used to pay for parking;
- // the creation of an automated detection and traffic control system for free-flow lanes, using AID techniques with high-precision radar;
- // digitalisation of the process of managing motorway assets by adopting key enabling technologies for use in the development of innovative approaches to data management and the theoretical modelling of information: the production of a new platform, based on IBM's Maximo Enterprise Asset Management software;
- // improvements to the standards and procedures applied in the surveillance, monitoring and assessment of motorway assets;
- // predictive maintenance for pavements based on innovative Pavement Management Systems, thanks to new measuring systems and artificial intelligence algorithms, with a pilot project being tested by area offices around the network;
- // the development of integrated systems to assess the resilience of transport networks to climate events and the required levels of performance and service;
- // the application of studies of fluid dynamics and fire engineering in initiatives designed to mitigate noise when entering stretches of road with noise barriers on the approach to natural tunnels, as part of work on the noise abatement plan;
- // the testing of new road surface solutions designed to cut road noise.

EU-funded projects include participation in European programmes for the development and application of ITS-based services (information for road users, traffic management, freight transport and logistics services) needed in order to achieve European objectives relating to the safety and environmental impact of transport and mobility.

Group companies' total expenditure on innovation, research and development in 2019 amounts to approximately €13 million, an increase of €3 million compared with 2018. This sum represents the total amount spent by the Group on research and development, including operating costs, staff costs and capital expenditure.

2.7

Workforce

As at 31 December 2019, the Autostrade per l'Italia Group employs 6,819 staff on permanent contracts and 302 temporary staff, making a total workforce of 7,121 (168 or 2.3% compared with the 7,289 of 31 December 2018).

The number of permanent staff employed by the Group is in line with the previous year, reflecting the following trends at Group companies:

- // Giove Clear (up 69), primarily due to the transfer of personnel on temporary contracts to permanent deals;
- // Traforo Monte Bianco (up 13), reflecting the hire of toll collectors;
- // Autostrade per l'Italia (down 51), due to a slowdown in turnover among toll collectors, partially offset by the recruitment of new operating and technical personnel;
- // Tangenziale di Napoli (down 18) and Autostrade Meridionali (down 13), primarily due to a slowdown in turnover among toll collectors.

The change in temporary staff (down 168) primarily reflects events at the following Group companies:

- // Autostrade per l'Italia (down 66), Autostrade Meridionali (down 14) and Autostrada Tirrenica (down 3), due to different use of seasonal staff during the two periods under comparison;
- // Giove Clear (down 85) due to the above transfer of personnel on temporary contracts to permanent deals.

The average workforce (including agency staff) is down from 6,846 in 2018 to 6,733 in 2019, marking a reduction of 113 (down 1.7%). This reduction primarily reflects:

- // Autostrade per l'Italia (down 93 on average), due to a slowdown in turnover among toll collectors, partially offset by the recruitment of new operating and technical personnel;
- // Autostrade Meridionali (down 16 on average) and Tangenziale di Napoli (down 13 on average), primarily due to a slowdown in turnover among toll collectors;
- // Giove Clear (up 9 on average), due to an increase in the volume of work.

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

PERMANENT STAFF AT THE AUTOSTRADE PER L'ITALIA GROUP

	31 December 2019	31 December 2018	Increase/(Decrease) absolute	Increase/(Decrease) %
Senior managers	95	98	-3	-3,1%
Middle managers	353	369	-16	-4,3%
Administrative staff	2.691	2.683	8	0,3%
Operational personnel	1.513	1.439	74	5,1%
Toll collectors	2.167	2.230	-63	-2,8%
Total	6.819	6.819	0	0,0%

TEMPORARY STAFF AT THE AUTOSTRADE PER L'ITALIA GROUP

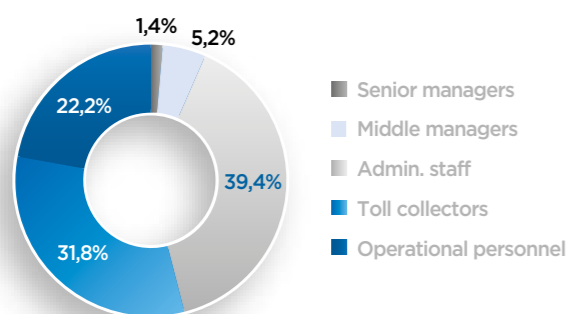
	31 December 2019	31 December 2018	Increase/(Decrease) absolute	Increase/(Decrease) %
Senior managers	-	-	-	n.a.
Middle managers	-	-	-	n.a.
Administrative staff	22	25	-3	-12,0%
Operational personnel	109	192	-83	-43,2%
Toll collectors	171	253	-82	-32,4%
Total	302	470	-168	-35,7%

AVERAGE WORKFORCE AT THE AUTOSTRADE PER L'ITALIA GROUP (including agency staff, amounting to 1 in 2018 and none in 2019)

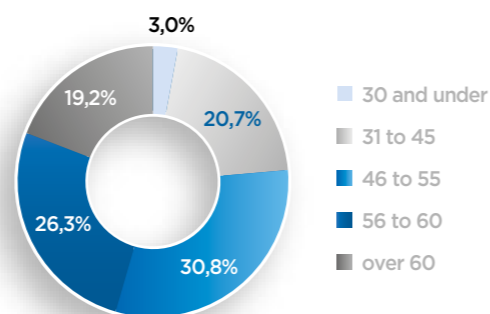
	2019	2018	Increase/(Decrease) absolute	Increase/(Decrease) %
Senior managers	95	97	-2	-2,1%
Middle managers	360	369	-9	-2,4%
Administrative staff	2.644	2.646	-2	-0,1%
Operational personnel	1.456	1.472	-16	-1,1%
Toll collectors	2.178	2.262	-84	-3,7%
Total	6.733	6.846	-113	-1,7%

Breakdown of the Group's workforce (permanent employees)

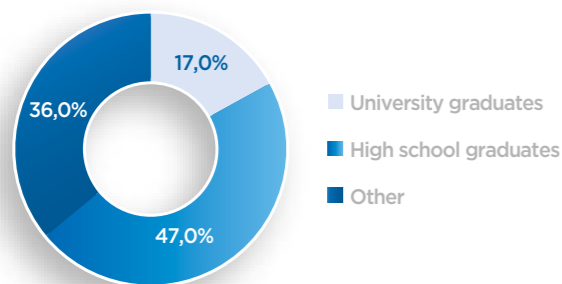
DISTRIBUTION OF PERMANENT STAFF BY CATEGORY



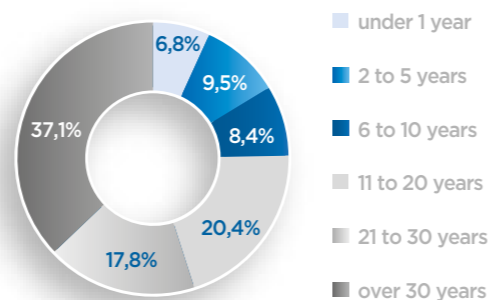
DISTRIBUTION OF PERMANENT STAFF BY AGE RANGE



DISTRIBUTION OF PERMANENT STAFF BY EDUCATIONAL QUALIFICATION



DISTRIBUTION OF PERMANENT STAFF BY LENGTH OF SERVICE



Staff management and development

Autostrade per l'Italia pays great attention to the development of the people who work for the Company, to their training, motivation and incentivisation. To support delivery of the Company's large-scale investment programme, Autostrade per l'Italia embarked on an extraordinary recruitment drive at the end of 2019, with the aim of acquiring the experience and expertise needed for our business.

Investment in our human capital takes the form of significant expenditure on training and development, with the aim of improving both technical expertise, so as to ensure high levels of quality and performance, and management skills, partly with a view to promoting people to positions of responsibility and internal transfers to key roles. The Company launched a structured development programme in 2019, in partnership with one of the leading specialists

in the assessment of potential, with the aim of gauging the senior management potential of approximately 150 middle managers under the age of 40. The programme has already resulted in promotions for 17 of the best candidates, with specific initiatives designed to support them as they took up their new roles, above all in the form of coaching carried out with the help of selected external consultants operating in the sector.

The main initiatives that took place in 2019 were:

// continued development of a skills map to be used in designing a standard training programme, resulting in the issue of certificates to participants, for newly hired personnel for key technical and operational roles at Area Offices;

// the launch of a major reskilling programme for toll collectors, with the aim of transforming this role into one of "Station Operator", having the skills needed to carry out essential maintenance work on toll station equipment. The programme, launched in trial form on one section for each Area Office, involved approximately 292 people in 2019;

// consolidation of the Academy project, aimed at disseminating distinctive technical knowhow and created in synergy with experts from the academic, scientific and business worlds.

// 4,200 hours of training were provided in 2019 over 200 courses led by 80 internal trainers, who were responsible for over 40% of the total training provided. The quality of training programmes run as part of the Academy also attracted the attention of the national Council of Engineers, with whom Autostrade per l'Italia has entered into a framework agreement that recognises us as a Provider of Specialist Training. This means that we can issue training credits to all the engineers interested in retaining their chartered status.

In 2019, the Group's commitment to corporate welfare, paying attention to people and their well-being, continued. This took the form of initiatives and services designed to offer concrete support to staff in managing their working lives by helping them to manage their private lives.

Organisation

Autostrade per l'Italia underwent a general reorganisation in 2019, including the following main organisational changes:

- // the appointment of a Chief Executive Officer, a Chief Financial Officer and Vice-Presidents with responsibility for Finance and for Regulatory and legal Affairs;
- // the establishment of a Corporate General Manager, to whom the Heads of Area Offices now report;
- // the creation of a Network Development unit to focus on the integrated management of capital expenditure;
- // the establishment of a Unit to focus on the Genoa Bypass (Gronda di Genova) project;
- // the establishment of a Network Management unit with responsibility for setting standards for traffic management, tolling, maintenance engineering, plant management and the provision of specialist support to Area Offices.

In 2019, Autostrade per l'Italia provided support to the various organisational structures to ensure the coordinated, effective and synergic management of activities and processes by:

- // launching a project involving the implementation of an integrated infrastructure monitoring system, with the aim of revamping and improving the related inspection and maintenance processes;
- // introducing a Robotic Process Automation project for a number of business processes, designed to reduce routine tasks and free up personnel to carry out higher value activities;
- // implementing the project involving digitalisation of the Tenders Form using SAP software;
- // fine-tuning the organisational structures of a number of business and staff departments at Autostrade per l'Italia and improving a number of core processes.

Workplace health and safety

Autostrade per l'Italia has a constant commitment to guaranteeing the health and safety of its employees and anyone who operates on our behalf. Continuous attention is paid to the prevention of accidents and industrial diseases, including through the widespread adoption of best practices to further develop the Company's safety culture.

In 2019, Autostrade per l'Italia upgraded its management system to meet the new ISO 45001:2018 standard, promoting initiatives designed to strengthen safety leadership and the worker participation.

There was a strong commitment to training, with a range of information and communication campaigns that go beyond statutory requirements. These are aimed at workers and firms, with a view to disseminating knowledge and making people aware of the various aspects of health and safety connected with their work, paying close attention to prevention.

The most important awareness-raising and training initiatives carried out in 2019 include:

- // the launch of the "We Care" project to make all personnel aware of the need to play an active, participatory role in managing workplace health and safety and when away from work, with innovative training courses based on role-play, gamification, team-building, etc; the courses organised included: Flight Simulators, Safe Sailing courses, Drumtribe and Lego Serious Play;
- // "Safety Days" and the "Safety Academy", with the former involving meetings between management and employees at Area Offices and the latter free advice and training for firms;
- // extension of the "Behaviour Based Safety (BBS)" project, based on application of the principles used in assessing workplace safety behaviours, with the aim of reducing accidents due to behavioural factors, to three new Area Offices, meaning that the project has now involved two-thirds of the network managed and 3 new construction sites;
- // the creation of a theatrical performance focusing entirely on workplace health and safety, involving operational personnel and staff working at the main sites, with a view to raising awareness and encouraging workers to change their approach and do away with risky behaviours.

Other important Road Safety initiatives, having a major impact on the safety of the workers who operate on our motorways on a daily basis, took place in 2019. These included:

- // collaboration with the highway police to draw up Guidelines and the conduct of joint training sessions with the participation of both operational personnel from Autostrade per l'Italia and members of the highway police;
- // the design of a Safety and Security monitoring system for equipment used in operations and Network Development construction sites (access controls for people and vehicles, vehicle tracking, etc.).

Industrial relations

In 2019, extensive talks with the unions focused on renewal of the national collective labour agreement for the employees of motorway and tunnel operators, the previous agreement having expired on 31 December 2018. **Agreement was reached on 16 December 2019** and signature of the new national collective labour agreement took place. Key aspects of the agreement are as follows:

- // a rewriting of the terms of fixed-term contracts, bringing the contracts into line with new legislation (the Dignity Decree) and setting out details for seasonal employment, extending the period in which it may be used;
- // a memorandum of understanding formalising the so-called “social provision”, providing guarantees for workers when new concessions are granted and/or awarded;
- // the introduction of agile working, establishing specific rules that will enable trial use of the new form of contract in sectors where it is applicable;
- // the extension of certain contractual protections to workers who have problems with alcohol or gaming addiction and for employees with families whose members have specific learning difficulties;
- // new terms and conditions governing paternity leave;
- // a joint declaration by the parties regarding the need to prevent and combat harassment, violence and discrimination at work.

Autostrade per l'Italia continued to discuss implementation of the new operating model for motorway toll stations with the various organisational units, involving introduction of the new role of “collector/station operator”, and the plan to install automated tollgates. Agreements implementing the national plan have been reached with union representatives at all Area Offices.

2.8

Corporate governance and ownership structures

This section also represents the report on corporate governance and ownership structures provided for by art. 123-bis of Legislative Decree 58 of 24 February 1998 (the “Consolidated Finance Act” or “CFA”), in terms of the disclosures required by paragraph 2, letter b)¹.

2.8.1

Autostrade per l'Italia SpA's ownership structure

2.8.1.1 Structure of the issued capital

Autostrade per l'Italia's issued capital consists of registered ordinary shares. The shares are indivisible and each share has one voting right. The holders of Autostrade per l'Italia's shares may vote at the Company's ordinary and extraordinary general meetings and, otherwise, exercise the shareholder and patrimonial rights granted to them under existing legislation, within the limits established by the legislation and the Company's Articles of Association.

As at 31 December 2019, the Company's issued capital amounts to €622,027,000, represented by 622,027,000 ordinary shares with a par value of €1.00 each.

Autostrade per l'Italia's shareholder structure at the date of this Annual Report is as follows.

Shareholder	No. of shares held	% of issued capital
Atlantia S.p.A.	547.776.698	88,0632%
Appia Investments Srl ^(*)	43.148.952	6,9368%
Silk Road Fund Ltd.	31.101.350	5%

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

Autostrade per l'Italia is under the legal control of Atlantia SpA, a joint-stock company listed on the screen-based trading system (Mercato Telematico Azionario) operated by Borsa Italiana SpA. The Company is managed and coordinated by Atlantia pursuant to articles 2497 et seq. of the Italian Civil Code. In this regard it should be noted that, on 19 January 2018, the parent, Atlantia SpA, adopted regulations governing the management and coordination of subsidiaries. The regulations set out the scope of such activities and the procedures to be applied in managing and coordinating subsidiaries that are not managed and coordinated by other Atlantia Group companies. The regulations were latterly amended by Atlantia SpA's Board of Directors on 15 February 2019.

(1) Given that the Company has not issued shares admitted to trading on a regulated market or in a multilateral trading system, the Company has chosen to apply the option granted by paragraph 5 of art. 123-bis of the Consolidated Finance Act and to omit publication of the disclosures referred to in paragraphs 1 and 2, with the exception of those required by paragraph 2, letter b) of the same article 123-bis.

2.8.1.2 Restrictions on the transfer of Autostrade per l'Italia's shares

The Company's Articles of Association place certain restrictions on the transfer of Autostrade per l'Italia's shares. Specifically, the restrictions establish that:

- a) the transfer of shares (or other equity-like financial instruments) held by minority shareholders is subject to prior approval by the Company's Board of Directors. This approval may, however, only be refused when the transfer is to one of the prohibited transferees indicated in the Articles of Association;
- b) in the event that a minority shareholder wishes to transfer their shares (or other equitylike financial instruments held), they must give the other shareholders the right of first refusal, meaning that the minority shareholder wishing to sell has an obligation to offer the shares first to Autostrade per l'Italia's other shareholders; and
- c) in the event that the majority shareholder wishes to transfer their shares (or other equity-like financial instruments held) and the transfer gives rise to a change of control, as a result of which the transferee becomes the new majority shareholder, the minority shareholders must be given a tag-along right, obliging the majority shareholder to ensure that the purchaser of the shares must also purchase the shares held by the minority shareholders who choose to exercise such right.

The above restrictions do not apply to transfers between shareholders and their affiliates, with the exception of transfers to one of the prohibited transferees indicated in the Articles of Association. Restrictions on transfers provided for in the shareholder agreements governing Autostrade per l'Italia's shares are described below in section 2.8.1.3.

2.8.1.3 Shareholder agreements governing Autostrade per l'Italia's shares

Shareholder agreement signed, among others, by Atlantia, Appia and Silk Road

On 26 July 2017, Atlantia SpA ("**Atlantia**"), Appia Investments Srl ("**Appia**") and Silk Road Fund Co., Ltd. ("**Silk Road**") entered into a shareholder agreement (the "**Agreement**").

In addition to Atlantia, Appia and Silk Road, the Agreement was also signed by Allianz Infrastructure Spain Holdco II Sàrl (initially Allianz Infrastructure Luxembourg I Sàrl), Allianz Pensionskasse Aktiengesellschaft, Allianz Pensionskasse Aktiengesellschaft, DIF Infrastructure IV Coöperatief UA, DIF Infrastructure V Coöperatief UA and Électricité de France SA, solely in respect of specific provisions in the Agreement, in that they are (direct or indirect) shareholders of Appia.

The signatories to the Agreement agreed to include all the shares they hold in Autostrade per l'Italia in the Agreement.

Given that, pursuant to Articles 2359, paragraph 1 of the Italian Civil Code and 93 of the CFA, at the Closing Date, the Company, through its 58.98% interest, exercises legal control over Autostrade Meridionali SpA ("**SAM**"), whose shares are traded on the screen-based trading system (Mercato Telematico Azionario) operated by Borsa Italiana SpA, the commitments given under the Agreement regard the shares of a company that controls an issuer of listed shares and, as such, are subject to the provisions of Article 122 of the CFA, and specifically Article 122, paragraphs 1 and 5, letters a), b) and d) of the CFA.

By executing the Agreement, Atlantia, Appia and Silk Road intended to establish the terms and conditions governing their mutual relations as shareholders of Autostrade per l'Italia.

The Agreement came into effect at the signature date (being 26 July 2017) and is tacitly renewable for further periods of three years unless one or more of the parties decides to withdraw, to be notified in writing at least six months prior to each expiry date. Given that the above deadline has passed without any of the parties exercising their right of withdrawal, at the natural expiry date the Agreement will be automatically renewed for a further three years until 26 July 2023.

For further information on the content of the Agreement, reference should be made to the Essential Information on the Agreement published pursuant to Article 122 of the TUF and Article 130 of CONSOB Regulation 11971 of 14 May 1999, and available on Autostrade Meridionali SpA's website (www.autostrademeridionali.it) in the section Governance / Quotazione Titolo / Patti Parasociali and on CONSOB's website.

2.8.2

Autostrade per l'Italia SpA's corporate governance system

The Corporate Governance system adopted by Autostrade per l'Italia SpA (the "**Company**" or "**Autostrade per l'Italia**") is based on a collection of rules that are in line with regulatory guidelines and best market practices, in line with the applicable Statutory and regulatory requirements. The Company's corporate governance structure takes the traditional Italian form which – without prejudice to the role of the General Meeting of shareholders – assigns executive responsibility to the Board of Directors and responsibility for supervision to the Board of Statutory Auditors. This corporate governance structure, like the Company's overall organisational structure, is in keeping with Autostrade per l'Italia's aim of maximising operational efficiency. The Company's corporate bodies are the General Meeting of shareholders, the Board of Directors and the Board of Statutory Auditors. The powers and roles of the various corporate bodies are governed by law, the Articles of Association and the resolutions passed by the competent bodies, as the case may be.

2.8.2.1 The General Meeting of shareholders

General Meetings enable shareholders to play an active role in the life of the Company, deliberating on matters falling within its purview in accordance with the law and the Articles of Association. General Meetings may be held in ordinary and extraordinary session.

The Ordinary General Meeting, in particular, must be called, at least once a year, within one hundred and twenty days after the end of the financial year, or, in certain instances, within one hundred and eighty days.

The resolutions adopted by ordinary and extraordinary general meetings are passed by the majority required by law. As a partial exception to the above rule, applicable on a general basis, the Articles of Association refer to certain matters on which the General Meeting may only validly vote if the above majority also includes the votes of all the minority shareholders who individually, at the date of the relevant General Meeting, hold at least 5% of the Company's issued capital. A list of these matters (and the related exceptions) is contained in the Articles of Association.

The procedures for calling and conducting General Meetings and for shareholders to exercise their rights are governed by law and the Articles of Association.

2.8.2.2 The Board of Directors

Composition and term of office

In accordance with the Articles of Association, the Board of Directors has no less than seven and no more than twenty-three members, elected by ordinary General Meeting of shareholders for a period of not more than three years. The same General Meeting determines the number of Directors to be elected based on the number of slates presented (see below). Directors may be re-elected on expiry of their term of office.

The Board of Directors in office at the date of this Report, elected by the Ordinary General Meeting of 22 November 2019, and later reduced from the original eleven members to the current ten, following the resignation of Tommaso Barracco, by the Ordinary General Meeting of 27 January 2020, consists of the following ten members:

- Giuliano Mari, Chairman;
- Roberto Tomasi, Chief executive Officer;
- Elisabetta De Bernardi di Valserra, Director;
- Carlo Bertazzo, Director;
- Massimo Bianchi, Director;
- Cristoph Holzer, Director;
- Hongcheng Li, Director;
- Roberto Pistorelli, Director;
- Nicola Rossi, Director;
- Antonino Turicchi, Director.

The term of office of the current Board of Directors will expire on approval of the financial statements for the year ended 31 December 2021 by the Annual General Meeting.

Election and replacement of members of the Board of Directors

The Articles of Association require the entire Board of Directors to be elected by slate vote. The related slates may be submitted by one or more shareholders representing, individually or jointly with other shareholders, at least 5% of the Company's issued capital. Each shareholder may take part in the presentation of a slate.

The slates are voted on and each shareholder, regardless of the number of shares held and whether or not they have submitted a slate, may vote on only one slate.

Members of the Board of Directors are elected in the following manner:

- a)** if only one slate has been submitted, all the members of the Board of Directors are elected from that slate;
- b)** if two or more slates have been submitted;
 - (i)** all the Directors, less the number of Directors that, in accordance with the criteria described in point (ii) below, must be elected from the Minority Slates, are elected from the Majority Slate in sequential order as they appear on the slate. The number of Directors elected from the Majority Slate cannot, in any event, be less than 60% (after rounding up) of the total number of Directors to be elected;
 - (ii)** the remaining Directors are elected from the Minority Slates as follows: (A) one Director from each Minority Slate A⁽²⁾ and (B) one Director from Minority Slate B⁽³⁾ obtaining the greatest number of votes, in each case, in the same sequential order as the candidates appear on the slates. With regard to the criteria described in point (i), the number of Directors elected from the Minority Slates may not exceed, on an aggregate basis, 40% (after rounding down) of the Directors to be elected;
- c)** if no slate is submitted, the Directors are elected by majority vote of the General Meeting, as required by law, following the presentation of candidates meeting the relevant requirements. Should two or more Minority Slates B obtain the same number of votes, a further deciding vote is held.

(2) A slate presented by a minority shareholder individually holding an interest equal to at least 5% of the Company's issued capital.

(3) A slate presented by a group of shareholders holding an aggregate interest equal to at least 5% of the Company's issued capital.

In line with the above, if during the financial year one or more Directors leaves their post, the Board of Directors proceeds to replace – via co-optation pursuant to Article 2386 of the Italian Civil Code – the departing Director with a candidate from the same slate to which the departing Director belonged. The General Meeting, called to confirm the co-opted Director, then approves the replacement, by majority vote, applying the same criterion. If, for whatever reason, it is not possible to replace the departing Director in the above manner (e.g. because there are no further candidates available from the slate to which the departing Director belonged), or because the Director co-opted by the Board of Directors is not confirmed by the General Meeting, or because a majority of the members of the Board of Directors elected by General Meeting leave their posts, the entire Board of Directors is deemed to have been terminated and a new General Meeting must be called to elect a new Board of Directors in accordance with the slate vote mechanism.

Role, functions and delegated bodies

The Board of Directors has been given the fullest powers for the ordinary and extraordinary management of the Company. It has the authority to take all the initiatives it deems necessary in order to implement and achieve the Company's objects, excluding the powers reserved by law and the Articles of Association for the General Meeting of shareholders. In carrying out its duties, the Board of Directors meets at least ten times a year. The Board of Directors also meets once a year to revise and approve, by a majority vote required by law, the Company's budgets, which contain, among other things, information on the outlook.

The Board of Directors has the authority to nominate an executive committee, establishing the number of committee members and its terms of reference. The Board, within the limits provided for in Article 2381 of the Italian Civil Code, may delegate some of its powers to the executive committee.

The Board may also delegate authority for ordinary and extraordinary management, establishing whatever limits it deems appropriate, to the Chairperson, the Deputy Chairperson and executive Directors. The Board may also appoint one or more general managers, establishing their functions and powers.

Without prejudice to the Board of Directors' authority to delegate its powers, the law and the Articles of Association provide that certain powers may not be delegated, with the exception of the delegation or sub-delegation of the powers needed to execute, implement and finalise resolutions approved by the Board of Directors. The Board of Directors' decisions are taken in the form of resolutions. Resolutions are approved by a majority vote of the Directors in attendance and, in order to be valid, it is necessary that a majority of the Directors in office are present. As a partial exception to the above rule, applicable on a general basis, the Articles of Association refer to certain matters on which the Board of Directors may only validly vote if the majority required by law also includes the votes of all the Directors elected from Minority Slates A. A list of these matters (and the related exceptions) is contained in the Articles of Association. The Chairperson of the Board of Directors and the Chief Executive Officer, acting jointly and severally, have the authority to represent the Company.

For the purposes of full disclosure, it should be noted that:

a) on 10 July 2019, the Board of Directors appointed Gianpiero Giacardi, with effect from 1 August 2019, as the Company's Corporate General Manager, granting him the authority relating to his role;

b) on 25 November 2019, the Board of Directors appointed Roberto Tomasi as the Company's Chief executive Officer, granting him all the necessary powers of ordinary administration (other than matters reserved for the Board of Directors or other delegated persons). The same meeting also confirmed the powers granted to Roberto Tomasi in relation to his role and position as the Company's General Manager.

Major Works Committee

In compliance with the Articles of Association, the Board of Directors has established a special committee to monitor, among other things, the performance and completion of construction contracts.

In accordance with art. 39 of the Articles of Association, the Committee must have at least five members and includes the Chairman of the Board of Directors, the Chief Executive Officer and a Director from each Minority Slate A.

The members of the Committee in office at the date of this Report are as follows:

- Antonio Turicchi – Committee Chairman;
- Carlo Bertazzo;
- Cristoph Holzer;
- Hongcheng Li;
- Roberto Pistorelli;
- Giuliano Mari;
- Roberto Tomasi.

The Committee meets at least once every twelve months and acts in accordance with the terms of reference approved from time to time by the Board of Directors.

Internal Control and Risk Committee

At its meeting of 13 February 2020, the Board of Directors decided to establish the Internal Control and Risk Committee. This has been done to strengthen the Company's internal control system and allow the Board of Directors to be take more informed decisions regarding the wideranging issue of risk assessment and management. The Committee is responsible for preparing information in order to support the Board of Directors in their related assessments and decisionmaking, in relation to the internal control system and risk management, and with regard to periodic financial reporting.

Among other things, the Internal Control and Risk Committee: (i) consists of non-executive Directors, most of whom are independent, including at least one with appropriate experience of matters relating to accounting and finance or risk management; (ii) elects a Chair from among its members and adopts terms of reference; (iii) has a term that coincides with that of the Board of Directors in office.

The members of the Committee in office at the date of this Report are as follows:

- Massimo Bianchi;
- Hongcheng Li
- Nicola Rossi;
- Elisabetta De Bernardi di Valserra.

At its first meeting, the Committee elected Prof. Nicola Rossi as Chairman and appointed the Head of Internal Audit to act as secretary.

The Committee meets at least one every two months, at the request of one of its members. Since its establishment, the Committee has met on 4 occasions and all the meetings were attended by the Chairman of the Board of Statutory Auditors, the Chairman and the Chief Executive Officer.

2.8.2.3 The Board of Statutory Auditors

Composition and term of office

The Board of Statutory Auditors may have three or five standing members and two alternates, elected by General Meeting, partly in order to comply with the requirements of the Single Concession Arrangement entered into by the Company with ANAS SpA, whose place was taken by the Ministry of Infrastructure and Transport from 1 October 2012. The general Meeting of shareholders establishes the number of members of the Board of Statutory Auditors when electing the Board. The Statutory Auditors remain in office for three years and their term expires on the date of the General Meeting called to approve the financial statements for the last financial year of their term of office.

The Board of Statutory Auditors in office at the date of this Report, elected by the Annual General Meeting of 20 April 2018, has the following five standing members and two alternates:

- Giandomenico Genta, Chairman of the Board of Statutory Auditors;
- Alberto De Nigro, standing Auditor;
- Roberto Colussi, standing Auditor;
- Giulia De Martino, standing Auditor;
- Antonio Parente, standing Auditor (nominated by the Ministry of Infrastructure and Transport, pursuant to the Single Concession Arrangement, by memorandum dated 22 May 2019, as acknowledged by the General Meeting of shareholders held on 18 June 2019);
- Francesco Orioli, alternate Auditor;
- Mario Venezia, alternate Auditor.

The term of office of the current Board of Statutory Auditors will expire on approval of the financial statements for the year ended 31 December 2020.

Election of the Board of Statutory Auditors

The Board of Statutory Auditors is elected by slate vote.

The slates may be submitted (i) individually, by the Majority Shareholder, and (ii) individually or jointly with other shareholders, by each Minority Shareholder holding at least 5% of the Company's issued capital. Each shareholder may take part in the presentation of a slate.

The slates are voted on and each shareholder, regardless of the number of shares held and whether or not they have submitted a slate, may vote on only one slate.

Members of the Board of Statutory Auditors are elected in the following manner:

a) if only one slate has been submitted, all the standing and alternate members of the Board of Statutory Auditors are elected from that slate, with the exception of the statutory auditors to be elected in accordance with the terms of the Single Concession Arrangement;

b) if two or more slates have been submitted:

(i) all the standing and alternate Auditors, with the exception of (A) the Auditors that must be elected or designated in accordance with the terms of the Single Concession Arrangement and (B) the Auditors that must be elected from the slate obtaining the second highest number of votes, are elected from the slate receiving a majority of the votes in sequential order as they appear on the slate;

(ii) one standing and one alternate Auditor are elected from the slate obtaining the second

highest number of votes in sequential order as they appear on the slate, without prejudice to the fact that, if one or more slates receive the same number of votes, the slate from which the above standing and one alternate Auditor are to be taken must be drawn by lot, conducting the draw in accordance with the procedure established by the Chair of the General Meeting, so as to ensure that the draw is conducted in a transparent and non-discriminatory manner.

As stated, the above mechanism does not affect the designation and election of a member of the Board of Statutory Auditors in compliance with the terms of the Single Concession Arrangement. The standing Auditor elected from the slate obtaining a majority of the votes at the General Meeting and occupying the lowest sequential position in the slate is automatically appointed Chairperson of the Board of Statutory Auditors.

Role and functions

The Board of Statutory Auditors oversees compliance with the law and the Articles of Association, compliance with the principles of good governance and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company, and its functionality.

2.8.2.4 Independent Auditor

Responsibility for the statutory audit of the accounts is assigned to the Independent Auditors elected by General Meeting of shareholders, based on a reasoned opinion from the Board of Statutory Auditors. Throughout their engagement, the Independent Auditors must satisfy all the requirements provided for by law and the regulations from time to time applicable. The Annual General Meeting of shareholders held on 24 April 2012 appointed Deloitte & Touche SpA as the Independent Auditors on the recommendation of the Board of Statutory Auditors. The term of office of the Independent Auditors will expire on approval of the financial statements for the year ended 31 December 2020. Further information on the Independent Auditors is provided in section 2.8.3.2.5 below.

2.8.3

Internal control and risk management system

2.8.3.1 Introduction

The internal control and risk management system consists of all of the instruments, rules, procedures and corporate organisational structures designed to enable - via the adequate identification, measurement, management and monitoring of the main risks - sound and correct management of the Company in a manner consistent with the Company's objectives set out by the Board of Directors.

The risk management and internal control system established by the Board of Directors shall be based on the following general principles:

- a)** operational powers: operational powers are assigned taking account of the size and risks associated with the various categories of transaction;
- b)** organisational structures: the organisational structures are arranged in such a way as to avoid functional overlaps and the concentration of responsibility for highly critical or risky activities in one individual;
- c)** regular reports: each process is subject to a set of standards and a related regular report designed to measure its efficiency and effectiveness;
- d)** regular analyses: the professional knowledge and skills available within the organisation are periodically analysed in terms of their match with the objectives assigned;
- e)** operating processes: operating processes are defined in such a way as to ensure that there are adequate documentary records enabling their continuous assessment in terms of fairness, consistency and responsibility;
- f)** security systems: security systems guarantee an adequate level of protection for the corporate organisation's assets and data, to allow access to data as required in order to carry out the activities assigned;
- g)** risk monitoring: the risks connected to achievement of objectives are identified and periodically monitored and updated. Negative events that may pose a threat to the organisation's business continuity shall be appropriately assessed and the related protections adapted;

h) ongoing supervision: the risk management and internal control system must be subject to continuous supervision to enable periodic assessment and ongoing adaptation.

To verify the functionality and appropriateness of the internal control and risk management system, until 2019, each year the Company's Board of Directors approved the audit plan prepared by the Head of the Internal Audit department of the parent, Atlantia. The Board approved the audit plan for 2019 on 14 February 2019.

As a result of the changes being made to the Group's organisational structure, in order to monitor and improve the effectiveness and efficiency of the internal control and risk management system, the Board of Directors, at its meeting of 12 December 2019, decided to establish, with effect from 17 February 2020, an Internal Audit department within Autostrade per l'Italia. The newly recruited Diego Maletto was appointed Head of the department. His role and responsibilities are described in section 2.8.3.4 below.

The Company is constantly committed to strengthening its internal control and risk management system. In this regard, the Company has engaged a leading international firm of consultants to conduct a review of risk governance and management, with the aim, among other things, of revising the criteria used in assessing the Company's risks, in evaluating risk prioritization strategies, and in defining qualitative and quantitative risk assessment criteria. The results of the review will be examined by the Board of Directors in 2020.

Under the new approach, risk management is to become a tool to support the Company's decision-making, helping to spread a risk-based management culture and to define the necessary remedial actions, starting from the process of drawing up the Company's strategy.

The Internal Control and Audit Committee, a role carried out by the Company's Board of Statutory Auditors, assesses the findings of the independent auditors as may be contained in a letter of recommendations and the report on material deficiencies detected during the course of the statutory audit.

2.8.3.2 Main characteristics of existing risk management and internal control systems in respect of the financial reporting process

2.8.3.2.1 Introduction

The risk management system should not be considered separately from the internal control system in relation to financial reporting. In fact, both are part and parcel of the same system. In the context of the internal control system, with reference to the process of financial reporting, the Autostrade per l'Italia Group has implemented and continually revises an internal control system for financial reporting, based on a series of administrative and accounting procedures such as to guarantee their truthfulness ⁽¹⁾, accuracy ⁽²⁾, reliability ⁽³⁾ and punctuality ⁽⁴⁾ in accordance with the regulations governing their preparation.

The planning, implementation and maintenance of this system, and its regular assessment, are informed by international best practices and compliant with "Internal Control Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission, which is the internationally recognised framework of reference for the implementation, analysis and assessment of internal control and risk management systems. The framework provides for five components (control environment, risk assessment, control activities, information and communication, monitoring activities) that operate at the level of organisational entity and/or operating/administrative process, based on their characteristics.

The Autostrade per l'Italia Group's internal control system for financial reporting provides for regulations, procedures and guidelines by virtue of which Autostrade per l'Italia ensures the exchange of data and information with its subsidiaries, thereby ensuring their coordination. In particular, this activity is carried out through the distribution of guidance on how to apply the reference accounting standards, contained in the "Guidelines for preparation of the (IFRS) reporting package used in drawing up the Atlantia Group's consolidated financial statements", and procedures regulating the preparation of the separate and consolidated financial statements and the condensed interim accounts. The operational processes put in place by subsidiaries are based on these guidelines.

The setting up of audits is performed after a process conducted according to a top-down, riskbased approach, aimed at identifying the organisational entities, processes and specific activities capable of generating the risk of unintentional errors or fraud that could have a material impact on financial reports.

(1) Truthfulness (of disclosures): disclosures must be correct and comply with generally accepted accounting principles and with their applicable statutory and regulatory requirements.

(2) Accuracy (of disclosures): disclosures must be neutral and precise. Disclosures are considered neutral if free from preconceived distortions designed to influence the decision-making process of users for the purposes of achieving a predetermined result.

(3) Reliability (of disclosures): disclosures must be clear and complete so as to enable investors to take informed decisions. Disclosures are deemed to be clear if they aid in understanding complex aspects of the business, without going into excessive and superfluous detail.

(4) Punctuality (of disclosures): disclosures must comply with the deadlines for publication.

2.8.3.2.2 Description of the main characteristics of existing risk management and internal control systems in respect of the financial reporting process

(A) Phases of the existing risk management and internal control systems in respect of financial reporting

The process of monitoring the internal control system for financial reporting is reiterated on a six-monthly basis in compliance with the provisions contained in art. 154 bis, paragraph 5 of the CFA. The process breaks down into the following phases:

(i) *Identification of financial reporting risks*: risk identification activities are performed with reference to Autostrade per l'Italia's separate financial statements and the Group's consolidated financial statements, and is based on the assessment of qualitative and quantitative aspects concerning, firstly, the selection of significant companies to be included in the analysis, and then the classes of transaction and significant accounts.

This selection activity requires:

a) the definition of quantitative criteria with respect to the contribution in terms of operating performance and financial condition of the individual companies to the latest accounts and the selection rules, including minimum materiality thresholds;

b) the consideration of qualitative elements that might contribute to the inclusion of other entities or classes of transactions on the basis of the specific risks determined by the accounting implications of the transactions carried out by the above entities, or by the presence in the accounts of the latter of substantial amounts in terms of contribution to the consolidated financial statements in relation to items not considered in the above criteria. Every material item of data/information is traced back to the accounting and administrative processes that originated them and the typical financial report "assertions" are identified (existence and occurrence of events, completeness, measurement and recognition, rights and obligations, presentation and reporting) and the risks that one or more financial statement assertions do not provide a true and fair view, with consequent impact on the financial report.

(ii) *Assessment of financial reporting risks*: the risks are assessed in terms of potential impact on the basis of quantitative and qualitative indicators and assuming the absence of controls (at an inherent level). Risks are assessed at entity level and at process level.

The former includes risks of fraud, incorrect working of IT systems and other unintentional errors. At process level, financial reporting risks (underestimation, overestimation, inaccuracy etc.) are analysed at the level of the activities that make up the processes.

(iii) *Identification of controls for the risks detected*: the risks detected are addressed through controls capable of mitigating them, both at entity level and at process level. Key controls are determined, according to risk-based and top-down controls; such controls are deemed necessary to ensure with reasonable certainty the prevention and timely identification of material errors in financial reporting.

(iv) *Assessment of controls for the risks detected*: the process of analysing and assessing the internal control system for financial reporting continues with the assessment of the identified controls in terms of adequacy (effectiveness of control design) and in terms of effective application.

Effective application is tested through specific activities performed first of all by the management line responsible for implementing such controls and, to ensure the effective assessment and consistent design of the control system, by the Financial and Accounting Compliance unit available to the [Manager Responsible for Financial Reporting](#).

The monitoring of the effective application of administrative and accounting procedures is conducted with regard to the effective implementation of key controls.

The assessment procedure is chosen on the basis of the underlying risk: this choice takes into account the strengths and weaknesses of the control environment that may condition the outcome of the assessments made, the complexity of the control, the type of control (manual or automatic), the level of judgment required during the process and the dependence of the control on the functionality of other controls.

The monitoring activities involve sampling techniques in line with international best practices. With reference to the automatic controls implemented, the assessment of adequacy and effective application is extended to the design and operation of general IT controls supporting the relevant applications.

At the end of the monitoring activity, any deficiencies or problems are tested for significance. The Manager Responsible for Financial Reporting will, at least every six months, bring to the attention of the Control, Risk and Corporate Governance Committee the results of the activities performed and the assessment process described above by checking, together with it, the adequacy of the administrative and accounting procedures, and their effective application, in view of the issue of the attestations provided for by article 154 bis of the CFA.

(B) Roles and Functions involved

The internal control and risk management system requires a clear identification of the roles involved in its planning, implementation, monitoring and upgrading over time.

The above components of the internal control and risk management system are coordinated and interdependent and the system, as a whole, involves – in different roles and on a collaborative and coordinated basis – management bodies, supervisory and oversight bodies, the Company’s management and the Atlantia Group.

2.8.3.2.3 The Manager Responsible for Financial Reporting

The Manager Responsible for Financial Reporting is responsible for monitoring the internal control system on financial reporting. In particular, this Manager:

- (i) is responsible for ensuring the preparation of the administrative and accounting procedures necessary to prepare the annual financial statements, the consolidated financial statements and the half-year condensed interim financial statements, as well as any other periodic financial reports;
- (ii) complies with article 154-bis by issuing the attestations required by the applicable laws and regulations.

In performing these duties, the Manager Responsible for Financial Reporting relies primarily on support from the Administration and Planning unit, which performs the following functions:

- // operational management of the System in its planning, implementation, monitoring and revision phases;
- // review of the design and effectiveness of controls;
- // fostering of the necessary synergies with Atlantia’s Group Internal Audit department and the coordination of primary external experts in relation to their support to the performance of the unit’s duties and responsibilities;
- // ensure at Atlantia Group level, thanks to Atlantia’s and its subsidiaries’ departments, the revision, implementation and monitoring and effective application of the procedures falling within the purview of the Manager Responsible for Financial Reporting.

Finally, the Manager responsible for financial reporting works in cooperation with the company units responsible for auditing the internal control system, to obtain all the information necessary to take effective action and to ensure the effectiveness and efficiency of the attestation process.

In accordance with art. 41 of the Articles of Association, in compliance with the provisions of art. 154-bis of the CFA, the Board of Directors, subject to obtaining the required opinion of the Board of Statutory Auditors, appoints and dismisses the Manager Responsible for Financial Reporting. The Manager Responsible for Financial Reporting is selected from candidates who meet the requirements of professionalism and with at least three years’ experience in positions with appropriate responsibility for administration and finance, or administration and control in listed joint-stock companies, and who possess the integrity required by the regulations in force. The Directors fix the related remuneration and the term of office, which is renewable, and grant the manager all the authority and instruments necessary in order to carry out the duties assigned to them by law. At a meeting on 01 August 2019, the Board of Directors has appointed Alberto Marco Milvio, with effect from 2 September 2019, as Manager Responsible for Financial Reporting, setting the duration of the assignment until the approval of the financial statements as at 31 December 2021.

The internal control and risk management system was revised from an administrative and accounting viewpoint in 2019, for the purposes of attestations by the Chief Executive Officer and the Manager Responsible for Financial Reporting of the separate and consolidated annual financial reports and the consolidated half-year report, concerning, among other aspects, the adequacy and effective application of the administrative and accounting procedures.

2.8.3.3 Tax Compliance Framework

In order to be admitted to the cooperative compliance scheme, established by Legislative Decree 128/2015, in 2019, Autostrade per l’Italia implemented a system for identifying, managing and controlling tax risk, as contained in the Tax Control Framework (“TCF”). The TCF is in keeping with the guidelines set out in the Tax Strategy approved by the Board of Directors on 7 June 2018.

The cooperative compliance enables taxpayers to discuss uncertainties or disputes regarding taxation with the tax authority in advance, so as to arrive at an agreed assessment of the facts underlying the business’s decisions regarding uncertain tax treatments, thereby anticipating and avoiding the need for further checks and controls by the authority.

The TCF implemented by the Company was approved by the tax authority which, on 12 November 2019, admitted the Company to the Cooperative Compliance scheme. Admission has been backdated to 1 January 2018.

Within the context of corporate governance, the TCF, in setting out the procedures to be followed in order to ensure the sound, prudent management of tax:

- (i) is based on the principles set out in the Atlantia Group’s Code of Ethics, applying the same disciplinary procedures and sanctions;
- (ii) forms part of the internal control and risk management system over financial reporting used to identify, measure, manage and monitor the main business risks and, in this regard, interacts with the existing control system over financial reporting;
- (ii) works hand in hand with the organisation and control model set up for the purposes of Legislative Decree 231 of 8 June 2001, adopted by Autostrade.

Autostrade per l'Italia uses the TCF to proactively manage tax risk, meaning the risk of committing a violation of tax laws or of abusing the principles and purposes of tax legislation, ensuring the timely identification of any risk, and its proper measurement and control.

The TCF identifies two areas that are potentially exposed to tax risk:

- a)** processes and compliance: where the risk is associated with both business and tax management processes;
- b)** the interpretation of tax laws: in this case, the risk is linked to (i) interpretations typically formulated as part of the tax management process, (ii) the provision of advice to other departments in relation to both routine transactions and simple compliance and to nonroutine transactions.

The TCF has adopted three methods for dealing with these two areas of risks:

- (i)** identification of the tax risk, including identification of the sources of the risk, mapping the related processes and activities;
- (ii)** the measurement of the tax risk, using quantitative and qualitative criteria;
- (iii)** management of the tax risk, which, as noted above, falls within the cooperative compliance scheme, which grants the Company the opportunity to enter into ongoing, preventive dialogue with the tax authority in order to discuss key uncertainties over tax, with the aim of arriving at an agreed assessment of the factors that might give rise to the risk in question, and with the shared goal of, where possible, reaching agreement on the appropriate tax treatment to use.

The guidelines for managing tax risk through the TCF are set out in a document called the Tax Compliance Model ("TCM"), approved by Autostrade per l'Italia's Board of Directors on 16 January 2020. This, in turn, makes reference to another two documents relating to the two different areas of risk mentioned to earlier:

- (i)** the "Tax Risk Map", relating to the risks connected with processes and compliance;
- (ii)** the "Policy for managing interpretation risk", which applies to the risks connected with the interpretation of tax laws.

Governance of the TCF has also led to the establishment of:

a) the **Tax Risk Officer**, who is responsible for:

- (i)** monitoring and revising the tax risk map;
- (ii)** testing the effectiveness, efficacy and adequacy of the measures adopted to oversee compliance and interpretation risk, if necessary with external support, and analysing the results of the tests;
- (iii)** preparing the annual report, to be presented to the Board of Directors for approval, via the Tax Steering Committee, and submitted to the tax authority;
- (iv)** participating, together with the Head of the Tax Affairs, in discussions with the tax authority regarding significant tax risks;
- (v)** cooperating with other audit departments (the Manager Responsible for Financial Reporting, Internal Audit), providing all the information necessary to enable them to conduct their audits;

b) the **Tax Steering Committee**, chaired by the Head of Administration and Planning and consisting of (i) the CFO/ Manager Responsible for Financial Reporting, (ii) the Risk Officer, (iii) the Head of the Criminal Affairs department and (iv) the Head of Tax, having the following role:

- (i)** to ensure coordination between **Internal Audit** and the **Tax Risk Officer**, in order to guarantee the existence and operation of an effective, adequate, integrated and efficient tax risk control system;
- (ii)** to validate the annual report on the adequacy of the TCF drawn up by the **Tax Risk Officer** and submit it to the Board of Directors for approval;
- (iii)** to assess the significance of any tax risk and the corrective measures/recommendations put forward by the Tax Risk Officer and Internal Audit, and ensure implementation of the recommendations provided.

2.8.3.4 Head of the Internal Audit department

As described in section 2.8.3.1, at their meeting held on 12 December 2019, Autostrade per l'Italia's Board of Directors established the Internal Audit department with effect from 17 February 2020, with the role of overseeing the adequacy and functionality of the internal control and risk management system. These activities were previously carried out by the Internal Audit department of the parent, Atlantia.

The Head of the Internal Audit department:

- a) oversees the effectiveness of the internal control and risk management system both on a continuous basis and with reference to specific requirements, and in accordance with international standards. The process extends to information systems, including accounting systems, and follows audit plans approved annually by the Board of Directors, and based on a structured process for assessing and prioritizing the main risks according to a risk-based approach;
- b) is not responsible for any operational department and reports to the Chairman of the Board of Directors;
- c) has direct access to all the information needed to carry out his duties;
- d) prepares periodic reports containing an assessment of whether the internal control and risk management system is fit for purpose;
- e) promptly prepares reports on any events of particular significance;
- f) submits the reports referred to in points d) and e) to the Chairman of the Board of Statutory Auditors, the Internal Control and Risk Committee and the Board of Directors.

2.8.3.5 Independent Auditors

Deloitte & Touche SpA are the Independent Auditors engaged to perform the statutory audit of the separate and consolidated financial statements, the periodical assessment of the propriety of bookkeeping and a limited scope audit of the consolidated interim reports of Autostrade per l'Italia for the financial years 2012-2020. The firm was engaged by the General Meeting of shareholders held on 24 April 2012.

The Board of Statutory Auditors and the Independent Auditors periodically exchange information and data on their respective audits.

The parent Atlantia's "Procedure for the engagement of statutory audit firms" defines corporate responsibility and internal operating methods for the engagement of statutory external auditors in accordance with law and regulation as in force, as well as criteria for managing relations with the independent auditors and members of the relative network. The procedure applies to all Atlantia Group companies consolidated as per articles 2 and 3 of Legislative Decree 38/2005 in compliance with International Financial Reporting Standard (IFRS), and subject to statutory audit. The procedure thus relates to senior management and the managements of Atlantia Group companies who, in the performance of their duties, have direct or indirect contact with independent auditors during their internal audit procedures.

2.8.3.6 Supervisory Board

Autostrade per l'Italia has set up a Supervisory Board. The Board was appointed by the Board of Directors on 7 June 2018 for the period from 1 July 2018 to 30 June 2021. Subsequently, following a number of resignations, the Board of Directors appointed replacement members of the Supervisory Board on 14 September 2018 and 13 February 2020.

In 2019, the Supervisory Board met on 9 occasions and reported regularly to the Company's Board of Directors and Board of Statutory Auditors (which it met on 4 occasions) on the activities carried out, with regard to both revision of the Organisational, Management and Control Model and monitoring. It confirmed that the Organisational, Management and Control Model adopted by the Company currently meets all the necessary statutory requirements to prevent the commission of the offences referred to in Legislative Decree 231/2001.

2.8.4

Organisational, Management and Control Model (Legislative Decree 231/2001)

Autostrade per l'Italia has adopted an Organisational, Management and Control Model to prevent commission of the offences referred to in Legislative Decree 231/2001. During 2019, the Supervisory Board completed its assessment of the changes made to Legislative Decree 231/01 in the period following approval of the previous revision of the Organisational, Management and Control Model adopted in compliance with Legislative Decree 231/2001 (on 14 December 2017).

Following the issue of Law 179 of 30 November 2017, containing "Provisions for the protection of whistleblowers reporting offences or irregularities that have come to the attention within the context of an employment relationship in the public or private sector" (in effect since 29 December 2017), in December 2018, Atlantia published a Group Whistleblowing Policy, governing the procedures for making and handling disclosures made by whistleblowers.

The policy has also introduced digital platform to enable anyone (employees or external consultants, suppliers and persons who have engaged in or intend to engage in business relations with the Company) to report – via a step-by-step online procedure – alleged breaches of the law or irregularities, regulatory violations, violations of the 231 Model, violations of the Code of Ethics, violations of the Anti-Corruption Policy and any violation of procedures or rules of this nature. The platform is managed by a specialist external body that is independent of the Atlantia Group.

The system enables whistleblowers to file a disclosure without being obliged to register or to identify themselves. Should the whistleblower choose to identify themselves, the system guarantees confidentiality.

The reports are received by the Atlantia Group's Ethics Officer or by the 231 Supervisory Board of the relevant company.

The digital platform is not intended to replace other whistleblowing channels, but as an additional option for making a disclosure.

The Supervisory Board requested the Head of Autostrade per l'Italia's Criminal Affairs department (which forms part of the Legal Affairs department, tasked with supporting the Supervisory Board in respect of revision of the 231 Model), to draft a revised version of the Organisational, Management and Control Model adopted in compliance with Legislative Decree 231/01. The new version was to incorporate all the legislative changes introduced since the date of the previous revision of the Model (14 December 2017) and to be submitted to the Supervisory Board for its examination.

In this regard, in 2019, the Supervisory Board met the Head of Autostrade per l'Italia's Criminal Affairs department, who reported on the activities carried out in relation to revision of the 231/01 Organisational, Management and Control Model, specifying that the text of the revised 231 Model, including both the General and the Special Parts, would be submitted to the Supervisory Board after the amendments had been made. This was to follow on from the Mapping of 231 risks by the Risk Officer, as part of the internal procedures involved in compliance with the changes in legislation introduced.

The Supervisory Board also met Autostrade per l'Italia's Risk Officer, once in the first half of 2019 and then in January 2020, to receive an update on the mapping of at-risk areas, a process that must take place prior to the preparation and update of the Special Parts of the 231 Model.

At the meeting in January 2020, the Risk Officer illustrated the results of the "Mapping of at-risk areas and controls, pursuant to Legislative Decree 231/2001", highlighting the key changes with respect to the 231 Map created prior to the previous revision of the 231 Model (approved by Autostrade per l'Italia's Board of Directors on 14 December 2017).

Having assured themselves that the map takes into account new predicate offences through to December 2019 and the organisational and procedural changes introduced in 2019, the members of the Board had no observations to make, believing the Map suitable for use in producing the revised version of the 231 Model.

2.8.5

Other procedures

A description of the Organisational, Management and Control Model – which also includes, among other things, the Group's Code of Ethics – is provided in the above section 2.8.4 in the part describing the internal control and risk management system.

2.8.5.1 Procedure for Market Announcements

At a meeting on 8 July 2016, in order to comply with the provisions of Regulation (EU) no. 596/2014 of the European Parliament and Council (more commonly known as the "[Market Abuse Regulation](#)" or "[MAR Regulation](#)"), the Company's Board of Directors:

- a) revised the Procedure for Market Announcements, which the Company had already adopted when the Retail Loan bonds called "Autostrade TF 2015 - 2023" were listed on the screen-based bond trading system (MOT) operated by Borsa Italiana SpA, and therefore the applicability of the market announcements regulations to Autostrade per l'Italia, as a "listed issuer", which included, among other things, the obligations pursuant to articles 114 and 115 of the CFA and the obligation to set up an "insiders' register";
- and
- b) approved adoption of the Internal Dealing Code of Conduct, containing, among other things, a description of the reporting requirements and conduct the reporting and conduct obligations relating to transactions regarding listed bonds issued by Autostrade per l'Italia or the financial instruments connected to them, carried out by Relevant Persons (as defined in the Code of Conduct) and/or persons closely associated with them, as well as the related reporting to the Company, CONSOB and the market.

The Procedure for Market Announcements was last revised by the Board of Directors on 13 February 2020. This revision was necessary in order to apply new CONSOB guidelines on the "[management of inside information](#)". The revised procedure has, among other things:

- (i) introduced the concept of "[relevant information](#)", being Information on dates, events, projects or circumstances that, with continuous, repetitive, periodic or infrequent, occasional or unforeseen regularity, directly concern the Company and that, based on a reasonable assessment and a preliminary and forward-looking judgement, may, at a future date – including in the near future – become "[Inside Information](#)";
- (ii) identified the persons responsible for the various phases of the process of assessing and classifying the information on Autostrade per l'Italia, including the Body for Assessing Relevant Information, the Body for Assessing Inside Information and Process Owners (being the heads of the various departments within Autostrade per l'Italia and its subsidiaries involved in the transaction/project/event for which sections of the Relevant Information List or the Insider Register are created).

The Internal Dealing Code of Conduct referred to above under letter (b), was also revised by the Board of Directors at their meeting of 7 November 2019. This revision was made necessary

to, among other things, reflect the latest organisational changes (including the revised scope of relevant persons), and to align the text of the Code with recent legislation (including Legislative Decree 107 of 10 August 2018 which, among other things, has introduced specific administrative sanctions into the CFA for persons failing to comply with internal dealing legislation).

2.8.5.2 Anti-corruption Policy

At the end of 2017, Autostrade per l'Italia adopted the Atlantia Group's Anti-corruption Policy. By adopting this policy, Autostrade per l'Italia – in common with all the other Atlantia Group companies – has reaffirmed its commitment to preventing and combatting illegal conduct. In this regard, the policy brings together and combines into a coherent whole the existing rules designed to prevent and combat such behaviour already applied by the Group. The policy is intended for application alongside the Code of Ethics, the Management and Control Model and the Group's compliance programmes. Compliance with the Policy is obligatory for all "Relevant Persons", being "The Group's worldwide Staff and all those who act in the name and/or on behalf and/or in the interest of the Atlantia Group and who engage in business and professional relations with it".

In January 2018, Autostrade per l'Italia appointed a Head of Anti-corruption. Moreover, in July 2018, the Company voluntarily implemented an Anti-Bribery Management System (or ABMS) for the purposes of assurance and as a way of proactively managing corruption risk and strengthening the compliance culture. The system contains a series of activities designed and implemented with an integrated and synergic approach, with the aim of achieving ongoing improvements in performance and in the effectiveness of efforts to combat corruption risk. In April 2019, the ABMS adopted by the Company was awarded ISO37001:2016 certification by the certification body, RINA Services SpA. Certification last three years and, to retain the certificate, it is necessary to conduct annual internal and external audits of the System and potentially at risk processes.

Later, in September 2019, Autostrade per l'Italia, as requested to do so by Atlantia, adopted the revised version of the Group's Anti-corruption Policy and, following the organisational changes that have taken place, appointed the Corporate General Manager, Gianpiero Giacardi, to assume responsibility for the Autostrade per l'Italia's ABMS.

At its meeting of 5 March 2020, the Board of Directors (following the receipt of reports from the Head of Anti-corruption and the Corporate General Manager) conducted its annual review of the ABMS, which resulted in a positive outcome. On 16 April 2020, the Company received confirmation of the effectiveness of its ABMS and the validity of its certification for the current year.

2.9

Sustainability

Introduction

Autostrade per l'Italia SpA does not prepare its own non-financial statement pursuant to art. 6 of Legislative Decree 254/2016, as it is included in the consolidated non-financial statement published by Atlantia SpA, the Company's parent.

Our strategy

Putting the customer first, 360-degree safety, technological innovation and promoting a green revolution are the areas in which we launched new initiatives in 2019, and which form the pillars of Autostrade per l'Italia's new Strategic Transformation Plan 2020-2023, presented during the Board of Directors' meeting of 16 January 2020.

The Plan envisages a significant acceleration of investment in the modernisation and upgrade of the motorway network and in road safety. This will include a major commitment to developing initiatives designed to improve the customer experience by, for example, the introduction of predictive traffic information systems, simplified tolling procedures, experimentation with 5G technology on the motorway and new signage and communication technologies.

The Company is strongly committed to the digitalisation of motorway infrastructure, with new real-time traffic control systems and the use of sensors, cameras and drones to monitor bridges, viaducts and tunnels. The new Plan also envisages a number of environmental protection and sustainable mobility projects, installing charging points for electric vehicles at services areas, increased use of renewable energy and further energy efficiency initiatives.

Safety and quality of service

In 2019, the network operated by Autostrade per l'Italia and its subsidiaries registered a global accident rate of 28.0 (30.1 in 2018) and a death rate of 0.27 (0.32 in 2018).

2019 saw Autostrade per l'Italia launch a new road safety campaign in cooperation with the highway police. The #Seisicuro campaign focuses on dangerous driving behaviours, highlighting the serious risks resulting from the use of mobile phones, excessive speed and driving under the influence of alcohol and drugs. The campaign was publicised via advertisements on the leading TV stations and on radio, in the press, on the web and social media and on posters.

Customer satisfaction with the motorway service is measured through Customer Satisfaction surveys, conducted periodically by specialist firms and/or via telephone interviews.

In 2019, Autostrade per l'Italia's Customer Satisfaction Index (CSI) was 7.14, down by around 1% compared with 2018. The CSI based on interviews conducted twice during the year with a sample of "frequent travellers", namely customers who use motorways at least once a month: commuters, truck drivers and traders.

Customer satisfaction¹

Customer Satisfaction Frequent Traveller	2017	2018	2019
SAFETY			
% of satisfied customers (score > or equal to 7-scale 1:10)	77	58,5	60,2
Overall score (average score on a scale 1:10)	7,5	7,33	7,00
TRAFFIC INFORMATION			
% of satisfied customers (score > or equal to 7-scale 1:10)	74,5	73,1	73,3
Overall score (average score on a scale 1:10)	7,29	7,23	7,25
TOLLGATES			
% of satisfied customers (score > or equal to 7-scale 1:10)	78,8	75,7	73,5
Overall score (average score on a scale 1:10)	7,46	7,21	7,25
PAYMENT SYSTEMS			
% of satisfied customers (score > or equal to 7-scale 1:10)	87,0	83,4	82,9
Overall score (average score on a scale 1:10)	8,15	7,94	7,45
ROAD CONDITIONS			
% of satisfied customers (score > or equal to 7-scale 1:10)	58,5	63,5	69,2
Overall score (average score on a scale 1:10)	6,64	6,83	6,94
SERVICE AREAS			
% of satisfied customers (score > or equal to 7-scale 1:10)	74,8	73,5	72,0
Overall score (average score on a scale 1:10)	7,27	7,15	7,19
TOTAL CSI FOR FREQUENT TRAVELLERS	7,28	7,21	7,14

(1) The figures refer to Autostrade per l'Italia SpA.

The environment

Environmental sustainability is particularly important in the construction and management of motorway infrastructure – especially in the areas the network passes through – and is the basis of a long-term strategy to protect and enhance Italy's landscape, architectural and natural heritage.

Indeed, the complexity of the motorway network managed by the Group requires adoption of an organic approach to environmental management geared towards prevention and control. Consequently, the Group promotes environmental protection using appropriate procedural, managerial and organisational tools, ranging from training and awareness raising to the study of innovative technological solutions aimed at providing excellent performances.

KEY ENVIRONMENTAL INDICATORS

	2019	2018	% change
Energy consumption by type (TJoule)	1.117	1.120	-0,3%
Petrol	2,2	1,5	41,3%
LPG	9,0	7,1	26,5%
Diesel	312,1	317,6	-1,7%
Electricity	714,5	717,7	-0,4%
Natural gas	79,7	76,4	4,4%
CO2 emissions (t)	89.243	91.299	-2,3%
Direct emissions	28.175	28.221	-0,2%
Indirect emissions from electricity consumption	61.068	63.078	-3,2%
Waste produced (t)	28.121	21.670	29,8%
% of waste recycles/recovered	80,8	47,5	70%
Water consumption (m³ x 1000)	924	865	6,8%

Use of resources

In managing its activities – especially maintenance and the modernisation of infrastructure – Autostrade per l'Italia makes necessary use of materials whose impact on the environment has to be constantly monitored and limited. The materials normally used are: quarry materials, bitumen, iron and steel and cement. Optimising use of the materials employed is a constant concern in managing the Group's activities.

A total of approximately 924 thousand cubic metres of water was consumed in 2019, an increase of 7% compared with 2018. This was due to an increased activity on the network, such as geotechnical procedures and the disposal of soil.

Energy and the climate

The efficient use of energy and renewable sources has become a key issue in Autostrade per l'Italia's sustainability policy-making.

Autostrade per l'Italia's commitment in this field is expressed via projects aimed at the adoption of renewable energy sources, and the study and implementation of eco-efficient solutions in terms of consumption.

This approach is accompanied by monitoring, management and emissions reduction activities, and more generally by a strategy to combat climate change. Energy consumption depends on the organisation's needs and the amount of energy used in providing the motorway service: the lighting of tunnels, toll stations, junctions and service areas, power for plant and equipment, fuel for service vehicles.

In 2019, the Group consumed a total of 874 TJoules, including electricity, natural gas, LPG, diesel and petrol, registering only a slight reduction compared with 2018 (down 0.3%).

The figures for CO2 emissions are also in line with the previous year (down 2%), with emissions totalling around 89,000 tonnes.

In terms of renewable energy, in 2019, Autostrade per l'Italia's photovoltaic plants produced 12.2 GWh of electricity, with approximately 40% consumed on site by the Company. This production enabled Autostrade per l'Italia to avoid 3,760 tonnes of CO2 emissions.

Autostrade per l'Italia also operates tri-generation plants, having built three such plants since 2014, producing around 6 GWh of electricity and heat a year. This enabled the Company to produce 2.7 GWh of electricity and 3.1 GWh of heat in 2019 for use at our Rome and Florence head offices and the data processing centre.

Waste

The total amount of waste produced in 2019 amounted to around 28 thousand tonnes, of which around 84% was recovered or recycled.

The figure is up 30% on 2018, reflecting the clean-up of two parking areas by the Udine Area Office.

Government and the community

Autostrade per l'Italia's commitment to the people of Genoa continued in 2019, with the disbursement of further grants to shops and businesses who have been hit by changes to the road network caused by construction of the new bridge, and the provision of scholarships for the children of five of the victims of the Morandi bridge tragedy. Further details are provided in the report on operations and on the website at www.autostrade.it in the section "Autostrade for Genoa".

The Autostrade per l'Italia Group works closely with communities and maintains constant dialogue with central and local government authorities throughout all stages of its operations. The Group's vital counterparties are the Ministries of Infrastructure, the Environment, Heritage and Culture and Tourism, parliamentary committees – during the discussion phase of new regulatory proposals for the sector – supervisory and monitoring bodies, and government-level technical organisations.

Also vital are relations with local stakeholders, regions and municipalities, as well as with government departments, in order to guarantee a shared approach to local planning for development. In the context of policies focused on local areas, growing importance is given to initiatives designed to promote local attractions, carried out via the "Sei in un paese meraviglioso" ("You're in a wonderful country") project¹. This project is designed to encourage road users to explore what Italy has to offer, above all places that are usually off the beaten track. The project involves information stands at 100 motorway service areas, promoting a range of itineraries and more than 1,000 places, including 42 Unesco sites.

(1) For more information on the "Sei in un paese meraviglioso" project, go to: <http://www.autostrade.it/sei-in-un-paesemeraviglioso>.

Suppliers

Autostrade per l'Italia's main suppliers are businesses that provide goods and services and those involved in the construction of new infrastructure and maintenance of the existing network, and companies that supply technology used in developing automated tolling systems and new safety and quality service standards for customers.

The process of selecting suppliers starts with a request for assessment of the financial, technical and organisational aspects of each supplier. Specific information on sustainability is also requested backed up by documentary evidence (e.g. sustainability reports, environmental reports, adoption of sustainability strategies, certification of processes and/or products, implementation of initiatives aimed at developing a socially responsible approach to planning and business management).

The award of construction, operation and network maintenance contracts to external companies takes place via public tenders, in which all bidders who meet the general and specific requirements provided for in the relative tenders may freely participate. Competitions are held in accordance with the relevant EU regulations in a fair and transparent way.

In implementation of the Company's ethical principles, all suppliers must commit to complying with the Group's Code of Ethics and Conduct on their own behalf and on behalf of any authorised sub-contractors, consultants and employees. In addition, suppliers are required to meet a series of social and environmental obligations relating, for example, to occupational health and safety and environmental protection, such as the methods used for disposing of waste and scrap. In order to ensure that suppliers comply with their obligations regarding sustainability, a number of specific audits and training and awareness raising initiatives have been carried out.

2.10

Risk management

Due to the nature of our business, consisting of complex processes (e.g. the design and construction of motorway infrastructure, including new works and preventive and improvement maintenance,) Autostrade per l'Italia is exposed to risks that can potentially have a material impact on the Company's financial performance. This primarily refers to financial, operational and business continuity risks, and the strategic risks linked to developments in the legislative and regulatory frameworks.

Autostrade per l'Italia believes it is essential to mitigate these risks and the heads of the various departments, together with the Risk Officer, conduct specific risk analysis, assessment, management and monitoring. Risk Management is an ongoing process of analysis and assessment of the risks created by business activities or to which they are exposed. The aim is to guide the Company's decisions based on the chosen risk appetite (as set out in the Risk Appetite document approved in May 2019).

During 2019, the Company's senior management decided to launch a project aimed at making improvements to the risk management process (supported by a leading international firm specializing in managing the risks typical of the motorway sector and transport systems).

The purpose was:

- // to upgrade risk analysis and assessment systems, by adopting a new Enterprise Risk Management model;
- // to improve the degree of risk awareness among Risk Owners, by conducting specific management coaching sessions.

The main areas of risk identified by Autostrade per l'Italia in 2019 are described below.

Autostrade per l'Italia's main risks

Strategic risks linked changes in the legislative and regulatory framework

The market and the business in which Autostrade per l'Italia operates are subject to regulation by the Grantor, which may introduce changes to the regulatory framework that could have a negative impact on the Company's operating and financial performance.

Strategic risk	Risk factors	Mitigation strategy	Impacts
Regulatory	- Autostrade per l'Italia operates in a highly regulated environment, where the relationship with the Grantor is of strategic importance	- Autostrade per l'Italia overseas relations with the Grantor, intensifying its engagement with government and regulatory bodies - Autostrade per l'Italia takes a transparent, collaborative and proactive approach to sources of instability in the regulatory framework - The Company's legal affairs team analyses pending disputes and litigation, with a view to reducing the degree of risk and thus limiting the resulting impacts (of both a financial and legal nature)	- Changes in the rules governing the regulatory framework could have a major impact on the Company's operations, financial results and financial strength. In particular, if the Company were not able to retain title to the concession (or at the time of renewal / review, the conditions attaching to the new concession are less favourable than the current ones, this could have a negative impact on the future concession arrangement, on the value of the assets recorded in the accounts and on the operating results

Operational risk	Risk factors	Mitigation strategy	Impacts
Management of the existing network / preventive and improvement maintenance of infrastructure	The nature of the infrastructure, consisting of over 3,000 km of motorway operated by Autostrade per l'Italia, and the need to ensure the regular circulation of motorway traffic expose the Company to unforeseen circumstances that can have a negative impact on assets (infrastructure and equipment)	The Company adopts technical and organisational solutions, allocating sufficient resources to ensure the safety of the infrastructure and equipment so as to guarantee the circulation of traffic - The Company focuses closely on safety aspects. In 2019, Autostrade per l'Italia, following a public tender, contracted a temporary consortium, consisting of Proger Spa, Bureau Veritas Nexta Srl, Tecno Piemonte SpA and Tecno Lab Srl, to conduct surveillance of the key motorway infrastructure we manage - ISO 9001 -Quality Management System (Design and management of the key services involved in motorway operations)	- Maintaining the best possible levels of traffic flow and safety on the motorways, and their upgrade (repair, improvement and modernisation), can have an impact on investment and any specific funding obtained

Operational risk	Mitigation strategy	Mitigation strategy	Impacts
Operational management of workplaces	<ul style="list-style-type: none"> - The Company's type of business exposes it to risks connected with the management of people and places of work 	<ul style="list-style-type: none"> - Workplace health and safety is a primary goal for Autostrade per l'Italia. The system of procedures and operating rules (defined and adopted in accordance with art. 30 of Legislative Decree 81/08) aims to reduce the negative impact on accidents - ISO 39001 – Road Traffic Safety Management System - BS OHSAS 180012 - Occupational Health and Safety Management System 	<ul style="list-style-type: none"> - The Company's decision to guarantee the very best conditions in terms of the management of personnel and workplace safety, driving improvements in performance by cutting injuries (through the use of the latest equipment and software, the provision of training and the organization of awareness building initiatives, etc.), can have an impact in terms of investment
Cyber-attacks	<ul style="list-style-type: none"> - The Company's organisational complexity and the large number of environments that make up the organisation (data regarding traffic, road conditions and financial records; people; and assets) expose Autostrade per l'Italia to systems failures and/or cyber attacks 	<ul style="list-style-type: none"> - The Company has adopted IT security standards and policies designed to guarantee that systems work smoothly and IT security (ref. security plans, and the disaster recovery and business continuity plans) - The presence of a Security Operations Centre (SOC) - ISO 27001 – Information Security Management System 	<ul style="list-style-type: none"> - Exposure to cyber-attacks could disrupt the business, with a potentially negative impact on the Company's financial performance
Climate change	<ul style="list-style-type: none"> - Extreme weather events and natural disasters expose the Company to the risk of damage to assets and infrastructure, with the resulting potential for the prolonged closure of the affected assets 	<ul style="list-style-type: none"> - The Company monitors the risk of weather events so as to anticipate them and carry out the necessary maintenance where required - When faced with extreme weather events, the Company implements a series of emergency procedures designed to protect road users - ISO 14001 – Environmental Management System 	<ul style="list-style-type: none"> - The effects of extreme weather events can have an impact on provisioning / costs linked to maintenance work to preserve the useful lives of assets, and on the operation of sections of motorway

(1)The temporary consortium, consisting of a pool of engineering companies specialising in the inspection and certification of infrastructure and materials, will provide this service until a contract for this type of activity has been awarded following a European tender process already organised by Autostrade per l'Italia and that is expected to be concluded by the end of 2020. The new consortium will work hand-in-hand with the new digital platform for the real-time monitoring of bridges and viaducts being developed by Autostrade per l'Italia in partnership with IBM. Testing of the new system began at the end of 2019 on a number of viaducts on Autostrade per l'Italia's network (the Bisagno viaduct on the A12 motorway in Liguria, and the Romano and Corvi viaducts, both on the A16 motorway in Puglia). The aim is to cover all 1,943 such assets by the end of 2020.

(2)The Company has brought the related documentation into line with the international standard, ISO 45001 - Occupational health and safety management systems.

Operational and business continuity risk

Given the specific nature of its business, Autostrade per l'Italia has identified and manages its operational and business continuity risks which, if not appropriately addressed, could expose the Company to business interruption and the resulting effects. These include risks linked to management of the existing motorway network (including the preventive and improvement maintenance of infrastructure), the management of potential cyber-attacks, and the risks linked to climate change.

Financial risk

Autostrade per l'Italia is exposed to various types of risk linked to financial management. If not appropriately mitigated, these risks could impact the Company's financial performance. Reference should be made to 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".

Compliance risk

Autostrade per l'Italia is exposed to various risks linked to breaches of legislation and/or regulations (article of association, Code of Ethics, Corporate Governance Code, etc.)

Compliance risk	Risk factors	Mitigation strategy	Impacts
Legislation and regulations	- The Company is engaged in constant compliance activity due to the many and complex changes to legislation (e.g. the Tenders Code, GDPR, etc.)	- The Company standardises conduct by interpreting the "substance" of the relevant legislation and regulations, ensuring the most efficient solution for the community	- Breaches of legislation and regulations can result in criminal, civil and administrative proceedings (with the potential for sanctions), and in financial and/or reputational damage that could have a negative impact on the Company's operations
Ethics	- The Company's employees / suppliers / partners could engage in conduct in violation of the Group's ethical principles (e.g. corruption, discrimination, conflicts of interest, etc.)	The Atlantia Group's Code of Ethics - The Atlantia Group's Code of Conduct - The Atlantia Group's Anti-corruption Policy - The Atlantia Group's Whistleblowing Policy - The 231 Organisational, management and Control Mode - ISO 37001 - Anti-bribery Management System	- Acts that contrast with the Group's ethical principles could damage the Company's image

2.11

Related party transactions

Information on related party transactions is provided in note 10.5 to the consolidated financial statements and note 9.3 to Autostrade per l'Italia's separate financial statements.

2.12

Significant regulatory aspects

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. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report. The most significant legal and regulatory implications arising from this incident are described below.

Correspondence with the Ministry of Infrastructure and Transport regarding the procedure for serious breach of the concession arrangement and the potential for a negotiated solution

As part of the procedure for serious breach of the concession arrangement initiated by the MIT in a letter dated 16 August 2018, Autostrade per l'Italia presented its counterarguments on 31 August 2018. This was followed by a series of exchanges between the MIT and Autostrade per l'Italia, in which the two parties reiterated their respective positions. As part of this process, on 3 May 2019, Autostrade per l'Italia submitted a detailed document presenting additional counterarguments to those expressed in its letter sent on 31 August 2018, providing precise responses to the Ministry's requests for clarifications, reaffirming that it had acted correctly at all times and reiterating its concerns and objections regarding the procedure for serious breach of the concession arrangement initiated by the Grantor. Autostrade per l'Italia expressed a willingness to provide further information if requested to do so.

On 4 June 2019, solely for precautionary purposes, Autostrade per l'Italia challenged the MIT's letter of 5 April 2019 before Lazio Regional Administrative Court. In this letter the Ministry, in connection with the allegation of a serious breach, speculates that the compensation provided for in art. 9-bis, part c.1 of the Single Concession Arrangement does not apply.

On 2 July 2019, following a request for access, the Grantor provided Autostrade per l'Italia with a copy of the report produced by the Cross-Institutional Working Group set up by the MIT. On the one hand, the report states that there is evidence to suggest the occurrence of "serious breaches", based on the alleged violation of the operator's obligations relating to the safety and maintenance of the infrastructure, whilst on the other, highlighting the

significant risks for the Grantor in engaging in a dispute with the Company, and obligation for the Government to pay a “a very large sum” in compensation. In conclusion, the report thus recommends the MIT to seek a negotiated solution to the dispute.

Having been made aware of the opinion of the Cross-Institutional Working Group, in a letter dated 5 July 2019, Autostrade per l'Italia, while challenging the observations made in the report regarding the Company's alleged breaches, at the same time proposed the start-up of talks with representatives of the MIT, the MEF and the Cabinet Office with a view to establishing the conditions for a negotiated settlement of the procedure for serious breach of the concession arrangement, without any acceptance of liability.

From July 2019, talks between the parties have continued without interruption, with numerous meetings between their respective representatives, and the submission of letters and proposals. Subsequent to these meetings, in a letter dated 28 November 2019, the Company, whilst confirming its objections to the allegations made against it as part of the procedure, formalised an initial proposal aimed at the reaching an agreed solution. In the above-mentioned letter of 28 November 2019, Autostrade per l'Italia also expressed its willingness to enter into discussions with the authorities regarding the possible agreed application, in accordance with principle of reasonableness, of the Transport Regulator's determinations. Following early reports in specialist news outlets regarding possible legislative measures to be taken in relation to the current concession arrangement, on 22 December 2019, Autostrade per l'Italia sent a memorandum to the MIT, with a copy sent to the Cabinet Office, indicating that if such an eventuality were to occur, this would trigger the contractual provisions in the arrangement governing termination.

The MIT, in a letter dated 22 January 2020, informed Autostrade per l'Italia that the proposal contained in the letter of 28 November 2019 raised numerous issues that did not enable the Ministry to accept it. In the same letter, the MIT thus requested a meeting with the Company to provide the necessary clarifications and enable changes to be made to the proposal.

After subsequent discussions with representatives from the Ministry of Infrastructure and Transport, in a letter dated 5 March 2020, Autostrade per l'Italia sent a new proposal in which - whilst confirming the objections raised - the Company reiterated its willingness, shared by Atlantia, to find an agreed and final solution to the dispute. In particular, Autostrade per l'Italia expressed its willingness to:

// revise art. 9 of the Arrangement to, on the one hand, provide for a clear definition of the serious breach and, on the other, regulate its consequences in line with the provisions contained in similar agreements concluded with major Italian infrastructure operators;

// undertake financial commitments, totalling €2,900 million, as broken down below:

a) an amount of €1,500 million to be allocated as follows: (i) for initiatives aimed at contribution to the country's development, consisting of toll reductions to be applied on the motorway sections included in the investment programme over the next five years; (ii) measures to benefit commuters, by liberalising tolls on the urban sections of the A7, A10 and A12 motorways, and (iii) further contributions to Italy's infrastructure development, to be used in the implementation of projects to upgrade the motorway network operated by Autostrade per l'Italia and/or its subsidiaries;

b) initiatives aimed at raising maintenance standards, in particular via a commitment to implement an improvement maintenance plan for the period 2019 - 2023, totalling €2 billion, an increase of €700 million on the financial plan presented by Autostrade per l'Italia in June 2018, and to be borne entirely by Autostrade per l'Italia;

c) without affecting the Company's previous commitment to bear the cost of construction of the new road bridge (including any ancillary expenses), estimated at €600m, an undertaking to make up to a further €100m available to the Special Commissioner to cover any additional reconstruction costs. In this context, and following the handover of the rebuilt bridge to Autostrade per l'Italia, the company would waive its legal challenges to the so-called Genoa Decree;

// to implement, as part of Italy's recovery strategy, a volume of investment amounting to €14.5 billion, marking an increase of €4 billion with respect to the proposed financial plan presented in June 2018, confirming, in this context, its willingness to review the Gronda di Genova project with a view to making further improvements;

// to undertake further commitments in terms of sharing inspection and work plans in order to resolve the main outstanding issues and regarding the assessment and monitoring of motorway sections;

// to submit the financial plan drawn up in accordance with the Transport Regulator's model by 30 March 2020, discussing its content by 31 July 2020, with a view to its agreed application, without prejudice to the fact that in the absence of an agreement Autostrade per l'Italia will be able to take action to protect its rights, and will continue to operate under the Arrangement, applying temporarily, and subject to reservations, the 1.93% toll increase proposed by the Grantor, which Autostrade per l'Italia deems inconsistent with the application principles of the Transport Regulator's model, adjusting it to the actual volume of agreed investment, until the applicable tariff regime and the related measures have been settled in court.

As part of this process, Autostrade per l'Italia explaining to the Minister of Infrastructure and Transport that the very difficult time Italy is going through - due to the health emergency caused by the spread of the Covid-19 pandemic and the consequent application of extraordinary measures to contain the spread - has exacerbated the deep uncertainty already created by the entry into force of art. 35 of the Milleproroghe legislation. In particular, Autostrade per l'Italia, in stating that this situation has helped to make its position even worse, reiterated its willingness to meet in order to find an agreed solution to the current dispute that, at a time of such difficulty for the country, would enable the parties overcome the critical issues described above.

After further discussions with representatives from the MIT, on 6 April 2020, Autostrade per l'Italia sent a letter to the Minister, summarising the terms set by the Ministry in order to conclude the procedure for serious breach of the concession arrangement, without the need to revoke the concession. In brief:

// with regard to the financial aspects, the Ministry is requesting an increase of the amount specified in the proposal of 5 March 2020 with a balanced distribution of the entire sum over the concession period;

// with regard to the contractual provision governing the alleged serious breach, the request is to identify future "catastrophic events" that may be attributed the operator, to which application of the provisions of art. 35 of the Milleproroghe legislation would apply once the operator's liability had been ascertained;

// finally, with regard to the tariff regime set out in the Transport Regulator's determinations, Autostrade per l'Italia is requested to accept the Regulator's tariff regime and, as a result, withdraw its legal challenges.

The Company thus requested a meeting to complete a final draft of the possible agreement, to be submitted to decision-making bodies, whilst indicating that it would submit its financial plan well in advance of the extended deadline, albeit with all the necessary reservations, in accordance with the Transport Regulator's Determination 71/2019.

In spite of the adverse situation described above, on 8 April 2020, Autostrade per l'Italia sent the Grantor an updated version of the financial plan for the period 2020-2024, in the hopes of, at the same time, arriving at a certain and effective legal and regulatory framework. The company also stated that submission of the financial plan does not imply acceptance of the legislative provisions, the Transport Regulator's determinations or the measures relating to the new tariff regime, all of which are subject to legal challenges before the courts and have not been withdrawn at this stage. Autostrade per l'Italia thus concluded with the hope that a fair and constructive dialogue would take place on the updated financial plan, and that the Regulator's determinations would be applied in a reasonable manner. In a letter also dated 8 April 2020, Atlantia and Autostrade per l'Italia wrote to representatives of the Government requesting the start of discussions with a view to concluding a final agreement.

In a letter dated 21 April 2020, the Grantor provided an initial response to the proposed updated financial plan, requesting certain additional information.

Legal challenges brought by the company before Liguria Regional Administrative court against the actions taken by the Special Commissioner pursuant to Law Decree 109/2018

Between December 2018 and January 2019, Autostrade per l'Italia brought a number of legal challenges against the actions taken by the Special Commissioner for the reconstruction with regard to the following: (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 were taken on the basis of Law Decree 109/2018, which the Company has contested with regard to the fact that it contains numerous breaches of EU and constitutional law.

Following the hearing of 22 May 2019, in four injunctions published on 6 December 2019, deeming the issues of constitutional legitimacy raised by Autostrade per l'Italia to be relevant and not manifestly unfounded, Genoa Regional Administrative Court asked the Constitutional Court for a preliminary ruling on the matters raised.

First of all, the Regional Administrative Court noted that, with regard to the contested legislation, the legislator had intervened with no valid reason within the framework of the contractual relationship, to which the company was and still is a party, “authoritatively affecting the latter’s obligation/right to carry out any activity relating to the demolition and reconstruction of the bridge”. The Regional Administrative Court acknowledged that in the context of this contractual relationship the parties (Grantor and Operator) “have an equal contractual position”. Furthermore, the Regional Administrative Court confirmed that “the obligation to ensure that the infrastructure operated under concession in serviceable through timely maintenance and repair regards any repair initiative relating - it should be noted - to the entire infrastructure, not just the Polcevera road bridge which, compared to the extent of the road under concession, is only a small part. Therefore, as AUTOSTRADE PER L’ITALIA is under an obligation, it must also be considered that Autostrade per l’Italia has the right to fulfil this obligation, taking into account the particular importance - including with regard to non-financial aspects (in terms of professional credibility, for example) - that the performance of such services has in relation to the legal situation of the debtor”.

The Regional Administrative Court then found that the exclusionary measures taken against Autostrade per l’Italia were implemented in the absence of any appropriate and complete investigation, and are not based on any alleged liability of the company for the collapse of the Polcevera road bridge, “which has not been ascertained, even circumstantially”. The contested legislation are based on “mere suspicion” and “on a hypothetical and uncertain assumption” since, as the court correctly stated, the alleged liability of the company “has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded”.

The Regional Administrative Court also noted the “punitive” nature of the contested legislation, highlighting how they have affected the rights expressly granted to the company by the concession arrangement, and resulted in an unjustified restriction of the company’s freedom of financial initiative, without, on the other hand, “appreciably benefiting the activities of the Special Commissioner” or the public interest in the rapid reconstruction of the infrastructure. In the absence of investigations to prove the company’s liability for the incident, the legislation was, therefore, deemed unjustified “by the need to protect constitutional interests”.

The Regional Administrative Court highlighted the unreasonableness and lack of proportionality of the legislation which, “on the one hand, deprive the debtor of the right to perform the service due, without in the meantime having ascertained - at least as a precautionary and circumstantial measure or even only as an administrative procedure - any breach of contract, and on the other hand, also requiring the company to pay the cost of the works, which are also determined by other parties. This is even more true after taking into account the guarantees provided for in articles 8, 9 and 9-bis of the Concession Arrangement”.

With regard to the breach of contract, the Regional Administrative Court also established that, in accordance with the provisions of the Concession Arrangement, the procedural provisions contained therein should be complied with, which, in particular, establish the need for a prior investigation by the Grantor of the Operator’s serious breach of the concession arrangement, by setting a deadline to fulfil contractual obligations (art. 8) within which the Operator,

following warnings from the Grantor, is able to fulfil these contractual obligations, and only in the event of continuous non-fulfilment may the Grantor activate the procedure regarding forfeiture of the concession (art. 9). “Therefore”, according to the Regional Administrative Court, “even a continued breach of contract is insufficient, and the Grantor must undertake an administrative procedure (sending notice of a breach of contract), within which the Operator may exercise its rights under art. 10 of Law 241/90. Only if a further notice of breach of contract is issued in the event of a further breach of contract within the specified period, and in any case not less than 60 days, is it possible, under the above conditions, to declare the forfeiture of the concession”.

Finally, the Regional Administrative Court found that not even supposed precautionary requirements could have justified the adoption of the contested legislation, as in any event it would have been necessary to determine liability “through the judicial bodies authorised to do so and after an appropriate trial” or, at least, “the use of an appropriate procedural form to guarantee the right of defence and an effective adversarial process” for the company, as required by the constitutional principles set out in articles 24 and 111 of the Constitution.

In another respect, the Regional Administrative Court stated that “it is impossible to infer from the disputed provisions why public interest in a more rapid reconstruction of the infrastructure, set out in the preamble to Law Decree 109/2018, would have been better safeguarded by removing responsibility for reconstruction from the current operator, rather than allowing the latter to do so within the framework of the obligations provided for under the Single Concession Arrangement”.

Subsequently, on 5 January 2020, the authorities - the Cabinet Office, the Ministry of Infrastructure and Transport and the Special Commissioner for the Reconstruction - challenged Liguria Regional Administrative Court’s rulings before the Council of State. The challenges were restricted to the headings of the rulings on the preliminary questions proposed by the authorities, while no observations were made regarding the referral to the Constitutional Court of the constitutional legitimacy issues raised by Autostrade per l’Italia. Autostrade per l’Italia appeared before the Council of State on 17 March 2020.

The Regional Administrative Court’s rulings were published in the Official Gazette on 1 April 2020 and Autostrade per l’Italia has deposited its memorandum of appearance with the Constitutional Court.

Law Decree 162 of 30 December 2019 (the so-called Milleproroghe legislation)

On 31 December 2019, Law Decree 162 of 30 December 2019 (the so-called Milleproroghe legislation, later converted into Law 8 of 28 February 2020), was published in the Official Gazette. The Law Decree introduced two provisions that have a direct impact on motorway operators, amending the terms and conditions in current arrangements.

Art. 13 provides for postponement of the deadline for increasing motorway tolls for 2020 for operators whose regulatory period had expired when it came into force, until the procedure for revising the operators' financial plans, drawn up in accordance with the Transport Regulator's resolutions, has been completed. Specifically, paragraph 3 states that: "For operators whose five-year regulatory period has expired, the deadline for increasing motorway tolls for 2020 has been postponed until the procedure has been defined for revising the financial plans prepared in compliance with the resolutions adopted pursuant to art. 16, paragraph 1 of Law Decree 109 of 2018, by the Transport Regulator, pursuant to art. 37 of Law Decree 201 of 6 December 2011, converted, with amendments, into Law 214 of 22 December 2011. By 30 March 2020, the operators are to submit proposals to the Grantor for revising their financial plans, to be reformulated in accordance with the above regulations, which annul and replace any previous update proposals. The update of the financial plans submitted by the deadline of 30 March 2020 must be completed by 31 July 2020 at the latest".

Art. 35, on the other hand, has introduced new regulations regarding termination of the concession for a breach of the arrangement by the Operator, providing for: on the one hand, pending completion of the tender to award the concession, the possibility of for Anas to provisionally manage the concession; and, on the other, new criteria for calculating the compensation due to an operator in the event of early termination of the concession due to a breach of the arrangement, which would result in a significantly lower amount than the one provided for in the existing Single Concession Arrangement. Specifically, art. 35 has established that "revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways, whilst awaiting the conduct of the tender process for the award of the concession to a new operator, during the period strictly necessary for the operator's selection, ANAS Spa, in implementation of article 36, paragraph 3 of law Decree 98 of 6 July 2011, converted, with amendments, into Law 111 of 15 July 2011, may assume responsibility for managing the related motorways, and carry out routine and non-routine maintenance and investment in upgrades. This is without prejudice to any provisions in the concession arrangement that exclude payment of compensation in the event of early termination of the concession arrangement, and has no effect on ANAS Spa's right, in order to carry out the activities referred to in the first paragraph, to acquire any designs produced by the outgoing operator against payment of a fee based on the design costs alone and any intellectual property rights, as defined by art. 2578 of the Civil Code. The Minister of Infrastructure and Transport, in agreement with the Minister of the Economy and Finance, shall issue a decree governing the purpose and the procedures to be adopted for the provisional management of the concession by ANAS Spa. If termination of the concession is due to a breach on the

part of the operator, art. 176, paragraph 4(a) of Legislative Decree 50 of 18 April 2016 shall apply, replacing any non-compliant substantive and procedural provisions in the concession arrangement, even if approved by law, which are to be considered null and void in accordance with art. 1419, paragraph two of the Civil Code, without there being, as a result of this measure, any termination by law. Effectiveness of the revocation, forfeiture or termination of the concession is no longer subject to payment by the grantor of the sums provided for in the above art. 176, paragraph 4(a).".

Autostrade per l'Italia asked a number of experts in EU and constitutional law, and leading professionals in the field to provide opinions on the lawfulness or otherwise of the provisions contained in articles 13 and 35 of the Milleproroghe Decree, and on the validity and effectiveness of the provisions of the concession arrangement that are inconsistent with the above legislation (which the Milleproroghe Decree refers to as "null and void"), with particular reference to the one governing forfeiture of the concession for breach of contract by the operator and the compensation due to the operator. All the above opinions deemed that the provisions in the above legislation were unlawful with regard to numerous procedural and substantive aspects, as they are in breach of EU principles, including those of legal certainty ("pacta sunt servanda") and legitimate expectations, as well as with constitutional principles, with regard to, among other things, articles 3 (reasonableness), 41 (freedom of enterprise) and 43 (prohibition on expropriations with no public benefit and without compensation), and 102 and 104 (legislative interference in cases subject to pending litigation) of the Constitution. Similar issues of conflict with EU and constitutional law were raised with regard to art. 13 in the legal challenges filed before Lazio Regional Administrative Court by Autostrade per l'Italia, contesting the measures implementing the provisions of the legislation.

With regard to art. 35 of the Milleproroghe Decree, Autostrade per l'Italia has asked Lazio Regional Administrative Court to rule on whether articles 8, 9 and 9-bis of the Concession Arrangement are still valid and in force, as described in more detail below.

Based on the developments: (i) talks with the MIT, the Ministry of the Economy and Finance (the "MEF") and the Cabinet Office, and (ii) the legislative and/or regulatory framework, including with regard to the eventual outcome of the challenges contesting the provisions contained in the Milleproroghe Decree, Autostrade per l'Italia will, in any event, have the option of exercising all the rights granted to it under the terms of the concession arrangement, as confirmed by the opinions provided by the Company's legal advisors.

Application for a ruling from Lazio Regional Administrative Court on the validity and effectiveness of articles 8, 9 and 9-bis of the Concession Arrangement

Following enactment of the law converting Law Decree 162 of 2019, Autostrade per l'Italia filed a legal challenge with Lazio Regional Administrative Court to ascertain - subject to disapplication of art. 35 of the Law Decree, or referral of questions of interpretation of European law and incidental matters of constitutional legitimacy - that articles 8, 9 and 9-bis of the Single Concession Arrangement governing Autostrade per l'Italia's concession are still valid and in force. The Company has asked the Court to rule on the validity and effectiveness of articles 8, 9 and 9-bis, subject to disapplication of art. 35, due to it being breach of the EU Treaty (legal certainty and legitimate expectations), the EU Charter of Fundamental Rights (the right to property), and numerous constitutional norms.

Subordinate to the request for the direct disapplication of national legislation that contrasts with EU law, the application requests:

// the Court to refer the prejudicial issue of whether articles in the EU Treaty would prevent application of art. 35 to the European Court of Justice;

// to rule on the validity and effectiveness of articles 8, 9 and 9-bis, following prior consideration of the issue of the constitutional legitimacy of art. 35 with particular reference to art. 77 (lack of consistency), art. 3 (legal certainty and legitimate expectations) and art. 43 (the right to and the protection of property).

On 3 April 2020, the Company filed an application for the legal challenge to be accelerated and for a hearing for discussion of the case to be held as soon as possible.

At the date of preparation of this Annual Report the case is pending.

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, on 9 December 2019 the preliminary investigating magistrate accepted a request to extend the deadline for filing the expert technical report, initially scheduling the related hearing for discussion on 22 April 2020. In a subsequent order, issued 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 preliminary investigating magistrate (i) accepted a further request for an extension of the deadline for filing the expert report to 14 June 2020, and (ii) adjourned the hearing of 22 April 2020 to the previously scheduled hearing of 18 May 2020, solely for the purpose of appointing and swearing in a new technical expert.

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 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 investigation involves four Autostrade per l'Italia managers suspected of carrying out the offences pursuant to articles 110 (aiding and abetting), 81 (continuing offence), 356 (public procurement fraud) and 432 (endangerment of transport safety) of the criminal code. According to the charge, these barriers are dangerous as they are at risk of overturning, partly due to the effects caused by wind. The investigators also allege fraudulent behaviour with regard to the contractual relationship with the Grantor.

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 adjourned until 3 July 2020 following the issue 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".

Transport Regulator (ART) - Tariff regimes

On 29 March 2019, Autostrade per l'Italia - alongside other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica - lodged an appeal before the Piedmont Regional Administrative Court against Resolution 16 issued by the Transport Regulator ("ART") on 18 February 2019. The legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes relating to Autostrade per l'Italia's Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. Moreover, the Company took part in the relevant consultation process, challenging the scope of application of the tariff regime drawn up by ART - on the basis of the same arguments presented in the above legal challenge - and submitting its observations on the related operational and financial aspects.

In Determination 71 of 19 June 2019, ART announced its decision "to approve..... a toll regime based on the price cap method with five-yearly determination of the productivity measure X for the Single Concession Arrangement between ANAS SpA and Autostrade per l'Italia SpA ...". Compared with the formula currently used during the annual review of Autostrade per l'Italia's tolls, in which 70% of the increase to the average unit toll applied is made of the real inflation rate, the "X" component providing a return on investment carried out under the IV Addendum to the Concession Arrangement of 1997 and the "K" component that covers works decided on after 2007 ($\Delta T = 70\% \Delta P + X \text{ Investment} + K$), the new tariff regime introduced by ART Determination 71/2019, redefines the average unit toll, calculating it on the basis of three separate components: "Opex", "Construction" and a remaining item "Additional Expenses" ($T = T_g + T_k + T_o$). In more detail:

a) "Opex Component" primarily designed to recover operating costs, estimated with reference to the so-called "base" year and adjusted annually on the basis of:

- (i) 100% of the target inflation rate;
- (ii) the above "X" productivity indicator or efficiency indicator, the latter established by ART for every five-year regulatory period;
- (iii) penalties/bonuses relating to quality of service;

b) the "Construction Component" designed to cover the cost of capital (depreciation and a return on Net Invested Capital attributable to assets to be handed over to the grantor at the end of the concession term) and divided into:

- (i) a sub-component relating to assets to be handed over that have either been completed or are in progress (remunerated at an internal rate of return used under the previous tariff regime in application of the so-called safeguard mechanism);
- (ii) a sub-component relating to assets to be handed over that have to be built (remunerated at a WACC fixed every five years by ART);

c) the "Additional Expenses Component", which covers specific costs that the operator is required to pay to the State or to other previously identified entities.

Autostrade per l'Italia thus appealed on additional grounds against ART Determination 71/2019, citing the same reasons as noted above.

The other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrada Tirrenica, also appealed on additional grounds against the specific determinations relating to them issued by ART. The appeals are still pending.

Toll increases for 2019

A decree issued by the Ministry of Infrastructure and Transport (the “MIT”) and Ministry of the Economy and Finance (the “MEF”) on 31 December 2018 set the toll increase to be applied on the Autostrade per l’Italia network at 0.81% (instead of the 0.87% requested by the company), deferring its application until 1 July 2019, unless otherwise agreed by Autostrade per l’Italia and the Grantor. Implementation of this deferral reflects the willingness of Autostrade per l’Italia and other motorway operators to postpone application of the net toll increase for a period of six months.

The increase of 0.81% included a component - equal to 0.43% - designed to compensate for the discounts applied to tolls for frequent motorway users in 2018 under the agreement between the MIT, AISCAT and motorway operators.

The willingness to postpone the toll increase was presented by Autostrade per l’Italia with the aim of entering discussion with the Grantor regarding a number of major issues. In this regard, the Grantor, in a letter dated 31 December 2018, announced that it would shortly schedule specific meetings. Regarding the shortfall in the increase with respect to the requested amount, equal to 0.06% (relating to the “X” component), Autostrade per l’Italia has reserved the right to produce additional documentation with the aim of obtaining the remaining increase.

Following further talks between Autostrade per l’Italia and the MIT, and after specific requests were made by the Grantor, during 2019 the company announced and then temporarily extended postponement of the toll increase, with the tolls charged to road users remaining unchanged through to 31 December 2019.

In response to the Grantor’s request of 19 December 2019 to further extend the suspension of the 2019 toll increase, in a letter dated 27 December 2019 Autostrade per l’Italia expressed its willingness to meet the request, without prejudice to the company’s right to apply the increase at any time and at its sole discretion. Such willingness was based on the assumption that the Grantor’s request was part of the ongoing discussions aimed at finding a negotiated solution to the procedure alleging a serious breach of the concession agreement brought by the Grantor on 16 August 2018, whilst reaffirming that the suspension is a voluntary initiative on the part of the company, which is not based on any legal or contractual obligation.

At present, partly due to the crisis that has arisen in Italy following the spread of the Covid-19 virus, Autostrade per l’Italia has extended the suspension of application of the 2019 toll increase until 30 June 2020.

The MIT and MEF issued decrees on 31 December 2018 determining toll increases with effect for the other operators in 2019, as follows:

- a) in Raccordo Autostradale Valle d’Aosta’s case, the toll increase is 6.32%, in line with its request. The decree acknowledges that the company, in a memo dated 27 December 2018, had accepted the Grantor’s request and announced its willingness to suspend the toll increase effective 1 January 2019 for residents/commuters in the Val d’Aosta area who have and who have registered to participate in the initiative;
- b) in Tangenziale di Napoli’s case, a toll increase of 1.82% has been granted, compared with a request for 1.21%. Despite the increase being higher than requested, the company has filed a legal challenge, citing the failure to take into account certain investments;
- c) in Autostrada Tirrenica’s case, compared with a requested increase of 36.41%, taking into account the difference between the requested increase and the amount allowed by the Grantor in the period 2014-2018, interministerial decree 564 of 31 December 2018 issued by the MIT and the MEF did not grant any toll increase in view of the ongoing EU infraction proceedings (no. 2014/4011) against the Italian state with regard to its extension of the concession. The company has filed a legal challenge contesting the decree;
- d) in Autostrade Meridionali’s case, no toll increase was granted with respect to the requested 1.20%, as the concession had expired on 31 December 2012. The company has challenged this determination.

In the case of Traforo del Monte Bianco which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel awarded a toll increase of 1.78% for 2019. This is based on the average of the inflation rates registered in Italy (1.57%) and France (1.98%), plus 0.95% linked to the extraordinary increase for the Frejus Tunnel and also applied to Traforo del Monte Bianco.

Toll increases for 2020

With regard to the toll increase that should have come into effect from 1 January 2020, the Grantor informed Autostrade per l’Italia that, “having completed its review” of the request for toll increases for 2020, “and in view of the provisions of Article 13 of the Milleproroghe Decree” of 31 December 2019, “no toll increase would be applied from 1 January 2020”. Moreover, given the willingness Autostrade per l’Italia expressed in its letter of 27 December 2019 to further extend the initiative to suspend the toll increase for 2019 - without prejudice to the company’s right to apply the increase at any time and at its sole discretion - with the above determination, the Grantor notified that the toll increase for 2019 would also not be applied.

With regard to the provisions of the Milleproroghe Decree, including the above-mentioned art. 13 and its effects, reference should be made to the relative paragraph in this section. Autostrade per l'Italia's request for a toll increase for 2020 submitted on 15 October 2019 amounted to 1.21% (0.84% corresponding to 70% of the inflation rate, and 0.37% to the "X" component), which the Grantor, after conducting its review, had reduced by 0.02% due to ineligible costs relating to investment, initially resulting in an overall increase of 1.19%.

Autostrade per l'Italia appealed against the Grantor's decision to freeze tolls before the Lazio Regional Administrative Court, challenging its legitimacy on a number of grounds, claiming in particular that the Grantor's determination:

- // was adopted in contravention of the Arrangement and Legislative Decree 355/2003, as amended, which expressly provide for the determination of annual toll increases, and the adoption of a decree signed by the MIT in agreement with the MEF;
- // is inconsistent with the Grantor's review – accessed by the company – which recognised the toll increase of 1.19%;
- // in execution of art. 13 of the Milleproroghe Decree, unilaterally and coercively amends the regulatory and contractual provisions, contrary to the constitutional and EU principles of legal certainty and legitimate expectations.

With reference to art. 13 of the above Decree, the legal challenge raises questions of constitutional legitimacy, particularly with regard to art. 77 of the Constitution (lack of consistency, in terms of both content and purpose), and to Articles 102 and 104 (legislative interference in cases subject to pending litigation), as well as in relation to the constitutional provisions and EU legislation that protect the above principles of legitimate expectations and legal certainty.

Moreover, in determinations issued on 31 December 2019, the Grantor also notified Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica that, in view of the provisions of the disputed Article 13 of the Milleproroghe Decree of 31 December 2019, "no toll increases would be applied from 1 January 2020". It should be noted that, under the agreements in force, Raccordo Autostradale Valle d'Aosta had submitted a proposal to increase tolls by 6.51%, Tangenziale di Napoli by 1.33%, and Società Autostrada Tirrenica by 41.03%, taking into account the difference between the companies' requests and the amounts recognised by the Grantor for the years 2014-2019. All of the above companies have brought an action to have the Grantor's provisions annulled, for similar reasons to the action brought by Autostrade per l'Italia.

With regard to Autostrade Meridionali, which had submitted a proposal for a 2.41% increase, in a memo dated 31 December 2019, the Grantor, taking into account that the increase for 2019 had not been granted, forwarded the decree adopted on the same date by the MIT and the MEF, which ruled that no increase would be applied, given that the transitional financial plan – which governs the contractual relationship for the period after the agreed expiry of the Arrangement in 2012 – has not yet been approved. Autostrade Meridionali has also challenged this decree.

In the case of Traforo del Monte Bianco, which operates under a different regulatory regime based on a bilateral agreement between Italy and France, an increase of 1.54% was applied, corresponding to the sum of 0.59% (representing to the average inflation rate recorded in Italy and France from 1 September 2018 August to 31 August 2019), and an additional extraordinary increase of 0.95% based on the principle of application of parallel increases to be agreed upon for the Frejus and Mont Blanc tunnels requested by the Frejus company and also applicable to the Italian company, Traforo del Monte Bianco, regarding which allocation of the higher revenues should be defined.

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

On 15 June 2018, Autostrade per l'Italia submitted a proposal to the Grantor regarding a five-year update of its financial plan, which the Grantor has not yet approved, citing, among other things, with a determination of 4 December 2018, the regulatory powers attributed to the Transport Regulator by Legislative Decree 109/2018.

With regard to this position taken by the Grantor, Autostrade per l'Italia has filed:

- // an extraordinary appeal to the Head of State, notified on 24 March 2019, requesting annulment of the determination of 4 December 2018 by which the Grantor, acknowledging the delay in approval of the updated financial plan submitted by Autostrade per l'Italia, due to a change in the regulatory framework, has de facto halted its approval;
- // an appeal, notified on 14 June 2019, before Lazio Regional Administrative Court, requesting a ruling on the unlawfulness of the Grantor's failure to respond to the proposed update of Autostrade per l'Italia's financial plan for the regulatory period 2018-2022.

In relation to the latter ruling, on 2 December 2019, Lazio Regional Administrative Court handed down a judgement upholding it, which established that the Grantor must issue an express determination within 30 days.

The Attorney General's Office challenged the judgement before the Council of State. In a subsequent letter dated 3 January 2020, the Grantor, in compliance with the above ruling of the Regional Administrative Court, informed Autostrade per l'Italia that the proposal to update the financial plan submitted on 15 June 2018 "is unacceptable". These reasons were given: (i) the proposal submitted would not implement ART Determination 71/2019; (ii) application of the new regime introduced by the Transport Regulator would be a qualifying and essential element of the concession relationship; (iii) art. 13 of the Milleproroghe Decree would require operators to submit new proposals for updating their financial plans on the basis of ART determinations, entailing cancellation of the plans already submitted, by 30 March 2020. Autostrade per l'Italia filed an appeal before Lazio Regional Administrative Court, challenging the legitimacy of the determination implemented by the Grantor in the above letter dated 3 January 2020 on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the Law Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. The case is pending. Subsequently, in a memo dated 20 March 2020 and sent to all motorway operators, citing art. 103 of Law Decree 103 of 17 March 2020, which, as part of the measures adopted to cope with the emergency arising from the spread of the Covid-19 virus, "established the suspension of deadlines for administrative proceedings and regulated the effects of expiring administrative measures", the Grantor announced, with regard to the application of art. 13 of Legislative Decree 162/2019 that "the deadline of 30 March 2020 for submission of financial plans should be deemed automatically postponed in accordance with the provisions of the above law". With regard to the provisions of the Milleproroghe Decree, including the aforementioned art. 13 and its effects, reference should be made to the relevant paragraph in this section.

Agreement between the Ministry of Infrastructure and Transport, ANAS and Autostrade per l'Italia relating to the Casalecchio Interchange

The II Addendum to Autostrade per l'Italia's Single Concession Arrangement, governing the inclusion of the Casalecchio Interchange - Northern section among Autostrade per l'Italia's investment commitments, was signed on 22 February 2018. On 18 July 2019, the Grantor communicated the signature of the Agreement between the Grantor, ANAS and Autostrade per l'Italia, governing Autostrade per l'Italia's payment of approximately €155 million to ANAS in return for construction of the Northern Section of the Casalecchio Interchange. The amount will then be recouped through the specific K tariff component.

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, on 15 April 2016, Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and Bologna City Council signed an agreement for the upgrade of the existing motorway system/ring road interchange serving the city of Bologna. Further discussions and an in-depth review at the request of the Ministry then resulted in the production of a revised design to be included in an addendum to the agreement of 15 April 2016, signed on 6 November 2019.

Legislation concerning tenders and concessions

Law 55 of 14 June 2019 has extended until 31 December 2020 the transitional period for compliance with the new requirements introduced by art. 177 of Legislative Decree 50/2016, which requires existing motorway concession holders to award 60% of any contracts for works by public tender. With regard to the legal action challenging the lawfulness of the Interpretation Guidelines for art. 177, on 27 June and 3 July 2019, Lazio Regional Administrative Court ruled that the challenges brought by AISCAT and the operators, including Autostrade per l'Italia, were inadmissible as they did not meet the requirement that the Guidelines would cause immediate harm. The judgement has been appealed before the Council of State, where judgement is pending.

Concession for the A3 Naples-Pompei-Salerno motorway

Award of the concession for the A3 Naples - Pompei - Salerno motorway

In 2012, the MIT issued a call for tenders for the new concession for the A3 Naples - Pompei - Salerno motorway. Following the Council of State judgement confirming the disqualification of two competing bidders, Autostrade Meridionali and the SIS Consortium, on 9 July 2019 the Grantor, the MIT, informed Autostrade Meridionali that, in awarding the concession, the Ministry from then on intended to use the negotiated procedure permitted by art. 59, paragraph 2.b) and paragraph 2-bis of Legislative Decree 50/2016 (the Tenders Code).

On completion of the assessment of the bids submitted by Autostrade Meridionali and the SIS Consortium, on 4 February 2020, the MIT announced that the concession for the A3 Naples-Pompei-Salerno motorway had been provisionally awarded to the SUI Consortium, by executive order No.23 on 4 February 2020. The Ministry also specified that "the award will be effective, pursuant to art. 32, paragraph 7 of Legislative Decree 50 of 18 April 2016, as amended, once confirmation that the winning bidder meets the related legal requirements has been completed, and one the winning bidder has received notice of any requirements imposed by the European Commission in accordance with art. 7-nonies of Directive 1999/62/EC, as amended.

On 3 March 2020, Autostrade Meridionali appealed to the Campania Regional Administrative Court against the decision to award the SIS Consortium the contract, requesting its cancellation after suspension of the award. At a hearing on 25 March 2020, the judge did not grant the precautionary suspension requested by Autostrade Meridionali and scheduled collective discussion of the precautionary phase for a hearing on 22 April 2020. At this hearing, having noted the submission of a cross-appeal by SIS, requesting the disqualification of Autostrade Meridionali's bid, the hearing on the application for injunctive relief was adjourned until 13 May 2020.

Adoption of Autostrade Meridionali's financial recovery plan

In connection with the legal action brought by Autostrade Meridionali in relation to the failure to adopt a financial plan for the period following expiry of its concession, the Council of State judgement published on 30 November 2016 found in the company's favour, requiring the Grantor to adopt a viable financial plan.

Subsequently, not having received approval of the proposed financial plans submitted by Autostrade Meridionali to the Grantor (the latest on 24 May 2019), on 25 October 2019, the company brought a new action before Campania Regional Administrative Court, contesting the Ministry's failure to respond to the proposed financial plan for the period 2013-2022.

In this context, On 30 October 2019, CIPE Resolution 38/2019 was published. This sets out criteria for the assessment and definition of financial relations with motorway operators, exclusively regarding the period between the expiry date of the concession and the actual date it is taken over by the new operator.

In a subsequent letter of 13 November 2019, the Ministry of Infrastructure and Transport requested Autostrade Meridionali to prepare and submit, by 25 November 2019, a special transitional Financial Plan regarding the period from 1 October 2013 until the new operator of the A3 Naples - Salerno takes over, in accordance with the criteria established by the above CIPE Resolution 38/2019.

The latter introduces a method for calculating the Return on Net Invested Capital (NIC), as well as any imbalance between revenue and eligible costs. This new method penalises Autostrade Meridionali and is not provided for in any previous legislation or regulations, and is also "special" as it only applies retroactively to expired concession relationships. In challenging the content of the resolution, and recalling the regulations established in the Single Concession Arrangement, in a memo sent to the Grantor on 22 November 2019, Autostrade Meridionali submitted its financial plan for the period 2013-2022, drawn up in compliance with the criteria set out in the previous CIPE resolution 37/2007 and consistent with the Single Concession Arrangement signed in July 2009.

In a subsequent legal challenge, filed with Lazio Regional Administrative Court on 31 December 2019, Autostrade Meridionali requested that the Grantor's determination of 13 November 2019 and the relevant CIPE resolution be set aside. The case is currently pending before Lazio Regional Administrative Court, where the company has switched the action initially brought

before Campania Regional Administrative Court, which ruled that it did not have jurisdiction on 29 January 2020. The pre-trial hearing is awaited, at which a date for the hearing on the merits of the case will be set.

Given the above, Autostrade Meridionali believes that there is no basis for recognising the impact of CIPE Resolution 38/2019 in its accounts, as it has filed an appeal requesting that the MIT's determination and the resolution be set aside.

However, should the resolution be implemented retroactively from 1 January 2013, this would have a significant impact on Autostrade Meridionali's operating and financial performance.

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

In a ruling dated 18 September 2019, European the Court of Justice set out the proceedings brought by the European Commission challenging the extension from 2028 to 2046 that was granted to Autostrada Tirrenica ("SAT") under the Single Concession Arrangement signed on 11 March 2009. In particular, the Court of Justice rejected the European Commission's appeal in which it challenged the legitimacy of the extension of the concession for the Cecina-Grosseto and Grosseto-Civitavecchia sections of the A12 motorway, thus confirming the legitimacy of the extension to 2046 for these sections. However, the Court upheld the appeal with regard to the Cecina-Livorno section, for which the expiry date was put back to 2028.

Previously, SAT had told the MIT it was willing to identify shared solutions that could support investments of common interest, developing possible intervention scenarios and defining concession periods in order to find a proactive solution to the problem. In the light of the Court of Justice's clarification, SAT has reassured the MIT of its willingness to find a shared solution.

Subsequently, Law 8 of 28 February 2020, converting the Milleproroghe Decree, introduced art. 1-ter (art. 35 of the Milleproroghe Decree relating to provisions regarding motorway concessions) with which, on the one hand, art. 9 of Law 531 of 1982, which authorised SAT to build the Livorno-Grosseto-Civitavecchia motorway, was repealed, and on the other hand, on the basis of the current agreement, SAT was made exclusively responsible for management of the sections of the A12 motorway already open to traffic (Livorno-Grosseto-Civitavecchia), as well as the review of the current agreement with the MIT, taking into account the regulations regarding public contracts and in compliance with the Transport Regulator's determinations. In particular, art. 1-ter states that "Article 9 of Law 531 of 12 August 1982 has been repealed. Consequently, until 31 October 2028, Autostrada Tirrenica, pursuant to the Single Concession Arrangement signed on 11 March 2009, will exclusively manage the sections of the A12 Livorno-Grosseto-Civitavecchia motorway link that were open to traffic on the date of entry into force of the law converting this decree.

The Ministry of Infrastructure and Transport and Autostrada Tirrenica will review the above Single Concession Arrangement, taking into account the current provisions regarding public contracts and the provisions of the first sentence of this paragraph, in accordance with the

determinations adopted by the Transport Regulator pursuant to art. 37 of Law Decree 201 of 6 December 2011, converted, with amendments, into Law 214 of 22 December 2011". The expiry date included in the Single Concession Arrangement has so far not been altered and remains 31 December 2046.

2.13

Other information

The Company's Board of Directors approved the financial statements as at and for the year ended 31 December 2019 at the meeting held on 27 April 2020, after having taken advantage of the extended term of 180 days from the end of the financial year, within which the Annual General Meeting is required to approve the financial statements, in compliance with art. 2364, paragraph 2 of the Italian Civil Code and art. 24.2 of the Company's Articles of Association.

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

Autostrade per l'Italia does not operate branch offices.

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

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

2.14

Events after 31 December 2019

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

As described in section 2.12, "Significant regulatory aspects", talks with the Grantor and the Government have continued in 2020 with the aim of agreeing on amendments to the Single Concession Arrangement and on a resolution of the dispute with the MIT arising from the collapse of a section of the Polcevera road bridge in 2018. As part of the talks, Autostrade per l'Italia has made a number of proposals, the latest formally put forward in a letter dated 5 March 2020. This includes an undertaking to meet the cost of a range of measures to be implemented according to procedures to be agreed with the Grantor.

Downgrade of Autostrade per l'Italia's credit ratings - Relations with financial institutions

In early January 2020, the Italian Government adopted Legislative Decree 162 of 30 December 2019 (the so-called Milleproroghe legislation), introducing unilateral amendments to the motorway concessions in force. This contributed to the decision to further downgrade Autostrade per l'Italia's ratings, taking those issued by the three leading international agencies, Moody's, Fitch and Standard & Poor's, to below investment grade.

The ratings of the Company's senior unsecured debt at the date of publication of the Annual Report are shown below:

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

All the rating agencies have stressed the fact that, in their opinion, approval of art. 35 of the Milleproroghe Decree played a decisive role in the downgrades.

The downgrades have had a negative impact on the Company's ability to borrow in the financial markets, although it continues to engage in operational dialogue with principal financial institutions.

Further details of the risks and uncertainties resulting from the downgrade are provided in the paragraph, "Going-concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation of the consolidated financial statements".

Covid-19

Partly in compliance with the CONSOB's "Warning notice no. 6/20 of 9 April 2020", this section provides a brief description of the impact of the health emergency caused by Covid-19 on the issuer, and the remedial action taken and to be taken by the Company. A more detailed

description of the uncertainties resulting from the health emergency is provided in the paragraph, “Going-concern uncertainties and assessment conducted by the Company” in note 2, “Basis of preparation of the consolidated financial statements”.

The global spread of the Covid-19 virus around the world, and the Italian Government’s resulting declaration of a health emergency, have limited or halted activity in many sectors of the economy and led to the imposition of quarantine measures or, in any event, restrictions on movement. These measures have had a major impact on traffic throughout the network. The following table shows weekly traffic figures from the beginning of 2020, compared with the matching period of 2019, for the network managed by Autostrade per l’Italia.

Provisional data Changes versus same week in 2019	Network managed by Autostrade per l’Italia
Week 2	2,9%
Week 3	0,9%
Week 4	2,9%
Week 5	6,5%
Week 6	-0,2%
Week 7	-0,5%
Week 8	0,0%
Week 9	-17,3%
Week 10	-23,6%
Week 11	-59,9%
Week 12	-75,1%
Week 13	-80,9%
Week 14	-77,0%
Week 15	-75,5%
Week 16	-79,7%
Week 17	-77,0%
Progressive as at 26 April 2020	-35,5%

Against this backdrop, Group companies have responded rapidly by taking steps to implement cost-efficiencies, whilst not reducing maintenance and investment in the safety of infrastructure for the benefit of road users. The companies have also adopted the protective measures introduced by the authorities in order to safeguard the Group’s workforce.

The Company has thus updated its financial projections over a time-frame of 18 months, in order to take into account the spread of the epidemic. This is based on projected scenarios for its sector of operation produced by leading external sources. The scenarios have also been subject to an independent assessment by a third-party expert.

Redemption of bonds

On 16 March 2020, the Company repaid borrowings with a face value of €560m guaranteed by Atlantia. This included €58m in instalments due on loans from the European Investment bank and €502m to extinguish a bond issue.

Request for the drawdown of funds from Cassa Depositi e Prestiti

On 3 April 2020, Autostrade per l’Italia requested the disbursement of funds totalling €200m under the credit facility agreed with Cassa Depositi e Prestiti SpA (“CDP”) on 15 December 2017. The request regards use of the Revolving Credit Facility tranche to meet the Company’s working capital requirements.

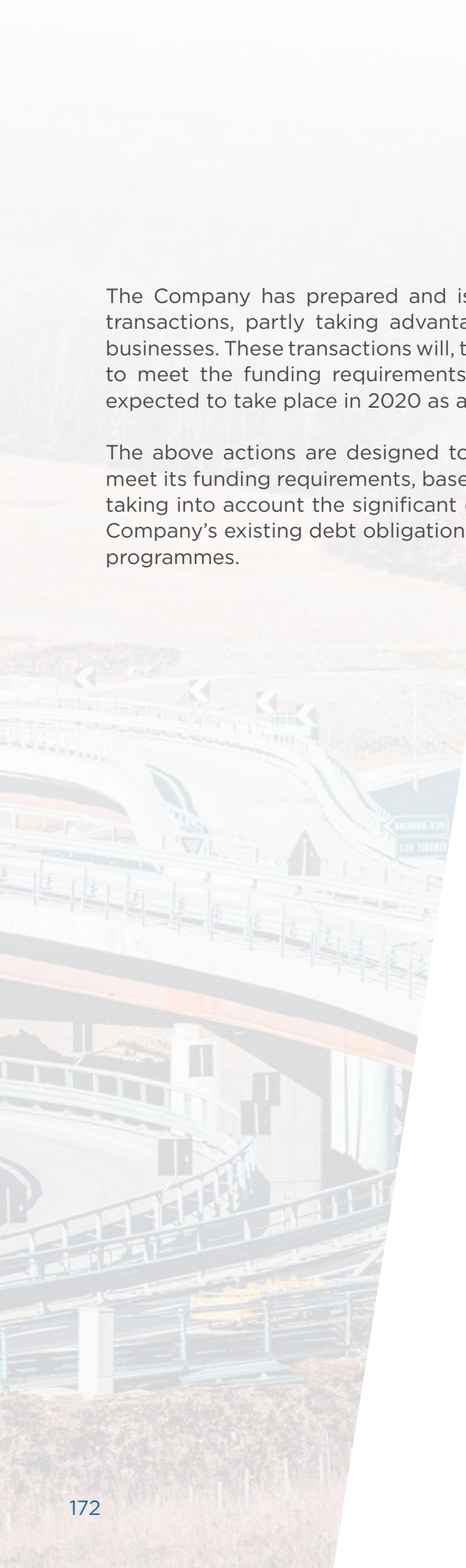
In a letter dated 24 April 2020, Cassa Depositi e Prestiti replied that not all the suspensive conditions that would permit the requested disbursement had been met (including those “relating to the absence of Potential Material Events”), noting, among other things, that the Milleproroghe Decree had “[...] established a regulatory framework for the motorway sector that expressly (i) provides that early termination of motorway concessions, including the concession held by Autostrade per l’Italia, is not subject to the payment of compensation, (ii) establishes new criteria for determining such compensation in the event of termination due to breach of contract on the part of the operator, and (iii) invalidates any non-compliant provisions of the concession arrangement.”, and that “this regulatory framework must also be considered in the light of the announcement made by the Ministry of Infrastructure and Transport on 20 August 2018, in the which the Ministry alleged that Autostrade per l’Italia was in serious breach of the concession arrangement”.

Moreover, in view “[...] (i) of the ongoing emergency and the corresponding need to support the recovery effort, and (ii) the need, stated by Autostrade per l’Italia, to use the requested funds to also finance implementation of its business plan, including significant investment [...]”, CDP stated that the request for disbursement could only be assessed following discussions with the company.

Financial support from Atlantia

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 €900m, 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 line of credit made available by Atlantia will be subject to standard market terms and conditions for transactions of this type.



The Company has prepared and is in the process of finalising other short-term financial transactions, partly taking advantage of urgent legislation introduced to provide aid for businesses. These transactions will, together with the above transactions, enable the Company to meet the funding requirements that may also result from the sharp decline in traffic expected to take place in 2020 as a result of the Covid-19 emergency.

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.

2.15

Outlook

Information on the outlook for the current year and, above all, future risks and uncertainties is provided in the "Introduction" to the report on operations and in section 2.13, "Events after 31 December 2019", where details are provided of a number of factors that could have material impact on future performance.

The restrictions on movement, recently introduced in response to the emergency caused by the spread of the Covid-19 virus, have led to a sharp fall in traffic volumes and have had, and will continue to have, a significant impact on the revenue outlook for 2020.

It is at this time not possible to predict the expected impact on revenue for the full year, as this is heavily dependent on how the virus develops, on the length of time the measures introduced in order to contain the spread have to remain in place, and on the impact these measures will have on the country's economy. Assuming a relaxation of travel restrictions from May and a gradual recovery of motorway traffic from May and June onwards, and considering the figures up to this point, a sensitivity analysis, conducted with the support of leading research organisations, results in an estimated annual decline in traffic of between 25% and 35%, compared with the previous year. This would lead to an estimated reduction in the Group's revenue of between €850 and €1,100 million (including toll surcharges). 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. The Company has, in any event, taken steps and will continue to do so in the coming months to cut operating costs. It is not, at the moment, possible to estimate the overall impact on the cost structure or on the Company's operating results.

This situation has also had significant repercussions on the 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 changed regulatory framework, 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 this aspect, the Board of Directors has approved a series of measures designed to ensure that the Company is able to fund itself. These include: (i) cost-efficiencies, implemented without detracting from safety; (ii) the search for alternative forms of working capital finance, including the request to draw down funds from Cassa Depositi e Prestiti; (iii) the request for financial support from the parent, Atlantia; (iv) the implementation of measures to provide financial support, in part taking advantage of recently introduced legislation offering urgent financial aid for businesses, above all the guarantees provided by SACE backing any new loans that might be obtained by the Company.

The Board of Directors will closely monitor the implementation of these measures and the Company's financial situation in general, thus enabling it to take corrective action where necessary.

2.16

Proposal to cover the loss for the year to be put to Autostrade per l'Italia SpA's Annual General Meeting for approval

Dear Shareholders,

In conclusion, we invite you:

- (a) to approve the financial statements as at and for the year ended 31 December 2019, which report a loss for the year of €291,332,648.18, having taken note of the accompanying documents;
- (b) to cover the loss for the year, amounting to €291,332,648.18, from retained earnings of €858,028,020.27.

For the Board of Directors

The Chairman



2019 CONSOLIDATED FINANCIAL STATEMENTS



Consolidated financial statements

€ 000		31 December 2019	31 December 2018	
	Note		of which related party transactions	of which related party transactions
ASSETS				
Non-current assets				
Property, plant and equipment	7.1	87.730		81.953
Property, plant and equipment		85.201		80.667
Investment property		2.529		1.286
Intangible assets	7.2	17.727.337		18.092.536
Intangible assets deriving from concession rights		11.586.985		11.952.363
Goodwill and other intangible assets with indefinite lives		6.111.304		6.111.304
Other intangible assets		29.048		28.869
Investments	7.3	82.439		83.812
Investments accounted for at cost or fair value		1.645		61.379
Investments accounted for using the equity method		80.794		22.433
Non-current financial assets	7.4	348.238		410.141
Non-current financial assets deriving from government grants		165.463		196.481
Non-current term deposits		161.319		192.432
Other non-current financial assets		21.456		21.228
Deferred tax assets	7.5	110.338		102.946
Other non-current assets	7.6	164		285
Total non-current assets		18.356.246		18.771.673
Current assets				
Trading assets	7.7	559.325		533.891
Inventories		60.737		54.491
Contract work in progress		4.204		4.204
Trade receivables		494.384	95.881	475.196
Cash and cash equivalents	7.8	1.619.600		1.791.628
Cash		954.055		1.139.220
Cash equivalents		5.125		122
Intercompany current account receivables due from related parties		660.420	660.420	652.286
Current financial assets	7.4	490.922		482.057
Current financial assets deriving from concession rights		409.584		408.313
Current financial assets deriving from government grants		25.495		22.108
Current term deposits		24.674		21.364
Current portion of medium/long-term financial assets		22.798		21.947
Other current financial assets		8.371		8.325
Current tax assets	7.9	48.287	28.065	32.190
Other current assets	7.10	134.057		78.572
Assets held for sale and related to discontinued operations	7.11	4.271		4.274
Total current assets		2.856.462		2.922.612
TOTAL ASSETS		21.212.708		21.694.285

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ 000

31 December 2019

31 December 2018

	Note		of which related party transactions		of which related party transactions
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent		1.864.165		2.492.772	
Issued capital		622.027		622.027	
Reserves and retained earnings		1.524.032		1.262.636	
Profit/(Loss) for the year		-281.894		608.109	
Equity attributable to non-controlling interests		356.259		350.825	
Issued capital and reserves		342.798		336.701	
Profit/(Loss) for the year		13.461		14.124	
Total equity	7.12	2.220.424		2.843.597	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	7.13	2.311.749		2.639.004	
Non-current provisions	7.14	1.222.454		1.194.114	
Non-current provisions for employee benefits		89.588		91.356	
Non-current provisions for repair and replacement of motorway infrastructure		1.040.913		1.020.513	
Non-current provisions for renewal of motorway infrastructure		75.921		64.996	
Other non-current provisions		16.032		17.249	
Non-current financial liabilities	7.15	9.682.179		10.259.795	
Bond issues		7.024.847		7.499.827	
Medium/long-term borrowings		2.166.407		2.324.205	
Non-current derivative liabilities		490.925		435.763	
Deferred tax liabilities	7.5	141.009		588.563	
Other non-current liabilities	7.16	29.149		27.904	
Total non-current liabilities		13.386.540		14.709.380	
Current liabilities					
Trading liabilities	7.17	1.360.207		1.318.598	
Trade payables		1.360.207	288.351	1.318.598	278.274
Current portion of provisions for construction services required by contract	7.13	448.979		405.562	
Current provisions	7.14	2.259.287		834.901	
Current provisions for employee benefits		16.588		24.085	
Current provisions for repair and replacement of motorway infrastructure		676.057		693.832	
Current provisions for renewal of motorway infrastructure		2.750		25	
Other current provisions		1.563.892		116.959	
Current financial liabilities	7.15	1.167.908		1.236.761	
Bank overdrafts repayable on demand		2		2	
Short-term borrowings		244.999		244.999	
Current derivative liabilities		794		575	
Intercompany current account payables due to related parties		27.858	27.860	7.425	7.425
Current portion of medium/long-term financial liabilities		863.072		948.787	
Other current financial liabilities		31.183		34.973	
Current tax liabilities	7.9	45.031	26.618	29.604	23.955
Other current liabilities	7.18	324.236	18.028	315.823	16.343
Liabilities related to discontinued operations	7.11	96		59	
Total current liabilities		5.605.744		4.141.308	
TOTAL LIABILITIES		18.992.284		18.850.688	
TOTAL EQUITY AND LIABILITIES		21.212.708		21.694.285	

CONSOLIDATED INCOME STATEMENT

Migliaia di euro

		2019	of which related party transactions	2018	of which related party transactions
REVENUE	Note				
Toll revenue	8.1	3.690.336		3.657.734	
Revenue from construction services	8.2	151.475		178.305	
Other operating income	8.3	389.339	146.338	339.598	122.725
TOTAL REVENUE		4.231.150		4.175.637	
COSTS					
Raw and consumable materials	8.4	-227.859		-127.189	
Service costs	8.5	-1.067.562	-313.875	-820.585	-342.849
Gain/(Loss) on sale of elements of property, plant and equipment		190		648	
Staff costs	8.6	-531.317	-22.307	-515.756	-23.328
Other operating costs	8.7	-551.756		-585.756	
Concession fees		-473.193		-469.050	
Lease expense		-5.325		-8.435	
Other		-73.238		-108.271	
Operating change in provisions	8.8	-1.515.982		-501.986	
(Provisions)/Uses of provisions for repair and replacement of motorway infrastructure		17.649		-406.829	
(Provisions)/Uses of provisions for renewal of motorway infrastructure		-12.629		-7.529	
(Provisions)/Uses of provisions for risks and charges		-1.521.002		-87.628	
Use of provisions for construction services required by contract	8.9	369.425		360.510	
Amortisation and depreciation		-633.607		-617.817	
Depreciation of property, plant and equipment		-22.628		-21.293	
Amortisation of intangible assets deriving from concession rights		-589.332		-575.414	
Amortisation of other intangible assets		-21.647		-21.110	
(Impairment losses)/Reversals of impairment losses		-7.148		5.976	
TOTAL COSTS		-4.165.616		-2.801.955	
OPERATING PROFIT/(LOSS)		65.534		1.373.682	
Financial income		86.876		93.322	
Dividends received from investees		-		1.067	
Other financial income		86.876		92.255	
Financial expenses		-552.892		-554.410	
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-32.476		-30.567	
Other financial expenses		-520.416	-15.140	-523.843	-54.982
Foreign exchange gains/(losses)		141		-412	
FINANCIAL INCOME/(EXPENSES)	8.10	-465.875		-461.500	
Share of (profit)/loss of investees accounted for using the equity method	7.3	-3.335		-4.485	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		-403.676		907.697	
Income tax (expense)/benefit	8.11	135.313		-285.690	
Current tax expense		-304.489		-307.133	
Differences on current tax expense for previous years		3.261		6.760	
Deferred tax income and expense		436.541		14.683	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		-268.363		622.007	
Profit/(Loss) from discontinued operations		-70		226	
PROFIT/(LOSS) FOR THE YEAR		-268.433		622.233	
of which:					
Profit/(Loss) attributable to owners of the parent		-281.894		608.109	
Profit/(Loss) attributable to non-controlling interests		13.461		14.124	

€	Note	2019	2018
Basic earnings/(loss) per share attributable to owners of the parent	8.12	-0,45	0,98
of which:			
- continuing operations		-0,45	0,98
- discontinued operations		-	-
Diluted earnings/(loss) per share attributable to owners of the parent	8.12	-0,45	0,98
of which:			
- continuing operations		-0,45	0,98
- discontinued operations		-	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ 000

		2019	2018
Profit/(Loss) for the year	(A)	-268.433	622.233
Fair value gains/(losses) on cash flow hedges		-86.078	-20.124
Tax effect of fair value gains/(losses) on cash flow hedges		10.150	4.832
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		16	-72
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-21	-44
Other comprehensive income of investments accounted for using the equity method		-825	-
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	-76.758	-15.408
Gains/(Losses) from actuarial valuations of provisions for employee benefits		-3.725	71
Tax effect of gains/(Losses) from actuarial valuations of provisions for employee benefits		895	-18
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	(C)	-2.830	53
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	43.788	-8
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the year	(E)	-	-
Total other comprehensive income/(loss) for the year	(F=B+C+D+E)	-35.800	-15.363
of which attributable to discontinued operations		-	-
Comprehensive income/(loss) for the year	(A+F)	-304.233	606.870
Of which attributable to owners of the parent		-317.666	592.745
Of which attributable to non-controlling interests		13.433	14.125

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

€ 000

	Issued capital	Cash flow hedge reserve	Reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro	Reserve for translation of investments accounted for using the equity method denominated in functional currencies other than the euro	Other reserves and retained earnings	Profit/(Loss) for the period after interim dividend	Total	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS
Balance as at 31 December 2017	622.027	-110.199	111	28	1.356.620	521.545	2.390.132	347.660	2.737.792
Impact of first-time adoption of IFRS 9 from 1 January 2018	-	-	-	-	25.528	-	25.528	-	25.528
Balance as at 1 January 2018	622.027	-110.199	111	28	1.382.148	521.545	2.415.660	347.660	2.763.320
Comprehensive income/(loss) for the year	-	-15.300	-72	-44	52	608.109	592.745	14.125	606.870
Owner transactions and other changes									
Autostrade per l'Italia SpA's final dividend (€0.832 per share)	-	-	-	-	-	-517.526	-517.526	-	-517.526
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	4.019	-4.019	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-7.755	-7.755
Share-based incentive plans	-	-	-	-	-157	-	-157	-34	-191
Change in reserves due to transactions involving companies under common control	-	-	-	-	2.058	-	2.058	-	2.058
Change in scope of consolidation and other minor changes	-	-	-	-	-8	-	-8	-3.171	-3.179
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 year	-	-32.140	16	-21	-3.627	-281.894	-317.666	13.433	-304.233
Owner transactions and other changes									
Autostrade per l'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	-	-	-	-	72	-	72	17	89
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

CONSOLIDATED STATEMENT OF CASH FLOWS

€ 000	Note	2019	2018	
			of which related party transactions	of which related party transactions
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Profit/(Loss) for the year		-268.433		622.233
Adjusted by:				
Amortisation and depreciation		633.607		617.817
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		1.441.772		504.630
Financial expenses from discounting of provisions for construction services required by contract and other provisions	8.10	32.476		30.567
Share of (profit)/loss of investees accounted for using the equity method	7.3	3.335		4.485
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		7.148		-5.976
(Gain)/Loss on sale of non-current assets		-190		-648
Net change in deferred tax (assets)/liabilities through profit or loss	8.11	-436.541		-14.688
Other non-cash costs (income)		22.694		-48.534
Change in working capital and other changes		-59.834	14.100	-88.193
Net cash generated from/(used in) operating activities [a]	9.1	1.376.034		1.621.693
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Investment in assets held under concession	7.2	-517.355		-542.734
Purchases of property, plant and equipment	7.1	-20.234		-22.552
Purchases of other intangible assets	7.2	-21.825		-27.268
Government grants related to assets held under concession		1.823		521
Increase in financial assets deriving from concession rights (related to capital expenditure)		1.271		467
Purchases of investments	7.3	-2.808		-27.716
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		611		4.301
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred		-		6.202
Net change in other non-current assets		121		-
Net change in current and non-current financial assets		53.990		34.133
Net cash generated from/(used in) investing activities [b]	9.1	-504.406		-574.646
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Dividends paid		-322.774		-543.432
Return of capital to non-controlling shareholders		-		-1.800
Repayment of loans from parent		-		-1.000.000
Increase in lease liabilities	7.15	3.994		-
Redemption of bonds	7.15	-593.334		-
Repayments of medium/long term borrowings (excluding finance lease liabilities)	7.15	-128.541		-125.724
Payment of finance lease liabilities	7.15	-2.887		-
Net change in other current and non-current financial liabilities		-20.547	1.486	-522.513
Net cash generated from/(used in) financing activities [c]	9.1	-1.064.089		-2.193.469
Increase/(Decrease) in cash and cash equivalents [a+b+c+d]	9.1	-192.461		-1.146.422
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1.784.201		2.930.623
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1.591.740		1.784.201

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€ 000	Note	2019	2018
Income taxes paid		308.184	362.475
Interest and other financial income collected		45.008	47.108
Interest expense and other financial expenses paid		450.090	488.406
Dividends received	8.10	-	1.067
Foreign exchange gains collected		43	200
Foreign exchange losses incurred		27	47

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€ 000	Note	2019	2018
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash and cash equivalents	7.8	1.791.628	2.938.061
Bank overdrafts repayable on demand	7.15	-2	-7
Intercompany current account payables due to related parties	7.15	-7.425	-13.954
Cash and cash equivalents related to discontinued operations	7.11	-	6.523
NET CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash and cash equivalents	7.8	1.619.600	1.791.628
Bank overdrafts repayable on demand	7.15	-2	-2
Intercompany current account payables due to related parties	7.15	-27.858	-7.425
Cash and cash equivalents related to discontinued operations	7.11	-	-

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

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

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. At the date of preparation of these consolidated financial statements, Sintonia SpA is the shareholder that holds a relative majority of the issued capital of Atlantia SpA. Sintonia SpA, which is in turn a subsidiary of Edizione Srl, does not exercise management and coordination of Atlantia.

These consolidated financial statements as at and for the year ended 31 December 2019 were approved by the Company's Board of Directors at its meeting of 27 April 2020, having opted to take advantage of the extended term of 180 days from the end of the financial year, within which the Annual General Meeting is required to approve the financial statements, in accordance with the provisions of art. 2364, paragraph 2 of the Italian Civil Code and art. 24.2 of the Articles of Association. The postponement is appropriate in view of the uncertainties surrounding to the Company's activities described below in note 2, and the exceptionally serious situation created by the Covid-19 pandemic.

2

Basis of preparation of the consolidated financial statements

The consolidated financial statements as at and for the year ended 31 December 2019 have been prepared in compliance with articles 2 and 3 of Legislative Decree 38/2005 and art. 154-ter "Financial reporting" in the Consolidated Finance Act ("CFA"). 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 31 December 2019. 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 consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission. 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 reporting 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, 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 consolidated financial statements consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and these notes, applying the historical cost convention, with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the accounting policies for individual items described in note 3, "Accounting standards and policies applied". The statement of financial position is based on the format that separately discloses current and noncurrent assets and liabilities. The income statement is classified by nature of expense, whilst 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. As a result, the consolidated financial statements therefore show material amounts relating to related party transactions.

In this regard, it should be noted that:

- a) no non-recurring, atypical or unusual transactions, having a material impact on the Group's consolidated income statement, were entered into during 2019, either with third or related parties. As a result, the consolidated financial statements therefore only show material amounts relating to related party transactions;
- b) the consolidated financial statements as at and for the year ended 31 December 2019 (like those for the previous year) include 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 accounts for 2019 is described in note 6.

Amounts in the consolidated financial statements and in the notes are shown in thousands of euros, unless otherwise stated. The euro is the functional currency of the Parent Company and a number of its subsidiaries and the presentation currency for these consolidated financial statements.

Each item in the financial statements is compared with the corresponding amount for the previous year. It should also be noted that, from 1 January 2019, the new accounting standard IFRS 16 – Leases come into effect. The new standard has introduced a single approach to accounting for lease arrangements, removing the distinction between operating and finance leases for the lessee. On first-time adoption, the Group elected to avail itself of the practical expedient allowed by the standard, recognising the cumulative effects deriving from adoption of the standard in the statement of financial position as of 1 January 2019, without any change in the income statement for 2018. Further information on key aspects of the new standard and its impact on the Group's accounts is provided below in note 3 below. As a result, amounts in the consolidated accounts for 2019 and the related notes are not comparable with those for the previous year, in terms of the recognition of right-of-use assets and the matching lease liabilities, and the related impacts on profit or loss.

Going-concern uncertainties and assessment conducted by the Company

In compliance with the Italian Civil Code and the IFRS accounting standards (and as referred to in CONSOB Document 2 issued jointly with the Bank of Italy and ISVAP on 6 February 2009), in preparing financial statements it is necessary to assess the ability of the Company and the Group to continue to operate as going concerns.

Paragraph 25 of IAS 1 states that “When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern”.

Furthermore, paragraph 26 of IAS 1 requires that “In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period”; and that “..management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate”.

Despite significant uncertainties, raising material doubts about use of the going concern assumption, these financial statements have been prepared on a going concern basis. These uncertainties 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, explaining the related reasons.

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 risk factors at the date of preparation of the financial statements, as described in detail in notes 10.7, “Significant legal and regulatory aspects” and 10.9, “Events after 31 December 2019”, and in the following note 6, “Events and corporate actions”. 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 from the reporting date for these 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 note 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 (the text of which is quoted in note 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 recent downgrade of Autostrade per l'Italia's credit rating to below investment grade and of its outlook by the international agencies, Moody's, Fitch and Standard & Poor's, following enactment of art. 35 of the above Milleproroghe Decree, 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 ("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 31 December 2019, amounting to approximately €2.1 billion, including approximately €1.7 billion 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, recently introduced in response to the emergency caused by the spread of the Covid-19 virus, have led to a sharp fall in traffic volumes and have had, and will continue to have, a significant impact on the revenue outlook for 2020. This situation has also had significant repercussions on the 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 changed regulatory framework, 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 point a) above (relations with the Grantor), the Board of Directors' decision to continue to use the going concern assumption was, among other things, based on the following objective elements:

- 1) the procedure resulting from the MIT's allegation that the Company is in "serious breach" of its contractual obligations in relation to the collapse of a section of the Polcevera road bridge is still pending;

- 2) no authority has, to date, found proof, above all conclusive proof, of any "serious breach" by the Company that would provide a basis in law for termination of the concession. In this regard, in four judgements published on 6 December 2019, Liguria Regional Administrative Court found that the Company's alleged responsibility for the collapse of the Polcevera road bridge had "not been ascertained, even circumstantially", given that it "has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded";

- 3) the expert opinion provided by the Cross-Institutional Working Group set up by the MIT has highlighted the risks of any litigation, the expenses connected with termination and the related impact on operations, concluding that all of the above could "suggest an alternative solution aimed at renegotiating the Concession Arrangement";

- 4) over many months (since July 2019), the Company has been in talks with the Grantor and the Government with the aim of reaching agreement about amendments to the Single Concession Arrangement and a final resolution of the dispute initiated by the MIT. This would lead to an agreed solution, which would also be in the public interest, as suggested in recent communications regarding this matter.

In brief, the objective elements described above, the legal opinions acquired and initial (though interlocutory) judgements handed down have led the Board of Directors to believe that it is not reasonably likely that the Government is close to deciding to revoking the concession arrangement, and to believe, instead, that it is reasonably likely that an agreement will be reached. Should such a decision be taken, the Board of Directors believes that it has strong arguments in its favour.

With regard to point b) above (the Milleproroghe Decree), the Board of Directors' decision to continue to use the going concern assumption was, among other things, based on numerous concordant opinions from leading legal and constitutional experts, who have identified a series of breaches of constitutional and EU law contained in the Decree (as described in greater detail in note 10.7, "Significant legal and regulatory aspects"). In this regard, the judgements handed down by Liguria Regional Administrative Court in December 2019, after it was asked to set aside the implementing provisions of the (even though different) Genoa Decree, contain statements affirming the necessity for the Grantor to comply with the terms of the existing Concession Arrangement (art. 9) in relation to the procedure for forfeiture of the concession, including the need to have prior evidence of a serious breach (as described in note 10.7, "Significant legal and regulatory aspects").

The Company filed a legal challenge with Lazio Regional Administrative Court to ascertain whether art. 35 of the Milleproroghe Decree is lawful, and whether articles 8, 9 and 9-bis of the Single Concession Arrangement are still valid and in force. On 3 April 2020, Autostrade per l'Italia filed an application for the legal challenge to be accelerated and for a hearing for discussion of the case to be held as soon as possible.

With regard to points c) and d) above (the downgrade and the Covid-19 pandemic), it should above all be noted that, at the date of preparation of this Annual Report, neither the EIB or CDP have requested the enforcement of any contractual rights and/or remedies, nor have they requested any early repayment. In addition, with regard to the rating agencies' expressed reason for the downgrade (i.e. approval of art. 35 of the Milleproroghe Decree), the fact that art. 35 is in violation of both EU and constitutional law, as already ruled on by the courts at the Company's request, and the many legal opinions on this matter, the Company believes that it will be able to continue its dialogue with the financial institutions in order to find an agreed solution. In relation to 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, as described in greater detail in note 10.9, "Events after 31 December 2019", partly in relation to the provision of updated guidance, the Board of Directors has taken a series of measures designed to ensure that the Company is able to fund itself. These include: (i) cost-efficiencies, implemented without detracting from safety; (ii) the search for alternative forms of working capital finance, including the request to draw down funds from Cassa Depositi e Prestiti; (iii) the request for short- and medium-term financial support from the parent, Atlantia; (iv) the implementation of measures to provide financial support, in part taking advantage of recently introduced legislation offering urgent financial aid for businesses, above all the guarantees provided by SACE backing any new loans that might be obtained by the Company. In terms of point (iii), and as more fully described in note 10.9, "Events after 31 December 2019", on 24 April 2020, the Company received confirmation of the parent's provision of contingent financial support of up to €900 million, calculated on the basis of the Company's most prudent estimate of the reduction in cash flows potentially resulting from the pandemic. The Board of Directors will closely monitor implementation of the measures and, more generally, the Company's financial position.

The above elements and, in particular, the actions taken to meet the Company's funding needs, and the reasonable expectation of the likelihood of an agreement with the Government and the MIT (that would bring long-term structural stability and allow Autostrade per l'Italia to strengthen its financial structure, thanks to readier access to the credit market), lead the Directors to believe that all the risks and uncertainties are reasonably surmountable.

The Board of Directors has thus deemed that all the conditions have been met for the Company to continue to prepare the consolidated and separate financial statements as at and for the year ended 31 December 2019 on a going concern basis, using the accounting policies applicable to such a going concern, as described in note 3.

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.

Accounting standards and policies applied

A description follows of the more important accounting standards and policies employed by the Group for its consolidated financial statements as at and for the year ended 31 December 2019. These accounting standards and policies are consistent with those applied in preparation of the consolidated financial statements for the previous year, with the exception of the changes resulting from first-time adoption, from 1 January 2019, of the new accounting standard IFRS 16 – Leases (“IFRS 16”), the impact of which is described below, and interpretation IFRIC 23 – Uncertainty over Income Tax Treatments, adoption of which has not had an impact on the Group, in that the approach adopted by Group companies, in determining taxation, is in line with the requirements of IFRIC 23.

In dealing with the issue of uncertainty over income tax treatment, interpretation IFRIC 23 requires an entity:

- a) analyse any uncertain income tax treatment always on the assumption that the tax authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations;
- b) if it concludes it is not probable that the tax authority will accept an uncertain tax treatment, the entity must reflect the effect of uncertainty in determining current and deferred tax assets and liabilities.

Reference should also be made to the paragraph, “Going-concern uncertainties and assessment conducted by the Company”, in note 2.

Property, plant and equipment

Property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items and financial expenses incurred during construction of the asset. As permitted by IFRS 1, assets acquired through business combinations prior to 1 January 2004 are stated at previous amounts, as determined under Italian GAAP for those business combinations and representing deemed cost.

The cost of assets with finite useful lives is systematically depreciated on a straight-line basis applying rates that represent the expected useful life of the asset. Each component of an asset with a cost that is significant in relation to the total cost of the item, and that has a different useful life, is accounted for separately. Land, even if undeveloped or annexed to residential and industrial buildings, is not depreciated as it has an indefinite useful life.

Investment property, which is held to earn rentals or for capital appreciation, or both, is recognised at cost measured in the same manner as property, plant and equipment. The relevant fair value of such assets has also been disclosed.

The bands of annual rates of depreciation used in 2019 are shown in the table below by asset class.

Property, plant and equipment	Rate of depreciation
Buildings	2.5% - 33.33%
Right to use buildings	5% - 50%
Plant and machinery	10% - 33%
Industrial and business equipment	4.5% - 33%
Other assets	8.6% - 33.33%
Other right of use assets	20% - 50%

Assets acquired under finance leases are initially accounted for as property, plant and equipment, and the underlying liability recorded in the balance sheet, at an amount equal to the relevant fair value or, if lower, the present value of the minimum payments due under the contract. Lease payments are apportioned between the interest element, which is charged to the income statement as incurred, and the capital element, which is deducted from the financial liability.

Property, plant and equipment is tested for impairment, as described below in the relevant note, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Property, plant and equipment is derecognised on disposal. Any gains or losses (determined as the difference between disposal proceeds, less costs to sell, and the carrying amount of the asset) are recognised in profit or loss in the period in which the asset is sold.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the entity and from which future economic benefits are expected to flow, and purchased goodwill. Identifiable intangible assets are those purchased assets that, unlike goodwill, can be separately distinguished.

This condition is normally met when the intangible asset: (i) arises from a legal or contractual right, or (ii) is separable, meaning that it may be sold, transferred, licensed or exchanged, either individually or as an integral part of other assets. The asset is controlled by the entity if the entity has the ability to obtain future economic benefits from the asset and can limit access to it by others. Internally developed assets are recognised as assets to the extent that: (i) the cost of the asset can be measured reliably; (ii) the entity has the intention, the available financial resources and the technical expertise to complete the asset and either use or sell it; (iii) the entity is able to demonstrate that the asset is capable of generating future economic benefits. Intangible assets are stated at cost which, apart from concession rights, is determined in the same manner as the cost of property, plant and equipment.

The cost of concession rights is recovered in the form of payments received from road users and may include one or more of the following:

a) the fair value of construction services and/or improvements carried out on behalf of the Grantor (measured as described in the standard on “Revenue”) less finance-related amounts, consisting of (i) the amount funded by government grants, (ii) the amount that will be unconditionally paid by replacement operators on termination of the concession (so-called “takeover rights”), and/or (iii) any minimum level of tolls or revenue guaranteed by the Grantor.

In particular, the following give rise to intangible assets deriving from concession rights:

(1) rights received as consideration for specific obligations to provide construction services for road widening and improvement for which the operator does not receive additional economic benefits. These rights are initially recognised at the fair value of the construction services to be provided in the future (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services), with a contra entry of an equal amount in “Provisions for construction services required by contract”, accounted for in liabilities in the statement of financial position. In addition to the impact of amortisation, the initial value of the rights changes over time as a result of periodic reassessment of the fair value of the part of the construction services still to be rendered at the end of the reporting period (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) with a contra entry of an equal amount in “Provisions for construction services required by contract”, accounted for in liabilities in the statement of financial position. In addition to the impact of amortisation, the initial value of the rights changes over time as a result of periodic reassessment of the fair value of the part of the construction services still to be rendered at the end of the reporting period;

(2) rights received as consideration for construction and/or upgrade services rendered for which the operator receives additional economic benefits in the form of specific toll increases and/or significant increases in the expected number of users as a result of expansion/upgrade of the infrastructure;

(3) rights to infrastructure constructed and financed by service area concession holders which have reverted free of charge to Group companies on expiry of the related concessions;

b) rights acquired from third parties, to the extent costs were incurred to acquire concessions from the Grantor or from third parties (the latter relating to the acquisition of control of a company that already holds a concession).

Concession rights, on the other hand, are amortised over the concession term in a pattern that reflects the estimated manner in which the economic benefits embodied in the right are consumed. In this regard, given that the concessions held by Autostrade per l’Italia and the Group’s other operators relate to mature motorway infrastructure that entered service many years ago, and that has broadly stable levels of traffic over the long term, amortisation is charged on a straight-line basis.

Amortisation is charged from the date on which economic benefits begin to accrue.

In contrast, amortisation of other intangible assets with finite useful lives begins when the

asset is ready for use, in relation to their residual useful lives. The bands of annual rates of amortisation used in 2019 are shown in the table below by asset class.

Intangible assets	Rate of amortisation
Concession rights	On the commencement of generation of economic benefits for the entity, based on the residual term of the concession and, where significant, traffic projections.
Development costs	4.8% - 33.33%
Industrial patents and intellectual property rights	6.4% - 55%
Licences and similar rights	7.7% - 33.33%
Other assets	3.3% - 33.33%

Intangible assets are tested for impairment, as described below in the note on impairments and reversals, whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable, as described in the paragraph, “Impairment of assets and reversals”.

Gains and losses on the disposal of intangible assets are determined as the difference between the disposal proceeds, less costs to sell, and the carrying amount of the asset and then recognised in profit or loss in the period in which the asset is disposed of.

Business combinations and goodwill

Acquisitions of companies and business units are accounting for using the acquisition method, as required by IFRS 3. For this purpose, identifiable assets liabilities acquired through business combinations are measured at their fair value at the acquisition date. The cost of an acquisition is measured as the fair value, at the date of exchange, of the assets acquired, liabilities assumed and any equity instruments issued by the Group in exchange for control. Ancillary costs directly attributable to the business combination are recognised as an expense in the income statement when incurred.

In compliance with IFRS 3, goodwill is initially measured as the positive difference between:

a) the sum of:

(1) the acquisition cost, as defined above;;

(2) the fair value at the acquisition date of any previous non-controlling interests held in the acquiree;

(3) the value of non-controlling interests held by third parties in the acquiree (at fair value or prorated to the current net asset value of the acquiree);

b) the fair value, at the acquisition date, of the identifiable net assets acquired.

The goodwill, as measured on the acquisition date, is allocated to each of the substantially independent cash generating units or groups of cash generating units which are expected to benefit from the synergies of the business combination.

A negative difference between the amounts referred to in points a) and b) above is recognised as income in profit or loss in the year of acquisition.

Goodwill on acquisitions of non-controlling interests is included in the carrying amount of the relevant investments. If the Group is not in possession of all the information necessary to determine the fair value of the assets acquired and the liabilities assumed, these are recognised on a provisional basis in the year in which the business combination is completed and retrospectively adjusted within twelve months of the acquisition date.

After initial recognition, goodwill is no longer amortised and is carried at cost less any accumulated impairment losses, determined as described in the note on impairment testing. IFRS 3 was not applied retrospectively to acquisitions prior to 1 January 2004. As a result, the carrying amount of goodwill on these acquisitions is that determined under Italian GAAP, which is the net carrying amount at this date, subject to impairment testing and the recognition of any impairment losses.

Acquisitions or disposals of companies and/or business units under common control are treated, in accordance with IAS 1 and IAS 8, on the basis of their economic substance, with confirmation of the fact that the purchase consideration is determined on the basis of fair value and that added value is generated for all the parties involved, resulting in significant measurable changes in the cash flows generated by the investments transferred before and after the transaction.

In this regard:

a) if both requirements to be confirmed are met, such acquisitions of companies and/or business units are accounted for in accordance with IFRS 3, using the same treatment previously described for similar transactions with third parties. In such cases, the seller recognises any difference between the carrying amount of the assets and liabilities transferred and the related purchase consideration in profit or loss;

b) in the other cases, the acquirer recognises the assets and liabilities transferred at the same carrying amounts at which they were accounted for in the financial statements of the seller prior to the transaction, recognising any difference with respect to the cost of the acquisition in equity. Accordingly, the seller recognises the difference between the carrying amount of the assets and liabilities transferred and the agreed purchase consideration in equity. In addition, income and expenses recognised in previous years in “other comprehensive income” in the statement of comprehensive income (relating, for example, to the cash flow hedge reserve or the reserve for translation of assets and liabilities denominated in functional currencies other than the euro) and relating to the assets and liabilities transferred are reclassified directly in the Group’s equity.

Investments

Investments in associates and joint ventures are accounted for using the equity method. The Group’s share of post-acquisition profits or losses is recognised in the income statement for the accounting period to which they relate, with the exception of the effects deriving from

other changes in the equity of the investee, excluding any owner transactions, when the Group’s share is recognised directly in comprehensive income. In addition, when measuring the value of the investment, this method is also used to recognise the fair value of the investee’s assets and liabilities and any goodwill, determined with reference to the acquisition date. Such assets and liabilities are subsequently measured in future years on the basis of the standards and accounting policies described in this note.

Provisions are made to cover any losses of an associate or joint venture exceeding the carrying amount of the investment, to the extent that the shareholder is required to comply with actual or constructive obligations to cover such losses.

Investments in unconsolidated subsidiaries and other companies, which qualify as equity instruments as defined by IFRS 9, are initially accounted for at cost at the settlement date, in that this represents fair value, plus any directly attributable transaction costs.

After initial recognition, these investments are measured at fair value, to the extent reliably determinable, through the statement of comprehensive income, with the exception of investments not held for trading and for which, as permitted by IFRS 9, the Group has exercised the option, at the time of purchase, to designate the investment at fair value through profit or loss, thus recognising any changes in a specific equity reserve.

In this last case, when realised, accumulated gains and losses in this reserve are not reclassified to profit or loss. Impairment losses, identified as described in the section on “Impairment of assets and reversals”, are reversed in future periods if the circumstances that resulted in the loss no longer exist.

Inventories

Inventories, primarily consisting of stocks and spare parts used in the maintenance and assembly of plant, are measured at the lower of purchase or conversion costs and net realisable value obtained on their sale in the ordinary course of business. The purchase cost is determined using the weighted average cost method.

Financial instruments

Financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (as defined by IFRS 9 and including, among other things, trade receivables and payables). Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalent

Cash and cash equivalents are recognised at face value. They include highly liquid demand deposits or very short-term instruments of excellent quality, which are subject to an insignificant risk of changes in value.

Derivative financial instruments

All derivative financial instruments are recognised at fair value at the end of the year.

As required by IFRS 9, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically

assessed effectiveness of the hedge is high. Changes in the fair value of cash flow hedges hedging assets and liabilities (including those that are pending and highly likely to arise in the future) are recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Changes in the fair value of fair value hedges are recognised in profit or loss for the period. Accordingly, the hedged assets and liabilities are also measured at fair value through profit or loss. If an entity enters into a fair value hedge to hedge the exposure to changes in the fair value of an asset and/or liability whose changes in fair value are recognised in other comprehensive income, in keeping with the changes in the fair value of the derivative instrument, these changes are also recognised in other comprehensive income for the period.

Since derivative contracts deemed “net investment hedges” in accordance with IFRS 9, because they were concluded to hedge the risk of unfavourable movements in the exchange rates used to translate net investments in foreign operations, are treated as “cash flow hedges”, the effective portion of fair value gains or losses on the derivatives is recognised in other comprehensive income, thus offsetting changes in the foreign currency translation reserve for net investments in foreign operations. Accumulated fair value gains and losses, recognised in the net investment hedge reserve, are reclassified from comprehensive income to profit or loss on the disposal or partial disposal of the foreign operation.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised in profit or loss.

Financial assets

The classification and related measurement is driven by both the business model in which the financial asset is held and the contractual cash flow characteristics of the asset.

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

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

A financial asset meeting the conditions to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value through profit or loss, to the extent that this accounting treatment would eliminate or significantly reduce a measurement or recognition inconsistency (an ‘accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Receivables measured at amortised cost are initially recognised at the fair value of the underlying asset, after any directly attributable transaction proceeds. The receivables are measured at amortised cost using the effective interest method, less provisions for impairment losses (recognised in profit or loss) for amounts considered uncollectible. The

estimate for uncollectible amounts is based on the present value of expected cash-out flows. These cash flows take account of expected collection times, estimated realisable value, any guarantees received, and the expected costs of recovering the amounts due. Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised.

Trade receivables subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.

Financial assets measured at amortised cost include the following receivables arising from assets held under concession:

- a) “takeover rights”, being the amount that will be unconditionally paid by an incoming operator on termination of the concession;
- b) the present value of the minimum tolls guaranteed by the Grantor, representing an unconditional right to receive contractually guaranteed cash payments regardless of the extent to which the public uses the service;
- c) amounts due from public entities as grants or similar compensation relating to the construction of infrastructure (construction and/or upgrade services).

The financial asset is measured at fair value through other comprehensive income if the objectives of the business model are to hold the financial asset to collect the contractual cash flows, or to sell it, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that solely represent a return on the financial asset. The financial assets may, however, be designated as a financial asset at fair value through profit or loss, if this approach enables the accounting mismatch to be eliminated or reduced, when this would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Finally, any remaining financial assets, other than those described above, are classified as held for trading and measured at fair value through profit or loss.

No financial instruments were reclassified from one of the above categories to another in 2019.

Impairment of financial assets

Assessment of the recoverability of financial assets that are debt instruments measured at amortised cost is conducted by estimating “expected credit losses” (ECLs), based on expected cash flows. These flows, taking into account the estimated probability of a default occurring, are determined in relation to the expected time needed to recover the amount due, the estimated realizable value, any guarantees received, and the costs that the Group expects to incur in recovering the amounts due. In the case of amounts due from counterparties

where there has not been a significant increase in risk, ECLs are determined on the basis of expected losses in the 12 months after the reporting date. In other cases, the expected losses are estimated through to the end of the financial instrument's life. In the case of trade and other receivables, the probability of a default is determined on the basis of internal customer ratings, which are periodically reviewed, including with reference to back-testing.

Financial liabilities

Financial liabilities are initially recognised at fair value, after any directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with the exception of those for which the Group irrevocably elects, at the time of recognition, to measure at fair value through profit or loss, so as to eliminate or reduce the accounting mismatch at the time of measurement or recognition, compared with an asset also measured at fair value.

Trade payables subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.

If there is a modification of one or more terms of an existing financial liability (including as a result of its novation), it is necessary to conduct a qualitative and quantitative assessment in order to decide whether or not the modification is substantial with respect to the existing contractual terms.

In the absence of substantial modifications, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss. As a result, the value of the financial liability is adjusted and the instrument's effective interest rate recalculated. If the modifications are substantial, the existing instrument is derecognised and the fair value of the new instrument is recognised, with the related difference recognised in profit or loss.

Derecognition of financial instruments

Financial instruments are derecognised in the financial statements when, following their sale or settlement, the Group is no longer involved in their management and has transferred all the related risks and rewards of ownership.

Fair value measurement and the fair value hierarchy

For all transactions or balances (financial or non-financial) for which an accounting standard requires or permits fair value measurement and which fall within the application of IFRS 13, the Group applies the following criteria:

- a)** identification of the "unit of account, defined as the level at which an asset or a liability is aggregated or disaggregated in an IFRS for recognition purposes;
- b)** identification of the principal market or, in the absence of such a market, the most advantageous market in which the particular asset or liability to be measured could be traded;

unless otherwise indicated, it is assumed that the market currently used coincides with the principal market or, in the absence of such a market, the most advantageous market;

- c)** definition for non-financial assets of the highest and best use of the asset; unless otherwise indicated, highest and best use is the same as the asset's current use;
- d)** definition of valuation techniques that are appropriate for the measurement of fair value, maximising the use of relevant observable inputs that market participants would use when determining the price of an asset or liability;
- e)** determination of the fair value of assets, based on the price that would be received to sell an asset, and of liabilities and equity instruments, based on the price paid to transfer a liability in an orderly transaction between market participants at the measurement date;
- f)** inclusion of non-performance risk in the measurement of assets and liabilities and above all, in the case of financial instruments, determination of a valuation adjustment when measuring fair value to include, in addition to counterparty risk (CVA - credit valuation adjustment), the own credit risk (DVA - debit valuation adjustment).

Based on the inputs used for fair value measurement, a fair value hierarchy for classifying the assets and liabilities measured at fair value, or the fair value of which is disclosed in the financial statements, has been identified:

- a)** level 1: includes quoted prices in active markets for identical assets or liabilities;
- b)** level 2: includes inputs other than quoted prices included within level 1 that are observable, such as the following: i) quoted prices for similar assets or liabilities in active markets; ii) quoted prices for similar or identical assets or liabilities in markets that are not active; iii) other observable inputs (interest rate and yield curves, implied volatilities and credit spreads);
- c)** level 3: unobservable inputs used to the extent that observable data is not available. The unobservable inputs used for fair value measurement should reflect the assumptions that market participants would use when pricing the asset or liability being measured.

Definitions of the fair value hierarchy level in which individual financial instruments measured at fair value have been classified, or for which the fair value is disclosed in the financial statements, are provided in the notes to individual components of the financial statements. There are no assets or liabilities classifiable in level 3 of the fair value hierarchy. No transfers between the various levels of the fair value hierarchy took place during the year. 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. In the case of medium/long-term financial instruments, other than derivatives, where market prices are not available, the fair value is determined by discounting expected cash flows, using the market yield curve at the measurement date and taking into account counterparty risk in the case of financial assets and the own credit risk in the case of financial liabilities.

Provisions for construction services required by contract and other provisions

“Provisions for construction services required by contract” relate to specific contractual obligations having regard to motorway expansion and upgrading for which the operator receives no additional economic benefit in terms of a specific increase in tolls and/or a significant increase in expected use of the infrastructure. Since the performance of such obligations is treated as part of the consideration for the concession, an amount equal to the fair value of future construction services (equal to the present value of the services, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is initially recognised. The double entry is concession rights for works without additional economic benefits. The fair value of the residual liability for future construction services (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is periodically reassessed and changes to the measurement of the liabilities (such as, for example, changes to the estimated cash outflows necessary to discharge the obligation, a change in the discount rate or a change in the construction period) are recognised as a matching increase or reduction in the corresponding intangible asset. Any increase in provisions to reflect the time value of money is recognised as a financial expense. The costs incurred during the year, in relation to the effective performance of motorway construction and/or upgrade services for which no additional economic benefits are received, are recognised by nature in individual items in the consolidated income statement. Matching entries are made in the consolidated income statement item, “Uses of provisions for construction services required by contract”, to represent the use of provisions previously made as an indirect adjustment of the costs incurred.

Other provisions are made when: (i) the Group has a present (actual or constructive) obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the related amount can be reliably estimated.

Provisions are measured on the basis of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the discount to present value is material, provisions are determined by discounting future expected cash flows to their present value at a rate that reflects the market view of the time value of money and risks specific to the obligation, which from 2019 are based on the yield on the government securities of the country in which the obligation is to be settled. The costs incurred during the year to settle the obligation are accounted for as a direct reduction in the provisions previously made. “Provisions for the repair and replacement of motorway infrastructure” cover the liability represented by the contractual obligation to repair and replace motorway infrastructure, as required by the concession arrangements entered into by the Group’s

motorway operators and the respective grantors, with the aim of ensuring the serviceability and safety of the assets held under concession. These provisions are calculated on the basis of the usage and wear and tear of motorways at the end of the reporting period and, therefore, planned works, taking into account, if material, the time value of money. The provisions are discounted using the same criteria as applied to “Provisions”. Routine maintenance costs are, in contrast, recognised in the income statement when incurred and are not, therefore, included in the provisions.

The provisions for cyclical maintenance include the estimated cost of a single cycle and are determined separately for each category of infrastructure (viaducts, flyovers, tunnels, safety barriers, motorway surfaces). The following process is applied for each category, based on specific technical assessments, the available information, the current state of motorway traffic and existing materials and technologies:

- a) the duration of the cycle linked to the repair or replacement work is estimated;
- b) the serviceability of the infrastructure is assessed, classifying the various types of intervention based on the state of repair of the infrastructure and the number of years remaining until the scheduled maintenance work;
- c) the cost for each category is determined, based on the verifiable and documented evidence available at the time and comparable work;
- d) the total value of the work included in the relevant cycle is determined;
- e) the provisions at the reporting date are calculated, allocating the cost to the income statement in relation to the number of years remaining until the date of the scheduled maintenance work, in line with the above classification based on the state of repair of the infrastructure, discounting the resulting amount to present value at the measurement date using an interest rate with a duration in line with that of the expected cash flows.

The above effects are recognised in the following income statement items:

- a) the “Operating change in provisions”, reflecting the impact of the revision of estimates as a result of technical assessments (the value of the works to be carried out and the expected timing of such works) and the change in the discount rate used compared with the previous year;
- b) “Financial expenses from discounting of provisions”, reflecting the time value of money, calculated on the basis of the value of the provisions and the interest rate used to discount the provisions to present value at the prior year reporting date.

When the cost of the works is actually incurred, the cost is recognised by nature in individual

items in the consolidated income statement and the item “Operating change in provisions” reflects use of the provisions previously made.

In accordance with existing contractual obligations, “Provisions for the renewal of motorway infrastructure” reflect the present value of the estimated costs to be incurred over time in relation to the contractual obligation, resulting from the operator’s concession arrangements, to carry out essential extraordinary maintenance work and to repair and replace the assets held under concession.

As these costs cannot be recognised as an increase in the value of the assets as they are from time to time incurred, given that the related assets (intangibles) do not meet the necessary accounting requirements, provisions are made in accordance with IAS 37, based on the degree to which the infrastructure is used. In this way, the provisions represent the likely cost that the operator will be required to incur in order to promptly comply with the obligation to ensure the serviceability and safety of the assets held under concession. Given that these are cyclical works, the value of the provisions recognised in the financial statements reflects the estimated costs to be incurred within the period of time represented by the first maintenance cycle covered by the plan, after the end of the reporting period, calculated analytically for each project, after taking into account the necessary discount factors. Works are classified among those to be included in the provisions and those relating to construction or upgrade services provided to the grantor. The different classification is based on the operator’s assessment of the essential nature of the projects included in the approved investment programme, supported by the relevant technical units and with reference to the above criteria. When the cost of the works is actually incurred, the cost is recognised by nature in individual items in the consolidated income statement and the item, “Operating change in provisions”, reflects use of the provisions previously made.

Employee benefits

Short-term employee benefits, provided during the period of employment, are recognised on an accruals basis as the accrued liability at the end of the reporting period.

Liabilities deriving from other medium/long-term employee benefits are recognised in the vesting period, less any plan assets and advance payments made. They are determined on the basis of actuarial assumptions and, if material, recognised on an accruals basis in line with the period of service necessary to obtain the benefit.

Medium/long-term post-employment benefits in the form of defined benefit plans are recognised at the amount accrued at the end of the reporting period.

Post-employment benefits delivered at the same time or after the termination of employment in the form of defined benefit plans are recognised in the vesting period, less any plan assets and advance payments made. Such defined benefit plans primarily regard the obligation as determined on the basis of actuarial assumptions and recognised on an accruals basis in line with the period of service necessary to obtain the benefit. The obligation is calculated by independent actuaries. Any resulting actuarial gain or loss is recognised in full in other comprehensive income in the period to which it relates.

Non-current assets held for sale, assets and liabilities included in disposal groups or held for distribution to shareholders and/or related to discontinued operations

Where the carrying amount of non-current assets held for sale, or of assets and liabilities included in disposal groups or held for distribution to shareholders and/or related to discontinued operations is to be recovered primarily through sale rather than through continued use, these items are presented separately in the statement of financial position.

Immediately prior to being classified as held for sale or for distribution, each asset and liability is recognised under the specific IFRS applicable and subsequently accounted for at the lower of the carrying amount and fair value. Any impairment losses are recognised immediately in the income statement.

Disposal groups or operations held for sale or for distribution are recognised in profit or loss as discontinued operations provided when the following conditions are met:

- a) they represent a major line of business or geographical area of operation;
- b) they are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation;
- c) they are subsidiaries acquired exclusively with a view to resale.

After tax gains and losses resulting from the management or sale or distribution of such operations are recognised as one amount in profit or loss with comparatives.

Revenue

Revenue is recognised when the fair value can be reliably measured and it is probable that the economic benefits associated with the transactions will flow to the Group. The amount recognised as revenue reflects the consideration to which the Group is entitled in exchange for goods transferred to the customer and services rendered. This revenue is recognised when the performance obligations under the contract have been satisfied.

Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

- a) toll revenue is accrued with reference to traffic volumes;
- b) to the extent, for sales of goods, that significant risks and rewards of ownership are transferred to the buyer;
- c) the provision of services is prorated to the percentage of completion of the work, on the basis of the contract revenue and costs that can be reliably estimated with reference to the stage of completion of the contract, in accordance with the percentage of completion method, as determined by a survey of the works carried out or on a cost-to-cost basis. Under this method,

contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue and profit in each reporting period in proportion to the stage of completion. In addition to contract payments, contract revenues include variations, price revisions and any additional payments to the extent that their payment is probable and that their amount can be reliably measured. In the event that a loss is expected to be incurred on the completion of a contract, this loss shall be immediately recognised in profit or loss regardless of the stage of completion of the contract. Any positive or negative difference between the accrued revenue and any advance payments is recognised in assets or liabilities in the statement of financial position, taking into account any impairment recognised in order to reflect the risks linked to the inability to recover the value of work performed on behalf of customers. When service revenue cannot be reliably determined, it is only recognised to the extent that expenses are considered to be recoverable;

d) rental income or royalties, on an accruals basis, based on the agreed terms and conditions of the contract. This revenue includes amounts generated by the sub-concession of retail and office space to third parties within the airports and motorway networks operated by the Group and, as they substantially equate to the lease of portions of infrastructure, are subject to IFRS 16. This revenue, under existing contractual agreements, is partly dependent on the revenue earned by the sub-operator and, as a result, the related amount varies over time;

e) interest income (and interest expense) is calculated with reference to amount of the financial asset or liability, in accordance with the effective interest method;

f) dividend income is recognised when the right to receive payment is established.

Provision of the above services also includes construction and/or upgrade services provided to Grantors, in application of IFRIC 12, and relating to concession arrangements to which certain Group companies are party. These revenues represent the consideration for services provided and are measured at fair value, calculated on the basis of the total costs incurred (primarily consisting of the costs of materials and external services, the relevant employee benefits and attributable financial expenses, the latter only in the case of construction and/or upgrade services for which the operator receives additional economic benefits) plus any arm's length profits realised on construction services provided by Group entities (insofar as they represent the fair value of the services). The double entry of revenue from construction and/or upgrade services is represented by a financial asset (concession rights and/or government grants) or an intangible asset deriving from concession rights.

Government grants

Government grants are accounted for at fair value when: (i) the related amount can be reliably determined and there is reasonable certainty that (ii) they will be received and that (iii) the conditions attaching to them will be satisfied.

Grants related to income are accounted for in the income statement for the accounting period in

which they accrue, in line with the corresponding costs.

Grants received for investment in motorways and airports are accounted for as construction service revenue, as explained in the note on the accounting policy for "Revenue".

Any grants received to fund investment in property, plant and equipment are accounted for as a reduction in the cost of the asset to which they refer and result in a reduction in depreciation. Any grants received to fund investment in property, plant and equipment are accounted for as a reduction in the cost of the asset to which they refer and result in a reduction in depreciation.

Income taxes

Income taxes are recognised on the basis of an estimate of tax expense to be paid, in compliance with the regulations in force, as applicable to each Group company.

Deferred tax assets and liabilities are determined on the basis of temporary differences between the carrying amounts of assets and liabilities as in the Company's books, resulting from application of the accounting policies described in note 3, and the corresponding tax bases, resulting from application of the tax regulations in force in the country relevant to each subsidiary, as follows:

a) deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised;

b) deferred tax liabilities are always recognised, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are calculated on the basis of the tax rate expected to be in effect at the time the related temporary differences will reverse, taking into account any legislation enacted by the end of the reporting period. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer considered probable that there will be sufficient future taxable profits against which the asset can be fully or partially utilised.

Current and deferred tax assets and liabilities are recognised in profit or loss, with the exception of those relating to items recognised directly in equity, and for which the related taxation is also recognised in equity.

In 2019, the parent, Atlantia SpA, again operated a tax consolidation arrangement in which Autostrade per l'Italia and certain of its Italian-registered subsidiaries participate.

Income tax payables reported under current tax liabilities in the statement of financial position, less any advance payments of taxes, also include the portion relating to IRES included in the Atlantia's tax consolidation arrangement. Any overpayments are recognised as current tax assets.



Share-based payments

The cost of services provided by Directors and/or employees remunerated through share-based incentive plans, and settled through the award of financial instruments, is based on the fair value of the rights at the grant date. Fair value is computed using actuarial assumptions and with reference to all characteristics, at the grant date (vesting period, any consideration due and conditions of exercise, etc.), of the rights and the plan's underlying securities. The obligation is determined by independent actuaries. The cost of these plans is recognised in profit or loss, with a contra-entry in equity, over the vesting period, based on a best estimate of the number of options that will vest.

The cost of any services provided by Directors and/or employees and remunerated through sharebased payments, but settled in cash, is instead measured at the fair value of the liability assumed and recognised in profit or loss, with a contra entry in liabilities, over the vesting period, based on a best estimate of the number of options that will vest. Fair value is remeasured at the end of each reporting period until such time as the liability is settled, with any changes recognised in profit or loss.

Impairment of assets and reversals

At the end of the reporting period, the Group tests property, plant and equipment, intangible assets, financial assets and investments (other than those measured at fair value) for impairment. If there are indications that these assets have been impaired, the value of such assets is estimated in order to verify the recoverability of the carrying amounts and eventually measure the amount of the impairment loss. Irrespective of whether there is an indication of impairment, intangible assets with indefinite lives and those which are not yet available for use are tested for impairment at least annually, or more frequently, if an event has occurred or there has been a change in circumstances that could cause an impairment. If it is not possible to estimate the recoverable amounts of individual assets, the recoverable amount of the cash-generating unit ("CGU") to which a particular asset belongs or has been allocated, as is the case of goodwill, is estimated.

This entails estimating the recoverable amount of the asset (represented by the higher of the asset's fair value less costs to sell and its value in use) and comparing it with the carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. In calculating value in use, expected future pre-tax cash flow is discounted using a pre-tax rate that reflects current market assessments of the cost of capital which embodies the time value of money and the risks specific to the business. In estimating an operating CGU's future cash flows, after-tax cash flows and discount rates are used because the results are substantially the same as pre-tax computations. Impairments are recognised in profit or loss in a variety of classifications depending on the nature of the impaired asset. If there are indications, at the end of the reporting period, that an impairment loss recognised in previous years has been reduced, in full or in part, the recoverability of the carrying amount is tested and any reversal of the impairment loss determined. The reversal may under no circumstances exceed the amount of the impairment losses previously recognised. Losses are reversed if the circumstances that resulted in the loss no longer exist, provided that the reversal does not exceed the cumulative impairment losses previously recognised, unless the impairment

loss relates to goodwill and investments measured at cost, where the related fair value cannot be reliably determined. Impairments of goodwill may not be reversed.

Estimates and judgements

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, impairment testing of assets (including the measurement of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, 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 financial statements.

Translation of foreign currency items

The reporting package of each consolidated enterprise is prepared using the functional currency of the economy in which the enterprise operates. Transactions in currencies other than the functional currency are recognised by application of the exchange rate at the transaction date. Assets and liabilities denominated in currencies other than the functional currency are, subsequently, remeasured by application of the exchange rate at the end of the reporting period. Any exchange differences on remeasurement are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historical cost are translated using the exchange rate at the date of initial recognition.

Translation of the liabilities, assets, goodwill and consolidation adjustments shown in the reporting packages of consolidated companies with functional currencies other than the euro is made at the closing rate of exchange, whereas the average rate of exchange is used for income statement items to the extent that they approximate the transaction date rate or the rate during the period of consolidation, if lower. All resultant exchange differences are recognised directly in comprehensive income and reclassified to profit or loss upon the loss of control of the investment and the resulting deconsolidation.

Earnings per share

Basic earnings per share is computed by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the accounting period.

Diluted earnings per share is computed by dividing profit attributable to owners of the parent by the above weighted average, also taking into account the effects deriving from the subscription, exercise or conversion of all potential shares that may be issued as a result of the exercise of any outstanding rights.

New accounting standard adopted from 1 January 2019: IFRS 16 – Leases

The new standard (which replaced IAS 17, IFRIC 4, SIC 15 and SIC27) provides a different definition of lease and introduces a criterion based on control of the asset, to distinguish a lease arrangement from a service contract, indicating as discriminating factors the identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to direct the use of the asset underlying the contract.

The new financial reporting standard removes the distinction between operating and finance leases for the lessee. In fact, IFRS 16 requires the lessee to recognise a right-of-use asset in the statement of financial position at lease commencement (i.e. in the same item where the corresponding assets would be recognised if they were owned), to be depreciated over the term of the right-of-use. At lease commencement, the lessor also recognises, as a contra-entry to the above right-of-use, a liability arising from the contract, for an amount equal to the present value of the minimum lease payments due. IFRS 16 clarifies that, within the context of the lease contract, a lessee must separate the components related to the lease (which are accounted for as per IFRS 16) from those related to other services, which are accounted for in accordance with other IFRS. Lease payments for lease contracts of up to 12 months and those concerning low-value assets, considering that they have little significance for the lessee, may be recognised as costs in the year in which they are incurred.

The lessee may elect not to apply the new standard lease contracts of up to 12 months and those concerning low-value assets, considering that they have little significance.

Regarding the lessor, instead, the distinction between finance lease and operating lease continues to apply, depending on the characteristics of the contract, as per IAS 17. Consequently, the lessor will recognise a financial receivable (if a finance lease) or a tangible asset (if an operating lease).

Impact of first-time adoption of IFRS 16

The project for the preliminary identification of potential impacts took place in different stages, including one involving the mapping of contracts that might potentially include a lease arrangement and the analysis of such contracts to understand the main provisions that would be relevant in relation to IFRS 16. The assessment revealed that the Group does not hold significant assets as a lessee, with the relevant contracts referring mainly to the operating lease of property. In addition, the Group availed itself of the following practical expedients allowed by the standard on first-time adoption:

- a) modified retrospective application, with recognition in the statement of financial position as at 1 January 2019 of the cumulative effects deriving from the adoption of the standard, without any impact on equity and without any change in the comparative income statement for 2018;
- b) use of the information available at the transition date to determine the length of the lease arrangement, with special emphasis on the exercise of extension options and early termination;

c) exclusion of the new accounting method for lease contracts of little significance, with a residual term of up to 12 months (starting from 1 January 2019) or for low-value assets, relating essentially to computers, telephones and other electronic devices. For these assets, lease payments will continue to be recognised through profit or loss, for the duration of the relevant contracts;

d) exclusion of initial direct costs from the measurement of the right as of 1 January 2019;

e) exclusion of the application of the new standard for contracts containing leases of intangible assets.

The right-of-use assets recognised in application of IFRS 16 - Leases are included in “Property, plant and equipment” in the consolidated statement of financial position, with details provided in the respective items in note 7.1, in which the assets recognised in application of IFRS 16 would have been recognised if owned by the Company.

As a result of the analysis conducted, adoption of the new standard, as of the date of 1 January 2019, has resulted in the Group, in its role as lessee, recognising right-of-use assets amounting to €8,776 thousand in “Property, plant and equipment” (including €2,159 thousand attributable to the current portion), with recognition of a matching amount in “Medium/long-term borrowings”, representing the non-current portion, and in the “Current portion of medium/long-term financial liabilities”, representing the amount falling due within 12 months. The above lease liabilities represent the present value of the minimum lease payments due over the remaining term of the leases. With regard to contracts in which Group companies are the lessor, these leases continue to be classified as operating leases (essentially relating to the sub-concessions for the lease of retail and refreshment areas on motorways operated under concession). The introduction of IFRS 16 has therefore not had any impact in relation to these transactions.

New accounting standards and interpretations, or revision and amendment of existing standards, that have either yet to come into effect

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, this section describes new accounting standards and interpretations, and amendments of existing standards and interpretations that are already applicable, that have yet to come into effect as at 31 December 2019, and that may in the future be applied in the Group’s consolidated financial statements.

Name of document	Effective date of IASB document	Date of EU endorsement
Amendments to existing standards and interpretations		
Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Change in Accounting estimates and Errors	1 January 2020	November 2019
Amendments to IFRS 3 – Business Combinations	1 January 2020	Not endorsed
Amendments to IFRS 9 – Financial Instruments, to IAS 39 – Financial Instruments: Recognition and Measurement and to IFRS 7 – Financial Instruments: Disclosures	1 January 2020	January 2020

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

On 31 October 2018 the IASB published “Definition of Material (Amendments to IAS 1 and IAS 8)”. The document introduced an amendment to the definition of “material”. The amendment clarifies the definition of “material” and introduces the concept of “obscured information”, in addition to the concepts of “omitted” and “misstated” information already present in the two amended standards. The amendment clarifies that information is “obscured” if it is provided in such a way as to produce for general users of financial statements an effect similar to that which would be produced if such information had been omitted or misstated.

Amendments to IFRS 3 – Business Combinations

On 22 October 2018 the IASB published “Definition of a Business (Amendments to IFRS 3)”, to amend IFRS 3 in such a way as to clarify the definition of a business for the proper application of the standard.

In particular, the amendment clarifies that an output is not the necessary condition to identify a business in the presence of a set of activities/processes and assets. However, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced “ability to create outputs” with “contribution to the ability to create outputs” to clarify that a business can exist also without all the inputs and processes necessary to create an output. Moreover, the amendment has introduced an optional concentration test, to determine whether an acquired set of activities and assets is a business. To that end, the amendment added a large number of illustrative examples to IFRS 3, to allow comprehension of the practical application of the new definition of a business in specific cases. The amendments apply to all business combinations and acquisitions occurring after 1 January 2020, with early application permitted.

Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement and to IFRS 7 – Financial Instruments: Disclosures

On 26 September 2019, the IASB published the document entitled “Interest Rate Benchmark

Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)", which has amended 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 IBOR, which is still in progress, on future cash flows, whilst awaiting completion of the process. The amendment also requires entities to disclose the hedging relationships directly impacted by the uncertainties caused by the reform and to which the above exemptions apply.

The Autostrade per l'Italia Group is assessing the potential impact, which cannot currently be reasonably estimated, of future application of all the newly issued standards as well as the revisions and amendments of existing standards.

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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 (in Italy and abroad).

Essential information regarding the concessions held by Group companies is set out below. Further details of events of a regulatory nature, linked to the Group's concession arrangements, during the year are provided in note 10.7, "Significant legal and regulatory aspects".

Existing concessions establish the right for motorway operators to demand tolls from motorway users. Tolls are revised annually through a toll formula contained in the specific individual concession arrangements. On the other hand, operators have an obligation to pay concession fees, to expand and modernise the motorway infrastructure operated under the concessions, and to maintain and operate the motorways. Concessions are not automatically renewed on expiry but are publicly re-tendered in accordance with laws as may be in effect from time to time. This consequently entails the handover free of charge of all assets in a good state of repair by the operator to the Grantor, unless the concession provides for a payment by a replacement operator of the residual carrying amount of assets to be handed over.

The only changes to the motorway concessions held by the Group's Italian companies in 2019 are as follows:

a) Five-yearly update of Autostrade per l'Italia's financial plan: on 15 June 2018, Autostrade per l'Italia submitted a proposal to the Grantor regarding a five-year update of its financial plan. Despite repeated requests, the Grantor has failed to approve the plan, citing, among other things, with a memorandum of 4.12.2018, the regulatory powers attributed to the Transport Regulator by Legislative Decree 109/2018. As a result, Autostrade per l'Italia has lodged two administrative appeals, one challenging the above memorandum from the Grantor, the other the Grantor's failure to respond to the proposal to update Autostrade per l'Italia's Financial Plan for the regulatory period 2018-2022. With regard to the second action, judgement 13789 was published on 2 December 2019. In this ruling, Lazio Regional Administrative Court has partially upheld Autostrade per l'Italia's challenge, stating that "the Ministry of Infrastructure and Transport has an obligation to respond, in accordance with the plaintiff's arguments, by adopting an express determination within thirty days of notification of the ruling". On 30 December 2019, the Ministry of Infrastructure and Transport, through the Attorney General's Office, appealed the Lazio Regional Administrative Court judgement on the Grantor's failure to respond to the proposal to update Autostrade per l'Italia's Financial Plan. On 3 January 2020, the Ministry of Infrastructure and Transport issued determination 50/2020 in compliance with the judgement, informing Autostrade per l'Italia that the proposal to update the financial plan submitted on 15 June 2018 was unacceptable. These reasons were given: (i) the proposal submitted would not implement ART Determination 16/2019; (ii) application of the new regime introduced by the Transport Regulator would be a qualifying and essential element of the concession relationship; (iii) art. 13 of the Milleproroghe Decree would require operators to submit new proposals for

updating their financial plans on the basis of ART determinations, entailing cancellation of the plans already submitted, by 30 March 2020. Autostrade per l'Italia is considering what action to take in response;

b) Agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna: the agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna, already signed by Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and Bologna City Council on 15 April 2016, was discussed and subjected to an indepth review at the request of the Ministry, resulting in the production of a revised design to be included in an addendum to the agreement of 15 April 2016, signed on 6 November 2019;

c) Consultation with the Transport Regulator: Autostrade per l'Italia, along with other motorway operators, filed a legal challenge with Piedmont Regional Administrative Court on 29 March 2019, contesting determination 16 issued by the Transport Regulator ("ART") on 18 February 2019, marking the start of consultations on the new tariff regime. Autostrade per l'Italia's legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes in connection with Autostrade per l'Italia's Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. Despite this, the company took part in the relevant consultation process, challenging the scope of application of the tariff regime drawn up by ART - on the basis of the same arguments presented in the above legal challenge - and submitting its observations on the related operational and financial aspects. In Determination 71 of 19 June 2019, ART announced the conclusion of the process, a determination that was also challenged by Autostrade per l'Italia on additional grounds on 18 September 2019.

d) Award of the concession for the A3 Naples - Pompei - Salerno motorway: Council of State judgement 01248/2019 has upheld the judgement handed down by Campania Regional Administrative Court in July 2018 and, thus confirming the disqualification of the company's earlier bid in relation to the tender for the award of the concession for the A3 Naples-Pompei Salerno motorway. Similarly, the Council of State also confirmed the disqualification of the competing bidder, the SIS Consortium. In the meantime, Autostrade Meridionali is continuing to operate the motorway whilst awaiting the selection of a new operator. Following the new tender procedure launched by the Ministry of Infrastructure and Transport to award the concession for operation and maintenance of the 51.6-km long A3 Naples-Pompei-Salerno motorway, the two competing bidders, Autostrade Meridionali and the SIS Consortium submitted their bids within the required deadline. At the public meeting held on 19 December 2019, the Tender Committee announced that the SIS Consortium was the highest ranked bidder and that it had therefore ordered an investigation to identify any irregularities in the bid tendered by the SIS Consortium. Autostrade Meridionali requested access to the documents and the Grantor has announced that access will be granted once the irregularities

have been investigated. Further information is provided in note 10.7, "Significant legal and regulatory aspects".

The process of revising the financial plans of Raccordo Autostradale Valle d'Aosta, Società Autostrada Tirrenica and Tangenziale di Napoli is still in progress.

With regard to Autostrade per l'Italia's concession, the Company is engaged in the implementation of a programme of investment in "Major Works" (including the works envisaged by the 1997 Agreement, the IV Addendum of 2002 and other investment) worth approximately €18 billion, including approximately €10.9 billion already completed as at 31 December 2019 (€10.4 billion as at 31 December 2018), essentially regarding the upgrade of existing motorways.

Operator	Section of motorway	Kilometres in service	Expiry date
Autostrade per l'Italia	A1 Milan - Naples	803,5	
	A4 Milan - Brescia	93,5	
	A7 Genoa - Serravalle	50,0	
	A8/9 Milan - lakes	77,7	
	A8/A26 link road	24,0	
	A10 Genoa - Savona	45,5	
	A11 Florence - Pisa North	81,7	
	A12 Genoa - Sestri Levante	48,7	
	A12 Rome - Civitavecchia	65,4	
	A13 Bologna - Padua	127,3	
	A14 Bologna - Taranto	781,4	
	A16 Naples - Canosa	172,3	
	A23 Udine - Tarvisio	101,2	
	A26 Genoa - Gravelona Toce	244,9	
	A27 Mestre - Belluno	82,2	
	A30 Caserta - Salerno	55,3	
		TOTAL	2.854,6
Autostrade Meridionali ⁽¹⁾	A3 Naples - Salerno	51,6	31 Dec 2012
Raccordo Autostradale Valle d'Aosta	A5 Aosta - Monte Bianco	32,3	31 Dec 2032
Tangenziale di Napoli	Tangenziale di Napoli	20,2	31 Dec 2037
Società Autostrada Tirrenica	A12 Livorno - Civitavecchia	54,8	31 Dec 2046
Società Italiana per azioni per il Traforo del Monte Bianco	Mont Blanc tunnel	5,8	31 Dec 2050

(1) In compliance with the concession arrangement, in December 2012 the Grantor requested Autostrade Meridionali to continue operating the motorway after 1 January 2013, in accordance with the terms and conditions of the existing arrangement, whilst awaiting the conclusion of the tender process that will select the new operator.

Scope of consolidation

In addition to the Parent Company, Autostrade per l'Italia, companies are consolidated when Autostrade per l'Italia SpA exercises control. Control over an entity is exercised when the Parent Company 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. All entities over which control is exercised 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.

Companies are, in part, consolidated on the basis of the specific "reporting packages" prepared by each consolidated company, as of the end of the reporting period and in compliance with the IFRS accounting policies adopted by the Group. Companies are consolidated according to the following criteria and procedures:

- a) use of the line-by-line method, entailing the reporting of non-controlling interests in equity and profit or loss and the recognition of all assets, liabilities, revenues and costs, regardless of percentage ownership;
- b) elimination of intercompany assets, liabilities, revenues and costs, including the reversal of unrealised profits and losses on transactions between consolidated companies and recognition of the consequent deferred taxation;
- c) reversal of intercompany dividends and reallocation to the relevant opening equity reserves;
- d) netting of the carrying amount of investments in consolidated companies against the corresponding amount of equity, with any resultant positive and/or negative differences being debited/credited to the relevant balance sheet accounts (assets, liabilities and equity), as determined on the acquisition date of each investment and adjusted for subsequent variations. Following the acquisition of control, any acquisition of further interests from noncontrolling shareholders, or the sale of interests to such shareholders not resulting in the loss of control, are accounted for as owner transactions and the related changes recognised directly in equity; any resulting difference between the amount of the change in equity attributable to non-controlling interests and cash and cash equivalents exchanged are recognised directly in equity attributable to owners of the Parent;
- e) translation of the reporting packages of consolidated companies in functional currencies other than the euro applying the method previously described in the policy regarding the "Translation of foreign currency items", included in note 3.

The scope of consolidation as at 31 December 2019 is unchanged with respect to 31 December 2018.

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 31 December 2019, 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", described in the related paragraph of note 3, have not been met.

Events and corporate actions

6.1

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 on the A10 Genoa-Ventimiglia motorway of 14 August 2018, the impact of this event on the accounts in 2019 is described below. 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 2018 for further details.

Developments relating to legal and regulatory aspects in 2019 are described 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 provisions made already made in the financial statements for 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 the Company proceeded directly to carry out reconstruction based on the terms of the Single Concession Arrangement (rather than responsibilities for these activities being assigned by law to a Special Commissioner appointed by the Government), a series of expenses resulting from the events in question were already recognised in the consolidated income statement for 2018, as described in detail in note 6.1 to the consolidated financial statements as at and for the year ended 31 December 2018.

As described 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 Parent 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, which have been 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 Autostrade per l'Italia 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 Autostrade per l'Italia'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 Company continued to implement the decision to exempt road users in the Genoa area from the payment of tolls, resulting in an estimated overall reduction in toll revenue in 2018 and 2019 of approximately €26 million, including €19 million attributable to 2019.

In keeping with the above accounting treatment, in 2019 Autostrade per l'Italia:

- a) recognised costs of €225,338 thousand, as a result of requests from the Special Commissioner to fund reconstruction of the road bridge, as 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; this amount is entirely covered by use of "Provisions for the repair and replacement of motorway infrastructure" previously set aside in the consolidated financial statements as at and for the year ended 31 December 2018, and its impact on the income statement has been offset by indirect use of the above provisions in the "Operating change in provisions";
- b) paid a total of €50,980 thousand directly from "Other provisions for risks and charges", already made as at 31 December 2018, in the form of compensation for a number of the families of victims impacted by the collapse of the road bridge, in grants for small businesses and firms hit by the collapse and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect the Autostrade per l'Italia's rights and those of its employees who are under investigation;
- c) made further provisions of €12,000 thousand to the "Other provisions for risks and

charges" following an updated estimate of the charges to be incurred in order to pay further compensation to victims' families.

Final agreement was reached with the insurance company in 2019 regarding quantification of the amount payable to the Parent Company under existing third-party liability insurance policies for the Polcevera road bridge, amounting to €37,500 thousand. This amount has been recognised in "Other operating income" in the consolidated income statement for 2019, as it relates to costs for which provision had already been made in the consolidated financial statements as at and for the year ended 31 December 2018. These proceeds were not recognised in the financial statements at such date as they did not meet the requirements for reasonable certainty regarding either the amount to be collected or the date on which collection would occur.

Similarly, as at 31 December 2019, no further proceeds that may in future be collected on other insurance policies relating to the Polcevera road bridge have been recognised, as they do not meet the requirements of IFRS.

As at 31 December 2019, 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 €172,061 thousand;
- b) "Other provisions for risks and charges", amounting to €18,238 thousand.

Following the collapse of the road bridge, the Ministry of Infrastructure and Transport 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". As described in that note, and in the section, "Going-concern uncertainties and assessment conducted by the Company" in the above note 2, "Basis of preparation of the consolidated financial statements", to which reference should be made, Autostrade per l'Italia, without prejudicing any determination of liability for the collapse, proceeded to enter into discussions with the Government, the MIT and the Ministry of the Economy and Finance with the aim of agreeing on a resolution of the dispute, in return for the subsidiary's withdrawal of certain legal actions challenging aspects of the legislation introduced by the Government, which in some respects were in breach of Autostrade per l'Italia's rights.

Following a series of contacts between the parties, on 5 March 2020, Autostrade per l'Italia sent the MIT a letter in which the subsidiary, whilst continuing to refute the accusations made against it and confirming its willingness to work towards an agreed resolution of the ongoing dispute, set out details of the various elements of the proposal. The proposal includes, among other things, a commitment to assume sole responsibility for meeting expenditure totalling €2,900m. This sum breaks down as follows:

- a) €1,500m to be allocated on the basis of agreements to be reached by the parties in

order to fund the development of the country's infrastructure, the upgrade of the motorway network operated by Autostrade per l'Italia and/or its subsidiaries, and toll discounts for road users;

b) an increase of €700m (to be borne entirely by the subsidiary) in improvement maintenance in the period 2019-2023, compared with the commitments included in the financial plan submitted to the Grantor in June 2018;

c) without affecting the Company's previous commitment to bear the cost of construction of the new road bridge (including any ancillary expenses), estimated at €600 million, an undertaking to make up to a further €100 million available to the Special Commissioner to cover any additional reconstruction costs.

With regard to the commitments in point b), these are maintenance works that the Company 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. These maintenance works are, therefore, accounted for in the financial statements in accordance with the criteria previously described in note 3. The works are quantified as part of the process of measuring the value of the "Provisions for the repair and replacement of motorway infrastructure", which take into account the commitments assumed by the Company, including 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 referred to in point c), in accordance with the previously noted requirements, amounts representing a probable outflow and that can be reliably estimated were already included in the measurement of the related "Provisions for the repair and replacement of motorway infrastructure" in the financial statements as at and for the year ended 31 December 2018.

As described in note 2, "Basis of preparation of the consolidated financial statements", with regard to the uncertainties surrounding the ability of the Company and the Group to continue operating as going concerns, a detailed assessment was conducted by Autostrade per l'Italia's Board of Directors. Following this assessment, the Board concluded that the uncertainties were surmountable and decided, therefore, that it was appropriate to prepare these consolidated financial statements on a going concern basis. This is based on the assumption that there is a reasonable likelihood that an agreement will be reached with the Government and the MIT as a result of the current talks. As a result, in these consolidated financial statements as at and for the year ended 31 December 2019, the Group has made a further provision to "Other current provisions for risks and charges" amounting to €1,500 million, corresponding 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 have been met, 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. At the date of approval of these financial statements by the Company's Board of Directors, there are no further actions or formal obligations assumed by the Company that, under IFRS, must be reflected in specific items in the financial statements.

Given that, the above talks are still ongoing, it is not at this time possible to accurately predict the content of the final agreement that may be reached with the Government. However, despite the uncertainty surrounding the ongoing talks, at this time, the Group believes that the above amount of €1,500 million represents the best estimate of the additional costs to be met by Autostrade per l'Italia and to be reflecting in provisions, in accordance with the requirements of IAS 37 and the accounting standards adopted, as described in note 3.

In order to provide full disclosure, the following table shows the impact of the expenses recognised in the various items in the consolidated income statements for 2019 and 2018 as a result of the collapse of the road bridge.

€ 000

2019

2018

	2019	2018
REVENUE		
Toll revenue	-	-
Revenue from construction services	-	-
Other operating income	38.000	-
TOTAL REVENUE	38.000	-
COSTS		
Raw and consumable materials	-114.930	-13
Service costs	-94.507	-13.564
Gain/(Loss) on sale of elements of property, plant and equipment	-	-
Staff costs	-	-
Other operating costs	-21.932	-34.008
Concession fees	-	-
Lease expense	-71	-6
Other	-21.861	-34.002
Operating change in provisions	-1.286.662	-454.617
(Provisions)/Uses of provisions for repair and replacement of motorway infrastructure	225.338	-397.399
(Provisions)/Uses of provisions for renewal of motorway infrastructure	-	-
(Provisions)/Uses of provisions for risks and charges	-1.512.000	-57.218
Use of provisions for construction services required by contract	-	-
Amortisation and depreciation	-	-
Depreciation of property, plant and equipment	-	-
Amortisation of intangible assets deriving from concession rights	-	-
Amortisation of other intangible assets	-	-
(Impairment losses)/Reversals of impairment losses	-	-
TOTAL COSTS	-1.518.031	-502.202
OPERATING PROFIT/(LOSS)	-1.480.031	-502.202
Financial income	-	-
Dividends received from investees	-	-
Other financial income	-	-
Financial expenses	-	-
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-	-
Other financial expenses	-	-
Foreign exchange gains/(losses)	-	-
FINANCIAL INCOME/(EXPENSES)	-	-
Share of (profit)/loss of investees accounted for using the equity method	-	-
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	-1.480.031	-502.202
Income tax (expense)/benefit	475.519	137.030
Current tax expense	23.674	8.140
Differences on current tax expense for previous years	-	-
Deferred tax income and expense	451.845	128.890
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	-1.004.512	-365.172
Profit/(Loss) from discontinued operations	-	-
PROFIT/(LOSS) FOR THE YEAR	-1.004.512	-365.172
of which:		
Profit/(Loss) attributable to owners of the parent	-1.004.512	-365.172
Profit/(Loss) attributable to non-controlling interests	-	-

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 31 December 2019. Comparative amounts as at 31 December 2018 are shown in brackets.

Details of amounts 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 - €87,730 thousand (€81,953 thousand)

As at 31 December 2019, property, plant and equipment amounts to €87,730 thousand, broadly in line with the carrying amount as at 31 December 2018, totalling €81,953 thousand. 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	31 December 2019			31 December 2018		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	353.080	-277.847	75.233	343.367	-262.700	80.667
Right to use property, plant and equipment	12.542	-2.574	9.968	-	-	-
TOTAL PROPERTY, PLANT AND EQUIPMENT	365.622	-280.421	85.201	343.367	-262.700	80.667
Investment property	8.889	-6.360	2.529	5.680	-4.394	1.286
Total	374.511	-286.781	87.730	349.047	-267.094	81.953

The following table shows amounts at the beginning and end of the period for the different categories of asset, and the related changes in 2019.

€ 000	Carrying amount as at 31 December 2018	CHANGES DURING THE YEAR					Carrying amount as at 31 December 2019
		Additions	Depreciation	Disposals	Reclassifications and other adjustments		
Property, plant and equipment							
Land	2.918	-	-	-	-61	2.857	
Buildings	23.379	220	-1.286	-	-1.698	20.615	
Plant and machinery	984	33	-150	-324	9	552	
Industrial and business equipment	25.029	8.242	-11.605	-97	1.693	23.262	
Other assets	18.038	4.455	-6.453	-	1	16.041	
Property, plant and equipment under construction and advance payments	10.319	3.289	-	-	-1.702	11.906	
TOTAL	80.667	16.239	-19.494	-421	-1.758	75.233	
Right to use property, plant and equipment							
Rights to use buildings	-	3.995	-1.668	-	5.252	7.579	
Rights of use plant and machinery	-	-	-	-	-	-	
Rights to use equipment and other assets	-	-	-950	-	3.339	2.389	
TOTAL	-	3.995	-2.618	-	8.591	9.968	
TOTAL PROPERTY, PLANT AND EQUIPMENT	80.667	20.234	-22.112	-421	6.833	85.201	
Investment property							
Land	130	-	-	-	61	191	
Buildings	1.156	-	-516	-	1.698	2.338	
TOTAL	1.286	-	-516	-	1.759	2.529	
Total property, plant and equipment	81.953	20.234	-22.628	-421	8.592	87.730	

The increase in the carrying amount of property, plant and equipment with respect to 31 December 2018, amounting to €5,777 thousand, essentially reflects a combination of purchases during the period (€20,234 thousand), the recognition of right-of-use assets following first-time adoption of IFRS 16 - Leases (€8,776 thousand) and depreciation for the period (€22,628 thousand).

Investment property of €2,529 thousand as at 31 December 2019 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 2019.

Finally, as at 31 December 2019, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2

Intangible assets - €17,727,337 thousand (€18,092,536 thousand)

This item consists of:

a) assets deriving from concession rights, totalling €11,586,985 thousand (€11,952,363 thousand as at 31 December 2018), and regarding the following categories:

(i) rights deriving from the performance of construction services for which no additional economic benefits are received, totalling €7,413,112 thousand);

(ii) rights deriving from construction services for which additional economic benefits are received, totalling €3,975,397 thousand);

(iii) rights deriving from construction services carried out by service area operators, totalling €107,182 thousand, represented by assets that were handed over free of charge to the Group's operators on expiry of the related sub-concessions;

(iv) rights acquired from third parties (€91,294 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 €29,048 thousand.

€ 000	31 December 2019				31 December 2018			
	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount
Intangible assets deriving from concession rights	19,157,749	-7,454,716	-116,048	11,586,985	18,933,795	-6,865,384	-116,048	11,952,363
Goodwill and other intangible assets with indefinite lives	6,111,304	-	-	6,111,304	6,111,304	-	-	6,111,304
Other intangible assets	309,443	-280,395	-	29,048	287,618	-258,749	-	28,869
Intangible assets	25,578,496	-7,735,111	-116,048	17,727,337	25,332,717	-7,124,133	-116,048	18,092,536

Intangible assets recorded a net decrease of €365,199 thousand in 2019. The following table shows intangible assets at the beginning and end of the period and changes during 2019 in the different categories of intangible assets.

€ 000	Carrying amount as at 31 December 2018	CHANGES DURING THE YEAR				Carrying amount as at 31 December 2019
		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	95,977	-	-4,683	-	-	91,294
Concession rights accruing from construction services for which no additional economic benefits are received	7,725,548	-	-386,186	75,573	-1,823	7,413,112
Concession rights accruing from construction services for which additional economic benefits are received	4,021,735	147,757	-192,824	-	-1,271	3,975,397
Concession rights accruing from construction services provided by sub-operators	109,103	3,718	-5,639	-	-	107,182
TOTAL	11,952,363	151,475	-589,332	75,573	-3,094	11,586,985
GOODWILL AND OTHER 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	13,415	12,192	-12,742	-	479	13,344
Industrial patents and intellectual property rights	10,020	4,931	-8,094	-	58	6,915
Concessions and licenses	2,000	119	-811	-	-	1,308
Intangible assets under development and advance payments	3,434	4,583	-	-	-536	7,481
TOTAL	28,869	21,825	-21,647	-	1	29,048
INTANGIBLE ASSETS	18,092,536	173,300	-610,979	75,573	-3,093	17,727,337

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

In 2019, the Group invested a total of €517,355 thousand in assets held under concession (€542,734 thousand in 2018) 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 €369,425 thousand;

b) an increase in intangible assets deriving from concession rights due to construction services for which additional benefits are received, totalling €147,757 thousand.

In accordance with IFRIC 12 and as described in note 3, "Accounting standards and policies applied", operating and financial expenses in connection with those assets were recognised in income by nature, as was the fair value of construction and upgrade services rendered (classified in "Revenue from construction services" and "Use of provisions for construction services required by contract").

Research and development expenditure of approximately €2.4 million has been recognised in the consolidated income statement for 2019. 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 consists of the carrying amount of the 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 is the carrying amount as at 1 January 2004, the Atlantia Group’s IFRS transition date.

With regard to the recoverability of goodwill, allocated entirely to the CGU represented by Autostrade per l’Italia, and of the concession rights attributable to this CGU (given the overall significance of these items), these assets have been tested for impairment in accordance with IAS 36. There are no other CGUs showing evidence of a potential impairment, with the exception of Autostrade Meridionali, which is dealt with below.

In terms of the methodology used in impairment testing, the following should be noted:

- a) in line with the approach adopted in previous years, each operator is a separate CGU since the cash flows generated by the motorways operated under concession arrangements are largely independent of cash flows generated by other assets. Subsidiaries that do not hold concessions are also treated as a separate CGU;
- b) with regard to impairment testing of the CGUs to which goodwill has been allocated, the CGU represented by Autostrade per l’Italia has been tested for impairment.

It should be noted that, in view of the timing of the World health Organisation’s announcement of the Covid-19 pandemic, this was considered a subsequent event (covered in note 10.9, “Events after 31 December 2019”) of a “non-adjusting” type (as defined by IAS 10, in line with the technical guidance relating to this specific type of event issued by leading accounting experts) and, as such, not classifiable as an indicator of impairment at the end of 2019. Accordingly, the financial forecasts and discount rates used in the impairment tests are based on the existing conditions and information as at 31 December 2019.

In the case of the Autostrade per l’Italia CGU, projected operating cash flows were revised on the basis of an updated estimate for 2020, taking into account the impact of the health emergency, without applying changes for future years, given that it is not at the moment possible to assess such impacts. In this way, the tests and sensitivity analyses conducted are deemed capable of providing a basis for assessing the potential impact of the above Covid-19 pandemic. In line with the description in note 2 regarding “Going-concern uncertainties and assessment conducted by the Company”, and above all the assumption based on the reasonable expectation of reaching a potential agreement with the Government, the MIT and the Ministry of the Economy and Finance as a result of the current talks, which would also have a positive effect on the related financial risk, value in use was estimated using the long-term plan drawn

up by the Company, prepared on the basis of the regulatory framework set out in the Single Concession Arrangement. The incorporates traffic, investment, revenue and cost projections for the full term of the related concession. The use of long-term plans covering the entirety of the 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 motorway concession arrangement, above all with regard to the regulations governing the sector and the predetermined duration of the arrangement.

The following table shows the key assumptions forming the basis for the long-term plans of the CGU Autostrade per l’Italia (rate of traffic growth, rate of toll increases and discount rate used), on the basis of which the related cash flows were estimated.

	Traffic growth rate (CAGR)	Average annual toll increase ⁽¹⁾	Discount rate
Autostrade per l’Italia	1,25%	3,41%	6,02%

⁽¹⁾ This includes an average annual toll increase of 2.05% based on implementation of the Company’s major long-term investment programme, in addition to average annual toll increases designed to take account of inflation, as provided for in the Concession Arrangement (70% of the real inflation rate), equal to 1.24%.

With regard to the average annual toll increase to fund future investment, this component of the toll increase is recognised on a proportionate basis if expected capital expenditure is only partially carried out. In this case, it would also be necessary to take into account the financial impact of the shortfall in investment.

The impairment tests confirmed that the goodwill and concession rights accounted for in the financial statements as at and for the year ended 31 December 2019 are fully recoverable, despite the traffic projections, based in part on a study conducted by external consultants. In addition to the above impairment tests, sensitivity analyses were conducted on the recoverable values, increasing the indicated discount rates by 1%, and reducing the average annual rate of traffic growth by 1%. As previously noted, this last scenario was deemed to be representative of a stress test of the possible medium/long-term effects of the ongoing health emergency, which cannot currently be accurately predicted. The results of all the sensitivity analyses conducted confirmed the full recoverability of all the assets recognized in the financial statements.

There was no evidence of potential reversals of impairment losses on CGUs recognised in previous years. In the case of Autostrade Meridionali, the operator’s motorway concession expired on 31 December 2012. The operator is continuing to operate the relevant motorway, whilst awaiting the conclusion of the tender process that will select the new operator. The Grantor opted to use a negotiated procedure to award the new concession and the competing bids were submitted on 14 October 2019. On 4 February 2020, on completion of the selection process, the Grantor announced that the concession for the A3 Naples-Pompei-Salerno motorway had been provisionally awarded to the SIS Consortium. On 3 March 2020, Autostrade Meridionali filed a legal challenge contesting the legality of the award, in response to evidence of irregularities. Further information is provided in note 10.7, “Significant legal

and regulatory aspects”.

If a new operator takes over the concession, they will be required (i) to pay the company compensation (the takeover right) equal to the unamortised carrying amount of the capital expenditure carried out in the final years of the concession arrangement, 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. The value of the CGU's net invested capital, which is not of a significant amount, is recoverable.

7.3

Investments - €82,439 thousand (€83,812 thousand)

As at 31 December 2019, this item is down €1,373 thousand, essentially reflecting a combination of the following:

- a) recognition of the Group's share of the profit or loss of investees accounted for using the equity method, represent by a loss of €4,181 thousand;
- b) capital injections of €2,808 thousand, essentially relating to the acquisition of further equity interests in Tangenziali Esterne di Milano.

From 2019, the investment in Tangenziali Esterne di Milano is accounted for using the equity method following the expiry of the right of usufruct on shares representing 12.58% of the company, granted until 31 December 2018

The following table shows carrying amounts at the beginning and end of the period, grouped by category, and changes in investments in 2019.

€ 000	CHANGES DURING THE YEAR					31 December 2019
	31 December 2018	Acquisitions and capital contributions	Measurement using equity method		Sales, returns of capital and other changes	
	Opening balance		Profit or loss	Other comprehensive income		
Investments accounted for at fair value	61.379	-	-	-	-59.734	1.645
Investments accounted for using the equity method:						
- associates	21.433	2.808	-3.335	-846	-59.734	79.794
- joint ventures	1.000	-	-	-	-	1.000
Investments	83.812	2.808	-3.335	-846	-	82.439

The equity method is used to measure interests in associates and joint ventures, based on the most recent approved financial statements made available by the companies. In the event that financial statements for the year ended 31 December 2019, were unavailable, the above information was supplemented and, where necessary, restated in accordance with Group accounting policies.

In accordance with IAS 36, the investments in Pavimental and Spea Engineering were tested for impairment, in view of evidence of potential impairment losses. In carrying out the impairment test for these companies, which essentially provides support services to the Atlantia Group's operators (in connection with their construction and maintenance activities), 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 it provides its services, being 2044, without estimating terminal value. The estimated cash flows in the subsidiaries' long-term plans, after taxation, were discounted at a rate of 6.02%. These tests did not show any evidence of the need to recognise a further impairment loss on the carrying amount of this investment. The assumptions used as the basis for the quantification of cash flows and discount rate were primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

In addition to the above, there is no evidence of impairment of the carrying amounts of investments as a result of the impact of the Covid-19 pandemic described in note 7.2.

The following table shows an analysis of the Group's principal investments as at 31 December 2019, 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	31 December 2019		31 December 2018	
	% interest	Closing balance	% interest	Closing balance
INVESTMENTS ACCOUNTED FOR AT FAIR VALUE:				
Tangenziali Esterne di Milano			26,25%	59.736
Tangenziale Esterna	0,25%	1.162	0,25%	1.162
Uirnet	1,51%	427	1,51%	427
Other minor investments	-	56	-	54
TOTAL INVESTMENTS ACCOUNTED FOR AT FAIR VALUE		1.645		61.379
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD:				
Associates				
Tangenziali Esterne di Milano	27,45%	58.420		
Spea Engineering	20,00%	13.224	20,00%	15.544
Pavimental	20,00%	3.791	20,00%	3.607
Pedemontana Veneta (in liquidation)	29,77%	1.781	29,77%	1.675
Bologna & Fiera Parking	36,81%	2.514	36,81%	544
Other minor investments		64	-	63
Joint venture				
Geie del Traforo del Monte Bianco	50,00%	1.000	50,00%	1.000
TOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		80.794		22.433
INVESTMENTS		82.439		83.812

Annex 1 provides a list of the Group's investments as at 31 December 2019.

7.4

Financial assets (non-current) €348,238 thousand (€410,141 thousand) (current) €490,922 thousand (€482,057 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	31 December 2019			31 December 2018		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Takeover rights		409.584	409.584	-	408.313	408.313	-
Financial assets deriving from concession rights	(1)	409.584	409.584	-	408.313	408.313	-
Financial assets deriving from government grants related to construction services	(1)	190.958	25.495	165.463	218.589	22.108	196.481
Term deposits	(1)	185.993	24.674	161.319	213.796	21.364	192.432
Derivative assets	(2)	20.878	20.878	-	19.862	19.862	-
Other medium/long-term financial assets	(1)	23.376	1.920	21.456	23.313	2.085	21.228
Other medium/long-term financial assets		44.254	22.798	21.456	43.175	21.947	21.228
Other current financial assets	(1)	8.371	8.371	-	8.325	8.325	-
TOTALE		839.160	490.922	348.238	892.198	482.057	410.141

(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 the takeover right attributable to Autostrade Meridionali (€409.584 thousand as at 31 December 2019), being the amount payable 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.

Financial assets deriving from government grants to finance infrastructure works, amounting to €190,958 as at 31 December 2019, are down €27,631 thousand following the Grantor's specific release of grants to fund maintenance work on assets held under concession.

Term deposits, totalling €185,993 thousand, are down €27,803 thousand. This reflects 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.

7.5

Deferred tax assets and deferred tax liabilities Deferred tax assets - €110,338 thousand (€102,946 thousand) Deferred tax liabilities - €141,009 thousand (€588,563 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	31 December 2019	31 December 2018
Deferred tax assets	1.636.047	1.070.034
Deferred tax liabilities eligible for offset	-1.525.709	-967.088
Deferred tax assets less deferred tax liabilities eligible for offset	110.338	102.946
Deferred tax liabilities not eligible for offset	-141.009	-588.563
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-30.671	-485.617

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	31 December 2018	CHANGES DURING THE YEAR					31 December 2019
		Provisions	Releases	Provisions (releases) on other components of comprehensive income	Impact of change in tax rate on profit or loss and 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	382.167	447	-20.215	-	10.121	-	372.520
Provisions	564.327	727.770	-196.591	33	22.849	-	1.118.388
Impairments and depreciation of non-current assets	14.220	-	-822	-	103	-	13.501
Derivative liabilities	44.836	-	-	9.395	-	-	54.231
Impairment of receivables and inventories	3.095	2.956	-900	-	387	-	5.538
Other temporary differences	61.389	10.052	-1.258	819	869	-2	71.869
TOTAL	1.070.034	741.225	-219.786	10.247	34.329	-2	1.636.047
DEFERRED TAX LIABILITIES ON:							
Off-balance sheet amortisation of goodwill	-1.514.562	-100.075	-	-	-19.389	-	-1.634.026
Other temporary differences	-41.089	-896	1.132	798	1	7.362	-32.692
TOTAL	-1.555.651	-100.971	1.132	798	-19.388	7.362	-1.666.718
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-485.617	640.254	-218.654	11.045	14.941	7.360	-30.671

The balance of net deferred tax liabilities, totalling €30,671 thousand as at 31 December 2019, è primarily consists of the following:

- a) 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 €1,634,026 thousand;
- b) deferred tax assets of €1,118,388 thousand on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years and the abovementioned 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;
- c) 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 €372,520 thousand.

The reduction of €454,946 thousand in net deferred tax assets essentially reflects Autostrade per l'Italia's recognition (€479,535 thousand) of deferred tax assets on the provisions made in relation to the above undertaking given to the MIT.

Finally, the adjustment to deferred tax assets for IRES is linked to the reversal of temporary differences from previous years to be carried out in 2020 and 2021, totalling €19,981 thousand, in response to the introduction of an 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).

7.6

Other non-current assets - €164 thousand (€285 thousand)

This item is unchanged with respect to 31 December 2018.

7.7

Trading assets - €559,325 thousand (€533,891 thousand)

As at 31 December 2019, trading assets include:

- a) inventories of €60,737 thousand (€54,491 thousand as at 31 December 2018), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of plant;
- b) contract assets of €4,204 thousand (unchanged with respect to 31 December 2018);
- c) trade receivables of €494,384 thousand (€475,196 thousand as at 31 December 2018), consisting of the following items.

€ 000	31 December 2019	31 December 2018
Trade receivables due from:		
Motorway users	274.498	268.643
Sub-operators at motorway service areas	74.271	73.882
Sundry customers	118.387	115.431
Gross trade receivables	467.156	457.956
Allowance for bad debts	(48.083)	(36.909)
Other trading assets	75.311	54.149
Net trade receivables	494.384	475.196

Trade receivables, after the allowance for bad debts, have risen €19,188 thousand, essentially as a result of the increase in advances paid for work on assets held under concession, recognised in other trading assets.

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

€ 000	Total receivables as at 31 December 2019	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	467.156	377.214	8.051	18.060	63.831

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 2019, 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 2018	Additions	Uses	31 December 2019
Allowance for bad debts	36.909	12.211	-1.037	48.083

Group companies continuously monitor trade receivables to produce specific estimates of the percentage of receivables subject to expected credit losses, based on all the information in their possession.

Operators estimate expected losses on trade receivables in the form of uncollected motorway tolls on the basis of historical data relating to stratified losses and collections registered following the issue of unpaid tolls notices.

In the case of trade receivables other than uncollected motorway tolls, portfolio assessment is continuously updated based on weighted customer ratings, calculated taking into account the following parameters:

- a) analysis of historical collections and losses;
- b) analysis of overdue amounts as a proportion of the total receivables being analysed;
- c) application of a default rate based on the segmentation of customers in the portfolio by business sector.

The carrying amount of trade receivables approximates to fair value.

7.8

Cash and cash equivalents - €1,619,600 thousand (€1,791,628 thousand)

This item includes cash in hand and investments maturing within the short term and has decreased €172,028 thousand compared with 31 December 2018.

Detailed explanations of the cash flows resulting in the reduction in the Group's cash in 2019 are contained in note 9.1, "Notes to the consolidated statement of cash flows".

7.9

Current tax assets and liabilities

Current tax assets - €48,287 thousand (€32,190 thousand)

Current tax liabilities - €45,031 thousand (€29,604 thousand)

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

€ 000	Current tax assets		Current tax liabilities	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
IRES	28.332	31.525	44.738	26.471
IRAP	16.003	492	293	3.133
Taxes attributable to foreign operations	3.952	173	-	-
	48.287	32.190	45.031	29.604

As at 31 December 2019, the Group reports net current tax assets of €3,256 thousand, up €670 thousand compared with 31 December 2018 (€2,586 thousand). This substantially reflects the fact that payments on account for IRES made during the year are higher than the amount of tax due as at 31 December 2019.

7.10

Other current assets - €134,057 thousand (€78,572 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	31 December 2019	31 December 2018	Increase/ (Decrease)
Receivables due from end users and insurance companies for damages	17.732	18.199	-467
Receivable from public entities	29.795	776	29.019
Tax credits other than for income tax	42.072	7.847	34.225
Receivables from social security institutions	922	599	323
Amounts due from staff	1.729	1.730	-1
Accrued income of a non-trading nature	432	461	-29
Payments on account to suppliers and other current assets	44.613	52.041	-7.428
Other current assets, gross	137.295	81.653	55.642
Allowance for bad debts	-3.238	-3.081	-157
Other current assets, net	134.057	78.572	55.485

The balance is up €55,485 thousand compared with 31 December 2018, primarily reflecting:

- a) an increase in tax credits other than for income tax (€34,225 thousand) relating to refundable VAT on the invoices received in relation to demolition and reconstruction of the Polcevera road bridge;
- b) an increase in amounts receivable from public entities (€29,019 thousand), essentially relating to advances paid to the Special Commissioner in relation to demolition and reconstruction of the Polcevera road bridge;

The allowance for bad debts, totalling €3,238 thousand as at 31 December 2019, (€3,081 thousand as at 31 December 2018), essentially refers 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 (€4,274 thousand)

Liabilities related to discontinued operations - €96 thousand (€59 thousand)

The following table shows the composition of these assets and liabilities held for sale or related to discontinued operations according to their nature (trading, financial or other).

€ 000	31 December 2019	31 December 2018	Increase/ (Decrease)
Non-current non-financial assets	4.271	4.271	-
Current non-financial assets	-	3	-3
Total assets held for sale or related to discontinued operations	4.271	4.274	-3
Total assets held for sale or related to discontinued operations	76	39	37
Current financial liabilities	20	20	-
Total liabilities related to discontinued operations	96	59	37

Net assets held for sale or related to discontinued operations, amounting to €4,175 thousand as at 31 December 2019 and include the remaining 2% interest in Strada dei Parchi, amounting to €4,271 thousand, thousand, that is the subject of put and call options agreed with Toto Costruzioni Generali in the contract governing the sale, in 2011, of a controlling interest in the company.

7.12

Equity - €2,220,424 thousand (€2,843,597 thousand)

The issued capital of the Parent Company, Autostrade per l'Italia SpA, as at 31 December 2019 is fully subscribed and paid-in 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 2018. Equity attributable to owners of the parent, totalling €1,864,165 thousand, is down €628,607 thousand compared with 31 December 2018. The most important changes during the period are shown in detail in the statement of changes in consolidated equity. These regard:

- a) the comprehensive loss for 2019, amounting to €317,666 thousand, consisting of the loss for the year (€281,894 thousand) and the other comprehensive loss (€35,772 thousand), essentially reflecting the increase in fair value losses on Interest Rate Swaps and Forward- Starting Interest Rate Swaps (€75,928 thousand, due to falling interest rates in 2019), partially offset by the reclassification of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve, already recognised as at 31 December 2018, to profit or loss, given that these derivatives no longer meet the requirement of IFRS 9 with regard to the existence of an economic

relationship between the hedged item and the hedging instrument due to regulatory uncertainty (€43,770 thousand), as described in note 2, "Basis of preparation of the consolidated financial statements";

b) payment of Autostrade per l'Italia's final dividend for 2018 (€311,013 thousand).

Equity attributable to non-controlling interests of €356,259 thousand is broadly in line with the figure as at 31 December 2018 (€350,825 thousand). This essentially reflects the fact that comprehensive income attributable to non-controlling interests (€13,433 thousand) and dividends paid by a number of Group companies to non-controlling shareholders (€8,016 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) €2,311,749 thousand (€2,639,004 thousand) (current) €448,979 thousand (€405,562 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 2019, showing the non-current and current portions.

€ 000	31 December 2018			CHANGES DURING THE YEAR			31 December 2019		
	Carrying amount	non-current portion	current portion	Changes due to revised present value of obligations	Financial provisions and other changes	Uses to finance works	Carrying amount	non-current portion	current portion
Provisions for construction services required by contract	3.044.566	2.639.004	405.562	75.573	10.014	-369.425	2.760.728	2.311.749	448.979

7.14

Provisions (non-current) - €1,222,454 thousand (€1,194,114 thousand) (current) - €2,259,287 thousand (€834,901 thousand)

As at 31 December 2019, provisions amount to €3,481,741 thousand (€2,029,015 thousand as at 31 December 2018). The following table shows details of provisions by type, showing the non-current and current portions.

€ 000	31 December 2019			31 December 2018		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	106.176	89.588	16.588	115.441	91.356	24.085
Provisions for repair and replacement of motorway infrastructure	1.716.970	1.040.913	676.057	1.714.345	1.020.513	693.832
Provisions for renewal of motorway infrastructure	78.671	75.921	2.750	65.021	64.996	25
Other provisions	1.579.924	16.032	1.563.892	134.208	17.249	116.959
Total provisions	3.481.741	1.222.454	2.259.287	2.029.015	1.194.114	834.901

The following table shows provisions at the beginning and end of the period and changes in 2019.

€ 000	31 December 2018	CHANGES DURING THE YEAR					31 December 2019
	Carrying amount	Operating provisions	Financial provisions	Uses	Actuarial gains/(losses) recognised in comprehensive income	Reclassifications and other changes	Carrying amount
Provisions for employee benefits							
Post-employment benefits	115.441	903	1.167	-14.886	3.725	-174	-106.176
Total	115.441	903	1.167	-14.886	3.725	-174	106.176
Provisions for repair and replacement of motorway infrastructure	1.714.345	646.867	20.274	-664.516	-	-	1.716.970
Provisions for renewal of motorway infrastructure	65.021	12.802	1.021	-173	-	-	78.671
Other provisions for risks and charges							
Provisions for disputes, liabilities and sundry charges	134.208	1.524.487	-	-78.771	-	-	1.579.924
Total	134.208	1.524.487	-	-78.771	-	-	1.579.924
Fondi per accantonamenti	2.029.015	2.185.059	22.462	-758.346	3.725	-174	3.481.741

**PROVISIONS FOR EMPLOYEE BENEFITS
(non-current) - €89,588 thousand (€91,356 thousand)
(current) - €16,588 thousand (€24,085 thousand)**

At 31 December 2019, this item consists almost entirely of provisions for post-employment benefits to be paid to staff employed under Italian law. The reduction of €9,265 thousand primarily reflects uses of provisions for benefits and advances paid during the year. The actuarial model used to measure provisions for post-employment benefits is based on both demographic and economic assumptions.

The most important actuarial assumptions used to measure post-employment benefits at 31 December 2019 are summarized below.

Financial assumptions	
Annual discount rate ^(*)	0,37%
Annual rate of increase in post-employment benefits	1,20%
Annual rate of increase in real salaries	2,40%
Annual rate of increase in real salaries	0,65%
Annual turnover rate	da 1% a 4%
Duration (years)	da 5,4 a 13,9

^(*) The annual discount rate used to determine the present value of the obligation was determined with reference to the average yield curve based on the Iboxx Corporate AA index on the valuation date for durations of 7-10 years, reflecting the estimated period of service to be provided by plan members.

Demographic assumptions	
Mortality	Government General Accounting Office projections
Disability	INPS tables by age and sex
Retirement age	Mandatory state pension retirement age

The following table shows a sensitivity analysis of provisions for post-employment benefits at the end of the year based on assumed changes in the individual rates used in the actuarial assumptions.

SENSITIVITY ANALYSIS AS AT 31 DECEMBER 2019

€ 000	Change in assumption					
	Turnover rate		Inflation rate		Discount rate	
Autostrade per l'Italia Group's provisions for post-employment benefits	+1%	-1%	+0,25%	-0,25%	+0,25%	-0,25%
	105.720	106.671	107.059	105.305	104.816	107.576

**PROVISIONS FOR THE REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE
(non-current) - €1,040,913 thousand (€1,020,513 thousand)
(current) - €676,057 thousand (€693,832 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 €2,625 thousand on 31 December 2018. This reflects a combination of the following:

a) provisions for the year (totalling €667,141 thousand), including the estimated cost of improvement maintenance for the period 2019-2023, as described in note 6.1 "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", and the impact of the decline in the discount rates used as at 31 December 2019, compared with 31 December 2018;

b) uses of provisions during the year (€664,516 thousand), including those to finance demolition and reconstruction of the Polcevera road bridge (€225,338 thousand), previously described in note 6, "Events and corporate actions".

**PROVISIONS FOR THE RENEWAL OF MOTORWAY INFRASTRUCTURE
(non-current) - €75,921 thousand (€64,996 thousand)
(current) - €2,750 thousand (€25 thousand)**

Provisions for the renewal of motorway infrastructure, including the non-current and current portions, amount to €78,671 thousand (€65,021 thousand as at 31 December 2018) 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 essential extraordinary maintenance work in order to ensure the serviceability and safety of the assets held under concession. Compared with 31 December 2018, the provisions are up €13,651 thousand, essentially due to operating provisions made during the year.

**OTHER PROVISIONS
(non-current) - €16,032 thousand (€17,249 thousand)
(current) - €1,563,892 thousand (€116,959 thousand)**

These provisions essentially regard estimates of liabilities, at the end of the period, 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 €1,445,716 thousand for the combined effects of:

- a) provisions of €1,524,487 thousand, including €1,500,000 thousand to cover the estimated additional costs that will be incurred in relation to the discussions with the Government and the MIT aimed at resolving the ongoing dispute, as described in note 6;
- b) direct uses of €78,771 thousand, primarily to pay compensation for a number of the families of victims directly impacted by the collapse of a section of the Polcevera 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 (totalling €48,083 thousand).

Further information on developments in the principal disputes outstanding as at 31 December 2019 is provided in note 10.7, "Significant legal and regulatory aspects".

7.15

Financial liabilities

(non-current) €9,682,179 thousand (€10,259,795 thousand)

(current) €1,167,908 thousand (€1,236,761 thousand)

MEDIUM-LONG TERM FINANCIAL LIABILITIES

(non-current) €9,682,179 thousand (€10,259,795 thousand)

(current) €863,072 thousand (€948,787 thousand)

As at 31 December 2019, medium/long-term financial liabilities amount to €10,545,251 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 two tables provide an analysis of medium/long-term financial liabilities, showing:

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

€ 000	Note	31 December 2019		of which		Term	
		Face value	Carrying amount	Current portion	Non-current portion	between 13 and 60 months	after 60 months
Bond issues	(1) (2) (3)	7.658.075	7.526.401	501.554	7.024.847	3.446.677	3.578.170
Bank borrowings	(2) (3)	2.143.262	2.114.486	139.807	1.974.679	466.521	1.508.158
Other borrowings	(2)	232.401	212.626	28.202	184.424	176.543	7.881
Lease liabilities		10.157	10.157	2.853	7.304	4.308	2.996
Medium/long-term borrowings	(3)	2.385.820	2.337.269	170.862	2.166.407	647.372	1.519.035
Derivative liabilities	(4)		490.925	-	490.925	206.246	284.679
Accrued expenses on medium/long-term financial liabilities ⁽²⁾			190.656	190.656	-	-	-
Other medium/long-term financial liabilities			190.656	190.656	-	-	-
TOTAL			10.545.251	863.072	9.682.179	4.300.295	5.381.884

Migliaia di euro	Note	Face value	Carrying amount	Current portion	Non-current portion
Bond issues	(1) (2) (3)	8.247.813	8.092.981	593.154	7.499.827
Bank borrowings	(3)	2.268.408	2.231.844	124.814	2.107.030
Other borrowings		253.271	241.861	24.686	217.175
Lease liabilities			-	-	-
Medium/long-term borrowings	(2) (3)	2.521.679	2.473.705	149.500	2.324.205
Derivative liabilities	(4)		435.763	-	435.763
Accrued expenses on medium/long-term financial liabilities ⁽²⁾			206.133	206.133	-
Other medium/long-term financial liabilities			206.133	206.133	-
TOTAL			11.208.582	948.787	10.259.795

(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, "Financial risk management".

(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 IFRS9. Further details are provided in note 9.2.

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

€ 000	Maturity	31 December 2019		31 December 2018	
		Carrying amount ⁽¹⁾	Fair value ⁽²⁾	Carrying amount ⁽¹⁾	Fair value ⁽²⁾
Bond issues					
listed fixed rate	from 2020 to 2038	7,526,401	7,593,730	8,092,981	7,757,600
		7,526,401	7,593,730	8,092,981	7,757,600
Bank borrowings					
fixed rate	from 2020 to 2036	1,382,797	1,539,488	1,484,687	1,522,820
floating rate	from 2020 to 2034	731,689	741,978	747,157	701,438
		2,114,486	2,281,466	2,231,844	2,224,258
Other borrowings					
non-interest bearing	⁽³⁾ from 2020 to 2028	212,626	212,626	241,861	241,861
		212,626	212,626	241,861	241,861
Lease liabilities					
Medium/long-term borrowings		10,157	10,157	-	-
		2,337,269	2,504,249	2,473,705	2,466,119
Derivative liabilities					
Accrued expenses on medium/long-term financial liabilities		490,925	490,925	435,763	435,763
Other financial liabilities		190,656	190,656	206,133	206,133
		-	-	-	-
Other medium/long-term financial liabilities		190,656	190,656	206,133	206,133
TOTAL		10,545,251	10,779,560	11,208,582	10,865,615

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

€ 000	31 December 2019				31 December 2018	
	Face value	Carrying amount	Average interest rate applied to 31 December 2019	Effective interest rate as at 31 December 2019	Face value	Carrying amount
Euro (EUR)	9,134,562	9,011,817	3,20%	3,27%	9,870,316	9,724,732
Sterlina (GBP)	750,000	643,684	5,99%	2,20%	750,000	637,230
Jen (JPY)	149,176	208,169	5,30%	3,39%	149,176	204,724
Total	10,033,738	9,863,670	3,45%		10,769,492	10,566,686

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 2018	New borrowings	Repayments	Impact of first-time adoption of IFRS 16	Currency translation differences and other changes	Carrying amount as at 31 December 2019
Bond issues	8,092,981	-	-593,334	-	26,754	7,526,401
Bank borrowings	2,231,844	-	-125,144	-	7,786	2,114,486
Other borrowings	241,861	-	-3,397	-	-25,838	212,626
Lease liabilities	-	3,994	-2,887	8,776	274	10,157
Medium/long-term borrowings	2,473,705	3,994	-131,428	8,776	-17,778	2,337,269
Total	10,566,686	3,994	-724,762	8,776	8,976	9,863,670

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 31 December 2019 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) €7,024,847 thousand (€7,499,827 thousand) (current) €501,554 thousand (€593,154 thousand)

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

a) bonds transferred from Atlantia to Autostrade per l'Italia following the issuer substitution carried out in December 2016 (a total of €3,809,126 thousand as at 31 December 2019);

b) bonds (€2,975,485 thousand as at 31 December 2019) issued to institutional investors as part of the Euro Medium Term Note Programme launched in October 2014 (and authorised for an amount of up to €7 billion);

c) bonds issued to retail investors (totalling €741,790 thousand as at 31 December 2019).

As at 31 December 2019, the balance is down €566,580 thousand compared with 31 December 2018, essentially reflecting repayment, in February 2019, of bonds with a par value of €593,334 thousand, guaranteed by Atlantia and paying coupon interest of 4.5%.

Limited to the private placement in JPY (amounting to 20,000,000 thousand JPY, equal to €164,015 thousand as at 31 December 2019), 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):

a) interest 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 net worth.

Breach of the covenants would constitute a default event. The Group was in compliance with all the above covenants as at 31 December 2019.

MEDIUM/LONG-TERM BORROWINGS

(non-current) €2,166,407 thousand (€2,324,205 thousand)

(current) €170,863 thousand (€149,500 thousand)

The balance of this item, including both current and non-current portions, consists of other borrowings (with a carrying amount of €2,114,486 thousand).

The reduction of €117,358 thousand in medium/long-term borrowings compared with 31 December 2018 essentially reflects:

- a) repayment of loans from the European Investment Bank and from Cassa Depositi e Prestiti (€125,144 thousand);
- b) the recognition of lease liabilities following first-time adoption of the IFRS 16 (€10,157 thousand);

The loan agreements require compliance with a minimum threshold for “Operating cash flow available for Debt Service” and the “debt-service coverage ratio” (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 this covenant as at 31 December 2019.

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 31 December 2019, amounting to approximately €2.1 billion, including approximately €1.7 billion guaranteed by Atlantia).

At the date of preparation of this Annual Report, neither the EIB or CDP have requested the enforcement of any contractual rights and/or remedies, nor have they requested any early repayment.

With regard to the rating agencies' expressed reason for the downgrade (i.e. approval of art. 35 of the Milleproroghe Decree), the fact that art. 35 is in violation of both EU and constitutional law, as already ruled on by the courts at the Company's request, and the many legal opinions on this matter, the Company believes that it will be able to continue its dialogue with the financial institutions in order to find an agreed solution.

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) interest 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 these covenants as at 31 December 2019.

DERIVATIVE LIABILITIES

(non-current) €490,925 thousand (€435,763 thousand)

(current) - (-)

As at 31 December 2019, 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 future financial liabilities to be entered into through to 2021.

The overall increase in this item compared with 31 December 2018, amounting to €55,162 thousand, essentially reflects a combination of the following:

- a) an increase of €100,572 thousand in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps present as at 31 December 2019, essentially reflecting lower interest rates as at 31 December 2019 compared with 31 December 2018;
- b) a €45,410 thousand reduction in fair value losses on the Cross Currency Swaps linked to foreign currency bonds (pounds sterling and Japanese yen, resulting from the change in fair value (€11,589 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 the foreign exchange gains (€33,821 thousand) linked primarily to the rise in the value of sterling against the euro.

Fair value losses on Forward-Starting Interest Rate Swaps as at 31 December 2019 total €173,558 thousand. These swaps have a total notional value of €2,350 million, a weighted average duration of six years and ten months and a weighted average fixed rate of approximately 1.12%. Their purpose is to hedge highly likely future financial liabilities to be entered into through to 2021 in order to meet funding requirements. As at 31 December 2019, due to the regulatory uncertainty described in note 2, “Basis of preparation of the consolidated financial statements”, the accounting treatment of the entire derivatives portfolio was reviewed, as described in the note on “Financial risk management”.

Following this review, certain Forward-Starting Interest Rate Swaps, with a fair value of

€67,426 thousand, have been reclassified in full to profit or loss, as they no longer meet the requirement of IFRS 9 with regard to: (i) the existence of an economic relationship between the hedged item and the hedging instrument, and (ii) the expected effectiveness of the hedging relationship.

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - (-)

(current) €190,655 thousand (€206,133 thousand)

The balance of this item, including the current and non-current portions, is down €15,478 thousand. This essentially reflects a reduction in accrued expenses on bond issues (€23,030 thousand).

SHORT-TERM FINANCIAL LIABILITIES - €304,836 thousand (€287,974 thousand)

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

€ 000	31 December 2019	31 December 2018
Bank overdrafts repayable on demand	2	2
Short-term borrowings	244.999	244.999
Current derivative liabilities ⁽¹⁾	794	575
Intercompany current account payables due to related parties	27.858	7.425
Other current financial liabilities	31.183	34.973
Short-term financial liabilities	304.836	287.974

(1) These liabilities include derivative instruments that do not qualify for hedge accounting and are classified in level 2 of the fair value hierarchy.

This item, totalling €304,836 thousand, is up €16,862 thousand, essentially following an increase in current account payables due to the parent (€23,897 thousand).

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

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

€ 000	31 December 2019	of which related party transactions	31 December 2018	of which related party transactions
Cash	-954		-1.139	
Cash equivalents and intercompany current account receivables due from related parties	-665	-660	-652	-652
Cash and cash equivalents related to discontinued operations	-		-	
Cash and cash equivalents (A)	-1.619		-1.791	
Current financial assets ⁽¹⁾ (B)	-491		-482	
Bank overdrafts repayable on demand	-		-	
Current portion of medium/long-term financial liabilities	863		949	1
Other financial liabilities	305	28	287	7
Current financial assets (C)	1.168		1.236	
Current net debt (D=A+B+C)	-942		-1.037	
Medium/long-term borrowings	2.166		2.324	
Bond issues	7.025		7.500	
Other non-current borrowings	491		436	
Non-current financial liabilities (E)	9.682		10.260	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)	8.740		9.223	
Non-current financial assets (G)	-348		-410	
Net debt (H=F+G)	8.392		8.813	

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

7.16

Other non-current liabilities - €29,149 thousand (€27,904 thousand)

The balance as at 31 December 2019 amounts to €29,149 thousand and is substantially in line with the figure for 31 December 2018 (€27,904 thousand). The following table shows a breakdown of this item.

€ 000	31 December 2019	31 December 2018
Accrued expenses of a non-trading nature	24.615	23.946
Payable to staff	4.055	3.479
Amounts payable for expropriations	405	405
Other payables	74	74
Other non-current liabilities	29.149	27.904

7.17

Trading liabilities - €1,360,207 thousand (€1,318,598 thousand)

An analysis of trading liabilities is shown below.

€ 000	31 December 2019	31 December 2018
Amounts payable to suppliers	615.841	538.435
Payable to operators of interconnecting motorways	660.178	693.712
Tolls in the process of settlement	83.461	85.574
Accrued expenses , deferred income and other trading liabilities	727	877
Trading liabilities	1.360.207	1.318.598

Trading liabilities, totalling €1,360,207 thousand, are up €41.609 thousand compared with 31 December 2018 (€1,318,598 thousand). This is primarily due to an increase in amounts payable to suppliers, reflecting maintenance carried out in the final quarters of the comparative periods, partially offset by a reduction in amounts payable to the operators of interconnecting motorways, linked to a reduction in in the operators' toll revenue.

7.18

Other current liabilities - €324,236 thousand (€315,823 thousand)

An analysis of other current liabilities is shown below.

€ 000	31 December 2019	31 December 2018
Taxation other than income taxes	18.453	11.896
Amounts payable to staff	49.243	32.935
Concession fees payable	86.827	85.883
Social security contributions payable	25.796	21.618
Amounts payable for expropriations	1.684	7.113
Amounts payable to public entities	23	19
Other payables	142.210	156.359
Other current liabilities	324.236	315.823

The balance as at 31 December 2019 is broadly in line with the previous year. This reflects the following changes:

- a) an increase in amounts payable to staff, amounting to €16,308 thousand;
- b) a reduction in other payables, essentially following Autostrade per l'Italia's payment of amounts due to S.A.T.A.P. SpA and Intesa San Paolo SpA as a result of the acquisition of shares in Tangenziali Esterne di Milano.

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 2018 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 - €€3,690,336 thousand (€3,657,734 thousand)

Toll revenue of €3,690,336 thousand is up €32,602 thousand on 2018 (€3,657,734 thousand) primarily due to a 0.7% increase in traffic and the impact of the different traffic mix.

8.2

Revenue from construction services - €151,475 thousand (€178,305 thousand)

An analysis of this revenue is shown below.

€ 000	2019	2018	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	147.757	171.651	-23.894
Revenue from construction services provided by sub-operators	3.718	6.654	-2.936
Revenue from construction services	151.475	178.305	-26.830

Revenue from construction services essentially consists of construction services for which additional benefits are received and financial assets deriving from concession rights, 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 year. Revenue from construction services is down €26,830 thousand compared with 2018. This is essentially due to a decrease in revenue from construction services for which additional benefits are received, reflecting the reduced volume of work carried out by Autostrade per l'Italia during the period.

In 2019, the Group carried out additional construction services for which no additional benefits are received, amounting to €369,425 thousand, net of the related government grants, for which the Group made use of a portion of the specifically allocated “Provisions for construction services required by contract”. Uses of these provisions are classified as a reduction in operating costs for the period, as explained in note 8.9, “Use of provisions for construction services required by contract”. Details of total investment in assets held under concession during the year are provided in note 7.2, “Intangible assets”.

8.3

Other operating income - €389,339 thousand (€339,598 thousand)

An analysis of other operating income is provided below.

€ 000	2019	2018	Increase/ (Decrease)
Revenue from sub-concessions	171.828	178.564	-6.736
Maintenance revenue	19.409	15.778	3.631
Other revenue from motorway operation	22.075	24.383	-2.308
Revenue from the sale of technology devices and services	58.795	38.304	20.491
Refunds	21.870	21.381	489
Damages and compensation	52.895	18.335	34.560
Advertising revenue	1.906	3.292	-1.386
Other income	40.561	39.561	1.000
Other operating income	389.339	339.598	49.741

Other operating income of €389,340 thousand is up €49,741 thousand compared with 2018. This is primarily due to the final agreement reached with the insurance company regarding quantification of the amount payable to the Parent Company under third-party liability insurance policies for the Polcevera road bridge (€37,500 thousand).

8.4

Raw and consumable materials - -€227,859 thousand (-€127,189 thousand)

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

€ 000	2019	2018	Increase/ (Decrease)
Construction materials	-8.457	-9.163	706
Electrical and electronic materials	-49.147	-36.717	-12.430
Lubricants and fuel	-10.981	-10.830	-151
Other raw and consumable materials	-165.708	-73.534	-92.174
Cost of materials	-234.293	-130.244	-104.049
Change in inventories of raw, ancillary and consumable materials and goods for resale	6.246	2.438	3.808
Capitalised cost of raw materials	188	617	-429
Raw and consumable materials	-227.859	-127.189	-100.670

This item has increased by €100,670 thousand, primarily due to an increase in costs incurred in other raw and consumable materials (€92,174 thousand). This is due mainly 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. These costs, totalling €114,913 thousand, are covered in full by use of the provisions for the repair and replacement of motorway infrastructure in order to rebuild the Polcevera road bridge, already made as at 31 December 2018 following receipt of the Commissioner's letter of 21 December 2018 in implementation of the above decree.

Use of the provisions is recognised in the item, "Operating change in provisions".

8.5

Service costs - -€1,067,562 thousand (-€820,585 thousand)

An analysis of service costs is provided below.

€ 000	2019	2018	Increase/ (Decrease)
Construction and similar	-761.933	-517.937	-243.996
Professional services	-153.276	-160.697	7.421
Transport and similar	-23.898	-22.887	-1.011
Utilities	-39.007	-34.468	-4.539
Insurance	-20.342	-12.987	-7.355
Statutory Auditors' fees	-685	-673	-12
Other services	-68.421	-70.936	2.515
Service costs	-1.067.562	-820.585	-246.977

The increase in service costs, amounting to €246,977 thousand, essentially reflects an increase in construction services broadly relating to the greater volume of motorway maintenance carried out.

The item, "Construction and similar" includes the costs relating to the progress of work on demolition and reconstruction of the Polcevera road bridge (€88,624 thousand). These charges are covered in full by use of the provisions for the repair and replacement of motorway infrastructure made as at 31 December 2018 in order to rebuild the Polcevera road bridge. The provisions were made on the basis of the Commissioner's letter of 21 December 2018 in implementation of art. 1, paragraphs 5 and 6 of the above decree, and recognised in the item, "Operating change in provisions".

8.6

Staff costs - -€531,317 thousand (-€515,756 thousand)

Staff costs break down as follows:

€ 000	2019	2018	Increase/ (Decrease)
Wages and salaries	-361.730	-358.097	-3.633
Social security contributions	-108.968	-107.456	-1.512
Payments to supplementary pension funds, INPS and for post-employment benefits	-21.607	-21.976	369
Directors' remuneration	-1.282	-3.814	2.532
Other staff costs	-39.365	-25.805	-13.560
Gross staff costs	-532.952	-517.148	-15.804
Capitalised staff costs attributable to assets not held under concession	1.635	1.392	243
Staff costs	-531.317	-515.756	-15.561

Staff costs of €531,317 thousand are up €15,561 thousand compared with 2018 (€515,756 thousand). This essentially reflects increases in the fair value of management incentive plans and in the cost of early retirement incentives.

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

Average workforce	2019	2018	Increase/ (Decrease)
Senior managers	95	97	-2
Middle managers and administrative staff	3.004	3.015	-11
Toll collectors	2.178	2.262	-84
Other operating personnel	1.456	1.472	-16
Total	6.733	6.846	-113

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 - -€551,756 thousand (-€585,756 thousand)

An analysis of other operating costs is shown below.

€ 000	2019	2018	Increase/ (Decrease)
Concession fees	-473.193	-469.050	-4.143
Lease expense	-5.325	-8.435	3.110
Grants and donations	-25.449	-45.771	20.322
Direct and indirect taxes	-11.342	-10.116	-1.226
Other	-36.447	-52.384	15.937
Other costs	-73.238	-108.271	35.033
Other operating costs	-551.756	-585.756	34.000

The reduction other operating costs, amounting to €34,000 thousand, essentially reflects a decrease in the costs incurred in relation to the collapse of a section of the Polcevera road bridge compared with 2018.

8.8

Operating change in provisions - -€1,515,982 (-€501,986)

This item reflects the impact on profit or loss of operating changes (new provisions and uses) in provisions, excluding those for employee benefits, made by the Company during the period in order to meet the legal and contractual obligations that it is presumed will require the use of financial resources in future years.

The negative balance of €1,515,982 thousand in 2019 essentially consists of:

a) the operating change in the provisions for the repair and replacement of motorway infrastructure, represented by income of €17,649 thousand. After stripping out the provisions (€225,338 thousand) linked to demolition and reconstruction of the Polcevera road bridge, referred to above in note 6, "Events and corporate actions", the resulting expense of €207,689 thousand a revised estimate of the cost of the repairs to the motorway network under Autostrade per l'Italia's new strategic plan, as described in section 1 of the report on operations, and the impact of the reduction in discount rates used as at 31 December 2019, compared with 31 December 2018;

b) provisions for risks and charges, totalling €1,521,002 thousand in 2019 (€87,628 thousand in 2018), essentially reflecting the provisions of €1,500,000 thousand to cover the estimated additional costs that will be incurred in relation to the discussions with the Government and the MIT aimed at resolving the ongoing dispute, as described in note 6, "Events and corporate actions".

8.9

Use of provisions for construction services required by contract - €369,425 thousand (€360,510 thousand)

This item regards the use of provisions for construction services required by contract, relating to services for which no additional economic benefits are received rendered during the year, less accrued government grants (recognised in revenue from construction services, as explained in note 8.2, "Revenue from construction services"). The item represents the indirect adjustment to construction costs classified by nature and incurred by Autostrade per l'Italia, whose concession arrangement provides for such obligations.

The figure is broadly in line with the amount for 2018.

8.10

Financial income/(expenses) - -€465,875 thousand (-€461,500 thousand)

Financial income - €86,876 thousand (€93,322 thousand)

Financial expenses - -€552,892 thousand (-€554.410 thousand)

Foreign exchange gains/(losses) - €141 thousand (-€412 thousand)

An analysis of financial income and expenses is shown below.

€ 000	2019	2018	Increase/ (Decrease)
Dividends received from investees	-	1.067	-1.067
Financial income accounted for as an increase in financial assets	952	952	-
Income from derivative financial instruments	57.580	62.505	-4.925
Interest and fees receivable on bank and post office deposits	1.352	1.485	-133
Other	26.992	27.313	-321
Other financial income	86.876	92.255	-5.379
FINANCIAL INCOME (A)	86.876	93.322	-6.446
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-32.476	-30.567	-1.909
Interest on medium/long-term borrowings	-70.052	-109.108	39.056
Losses on derivative financial instruments	-168.006	-104.700	-63.306
Interest on bonds	-260.309	-287.780	27.471
Interest expense accounted for as an increase in financial liabilities	-3.596	-3.417	-179
Interest and fees payable on bank and post office deposits	-723	-935	212
Other	-17.730	-17.903	173
Other financial expenses	-520.416	-523.843	3.427
TOTAL FINANCIAL EXPENSES (B)	-552.892	-554.410	1.518
Foreign exchange gains	34.752	15.670	19.082
Foreign exchange losses	-34.611	-16.082	-18.529
Foreign exchange gains/(losses) (c)	141	-412	553
Financial income/(expenses) (a+b+c)	-465.875	-461.500	-4.375

Net other financial expenses of €433,540 thousand are up €1,952 thousand compared with 31 December 2018 (€431,588 thousand), essentially reflecting a combination of the following:

a) the recognition of financial expenses of €60,312 thousand in 2019, linked to reclassification of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve, already recognised as at 31 December 2018, to profit or loss, given that these derivatives no longer meet the requirement of IFRS 9 with regard to the existence of an economic relationship between the hedged item and the hedging instrument and the expected effectiveness of the hedging relationships, essentially as a result of regulatory uncertainty (€43,770 thousand) and fair value losses on the swaps for 2019 (€16,542 thousand); the fact that these derivatives no longer meet the requirements of IFRS 9 is directly linked to the uncertainties described in note 2 “Basis of preparation of the consolidated financial statements”;

b) a reduction in debt between the two comparative periods.

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €32,476 thousand in 2019 (€30,567 thousand in 2018).

8.11

Income tax (expense)/benefits - €135,313 thousand (-€285,690 thousand)

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

€ 000	2019	2018	Increase/ (Decrease)
IRES	-256.280	-244.093	-12.187
IRAP	-50.326	-65.477	15.151
Current tax benefit of tax loss carry-forwards	2.117	2.437	-320
Current tax expense	-304.489	-307.133	2.644
Recovery of previous years' income taxes	4.990	6.997	-2.007
Previous years' income taxes	-1.729	-237	-1.492
Differences on current tax expense for previous years	3.261	6.760	-3.499
Provisions	741.225	235.090	506.135
Releases	-219.786	-120.731	-99.055
Changes in prior year estimates	34.329	-1.942	36.271
Deferred tax income	555.768	112.417	443.351
Provisions	-100.971	-99.642	-1.329
Releases	1.132	1.908	-776
Changes in prior year estimates	-19.388	-	-19.388
Deferred tax expense	-119.227	-97.734	-21.493
Deferred tax income/(expense)	436.541	14.683	421.858
Income tax (expense)/benefit	135.313	-285.690	421.003

Tax benefits amount to €135,313 thousand in 2019 (expense of €285,690 thousand in 2018). This item includes €479,535 thousand relating to the recognition of deferred tax assets on the above provisions determined on the basis of the estimated additional costs to be incurred in relation to the current talks with the Government and the MIT with the aim of resolving the ongoing dispute.

After stripping out this item, income tax expense amounts to €344,222 thousand, with the increase of €58,532 thousand compared with 2018 broadly in line with the improvement in profit before tax from continuing operations before the above provisions. In addition, introduction of the 3.5% IRES surtax by art. 1, paragraphs 716-718 of Law 160/2019 (the 2020 Budget Law), applicable to the earnings of motorway, airport, port and railway operators, has increased current income tax expense in the consolidated financial statements for 2019 by €12,298 thousand.

The following table shows the reconciliation of the IRES charge calculated at the statutory tax rate and the effective charge in the comparative periods.

€ 000	2019			2018		
	Taxable income	Tax	Tax rate	Taxable income	Tax	Tax rate
Profit/(Loss) before tax from continuing operations	-403.676			907.697		
IRES tax expense computed using statutory rate applied by Parent Company		-111.012	27,5%		217.846	24,0%
Temporary differences deductible in future years	2.449.311	673.560	-166,9%	824.298	199.414	22,0%
Temporary differences taxable in future years	-351.960	-96.789	24,0%	-355.438	-85.340	-9,4%
Reversal of prior year temporary differences	-773.742	-212.779	52,7%	-422.042	-100.279	-11,0%
Permanent differences	1.589	1.182	-0,3%	48.172	10.015	1,1%
Irap		50.326			65.477	
Total		304.489	-75,43%		307.133	33,84%

8.12

Earning per share

The following statement shows a breakdown of the calculation of 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.

	2019	2018
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 year attributable to owners of the parent (€000)	-281.894	608.109
Earnings/(Loss) per share (€)	-0,45	0,98
Profit/(Loss) from continuing operations attributable to owners of the parent (€000)	-281.824	607.951
Basic earnings/(loss) per share from continuing operations (€)	-0,45	0,98
Profit/(Loss) from discontinued operations attributable to owners of the parent (€000)	-70	158
Basic earnings/(loss) per share from discontinued operations (€)	-0,00	0,00

Other financial information

9.1

Notes to the consolidated statement of cash flows

Consolidated cash flow in 2019, compared with 2018, is analysed below. The consolidated statement of cash flows is included in the “Consolidated financial statements”.

Cash flows during 2019 resulted in a reduction of €192,461 thousand in cash and cash equivalents (€1,146,422 thousand in 2018).

Cash flows from operating activities amount to €1,376,034 thousand in 2019, down €245,659 thousand compared with 2018 (€1,621,693 thousand) primarily due to the use of a portion of the provisions made as at 31 December 2018 to cover the cost of the collapse of a section of the Polcevera road bridge (€276,318 thousand).

Cash used in investing activities amounts to €504,406 thousand, marking a reduction of €70,240 thousand compared with the figure for 2018 (€574,646 thousand). This primarily reflects reduced investment in assets held under concession after the related government grants (€25,379 thousand) and a decrease in purchases of investments (€24,908 thousand).

Cash used for financing activities in 2019 amounts to €1,064,089 thousand, a decrease of €1,129,380 thousand compared with 2018 (€2,193,469 thousand). The figure for 2019 reflects the repayment bonds in February 2019, totalling €593,334 thousand, and dividends paid (€322,774 thousand).

The following table shows net cash flows generated from discontinued operations, including the contributions of the French companies (Ecomouv and Tech Solutions Integrators), in the two periods. These cash flows are included in the consolidated statement of cash flows under operating, investing and financing activities.

CASH FLOWS FROM DISCONTINUED OPERATIONS

€ 000	2019	2018
Net cash generated from/(used in) operating activities	-	-5
Net cash generated from/(used in) investing activities	-	-
Net cash generated from/(used in) financing activities	-	-4

9.2

Financial risk management

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

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

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

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

Market risk

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

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

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

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

As at 31 December 2019, the Group's holdings of derivatives, described below, do not qualify for the application of hedge accounting, in accordance with IFRS 9.

Information on the fair value measurement of derivative financial instruments is provided in note 3, "Accounting standards and policies applied".

The residual average term to maturity of the Group's debt as at 31 December 2019 is approximately five years and six months. The average cost of the Group's medium/long-term borrowings in 2019 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), which were reclassified as no longer qualifying for hedge accounting.
- 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 31 December 2019, 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. However, as a result of the regulatory uncertainty described in note 2, "Basis of preparation of the consolidated financial statements", these instruments have been reclassified as no longer qualifying for hedge accounting. The cash flow hedge reserve has been frozen and will be released when the interest flows from the originally hedged financial liability crystallise.

With regard to the Forward-Starting Interest Rate Swaps entered into in previous years, the Company deemed it no longer appropriate to continue to apply IFRS 9 hedge accounting to a number of them, reclassifying fair value losses of €67,426 thousand as at 31 December 2019 from other comprehensive income to profit or loss. In compliance with IFRS 9, the Company has discontinued the hedging relationships, altering the accounting treatment to reflect that fact that these instruments are no longer classified as cash flow hedges and no longer qualify for the application of hedge accounting. Discontinuation of the hedging relationships as at 31 December 2019 was considered necessary as, given the changed characteristics of the hedged risk, the assessment conducted in accordance with IFRS 9, regarding the economic

relationship between the hedged item and the hedging instrument, and the expected effectiveness of the hedging relationship, led the Company to conclude that the application of hedge accounting was no longer appropriate.

Certain other Forward-Starting Interest Rate Swaps, due to the regulatory uncertainty described in note 2, "Basis of preparation of the consolidated financial statements", have also been reclassified as no longer qualifying for hedge accounting. However, believing the future debt issues underlying these instruments to be possible, the cash flow hedge reserve has been 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.

As a result of the hedges entered into, 97% 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 and/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 Company's functional currency. Although the Cross Currency Swaps associated with the sterling and yen denominated bonds, transferred to Autostrade per l'Italia as a result of the issuer substitution that took place at the end of 2016, have the function of hedging currency risk, they do not meet all the requirements for classification as hedges under IFRS 9. As a result, they are classified, from an accounting point of view, as non-hedge accounting.

9% of the Group's debt is denominated in currencies other than the euro (sterling and yen). Taking account of the Cross Currency Swaps linked to the foreign currency bonds, the Group's net debt is, therefore, effectively not exposed to currency risk on translation.

The following table summarises outstanding derivative financial instruments as at 31 December 2019 (compared with 31 December 2018) and shows the corresponding market and notional values of the hedged financial asset or liability.

€ 000		31 December 2019		31 December 2018	
Type	Purpose of hedge	Fair value asset/(liability)	Notional amount	Fair value asset/(liability)	Notional amount
CASH FLOW HEDGES ⁽¹⁾					
Interest Rate Swaps	Interest rate risk			-162.335	3.133.721
		0	0	-162.335	3.133.721
NON-HEDGE ACCOUNTING DERIVATIVES ⁽¹⁾					
Cross Currency Swaps	Currency and interest rate risk	-228.018	899.176	-273.428	899.176
Derivatives embedded in loans	Interest rate risk	-794	245.000	-575	245.000
Interest Rate Swaps	Interest rate risk	-89.349	760.465	-	-
Forward-Starting Interest Rate Swaps	Interest rate risk	-173.558	2.350.000	-	-
		-491.719	4.254.641	-274.003	1.144.176
	TOTAL	-491.719	4.254.641	-436.338	4.277.897
	<i>of which:</i>				
	fair value (asset)			-	
	fair value (liability)	-491.719		-436.338	

The following schedules show the distribution of a medium/long-term loan maturities outstanding as at 31 December 2019 and 31 December 2018.

The amounts in the above tables include interest payments and exclude the impact of any offset agreements. The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available. The distribution for transactions with amortisation schedules is based on the date on which each instalment falls due.

€ 000

31 December 19

	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bond issues (A)	7.526.401	-8.846.146	-737.583	-1.288.841	-2.826.093	-3.993.629
Medium/long-term borrowings (1)						
Total bank borrowings	2.114.486	-2.671.653	-202.213	-192.567	-486.216	-1.790.658
Total other borrowings and lease liabilities	222.783	-	-	-	-	-
Total medium/long-term borrowings (B)	2.337.269	-2.671.653	-202.213	-192.567	-486.216	-1.790.658
Total non-derivative financial liabilities (C)= (A)+(B)	9.863.670	-11.517.799	-939.796	-1.481.407	-3.312.310	-5.784.287
Derivatives (2)						
Interest rate swaps (3)	262.907	-363.669	-43.200	-51.519	-141.708	-127.242
Cross Currency Swaps (4)	228.018	-241.339	-12.400	-12.378	-181.795	-34.766
Total derivatives	490.925	-605.008	-55.600	-63.897	-323.503	-162.008

- (1) Future cash flows relating to floating rate medium/long-term loans have been projected on the basis of the latest established rate and held constant to final maturity.
- (2) As at 31 December 2019, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2021.
- (3) Future cash flows relating to differentials on interest rate swaps (IRSs) have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.
- (4) Expected future cash flows from differentials on cross currency swaps have been projected on the basis of the exchange rate fixed at the measurement date.

€ 000

31 December 18

	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
NON-DERIVATIVE FINANCIAL LIABILITIES (1)						
Bond issues (A)	8.092.981	-9.674.654	-854.685	-736.379	-2.952.223	-5.131.367
Medium/long-term borrowings (1)						
Total bank borrowings	2.231.844	-2.850.929	-191.117	-204.365	-521.972	-1.933.475
Total other borrowings	241.861	-	-	-	-	-
<i>of which due to Atlantia</i>	-	-	-	-	-	-
Total medium/long-term borrowings (B)	2.473.705	-2.850.929	-191.117	-204.365	-521.972	-1.933.475
Total non-derivative financial liabilities (C)= (A)+(B)	10.566.686	-12.525.583	-1.045.802	-940.744	-3.474.195	-7.064.842
Derivatives (2) (3)						
Interest rate swaps (3)	162.335	-295.714	-34.334	-39.754	-109.828	-111.798
Cross Currency Swaps (4)	273.428	-297.382	-14.188	-14.334	-223.373	-45.487
Total derivatives	435.763	-593.096	-48.522	-54.088	-333.201	-157.285

- (1) Future cash flows relating to floating rate medium/long-term loans have been projected on the basis of the latest established rate and held constant to final maturity.
- (2) As at 31 December 2018, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2021.
- (3) Future cash flows relating to differentials on interest rate swaps (IRSs) have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.
- (4) Expected future cash flows from differentials on cross currency swaps have been projected on the basis of the exchange rate fixed at the measurement date.

The following table shows the time distribution of expected cash flows from cash flow hedges, and the financial years in which they will be recognised in profit or loss.

€ 000	31 December 2019						31 December 2018					
	Carrying amount	Expected flows ⁽¹⁾	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years	Carrying amount	Expected flows ⁽¹⁾	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swap												
Derivative assets	-	-	-	-	-	-	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-	-162.335	-172.355	-31.109	-37.625	-84.027	-19.594
TOTAL CASH FLOW HEDGES	-	-	-	-	-	-	-162.335					
Accrued expenses on cash flow hedges	-	-	-	-	-	-	-10.020					
Accrued income on cash flow hedges	-	-	-	-	-	-	-					
TOTAL CASH FLOW HEDGE DERIVATIVE ASSETS/LIABILITIES	-	-	-	-	-	-	-172.355	-172.355	-31.109	-37.625	-84.027	-19.594
Interest rate swap												
Income from cash flow hedges	-	-	-	-	-	-	-	-177.583	-32.715	-41.271	-77.960	-25.637
Losses on cash flow hedges	-	-	-	-	-	-	-	15.248				15.248
TOTAL INCOME (LOSSES) FROM CASH FLOW HEDGES	-	-	-	-	-	-	-	-162.335	-32.715	-41.271	-77.960	-10.389

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 2019 and on equity as at 31 December 2019. 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:

- a)** 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 €241,789 thousand, before the related taxation, essentially attributable to the derivatives reclassified as no longer qualifying for hedge accounting;
- b)** 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 €17,467 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 31 December 2019, the Group has cash reserves of €2,947 million, consisting of:

- a)** €1,592 million in investments and cash maturing in the short term (€959 million), Autostrade per l'Italia's cash and cash equivalents (€633 million), essentially relating to Autostrade per l'Italia's role as a provider of centralised treasury management;
- b)** €1,355 million in undrawn committed lines of credit. These lines of credit include €1,300 million consisting of two lines of credit from Cassa Depositi e Prestiti, which is currently processing an application for the drawdown of funds with a view to excluding any reason that would prevent the bank from disbursing the requested amount.

As at 31 December 2019, the Group has lines of credit with a weighted average residual term to maturity of approximately five years and five months and a weighted average residual drawdown period of approximately two years and three months.

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

€ 000				31/12/2019		
Borrower	Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn
Autostrade per l'Italia	Medium/long-term committed line from CDP 2017	31/12/2021	13/12/2027	1.100	400	500
Autostrade per l'Italia	Revolving Line of Credit from CDP 2017	02/10/2022	31/12/2022	600		600
Autostrade Meridionali	Short-term loan from Banco di Napoli	31/12/2020	31/12/2020	300	245	55
			Lines of credit	2.000	645	1.355

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" and in note 10.9, "Events after 31 December 2019"), have impacted the motorway sector. 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 ability to generate sufficient 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 note 10.9, "Events after 31 December 2019", following the approval of art. 35 of the Milleproroghe Decree, which risk cutting off or complicating access to the credit market (including bank loans).

Against this backdrop, the Board of Directors has taken steps to conserve cash, as described below in note 10.9, "Events after 31 December 2019".

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

Operating and geographical segments

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

€m	Revenue ^(*)		Non-current assets ^(**)	
	2019	2018	31 December 2019	31 December 2018
Italy	4.219	4.168	17.897	18.259
Poland	2	1	-	-
France	3	1	-	-
Other	3	3	-	-
Sub-total Europe	4.227	4.173	17.897	18.259
Chile	4	2	-	-
Total	4.231	4.175	17.897	18.259

^(*) 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.

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.

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	2019				2018			
	IFRS 15		Outside scope of IFRS 15	Total revenue	IFRS 15		Outside scope of IFRS 15	Total revenue
	At a point in time	Over time			At a point in time	Over the time		
Net toll revenue	3.690	-	-	3.690	3.658	-	-	3.658
Revenue from construction services	-	151	-	151	-	178	-	178
Other operating income	124	13	253	389	95	13	231	339
Total revenue	3.814	164	253	4.231	3.753	191	231	4.175

10.2

Disclosures of non-controlling interests in consolidated companies

As required by IFRS 12, a list of the principal consolidated companies with non-controlling interests as at 31 December 2019 (with the relevant comparatives as at 31 December 2018) is provided below. The complete list of the Group's investments as at 31 December 2019 is provided in Annex 1, "The Autostrade per l'Italia Group's scope of consolidation and investments".

Non-controlling interests in consolidated companies	Country	31 December 2019		31 December 2018	
		Group interest	Non-controlling interests	Group interest	Non-controlling interests
Autostrade Meridionali S.p.A.	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 S.p.A.	Italy	24,46%	75,54%	24,46%	75,54%
Società Autostrada Tirrenica S.p.A.	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 31 December 2019. These include the following:

- a) 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;
- b) 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.

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

10.4

Reserves

As at 31 December 2019, Group companies have recognised contract reserves quantified by contractors in relation to:

- a) investing activities, totalling €908 million (€1,003 million as at 31 December 2018). 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 the cost of intangible assets deriving from concession rights;
- b) non-investing activities, amounting to approximately €35 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.

€M

Principal trading transactions with related parties

	Assets Trading and other assets					Liabilities Trading and other liabilities					Income Trading and other income		Expenses Trading and other expenses					
	Trade receivables	Current tax assets	Other trading and other assets	Assets related to discontinued operations	Total	Trade payables	Current tax liabilities	Other current liabilities	Other noncurrent liabilities	Liabilities related to discontinued operations	Total	Other operating income	Total	Raw and consumable materials	Service costs	Staff costs	Other operating costs	Total
<i>31 December 2019</i>																		
Sintonia	-	6,3	-	-	6,3	-	-	-	-	-	-	-	-	-	-	-	-	-
Atlantia	5,2	21,8	-	-	27,0	2,3	26,6	-	-	-	28,9	4,1	4,1	-	0,7	-	-	0,7
Total parents	5,2	28,1	-	-	33,3	2,3	26,6	-	-	-	28,9	4,1	4,1	-	0,7	-	-	0,7
Pavimental	0,8	-	-	-	0,8	131,2	-	5,5	-	-	136,7	0,3	0,3	-	239,2	-	0,1	239,3
Spea Engineering	16,3	-	-	-	16,3	70,5	-	-	-	-	70,5	0,6	0,6	-	60,6	-	-	60,6
Total associates	17,1	-	-	-	17,1	201,7	-	5,5	-	-	207,2	0,9	0,9	-	299,8	-	0,1	299,9
Abertis group	3,1	-	-	-	3,1	63,7	-	-	-	-	63,7	9,0	9,0	-	0,2	-	-	0,2
Autogrill	31,3	-	-	-	31,3	2,7	-	-	-	-	2,7	75,3	75,3	0,5	1,0	-	0,1	1,6
Infoblu (*)	0,8	-	-	-	0,8	0,8	-	-	-	-	0,8	0,5	0,5	-	0,6	-	-	0,6
AB Concessoes	2,5	-	-	-	2,5	-	-	1,5	-	-	1,5	-	-	-	-	-	-	-
Autostrade Brasil	0,2	-	-	-	0,2	-	-	0,2	-	-	0,2	-	-	-	-	-	-	-
Autostrade dell'Atlantico	0,1	-	-	-	0,1	-	-	-	-	-	-	0,1	0,1	-	-	-	-	-
Autostrade Holding do Sur	-	-	-	-	-	-	-	0,2	-	-	0,2	-	-	-	-	-	-	-
Electronic Transaction Consultants	3,4	-	-	-	3,4	0,9	-	-	-	-	0,9	-	-	-	-	-	-	-
Aeroporti di Roma group	1,5	-	-	-	1,5	0,8	-	-	-	-	0,8	0,8	0,8	-	-	-	-	-
Stalexport group	1,7	-	-	-	1,7	-	-	-	-	-	-	2,4	2,4	-	-	-	-	-
Azzurra Aeroporti	0,1	-	-	-	0,1	-	-	-	-	-	-	0,1	0,1	-	-	-	-	-
Sociedad Gestion Vial	1,0	-	-	-	1,0	-	-	-	-	-	-	1,3	1,3	-	-	-	-	-
Aeroporto Bologna	-	-	-	-	-	-	-	-	-	-	-	0,1	0,1	-	-	-	-	-
Telepass	26,6	-	-	-	26,6	11,5	-	-	-	-	11,5	51,6	51,6	0,2	10,4	-	0,3	10,9
Telepass Pay	0,6	-	-	-	0,6	0,4	-	-	-	-	0,4	0,5	0,5	-	0,4	-	-	0,4
Other affiliates	0,1	-	-	-	0,1	-	-	-	-	-	-	0,1	0,1	-	-	-	-	-
Total affiliates	73,0	-	-	-	73,0	80,8	-	1,9	-	-	82,7	141,8	141,8	0,7	12,6	-	0,4	13,7
SAT Lavori (in liquidation)	0,6	-	-	-	0,6	3,6	-	-	-	-	3,6	0,1	0,1	-	0,8	-	0,1	0,9
Total other companies	0,6	-	-	-	0,6	3,6	-	-	-	-	3,6	0,1	0,1	-	0,8	-	0,1	0,9
ASTRI pension fund	-	-	-	-	-	-	-	5,9	-	-	5,9	-	-	-	-	16,1	-	16,1
CAPIDI pension fund	-	-	-	-	-	-	-	1,1	-	-	1,1	-	-	-	-	1,9	-	1,9
Total pension funds	-	-	-	-	-	-	-	7,0	-	-	7,0	-	-	-	-	18,0	-	18,0
Key management personnel	-	-	-	-	-	-	-	3,6	1,3	-	4,9	-	-	-	-	4,3	-	4,3
Total key management personnel ⁽¹⁾	-	-	-	-	-	-	-	3,6	1,3	-	4,9	-	-	-	-	4,3	-	4,3
TOTAL	95,9	28,1	-	-	124,00	288,4	26,6	18,0	1,3	-	334,3	146,9	146,9	0,7	313,9	22,3	0,6	337,5
<i>31 December 2018</i>																		
Sintonia	-	6,3	-	-	6,3	-	-	-	-	-	-	-	-	-	-	-	-	-
Atlantia	2,8	24,7	-	-	27,5	5,4	24,0	-	-	-	29,4	3,1	3,1	-	0,5	-	0,2	0,7
Total parents	2,8	31,0	-	-	33,8	5,4	24,0	-	-	-	29,4	3,1	3,1	-	0,5	-	0,2	0,7
Bologna and Fiera Parking	0,1	-	-	-	0,1	-	-	-	-	-	-	-	-	-	-	-	-	-
Pavimental	1,1	-	-	-	1,1	105,0	-	6,4	-	-	111,4	0,7	0,7	-	234,8	-	0,4	235,2
Società Infrastrutture Toscane (in liquidation)	-	-	1,5	-	1,5	-	-	-	-	-	-	-	-	-	-	-	-	-
Spea Engineering	18,2	-	-	-	18,2	73,8	-	-	-	-	73,8	0,8	0,8	-	84,8	-	0,1	84,9
Total associates	19,4	-	1,5	-	20,9	178,8	-	6,4	-	-	185,2	1,5	1,5	-	319,6	-	0,5	320,1
Abertis group	1,3	-	-	-	1,3	70,1	-	-	-	-	70,1	2,7	2,7	-	0,4	-	-	0,4
Autogrill	31,2	-	-	-	31,2	3,4	-	-	-	-	3,4	75,0	75,0	2,1	0,8	-	0,3	3,2
Infoblu (*)	0,3	-	-	-	0,3	0,7	-	-	-	-	0,7	0,6	0,6	-	0,7	-	-	0,7
AB Concessoes	2,0	-	-	-	2,0	-	-	1,3	-	-	1,3	-	-	-	-	-	-	-
Autostrade Brasil	0,2	-	-	-	0,2	-	-	0,2	-	-	0,2	-	-	-	-	-	-	-
Autostrade dell'Atlantico	0,1	-	-	-	0,1	-	-	-	-	-	-	0,2	0,2	-	-	-	-	-
Autostrade Holding do Sur	-	-	-	-	-	-	-	0,2	-	-	0,2	-	-	-	-	-	-	-
Autostrade Indian Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0,1	-	-	0,1
Electronic Transaction Consultants	4,7	-	-	-	4,7	0,9	-	-	-	-	0,9	0,4	0,4	-	-	-	-	-
Aeroporti di Roma group	0,8	-	-	-	0,8	0,4	-	-	-	-	0,4	0,4	0,4	-	-	-	-	-
Stalexport group	0,6	-	-	-	0,6	-	-	-	-	-	-	0,8	0,8	-	-	-	-	-
Sociedad Gestion Vial	0,3	-	-	-	0,3	-	-	-	-	-	-	1,6	1,6	-	-	-	-	-
Aeroporto Bologna	0,1	-	-	-	0,1	-	-	-	-	-	-	0,1	0,1	-	-	-	-	-
Telepass	24,6	-	-	-	24,6	8,1	-	-	-	-	8,1	37,6	37,6	-	10,7	-	0,3	11,0
Telepass Pay	0,9	-	-	-	0,9	-	-	-	-	-	-	0,5	0,5	-	-	-	-	-
Total affiliates	67,2	-	-	-	67,2	83,6	-	1,7	-	-	85,3	119,9	119,9	2,1	12,7	-	0,6	15,4
SAT Lavori (in liquidation)	2,2	-	-	-	2,2	10,5	-	-	-	-	10,5	-	-	-	10,0	-	0,1	10,1
Total other companies	2,2	-	-	-	2,2	10,5	-	-	-	-	10,5	-	-	-	10,0	-	0,1	10,1
ASTRI pension fund	-	-	-	-	-	-	-	5,9	-	-	5,9	-	-	-	-	16,4	-	16,4
CAPIDI pension fund	-	-	-	-	-	-	-	0,9	-	-	0,9	-	-	-	-	2,3	-	2,3
Total pension funds	-	-	-	-	-	-	-	6,8	-	-	6,8	-	-	-	-	18,7	-	18,7
Key management personnel	-	-	-	-	-	-	-	1,4	1,7	-	3,1	-	-	-	-	4,6	-	4,6
Total key management personnel ⁽¹⁾	-	-	-	-	-	-	-	1,4	1,7	-	3,1	-	-	-	-	4,6	-	4,6
TOTAL	91,6	31,0	1,5	-	124,1	278,3	24,0	16,3	1,7	-	320,3	124,5	124,5	2,1	342,8	23,3	1,4	369,6

(*) This company was deconsolidated in 2018.

(1) Autostrade 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 Autostrade 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 2019 paid on behalf of Directors, Statutory Auditors and other key management personnel, totalling €1.2 million (€0.7 million in 2018) and liabilities of €1.7 million payable to such persons as at 31 December 2019 (€1 million as at 31 December 2018).

PRINCIPAL FINANCIAL TRANSACTIONS WITH RELATED PARTIES

€m

	Assets				Liabilities				Income		Expenses	
	Financial assets				Financial liabilities				Financial income		Financial expenses	
	Current financial assets deriving from government grants	Intercompany current account receivables	Other current financial assets	Total	Medium/longterm borrowings	Intercompany current account payables	Current portion of medium/long-term financial liabilities	Total	Other financial income	Total	Other financial expenses	Total
	31 December 2019								2019			
Atlantia	-	-	-	-	2,3	24,5	0,8	27,6	-	-	5,8	5,8
Total parents	-	-	-	-	2,3	24,5	0,8	27,6	-	-	5,8	5,8
Pavimental	-	95,3	-	95,3	-	-	-	-	0,8	0,8	-	-
Pedemontana Veneta (in liquidation)	-	-	0,2	0,2	-	-	-	-	-	-	-	-
Spea Engineering	-	-	1,3	1,3	-	-	-	-	-	-	-	-
Total associates	-	95,3	1,5	96,8	-	-	-	-	0,8	0,8	-	-
Autogrill	0,5	-	-	0,5	-	-	-	-	-	-	-	-
Telepass	-	565,1	-	565,1	-	3,4	-	3,4	-	-	9,3	9,3
Total affiliates	0,5	565,1	-	565,6	-	3,4	-	3,4	-	-	9,3	9,3
TOTAL	0,5	660,4	1,5	662,4	2,3	27,9	0,8	31,0	0,8	0,8	15,1	15,1
	31 December 2018								2018			
Atlantia	-	-	-	-	-	0,4	0,7	1,1	1,4	1,4	45,9	45,9
Total parents	-	-	-	-	-	0,4	0,7	1,1	1,4	1,4	45,9	45,9
Pavimental	-	127,4	-	127,4	-	-	-	-	0,8	0,8	-	-
Pedemontana Veneta (in liquidation)	-	-	0,2	0,2	-	-	-	-	-	-	-	-
Spea Engineering	-	-	1,3	1,3	-	-	-	-	-	-	-	-
Total associates	-	127,4	1,5	128,9	-	-	-	-	0,8	0,8	-	-
Autogrill	0,5	-	-	0,5	-	-	-	-	-	-	-	-
Autostrade dell'Atlantico	-	-	-	-	-	7,0	-	7,0	-	-	-	-
Telepass	-	524,9	-	524,9	-	-	-	-	0,1	0,1	9,1	9,1
Total affiliates	0,5	524,9	-	525,4	-	7,0	-	7,0	0,1	0,1	9,1	9,1
TOTAL	0,5	652,3	1,5	654,3	-	7,4	0,7	8,1	2,3	2,3	55,0	55,0

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 31 December 2019 the Group has recognised tax liabilities and assets due to and from Atlantia of €21.8 million and €26.6 million, respectively. As at 31 December 2019, the Group reports tax assets due from the parent, Sintonia (which in 2012 absorbed Schemaventotto), totalling €6.3 million, relating to amounts receivable in the form of tax rebates applied for by Schemaventotto for income tax (IRES) paid during the period when this company headed the tax consolidation arrangement. With regard to transactions of a financial nature, as at 31 December 2019, the current account between the Group and the parent, Atlantia, has a debit balance of €24.5 million. Finally, financial expenses payable to the parent, Atlantia, as at 31 December 2019 amount to €5.8 million, a reduction of €40.1 compared with 2019 (45,9 million). This essentially reflects the above repayment of the intercompany loan of €1,000 million in November 2018, which matched the retail bonds issued by the Company in 2012 and maturing in 2018.

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

The Group reports trading liabilities payable to the associates, Pavimental and Spea. As at 31 December 2019, trade payables due to these companies total €131.2 million and €70.5 million. 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 €239.2 million and €60.6 million payable to Pavimental and Spea in return for the above services provided.

Trade receivables due from the affiliate, Telepass amount to €26.6 million as at 31 December 2019. These primarily regard 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 31 December 2019, Autogrill holds 98 food service concessions for service areas along the Group's motorway network. In 2019, the Group earned revenue of approximately €75.3 million on transactions with Autogrill, including €62.6 million in royalties deriving from the management of service areas. This recurring income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders. As at 31 December 2019, trading assets receivable from Autogrill amount to €31.3 million.

Transactions of a financial nature as at 31 December 2019 include, as part of the Autostrade per l'Italia's provision of centralised treasury services for the Atlantia Group, intercompany current account receivables of €95.3 million due from Pavimental, whilst the amount due from Telepass totals €565.1 million.

10.6

Disclosures regarding share-based payments

In order to incentivise and foster the loyalty of directors and/or employees holding key positions and responsibilities within Atlantia or in Group companies, and to promote and disseminate a value creation culture in all strategic and operational decision-making processes, driving the Group's growth and boosting management efficiency, a number of share incentive plans based on Atlantia's shares have been introduced in previous years. The plans entail payment in the form of shares or cash and are linked to the achievement of predetermined corporate objectives.

The beneficiaries of these plans include a number of Directors and employees of Autostrade per l'Italia, or that have been seconded to the Company, and of its subsidiaries.

There were no changes, during 2019, in the share-based incentive plans already adopted by the Group as at 31 December 2018, which regard the above directors and/or employees of the Parent Company and/or its subsidiaries.

Details of each plan 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 the Consolidated Finance Act. These documents, to which reference should be made, are published in the "Remuneration" section of Atlantia's website at www.atlantia.it.

The following table shows the main aspects of existing incentive plans as at 31 December 2019, including the options and units awarded to directors and employees of the Atlantia Group and changes during 2019 (in terms of new awards and the exercise, conversion or lapse of rights). The table also shows the fair value (at the grant date) of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions. The amounts have been adjusted for the amendments to the plans originally approved by Atlantia's shareholders, which were required to ensure plan benefits remained substantially unchanged despite the dilution caused by the bonus issues approved by Atlantia's shareholders on 20 April 2011 and 24 April 2012.

€ 000	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
2011 SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
13 May 2011 grant	279.860	13/05/14	14/05/17	14,78	3,48	6,0	2,60%	25,2%	4,09%
14 October 2011 grant	13.991	13/05/14	14/05/17	14,78	(*)	(*)	(*)	(*)	(*)
14 June 2012 grant	14.692	13/05/14	14/05/17	14,78	(*)	(*)	(*)	(*)	(*)
	345.887	14/06/15	14/06/18	9,66	2,21	6,0	1,39%	28,0%	5,05%
8 Nov 2013 grant	1.592.367	08/11/16	09/11/19	16,02	2,65	6,0	0,86%	29,5%	5,62%
13 May 2014 grant	173.762	N/A(**)	14/05/17	N/A	(**)	(**)	(**)	(**)	(**)
15 June 2015 grant	52.359	N/A(**)	14/06/18	N/A	(**)	(**)	(**)	(**)	(**)
8 Nov 2016 grant	526.965	N/A(**)	09/11/19	N/A	(**)	(**)	(**)	(**)	(**)
options exercised	-2.573.344								
options lapsed	-335.021								
TOTAL	91.518								
Changes in options in 2019									
options exercised	-91.518								
options lapsed	-								
Options outstanding as at 31 December 2019	-								

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

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

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

2011 Share Option Plan

Description

As approved by the Annual General Meeting of Atlantia's shareholders on 20 April 2011, and amended by the Annual General Meeting of Atlantia's shareholders on 30 April 2013 and 16 April 2014, the 2011 Share Option Plan entails the award of up to 2,500,000 options free of charge in three annual award cycles (2011, 2012 and 2013). Each option will grant beneficiaries the right to purchase one ordinary Atlantia share held in treasury, with settlement involving either physical delivery or, at the beneficiary's option, a cash payment equivalent to the proceeds from the sale of the shares on the stock exchange organised and managed by Borsa Italiana SpA, after deduction of the full exercise price. The exercise price is equivalent to the average of the official prices of Atlantia's ordinary shares in the month prior to the date on which Atlantia's Board of Directors announces the beneficiary and the number of options to be awarded.

The options granted will vest in accordance with the Plan terms and conditions and, in particular, only if, on expiration of the vesting period (three years from the date of award of the options to beneficiaries by the Board of Directors), cumulative FFO for the three annual reporting periods preceding expiration of the vesting period, adjusted for a number of specific items (total operating cash flow of the Group, Atlantia or of certain of its subsidiaries - depending on the role held by the various beneficiaries of the Plan), is higher than a pre-established target, unless otherwise decided by the Board of Directors, which has the authority to assign beneficiaries further targets. Vested options may be exercised, in part, from the first day following expiration of the vesting period and, in part, from the end of the first year following expiration of the vesting period and, in any event, in the three years following expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to retain a minimum holding). The maximum number of exercisable options will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and the exercise price, plus any dividends paid, so as to cap the realisable gain.

Changes in options in 2019

During 2019, with regard to the third award cycle, all the remaining options outstanding had been exercised as at 31 December 2018, amounting to 91,518, including 44,722 phantom options. As at 31 December 2019, all the units awarded under this plan have thus lapsed.

The following table shows the main aspects of the Group's existing incentive plans, including the options and units awarded to Directors and employees of Autostrade per l'Italia and its subsidiaries as at 31 December 2019 and changes during 2019 (in terms of new awards and the exercise, conversion or lapse of rights and transfers/secondments from/to other Atlantia Group companies). 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.

	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 2019									
9 May 2014 grant	1.566.736	09 May 17	09 May 20	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	08 May 18	08 May 21	N/A (*)	2,59	3,0 - 6,0	1,01%	25,8%	5,32%
10 June 2016 grant	1.617.292	10 June 19	10 June 22	N/A (*)	1,89	3,0 - 6,0	0,61%	25,3%	4,94%
transfers/secondments	-423.798								
options exercised	-1.232.662								
options lapsed	-694.112								
TOTAL	2.145.175								
Changes in options in 2019									
options exercised	-732.297								
transfers/secondments	-106.714								
options lapsed	-12.193								
Options outstanding as at 31 December 2019	1.293.970								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
12 May 2017 grant	882.917	15 June 20	01 July 23	N/A (*)	2,37	3,13 - 6,13	1,31%	25,6%	4,40%
3 August 2018 grant	732.785	15 June 21	01 July 24	N/A (**)	2,91	5,91	2,35%	21,9%	4,12%
transfers/secondments	21.827								
options lapsed	-46.339								
TOTAL	1.591.190								
Changes in options in 2019									
7 June 2019 grant	-561.821	15 June 22	01 July 25	N/A (*)	2,98	6,06	1,72%	24,3%	4,10%
transfers/secondments	-161.639								
options lapsed	-203.398								
Options outstanding as at 31 December 2019	1.787.974								
2017 PHANTOM SHARE GRANT PLAN									
Units outstanding as at 1 January 2019									
12 May 2017 grant	79.305	15 June 20	01 July 23	N/A	23,18	3,13 - 6,13	1,31%	25,6%	4,40%
3 August 2018 grant	73.007	15 June 21	01 July 24	N/A	24,5	5,91	2,35%	21,9%	4,12%
transfers/secondments	2.296								
options lapsed	-4.682								
TOTAL	149.926								
Changes in units in 2019									
7 June 2019 grant	57.540	15 June 22	01 July 25	N/A (*)	2,98	6,06	1,72%	24,3%	4,10%
transfers/secondments	-16.961								
options lapsed	-14.462								
Units outstanding as at 31 December 2019	176.043								

(*) 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

Description

On 16 April 2014, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2014 Phantom Share Option Plan", subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 13 June 2014. The plan entails the award of phantom share options free of charge in three annual award cycles (2014, 2015 and 2016), being options that give beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant three-year period.

In accordance with the Terms and Conditions of the plan, the options granted will only vest if, at the end of the vesting period (equal to three years from the date on which the options were awarded to the beneficiaries by the Board of Directors), a minimum operating/financial performance target for (alternatively) the Group, the Company or for one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), has been met or exceeded. The vested options may be exercised from, in part, the first day immediately following the vesting period, with the remaining part exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years after the end of the vesting period (without prejudice to the Terms and Conditions of the plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

The vesting period for the third cycle of the Plan expired on 10 June 2019. 732,297 phantom options were exercised in 2019.

The unit fair values of the options awarded under the second and third award cycles were remeasured as at 31 December 2019 as €1.83 and €2.03, respectively, in place of the unit fair values at the grant date.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan", which was subsequently approved by the Board of Directors of Highways for Italy on 8 June 2017 as far as it was up to business. The Plan entails the award of phantom share options free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The options grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant period.

In accordance with the Terms and Conditions of the Plan, the options granted will only vest if,

at the end of the vesting period (15 June 2020 for options awarded in 2017, 15 June 2021 for options awarded in 2018 and 15 June 2022 for options awarded in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested options may be exercised from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 10 July 2019). This resulted in the award of a total of 561,821 phantom options with a vesting period from 7 June 2019 to 15 June 2022 and an exercise period from 1 July 2022 to 1 July 2025.

The unit fair values of the options awarded under the first and second award cycles were remeasured as at 31 December 2019 as €2.54, €2.35 and €2.41, respectively, in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Grant Plan". The Plan entails the award of phantom shares free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The units grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the value of Atlantia's ordinary shares in the period prior to the period in which the units are awarded.

In accordance with the Terms and Conditions of the Plan, the units granted will only vest if, at the end of the vesting period (15 June 2020 for units granted in 2017, 15 June 2021 for units granted in 2018 and 15 June 2022 for units granted in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested units will be convertible from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year of the exercise period and, in any event, in the three

years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value and initial value of the shares, in order to cap the realisable gain.

Changes in units in 2019

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 10 July 2019 and then by the boards of its subsidiaries). This resulted in the award of a total of 57,540 units, vesting in the period from 7 June 2019 to 15 June 2022 and exercisable in the period from 1 July 2022 to 1 July 2025.

As at 31 December 2019, the unit fair values of the options of the first, second and third cycles at that date were remeasured as €23.14, €21.60 and €20.54, respectively, in place of the unit fair values at the grant date.

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

- a) price as at 31 December 2019: €20.80;
- b) price as at 7 June 2019 (the grant date for new options or units, as described): €22.92;
- c) the weighted average price for 2019: €22.11;;
- d) the weighted average price for the period 7 June 2019 - 31 December 2019: €22.32.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2019 the Group has recognised staff costs of €7,245 thousand, based on the accrued fair value of the options and units awarded at that date, including €100 thousand accounted for as a reduction in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2019 have been recognised in other current and non-current liabilities, based on the assumed exercise date.

10.7

Significant legal and regulatory aspects

This section describes the main disputes outstanding and key regulatory aspects of importance to the Group's operators through to the date of approval of these consolidated financial statements.

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. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report. The most significant legal and regulatory implications arising from this incident are described below.

Correspondence with the Ministry of Infrastructure and Transport regarding the procedure for serious breach of the concession arrangement and the potential for a negotiated solution

As part of the procedure for serious breach of the concession arrangement initiated by the MIT in a letter dated 16 August 2018, Autostrade per l'Italia presented its counterarguments on 31 August 2018. This was followed by a series of exchanges between the MIT and Autostrade per l'Italia, in which the two parties reiterated their respective positions. As part of this process, on 3 May 2019, Autostrade per l'Italia submitted a detailed document presenting additional counterarguments to those expressed in its letter sent on 31 August 2018, providing precise responses to the Ministry's requests for clarifications, reaffirming that it had acted correctly at all times and reiterating its concerns and objections regarding the procedure for serious breach of the concession arrangement initiated by the Grantor. Autostrade per l'Italia expressed a willingness to provide further information if requested to do so.

On 4 June 2019, solely for precautionary purposes, Autostrade per l'Italia challenged the MIT's letter of 5 April 2019 before Lazio Regional Administrative Court. In this letter the Ministry, in connection with the allegation of a serious breach, speculates that the compensation provided for in art. 9-bis, part c.1 of the Single Concession Arrangement does not apply.

On 2 July 2019, following a request for access, the Grantor provided Autostrade per l'Italia with a copy of the report produced by the Cross-Institutional Working Group set up by the MIT. On the one hand, the report states that there is evidence to suggest the occurrence of "serious breaches", based on the alleged violation of the operator's obligations relating to the safety and maintenance of the infrastructure, whilst on the other, highlighting the significant risks for the Grantor in engaging in a dispute with the Company, and obligation for the Government to pay a "a very large sum" in compensation. In conclusion, the report thus recommends the MIT to seek a negotiated solution to the dispute.

Having been made aware of the opinion of the Cross-Institutional Working Group, in a letter dated 5 July 2019, Autostrade per l'Italia, while challenging the observations made in the

report regarding the Company's alleged breaches, at the same time proposed the start-up of talks with representatives of the MIT, the MEF and the Cabinet Office with a view to establishing the conditions for a negotiated settlement of the procedure for serious breach of the concession arrangement, without any acceptance of liability.

From July 2019, talks between the parties have continued without interruption, with numerous meetings between their respective representatives, and the submission of letters and proposals.

Subsequent to these meetings, in a letter dated 28 November 2019, the Company, whilst confirming its objections to the allegations made against it as part of the procedure, formalised an initial proposal aimed at the reaching an agreed solution. In the above-mentioned letter of 28 November 2019, Autostrade per l'Italia also expressed its willingness to enter into discussions with the authorities regarding the possible agreed application, in accordance with principle of reasonableness, of the Transport Regulator's determinations.

Following early reports in specialist news outlets regarding possible legislative measures to be taken in relation to the current concession arrangement, on 22 December 2019, Autostrade per l'Italia sent a memorandum to the MIT, with a copy sent to the Cabinet Office, indicating that if such an eventuality were to occur, this would trigger the contractual provisions in the arrangement governing termination.

The MIT, in a letter dated 22 January 2020, informed Autostrade per l'Italia that the proposal contained in the letter of 28 November 2019 raised numerous issues that did not enable the Ministry to accept it. In the same letter, the MIT thus requested a meeting with the Company to provide the necessary clarifications and enable changes to be made to the proposal.

After subsequent discussions with representatives from the Ministry of Infrastructure and Transport, in a letter dated 5 March 2020, Autostrade per l'Italia sent a new proposal in which - whilst confirming the objections raised - the Company reiterated its willingness, shared by Atlantia, to find an agreed and final solution to the dispute.

In particular, Autostrade per l'Italia expressed its willingness to:

- revise art. 9 of the Arrangement to, on the one hand, provide for a clear definition of the serious breach and, on the other, regulate its consequences in line with the provisions contained in similar agreements concluded with major Italian infrastructure operators;
- undertake financial commitments, totalling €2,900 million, as broken down below:

- a) an amount of €1,500 million to be allocated as follows: (i) for initiatives aimed at contribution to the country's development, consisting of toll reductions to be applied on the motorway sections included in the investment programme over the next five years; (ii) measures to benefit commuters, by liberalising tolls on the urban sections of the A7, A10 and A12 motorways, and (iii) further contributions to Italy's infrastructure development, to be used in the implementation of projects to upgrade the motorway network operated by

Autostrade per l'Italia and/or its subsidiaries;

b) initiatives aimed at raising maintenance standards, in particular via a commitment to implement an improvement maintenance plan for the period 2019 – 2023, totalling €2 billion, an increase of €700 million on the financial plan presented by Autostrade per l'Italia in June 2018, and to be borne entirely by Autostrade per l'Italia;

c) without affecting the Company's previous commitment to bear the cost of construction of the new road bridge (including any ancillary expenses), estimated at €600m, an undertaking to make up to a further €100m available to the Special Commissioner to cover any additional reconstruction costs. In this context, and following the handover of the rebuilt bridge to Autostrade per l'Italia, the company would waive its legal challenges to the so-called Genoa Decree;

- to implement, as part of Italy's recovery strategy, a volume of investment amounting to €14.5 billion, marking an increase of €4 billion with respect to the proposed financial plan presented in June 2018, confirming, in this context, its willingness to review the Gronda di Genova project with a view to making further improvements;
- to undertake further commitments in terms of sharing inspection and work plans in order to resolve the main outstanding issues and regarding the assessment and monitoring of motorway sections;
- to submit the financial plan drawn up in accordance with the Transport Regulator's model by 30 March 2020, discussing its content by 31 July 2020, with a view to its agreed application, without prejudice to the fact that in the absence of an agreement Autostrade per l'Italia will be able to take action to protect its rights, and will continue to operate under the Arrangement, applying temporarily, and subject to reservations, the 1.93% toll increase proposed by the Grantor, which Autostrade per l'Italia deems inconsistent with the application principles of the Transport Regulator's model, adjusting it to the actual volume of agreed investment, until the applicable tariff regime and the related measures have been settled in court.

As part of this process, Autostrade per l'Italia explaining to the Minister of Infrastructure and Transport that the very difficult time Italy is going through - due to the health emergency caused by the spread of the Covid-19 pandemic and the consequent application of extraordinary measures to contain the spread - has exacerbated the deep uncertainty already created by the entry into force of art. 35 of the Milleproroghe legislation. In particular, Autostrade per l'Italia, in stating that this situation has helped to make its position even worse, reiterated its willingness to meet in order to find an agreed solution to the current dispute that, at a time of such difficulty for the country, would enable the parties overcome the critical issues described above.

After further discussions with representatives from the MIT, on 6 April 2020, Autostrade per l'Italia sent a letter to the Minister, summarising the terms set by the Ministry in order to conclude the procedure for serious breach of the concession arrangement, without the need to revoke the concession. In brief:

- with regard to the financial aspects, the Ministry is requesting an increase of the amount specified in the proposal of 5 March 2020 with a balanced distribution of the entire sum over the concession period;
- with regard to the contractual provision governing the alleged serious breach, the request is to identify future "catastrophic events" that may be attributed the operator, to which application of the provisions of art. 35 of the Milleproroghe legislation would apply once the operator's liability had been ascertained;
- finally, with regard to the tariff regime set out in the Transport Regulator's determinations, Autostrade per l'Italia is requested to accept the Regulator's tariff regime and, as a result, withdraw its legal challenges.

The Company thus requested a meeting to complete a final draft of the possible agreement, to be submitted to decision-making bodies, whilst indicating that it would submit its financial plan well in advance of the extended deadline, albeit with all the necessary reservations, in accordance with the Transport Regulator's Determination 71/2019.

In spite of the adverse situation described above, on 8 April 2020, Autostrade per l'Italia sent the Grantor an updated version of the financial plan for the period 2020-2024 on 8 April 2020, in the hopes of, at the same time, arriving at a certain and effective legal and regulatory framework. The company also stated that submission of the financial plan does not imply acceptance of the legislative provisions, the Transport Regulator's determinations or the measures relating to the new tariff regime, all of which are subject to legal challenges before the courts and have not been withdrawn at this stage. Autostrade per l'Italia thus concluded with the hope that a fair and constructive dialogue would take place on the updated financial plan, and that the Regulator's determinations would be applied in a reasonable manner. In a letter also dated 8 April 2020, Atlantia and Autostrade per l'Italia wrote to representatives of the Government requesting the start of discussions with a view to concluding a final agreement.

In a letter dated 21 April 2020, the Grantor provided an initial response to the proposed updated financial plan, requesting certain additional information.

Legal challenges brought by the company before Liguria Regional Administrative court against the actions taken by the Special Commissioner pursuant to Law Decree 109/2018

Between December 2018 and January 2019, Autostrade per l'Italia brought a number of legal challenges against the actions taken by the Special Commissioner for the reconstruction with regard to the following: (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 were taken on the basis of Law Decree 109/2018, which the Company has contested with regard to the fact that it contains numerous breaches of EU and constitutional law.

Following the hearing of 22 May 2019, in four injunctions published on 6 December 2019, deeming the issues of constitutional legitimacy raised by Autostrade per l'Italia to be relevant and not manifestly unfounded, Genoa Regional Administrative Court asked the Constitutional Court for a preliminary ruling on the matters raised.

First of all, the Regional Administrative Court noted that, with regard to the contested legislation, the legislator had intervened with no valid reason within the framework of the contractual relationship, to which the company was and still is a party, *"authoritatively affecting the latter's obligation/right to carry out any activity relating to the demolition and reconstruction of the bridge"*. The Regional Administrative Court acknowledged that in the context of this contractual relationship the parties (Grantor and Operator) *"have an equal contractual position"*. Furthermore, the Regional Administrative Court confirmed that *"the obligation to ensure that the infrastructure operated under concession in serviceable through timely maintenance and repair regards any repair initiative relating - it should be noted - to the entire infrastructure, not just the Polcevera road bridge which, compared to the extent of the road under concession, is only a small part. Therefore, as AUTOSTRADE PER L'ITALIA is under an obligation, it must also be considered that Autostrade per l'Italia has the right to fulfil this obligation, taking into account the particular importance - including with regard to non-financial aspects (in terms of professional credibility, for example) - that the performance of such services has in relation to the legal situation of the debtor"*.

The Regional Administrative Court then found that the exclusionary measures taken against Autostrade per l'Italia were implemented in the absence of any appropriate and complete investigation, and are not based on any alleged liability of the company for the collapse of the Polcevera road bridge, *"which has not been ascertained, even circumstantially"*. The contested legislation are based on *"mere suspicion"* and *"on a hypothetical and uncertain assumption"* since, as the court correctly stated, the alleged liability of the company *"has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded"*.

The Regional Administrative Court also noted the *"punitive"* nature of the contested legislation, highlighting how they have affected the rights expressly granted to the company by the concession arrangement, and resulted in an unjustified restriction of the company's freedom

of financial initiative, without, on the other hand, *"appreciably benefiting the activities of the Special Commissioner"* or the public interest in the rapid reconstruction of the infrastructure. In the absence of investigations to prove the company's liability for the incident, the legislation was, therefore, deemed unjustified *"by the need to protect constitutional interests"*.

The Regional Administrative Court highlighted the unreasonableness and lack of proportionality of the legislation which, *"on the one hand, deprive the debtor of the right to perform the service due, without in the meantime having ascertained - at least as a precautionary and circumstantial measure or even only as an administrative procedure - any breach of contract, and on the other hand, also requiring the company to pay the cost of the works, which are also determined by other parties. This is even more true after taking into account the guarantees provided for in articles 8, 9 and 9-bis of the Concession Arrangement"*.

With regard to the breach of contract, the Regional Administrative Court also established that, in accordance with the provisions of the Concession Arrangement, the procedural provisions contained therein should be complied with, which, in particular, establish the need for a prior investigation by the Grantor of the Operator's serious breach of the concession arrangement, by setting a deadline to fulfil contractual obligations (art. 8) within which the Operator, following warnings from the Grantor, is able to fulfil these contractual obligations, and only in the event of continuous non-fulfilment may the Grantor activate the procedure regarding forfeiture of the concession (art. 9). *"Therefore"*, according to the Regional Administrative Court, *"even a continued breach of contract is insufficient, and the Grantor must undertake an administrative procedure (sending notice of a breach of contract), within which the Operator may exercise its rights under art. 10 of Law 241/90. Only if a further notice of breach of contract is issued in the event of a further breach of contract within the specified period, and in any case not less than 60 days, is it possible, under the above conditions, to declare the forfeiture of the concession"*.

Finally, the Regional Administrative Court found that not even supposed precautionary requirements could have justified the adoption of the contested legislation, as in any event it would have been necessary to determine liability *"through the judicial bodies authorised to do so and after an appropriate trial"* or, at least, *"the use of an appropriate procedural form to guarantee the right of defence and an effective adversarial process"*, for the company, as required by the constitutional principles set out in articles 24 and 111 of the Constitution. In another respect, the Regional Administrative Court stated that *"it is impossible to infer from the disputed provisions why public interest in a more rapid reconstruction of the infrastructure, set out in the preamble to Law Decree 109/2018, would have been better safeguarded by removing responsibility for reconstruction from the current operator, rather than allowing the latter to do so within the framework of the obligations provided for under the Single Concession Arrangement"*.

Subsequently, on 5 January 2020, the authorities - the Cabinet Office, the Ministry of Infrastructure and Transport and the Special Commissioner for the Reconstruction - challenged Liguria Regional Administrative Court's rulings before the Council of State. The challenges were restricted to the headings of the rulings on the preliminary questions proposed by the authorities, while no observations were made regarding the referral to the Constitutional

Court of the constitutional legitimacy issues raised by Autostrade per l'Italia. Autostrade per l'Italia appeared before the Council of State on 17 March 2020. The Regional Administrative Court's rulings were published in the Official Gazette on 1 April 2020 and Autostrade per l'Italia has deposited its memorandum of appearance with the Constitutional Court.

Law Decree 162 of 30 December 2019 (the so-called Milleproroghe legislation)

On 31 December 2019, Law Decree 162 of 30 December 2019 (the so-called Milleproroghe legislation, later converted into Law 8 of 28 February 2020), was published in the Official Gazette.

The Law Decree introduced two provisions that have a direct impact on motorway operators, amending the terms and conditions in current arrangements.

Art. 13 provides for postponement of the deadline for increasing motorway tolls for 2020 for operators whose regulatory period had expired when it came into force, until the procedure for revising the operators' financial plans, drawn up in accordance with the Transport Regulator's resolutions, has been completed. Specifically, paragraph 3 states that: *"For operators whose five year regulatory period has expired, the deadline for increasing motorway tolls for 2020 has been postponed until the procedure has been defined for revising the financial plans prepared in compliance with the resolutions adopted pursuant to art. 16, paragraph 1 of Law Decree 109 of 2018, by the Transport Regulator, pursuant to art. 37 of Law Decree 201 of 6 December 2011, converted, with amendments, into Law 214 of 22 December 2011. By 30 March 2020, the operators are to submit proposals to the Grantor for revising their financial plans, to be reformulated in accordance with the above regulations, which annul and replace any previous update proposals. The update of the financial plans submitted by the deadline of 30 March 2020 must be completed by 31 July 2020 at the latest"*.

Art. 35, on the other hand, has introduced new regulations regarding termination of the concession for a breach of the arrangement by the Operator, providing for: on the one hand, pending completion of the tender to award the concession, the possibility of for Anas to provisionally manage the concession; and, on the other, new criteria for calculating the compensation due to an operator in the event of early termination of the concession due to a breach of the arrangement, which would result in a significantly lower amount than the one provided for in the existing Single Concession Arrangement. Specifically, art. 35 has established that *"Irevocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways, whilst awaiting the conduct of the tender process for the award of the concession to a new operator, during the period strictly necessary for the operator's selection, ANAS Spa, in implementation of article 36, paragraph 3 of law Decree 98 of 6 July 2011, converted, with amendments, into Law 111 of 15 July 2011, may assume responsibility for managing the related motorways, and carry out routine and non-routine maintenance and investment in upgrades. This is without prejudice to any provisions in the concession arrangement that exclude payment of compensation in the event of early termination of the concession arrangement, and has no effect on ANAS Spa's right, in order to carry out the activities referred to in the first paragraph, to acquire any designs produced*

by the outgoing operator against payment of a fee based on the design costs alone and any intellectual property rights, as defined by art. 2578 of the Civil Code. The Minister of Infrastructure and Transport, in agreement with the Minister of the Economy and Finance, shall issue a decree governing the purpose and the procedures to be adopted for the provisional management of the concession by ANAS Spa. If termination of the concession is due to a breach on the part of the operator, art. 176, paragraph 4(a) of Legislative Decree 50 of 18 April 2016 shall apply, replacing any non-compliant substantive and procedural provisions in the concession arrangement, even if approved by law, which are to be considered null and void in accordance with art. 1419, paragraph two of the Civil Code, without there being, as a result of this measure, any termination by law. Effectiveness of the revocation, forfeiture or termination of the concession is no longer subject to payment by the grantor of the sums provided for in the above art. 176, paragraph 4(a)".

Autostrade per l'Italia asked a number of experts in EU and constitutional law, and leading professionals in the field to provide opinions on the lawfulness or otherwise of the provisions contained in articles 13 and 35 of the Milleproroghe Decree, and on the validity and effectiveness of the provisions of the concession arrangement that are inconsistent with the above legislation (which the Milleproroghe Decree refers to as "null and void"), with particular reference to the one governing forfeiture of the concession for breach of contract by the operator and the compensation due to the operator. All the above opinions deemed that the provisions in the above legislation were unlawful with regard to numerous procedural and substantive aspects, as they are in breach of EU principles, including those of legal certainty ("pacta sunt servanda") and legitimate expectations, as well as with constitutional principles, with regard to, among other things, articles 3 (reasonableness), 41 (freedom of enterprise) and 43 (prohibition on expropriations with no public benefit and without compensation), and 102 and 104 (legislative interference in cases subject to pending litigation) of the Constitution.

Similar issues of conflict with EU and constitutional law were raised with regard to art. 13 in the legal challenges filed before Lazio Regional Administrative Court by Autostrade per l'Italia, contesting the measures implementing the provisions of the legislation.

With regard to art. 35 of the Milleproroghe Decree, Autostrade per l'Italia has asked Lazio Regional Administrative Court to rule on whether articles 8, 9 and 9-bis of the Concession Arrangement are still valid and in force, as described in more detail below.

Based on the developments: (i) talks with the MIT, the Ministry of the Economy and Finance (the "MEF") and the Cabinet Office, and (ii) the legislative and/or regulatory framework, including with regard to the eventual outcome of the challenges contesting the provisions contained in the Milleproroghe Decree, Autostrade per l'Italia will, in any event, have the option of exercising all the rights granted to it under the terms of the concession arrangement, as confirmed by the opinions provided by the Company's legal advisors.

Application for a ruling from Lazio Regional Administrative Court on the validity and effectiveness of articles 8, 9 and 9-bis of the Concession Arrangement

Following enactment of the law converting Law Decree 162 of 2019, Autostrade per l'Italia filed a legal challenge with Lazio Regional Administrative Court to ascertain - subject to disapplication of art. 35 of the Law Decree, or referral of questions of interpretation of European law and incidental matters of constitutional legitimacy - that articles 8, 9 and 9-bis of the Single Concession Arrangement governing Autostrade per l'Italia's concession are still valid and in force.

The Company has asked the Court to rule on the validity and effectiveness of articles 8, 9 and 9-bis, subject to disapplication of art. 35, due to it being breach of the EU Treaty (legal certainty and legitimate expectations), the EU Charter of Fundamental Rights (the right to property), and numerous constitutional norms. Subordinate to the request for the direct disapplication of national legislation that contrasts with EU law, the application requests:

- the Court to refer the prejudicial issue of whether articles in the EU Treaty would prevent application of art. 35 to the European Court of Justice;
- to rule on the validity and effectiveness of articles 8, 9 and 9-bis, following prior consideration of the issue of the constitutional legitimacy of art. 35 with particular reference to art. 77 (lack of consistency), art. 3 (legal certainty and legitimate expectations) and art. 43 (the right to and the protection of property).

On 3 April 2020, the Company filed an application for the legal challenge to be accelerated and for a hearing for discussion of the case to be held as soon as possible.

At the date of preparation of this Annual Report the case is pending.

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 ("Inelegant 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 regulation".

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, on 9 December 2019 the preliminary investigating magistrate accepted a request to extend the deadline for filing the expert technical report, initially scheduling the related hearing for discussion on 22 April 2020.

In a subsequent order, issued 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 preliminary investigating magistrate (i) accepted a further request for an extension of the deadline for filing the expert report to 14 June 2020, and (ii) adjourned the hearing of 22 April 2020 to the previously scheduled hearing of 18 May 2020, solely for the purpose of appointing and swearing in a new technical expert.

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 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 investigation involves four Autostrade per l'Italia managers suspected of carrying out the offences pursuant to articles 110 (aiding and abetting), 81 (continuing offence), 356 (public procurement fraud) and 432 (endangerment of transport safety) of the criminal code.

According to the charge, these barriers are dangerous as they are at risk of overturning, partly due to the effects caused by wind. The investigators also allege fraudulent behaviour with regard to the contractual relationship with the Grantor.

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 adjourned until 3 July 2020 following the issue 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".

Transport Regulator (ART) - Tariff regimes

On 29 March 2019, Autostrade per l'Italia - alongside other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica - lodged an appeal before the Piedmont Regional Administrative Court against Resolution 16 issued by the Transport Regulator ("ART") on 18 February 2019. The legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes relating to Autostrade per l'Italia's Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. Moreover, the Company took part in the relevant consultation process, challenging the scope of application of the tariff regime drawn up by ART - on the basis of the same arguments presented in the above legal challenge - and submitting its observations on the related operational and financial aspects.

In Determination 71 of 19 June 2019, ART announced its decision "to approve..... a toll regime based on the price cap method with five-yearly determination of the productivity measure X for the Single Concession Arrangement between ANAS SpA and Autostrade per l'Italia SpA ...". Compared with the formula currently used during the annual review of Autostrade per l'Italia's tolls, in which 70% of the increase to the average unit toll applied is made of the real inflation rate, the "X" component providing a return on investment carried out under the IV Addendum to the Concession Arrangement of 1997 and the "K" component that covers works decided on after 2007 ($\Delta T = 70\% \Delta P + X \text{ Investimenti} + K$), the new tariff regime introduced by ART Determination 71/2019, redefines the average unit toll, calculating it on the basis of three separate components: "Opex", "Construction" and a remaining item "Additional Expenses" ($T = T_g + T_k + T_{oi}$).

In more detail:

- a) "Opex Component" primarily designed to recover operating costs, estimated with reference to the so-called "base" year and adjusted annually on the basis of:

- (i) 100% of the target inflation rate;
 - (ii) the above “X” productivity indicator or efficiency indicator, the latter established by ART for every five-year regulatory period;
 - (iii) penalties/bonuses relating to quality of service;
- b)** the “Construction Component” designed to cover the cost of capital (depreciation and a return on Net Invested Capital attributable to assets to be handed over to the grantor at the end of the concession term) and divided into:
- (i) a sub-component relating to assets to be handed over that have either been completed or are in progress (remunerated at an internal rate of return used under the previous tariff regime in application of the so-called safeguard mechanism);
 - (ii) a sub-component relating to assets to be handed over that have to be built (remunerated at a WACC fixed every five years by ART);
- c)** the “Additional Expenses Component”, which covers specific costs that the operator is required to pay to the State or to other previously identified entities.

Autostrade per l'Italia thus appealed on additional grounds against ART Determination 71/2019, citing the same reasons as noted above.

The other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrada Tirrenica, also appealed on additional grounds against the specific determinations relating to them issued by ART. The appeals are still pending.

Toll increases for 2019

A decree issued by the Ministry of Infrastructure and Transport (the “MIT”) and Ministry of the Economy and Finance (the “MEF”) on 31 December 2018 set the toll increase to be applied on the Autostrade per l'Italia network at 0.81% (instead of the 0.87% requested by the company), deferring its application until 1 July 2019, unless otherwise agreed by Autostrade per l'Italia and the Grantor. Implementation of this deferral reflects the willingness of Autostrade per l'Italia and other motorway operators to postpone application of the net toll increase for a period of six months.

The increase of 0.81% included a component equal to 0.43% designed to compensate for the discounts applied to tolls for frequent motorway users in 2018 under the agreement between the MIT, AISCAT and motorway operators.

The willingness to postpone the toll increase was presented by Autostrade per l'Italia with the aim of entering discussion with the Grantor regarding a number of major issues. In this regard, the Grantor, in a letter dated 31 December 2018, announced that it would shortly schedule specific meetings.

Regarding the shortfall in the increase with respect to the requested amount, equal to 0.06% (relating to the “X” component), Autostrade per l'Italia has reserved the right to produce additional documentation with the aim of obtaining the remaining increase.

Following further talks between Autostrade per l'Italia and the MIT, and after specific requests were made by the Grantor, during 2019 the company announced and then temporarily extended postponement of the toll increase, with the tolls charged to road users remaining unchanged through to 31 December 2019.

In response to the Grantor’s request of 19 December 2019 to further extend the suspension of the 2019 toll increase, in a letter dated 27 December 2019 Autostrade per l'Italia expressed its willingness to meet the request, without prejudice to the company’s right to apply the increase at any time and at its sole discretion. Such willingness was based on the assumption that the Grantor’s request was part of the ongoing discussions aimed at finding a negotiated solution to the procedure alleging a serious breach of the concession agreement brought by the Grantor on 16 August 2018, whilst reaffirming that the suspension is a voluntary initiative on the part of the company, which is not based on any legal or contractual obligation.

At present, partly due to the crisis that has arisen in Italy following the spread of the Covid-19 virus, Autostrade per l'Italia has extended the suspension of application of the 2019 toll increase until 30 June 2020. The MIT and MEF issued decrees on 31 December 2018 determining toll increases with effect for the other operators in 2019, as follows:

- a)** in Raccordo Autostradale Valle d'Aosta’s case, the toll increase is 6.32%, in line with its request. The decree acknowledges that the company, in a memo dated 27 December 2018, had accepted the Grantor’s request and announced its willingness to suspend the toll increase effective 1 January 2019 for residents/commuters in the Val d'Aosta area who have and who have registered to participate in the initiative;
- b)** in Tangenziale di Napoli’s case, a toll increase of 1.82% has been granted, compared with a request for 1.21%. Despite the increase being higher than requested, the company has filed a legal challenge, citing the failure to take into account certain investments;
- c)** in Autostrada Tirrenica’s case, compared with a requested increase of 36.41%, taking into account the difference between the requested increase and the amount allowed by the Grantor in the period 2014-2018, did not grant any toll increase in view of the ongoing EU infraction proceedings (no. 2014/4011) against the Italian state with regard to its extension of the concession. The company has filed a legal challenge contesting the decree;
- d)** in Autostrade Meridionali’s case, no toll increase was granted with respect to the requested 1.20%, as the concession had expired on 31 December 2012. The company has challenged this determination.

In the case of Traforo del Monte Bianco which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel awarded a toll increase of 1.78% for 2019. This is based on the average of the inflation rates registered in Italy (1.57%) and France (1.98%), plus 0.95% linked to the extraordinary increase for the Frejus Tunnel and also applied to Traforo del Monte Bianco.

Toll increases for 2020

With regard to the toll increase that should have come into effect from 1 January 2020, the Grantor informed Autostrade per l'Italia that, "having completed its review" of the request for toll increases for 2020, "and in view of the provisions of Article 13 of the Milleproroghe Decree" of 31 December 2019, "no toll increase would be applied from 1 January 2020". Moreover, given the willingness Autostrade per l'Italia expressed in its letter of 27 December 2019 to further extend the initiative to suspend the toll increase for 2019 - without prejudice to the company's right to apply the increase at any time and at its sole discretion - with the above determination, the Grantor notified that the toll increase for 2019 would also not be applied. With regard to the provisions of the Milleproroghe Decree, including the above-mentioned art. 13 and its effects, reference should be made to the relative paragraph in this section.

Autostrade per l'Italia's request for a toll increase for 2020 submitted on 15 October 2019 amounted to 1.21% (0.84% corresponding to the 70% inflation rate, and 0.37% to the "X" component), which the Grantor, after conducting its review, had reduced by 0.02% due to ineligible costs relating to investment, initially resulting in an overall increase of 1.19%.

Autostrade per l'Italia appealed against the Grantor's decision to freeze tolls before the Lazio Regional Administrative Court, challenging its legitimacy on a number of grounds, claiming in particular that the Grantor's determination:

- was adopted in contravention of the Arrangement and Legislative Decree 355/2003, as amended, which expressly provide for the determination of annual toll increases, and the adoption of a decree signed by the MIT in agreement with the MEF;
- is inconsistent with the Grantor's review - accessed by the company - which recognised the toll increase of 1.19%;
- in execution of art. 13 of the Milleproroghe Decree, unilaterally and coercively amends the regulatory and contractual provisions, contrary to the constitutional and EU principles of legal certainty and legitimate expectations.

With reference to art. 13 of the above Decree, the legal challenge raises questions of constitutional legitimacy, particularly with regard to art. 77 of the Constitution (lack of consistency, in terms of both content and purpose), and to Articles 102 and 104 (legislative interference in cases subject to pending litigation), as well as in relation to the constitutional provisions and EU legislation that protect the above principles of legitimate expectations and legal certainty.

Moreover, in determinations issued on 31 December 2019, the Grantor also notified Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica that, in view of the provisions of the disputed Article 13 of the Milleproroghe Decree of 31 December 2019, "no toll increases would be applied from 1 January 2020". It should be noted that, under the agreements in force, Raccordo Autostradale Valle d'Aosta had submitted a proposal to increase tolls by 6.51%, Tangenziale di Napoli by 1.33%, and Società Autostrada Tirrenica by 41.03%, taking into account the difference between the companies' requests and the amounts recognised by the Grantor for the years 2014-2019. All of the above companies have brought an action to have the Grantor's provisions annulled, for similar reasons to the action brought

by Autostrade per l'Italia. With regard to Autostrade Meridionali, which had submitted a proposal for a 2.41% increase, in a memo dated 31 December 2019, the Grantor, taking into account that the increase for 2019 had not been granted, forwarded the decree adopted on the same date by the MIT and the MEF, which ruled that no increase would be applied, given that the transitional financial plan - which governs the contractual relationship for the period after the agreed expiry of the Arrangement in 2012 - has not yet been approved. Autostrade Meridionali has also challenged this decree. In the case of Traforo del Monte Bianco, which operates under a different regulatory regime based on a bilateral agreement between Italy and France, an increase of 1.54% was applied, corresponding to the sum of 0.59% (representing to the average inflation rate recorded in Italy and France from 1 September 2018 August to 31 August 2019), and an additional extraordinary increase of 0.95% based on the principle of application of parallel increases to be agreed upon for the Frejus and Mont Blanc tunnels requested by the Frejus company and also applicable to the Italian company, Traforo del Monte Bianco, regarding which allocation of the higher revenues should be defined.

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

On 15 June 2018, Autostrade per l'Italia submitted a proposal to the Grantor regarding a five-year update of its financial plan, which the Grantor has not yet approved, citing, among other things, with a determination of 4 December 2018, the regulatory powers attributed to the Transport Regulator by Legislative Decree 109/2018.

With regard to this position taken by the Grantor, Autostrade per l'Italia has filed:

- an extraordinary appeal to the Head of State, notified on 24 March 2019, requesting annulment of the determination by which the Grantor, acknowledging the delay in approval of the updated financial plan submitted by Autostrade per l'Italia, due to a change in the regulatory framework, has de facto halted its approval;
- an appeal, notified on 14 June 2019, before Lazio Regional Administrative Court, requesting a ruling on the unlawfulness of the Grantor's failure to respond to the proposed update of Autostrade per l'Italia's financial plan for the regulatory period 2018-2022.

In relation to the latter ruling, on 2 December 2019, Lazio Regional Administrative Court handed down a judgement upholding it, which established that the Grantor must issue an express determination within 30 days.

The Attorney General's Office challenged the judgement before the Council of State.

In a subsequent letter dated 3 January 2020, the Grantor, in compliance with the above ruling of the Regional Administrative Court, informed Autostrade per l'Italia that the proposal to update the financial plan submitted on 15 June 2018 "is unacceptable". These reasons were given: (i) the proposal submitted would not implement ART Determination 71/2019; (ii) application of the new regime introduced by the Transport Regulator would be a qualifying and essential element of the concession relationship; (iii) art. 13 of the Milleproroghe Decree would require operators to submit new proposals for updating their financial plans on the basis of ART determinations, entailing cancellation of the plans already submitted, by 30 March 2020.

Autostrade per l'Italia filed an appeal before Lazio Regional Administrative Court, challenging

the legitimacy of the determination implemented by the Grantor in the above letter dated 3 January 2020 on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the Law Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. The case is pending. Subsequently, in a memo dated 20 March 2020 and sent to all motorway operators, citing art. 103 of Law Decree 103 of 17 March 2020, which, as part of the measures adopted to cope with the emergency arising from the spread of the Covid-19 virus, “established the suspension of deadlines for administrative proceedings and regulated the effects of expiring administrative measures”, the Grantor announced, with regard to the application of art. 13 of Legislative Decree 162/2019 that “the deadline of 30 March 2020 for submission of financial plans should be deemed automatically postponed in accordance with the provisions of the above law”.

With regard to the provisions of the Milleproroghe Decree, including the aforementioned art. 13 and its effects, reference should be made to the relevant paragraph in this section.

Agreement between the Ministry of Infrastructure and Transport, ANAS and Autostrade per l'Italia relating to the Casalecchio Interchange

The II Addendum to Autostrade per l'Italia's Single Concession Arrangement, governing the inclusion of the Casalecchio Interchange – Northern section among Autostrade per l'Italia's investment commitments, was signed on 22 February 2018. On 18 July 2019, the Grantor communicated the signature of the Agreement between the Grantor, ANAS and Autostrade per l'Italia, governing Autostrade per l'Italia's payment of approximately €155 million to ANAS in return for construction of the Northern Section of the Casalecchio Interchange. The amount will then be recouped through the specific “K” tariff component.

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, on 15 April 2016, Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and Bologna City Council signed an agreement for the upgrade of the existing motorway system/ring road interchange serving the city of Bologna. Further discussions and an in-depth review at the request of the Ministry then resulted in the production of a revised design to be included in an addendum to the agreement of 15 April 2016, signed on 6 November 2019.

Legislation concerning tenders and concessions

Law 55 of 14 June 2019 has extended until 31 December 2020 the transitional period for compliance with the new requirements introduced by art. 177 of Legislative Decree 50/2016, which requires existing motorway concession holders to award 60% of any contracts for works by public tender.

With regard to the legal action challenging the lawfulness of the Interpretation Guidelines for art. 177, on 27 June and 3 July 2019, Lazio Regional Administrative Court ruled that the challenges brought by AISCAT and the operators, including Autostrade per l'Italia, were inadmissible as they did not meet the requirement that the Guidelines would cause immediate harm. The judgement has been appealed before the Council of State, where judgement is pending.

Concession for the A3 Naples-Pompei-Salerno motorway Award of the concession for the A3 Naples – Pompei – Salerno motorway

In 2012, the MIT issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. Following the Council of State judgement confirming the disqualification of two competing bidders, Autostrade Meridionali and the SIS Consortium, on 9 July 2019 the Grantor, the MIT, informed Autostrade Meridionali that, in awarding the concession, the Ministry from then on intended to use the negotiated procedure permitted by art. 59, paragraph 2.b) and paragraph 2-bis of Legislative Decree 50/2016 (the Tenders Code).

On completion of the assessment of the bids submitted by Autostrade Meridionali and the SIS Consortium, on 4 February 2020, the MIT announced that the concession for the A3 Naples-Pompei- Salerno motorway had been provisionally awarded to the SUI Consortium on 4 February 2020. The Ministry also specified that “the award will be effective, pursuant to art. 32, paragraph 7 of Legislative Decree 50 of 18 April 2016, as amended, once confirmation that the winning bidder meets the related legal requirements has been completed, and one the winning bidder has received notice of any requirements imposed by the European Commission in accordance with art. 7-nonies of Directive 1999/62/EC, as amended.

On 3 March 2020, Autostrade Meridionali appealed to the Campania Regional Administrative Court against the decision to award the SIS Consortium the contract, requesting its cancellation after suspension of the award. At a hearing on 25 March 2020, the judge did not grant the precautionary suspension requested by Autostrade Meridionali and scheduled collective discussion of the precautionary phase for a hearing on 22 April 2020. At this hearing, having noted the submission of a cross-appeal by SIS, requesting the disqualification of Autostrade Meridionali's bid, the hearing on the application for injunctive relief was adjourned until 13 May 2020.

Adoption of Autostrade Meridionali's financial recovery plan

In connection with the legal action brought by Autostrade Meridionali in relation to the failure to adopt a financial plan for the period following expiry of its concession, the Council of State judgement published on 30 November 2016 found in the company's favour, requiring the Grantor to adopt a viable financial plan.

Subsequently, not having received approval of the proposed financial plans submitted by Autostrade Meridionali to the Grantor (the latest on 24 May 2019), on 25 October 2019, the company brought a new action before Campania Regional Administrative Court, contesting the Ministry's failure to respond to the proposed financial plan for the period 2013-2022.

In this context, On 30 October 2019, CIPE Resolution 38/2019 was published. This sets out criteria for the assessment and definition of financial relations with motorway operators, exclusively regarding the period between the expiry date of the concession and the actual date it is taken over by the new operator.

In a subsequent letter of 13 November 2019, the Ministry of Infrastructure and Transport requested Autostrade Meridionali to prepare and submit, by 25 November 2019, a special transitional Financial Plan regarding the period from 1 October 2013 until the new operator of the A3 Naples - Salerno takes over, in accordance with the criteria established by the above CIPE Resolution 38/2019.

The latter introduces a method for calculating the Return on Net Invested Capital (NIC), as well as any imbalance between revenue and eligible costs. This new method penalises Autostrade Meridionali and is not provided for in any previous legislation or regulations, and is also "special" as it only applies retroactively to expired concession relationships.

In challenging the content of the resolution, and recalling the regulations established in the Single Concession Arrangement, in a memo sent to the Grantor on 22 November 2019, Autostrade Meridionali submitted its financial plan for the period 2013-2022, drawn up in compliance with the criteria set out in the previous CIPE resolution 37/2007 and consistent with the Single Concession Arrangement signed in July 2009.

In a subsequent legal challenge, filed with Lazio Regional Administrative Court on 31 December 2019, Autostrade Meridionali requested that the Grantor's determination of 13 November 2019 and the relevant CIPE resolution be set aside. The case is currently pending before Lazio Regional Administrative Court, where the company has switched the action initially brought before Campania Regional Administrative Court, which ruled that it did not have jurisdiction on 29 January 2020. The pre-trial hearing is awaited, at which a date for the hearing on the merits of the case will be set.

Given the above, Autostrade Meridionali believes that there is no basis for recognising the impact of CIPE Resolution 38/2019 in its accounts, as it has filed an appeal requesting that the MIT's determination and the resolution be set aside.

However, should the resolution be implemented retroactively from 1 January 2013, this would have a significant impact on Autostrade Meridionali's operating and financial performance.

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

In a ruling dated 18 September 2019, European the Court of Justice set out the proceedings brought by the European Commission challenging the extension from 2028 to 2046 that was granted to Autostrada Tirrenica ("SAT") under the Single Concession Arrangement signed on 11 March 2009.

In particular, the Court of Justice rejected the European Commission's appeal in which it challenged the legitimacy of the extension of the concession for the Cecina-Grosseto and Grosseto-Civitavecchia sections of the A12 motorway, thus confirming the legitimacy of the extension to 2046 for these sections. However, the Court upheld the appeal with regard to the Cecina-Livorno section, for which the expiry date was put back to 2028.

Previously, SAT had told the MIT it was willing to identify shared solutions that could support investments of common interest, developing possible intervention scenarios and defining concession periods in order to find a proactive solution to the problem. In the light of the Court of Justice's clarification, SAT has reassured the MIT of its willingness to find a shared solution.

Subsequently, Law 8 of 28 February 2020, converting the Milleproroghe Decree, introduced art. 1-ter (art. 35 of the Milleproroghe Decree relating to provisions regarding motorway concessions) with which, on the one hand, art. 9 of Law 531 of 1982, which authorised SAT to build the Livorno-Grosseto-Civitavecchia motorway, was repealed, and on the other hand, on the basis of the current agreement, SAT was made exclusively responsible for management of the sections of the A12 motorway already open to traffic (Livorno-Grosseto-Civitavecchia), as well as the review of the current agreement with the MIT, taking into account the regulations regarding public contracts and in compliance with the Transport Regulator's determinations. In particular, art. 1-ter states that "Article 9 of Law 531 of 12 August 1982 has been repealed. Consequently, until 31 October 2028, Autostrada Tirrenica, pursuant to the Single Concession Arrangement signed on 11 March 2009, will exclusively manage the sections of the A12 Livorno-Grosseto-Civitavecchia motorway link that were open to traffic on the date of entry into force of the law converting this decree. The Ministry of Infrastructure and Transport and Autostrada Tirrenica will review the above Single Concession Arrangement, taking into account the current provisions regarding public contracts and the provisions of the first sentence of this paragraph, in accordance with the determinations adopted by the Transport Regulator pursuant to art. 37 of Law Decree 201 of 6 December 2011, converted, with amendments, into Law 214 of 22 December 2011". The expiry date included in the Single Concession Arrangement has so far not been altered and remains 31 December 2046.

Litigation regarding the Ministry of Infrastructure and Transport and the Ministry for Economic Development decree of 7 August 2015 and competitive tenders for oil and food services at service areas

A number of legal challenges have been brought before Lazio Regional Administrative Court by a number of oil and food service providers, and by individual operators, with the aim of contesting a decree issued by the Ministry of Infrastructure and Transport and the Ministry for Economic Development on 7 August 2015. Two of the challenges remain pending:

- a)** the first, brought by the operator of the Agogna East service area, has been removed from the register by Lazio Regional Administrative Court, and the plaintiff has up to a year from the date of removal from the register to request a date for the case to be heard;
- b)** the second, brought by the operator of the Aglio West service area, requesting a review of judgement 9779 handed down by Lazio Regional Administrative Court on 15 September 2016, which had declared the appellant's challenge inadmissible, is awaiting a date to be set for the hearing on the merits.

To complete the picture, hearings on the merits for a further five challenges brought by operators at individual service areas, with the aim of cancelling the above decree issued by Ministry of Infrastructure and Transport and the Ministry for Economic Development, and for another challenge brought by a trade association representing operators have yet to be scheduled. Such hearings have not been requested by the plaintiffs.

With regard to the procedure for awarding the contract to provide oil services at the Novate North service area, Tamoil Italia SpA, the second ranked bidder, has challenged the award and requested injunctive relief. Injunctive relief was granted by Lombardy Regional Administrative Court and, on 4 April 2019, the case was discussed by the court. The ruling on the merits upheld the challenge, setting aside the award. The judgement has been appealed by EG Italia Spa, the first ranked bidder, requesting that the Regional Administrative Court judgement be overturned, with prior injunctive relief. Autostrade per l'Italia has appeared before the court in relation to the challenge, alongside Tamoil, which has filed a cross appeal. At the pre-trial hearing, the appellant requested that the appeal be combined with a hearing on the merits, which the Court allowed, setting a date for the hearing to discuss the case on 23 April 2020. In the meantime, the service is being provided under an extension of the previous contract by EG Italia, the previous operator.

Accident on the Acqualonga viaduct on the A16 Naples-Canosa motorway on 28 July 2013

Criminal proceedings

The trial before a single judge at the Court of Avellino has been completed, with a judgement at first instance regarding the accident that occurred on 28 July 2013 on the Acqualonga Viaduct, involving a coach travelling on the A16 Naples-Canosa motorway. The accused included a total of twelve managers and former managers and employees of the Autostrade per l'Italia, who were charged with being accessories to culpable multiple manslaughter and criminal negligence.

Specifically, at the hearing held on 11 January 2019, the judge acquitted the accused who at the time of the accident held the roles of Autostrade per l'Italia's Chief Executive Officer, General Manager for Operations & Maintenance, Head of the "Road Surfaces and Safety Barriers" unit, Head of the "Safety Barriers, Laboratories and RD" operations unit and the two Coordinators at the VI Section Operations Centre in Cassino not guilty pursuant to art. 530, paragraph 1 of the code of criminal procedure, as they are innocent of the crime of which they were accused. Instead, the then managers and heads of operations at the VI Section office in Cassino were found guilty.

The Public Prosecutor and the lawyers defending the accused who have been found guilty have lodged appeals. The first hearing, initially scheduled for 24 March 2020, has been adjourned until 1 October 2020 in accordance with 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".

Civil proceedings

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

Autostrade per l'Italia's legal counsel appealed the judgement handed down by the Court of Avellino, which had ruled that Autostrade per l'Italia and Mr Gennaro Lametta, the owner of the agency that hired the bus insured with Reale Mutua, were concurrently and jointly liable (50% each). It is likely that this appeal will be combined with the appeal lodged by Mr Lametta, who has also challenged the judgement awarding damages.

The first hearing was scheduled for 17 March 2020 but was adjourned until 20 October 2020 following the issue of law Decree 11 of 8 March 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.

The investigation is ongoing.

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 of 21 November 2019 continued to hear testimony from the witnesses called by the prosecution. This should conclude at the hearing scheduled for 5 May 2020.

Claim for damages from the Ministry of Environment

The criminal case brought before the Court of Florence regarded alleged violations of environmental laws relating to the reuse of soil and rocks resulting from 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 the paragraph three, “fly tipping” of the Consolidated Law). The trial at first instance has come to an end with the full acquittal of Autostrade per l’Italia’s Joint General Manager for Network Development and Project Manager, as the court ruled that “there was no case to answer”.

The Public Prosecutor’s office in Florence has filed a per saltum appeal against the judgement with the Supreme Court and the first hearing is scheduled for 9 June 2020.

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”).

On 7 October 2019, the preliminary investigating magistrate issued a dismissed the charges against 4 of Autostrade per l’Italia’s managers: the Principal, the Director and the Head of Operations at the Pescara VII area office and the Head of the “Tender Management Department”.

The criminal proceedings thus continued solely against the 3 Autostrade per l’Italia Sole

Project Managers and the company itself pursuant to Legislative Decree 231/2001.

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.

Proceedings involving Autostrade per l’Italia and Craft Srl New proceeding before the Supreme Court

In judgement 21405 of 14 August 2019, the Supreme Court, in upholding Autostrade per l’Italia’s appeal, quashed the judgement issued by the Court of Appeal in Rome in 2018. The Supreme Court deemed the Court of Appeal’s decision regarding the infringement of the plaintiff’s patent to be based on erroneous criteria, and has requested the Court of Appeal in Rome to hear the case again, applying the legal principle indicated by the Supreme Court. The Court that Craft’s cross-appeal has lapsed.

As a result of the Supreme Court judgement, all the actions required under the Appeal Court ruling are inapplicable.

Autostrade per l’Italia has reopened the case before the Court of Appeal in Rome which, on 19 February 2020, reserved judgement.

Tax disputes regarding ground tax and ground rent (TOSAP and COSAP)

In recent years, city councils and provincial authorities notified Autostrade per l’Italia of numerous demands for the payment of considerable sums in the form of ground tax (*Tassa per l’Occupazione di Spazi ed Aree Pubbliche or TOSAP*) and ground rent (*Canone per l’Occupazione di Spazi ed Aree Pubbliche or COSAP*). The levies are allegedly payable in return for the occupation of public land owned by the relevant councils and provincial authorities by motorway infrastructure (road bridges, viaducts and underpasses, etc.). Assessment proceedings by the local authorities were further intensified following a number of judgements handed down by the Supreme Court, which found against the Company. As the Company is not in agreement with the basis for the judgements, the relevant demands have been appealed and provisions have been made to cover the sums involved in “Other provisions for risks and charges”. Recent judgements on the merits have found in the company’s favour, ignoring the rulings of the Supreme Court.

10.8

Law 124 of 4 August 2017 – Annual markets and competition law

Article 1, paragraphs 125 to 129, of Law 124 of 4 August 2017 has introduced a number of measures designed to ensure the transparency of the government grants system.

In the Company's case, the legislation translates into the obligation to disclose in the notes to its financial statements (paragraph 126) the grants received from:

- a) the government bodies and entities referred to in article 2-bis of Legislative Decree 33 of 14 March 2013;
- b) companies directly or indirectly controlled, in law or in fact, by government bodies, including companies listed on regulated markets and their investees;
- c) publicly owned companies, including those that issue listed shares and other entities.

The legislation provides for significant penalties for failure to comply with the disclosure requirement, involving repayment of the grants received (paragraph 125).

Based on the assessment conducted, in the view of the Group's companies, the only type of grant received that qualifies for application of the disclosure requirements is represented by the government grants used to finance investment in the Group's motorway network.

The following table summarises the grants collected/released in relation to "Financial assets deriving from government grants".

€ 000

Grantor	Grant collected	Description
Anas SpA for the Ministry of Infrastructure and Transport	27.630	Collection of term deposits following disbursement of grants by banks in relation to loans entered into in order to activate the grants provided by laws 662/96, 345/1997 and 135/1997 - IFRIC 12 construction services for which no additional benefits are received
Ravenna Provincial Authority	1.270	Transformation of a part (approximately 14 km) of the motorway link between Ravenna (A/14/DIR) and the Bologna - Bari - Taranto motorway (A/14) from a "closed" to an "open" system - IFRIC 12 works for which no additional economic benefits are received
Ministry for Education, Universities and Research	575	Grant for the Pon-01503 Project in Calabria linked to integrated monitoring, early warning and mitigation systems for hydrogeological risk along arterial roads
Ferrovie Nord Milano SpA	256	Fourth free-flow lane Fiorenza-S.S. Giovanni L1 - IFRIC 12 construction services for which no additional benefits are received
Cesena City Council	198	Grant to fund installation of noise barriers - IFRIC 12 construction services for which no additional benefits are received
Ministry for Education, Universities and Research	59	Grant for participation in the Easy Rider Project for sustainable mobility
Ministry of Infrastructure and Transport	5	Grant for participation in the 2014-EU-TM-0317-S "EU EIP" Project involving the development and standardisation of ITS systems in Europe
TOTAL	29.993	

10.9

Events after 31 December 2019

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

As described in note 10.7, "Significant legal and regulatory aspects", talks with the Grantor and the Government have continued in 2020 with the aim of agreeing on amendments to the Single Concession Arrangement and on a resolution of the dispute with the MIT arising from the collapse of a section of the Polcevera road bridge in 2018. As part of the talks, Autostrade per l'Italia has made a number of proposals, the latest formally put forward in a letter dated 5 March 2020. This includes an undertaking to meet the cost of a range of measures to be implemented according to procedures to be agreed with the Grantor.

Downgrade of Autostrade per l'Italia's credit ratings – Relations with financial institutions

In early January 2020, the Italian Government adopted Legislative Decree 162 of 30 December 2019 (the so-called Milleproroghe legislation), introducing unilateral amendments to the motorway concessions in force. This contributed to the decision to further downgrade Autostrade per l'Italia's ratings, taking those issued by the three leading international agencies, Moody's, Fitch and Standard & Poor's, to below investment grade.

The ratings of the Company's senior unsecured debt at the date of publication of the Annual Report are shown below:

- S&P Global BB- (CreditWatch negative)
- Moody's Ba3 (outlook negativo)
- Fitch Ratings BB+ (Rating Watch Negativo)

All the rating agencies have stressed the fact that, in their opinion, approval of art. 35 of the *Milleproroghe* Decree played a decisive role in the downgrades.

The downgrades have had a negative impact on the Company's ability to borrow in the financial markets, although it continues to engage in operational dialogue with principal financial institutions.

Further details of the risks and uncertainties resulting from the downgrade are provided in the paragraph, "Going-concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation of the consolidated financial statements".

Covid 19

Partly in compliance with the CONSOB's "Warning notice no. 6/20 of 9 April 2020", this section provides a brief description of the impact of the health emergency caused by Covid-19 on the issuer, and the remedial action taken and to be taken by the Company. A more detailed description of the uncertainties resulting from the health emergency is provided in the paragraph, "Going-concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation of the consolidated financial statements".

The global spread of the Covid-19 virus around the world, and the Italian Government's resulting declaration of a health emergency, have limited or halted activity in many sectors of the economy and led to the imposition of quarantine measures or, in any event, restrictions on movement.

These measures have had a major impact on traffic throughout the network.

The following table shows weekly traffic figures from the beginning of 2020, compared with the matching period of 2019, for the network managed by Autostrade per l'Italia.

Provisional data Changes versus same week in 2019	Network managed by Autostrade per l'Italia
Week 2	2,9%
Week 3	0,9%
Week 4	2,9%
Week 5	6,5%
Week 6	-0,2%
Week 7	-0,5%
Week 8	0,0%
Week 9	-17,3%
Week 10	-23,6%
Week 11	-59,9%
Week 12	-75,1%
Week 13	-80,9%
Week 14	-77,0%
Week 15	-75,5%
Week 16	-79,7%
Week 17	-77,0%
Progressive as at 26 April 2020	-35,5%

Against this backdrop, Group companies have responded rapidly by taking steps to implement cost-efficiencies, whilst not reducing maintenance and investment in the safety of infrastructure for the benefit of road users. The companies have also adopted the protective measures introduced by the authorities in order to safeguard the Group's workforce.

The Company has thus updated its financial projections over a time-frame of 18 months, in order to take into account the spread of the epidemic. This is based on projected scenarios for its sector of operation produced by leading external sources. The scenarios have also been subject to an independent assessment by a third-party expert.

Redemption of bonds

On 16 March 2020, the Company repaid borrowings with a face value of €560 million guaranteed by Atlantia. This included €58 million in instalments due on loans from the European Investment bank and €502 million to extinguish a bond issue.

Request for the drawdown of funds from Cassa Depositi e Prestiti

On 3 April 2020, Autostrade per l'Italia requested the disbursement of funds totalling €200m under the credit facility agreed with Cassa Depositi e Prestiti SpA ("CDP") on 15 December 2017. The request regards 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 (including those "relating to the absence of Potential Material Events") noting, among other things, that the Milleproroghe Decree had "[...] established a regulatory framework for the motorway sector that expressly (i) provides that early termination of motorway concessions, including the concession held by Autostrade per l'Italia, is not subject to the payment of compensation, (ii) establishes new criteria for determining such compensation in the event of termination due to breach of contract on the part of the operator, and (iii) invalidates any non-compliant provisions of the concession arrangement.", and that "this regulatory framework must also be considered in the light of the announcement made by the Ministry of Infrastructure and Transport on 20 August 2018, in the which the Ministry alleged that Autostrade per l'Italia was in serious breach of the concession arrangement".

Moreover, in view "[...] (i) of the ongoing emergency and the corresponding need to support the recovery effort, and (ii) the need, stated by Autostrade per l'Italia, to use the requested funds to also finance implementation of its business plan, including significant investment[...]", CDP stated that the request for disbursement could only be assessed following discussions with the company.

Financial support from Atlantia

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 line of credit made available by Atlantia will be subject to standard market terms and conditions for transactions of this type.

The Company has prepared and is in the process of finalising other short-term financial transactions, partly taking advantage of urgent legislation introduced to provide aid for businesses. These transactions will, together with the above transactions, enable the Company to meet the funding requirements that may also result from the sharp decline in traffic expected to take place in 2020 as a result of the Covid-19 emergency.

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.

Annexes to the consolidated financial statements

Annex 1 - The Autostrade per l'Italia Group's scope of consolidation and investments as at 31 December 2019

Annex 2 - Disclosures of the fees paid to the Independent Auditors

The above annexes have not been audited.

Annex 1

The Autostrade per l'Italia Group's scope of consolidation and investments as at 31 December 2019

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2019 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2019	OVERALL GROUP INTEREST (%)	Note
PARENT COMPANY								
Autostrade per l'Italia S.p.A.	Rome	Motorway operation and construction	Euro	622.027.000				
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS								
Ad Moving S.p.A.	Rome	Advertising Services	Euro	1.000.000	Autostrade per l'Italia S.p.A.	100%	100%	
Autostrade Meridionali S.p.A.	Naples	Motorway operation and construction	Euro	9.056.250	Autostrade per l'Italia S.p.A.	58,98%	58,98%	(1)
Autostrade Tech S.p.A.	Rome	Information system and equipment for the control and automation of traffic and road safety	Euro	1.120.000	Autostrade per l'Italia S.p.A.	100%	100%	
Essediesse Società di Servizi S.p.A.	Rome	General and administrative services	Euro	500.000	Autostrade per l'Italia S.p.A.	100%	100%	
Giove Clear S.R.L.	Rome	Cleaning services and maintenance	Euro	10.000	Autostrade per l'Italia S.p.A.	100%	100%	
Raccordo autostradale Valle d'Aosta S.p.A	Aosta	Motorway operation and construction	Euro	343.805.000	Società italiana per azioni per il traforo del Monte Bianco	47,97%	24,46%	(2)
Società Autostrada Tirrenica p.A.	Rome	Motorway operation and construction	Euro	24.460.800	Autostrade per l'Italia S.p.A.	99,93%	99,99%	(3)
Società italiana per azioni per il traforo del Monte Bianco	Pre' Saint Didier (Aosta)	Mont blanc tunnel operation and construction	Euro	198.749.200	Autostrade per l'Italia S.p.A.	51,00%	51,00%	
Tangenziale di Napoli S.p.A	Naples	Motorway operation and construction	Euro	108.077.490	Autostrade per l'Italia S.p.A.	100%	100%	
Tech Solutions Integrators S.A.S.	Paris (Francia)	Construction, installation and maintenance of electronic tolling systems	Euro	2.000.000	Autostrade per l'Italia S.p.A.	100%	100%	

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

(2) The issued capital is made up of €284,350,000 in ordinary shares and €59,455,000 in preference shares. The percentage interest is calculated with reference to all shares in issue, whereas the 58.00% of voting rights is calculated with reference to ordinary voting shares.

(3) On 29 December 2015, Autostrada Tirrenica, following authorisation by the general meeting of shareholders held on the same date, purchased 109,600 own shares from non-controlling shareholders. Autostrade per l'Italia's interest is, therefore, equal to 99.99% as at 31 December 2019 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.99%).

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2019 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2019	Note
INVESTMENTS ACCOUNTED FOR AT COST OF FAIR VALUE							
<i>Other investments</i>							
CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI SpA	Livorno	DISTRIBUTION CENTRE	Euro	11.756.695	Società Autostrada Tirrenica p.A.	0,43%	
Tangenziale esterna S.p.A	Milan	MOTORWAY OPERATION AND CONSTRUCTION	Euro	464.945.000	Autostrade per l'Italia S.p.A	0,25%	
Uirnet S.p.A	Rome	OPERATION OF NATIONAL LOGISTICS	Euro	1.142.000	Autostrade per l'Italia S.p.A	1,401%	
Autostrade Holding do Sur S.A.	Santiago (Chile)	HOLDING COMPANY	Chilean Peso	51.496.805.692	Autostrade per l'Italia S.p.A	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 CONSORZI	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2019 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2019	
Consorzio autostrade italiane energia	Rome	Electricity procurement	Euro	114.853	Autostrade per l'Italia S.p.A.	27,05%	
					Tangenziale di Napoli S.p.A.	1,93%	
					Società Italiana per Azioni per il Traforo del Monte Bianco	1,81%	
					Raccordo Autostradale Valle d'Aosta S.p.A.	1,08%	
					Società Autostrada Tirrenica p.A.	0,48%	
Autostrade Meridionali S.p.A.	0,97%						
Consorzio Midra	Florence	Scientific research for device based technologies	Euro	73.989	Autostrade Tech S.p.A.	33,33%	
Costruzioni Impianti Autostradali S.c.a.r.l. (in liquidation)	Rome	Construction of public works and infrastructure	Euro	10.000	Autostrade Tech S.p.A.	20,00%	
Safe Roads S.c.a.r.l.	Tortona	Integrated engineering services	Euro	10.000	Autostrade Tech S.p.A.	17,22%	
Sat Lavori S.c.a.r.l. (in liquidazione)	Rome	Construction consortium	Euro	100.000	Società Autostrada Tirrenica p.A.	1,00%	
Smart Mobility Systems S.c.a.r.l.	Tortona	Servizi tecnici ingegneria integrati	Euro	10.000	Autostrade Tech S.p.A.	24,50%	
INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS							
Strada Dei Parchi S.p.A.	Rome	Concessioni e costruzioni autostrade	Euro	48.114.240	Autostrade per l'Italia S.p.A.	2,00%	

Annex 2 Disclosures of the fees paid to the Independent Auditors

Disclosures pursuant to art.149-duodecies of the CONSOB Regulation for Issuers

Migliaia di euro

AUTOSTRAD PER L'ITALIA S.P.A.

Type of service	Provider of service	Note	Fees
Audit	Parent Company's auditor		240
Other services	Associate of Parent Company's auditor	(1)	23
Total			263

SUBSIDIARIES

Type of service	Provider of service	Note	Fees
Audit	Parent Company's auditor		162
Audit	Associate of Parent Company's auditor		5
Other services	Parent Company's auditor	(2)	50
Total subsidiaries			217

Total Autostrade per l'Italia Group

480

(1) Signature of consolidated and 770 tax form, agreed upon procedures for data and accounting information.

(2) Signature of consolidated and 770 tax form, agreed upon procedures for data and accounting information.

**2019 SEPARATE
FINANCIAL
STATEMENTS**



Financial statements

STATEMENT OF FINANCIAL POSITION ⁽¹⁾

€	31 December 2019	31 December 2018
ASSETS		
Non-current assets		
Property, plant and equipment	81.676.945	75.364.878
Property, plant and equipment	74.147.668	69.077.521
Investment property	7.529.277	6.287.357
Intangible assets	16.823.978.877	17.156.895.615
Intangible assets deriving from concession rights	10.690.142.677	11.021.893.047
Goodwill and other intangible assets with indefinite lives	6.111.199.363	6.111.199.643
Other intangible assets	22.636.837	23.802.925
Investments	243.100.192	242.252.846
Non-current financial assets	576.791.566	634.240.881
Non-current financial assets deriving from government grants	161.123.526	192.141.169
Non-current term deposits	161.123.525	192.141.169
Other non-current financial assets	254.544.515	249.958.543
Other non-current assets	121.248	242.495
Total non-current assets	17.725.668.828	18.108.996.715
Current assets		
Trading assets	514.257.311	492.981.013
Inventories	53.247.104	47.811.496
Contract work in progress	4.204.491	4.204.491
Trade receivables	456.805.716	440.965.026
Cash and cash equivalents	1.378.535.018	1.494.462.848
Cash	715.492.947	839.632.475
Cash equivalents	128.190	120.596
Intercompany current account receivables due from related parties	662.913.881	654.709.777
Current financial assets	82.410.619	74.276.288
Current financial assets deriving from government grants	25.495.195	22.108.683
Current term deposits	24.673.875	21.287.363
Current portion of medium/long-term financial assets	30.699.645	29.338.338
Other current financial assets	1.541.904	1.541.904
Current tax assets	39.539.174	24.341.256
Other current assets	109.672.640	62.456.369
Investments held for sale or for distribution to shareholders or as discontinued operations	4.271.004	4.271.004
Total current assets	2.128.685.766	2.152.788.778
TOTAL ASSETS	19.854.354.594	20.261.785.493

(1) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions on Autostrade per l'Italia SpA's statement of financial position is shown in the statement of financial position, expressed in thousands of euros, on the following pages. The impact is also described in further detail in note 9.3.

STATEMENT OF FINANCIAL POSITION

€	2019	2018
EQUITY AND LIABILITIES		
Equity		
Issued capital	622.027.000	622.027.000
Reserves and retained earnings	1.132.233.304	859.350.305
Profit/(Loss) for the year after interim dividends	-291.332.648	618.412.393
Total equity	1.462.927.656	2.099.789.698
Non-current liabilities		
Non-current portion of provisions for construction services required by contract	2.311.748.565	2.639.002.790
Non-current provisions	954.624.630	927.999.901
Non-current provisions for employee benefits	74.915.431	76.145.326
Non-current provisions for repair and replacement of motorway infrastructure	879.709.199	851.854.575
Non-current financial liabilities	9.658.657.954	10.234.760.846
Bond issues	7.024.847.251	7.499.826.703
Medium/long-term borrowings	2.142.886.098	2.299.171.423
Non-current derivative liabilities	490.924.606	435.762.720
Net deferred tax liabilities	133.412.449	579.872.453
Other non-current liabilities	28.592.295	27.373.293
Total non-current liabilities	13.087.035.894	14.409.009.283
Current liabilities		
Trading liabilities	1.336.420.113	1.294.309.614
Trade payables	1.336.420.113	1.294.309.614
Current portion of provisions for construction services required by contract	448.978.970	405.562.260
Current provisions	2.238.452.151	821.434.641
Current provisions for employee benefits	11.481.872	18.499.210
Current provisions for repair and replacement of motorway infrastructure	660.700.268	685.512.406
Current provisions for the risk of fines and penalties under the Single Concession Arrangement	5.937.061	5.912.061
Other current provisions	1.560.332.950	111.510.964
Current financial liabilities	1.039.393.446	994.505.250
Bank overdrafts repayable on demand	724	251
Intercompany current account payables due to related part	84.852.792	49.127.320
Current portion of medium/long-term financial liabilities	859.535.669	945.377.679
Other current financial liabilities	95.004.262	-
Current tax liabilities	35.813.736	25.006.644
Other current liabilities	205.332.628	212.168.103
Liabilities related to discontinued operations	-	-
Total current liabilities	5.304.391.043	3.752.986.512
TOTAL LIABILITIES	18.391.426.937	18.161.995.795
TOTAL EQUITY AND LIABILITIES	19.854.354.594	20.261.785.493

INCOME STATEMENT (2)

€	2019	2018
REVENUE		
Toll revenue	3.403.978.909	3.369.843.442
Revenue from construction services	140.263.385	154.166.821
Other operating income	312.204.204	285.325.372
TOTAL REVENUE	3.856.446.498	3.809.335.635
COSTS		
Raw and consumable materials	-192.126.694	-105.719.122
Service costs	-1.025.137.719	-773.749.541
Gains/(losses) on sale of property, plant and equipment	176.538	598.731
Staff costs	-414.309.169	-400.996.834
Other operating costs	-521.804.764	-554.690.678
Concession fees	-449.817.933	-445.320.269
Lease expense	-3.795.149	-7.330.770
Other	-68.191.682	-102.039.639
Operating change in provisions	-1.504.981.274	-483.114.117
Uses of provisions/(Provisions) for repair and replacement of motorway infrastructure	14.855.005	-402.070.500
(Provisions)/Uses of provisions for risks and charges	-1.519.836.279	-81.043.617
Use of provisions for construction services required by contract	369.424.371	360.509.602
Amortisation and depreciation	-586.578.860	-571.365.226
Depreciation of property, plant and equipment	-18.095.299	-19.425.694
Depreciation of right-of-use assets classified in property, plant and equipment	-2.576.609	-
Depreciation of investment property	-517.412	-405.621
Amortisation of intangible assets deriving from concession rights	-545.764.358	-532.564.693
Amortisation of other intangible assets	-19.625.182	-18.969.218
(Impairment losses)/Reversals of impairment losses	-6.639.552	-1.467.528
TOTAL COSTS	-3.881.977.123	-2.529.994.713
OPERATING PROFIT/(LOSS)	-25.530.625	1.279.340.922
Financial income	125.650.855	151.248.127
Dividends received from investees	22.278.513	39.851.647
Other financial income	103.372.342	110.397.040
Financial expenses	-546.774.063	-548.252.355
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-28.910.254	-29.386.866
Impairment losses on financial assets and investments	-2.004.454	-
Other financial expenses	-515.859.355	-518.865.489
Foreign exchange gains/(losses)	-8.054	124.270
FINANCIAL INCOME/(EXPENSES)	-421.131.262	-396.879.958
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	-446.661.887	882.460.964
Income tax (expense)/benefit	155.329.239	-264.048.571
Current tax expense	-272.974.927	-282.512.306
Differences on current tax expense for previous years	136.695	6.576.687
Deferred tax income and expense	428.167.471	11.887.048
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	-291.332.648	618.412.393
Dividends, after related taxation, from discontinued operations	-	-
PROFIT/(LOSS) FOR THE YEAR	-291.332.648	618.412.393

(2) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions and components of income deriving from non-recurring transactions on Autostrade per l'Italia SpA's income statement are shown in the income statement, expressed in thousands of euros, on the following pages. The impact is also described in further detail in note 9.3.

STATEMENT OF CASH FLOWS (3)

€	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) for the year	-291.332.648	618.412.393
Adjusted by:		
Amortisation and depreciation	586.578.860	571.365.226
Operating change in provisions	1.434.219.517	482.151.060
Financial expenses from discounting of provisions for construction services required by contract	28.910.254	29.386.866
(Reversal of impairment losses)/Impairment losses on non-current financial assets and investments	2.004.454	-999.440
Impairment losses/(Reversal of impairment losses) on current and non-current assets	6.639.552	1.467.528
(Gains)/Losses on sale of non-current assets	-176.538	-598.731
Net change in deferred tax (assets)/liabilities through profit or loss	-428.167.471	-11.887.048
Other non-cash costs (income)	22.635.888	-48.445.257
Change in working capital and other changes	-63.120.382	-112.343.637
Net cash generated from/(used in) operating activities [a]	1.298.191.486	1.528.508.960
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Investment in assets held under concession	-505.969.974	-508.022.515
Purchases of property, plant & equipment	-19.309.340	-21.306.774
Purchases of other intangible assets	-18.458.823	-22.171.612
Government grants related to assets held under concession	1.822.337	521.189
Purchases of investments	-2.809.401	-27.714.139
Proceeds from sales of property, plant and equipment, intangible assets and investments	271.931	14.609.245
Net change in other non-current assets	121.247	-
Net change in current and non-current financial assets	50.284.315	73.013.825
Net cash generated from/(used in) investing activities [b]	-494.047.708	-491.070.781
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Dividends paid	-311.013.500	-517.526.464
Repayment of loans from parent	-	-1.000.000.000
Increase in lease liabilities	3.994.201	-
Bond redemptions	-593.334.000	-
Repayments of medium/long term borrowings	-125.143.761	-
Repayment of lease liabilities	-2.838.947	-122.456.308
Net change in other current and non-current financial liabilities	72.538.453	-521.856.095
Net cash generated from/(used in) financing activities [c]	-955.797.553	-2.161.838.867
Increase/ (decrease) in cash and cash equivalents [a+b+c]	-151.653.775	-1.124.400.688
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1.445.335.277	2.569.735.965
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	1.293.681.502	1.445.335.277

(3) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions on Autostrade per l'Italia SpA's statement of cash flows is shown in the statement of cash flows, expressed in thousands of euros, on the following pages.

STATEMENT OF FINANCIAL POSITION

€ 000	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	6.1	81.677	75.365
Property, plant and equipment		74.148	69.078
Investment property		7.529	6.287
Intangible assets	6.2	16.823.981	17.156.898
Intangible assets deriving from concession rights		10.690.143	11.021.893
Goodwill and other intangible assets with indefinite lives		6.111.201	6.111.201
Other intangible assets		22.637	23.804
Investments	6.3	243.101	242.252
Non-current financial assets	6.4	576.792	634.241
Non-current financial assets deriving from government grants		161.124	192.141
Non-current term deposits		161.124	192.141
Other non-current financial assets		254.544	249.959
Other non-current assets	6.5	121	242
Total non-current assets		17.725.672	18.108.998
Current assets			
Trading assets	6.6	514.257	492.981
Inventories		53.247	47.811
Contract work in progress		4.204	4.204
Trade receivables		456.806	440.966
Cash and cash equivalents	6.7	1.378.535	1.494.463
Cash		715.493	839.632
Cash equivalents		128	121
Intercompany current account receivables due from related parties		662.914	654.710
Current financial assets	6.4	82.411	74.275
Current financial assets deriving from government grants		25.495	22.108
Current term deposits		24.674	21.287
Current portion of medium/long-term financial assets		30.700	29.338
Other current financial assets		1.542	1.542
Current tax assets	6.8	39.540	24.342
Other current assets	6.9	109.672	62.456
Investments held for sale or for distribution to shareholders or as discontinued operations	6.10	4.271	4.271
Total current assets		.2.128.686	2.152.788
TOTAL ASSETS		19.854.358	20.261.786

STATEMENT OF FINANCIAL POSITION

€ 000	Note	31 December 2019	31 December 2018
EQUITY AND LIABILITIES			
Equity			
Issued capital		622.027	622.027
Reserves and retained earnings		1.132.234	859.350
Profit/(Loss) for the year after interim dividends		-291.333	618.412
Total equity	6.11	1.462.928	2.099.789
Non-current liabilities			
Non-current portion of provisions for construction services required by contract	6.12	2.311.749	2.639.004
Non-current provisions	6.13	954.625	927.999
Non-current provisions for employee benefits		74.916	76.145
Non-current provisions for repair and replacement of motorway infrastructure		879.709	851.854
Non-current financial liabilities	6.14	9.658.658	10.234.761
Bond issues		7.024.847	7.499.827
Medium/long-term borrowings		2.142.886	2.299.171
Non-current derivative liabilities		490.925	435.763
Net deferred tax liabilities	6.15	133.418	579.878
Other non-current liabilities	6.16	28.592	27.373
Total non-current liabilities		13.087.042	14.409.015
Current liabilities			
Trading liabilities	6.17	1.336.420	1.294.310
Trade payables		1.336.420	1.294.310
Current portion of provisions for construction services required by contract	6.12	448.979	405.562
Current provisions	6.13	2.238.452	821.432
Current provisions for employee benefits		11.482	18.499
Current provisions for repair and replacement of motorway infrastructure		660.700	685.512
Current provisions for the risk of fines and penalties under the Single Concession		5.937	5.912
Other current provisions		1.560.333	111.509
Current financial liabilities	6.14	1.039.393	994.505
Bank overdrafts repayable on demand		1	-
Intercompany current account payables due to related parties		84.853	49.127
Current portion of medium/long-term financial liabilities		859.535	945.378
Other current financial liabilities		95.004	-
Current tax liabilities	6.8	35.815	25.007
Other current liabilities	6.18	205.329	212.166
Liabilities related to discontinued operations	6.10		
Total current liabilities		5.304.388	3.752.982
TOTAL LIABILITIES		18.391.430	18.161.997
TOTAL EQUITY AND LIABILITIES		19.854.358	20.261.786

INCOME STATEMENT

€ 000	Note	2019	2018	
REVENUE			<i>of which related party transactions</i>	<i>of which related party transactions</i>
Toll revenue	7.1	3.403.979		3.369.843
Revenue from construction services	7.2	140.263		154.167
Other operating income	7.3	312.204	99.006	285.325
TOTAL REVENUE		3.856.446		3.809.335
COSTS				
Raw and consumable materials	7.4	-192.127	-6.720	-105.719
Service costs	7.5	-1.025.138	-345.840	-773.750
Gains/(losses) on sale of property, plant and equipment		177		598
Staff costs	7.6	-414.309	-11.894	-400.996
Other operating costs	7.7	-521.805		-554.690
Concession fees		-449.818		-445.320
Lease expense		-3.795		-7.331
Other		-68.192		-102.039
Operating change in provisions	7.8	-1.504.982		-483.114
Uses of provisions/(Provisions) for repair and replacement of motorway infrastructure		14.854		-402.071
Provisions for risks and charges		-1.519.836		-81.043
Use of provisions for construction services required by contract	7.9	369.425		360.510
Amortisation and depreciation	7.10	-586.578		-571.365
Depreciation of property, plant and equipment		-18.095		-19.426
Depreciation of right-of-use assets classified in property, plant and equipment		-2.577		-
Depreciation of investment property		-517		-405
Amortisation of intangible assets deriving from concession rights		-545.763		-532.565
Amortisation of other intangible assets		-19.626		-18.969
(Impairment losses)/Reversals of impairment losses on current and non-current assets	7.11	-6.640		-1.467
TOTAL COSTS		-3.881.977		-2.529.993
OPERATING PROFIT/(LOSS)		-25.531		1.279.342
Financial income		125.651		151.248
Dividends received from investees		22.278		39.852
Reversal of impairment losses on financial assets and investments		-		999
Other financial income		103.373	18.826	110.397
Financial expenses		-546.774		-548.252
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-28.910		-29.386
Impairment losses on financial assets and investments		-2.004		-
Other financial expenses		-515.860	-15.392	-518.866
Foreign exchange gains/(losses)		-8		124
FINANCIAL INCOME/(EXPENSES)	7.12	-421.131		-396.880
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		-446.662		882.462
Income tax (expense)/benefit	7.13	155.329		-264.050
Current tax expense		-272.975		-282.512
Differences on current tax expense for previous years		137		6.576
Deferred tax income and expense		428.167		11.886
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		-291.333		618.412
Dividends, after related taxation, from discontinued operations		-		-
PROFIT/(LOSS) FOR THE YEAR		-291.333		618.412

€	Note	2019	2018
Basic earnings/(loss) per share	7.14	-0,47	0,99
of which:			
from continuing operations		-0,47	0,99
from discontinued operations		-	-
Diluted earnings/(loss) per share	7.14	-0,47	0,99
of which:			
from continuing operations		-0,47	0,99
from discontinued operations		-	-

STATEMENT OF COMPREHENSIVE INCOME

€ 000	Note	2019	2018
Profit/(Loss) for the year	(A)	-291.333	618.412
Fair value gains/(losses) on cash flow hedges	6.11	-86.078	-20.124
Tax effect of fair value gains/(losses) on cash flow hedges		10.150	4.832
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	(B)	-75.928	-15.292
Gains/(losses) from actuarial valuations of provisions for employee benefits	6.13	-3.257	-311
Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits		782	74
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	(C)	-2.475	-237
Other reclassifications of the cash flow hedge reserve		43.788	-8
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	43.788	-8
Total other comprehensive income/(loss) for the year	(E=B+C+D)	-34.615	-15.537
COMPREHENSIVE INCOME FOR THE YEAR	(A+E)	-325.948	602.875

STATEMENT OF CHANGES IN EQUITY

€ 000	Reserves and retained earnings					Reserves and retained earnings	Profit for the year after interim dividends	Total equity
	Issued capital	Share premium reserve	Legal reserve	Cash flow hedge reserve	Other reserves and retained earnings			
Balance as at 31 December 2017	622.027	216.070	124.406	-110.197	616.834	847.113	517.668	1.986.808
Impact of first-time adoption of IFRS 9 from 1 January 2018, after related taxation	-	-	-	-	25.528	25.528	-	25.528
Balance as at 1 January 2018 (including impact of first-time adoption of IFRS9)	622.027	216.070	124.406	-110.197	642.362	872.641	517.668	2.012.336
Comprehensive income for the year	-	-	-	-15.300	-237	-15.537	618.412	602.875
Owner transactions and other changes								
Final dividend for 2017 (€0.832 per share, AGM of 20 April)	-	-	-	-	-	-	-517.526	-517.526
Transfer of profit/(loss) for 2017 to retained earnings (AGM of 20 April)	-	-	-	-	142	142	-142	-
Share-based incentive plans	-	-	-	-	-193	-193	-	-193
Change in reserves due to transactions involving companies under common control	-	-	-	-	2.297	2.297	-	2.297
Balance as at 31 December 2018	622.027	216.070	124.406	-125.497	644.371	859.350	618.412	2.099.789
Comprehensive income for the year	-	-	-	-32.140	-2.475	-34.615	-291.333	-325.948
Owner transactions and other changes								
Dividend for 2018 (€0.50 per share, AGM of 18 April)	-	-	-	-	-	-	-311.013	-311.013
Transfer of profit/(loss) for 2018 to retained earnings (AGM of 18 April)	-	-	-	-	307.399	307.399	-307.399	-
Share-based incentive plans	-	-	-	-	100	100	-	100
Balance as at 31 December 2019	622.027	216.070	124.406	-157.637	949.395	1.132.234	-291.333	1.462.928

STATEMENT OF CASH FLOWS

€ 000	Note	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Profit/(Loss) for the year		-291.333	618.412
Adjusted by:			
Amortisation and depreciation	7.10	586.578	571.365
Operating change in provisions		1.434.222	482.148
Financial expenses from discounting of provisions for construction services required by contract	7.12	28.910	29.386
(Reversal of impairment losses)/Impairment losses on non-current financial assets and investments	7.12	2.004	-999
Impairment losses/(Reversal of impairment losses) on current and non-current assets	7.11	6.640	1.467
(Gains)/Losses on sale of non-current assets		-177	-598
Net change in deferred tax (assets)/liabilities through profit or loss	7.13	-428.167	-11.886
Other non-cash costs (income)		22.634	-48.445
Change in working capital and other changes		-63.121	-112.340
Net cash generated from/(used in) operating activities [a]	8.1	1.298.190	1.528.510
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Investment in assets held under concession	6.2	-505.970	-508.023
Purchases of property, plant & equipment	6.1	-19.310	-21.308
Purchases of other intangible assets	6.2	-18.459	-22.171
Government grants related to assets held under concession	6.2	1.823	521
Purchases of investments	6.3	-2.809	-27.714
Proceeds from sales of property, plant and equipment, intangible assets and investments		272	14.610
Net change in other non-current assets		121	-
Net change in current and non-current financial assets		50.285	73.014
Net cash generated from/(used in) investing activities [b]	8.1	-494.047	-491.071
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Dividends paid	6.11	-311.013	-517.526
Repayment of loans from parent		-	-1.000.000
Increase in lease liabilities	6.14	3.994	-
Bond redemptions	6.14	-593.334	-
Repayments of medium/long term borrowings	6.14	-125.144	-122.457
Repayment of lease liabilities	6.14	-2.840	-
Net change in other current and non-current financial liabilities		72.539	-521.856
Net cash generated from/(used in) financing activities [c]	8.1	-955.798	-2.161.839
Increase/ (decrease) in cash and cash equivalents [a+b+c]	8.1	-151.655	-1.124.400
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1.445.336	2.569.736
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1.293.681	1.445.336

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€ 000	2019	2018
Income taxes paid (refunded)	284.590	339.221
Interest income and other financial income collected	62.519	68.598
Interest expense and other financial expenses paid	447.275	485.329
Dividends received	22.278	46.263
Foreign exchange gains collected	3	145
Foreign exchange losses incurred	10	20

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€ 000	2019	2018
Net cash and cash equivalents at beginning of year		1.445.336
Cash and cash equivalents	6.7	1.494.463
Bank overdrafts repayable on demand		-
Intercompany current account payables due to related parties	6.14	-49.127
Net cash and cash equivalents at end of year		1.293.681
Cash and cash equivalents	6.7	1.378.535
Bank overdrafts repayable on demand	6.14	-1

NOTES

1

Introduction

Autostrade per l'Italia (or the "Company") is a public limited company incorporated in 2003 with its registered office at Via Bergamini, 50 in Rome. The Company does not have branch offices.

The duration of the Company is until 31 December 2050.

The Company's core business is the operation of motorways under a concession granted by the Ministry of Infrastructure and Transport (the "MIT"), which assumed the role of Grantor previously fulfilled by ANAS SpA (Italy's Highways Agency) from 1 October 2012. Under the concession arrangements, the Company and its motorway subsidiaries are responsible for the construction, management, improvement and upkeep of sections of motorway in Italy. Further information on the Company's concession arrangement is provided in note 4, "Concession arrangement".

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. At the date of preparation of these separate financial statements, Sintonia SpA is the shareholder that holds a relative majority of the issued capital of Atlantia. Neither Sintonia SpA nor its direct parent, Edizione Srl, manages or coordinates Atlantia.

These separate financial statements as at and for the year ended 31 December 2019 were approved by the Company's Board of Directors at its meeting of 27 April 2020, having opted to take advantage of the extended term of 180 days from the end of the financial year, within which the Annual General Meeting is required to approve the financial statements, in accordance with the provisions of art. 2364, paragraph 2 of the Italian Civil Code and art. 24.2 of the Articles of Association. The postponement is appropriate in view of the uncertainties surrounding to the Company's activities described below in note 2, and the exceptionally serious situation created by the Covid-19 pandemic.

The Company, which holds significant controlling interests in other companies, also prepares consolidated financial statements for the Group, published together with these separate financial statements.

2

Basis of preparation

The financial statements as at and for the year ended 31 December 2019, have been prepared on a going concern basis and in accordance with articles 2 and 4 of Legislative Decree 38/2005 and art. 154-ter "Financial reporting" in the Consolidated Finance Act ("CFA"). They have been prepared on the assumption that the Company is a going concern, given that the Company's Board of Directors believes that there is a reasonable expectation that the

Company will continue to operate normally in the foreseeable future, and in any event over a period of at least twelve months from 31 December 2019. 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, the Company's Board of Directors concluded that, whilst there are uncertainties regarding the future operations of the Company, these uncertainties are surmountable and, therefore, deemed it appropriate to prepare these financial statements on a going concern basis.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in force on the balance sheet date, as issued by the International Accounting Standards Board and endorsed by the European Commission. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and previous interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the reporting period. For the sake of simplicity, all standards and interpretations are hereinafter referred to as "IFRS".

Moreover, the measures introduced by the CONSOB, 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 financial statements consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and these notes, applying the historical cost convention, with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the accounting policies for individual items described in note 3, "Accounting standards and policies applied". The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities. The income statement is classified by nature of expense, whilst the statement of cash flows has been prepared in application of the indirect method. IFRS have been applied in accordance with 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, atypical or unusual transactions, having a material impact on the

Company's income statement, were entered into during 2019, either with third or related parties. As a result, the financial statements therefore only show material amounts relating to related party transactions;

b) the financial statements as at and for the year ended 31 December 2019 (like those for the previous year) include 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 the Company. The impact on the accounts for 2019 is described in note 5.

Amounts in the statement of financial position, the income statement and the statement of cash flows are shown in euros, whilst amounts in the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and these notes are shown in thousands of euros, unless otherwise indicated. With regard CONSOB Resolution 15519 of 27 July 2006 relating to the format for financial statements, a specific supplementary statement of financial position, income statement and statement of cash flows, with amounts in thousands of euros, showing material related party transactions, has been included.

The euro is both the Company's functional currency and its presentation currency.

Each item in the financial statements is compared with the corresponding amount for the previous year. Given its importance, it should also be noted that, from 1 January 2019, the new accounting standard IFRS 16 – Leases has come into effect. The new standard has introduced a single approach to accounting for lease arrangements, removing the distinction between operating and finance leases for the lessee. On first-time adoption, the Company elected to avail itself of the practical expedient allowed by the standard, recognising the cumulative effects deriving from adoption of the standard in the statement of financial position as of 1 January 2019, without any change in the income statement for 2018. Further information on key aspects of the new standard and its impact on the Company's accounts is provided below in note 3 below.

As a result, amounts in the accounts for 2019 and the related notes are not comparable with those for the previous year, in terms of the recognition of right-of-use assets and the matching lease liabilities, and the related impacts on profit or loss.

Going-concern uncertainties and assessment conducted by the Company

In compliance with the Italian Civil Code and the IFRS accounting standards (and as referred to in CONSOB Document 2 issued jointly with the Bank of Italy and ISVAP on 6 February 2009), in preparing the financial statements it is necessary to assess the ability of the Company to continue to operate as a going concern.

Paragraph 25 of IAS 1 states that "When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is

aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern".

Furthermore, paragraph 26 of IAS 1 requires that "In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period"; and that "...management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate".

Despite significant uncertainties, raising material doubts about use of the going concern assumption, these financial statements have been prepared on a going concern basis. These uncertainties 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, explaining the related reasons. 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 risk factors at the date of preparation of the financial statements, as described in detail in notes 9.5, "Significant legal and regulatory aspects" and 5, "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".

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 from the reporting date for these 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 note 9.5, "*Significant legal and regulatory aspects*";

b) the Italian Government's approval of the so-called *Milleproroghe* Decree, above all art. 35 of the Decree (the text of which is quoted in note 9.5, "*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 recent downgrade of Autostrade per l'Italia's credit rating to below investment grade and of its outlook by the international agencies, Moody's, Fitch and Standard & Poor's, following enactment of art. 35 of the above *Milleproroghe* Decree, 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 (“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 31 December 2019, amounting to approximately €2.1 billion, including approximately €1.7 billion 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, recently introduced in response to the emergency caused by the spread of the Covid-19 virus, have led to a sharp fall in traffic volumes and have had, and will continue to have, a significant impact on the revenue outlook for 2020. This situation has also had significant repercussions on the 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 changed regulatory framework, 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 point a) above (relations with the Grantor), the Board of Directors’ decision to continue to use the going concern assumption was, among other things, based on the following objective elements:

- 1)** the procedure resulting from the MIT’s allegation that the Company is in “serious breach” of its contractual obligations in relation to the collapse of a section of the Polcevera road bridge is still pending;
- 2)** no authority has, to date, found proof, above all conclusive proof, of any “serious breach” by the Company that would provide a basis in law for termination of the concession. In this regard, in four judgements published on 6 December 2019, Liguria Regional Administrative Court found that the Company’s alleged responsibility for the collapse of the Polcevera road bridge had “*not been ascertained, even circumstantially*”, given that it “*has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded*”;
- 3)** the expert opinion provided by the Cross-Institutional Working Group set up by the MIT has highlighted the risks of any litigation, the expenses connected with termination and the related impact on operations, concluding that all of the above could “*suggest an alternative solution aimed at renegotiating the Concession Arrangement*”;
- 4)** over many months (since July 2019), the Company has been in talks with the Grantor and the Government with the aim of reaching agreement about amendments to the Single Concession Arrangement and a final resolution of the dispute initiated by the MIT. This would lead to an agreed solution, which would also be in the public interest, as suggested in recent communications regarding this matter.

In brief, the objective elements described above, the legal opinions acquired and initial (though interlocutory) judgements handed down have led the Board of Directors to believe that it is not

reasonably likely that the Government is close to deciding to revoking the concession arrangement, and to believe, instead, that it is reasonably likely that an agreement will be reached. Should such a decision be taken, the Board of Directors believes that it has strong arguments in its favour.

With regard to point b) above (the *Milleproroghe* Decree), the Board of Directors’ decision to continue to use the going concern assumption was, among other things, based on numerous concordant opinions from leading legal and constitutional experts, who have identified a series of breaches of constitutional and EU law contained in the Decree (as described in greater detail in note 9.5, “*Significant legal and regulatory aspects*”). In this regard, the judgements handed down by Liguria Regional Administrative Court in December 2019, after it was asked to set aside the implementing provisions of the (even though different) Genoa Decree, contain statements affirming the necessity for the Grantor to comply with the terms of the existing Concession Arrangement (art. 9) in relation to the procedure for forfeiture of the concession, including the need to have prior evidence of a serious breach (as described in note 9.5, “*Significant legal and regulatory aspects*”).

The Company filed a legal challenge with Lazio Regional Administrative Court to ascertain whether art. 35 of the *Milleproroghe* Decree is lawful, and whether articles 8, 9 and 9-*bis* of the Single Concession Arrangement are still valid and in force. On 3 April 2020, Autostrade per l’Italia filed an application for the legal challenge to be accelerated and for a hearing for discussion of the case to be held as soon as possible.

With regard to points c) and d) above (the downgrade and the Covid-19 pandemic), it should above all be noted that, at the date of preparation of this Annual Report, neither the EIB or CDP have requested the enforcement of any contractual rights and/or remedies, nor have they requested any early repayment. In addition, with regard to the rating agencies’ expressed reason for the downgrade (*i.e.* approval of art. 35 of the *Milleproroghe* Decree), the fact that art. 35 is in violation of both EU and constitutional law, as already ruled on by the courts at the Company’s request, and the many legal opinions on this matter, the Company believes that it will be able to continue its dialogue with the financial institutions in order to find an agreed solution. In relation to 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, as described in greater detail in note 9.7, “*Events after 31 December 2019*”, partly in relation to the provision of updated guidance, the Board of Directors has taken a series of measures designed to ensure that the Company is able to fund itself. These include: (i) cost-efficiencies, implemented without detracting from safety; (ii) the search for alternative forms of working capital finance, including the request to draw down funds from Cassa Depositi e Prestiti; (iii) the request for short- and medium-term financial support from the parent, Atlantia; (iv) the implementation of measures to provide financial support, in part taking advantage of recently introduced legislation offering urgent financial aid for businesses, above all the guarantees provided by SACE backing any new loans that might be obtained by the Company. In terms of point (iii), and as more fully described in

note 9.7, “Events after 31 December 2019”, on 24 April 2020, the Company received confirmation of the parent’s provision of contingent financial support of up to €900 million, calculated on the basis of the Company’s most prudent estimate of the reduction in cash flows potentially resulting from the pandemic.

The Board of Directors will closely monitor implementation of the measures and, more generally, the Company’s financial position.

The above elements and, in particular, the actions taken to meet the Company’s funding needs, and the reasonable expectation of the likelihood of an agreement with the Government and the MIT (that would bring long-term structural stability and allow Autostrade per l’Italia to strengthen its financial structure, thanks to readier access to the credit market), lead the Directors to believe that all the risks and uncertainties are reasonably surmountable.

The Board of Directors has thus deemed that all the conditions have been met for the Company to continue to prepare the consolidated and separate financial statements as at and for the year ended 31 December 2019 on a going concern basis, using the accounting policies applicable to such a going concern, as described in note 3.

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

A description follows of the more important accounting standards and policies employed by the Company for its financial statements as at and for the year ended 31 December 2019.

These accounting standards and policies are consistent with those applied in preparation of the financial statements for the previous year, with the exception of the changes resulting from first-time adoption, from 1 January 2019, of the new accounting standard IFRS 16 – Leases (“IFRS 16”), the impact of which is described below, and interpretation IFRIC 23 – Uncertainty over Income Tax Treatments, adoption of which has not had an impact on the Company, in that the approach adopted in determining taxation is in line with the requirements of IFRIC 23. In dealing with the issue of uncertainty over income tax treatment, interpretation IFRIC 23 requires an entity:

- a) analyse any uncertain income tax treatment always on the assumption that the tax authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations;
- b) if it concludes it is not probable that the tax authority will accept an uncertain tax treatment, the entity must reflect the effect of uncertainty in determining current and deferred tax assets and liabilities.

Reference should also be made to the paragraph, “Going-concern uncertainties and assessment conducted by the Company”, in note 2.

Property, plant and equipment

Property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items and financial expenses incurred during construction of the asset. As permitted by IFRS 1, assets acquired through business combinations prior to 1 January 2004 are stated at previous amounts, as determined under Italian GAAP for those business combinations and representing deemed cost.

The cost of assets with finite useful lives is systematically depreciated on a straight-line basis applying rates that represent the expected useful life of the asset. Each component of an asset with a cost that is significant in relation to the total cost of the item, and that has a different useful life, is accounted for separately. Land, even if undeveloped or annexed to residential and industrial buildings, is not depreciated as it has an indefinite useful life.

Investment property, which is held to earn rentals or for capital appreciation, or both, is recognised at cost measured in the same manner as property, plant and equipment. The relevant fair value of such assets has also been disclosed.

The bands of annual rates of depreciation used in 2019, are shown in the table below by asset class.

Property, plant and equipment	Rate of depreciation
Buildings	3% - 16.7%
Right to use buildings	5% -50%
Industrial and business equipment	10% - 25%
Other assets	12% - 20%
Other right-of-use assets	20% -50%

Assets acquired under finance leases are initially accounted for as property, plant and equipment, and the underlying liability recorded in the balance sheet, at an amount equal to the relevant fair value or, if lower, the present value of the minimum payments due under the contract. Lease payments are apportioned between the interest element, which is charged to the income statement as incurred, and the capital element, which is deducted from the financial liability. Property, plant and equipment is tested for impairment, as described below in the relevant note, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as described in the specific paragraph, "Impairment of assets and reversals". Property, plant and equipment is derecognised on disposal. Any gains or losses (determined as the difference between disposal proceeds, less costs to sell, and the carrying amount of the asset) are recognised in profit or loss in the period in which the asset is sold.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the entity and from which future economic benefits are expected to flow, and purchased goodwill. Identifiable intangible assets are those purchased assets that, unlike goodwill, can be separately distinguished. This condition is normally met when the intangible asset: (i) arises from a legal or contractual right, or (ii) is separable, meaning that it may be sold, transferred, licensed or exchanged, either individually or as an integral part of other assets. The asset is controlled by the entity if the entity has the ability to obtain future economic benefits from the asset and can limit access to it by others.

Internally developed assets are recognised as assets to the extent that: (i) the cost of the asset can be measured reliably; (ii) the entity has the intention, the available financial resources and the technical expertise to complete the asset and either use or sell it; (iii) the entity is able to demonstrate that the asset is capable of generating future economic benefits.

Intangible assets are stated at cost which, apart from concession rights, is determined in the same manner as the cost of property, plant and equipment. The cost of concession rights is recovered in the form of payments received from road users and includes the following:

- a) the fair value of construction services and/or improvements carried out on behalf of the Grantor (measured as described in the standard on "Revenue") less finance-related amounts, consisting of the amount funded by government grants. In particular, the following give rise to intangible assets deriving from concession rights:
 - 1) rights received as consideration for specific obligations to provide construction services for road widening and improvement for which the operator does not receive additional economic benefits. These rights are initially recognised at the fair value of the construction services to be provided in the future (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services), with a contra entry of an equal amount in "Provisions for construction services required by contract", accounted for in liabilities in the statement of financial position. In addition to the impact of amortisation, the initial value of the rights changes over time as a result of periodic reassessment of the fair value of the part of the construction services still to be rendered at the end of the reporting period (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services);
 - 2) rights received as consideration for construction and/or upgrade services rendered for which the operator receives additional economic benefits in the form of specific toll increases and/or significant increases in the expected number of users as a result of expansion/upgrade of the infrastructure;
- b) rights to infrastructure constructed and financed by service area concession holders which have reverted free of charge to the Company on expiry of the related concessions.

Concession rights, on the other hand, are amortised over the concession term in a pattern that reflects the estimated manner in which the economic benefits embodied in the right are consumed. For this purpose, given that the Company does not expect to obtain material increases in traffic over the concession term, amortisation is calculated on a straight-line basis from the accounting period in which the rights in question begin to generate economic benefits. Amortisation of other intangible assets with finite useful lives begins when the asset is ready for use and is based on remaining economic benefits to be obtained in relation to their residual useful lives.

The bands of annual rates of amortisation used 2019 are shown in the table below by asset class.

Intangible assets	Rate of amortisation
Concession rights	On the commencement of generation of economic benefits for the entity, based on the residual term of the concession (5.00% for concessions whose amortisation commenced from 2019).
Development costs	20% - 33.33%
Industrial patents and intellectual property rights	10% - 33.33%
Licences and similar rights	3.3% - 33.33%

Intangible assets are tested for impairment, as described below in the note on impairments and reversals, whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable, as described in the paragraph, "Impairment of assets and reversals". Gains and losses on the disposal of intangible assets are determined as the difference between the disposal proceeds, less costs to sell, and the carrying amount of the asset and then recognised in profit or loss in the period in which the asset is disposed of.

Business combinations and goodwill

Acquisitions of companies and business units are accounted for using the acquisition method, as required by IFRS 3. For this purpose, identifiable assets and liabilities acquired through business combinations are measured at their fair value at the acquisition date. The cost of an acquisition is measured as the fair value, at the date of exchange, of the assets acquired, liabilities assumed and any equity instruments issued by the Company in exchange for control. Ancillary costs directly attributable to the business combination are recognised as an expense in the income statement when incurred.

In compliance with IFRS 3, goodwill is initially measured as the positive difference between 1) the acquisition cost, plus the fair value at the acquisition date of any previous non-controlling interests held in the acquiree, and 2) the fair value of net assets acquired. The goodwill, as

measured on the date of acquisition, is allocated to each of the substantially independent cash generating units or groups of cash generating units which are expected to benefit from the synergies of the business combination.

A negative difference between the cost of the acquisition, as increased by the above components, and the fair value of the net assets acquired is recognised as income in profit or loss in the year of acquisition.

Goodwill on acquisitions of investments is included in the carrying amount of the relevant investment. If the Company is not in possession of all the information necessary to determine the fair value of the assets acquired and the liabilities assumed, these are recognised on a provisional basis in the year in which the business combination is completed and retrospectively adjusted within twelve months of the acquisition date.

After initial recognition, goodwill is no longer amortised and is carried at cost less any accumulated impairment losses, determined as described in the paragraph, "Impairment of assets and reversals".

IFRS 3 was not applied retrospectively to acquisitions prior to 1 January 2004. As a result, the carrying amount of goodwill on these acquisitions is that determined under Italian GAAP, which is the net carrying amount at this date, subject to impairment testing and the recognition of any impairment losses.

Investments

Investments in subsidiaries, associates and joint ventures are accounted for at cost and include any directly related transaction costs. Impairment losses are identified in accordance with IAS 36, as described below in the note on "Impairment of assets and reversals (impairment testing)". The impairment is reversed in the event the circumstances giving rise to the impairment cease to exist; the reversal may not exceed the original carrying amount of the investment. Provisions are made to cover any losses of an associate or joint venture exceeding the carrying amount of the investment, to the extent that the shareholder is required to comply with actual or constructive obligations to cover such losses.

Investments in other companies, which qualify as equity instruments as defined by IFRS 9, are initially accounted for at cost at the settlement date, in that, this represents fair value, including any directly attributable transaction costs.

After initial recognition, these investments are measured at fair value through the statement of comprehensive income, with the exception of investments not held for trading and for which, as permitted by IFRS 9, the Company has exercised the option, at the time of purchase, to designate the investment at fair value through other comprehensive income, thus recognising any changes in a specific equity reserve.

Acquisitions or disposals of companies and/or business units between companies belonging to the same group (entities or businesses under common control) are treated, in accordance with IAS 1 and IAS 8, on the basis of their economic substance, with confirmation of the fact that the purchase consideration is determined on the basis of fair value and that added value is generated for all the parties involved, resulting in significant measurable changes in the cash flows generated by the investments transferred before and after the transaction. In this regard:

a) in the case of the disposal of an intra-group investment, if both requirements to be confirmed are met, the difference between the purchase consideration received and the carrying amount of the investment transferred is recognised in profit or loss. In the other cases, the difference is recognised directly in equity;

b) in the case of acquisitions of intra-group investments, if both requirements to be confirmed are met, such investments are recognised at cost (as defined above); in the other cases, the investment is accounted for at the same amount at which it was accounted for in the financial statements of the transferee. The difference between the purchase consideration paid and this amount is recognised as an increase/reduction in the value of the investment held in the transferee, or in equity if the transferee is an affiliated company in which no equity is held.

Inventories

Inventories, primarily consisting of stocks and spare parts used in the maintenance and assembly of plant, are measured at the lower of purchase or conversion costs and net realisable value obtained on their sale in the ordinary course of business. The cost of purchase is to be determined using the weighted average cost formula.

Financial instruments

Financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (as defined by IFRS 9 and including, among other things, trade receivables and payables). Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents are recognised at face value and include highly liquid demand or very short-term instruments of excellent quality which are subject to an insignificant risk of changes in value.

Derivative financial instruments

All derivative financial instruments are recognised at fair value at the end of the year. As required by IAS 39, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically assessed effectiveness of the hedge is high. Changes in the fair value of cash flow hedges hedging assets and liabilities (including those that are pending and highly likely to arise in the future) are recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss. Changes in the value of fair value hedged assets or liabilities are recognised in

profit or loss for the period. Analogously, the hedged assets and liabilities are restated at fair value through profit or loss. If an entity enters into a fair value hedge to hedge the exposure to changes in the fair value of an asset and/or liability whose changes in fair value are recognised in other comprehensive income, in keeping with the changes in the fair value of the derivative instrument, these changes are also recognised in other comprehensive income for the period. Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised in profit or loss.

Financial assets

The classification and related measurement is driven by both the business model in which the financial asset is held and the contractual cash flow characteristics of the asset.

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

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

A financial asset meeting the conditions to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value through profit or loss, to the extent that this accounting treatment would eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an ‘accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Receivables measured at amortised cost are initially recognised at the fair value of the underlying asset, after any directly attributable transaction proceeds. The receivables are measured at amortised cost using the effective interest method, less provisions for impairment losses (recognised in profit or loss) for amounts considered uncollectible. The estimate for uncollectible amounts is based on the present value of expected cash-out flows. These cash flows take account of expected collection times, estimated realisable value, any guarantees received, and the expected costs of recovering the amounts due. Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised. Trade receivables subject to normal commercial terms and conditions are not discounted to present value.

Financial assets measured at amortised cost include the following receivables arising from assets held under concession:

- a) “takeover rights”, being the amount that will be unconditionally paid by an incoming operator on termination of the concession;

b) amounts due from public entities as grants or similar compensation relating to the construction of infrastructure (construction and/or upgrade services).

The financial asset is measured at fair value through other comprehensive income if the objectives of the business model are to hold the financial asset to collect the contractual cash flows, or to sell it, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that solely represent a return on the financial asset. The financial asset may, however, be designated as a financial asset at fair value through profit or loss, if this approach enables the accounting mismatch to be eliminated or reduced, when this would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Finally, any remaining financial assets, other than those described above, are classified as held for trading and measured at fair value through profit or loss. No financial instruments were reclassified from one of the above categories to another in 2019.

Impairment of financial assets

Assessment of the recoverability of financial assets that are debt instruments measured at amortised cost is conducted by estimating expected credit losses (ECLs), based on expected cash flows. These flows, taking into account the estimated probability of a default occurring, are determined in relation to the expected time needed to recover the amount due, the estimated realizable value, any guarantees received, and the costs that the Company expects to incur in recovering the amounts due.

In the case of amounts due from counterparties where there has not been a significant increase in risk, ECLs are determined on the basis of expected losses in the 12 months after the reporting date. In other cases, the expected losses are estimated through to the end of the financial instrument's life.

In the case of trade and other receivables, the probability of a default is determined on the basis of internal customer ratings, which are periodically reviewed, including with reference to back-testing.

Financial liabilities

Financial liabilities are initially recognised at fair value, after any directly attributable transaction cost. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method with the exception of those for which the Company irrevocably elects, at the time of recognition, to measure at fair value through profit or loss, so as to eliminate or reduce the accounting mismatch at the time of measurement or recognition, compared with an asset also measured at fair value.

Trade payables subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.

If there is a modification of one or more terms of an existing financial liability (including as a result of its novation), it is necessary to conduct a qualitative and quantitative assessment in order to decide whether or not the modification is substantial with respect to the existing

contractual terms. In the absence of substantial modifications, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss. As a result, the value of the financial liability is adjusted and the instrument's effective interest rate recalculated. If the modifications are substantial, the existing instrument is derecognised and the fair value of the new instrument is recognised, with the related difference recognised in profit or loss.

Derecognition of financial instruments

Financial instruments are derecognised in the financial statements when, following their sale or settlement, the Company is no longer involved in their management and has transferred all the related risks and rewards of ownership.

Fair value measurement and the fair value hierarchy

For all transactions or balances (financial or non-financial) for which an accounting standard requires or permits fair value measurement and which fall within the application of IFRS 13, the Company applies the following criteria:

- a)** identification of the "unit of account", defined as the level at which an asset or a liability is aggregated or disaggregated in an IFRS for recognition purposes;
- b)** identification of the principal market or, in the absence of such a market, the most advantageous market in which the particular asset or liability to be measured could be traded; unless otherwise indicated, it is assumed that the market currently used coincides with the principal market or, in the absence of such a market, the most advantageous market;
- c)** definition for non-financial assets of the highest and best use of the asset; unless otherwise indicated, highest and best use is the same as the asset's current use;
- d)** definition of valuation techniques that are appropriate for the measurement of fair value, maximising the use of relevant observable inputs that market participants would use when determining the price of an asset or liability;
- e)** determination of the fair value of assets, based on the price that would be received to sell an asset, and of liabilities and equity instruments, based on the price paid to transfer a liability in an orderly transaction between market participants at the measurement date;
- f)** inclusion of non-performance risk in the measurement of assets and liabilities and above all, in the case of financial instruments, determination of a valuation adjustment when measuring

fair value to include, in addition to counterparty risk (CVA - credit valuation adjustment), the own credit risk (DVA - debit valuation adjustment).

Based on the inputs used for fair value measurement, a fair value hierarchy for classifying the assets and liabilities measured at fair value, or the fair value of which is disclosed in the financial statements, has been identified:

- a) level 1: includes quoted prices in active markets for identical assets or liabilities;
- b) level 2: includes inputs other than quoted prices included within level 1 that are observable, such as the following: i) quoted prices for similar assets or liabilities in active markets; ii) quoted prices for similar or identical assets or liabilities in markets that are not active; iii) other observable inputs (interest rate and yield curves, implied volatilities and credit spreads);
- c) level 3: unobservable inputs used to the extent that observable data is not available. The unobservable inputs used for fair value measurement should reflect the assumptions that market participants would use when pricing the asset or liability being measured.

Definitions of the fair value hierarchy level in which individual financial instruments measured at fair value have been classified, or for which the fair value is disclosed in the financial statements, are provided in the notes to individual components of the financial statements.

There are no assets or liabilities classifiable in level 3 of the fair value hierarchy. No transfers between the various levels of the fair value hierarchy took place during the year.

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 by the counterparty and the Company, to include the non-performance risk explicitly provided for by IFRS 13.

In the case of medium/long-term financial instruments, other than derivatives, where market prices are not available, the fair value is determined by discounting expected cash flows, using the market yield curve at the measurement date and taking into account counterparty risk in the case of financial assets and the own credit risk in the case of financial liabilities.

Provisions for construction services required by contract and other provisions

“Provisions for construction services required by contract” relate to specific contractual obligations having regard to motorway expansion and upgrading for which the operator receives no additional economic benefit. Since the performance of such obligations is treated as part of the consideration for the concession, an amount equal to the fair value of future construction services (equal to the present value of the services, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is initially recognised. The double entry is concession rights for works without additional economic benefits. The fair value of the residual liability for future construction services (equal

to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is periodically reassessed and changes to the measurement of the liabilities (such as, for example, changes to the estimated cash outflows necessary to discharge the obligation, a change in the discount rate or a change in the construction period) are recognised as a matching increase or reduction in the corresponding intangible asset. Any increase in provisions to reflect the time value of money is recognised as a financial expense. The costs incurred during the year, in relation to the effective performance of motorway construction and/or upgrade services for which no additional economic benefits are received, are recognised by nature in individual items in the income statement. Matching entries are made in the income statement item, “Uses of provisions for construction services required by contract”, to represent the use of provisions previously made as an indirect adjustment of the costs incurred.

Provisions are made when: (i) the Company has a present (actual or constructive) obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the related amount can be reliably estimated.

Provisions are measured on the basis of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the discount to present value is material, provisions are determined by discounting future expected cash flows to their present value at a rate that reflects the market view of the time value of money and the risks specific to the obligation, which from 2019 are based on the yield on the government securities of the country in which the obligation is to be settled. Subsequent to the computation of present value, the increase in provisions over time is recognised as a financial expense. The costs incurred during the year to settle the obligation are accounted for as a direct reduction in the provisions previously made. “Provisions for the repair and replacement of motorway infrastructure” cover the liability represented by the contractual obligation to repair and replace assets to be handed over, as required by the concession arrangements entered into with the Grantor, with the aim of ensuring the serviceability and safety of the assets held under concession. These provisions are calculated on the basis of the usage and wear and tear of motorways at the end of the reporting period, taking into account, if material, the time value of money. The provisions are discounted using the same criteria as applied to “Provisions”.

Routine maintenance costs are, in contrast, recognised in the income statement when incurred and are not, therefore, included in the provisions.

The provisions for cyclical maintenance include the estimated cost of a single cycle and are determined separately for each category of infrastructure (viaducts, flyovers, tunnels, safety barriers, motorway surfaces). The following process is applied for each category, based on specific technical assessments, the available information, the current state of motorway traffic and existing materials and technologies:

- a) the duration of the cycle linked to the repair or replacement work is estimated;
- b) the serviceability of the infrastructure is assessed, classifying the various types of

intervention based on the state of repair of the infrastructure and the number of years remaining until the scheduled maintenance work;

c) the cost for each category is determined, based on the verifiable and documented evidence available at the time and comparable work;

d) the total value of the work included in the relevant cycle is determined;

e) the provisions at the reporting date are calculated, allocating the cost to the income statement in relation to the number of years remaining until the date of the scheduled maintenance work, in line with the above classification based on the state of repair of the infrastructure, discounting the resulting amount to present value at the measurement date using an interest rate with a duration in line with that of the expected cash flows.

The above effects are recognised in the following income statement items:

a) the “Operating change in provisions”, reflecting the impact of the revision of estimates as a result of technical assessments (the value of the works to be carried out and the expected timing of such works) and the change in the discount rate used compared with the previous year;

b) “Financial expenses from discounting of provisions”, reflecting the time value of money, calculated on the basis of the value of the provisions and the interest rate used to discount the provisions to present value at the prior year reporting date.

When the cost of the works is actually incurred, the cost is recognised by nature in individual items in the income statement and the item “Operating change in provisions” reflects use of the provisions previously made.

Employee benefits

Short-term employee benefits, provided during the period of employment, are recognised on an accruals basis as the accrued liability at the end of the reporting period.

Liabilities deriving from medium/long-term employee benefits are recognised in the vesting period, less any plan assets and advance payments made. They are determined on the basis of actuarial assumptions and, if material, recognised on an accruals basis in line with the period of service necessary to obtain the benefit.

Medium/long-term post-employment benefits in the form of defined benefit plans are recognised at the amount accrued at the end of the reporting period. Post-employment benefits delivered at the same time or after the termination of employment in the form of defined benefit plans are recognised in the vesting period, less any plan assets and advance payments made. Such defined benefit plans primarily regard the obligation as determined on the basis of actuarial assumptions and recognised on an accruals basis in line with the period of service necessary to

obtain the benefit. The obligation is calculated by independent actuaries. Any resulting actuarial gain or loss is recognised in full in other comprehensive income in the period to which it relates.

Non-current assets held for sale, assets and liabilities included in disposal groups or held for distribution to shareholders and/or related to discontinued operations

Where, at the end of the period, it is highly likely that the carrying amount of non-current assets held for sale, or of assets and liabilities included in disposal groups or held for distribution to shareholders and/or related to discontinued operations is to be recovered primarily through sale rather than through continued use, these items are presented separately in the statement of financial position.

Immediately prior to being classified as held for sale or for distribution, each asset and liability is recognised under the specific IFRS applicable and subsequently accounted for at the lower of the carrying amount and fair value. Any impairment losses are recognised immediately in the income statement.

Disposal groups or operations held for sale or for distribution are recognised in profit or loss as discontinued operations provided when the following conditions are met:

a) they represent a major line of business or geographical area of operation;

b) they are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation;

c) they are subsidiaries acquired exclusively with a view to resale.

After tax gains and losses resulting from the management or sale or distribution of such operations are recognised as one amount in profit or loss with comparatives.

Revenue

Revenue is recognised when the fair value can be reliably measured and it is probable that the economic benefits associated with the transactions will flow to the Company. The amount recognised as revenue reflects the consideration to which the Company is entitled in exchange for goods transferred to the customer and services rendered. This revenue is recognised when the performance obligations under the contract have been satisfied.

Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

a) toll revenue is accrued with reference to traffic volumes;

b) to the extent, for sales of goods, that significant risks and rewards of ownership are transferred to the buyer;

c) the provision of services is prorated to the percentage of completion of the work, on the basis of the contract revenue and costs that can be reliably estimated with reference to the stage of completion of the contract, in accordance with the percentage of completion method, as determined by a survey of the works carried out or on a cost-to-cost basis.

Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue and profit in each reporting period in proportion to the stage of completion.

d) In addition to contract payments, contract revenues include variations, price revisions and any additional payments to the extent that their payment is probable and that their amount can be reliably measured. In the event that a loss is expected to be incurred on the completion of a contract, this loss shall be immediately recognised in profit or loss regardless of the stage of completion of the contract.

Any positive or negative difference between the accrued revenue and any advance payments is recognised in assets or liabilities in the statement of financial position, taking into account any impairment recognised in order to reflect the risks linked to the inability to recover the value of work performed on behalf of customers. When service revenue cannot be reliably determined, it is only recognised to the extent that expenses are considered to be recoverable;

a) rental income or royalties, on an accruals basis, based on the agreed terms and conditions of the contract. This revenue includes amounts generated by the subconcession of retail and office space to third parties within the airports and motorway networks operated by the Company and, as they substantially equate to the lease of portions of infrastructure, are subject to IFRS 16. This revenue, under existing contractual agreements, is partly dependent on the revenue earned by the sub-operator and, as a result, the related amount varies over time;

b) interest income (and interest expense) is calculated with reference to amount of the financial asset or liability, in accordance with the effective interest method;

c) dividend income is recognised when the right to receive payment is established.

Provision of the above services also includes construction and/or upgrade services provided to Grantors, in application of IFRIC 12, and relating to concession arrangements to which the Company is party. These revenues represent the consideration for services provided and are measured at fair value, calculated on the basis of the total costs incurred (primarily consisting of the costs of materials and external services, the relevant employee benefits and attributable financial expenses, the latter only in the case of construction and/or upgrade services for which the operator receives additional economic benefits). The double entry of revenue from construction and/or upgrade services is represented by a financial asset (deriving from government grants) or an intangible asset deriving from concession rights.

Government grants

Government grants are accounted for at fair value when: (i) the related amount can be reliably determined and there is reasonable certainty that (ii) they will be received and that (iii) the conditions attaching to them will be satisfied.

Grants related to income are accounted for in the income statement for the accounting period in which they accrue, in line with the corresponding costs.

Grants received for investment in motorways are accounted for as construction service revenue, as explained in the note on the accounting policy for "Revenue".

Any grants received to fund investment in property, plant and equipment and/or intangible assets (other than concession rights) are accounted for as a reduction in the cost of the asset to which they refer and result in a reduction in depreciation.

Income taxes

Income taxes are recognised on the basis of an estimate of tax expense to be paid, in compliance with the regulations in force.

Deferred tax assets and liabilities are determined on the basis of temporary differences between the carrying amounts of assets and liabilities as in the Company's books (resulting from application of the accounting policies described in note 3), and the corresponding tax bases (resulting from application of the tax regulations in force), as follows:

a) deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised;

b) deferred tax liabilities are always recognised (unless the liability derives from the initial recognition of goodwill).

Deferred tax assets and liabilities are calculated on the basis of the tax rate expected to be in effect at the time the related temporary differences will reverse, taking into account any legislation enacted by the end of the reporting period. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer considered probable that there will be sufficient future taxable profits against which the asset can be fully or partially utilised.

Current and deferred tax assets and liabilities are recognised in profit or loss, with the exception of those relating to items recognised directly in equity, and for which the related taxation is also recognised in equity.

In 2019, the parent, Atlantia SpA, again operated a tax consolidation arrangement in which Autostrade per l'Italia participates. For this purpose, relations between Atlantia and participating companies are regulated by a specific contract. This contract establishes that participation in the tax consolidation arrangement may not, under any circumstances, result in economic or financial disadvantages for the participating companies compared with the situation that would

have arisen had they not participated in the arrangement. Should such disadvantages arise, they are to be offset by a corresponding indemnity to be paid to the participating companies concerned.

Income tax expense is recognised in current tax liabilities in the statement of financial position, less any payments on account, and includes the portion of IRES transferred to Atlantia under the tax consolidation arrangement. Any tax credits are recognised in current tax assets.

Share-based payments

The cost of services provided by directors and/or employees remunerated through share-based incentive plans, and settled through the award of financial instruments, is based on the fair value of the rights at the grant date. Fair value is computed using actuarial assumptions and with reference to all characteristics, at the grant date (vesting period, any consideration due and conditions of exercise, etc.), of the rights and the plan's underlying securities. The obligation is determined by independent actuaries. The cost of these plans is recognised in profit or loss, with a contra-entry in equity, over the vesting period, based on a best estimate of the number of options that will vest. In case the beneficiaries are administrators and employees of subsidiaries the cost is determined as an increase in the value of the related investment.

The cost of any services provided by Directors and/or employees and remunerated through share-based payments, but settled in cash, is instead measured at the fair value of the liability assumed and recognised in profit or loss, with a contra entry in liabilities, over the vesting period, based on a best estimate of the number of options that will vest. Fair value is remeasured at the end of each reporting period until such time as the liability is settled, with any changes recognised in profit or loss. If the beneficiaries are the directors or employees of subsidiaries, where the Company has an obligation to settle the transaction, the cost is recognised as an increase in the value of the investment.

Impairment of assets and reversals

At the end of the reporting period, the Company tests property, plant and equipment, intangible assets, financial assets and investments for impairment.

If there are indications that these assets have been impaired, the recoverable amounts of such assets are estimated in order to verify and eventually measure the amount of the impairment loss. Irrespective of whether there is an indication of impairment, intangible assets with indefinite lives and those which are not yet available for use are tested for impairment at least annually, or more frequently, if an event has occurred or there has been a change in circumstances that could cause an impairment.

If it is not possible to estimate the recoverable amounts of individual assets, the recoverable amount of the cash-generating unit to which a particular asset belongs is estimated.

This entails estimating the recoverable amount of the asset (represented by the higher of the asset's fair value less costs to sell and its value in use) and comparing it with the carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount,

the carrying amount is reduced to its recoverable amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. In calculating value in use, expected future pre-tax cash flow is discounted using a pre-tax rate that reflects current market assessments of the cost of capital which embodies the time value of money and the risks specific to the business. In estimating an operating CGU's future cash flows, after-tax cash flows and discount rates are used because the results are substantially the same as pre-tax computations.

Impairments are recognised in profit or loss in a variety of classifications depending on the nature of the impaired asset.

If there are indications, at the end of the reporting period, that an impairment loss recognised in previous years has been reduced, in full or in part, the recoverability of the carrying amount is tested and any reversal of the impairment loss determined. The reversal may under no circumstances exceed the amount of the impairment loss previously recognised. Impairment losses on goodwill are never reversed.

Estimates and judgements

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, impairment testing of assets (including the measurement of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, 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 financial statements.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognised by application of the exchange rate of the transaction date. Assets and liabilities denominated in currencies other than the euro are, subsequently, remeasured by application of the closing exchange rate. Any exchange differences on remeasurement are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historic cost are translated using the exchange rate of the date of initial recognition.

Earnings per share

Basic earnings per share is computed by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the accounting period.

Diluted earnings per share is computed by dividing profit attributable to owners of the parent by the above weighted average, also taking into account the effects deriving from the

subscription, exercise or conversion of all potential shares that may be issued as a result of the exercise of any outstanding rights.

New accounting standard adopted from 1 January 2019: IFRS 16 – Leases

The new standard (which replaced IAS 17, IFRIC 4, SIC 15 and SIC27) provides a different definition of lease and introduces a criterion based on control of the asset, to distinguish a lease arrangement from a service contract, indicating as discriminating factors the identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to direct the use of the asset underlying the contract.

The new financial reporting standard removes the distinction between operating and finance leases for the lessee. In fact, IFRS 16 requires the lessee to recognise a right-of-use asset in the statement of financial position at lease commencement (i.e. in the same item where the corresponding assets would be recognised if they were owned), to be depreciated over the term of the right-of-use. At lease commencement, the lessor also recognises, as a contra-entry to the above right-of-use, a liability arising from the contract, for an amount equal to the present value of the minimum lease payments due.

IFRS 16 clarifies that, within the context of the lease contract, a lessee must separate the components related to the lease (which are accounted for as per IFRS 16) from those related to other services, which are accounted for in accordance with other IFRS.

Lease payments for lease contracts of up to 12 months and those concerning low-value assets, considering that they have little significance for the lessee, may be recognised as costs in the year in which they are incurred. Regarding the lessor, instead, the distinction between finance lease and operating lease continues to apply, depending on the characteristics of the contract, as per IAS 17.

Consequently, the lessor will recognise a financial receivable (if a finance lease) or a tangible asset (if an operating lease).

Impact of first-time adoption of IFRS 16

The project for the preliminary identification of potential impacts took place in different stages, including one involving the mapping of contracts that might potentially include a lease arrangement and the analysis of such contracts to understand the main provisions that would be relevant in relation to IFRS 16. The assessment revealed that the Company does not hold significant assets as a lessee, with the relevant contracts referring mainly to the operating lease of property.

In addition, the Company availed itself of the following practical expedients allowed by the standard on first-time adoption:

- a)** modified retrospective application, with recognition in the statement of financial position as at 1 January 2019 of the cumulative effects deriving from the adoption of the standard, without any impact on equity and without any change in the comparative income statement

for 2018;

- b)** use of the information available at the transition date to determine the length of the lease arrangement, with special emphasis on the exercise of extension options and early termination;
- c)** exclusion of the new accounting method for lease contracts of little significance, with a residual term of up to 12 months (starting from 1 January 2019) or for low-value assets, relating essentially to computers, telephones and other electronic devices. For these assets, lease payments will continue to be recognised through profit or loss, for the duration of the relevant contracts;
- d)** exclusion of initial direct costs from the measurement of the right as of 1 January 2019;
- e)** exclusion of the application of the new standard for contracts containing leases of intangible assets.

The right-of-use assets recognised in application of IFRS 16 - Leases are included in “Property, plant and equipment” in the statement of financial position, with details provided in the respective items in note 6.1. The item, “Property, plant and equipment held under finance leases”, reported in the statement of financial position as at 31 December 2018, is no longer presented and the related amount has been included in “Property, plant and equipment”, with details provided in the respective items in note 6.1, in which the assets recognised in application of IFRS 16 are presented.

As a result of the analysis conducted, adoption of the new standard, as of the date of 1 January 2019, has resulted in the Company, in its role as lessee, recognising right-of-use assets amounting to €8,286 thousand in “Property, plant and equipment” (including €2,122 thousand attributable to the current portion), with recognition of a matching amount in “Medium/long-term borrowings”, representing the non-current portion, and in the “Current portion of medium/long-term financial liabilities”, representing the amount falling due within 12 months. The above lease liabilities represent the present value of the minimum lease payments due over the remaining term of the leases.

With regard to contracts in which the Company is the lessor, these leases continue to be classified as operating leases (essentially relating to the sub-concessions for the lease of retail and refreshment areas on motorways operated under concession). The introduction of IFRS 16 has therefore not had any impact in relation to these transactions.

New accounting standards and interpretations, or revisions and amendments of existing standards, that have either yet to come into effect or be endorsed

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, this section describes new accounting standards and interpretations, and amendments of existing standards and interpretations that are already applicable, that have yet to come into effect as at 31 December 2019, and that may in the future be applied in the Company's financial statements.

Name of document	Effective date of IASB document	Date of EU endorsement
AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS		
Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Change in Accounting estimates and Errors	1 January 2020	November 2019
Amendments to IFRS 3 – Business Combinations	1 January 2020	Not endorsed
Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures	1 January 2020	January 2020

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

On 31 October 2018 the IASB published “Definition of Material (Amendments to IAS 1 and IAS 8)”. The document introduced an amendment to the definition of “material”. The amendment clarifies the definition of “material” and introduces the concept of “obscured information”, in addition to the concepts of “omitted” and “misstated” information already present in the two amended standards. The amendment clarifies that information is “obscured” if it is provided in such a way as to produce for general users of financial statements an effect similar to that which would be produced if such information had been omitted or misstated.

Amendments to IFRS 3 – Business Combinations

On 22 October 2018 the IASB published “Definition of a Business (Amendments to IFRS 3)”, to amend IFRS 3 in such a way as to clarify the definition of a business for the proper application of the standard.

In particular, the amendment clarifies that an output is not the necessary condition to identify a business in the presence of a set of activities/processes and assets. However, to be considered

a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced “ability to create outputs” with “contribution to the ability to create outputs” to clarify that a business can exist also without all the inputs and processes necessary to create an output. Moreover, the amendment has introduced an optional concentration test, to determine whether an acquired set of activities and assets is a business. To that end, the amendment added a large number of illustrative examples to IFRS 3, to allow comprehension of the practical application of the new definition of a business in specific cases. The amendments apply to all business combinations and acquisitions occurring after 1 January 2020, with early application permitted.

Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement and to IFRS 7 – Financial Instruments: Disclosures

On 26 September 2019, the IASB published the document entitled “Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)”, which has amended 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 IBOR, which is still in progress, on future cash flows, whilst awaiting completion of the process. The amendment also requires entities to disclose the hedging relationships directly impacted by the uncertainties caused by the reform and to which the above exemptions apply.

The Company is assessing the potential impact, which cannot currently be reasonably estimated, of future application of all the newly issued standards other than IFRS 16, as well as the revisions and amendments of existing standards.

CONSESSION ARRANGEMENT

The Single Concession Arrangement executed by the Company and ANAS (whose role as Grantor was assumed by the Ministry of Infrastructure and Transport from 1 October 2012) on 12 October 2007 and approved by Law 101/2008. Its purpose is the construction and operation of the motorways for which the concession is granted. The Single Concession Arrangement terminates on 31 December 2038.

Very briefly, the concession gives the Company, on the one hand, the right to retain tolls collected from motorway users, less the concession fees payable to ANAS SpA, with such tolls being revised annually based on a toll formula contained in the Single Concession Arrangement, while, on the other hand, requiring the Company to upgrade and modernise the motorway infrastructure operated under concession and provide maintenance and operating services.

At the end of the concession term, the operator shall hand over the motorway operated under the concession and the related assets free of charge to the Grantor in a good state of repair and unencumbered.

On 24 December 2013 the Grantor and Autostrade per l'Italia signed an Addendum to the Single Concession Arrangement. This document contained the five-yearly revision of the financial plan annexed to the Arrangement, as provided for by art. 11 of the Arrangement. The above Addendum was approved by a ministerial decree of 30 December 2013 and was registered with the Italian Court of Auditors on 29 May 2014.

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

With regard to the proposed five-yearly update of Autostrade per l'Italia's financial plan, on 15 June 2018, Autostrade per l'Italia submitted a proposal to the Grantor regarding a five-year update of its financial plan. Despite repeated requests, the Grantor has failed to approve the plan, citing, among other things, with a memorandum of 4.12.2018, the regulatory powers attributed to the Transport Regulator by Legislative Decree 109/2018. As a result, Autostrade per l'Italia has lodged two administrative appeals, one challenging the above memorandum from the Grantor, the other the Grantor's failure to respond to the proposal to update Autostrade per l'Italia's Financial Plan for the regulatory period 2018-2022. With regard to the second action, judgement 13789 was published on 2 December 2019. In this ruling, Lazio Regional Administrative Court has partially upheld Autostrade per l'Italia's challenge, stating that *"the Ministry of Infrastructure and Transport has an obligation to respond, in accordance with the plaintiff's arguments, by adopting an express determination within thirty days of notification of the ruling"*.

On 30 December 2019, the Ministry of Infrastructure and Transport, through the Attorney General's Office, appealed the Lazio Regional Administrative Court judgement on the Grantor's failure to respond to the proposal to update Autostrade per l'Italia's Financial Plan. On 3 January 2020, the Ministry of Infrastructure and Transport issued determination 50/2020 in compliance with the judgement, informing Autostrade per l'Italia that the proposal to update the financial plan submitted on 15 June 2018 was unacceptable. These reasons were given: (i) the proposal

submitted would not implement ART Determination 16/2019; (ii) application of the new regime introduced by the Transport Regulator would be a qualifying and essential element of the concession relationship; (iii) art. 13 of the Milleproroghe Decree would require operators to submit new proposals for updating their financial plans on the basis of ART determinations, entailing cancellation of the plans already submitted, by 30 May 2020. Autostrade per l'Italia is considering what action to take in response.

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

The agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna, already signed by Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and Bologna City Council on 15 April 2016, was discussed and subjected to an in-depth review at the request of the Ministry, resulting in the production of a revised design to be included in an addendum to the agreement of 15 April 2016, signed on 6 November 2019.

Consultation with the Transport Regulator

Autostrade per l'Italia, along with other motorway operators, filed a legal challenge with Piedmont Regional Administrative Court on 29 March 2019, contesting determination 16 issued by the Transport Regulator ("ART") on 18 February 2019, marking the start of consultations on the new tariff regime. Autostrade per l'Italia's legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes in connection with Autostrade per l'Italia's Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. Despite this, the company took part in the relevant consultation process, challenging the scope of application of the tariff regime drawn up by ART - on the basis of the same arguments presented in the above legal challenge - and submitting its observations on the related operational and financial aspects. In Determination 71 of 19 June 2019, ART announced the conclusion of the process, a determination that was also challenged by Autostrade per l'Italia on additional grounds on 18 September 2019.

With regard to the existing concession, the Company is engaged in the implementation of a programme of investment in "Major Works" (including the works envisaged by the 1997 Agreement, the IV Addendum of 2002 and other investment). The investment programme, which forms part of the Company's financial plan, updated to December 2013, essentially regards the upgrade of existing motorways.

The total value of the above programme as at 31 December 2019 is €17.8 billion, including approximately €10.9 billion already completed as at 31 December 2019 (€10.4 billion as at 31 December 2018).

The item, "Current provisions for fines and penalties under the Single Concession Arrangement", in the statement of financial position reflects estimated fines and penalties that may be imposed on the Company by the Grantor, in connection with alleged breaches of the concession terms and conditions and/or non-fulfilment of its obligations under Annex N of the existing Concession Arrangement. In this regard, Autostrade per l'Italia has brought four actions before Lazio Regional Administrative Court, contesting the application of fines and penalties. A detailed analysis of the provisions is contained in note 6.13, "Provisions".

The following table lists the sections of motorway operated under the concession as at 31 December 2019.

Section of motorway	Kilometres in service
A1 Milan - Naples (*)	803,5
A4 Milan - Brescia	93,5
A7 Genoa - Serravalle	50,0
A8/9 Milan - lakes	77,7
A8 / A26 link road	24,0
A10 Genoa - Savona	45,5
A11 Florence - Pisa North	81,7
A12 Genoa - Sestri Levante	48,7
A12 Rome - Civitavecchia	65,4
A13 Bologna - Padua	127,3
A14 Bologna - Taranto	781,4
A16 Naples - Canosa	172,3
A23 Udine - Tarvisio	101,2
A26 Genoa - Gravelona Toce	244,9
A27 Mestre - Belluno	82,2
A30 Caserta - Salerno	55,3
Total	2.854,6

(*) including 32 km upgraded through doubling of capacity via construction of new carriageway (Variante di Valico).

5

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 on the A10 Genoa-Ventimiglia motorway of 14 August 2018, the impact of this event on the accounts in 2019 is described below. Reference should be made to the information already provided in note 5.2 to the financial statements as at and for the year ended 31 December 2018 for further details. Developments relating to legal and regulatory aspects in 2019 are described in note 9.5, "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 provisions made already made in the financial statements for 2018 meets the requirements of IAS 37 in relation to provisions, being that:

- a) the Company 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 the Company proceeded directly to carry out reconstruction based on the terms of the Single Concession Arrangement (rather than responsibilities for these activities being assigned by law to a Special Commissioner appointed by the Government), a series of expenses resulting from the events in question were already recognised in the income statement for 2018, as described in detail in note 5.2 to the financial statements as at and for the year ended 31 December 2018.

As described 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 Parent 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, which have been 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 Autostrade per l’Italia 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 Autostrade per l’Italia’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 Company continued to implement the decision to exempt road users in the Genoa area from the payment of tolls, resulting in an estimated overall reduction in toll revenue in 2018 and 2019 of approximately €26 million, including €19 million attributable to 2019.

In keeping with the above accounting treatment, in 2019 Autostrade per l’Italia:

a) recognised costs of €225,338 thousand, as a result of requests from the Special Commissioner to fund reconstruction of the road bridge, as 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; this amount is entirely covered by use of “Provisions for the repair and replacement of motorway infrastructure” previously set aside in the financial statements as at and for the year ended 31 December 2018, and its impact on the income statement has been offset by indirect use of the above provisions in the “Operating change in provisions”;

b) paid a total of €50,980 thousand directly from “Other provisions for risks and charges”, already made as at 31 December 2018, in the form of compensation for a number of the families of victims impacted by the collapse of the road bridge, in grants for small businesses and firms hit by the collapse and to cover the cost of consultants’ fees and legal expenses linked to actions undertaken to protect the Autostrade per l’Italia’s rights and those of its employees who are under investigation;

c) made further provisions of €12,000 thousand to the “Other provisions for risks and charges” following an updated estimate of the charges to be incurred in order to pay further compensation to victims’ families.

Final agreement was reached with the insurance company in 2019 regarding quantification of the amount payable to the Parent Company under existing third-party liability insurance

policies for the Polcevera road bridge, amounting to €37,500 thousand. This amount has been recognised in “Other operating income” in the income statement for 2019, as it relates to costs for which provision had already been made in the financial statements as at and for the year ended 31 December 2018. These proceeds were not recognised in the financial statements at such date as they did not meet the requirements for reasonable certainty regarding either the amount to be collected or the date on which collection would occur. Similarly, as at 31 December 2019, no further proceeds that may in future be collected on other insurance policies relating to the Polcevera road bridge have been recognised, as they do not meet the requirements of IFRS.

As at 31 December 2019, 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 €172,061 thousand;
- b) “Other provisions for risks and charges”, amounting to €18,238 thousand.

Following the collapse of the road bridge, the Ministry of Infrastructure and Transport formally accused the Company of certain breaches of its contractual obligations under the Single Concession Arrangement, as described in note 9.5.

As described in that note, and in the section, “Going-concern uncertainties and assessment conducted by the Company” in the above note 2, “Basis of preparation”, to which reference should be made, Autostrade per l’Italia, without prejudicing any determination of liability for the collapse, proceeded to enter into discussions with the Government, the MIT and the Ministry of the Economy and Finance with the aim of agreeing on a resolution of the dispute, in return for the subsidiary’s withdrawal of certain legal actions challenging aspects of the legislation introduced by the Government, which in some respects were in breach of Autostrade per l’Italia’s rights.

Following a series of contacts between the parties, on 5 March 2020, Autostrade per l’Italia sent the MIT a letter in which the subsidiary, whilst continuing to refute the accusations made against it and confirming its willingness to work towards an agreed resolution of the ongoing dispute, set out details of the various elements of the proposal. The proposal includes, among other things, a commitment to assume sole responsibility for meeting expenditure totalling €2,900 million. This sum breaks down as follows:

- a) €1,500 million to be allocated on the basis of agreements to be reached by the parties in order to fund the development of the country’s infrastructure, the upgrade of the motorway network operated by Autostrade per l’Italia and/or its subsidiaries, and toll discounts for road users;
- b) an increase of €700 million (to be borne entirely by the subsidiary) in improvement

maintenance in the period 2019-2023, compared with the commitments included in the financial plan submitted to the Grantor in June 2018;

- c) without affecting the Company’s previous commitment to bear the cost of construction of the new road bridge (including any ancillary expenses), estimated at €600 million, an undertaking to make up to a further €100 million available to the Special Commissioner to cover any additional reconstruction costs.

With regard to the commitments in point b), these are maintenance works that the Company 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. These maintenance works are, therefore, accounted for in the financial statements in accordance with the criteria previously described in note 3. The works are quantified as part of the process of measuring the value of the “Provisions for the repair and replacement of motorway infrastructure”, which take into account the commitments assumed by the Company, including 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 referred to in point c), in accordance with the previously noted requirements, amounts representing a probable outflow and that can be reliably estimated were already included in the measurement of the related “Provisions for the repair and replacement of motorway infrastructure” in the financial statements as at and for the year ended 31 December 2018.

As described in note 2, “Basis of preparation”, with regard to the uncertainties surrounding the ability of the Company to continue operating as going concerns, a detailed assessment was conducted by Autostrade per l’Italia’s Board of Directors. Following this assessment, the Board concluded that the uncertainties were surmountable and decided, therefore, that it was appropriate to prepare these financial statements on a going concern basis. This is based on the assumption that there is a reasonable likelihood that an agreement will be reached with the Government and the MIT as a result of the current talks. As a result, in these financial statements as at and for the year ended 31 December 2019, the Company has made a further provision to “Other current provisions for risks and charges” amounting to €1,500 million, corresponding 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 have been met, 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. At the date of approval of these financial statements by the Company’s Board of Directors, there are no further actions or formal obligations assumed by the Company that, under IFRS, must be reflected in specific items in the financial statements.

Given that, the above talks are still ongoing, it is not at this time possible to accurately predict the content of the final agreement that may be reached with the Government. However, despite the uncertainty surrounding the ongoing talks, at this time, the Company believes that the above amount of €1,500 million represents the best estimate of the additional costs to be met by Autostrade per l'Italia and to be reflecting in provisions, in accordance with the requirements of IAS 37 and the accounting standards adopted, as described in note 3. In order to provide full disclosure, the following table shows the impact of the expenses recognised in the various items in the income statements for 2019 and 2018 as a result of the collapse of the road bridge.

INCOME STATEMENT

€ 000	Note	2019	2018
REVENUE			
Toll revenue		-	-
Revenue from construction services		-	-
Other operating income		38.000	-
TOTAL REVENUE		38.000	-
COSTS			
Raw and consumable materials		-114.930	-13
Service costs		-94.507	-13.564
Gains/(losses) on sale of property, plant and equipment		-	-
Staff costs		-	-
Other operating costs		-21.932	-34.008
Concession fees		-	-
Lease expense		-71	-6
Other		-21.861	-34.002
Operating change in provisions		-1.286.662	-454.617
Uses of provisions/(Provisions) for repair and replacement of motorway infrastructure	7.8	225.338	-397.399
(Provisions)/Uses of provisions	6.13	-1.512.000	-57.218
Use of provisions for construction services required by contract		-	-
Amortisation and depreciation		-	-
Depreciation of property, plant and equipment		-	-
Amortisation of intangible assets deriving from concession rights		-	-
Amortisation of other intangible assets		-	-
(Impairment losses)/Reversals of impairment losses		-	-
TOTAL COSTS		-1.518.031	-502.202
OPERATING PROFIT/(LOSS)		-1.480.031	-502.202
Financial income		-	-
Dividends received from investees		-	-
Other financial income		-	-
Financial expenses		-	-
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-	-
Other financial expenses		-	-
Foreign exchange gains/(losses)		-	-
FINANCIAL INCOME/(EXPENSES)		-	-
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		-1.480.031	-502.202
Income tax (expense)/benefit		475.519	137.030
Current tax expense		23.674	8.140
Differences on current tax expense for previous years		-	-
Deferred tax income/(expense)		451.845	128.890
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		-1.004.512	-365.172
Dividends, after related taxation, from discontinued operations		-	-
PROFIT/(LOSS) FOR THE YEAR		-1.004.512	-365.172

Notes to the statement of financial position

The following notes provide information on items in the statement of financial position as at 31 December 2019. Comparative amounts as at 31 December 2018 are shown in brackets.

Details of amounts in the statement of financial position deriving from related party transactions are provided in note 9.3, "Related party transactions".

6.1

Property, plant and equipment - €81,677 thousand (€75,365 thousand)

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	31 December 2019			31 December 2018		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	314.942	-240.794	74.148	293.101	-224.023	69.078
Investment property	20.349	-12.820	7.529	17.141	-10.854	6.287
Total property, plant and equipment	335.291	-253.614	81.677	310.242	-234.877	75.365

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 carrying amounts.

€ 000	Carrying amount as at 31 December 2018	CHANGES DURING THE YEAR							Carrying amount as at 31 December 2019
		Additions	Assets entering service	Reductions due to disposals (cost)	Reclassifications (expense)/benefit	Additions (accumulated depreciation)	Reductions due to disposals (accumulated depreciation)	FTA IFRS 16	
Land	1.168	-	-	-	-61	-	-	-	1.107
Buildings	16.845	151	-	-	-1.698	-956	-	-	14.342
Right to use buildings	-	3.995	-	-	-	-1.627	-	4.947	7.315
Industrial and business equipment	23.572	7.684	1.692	-2.486	-	-10.976	2.391	-	21.877
Other assets	17.217	4.200	1	-16	-	-6.163	16	-	15.255
Right to use other assets	-	-	-	-	-	-950	-	3.339	2.389
Property, plant and equipment under construction and	10.276	3.280	-1.693	-	-	-	-	-	11.863
Property, plant and equipment	69.708	19.310	-	-2.502	-1.759	-20.672	2.407	8.286	74.148
Land	376	-	-	-	61	-	-	-	437
Buildings	5.911	-	-	-	1.698	-517	-	-	7.092
Investment property	6.287	-	-	-	1.759	-517	-	-	7.529
Total	75.365	19.310	-	-2.502	-	-21.189	2.407	8.286	81.677

The increase in this item of €6,312 thousand, essentially due to the recognition of right-of-use assets following first-time adoption of IFRS 16 - Leases (€8,286 thousand).

Investment property refers to portions of buildings and land not used in operations, and leased (primarily to Atlantia Group companies). The properties are valued at cost. The total fair value of these assets is estimated to be €28 million, based on independent appraisals and information on property markets relevant to these types of investment property, and is higher than the corresponding carrying amount.

The properties generated rental income of €2,425 thousand in 2019, compared with direct maintenance and management costs of €2,985 thousand.

There were no significant changes in the expected useful lives of these assets during 2019.

Finally, as at 31 December 2019, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

6.2

Intangible assets - €16,823,981 thousand (€17,156,898 thousand)

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

€ 000	31 December 2019			31 December 2018		
	Cost	Accumulated amortisation	Carrying amount	Cost	Accumulated amortisation	Carrying amount
Intangible assets deriving from concession rights	17.207.677	-6.517.534	10.690.143	16.993.664	-5.971.771	11.021.893
Goodwill and other intangible assets with indefinite lives	6.111.201	A-	6.111.201	6.111.201	-	6.111.201
Other intangible assets	276.277	-253.640	22.637	257.818	-234.014	23.804
Intangible assets	23.595.155	-6.771.174	16.823.981	23.362.683	-6.205.785	17.156.898

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

ANGES DURING THE YEAR

€ 000	Carrying amount as at 31 December 2018	Additions due to purchases and capitalisations	Additions free of charge	Additions/ (Reductions) due to revised present value of obligations	Additions due to completion of construction services	Reductions due to government grants	Assets entering service	Amortisation	Carrying amount as at 31 December 2019
Concession rights accruing from construction services for which no additional economic benefits are received	7.725.546	-	-	75.573	-	-1.823	-	-386.185	7.413.111
Concession rights accruing from construction services for which additional economic benefits are received	3.188.064	-	-	-	136.545	-	-	-153.978	3.170.631
Concession rights accruing from construction services provided by suboperators	108.283	-	3.718	-	-	-	-	-5.600	106.401
Intangible assets deriving from concession rights	11.021.893	-	3.718	75.573	136.545	-1.823	-	-545.763	10.690.143
Goodwill	6.111.198	-	-	-	-	-	-	-	6.111.198
Trademarks	3	-	-	-	-	-	-	-	3
Goodwill and other intangible assets with indefinite lives	6.111.201	-	-	-	-	-	-	-	6.111.201
Development costs	11.941	11.565	-	-	-	-	-	-11.453	12.053
Industrial patents and intellectual property rights	9.614	4.866	-	-	-	-	-37	-7.862	6.655
Concessions and licenses	1.002	119	-	-	-	-	-	-311	810
Intangible assets under development and advance payments	1.247	1.909	-	-	-	-	-37	-	3.119
Other intangible assets	23.804	18.459	-	-	-	-	-	-19.626	22.637
Intangible assets	17.156.898	18.459	3.718	75.573	136.545	-1.823	-	-565.389	16.823.981

The reduction in intangible assets compared with 31 December 2018, amounting to €332,917 thousand, essentially reflects the combined effect of the following changes in concession rights:

- a) amortisation for the year (€545,763 thousand);
- b) investment in construction services for which additional economic benefits are received (€136,545 thousand);
- c) an updated estimate of the present value on completion of investment in construction services for which no additional benefits are received (€75,573 thousand).

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

The following analysis shows the various components of investment in assets held under concession effected through construction services, as also reported in the statement of cash flows. Further details of the Company's capital expenditure are provided in section 2.5, "Group operating review", in the sub-section, "Capital expenditure", in the report on operations accompanying these separate financial statements.

€ 000	2019	2018	Increase/ (Decrease)
Use of provisions for construction services required by contract for which no additional economic benefits are received	369.425	360.510	8.915
Use of provisions for construction services required by contract for which additional economic benefits are received	136.545	147.513	-10.968
Investment in assets held under concession	505.970	508.023	-2.053

Goodwill was recognised following the transfer of motorway assets from the former Autostrade - Concessioni e Costruzioni Autostrade SpA (now Atlantia), as part of the Group's reorganisation in 2003. This amount has been determined under the previous accounting standards (in accordance with the exemption permitted by IFRS 1) and coincides with the carrying amount as at 1 January 2004, the Atlantia Group's IFRS transition date.

With regard to the recoverability of goodwill and the concession rights belonging to the Company (given the overall size of these items), the related impairment test was conducted in accordance with the requirements of IAS 36.

The assumptions used as the basis for the quantification of cash flows and discount rate were primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

It should be noted that, in view of the timing of the World Health Organisation's announcement of the Covid-19 pandemic, this was considered a subsequent event (covered in note 9.7) of a "non-adjusting" type (as defined by IAS 10, in line with the technical guidance relating to this specific type of event issued by leading accounting experts) and, as such, not classifiable as an

indicator of impairment at the end of 2019. Accordingly, the financial forecasts and discount rates used in the impairment tests are based on the existing conditions and information as at 31 December 2019. With regard, on the other hand, to cash flow projections were revised on the basis of an updated estimate for 2020, taking into account the impact of the health emergency, without applying changes for future years, given that it is not at the moment possible to assess such impacts. In this way, the tests and sensitivity analyses conducted are deemed capable of providing a basis for assessing the further potential impact of the above Covid-19 pandemic.

As in previous years, the Company's entire activities were allocated to a single CGU, as the cash flows generated by the sections of motorway operated under concession are closely related. As a result, the impairment test permits an overall assessment of the recoverability of all the intangible assets and net invested capital as a whole.

In line with the description in note 2 regarding "Going-concern uncertainties and assessment conducted by the Company", and above all the assumption based on the reasonable expectation of reaching a potential agreement with the Government, the MIT and the Ministry of the Economy and Finance as a result of the current talks, which would also have a positive effect on the related financial risk, value in use was estimated using the long-term plan drawn up by the Company, prepared on the basis of the regulatory framework set out in the Single Concession Arrangement. The incorporates traffic, investment, revenue and cost projections for the full term of the related concession. The use of long-term plans covering the entirety of the 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 motorway concession arrangement, above all with regard to the regulations governing the sector and the predetermined duration of the arrangement.

The following table shows the key assumptions used in the long-term plan (the CAGR for traffic, the average annual toll increase and the discount rate), on which the estimate of projected cash flows was based:

	Traffic growth rate (CAGR)	Average annual toll increase	Discount rate
Autostrade per l'Italia	1,25%	3,41% ⁽¹⁾	6,02%

⁽¹⁾ This includes an average annual toll increase of 2.05% based on implementation of the Company's major longterm investment programme, in addition to average annual toll increases designed to take account of inflation, as provided for in the Concession Arrangement (70% of the real inflation rate), equal to 1.24%.

With regard to the average annual toll increase to fund future investment, this component of the toll increase is recognised on a proportionate basis if expected capital expenditure is only partially carried out. In this case, it would also be necessary to take into account the financial impact of the shortfall in investment.

The impairment tests confirmed that the goodwill and concession rights accounted for in the financial statements as at and for the year ended 31 December 2019 are fully recoverable,

despite the traffic projections, based in part on a study conducted by external consultants. In addition, sensitivity analyses were conducted on the recoverable amounts, increasing the indicated discount rates by 1%, and reducing the average annual rate of traffic growth by 1%. As previously noted, this last scenario was deemed to be representative of a stress test of the possible medium/long-term effects of the ongoing health emergency, which cannot currently be accurately predicted. The results of these analyses have, in any event, confirmed that the assets recognised in the financial statements are fully recoverable.

Finally, in 2019, research and development expenditure of approximately €398 thousand (€265 thousand in 2018). The purpose of research and development is to improve infrastructure, the services offered and safety levels and to develop software in house, as well as environmental protection.

6.3

Investments - €243,101 thousand (€242,252 thousand)

The following tables show:

a) amounts at the beginning and end of the period (showing the original cost and any accumulated revaluations and impairments) for the investments held by the Company, classified by category, and the related changes during the year;

	31 December 2018			Cost			Impairments	31 December 2019		
	Cost	Accumulated (impairments)	Carrying amount	New acquisitions and additions for consideration	Increases related to share-based incentive plans	(Additions)/Reductions	Cost	Accumulated (impairments)	Carrying amount	
€ 000										
Società Autostrada Tirrenica p.A.	90.605	-	90.605		3	-	-	90.608	-	90.608
Tangenziale di Napoli S.p.A.	54.509	-	54.509		-	2	-	54.511	-	54.511
Autostrade Meridionali S.p.A.	15.024	-	15.024		-	42-	-	15.066	-	15.066
Autostrade Tech S.p.A.	5.593	-	5.593		-	-	-	5.593	-	5.593
Società Italiana per Azioni per il Traforo del Monte Bianco	2.318	-	2.318		-	-	-	2.318	-	2.318
AD MovingS.p.A.	3.995	-3.165	830		-	-	-	3.995	-3.165	830
EssediEsse Società di Servizi S.p.A.	501	-	501		-	-	-	501	-	501
Giove Clear S.r.l.	20	-	20		-	-	-	20	-	20
Tech Solutions Integrators S.A.S.	2.000	-2.000	-		-	-	-	2.000	-2.000	-
Investments in subsidiaries (A)	174.565	-5.165	169.400		3	44	-	174.612	-5.165	169.447
Tangenziali Esterne di Milano S.p.A.	62.228	-2.522	59.706		2.639	-	-	64.867	-2.522	62.345
Pavimental S.p.A.	9.697	-2.887	6.810		-	-	-2.004	9.697	-4.891	4.806
Pedemontana Veneta SpA (in liquidation)	1.935	-	1.935		167	-	-	2.102	-	2.102
Spea Engineering S.p.A.	1.784	-	1.784		-	-	-	1.784	-	1.784
Bologna & Fiera Parking S.p.A.	999	-	999		-	-	-	999	-	999
Consorzio Autostrade Italiane Energia	29	-	29		-	-	-	29	-	29
Investments in associates (B)	76.672	-5.409	71.263		2.806	-	-2.004	79.478	-7.413	72.065
Tangenziale Esterna S.p.A.	1.163	-	1.163		-	-	-	1.163	-	1.163
Uirnet S.p.A.	426	-	426		-	-	-	426	-	426
Autostrade Holding do Sur S.A.	-	-	-		-	-	-	-	-	-
Investments in other companies (C)	1.589	-	1.589		-	-	-	1.589	-	1.589
Investments (A+B+C)	252.826	-10.574	242.252		2.809	44	-2.004	255.679	-12.578	243.101

b) details of investments, showing, as well as other information, the percentage interest and relevant carrying amount as at 31 December 2019 (net of any unpaid, called-up issued capital).

Name	Registered office	Number of shares/units	Par value	Capital/ Consortium fund	Interest (%)	Number of shares/units held	Profit/(Loss) for 2019 (€000) (1)	Equity as at 31 December 2019 (€000) (1)	Carrying amount as at 31 December 2019 (€000)		
Autostrada Tirrenica pa	Rome	163.072.000	euro	0,15	euro	24.460.800	99,99% (2)	162.960.400	-966	80.334	90.608
Tangenziale di Napoli S.p.A.	Naples	20.945.250	euro	5,16	euro	108.077.490	100,00%	20.945.250	12.946	202.228	54.511
Autostrade Meridionali S.p.A.	Naples	4.375.000	euro	2,07	euro	9.056.250	58,98%	2.580.500	16.620	177.134	15.066
Autostrade Tech S.p.A.	Rome	1.120.000	euro	1,00	euro	1.120.000	100,00%	1.120.000	6.687	55.183	5.593
Società Italiana per Azioni per il Traforo del Monte Bianco	Prè Saint Didier (Aosta)	3.848.000	euro	51,65	euro	198.749.200	51,00%	1.962.480	11.059	232.301	2.318
AD Moving S.p.A.	Rome	1.000.000	euro	1,00	euro	1.000.000	100,00%	1.000.000	79	1.099	830
EssediEsse Società di Servizi S.p.A.	Rome	500.000	euro	1,00	euro	500.000	100,00%	500.000	1.026	1.626	501
Giove Clear S.r.l.	Rome	10.000	euro	1,00	euro	10.000	100,00%	10.000	144	1.932	20
Tech Solutions Integrators S.A.S. (3)	Paris (France)	2.000.000	euro	1,00	euro	2.000.000	100,00%	2.000.000	-124 (4)	-16.182 (4)	-
Investments in subsidiaries (A)										169.447	
Tangenziali Esterne di Milano S.p.A.	Milan	293.792.811	euro	0,75	euro	220.344.608	27,45%	80.645.753	-637 (4)	-231.994 (4)	62.345
Pavimental S.p.A.	Rome	77.818.865	euro	0,13	euro	10.116.452	20,00%	15.563.773	31	14.981	4.806
Pedemontana Veneta SpA (in liquidation)	Verona	12.000	euro	500,00	euro	6.000.000	29,77%	3.573	93 (4)	5.702 (4)	2.102
Spea Engineering S.p.A.	Rome	1.350.000	euro	5,16	euro	6.966.000	20,00%	270.000	-3.388 (4)	78.210 (4)	1.784
Bologna & Fiera Parking S.p.A.	Bologna	2.715.200	euro	1,00	euro	2.715.200	36,81%	999.440	6.000 (4)	6.830 (4)	999
Consorzio Autostrade Italiane Energia	Rome	-	-	-	euro	114.853	27,05%	-	-1 (4)	113.339 (4)	29
Investments in associates (B)										72.065	
Tangenziale Esterna S.p.A.	Milan	464.945.000	euro	1,00	euro	464.945.000	0,25%	1.162.363	-23.246 (4)	315.074 (4)	1.163
Uirnet S.p.A.	Rome	1.142	euro	1.000,00	euro	1.142.000	1,401%	16	-576 (4)	5.301 (4)	426
Autostrade Holding do Sur S.A. (5)	Santiago (Chile)	1.000.001	Chilean peso	51.496,75	Chilean peso	51.496.805.692	0,00%	1	-	-	-
Investments in other companies (C)										1.589	
Investments (A+B+C)										243.101	

(1) The figures have been taken from the latest financial statements approved by the board of directors of each company.

(2) On 29 December 2015, Autostrada Tirrenica, following authorisation by the general meeting of shareholders held on the same date, purchased 109,600 own shares from non-controlling shareholders. Autostrade per l'Italia's interest is, therefore, equal to 99.99% as at 31 December 2019 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.93%).

(3) Provisions of €11,185 thousand have been made in relation to this investment as at 31 December 2019, as described in note 6.13, "Provisions".

(4) The figures have been taken from the latest financial statements approved by shareholders (31 December 2018).

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

With regard to the recoverability of the carrying amounts of investments as at 31 December 2019, it should be noted that, in view of the timing of the World Health Organisation's announcement of the Covid-19 pandemic, this was considered a subsequent event (covered in note 10.9, "Events after 31 December 2019") of a "non-adjusting" type (as defined by IAS 10, in line with the technical guidance relating to this specific type of event issued by leading accounting experts) and, as such, not classifiable as an indicator of impairment at the end of 2019. Accordingly, the financial forecasts and discount rates used in the impairment tests are based on the existing conditions and information as at 31 December 2019.

In accordance with IAS 36, the investments in Pavimental and Spea Engineering were tested for impairment, in view of evidence of potential impairment losses. In carrying out the impairment test for these companies, which essentially provides support services to the Atlantia Group's operators (in connection with their construction and maintenance activities), 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 it provides its services, being 2044, without estimating terminal value. The estimated cash flows in the subsidiaries' long-term plans, after taxation, were discounted at a rate of 6.02%.

In terms of the investment Pavimental, on which impairment losses of €7,100 thousand were already recognised in 2016, before a partial reversal in 2017, amounting to €4,213 thousand, the impairment test showed that the value of the investment is partially recoverable, resulting in an impairment loss of €2,004 thousand, recognized in "Impairment losses on financial assets and investments" in the income statement for 2019.

The impairment test of the investment in SPEA Engineering confirmed that the related carrying amount is fully recoverable.

Both the estimate of cash flows and the estimates on which the discount rate was determined, were based primarily on published external sources, integrated, where appropriate, by estimates based partly on historical data.

In addition to the above, there is no evidence of potential impairment losses on other investments.

In the case of Autostrade Meridionali, the operator's motorway concession expired on 31 December 2012. The operator is continuing to operate the relevant motorway, whilst awaiting the conclusion of the tender process that will select the new operator. The Grantor opted to use a negotiated procedure to award the new concession and the competing bids were submitted on 14 October 2019. On 4 February 2020, on completion of the selection process, the Grantor announced that the concession for the A3 Naples-Pompei-Salerno motorway had been provisionally awarded to the SIS Consortium. On 3 March 2020, Autostrade Meridionali filed a legal challenge contesting the legality of the award, in response to evidence of irregularities. Further information is provided in note 9.5, "Significant legal and regulatory aspects".

If a new operator takes over the concession, they will be required (i) to pay the company compensation (the takeover right) equal to the unamortised carrying amount of the capital expenditure carried out in the final years of the concession arrangement, 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. In this regard, the value of this company's net assets is recoverable due to the above obligations to be honoured by the incoming operator. Moreover, this guarantees that the carrying amount of Autostrade per l'Italia's investment is fully recoverable, also in view of the fact that the carrying amount is lower than the related share of equity.

With regard to the carrying amount of the investment in Autostrada Tirrenica is significantly higher than the respective share of equity. However, this does not represent an indication of a potential impairment of the investment, as the carrying amount is deemed to be fully recoverable, based on the estimated present value of the company's future net operating cash flows.

Finally, with regard to the carrying amount of zero attributed to the investment in Tech Solutions Integrators as at 31 December 2019, note 6.13, "Provisions", provides details of the accounting effects resulting from the company's liquidation via the "universal transfer" to the Company of all the assets and liabilities.

6.4

Financial assets (non-current) - €576,792 thousand (€634,241 thousand) (current) - €82,411 (€74,275 thousand)

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

€ 000	Note	31 December 2019			31 December 2018		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Financial assets deriving from concession rights	(1)	186.619	25.495	161.124	214.249	22.108	192.141
Term deposits	(1)	185.798	24.674	161.124	213.428	21.287	192.141
Medium/long-term loans		256.060	8.576	247.484	250.237	8.128	242.109
Accrued income on medium/long-term financial assets		20.878	20.878	-	19.862	19.862	-
Staff loans		6.461	1.194	5.267	7.207	1.313	5.894
Multi-year accrued financial income		587	52	535	748	35	713
Other loans and receivables	(1)	1.258	-	1.258	1.243	-	1.243
Other medium/long-term financial assets		285.244	30.700	254.544	279.297	29.338	249.959
Short-term loans		182	182	-	182	182	-
Other financial assets	(1)	1.360	1.360	-	1.360	1.360	-
Other current financial assets		1.542	1.542	-	1.542	1.542	-
Financial assets		659.203	82.411	576.792	708.516	74.275	634.241

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

The balance, including the current and non-current portions, is down €49,313 thousand compared with 31 December 2018, essentially due to:

- a)** a reduction (€27,630 thousand) in financial assets deriving from government grants to finance infrastructure works and in term deposits, following the Grantor's specific approval of the effective start-up of work and the stage of completion of work on the A1 Milan-Naples, relating to certain lots making up the Variante di Valico and the upgrade of the motorway interchange serving Florence;
- b)** a reduction related to the repayment of an outstanding loan by the subsidiary Tangenziale di Napoli (€8,161 thousand);
- c)** an increase in the existing loan to the subsidiary, Autostrada Tirrenica (€13,000 thousand).

With regard to the most significant items:

- a)** financial assets deriving from government grants include amounts payable by the Grantor, third parties or other government entities as grants payable for construction services carried

out. As regards grants due from the Grantor, these grants are recognised at the time that the Grantor certifies the effective performance of the works on the A1 Milan-Naples, and relating to a number of lots included in the Variante di Valico and the upgrade of Florence interchange;

b) term bank deposits relate to loans disbursed by banks as a condition precedent for the grants required by laws 662/1996, 345/1997 and 135/1997, relating to the above works on the A1 motorway mentioned in point a). The balances on the accounts may not be withdrawn until such time as the Grantor specifically certifies the substantial completion of the works and the stage of completion;

c) medium/long-term loans primarily include the loans granted to the subsidiaries, Autostrada Tirrenica (€231,000 thousand, at a fixed rate of 5.75% and maturing on 31 March 2022) and Tangenziale di Napoli (€13,111 thousand, at a fixed rate of 5.20% and maturing on 21 March 2021).

There was no evidence of impairment for any of the financial assets reported in the financial statements.

6.5

Other non-current assets - €121 thousand (€242 thousand)

This item, which is not of a material amount, includes amounts due from the Municipality of Rome following work on the enlargement of one of the car parks outside the Via Bergamini offices.

6.6

Trading assets - €514,257 thousand (€492,981 thousand)

As at 31 December 2019, trading assets consist of:

- a)** inventories of €53,247 thousand (€47,811 thousand as at 31 December 2018), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of machinery;
- b)** contract work in progress of €4,204 thousand and unchanged with respect to 31 December 2018, connected to work carried out for the Grantor, in this case a customer;
- c)** trade receivables of €456,806 thousand (€440,966 thousand as at 31 December 2018), which consist of the following.

€ 000	31 December 2019	31 December 2018
Trade receivables due from:		
Motorway users	268.197	263.022
Sub-operators at motorway service areas	74.208	73.819
Sundry customers	88.442	87.602
Trade receivables, gross	430.847	424.443
Allowance for bad debts	-44.499	-33.801
Other trading assets	70.458	50.324
Trade receivables, net	456.806	440.966

The increase in trade receivables of €15,840 thousand, compared with 31 December 2018, essentially reflects an increase in other trading assets of €20,134 thousand, resulting from an increase in advances paid for work on assets held under concession.

The following table shows an ageing schedule for trade receivables.

€ 000	Total receivables as at 31 December 2019	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	430.847	347.049	10.539	16.166	57.093

Overdue receivables regard uncollected and unpaid tolls, in addition to royalties due from service area operators and sales of other goods and services, such as agreements relating to authorisations to cross motorways and sales of proprietary services and goods.

The following table shows movements in the allowance for bad debts for trade receivables during the year, 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 2018	Additions	Uses	31 december 2019
Allowance for bad debts	-33.801	-11.591	893	-44.499

The net increase in the allowance for bad debts for trade receivables compared with 31 December 2018, amounting to €10,698 thousand, primarily relates to the need to take into account unpaid tolls and the disruption to the Company's management of the concession.

The Company continuously monitors trade receivables to produce specific estimates of the percentage of receivables subject to expected credit losses, based on all the information in their possession.

Operators estimate expected losses on trade receivables in the form of uncollected motorway tolls on the basis of historical data relating to stratified losses and collections registered following the issue of unpaid tolls notices.

In the case of trade receivables other than uncollected motorway tolls, portfolio assessment is continuously updated based on weighted customer ratings, calculated taking into account the following parameters:

- a) analysis of historical collections and losses;
- b) analysis of overdue amounts as a proportion of the total receivables being analysed;
- c) application of a default rate based on the segmentation of customers in the portfolio by business sector.

The carrying amount of trade receivables approximates to fair value.

6.7

Cash and cash equivalents - €1,378,535 thousand (€1,494,463 thousand)

This item includes:

- a) cash, totalling €715,493 thousand (€839,632 thousand as at 31 December 2018), essentially relating to demand bank deposits;
- b) cash equivalents, totalling €128 thousand (€121 thousand as at 31 December 2018), which primarily regard bank deposits convertible within the short term;
- c) the balance receivable on current accounts with related parties, totalling €662,914 thousand (€654,710 thousand as at 31 December 2018) and regarding accounts with other Atlantia Group companies, reflecting the centralised treasury management service provided by the Company.

Details of the cash flows resulting in the decrease in cash and cash equivalents during 2019 are provided in note 8.1 "Notes to the statement of cash flows", taking into account the fact that the net cash and cash equivalents described therein include current account payables due to related parties, as described in note 6.14, "Financial liabilities".

6.8

Current tax assets and liabilities

Current tax assets - €39,540 thousand (€24,342 thousand)

Current tax liabilities - €35,815 thousand (€25,007 thousand)

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

€ 000	31 December 2019		31 December 2018	
	Current tax assets		Current tax liabilities	
IRES on taxable income	-	-	35.815	22.302
Claims for IRES refunds	24.299	24.299	-	-
Other IRES credits	22	43	-	-
IRES	24.321	24.342	35.815	22.302
IRAP	15.219	-	-	2.705
TOTAL	39.540	24.342	35.815	25.007

The Company participates in the tax consolidation arrangement headed by Atlantia, with the balance for current IRES accounted for in amounts due to and from the consolidating entity.

The balance of net current tax liabilities as at 31 December 2019 essentially consists of:

- a) the amount payable to Atlantia in the form of IRES, amounting to €6,767 thousand (€22,302 thousand as at 31 December 2018);
- b) the amount payable to the tax authorities, amounting to €29,048 thousand, as a result of the introduction of an 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).

The increase in current tax liabilities, totalling €10,808 thousand, essentially reflects:

- a) recognition of IRES payable for the year (€228,227 thousand);
- b) the reclassification (€7,361 thousand) of deferred IRES liabilities recognised on first-time adoption of IFRS 9, following the response from the tax authorities to a query over the tax treatment, for the purposes of IRES, of the differences identified;
- c) payment of the balance of IRES due for 2018 (€29,412 thousand);
- d) payments of account of IRES made or offset during the year (€191,899 thousand);
- e) payment of the balance of IRAP due for 2018 (€3,078 thousand).

The balance of current tax assets as at 31 December 2019 essentially consists of:

- a) refundable IRES of €24,299 thousand, following the non-deductibility of IRAP on staff costs in the five-year period 2007-2011, in accordance with the provisions of Law 44 of 26 April 2012 and the tax authorities' ruling of 17 December 2012. The balance regards:
 - 1) €18,597 thousand in amounts due from Atlantia for the years 2008-2011;
 - 2) €5,702 thousand, due from Sintonia for the year 2007, when this company headed the tax consolidation arrangement;
- b) refundable IRAP for the current year, totalling €15,219 thousand, essentially reflecting the fact that payments on account or offsetting items (€59,943 thousand) were higher than tax payable for the year (€44,748 thousand).

6.9

Other current assets - €109,672 thousand (€62,456 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	31 December 2019	31 December 2018
Receivables due from end users and insurance companies	17.503	17.626
Receivable from public entities	29.786	769
Receivables from social security institutions	444	426
Payments on account and other receivables	65.013	46.655
Gross other current assets	112.746	65.476
Allowance for bad debts	-3.074	-3.020
Other current assets	109.672	62.456

This item has increased, primarily as a result of the following:

- a) an increase in amounts receivable from public entities (€28,738 thousand), essentially relating to advances paid to the Special Commissioner in relation to demolition and reconstruction of the Polcevera road bridge;
- b) an increase in payments on account and other receivables relating to refundable VAT on the invoices received in relation to demolition and reconstruction of the Polcevera road bridge (€25,670 thousand).

The allowance for bad debts for other current assets entirely refers to estimated losses on amounts due from road users and insurance companies to cover damage to the motorway infrastructure managed by the Company.

6.10

Investments held for sale or for distribution to shareholders or related to discontinued operations - €4,271 thousand (€4,271 thousand) Liabilities related to discontinued operations - - (-)

The balance as at 31 December 2019 thus refers solely to the remaining 2% interest in Strada dei Parchi that is the subject of put and call options agreed with Toto Costruzioni Generali. Exercise of the option is subject to the completion of certain works required by Strada dei Parchi's Single Concession Arrangement.

6.11

Equity - €1,462,928 thousand (€2,099,789 thousand)

Issued capital is fully subscribed and paid-in 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 did not undergo any changes as at 31 December 2018.

The reduction in this item compared with 31 December 2018, amounting to €636,861 thousand is shown in detail in the statement of changes in equity. This essentially reflects a combination of the following:

- a) the comprehensive loss for the year of €325,948 thousand, almost entirely consisting of the loss for the year (€291,333 thousand);
- b) payment of the final dividend for 2018, totalling €311,013 thousand (€0.50 per share).

The other comprehensive loss reflects the following:

- a) the increase in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps (€86,078 thousand), primarily due to the decline in interest rates between 31 December 2019 and 31 December 2018;
- b) reclassification of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve, already recognised as at 31 December 2018 (€43,770 thousand) to profit or loss, given that these derivatives no longer meet the requirement of IFRS 9 with regard to the existence of an economic relationship between the hedged item and the hedging instrument due to regulatory uncertainty, as described in note 2, "Basis of preparation".

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 Company's businesses and fulfil the commitments given in concession arrangements.

The table below shows an analysis of issued capital and equity reserves, showing their permitted uses and distributable amounts.

Description	Balance as at 31 December 2019 (€000)	Permitted uses (A, B, C, D)*	Available portion (€000)	Uses between 1 January 2016 and 31 December 2018 (art. 2427, 7 bis of Italian Civil Code)	
				To cover losses	For other reasons (4)
Issued capital	622.027	B	-	-	-
Share premium reserve	216.070	A, B, C	216.070	-	-
Legal reserve	124.406	B	-	-	-
Cash flow hedge reserve	-157.637	-	-	-	-
Extraordinary reserve	441.269	A, B, C	441.269	-	755.070
Reserve for actuarial gains and losses on post-employment benefits	-18.536	-	-18.536	-	-
Undistributable portion of IFRS transition reserve	272.016	B	-	-	-
Distributable portion of IFRS transition reserve	296.622	A, B, C	296.622	-	-
Reserve for first-time adoption of IFRIC 12	-962.198	-	-962.198	-	-
Reserve for first-time adoption of IFRS 9	25.528	A, B, C	25.528	-	-
Reserve for transactions under common control (1)	36.666	A, B, C	36.666	-	1.101.312
Retained earnings	858.028	A, B, C	858.028	-	-
Other reserves and retained earnings	949.395		677.379	-	-
Reserves and retained earnings (2)	1.132.234		893.449	-	-
TOTAL	1.754.261		893.449	-	1.856.382
of which:					
Non-distributable (3)				12.053	
Distributable				881.396	

***Key:**

- A: capital increases
- B: to cover losses
- C: shareholder distributions
- D: subject to other restrictions imposed by articles of association/shareholder resolutions

Note:

- (1) This reserve was established following the transfer of investments in subsidiaries to Atlantia Group companies. These transactions, excluded from the scope of application of IFRS 3 as they are business combinations under common control, have been recognised applying the accounting policy election described in note 3, "Accounting standards and policies applied", in the financial statements as at and for the year ended 31 December 2019.
- (2) As a result of article 109, paragraph 4, letter b of the Consolidated Income Tax Act (abrogated by Law 244 of 24 December 2007 and replaced, without retroactive effect, by article 103, paragraph 3-bis), the sum of €584,790 thousand is taxable if distributed to shareholders, unless there are sufficient reserves. The new legislation has abolished all restrictions on the distribution of equity reserves imposed by tax legislation arising in connection with the amortisation of trademarks and goodwill. As a result, there should be no increase in the amount of dividends subject to additional taxation.
- (3) This represents the undistributable portion to cover unamortised development costs, in accordance with art. 2426, paragraph 5 of the Italian Civil Code.
- (4) The uses refer to the distribution of the special dividend in kind and to the portion of the available reserve from the "Reserve for transactions under common control" that occurred during 2017 as part of the Atlantia Group's reorganisation, illustrated in detail in note 5.1 to the financial statements as at and for the year ended 31 December 2017.

6.12

Provisions for construction services required by contract (non-current) - €2,311,749 thousand (€2,639,004 thousand) (current) - €448,979 thousand (€405,562 thousand)

The following table shows provisions for construction services required by contract at the beginning and end of the year and changes during 2019, showing the non-current and current portions.

€ 000	31 December 2018			CHANGES DURING THE YEAR			31 December 2019		
	Carrying amount	non-current portion	current portion	Changes due to revised present value of obligations	Financial provisions	Uses to finance works	Carrying amount	non-current portion	non-current portion
Upgrade of Florence - Bologna section	964.599	712.227	252.372	18.077	76	-224.341	758.411	527.563	230.848
Third and fourth lanes	4.910	4.910	-	541	-8	-15	5.428	5.428	-
Other construction services	2.075.057	1.921.867	153.190	56.955	9.946	-145.069	1.996.889	1.778.758	218.131
Provisions for construction services required by contract	3.044.566	2.639.004	405.562	75.573	10.014	-369.425	2.760.728	2.311.749	448.979

The reduction of €283,838 thousand compared with 31 December 2018 essentially reflects:

- a) the use of provisions for construction services for which no additional economic benefits are received performed in 2019 (€369,425 thousand);
- b) the increase, with a matching increase in intangible assets deriving from concession rights, in the present value on completion of investment in construction services, totalling €75,573 thousand (including €47,508 thousand reflecting the impact linked to the change in the current and future interest rates used as at 31 December 2019, compared with those applied as at 31 December 2018).

Further details of the Company's capital expenditure are provided in section 2.5, "Group operating review", in the sub-section, "Capital expenditure", in the Report on Operations accompanying these separate financial statements.

6.13

Provisions (non-current) - €954,625 thousand (€927,999 thousand) (current) - €2,238,452 thousand (€821,432 thousand)

The following table shows details of provisions by type, showing the non-current and current portions.

€ 000	31 December 2019			31 December 2018		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	86.398	74.916	11.482	94.644	76.145	18.499
Provisions for repair and replacement of motorway infrastructure	1.540.409	879.709	660.700	1.537.366	851.854	685.512
Provisions for fines and penalties under Single Concession Arrangement	5.937	-	5.937	5.912	-	5.912
Provisions for tax risk	19.412	-	19.412	29.902	-	29.902
Provisions for universal transfer from Tech Solution Integrators	11.185	-	11.185	11.185	-	11.185
Other provisions for risks and charges	1.529.736	-	1,529,736	70.422	-	70.422
Other provisions	1,560,333	-	1,560,333	111,509	-	111,509
Total provisions	3.193.077	954.625	2.238.452	1.749.431	927.999	821.432

The following table shows provisions at the beginning and end of the period and changes in 2019.

€ 000

31 December 2018 CHANGES DURING THE YEAR

31 December 2019

	Carrying amount	Operating provisions	Finance-related provisions	Actuarial gains/(losses) recognised in comprehensive income	Reductions due to payment of benefits and advances	Transfers (to)/from other companies	Uses Direct	Uses Indirect	Carrying amount
Provisions for employee benefits	94.644	227	999	3.257	-12.731	2	-	-	86.398
Provisions for repair and replacement of motorway infrastructure	1.537.366	628.758	17.897	-	-	-	-	-643.612	1.540.409
Provisions for fines and penalties under Single Concession Arrangement	5.912	25	-	-	-	-	-	-	5.937
Provisions for tax risk	29.902	8.494	-	-	-	-	-18.984	-	19.412
Provisions for universal transfer from Tech Solution Integrators	11.185	-	-	-	-	-	-	-	11.185
Other provisions for risks and charges	70.422	1.511.317	-	-	-	-	-52.003	-	1.529.736
Other provisions	111.509	1.519.811	-	-	-	-	-70.987	-	1.560.333

PROVISIONS FOR EMPLOYEE BENEFITS
(non-current) - D74,916 thousand (D76,145 thousand)
(current) - D11,482 thousand (D18,499 thousand)

As at 31 December 2019, and likewise as at 31 December 2018, this item consists almost entirely of provisions for post-employment benefits to be paid to staff employed under Italian law.

The reduction of €8,246 thousand essentially reflects:

- a) uses of provisions for benefits and advances paid (€12,731 thousand);
- b) actuarial losses recognised in other comprehensive income (€3,257 thousand).

The most important actuarial assumptions used to measure post-employment benefits at 31 December 2019 are summarised below.

Financial assumptions	
Annual discount rate ⁽¹⁾	0,37%
Annual inflation rate	1,20%
Annual rate of increase in post-employment benefits	2,40%
Annual rate of increase in real salaries	0,65%
Annual turnover rate	2,00%
Annual rate for advances paid	0,75%
Duration (years)	5,9

⁽¹⁾ The annual discount rate is used to determine the present value of the obligation and was, in turn, determined with reference to the average yield curve taken from the Iboxx Eurozone Corporate AA on the valuation date for durations of 7-10 years.

Demographic assumptions	
Mortality	Government General Accounting Office
Disability	INPS tables by age and sex
Retirement age	Mandatory state pension retirement age

The following table shows a sensitivity analysis of provisions for post-employment benefits for each actuarial assumption at the end of 2019, indicating the effects on the defined benefit obligation of reasonably possible changes in the actuarial assumptions used at that date.

SENSITIVITY ANALYSIS AS AT 31 DECEMBER 2019

€ 000	Change in actuarial assumption					
	turnover rate		inflation rate		discount rate	
	+1%	-1%	+0,25%	-0,25%	+0,25%	-0,25%
Balance of post-employment benefits	86.041	86.783	87.115	85.690	85.283	87.544

PROVISIONS FOR THE REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE
(non-current) - €879,709 thousand (€851,854 thousand)
(current) - €660,700 thousand (€685,512 thousand)

The provisions have risen €3,043 thousand compared with 31 December 2018, primarily due to:

- a) the positive operating change (€14,854 thousand) resulting from net operating provisions made for repair and replacement work carried out during the year. After stripping out uses (€225,338 thousand) relating to demolition and reconstruction of the Polcevera road bridge, previously described in note 5, "Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa", the operating change results in an expense of €210,484 thousand, reflecting the updated estimate of repair work on the motorway network, including improvement maintenance in the period 2019-2023, as described in note 5, "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", and the impact of the decline in the discount rates used as at 31 December 2019, compared with 31 December 2018;
- b) financial provisions (€17,897 thousand).

PROVISIONS FOR FINES AND PENALTIES UNDER THE SINGLE CONCESSION ARRANGEMENT
(current) - €5,937 thousand (€5,912 thousand)

The value of these provisions as at 31 December 2019 consists of:

- a) the total amount of €3,752 thousand (€3,752 thousand as at 31 December 2018) for penalties imposed (or that could be imposed based on the alleged breaches) for the years from 2009 to 2017 by the Grantor pursuant to Annex N of the Single Concession Arrangement relate to failure to meet the requirements of the Annual Audit Plan required under the Arrangement;
- b) the total amount of €2,185 thousand (€2,160 thousand as at 31 December 2018) for penalties or fines imposed in relation to snow events or disruption to traffic.

The Company is contesting a number of the above penalties before Lazio Regional Administrative Court and the related judgements are pending.

Further information on significant legal and regulatory aspects is provided in note 9.5, "Significant legal and regulatory aspects".

OTHER PROVISIONS

(current) - €1,560,333 thousand (€111,509 thousand)

These provisions relate to risks and charges deemed to be likely to occur at the end of the period. The item is up €1,448,824 thousand on the figure for 31 December 2018, primarily due to a combination of the following:

- a)** provisions of €1,500,000 thousand to cover the estimated additional costs that will be incurred in relation to the discussions with the Government and the MIT aimed at resolving the ongoing dispute, as described in note 5, “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)** operating provisions of €19,836 thousand, primarily relating to a number of tax demands received regarding local taxes (€8,494 thousand) and additional expenses relating to compensation payable to the families of victims directly impacted by the collapse of a section of the Polcevera road bridge, and to cover the cost of the related legal expenses (€12,000 thousand);
- c)** direct uses of €50,980 thousand, primarily to pay compensation for a number of the families of victims directly impacted by the collapse of a section of the Polcevera 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 (totalling €48,083 thousand);
- d)** direct uses of €18,984 thousand, primarily relating to the settlement of a number of tax demands regarding local taxes.

“Provisions for the universal transfer from Tech Solution Integrators”, amounting to €11,185 thousand as at 31 December 2019, are linked to the planned liquidation of the subsidiary, approved by the Company’s Board of Directors in December 2015, via the “universal transfer” to the Company of all the assets and liabilities (as provided for in French law governing the voluntary liquidation of companies with a sole shareholder).

Further details of developments in disputes pending as at 31 December 2019 are provided in note 9.5, “Significant legal and regulatory aspects”.

6.14 Financial liabilities

(non-current) - €9,658,658 thousand (€10,234,761 thousand)

(current) - €1,039,393 thousand (€994,505 thousand)

MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - €9,658,658 thousand (€10,234,761 thousand)

(current) - €859,535 thousand (€945,378 thousand)

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

- a)** an analysis of the balance by face value and maturity (current and non-current portion):

€ 000

31 December 2019

31 December 2018

	Face value	Carrying amount	of which Current portion	of which Non-current portion	Maturity between 13 and 60 months	Maturity after 60 months	Face value	Carrying amount	of which Current portion	of which Non-current portion
Bond 2004-2022 (GBP) (1)	750.000	643.684	-	643.684	643.684	-	750.000	637.230	-	637.230
Bond 2004-2024	1.000.000	988.431	-	988.431	988.431	-	1.000.000	986.219	-	986.219
Bond 2009-2038 (JPY) (1)	149.176	208.169	-	208.169	-	208.169	149.176	204.723	-	204.723
Bond 2010-2025	500.000	497.244	-	497.244	-	497.244	500.000	496.829	-	496.829
Bond 2012-2019	-	-	-	-	-	-	593.334	593.154	593.154	-
Bond 2012-2020	501.728	501.554	501.554	-	-	-	501.728	500.727	-	500.727
Bond 2012-2032	35.000	35.000	-	35.000	-	35.000	35.000	35.000	-	35.000
Bond 2012-2032 (Zero Coupon Bond)	72.235	72.235	-	72.235	-	72.235	68.639	68.639	-	68.639
Bond 2013-2021	594.572	593.181	-	593.181	593.181	-	594.572	592.017	-	592.017
Bond 2013-2033	75.000	72.913	-	72.913	-	72.913	75.000	72.797	-	72.797
Bond 2014-2034	125.000	123.907	-	123.907	-	123.907	125.000	123.849	-	123.849
Bond 2014-2038	75.000	72.808	-	72.808	-	72.808	75.000	72.727	-	72.727
Bond 2015-2021	480.364	479.591	-	479.591	479.591	-	480.364	479.179	-	479.179
Bond 2015-2023	750.000	741.790	-	741.790	741.790	-	750.000	739.511	-	739.511
Bond 2015-2025	500.000	497.700	-	497.700	-	497.700	500.000	497.333	-	497.333
Bond 2015-2026	750.000	744.761	-	744.761	-	744.761	750.000	744.009	-	744.009
Bond 2016-2027	600.000	594.367	-	594.367	-	594.367	600.000	593.631	-	593.631
Bond 2017-2029	700.000	659.066	-	659.066	-	659.066	700.000	655.407	-	655.407
Bond issues (2)	7.658.075	7.526.401	501.554	7.024.847	3.446.677	3.578.170	8.247.813	8.092.981	593.154	7.499.827
European Investment Bank (EIB)	1.382.797	1.382.797	116.906	1.265.891	374.722	891.169	1.484.686	1.484.686	101.933	1.382.753
Cassa Depositi e Prestiti (3)	760.465	731.689	22.901	708.788	91.799	616.989	783.721	747.158	22.881	724.277
Bank borrowings (A)	2.143.262	2.114.486	139.807	1.974.679	466.521	1.508.158	2.268.407	2.231.844	124.814	2.107.030
ANAS (4)	185.798	185.798	24.674	161.124	161.124	-	213.428	213.428	21.287	192.141
Other borrowings (B)	185.798	185.798	24.674	161.124	161.124	-	213.428	213.428	21.287	192.141
Lease liabilities	9.890	9.890	2.807	7.083	4.189	2.894	-	-	-	-
Lease liabilities (C)	9.890	9.890	2.807	7.083	4.189	2.894	-	-	-	-
Medium/long-term borrowings (A+B+C) (2)	2.338.950	2.310.174	167.288	2.142.886	631.834	1.511.052	2.481.835	2.445.272	146.101	2.299.171
Derivatives liabilities (5)		490.925	-	490.925	206.246	284.679		435.763	-	435.763
Accrued expenses on medium/long-term financial liabilities (2)		190.693	190.693	-	-	-		206.123	206.123	-
Other medium/long-term financial liabilities		190.693	190.693	-	-	-		206.123	206.123	-
Medium/long-term financial liabilities		10.518.193	859.535	9.658.658	4.284.757	5.373.901		11.180.139	945.378	10.234.761

(1) As at 31 December 2019, these borrowings are hedged against interest rate and currency risk with notional amounts and maturities matching those of the underlyings. These are included in "Derivative liabilities" and classified as nonhedge accounting following the issuer substitution of December 2016.

(2) These financial instruments are measured at amortised cost. The par values of the bonds denominated in sterling and yen are shown at the exchange rates of the Cross Currency Swaps hedging the bonds.

(3) As at 31 December 2019, certain of these bonds are hedged against interest rate risk with notional amounts and currencies matching those of the underlyings, reclassified as not qualifying for hedge accounting during the year in accordance with IFRS 9 and included in "Derivative liabilities".

(4) This item includes amounts payable to ANAS deriving from the repayment, directly by ANAS in relation to funding for the investment programme, of the bank borrowings linked to the government grants provided for in laws 662/1996, 135/1997 and 345/1997, funding infrastructure works on the "Florence North - Florence South" and "Cà Nova - Aglio" (Variante di Valico) sections. These borrowings are reduced as the Grantor specifically approves the release of the grants, in line with the matching financial assets deriving from government grants accrued in relation to the stage of completion of the related works.

(5) This item includes the derivatives referred to above in notes 1 and 3 and Forward-Starting Interest Rate Swaps executed in June 2015 and February 2016 and July 2018.

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

€ 000		31 December 2019		31 December 2018	
	Maturity	Carrying amount (1)	Fair value (2)	Carrying amount (1)	Fair value (2)
Bond (issued 2004 - GBP)	2022	643.684	630.322	637.230	588.731
Bond (issued 2004)	2024	988.431	1.144.150	986.219	1.114.040
Bond (issued 2009 - JPY)	2038	208.169	187.743	204.723	153.775
Bond (issued 2010)	2017	-	-	-	-
Bond (issued 2010)	2025	497.244	550.335	496.829	516.090
Bond (issued 2012)	2019	-	-	593.154	595.814
Bond (issued 2012)	2020	501.554	505.621	500.727	518.320
Bond (issued 2012)	2032	35.000	35.522	35.000	36.227
Bond (issued 2012- Zero Coupon Bond)	2032	72.235	77.416	68.639	77.861
Bond (issued 2013)	2021	593.181	605.744	592.017	598.038
Bond (issued 2013)	2033	72.913	61.600	72.797	71.423
Bond (issued 2014)	2034	123.907	113.977	123.849	123.269
Bond (issued 2014)	2038	72.808	56.212	72.727	65.216
Bond (issued 2015)	2021	479.591	476.396	479.179	457.931
Bond (issued 2015)	2023	741.790	727.117	739.511	698.640
Bond (issued 2015)	2025	497.700	483.670	497.333	437.960
Bond (issued 2015)	2026	744.761	711.165	744.009	630.210
Bond (issued 2016)	2027	594.367	567.942	593.631	505.368
Bond (issued 2017)	2029	659.066	658.798	655.407	568.687
	<i>listed fixed rate</i>	7.526.401	7.593.730	8.092.981	7.757.600
Bond issues		7.526.401	7.593.730	8.092.981	7.757.600
European Investment Bank (EIB)	from 2019 to 2036	1.382.797	1.539.488	1.484.686	1.522.820
	<i>fixed rate</i>	1.382.797	1.539.488	1.484.686	1.522.820
Cassa Depositi e Prestiti	from 2019 to 2034	731.689	741.978	747.158	701.438
	<i>floating rate</i>	731.689	741.978	747.158	701.438
Bank borrowings (A)		2.114.486	2.281.466	2.231.844	2.224.258
ANAS		185.798	185.798	213.428	213.428
Other borrowings (B)		185.798	185.798	213.428	213.428
Lease liabilities		9.890	9.890	-	-
Lease liabilities (C)		9.890	9.890	-	-
Medium/long-term borrowings (A+B+C)		2.310.174	2.477.154	2.445.272	2.437.686
Derivative liabilities		490.925	490.925	435.763	435.763
Accrued expenses on medium/long-term financial liabilities		190.693	190.693	206.123	206.123
Other medium/long-term financial liabilities		190.693	190.693	206.123	206.123
Medium/long-term financial liabilities		10.518.193	10.752.502	11.180.139	10.837.172

(1) The value of medium/long-term financial liabilities shown in the table includes 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.

Details of the criteria used to determine the fair values shown in the table are provided in note 3, "Accounting standards and policies applied";

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

Currency	31 December 2019				31 December 2018	
	Face value (€000)	Carrying amount (€000)	Average interest rate applied to 31 December 2019 ⁽¹⁾	Effective interest rate as at 31 December 2019	Face value (€000)	Carrying amount (€000)
Euro (EUR)	9.097.849	8.984.722	3,27%	3,34%	9.830.472	9.696.300
Sterling (GBP)	750.000	643.684	5,99%	2,20%	750.000	637.230
Yen (JPY)	149.176	208.169	5,30%	3,39%	149.176	204.723
Total	9.997.025	9.836.575	3,51%		10.729.648	10.538.253

(1) This amount includes the effect of interest rate and currency hedges as at 31 December 2019.

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 2018 ⁽¹⁾	New borrowings	Repayments	Impact of first-time adoption of IFRS 16	Exchange rate differences and other changes	Change in exposure to ANAS	Carrying amount as at 31 December 2019 ⁽¹⁾
Bond issues	8.092.981	-	-593.334	-	26.754	-	7.526.401
Loans from parents	-	-	-	-	-	-	-
Bank borrowings	2.231.844	-	-125.144	-	7.786	-	2.114.486
Other borrowings ⁽²⁾	213.428	-	-	-	-	-27.630	185.798
Lease liabilities	-	3.994	-2.840	8.286	450	-	9.890
Medium/long-term borrowings	2.445.272	3.994	-127.984	8.286	8.236	-27.630	2.310.174
Total	10.538.253	3.994	-721.318	8.286	34.990	-27.630	9.836.575

(1) The value of medium/long-term financial liabilities shown in the table includes both the non-current and current portions.

(2) The reduction of €27,630 thousand in amounts due to ANAS regards the Grantor's specific approval for the release of grants in line with the matching financial assets deriving from government grants accrued in relation to the stage of completion of the related works, as described in note 4 to the table in point a).

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 Company, is contained in note 8.2, "Financial risk management".

BOND ISSUES

(non-current) - €7,024,847 thousand (€7,499,827 thousand)

(current) - €501,554 thousand (€593,154 thousand)

This item includes the following:

- a) issues in 2015, 2016 and 2017, totalling €2,975,485 thousand (€2,969,559 thousand as at 31 December 2018), issued to institutional investors as part of the Company's Euro Medium Term Note Programme launched in October 2014 and authorised for an amount of up to €7 billion;
- b) bonds issued to retail investors in 2015, totalling €741,790 thousand, and maturing in 2023 (€739,511 thousand as at 31 December 2018);
- c) bonds recognised following the "issuer substitution" carried out in December 2016, totalling €3,809,126 thousand (€4,383,911 thousand as at 31 December 2018).

The reduction of €566,580 thousand, compared with 31 December 2018, essentially reflects repayment, in February 2019, of bonds with a par value of €593,334 thousand, guaranteed by Atlantia and paying coupon interest of 4.5%.

Limited to the private placement in Japanese yen (amounting to 20,000,000 thousand yen, equal to €164,015 thousand as at 31 December 2019), 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):

- I. interest coverage ratio;
- II. ratio of consolidated operating cash flow to total net debt at the end of each financial year;
- III. Autostrade per l'Italia's net worth.

Breach of the covenants would constitute a default event.

The Company was in compliance with all the above covenants as at 31 December 2019.

MEDIUM/LONG-TERM BORROWING

(non-current) - €2,142,886 thousand (€2,299,171 thousand)

(current) - €167,288 thousand (€146,101 thousand)

The balance of this item, including both current and non-current portions as 31 December 2019, primarily consists of bank borrowings.

The balance for 2019 is down €135,098 thousand compared with 31 December 2018, essentially due to repayments of bank borrowings, totalling €125,144 thousand.

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. As at 31 December 2019, the Company is in compliance with these covenants.

In December 2019, the Company 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 31 December 2019, amounting to approximately €2.1 billion, including approximately €1.7 billion guaranteed by Atlantia).

At the date of preparation of this Annual Report, neither the EIB or CDP have requested the enforcement of any contractual rights and/or remedies, nor have they requested any early repayment.

With regard to the rating agencies' expressed reason for the downgrade (i.e. approval of art. 35 of the Milleproroghe Decree), the fact that art. 35 is in violation of both EU and constitutional law, as already ruled on by the courts at the Company's request, and the many legal opinions on this matter, the Company believes that it will be able to continue its dialogue with the financial institutions in order to find an agreed solution.

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):

- I. Interest coverage ratio;
- II. 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.

The Company is in compliance with these covenants as at 31 December 2019.

DERIVATIVE LIABILITIES

(non-current) - €490,925 thousand (€435,763 thousand)

(current) - €- (-)

As at 31 December 2019, this item regards hedging and non-hedging derivatives, entered into with a number of banks to hedge the exposure to interest rate and currency risks of certain medium/long-term financial liabilities, including highly likely future financial liabilities to be assumed through to 2021.

The overall increase in this item compared with 31 December 2018, amounting to €55,162 thousand, is linked to a combination of the following:

a) an increase of €100,572 thousand in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps present as at 31 December 2019, essentially reflecting lower interest rates as at 31 December 2019 compared with 31 December 2018;

b) a €45,410 thousand reduction in fair value losses on the Cross Currency Swaps linked to foreign currency bonds (pounds sterling and Japanese yen, resulting from the change in fair value (€11,589 thousand, reflecting the combined effect of movements in rates in the currencies and in euros), following the issuer substitution, recognised in financial income and the foreign exchange gains (€33,821 thousand) linked primarily to the rise in the value of sterling against the euro.

Fair value losses on Forward-Starting Interest Rate Swaps as at 31 December 2019 amount to €173,558 thousand. These swaps have a total notional value of €2,350 million, a weighted average duration of 6 years and ten months and a weighted average fixed rate of approximately 1.125%. Their purpose is hedge likely future financial liabilities to be entered into by the Company through to 2021 in order meet its funding requirements.

As at 31 December 2019, due to the regulatory uncertainty described in note 2, "Basis of preparation", the accounting treatment of the entire derivatives portfolio was reviewed, as described in note 8.2, "Financial risk management". Following this review, certain Forward-Starting Interest Rate Swaps, with a fair value of €67,426 thousand, have been reclassified in full to profit or loss, as they no longer meet the requirement of IFRS 9 with regard to: (i) the existence of an economic relationship between the hedged item and the hedging instrument, and (ii) the expected effectiveness of the hedging relationship.

Further details are provided in note 8.2, "Financial risk management".

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - - (-)

(current) - €190,693 thousand (€206,123 thousand)

The balance of this item as at 31 December 2019 consists primarily of accrued interest payable on the following:

a) bond issues (€127,047 thousand);

b) loans obtained from banks (€18,554 thousand);

c) differentials on outstanding derivatives (€44,446 thousand).

SHORT-TERM FINANCIAL LIABILITIES

€179,858 thousand (€49,127 thousand)

The composition of short-term financial liabilities is shown below.

€ 000	31 December 2019	31 December 2018
Bank overdrafts repayable on demand	1	-
Intercompany current account payables due from related parties	84.853	49.127
Other current financial liabilities	95.004	-
Short-term financial liabilities	179.858	49.127

The increase in short-term financial liabilities of €130,731 thousand compared with 31 December 2018, primarily reflects cash deposits made by Società Italiana per azioni per il Traforo del Monte Bianco (€50,000 thousand) and Raccordo Autostradale Valle d'Aosta SpA (€45,000 thousand).

More detailed information on financial risks and the manner in which they are managed, in addition to outstanding derivative financial instruments, is contained in note 8.2, "Financial risk management".

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

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

€ 000	Note	31 December 2019	of which related party transactions	31 December 2018	of which related party transactions
Cash		-715.493		-839.632	
Cash equivalents and intercompany current account receivables due from related parties		-663.042	-662.914	-654.831	-654.710
Cash and cash equivalents (A)	6.7	-1.378.535		-1.494.463	
Current financial assets (B)	6.4	-82.411	-10.117	-74.275	-9.670
Bank overdrafts repayable on demand		1		-	
Current portion of medium/long-term financial liabilities		859.535		945.378	
Other borrowings		179.857	84.853	49.127	49.127
Current financial liabilities (C)		1.039.393		994.505	
Current net debt (D=A+B+C)		-421.553		-574.233	
Bond issues		7.024.847		7.499.827	
Medium/long-term borrowings		2.142.886		2.299.171	
Other non-current borrowings		490.925		435.763	
Non-current financial liabilities (E)		9.658.658		10.234.761	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)		9.237.105		9.660.528	
Non-current financial assets (G)	6.4	-576.792	-235.536	-634.241	231.112
Net debt (H=F+G)		8.660.313		9.026.287	

6.15

Net deferred tax liabilities - €133,418 thousand (€579,878 thousand)

The following tables show deferred tax liabilities, after offsetting against deferred tax assets.

€ 000	31 December 2019	31 December 2018
Deferred tax liabilities (IRES)	1.411.938	1.335.260
Deferred tax liabilities (IRAP)	227.518	192.419
Deferred tax liabilities	1.639.456	1.527.679
Deferred tax assets eligible for offset (IRES)	1.308.118	824.448
Deferred tax assets eligible for offset (IRAP)	197.920	123.353
Deferred tax assets eligible for offset	1.506.038	947.801
Net deferred tax liabilities	133.418	579.878

The nature of the temporary differences giving rise to deferred taxation and changes during the period are summarised in the following table.

€ 000	31 December 2018	CHANGES DURING THE YEAR					31 December 2019
		Provisions	Releases	Provisions (releases) in other comprehensive income	Change in prior year estimates and other changes	Reclassifications	
Off-balance sheet amortisation of goodwill	1.514.562	100.075	-	-	19.390	-	1.634.027
Financial instruments on first-time adoption of IFRS 9	7.361	-	-	-	-	-7.361	-
Derivative assets	3.434	-	-	-754	-	-	2.680
Actuarial valuation of provisions for employee benefits through profit or loss	2.301	427	-	-	-	-	2.728
Other temporary differences	21	-	-	-	-	-	21
Deferred tax liabilities	1.527.679	100.502	-	-754	19.390	-7.361	1.639.456
Restatement of total amount subject to IFRIC 12	382.167	448	-20.215	-	10.123	-	372.523
Provisions	513.649	722.625	-190.284	-	22.385	-	1,068,375
Derivative liabilities	43.065	-	-	9.396	-	-	52.461
Actuarial gains and losses on provisions for employee benefits	3.618	-	-	782	-	-	4.400
Impairment of receivables and inventories	1.995	2.955	-900	-	387	-	4,437
Other temporary differences	3.307	777	-775	-	533	-	3,842
Deferred tax assets eligible for offset	947.801	726.805	-212.174	10.178	33.428	-	1,506,038
Net deferred tax liabilities	579.878	-626.303	212.174	-10.932	-14.038	-7.361	133.418

As shown above, the balance as at 31 December 2019 substantially includes the following:

- a) deferred tax liabilities, recognised since 2003, relating to the deduction, solely for tax purposes, of goodwill amortisation;
- b) the residual balance of deferred tax assets deriving from the restatement over 29 years, from 2010, of the total amount determined on first-time application of IFRIC 12, in accordance with art. 11, paragraph 3 of the Ministerial Decree of 8 June 2011 on the harmonisation of tax rules and international financial reporting standards;
- c) the undeducted portion of provisions, primarily for the repair and replacement of motorway infrastructure and provisions determined on the basis of the estimated additional costs to be incurred in relation to the discussions with the Government and the MIT aimed at resolving the ongoing dispute.

The balance of this item is down €446,460 thousand compared with 31 December 2018, primarily as a result of:

- a) provisions (€479,535 thousand) for deferred tax assets following the above provisions for the undertaking given to the MIT, described in greater detail in note 9.5, "Significant legal and regulatory aspects";
- b) the net provision (€52,806 thousand) for deferred tax assets on the undeducted portion of provisions, excluding the amount referred to in point a), primarily for the repair and replacement of motorway infrastructure;
- c) net provision for deferred tax assets (€10,150 thousand) relating to the adjustment of fair value losses on cash flow hedges as at 31 December 2019;
- d) the provision of deferred taxes on the above deduction, for tax purposes, of goodwill amortisation (€100,075 thousand);
- e) the net release of the accrued portion (€19,767 thousand) of deferred tax assets on the total amount deriving from application of IFRIC 12.

Finally, the adjustment to deferred tax assets for IRES is linked to the reversal of temporary differences from previous years to be carried out in 2020 and 2021, totalling €19,586 thousand, in response to the introduction of an 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).

6.16

Other non-current liabilities - €28,592 thousand (€27,373 thousand)

This item consists of payables and other non-current liabilities that are neither trading nor financial in nature. The composition of this item as at 31 December 2019 is shown below.

€ 000	31 December 2019	31 December 2018
Accrued expenses of a non-trading nature	24.615	23.946
Amounts payable to staff	3.977	3.427
Other non-current liabilities	28.592	27.373

6.17

Trading liabilities - €1,336,420 thousand (€1,294,310 thousand)

Trading liabilities primarily consist of the following.

€ 000	31 December 2019	31 December 2018
Payable to operators of interconnecting motorways	684.173	722.042
Amounts payable to suppliers	575.706	492.304
Tolls in the process of settlement	76.450	79.887
Other trading liabilities	91	77
Trading liabilities	1.336.420	1.294.310

The increase in trading liabilities amounts to €42,110 thousand. This is primarily due to an increase in amounts payable to suppliers, reflecting the volume of maintenance carried out in the final quarters of the comparative periods, partially offset by a reduction in amounts payable to the operators of interconnecting motorways.

6.18

Other current liabilities - €205,329 thousand (€212,166 thousand)

This item consists of payables and other current liabilities that are neither trading nor financial in nature. An analysis of the balance as at 31 December 2019 is shown below.

€ 000	31 December 2019	31 December 2018
Concession fees payable	82.406	81.263
Amounts payable to staff	40.184	25.886
Social security contributions payable	20.495	16.866
Taxation other than income taxes	15.713	8.840
Amounts payable for expropriations	1.460	5.978
Guarantee deposits by road users who pay by direct debit	1.760	1.745
Other payables	43.311	71.588
Other current liabilities	205.329	212.166

This item consists of payables and other current liabilities that are neither trading nor financial in nature. An analysis of the balance as at 31 December 2019 is shown below.

- a) a reduction in other payables, essentially following payment of amounts due to S.A.T.A.P. SpA and Intesa San Paolo SpA as a result of the acquisition of shares in Tangenziali Esterne di Milano (€27,714 thousand);
- b) an increase in amounts payable to staff, amounting to €14,928 thousand;
- c) an increase of €6,365 thousand in VAT payable.

7

NOTES TO THE 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 2018 shown in brackets.

Details of amounts in the income statement deriving from related party transactions are provided in note 9.3, “Related party transactions”.

7.1

Toll revenue - €3,403,979 thousand (€3,369,843 thousand)

Toll revenue is up €34,136 thousand on 2018. This essentially reflects a 0.7% increase in traffic, (+1.1% including the positive impact of the traffic mix).

The decision to exempt road users in the Genoa area from the payment of tolls resulted in an estimated reduction in toll revenue of approximately €19 million (€7 million in 2018).

Further information is provided in the sub-sections, “Traffic” and “Toll increases”, in section 2.5, “Group operating review”, in the report on operations accompanying these separate financial statements.

Toll revenue includes the surcharge payable to ANAS, totalling €366,650 thousand (€362,528 thousand in 2018), and accounted for under concession fees in operating costs. Further details are provided in note 7.7, “Other operating costs”.

As required by the CIPE Resolution of 20 December 1996, tables containing monthly traffic figures for the various motorway sections operated under concession have been annexed to these notes.

7.2

Revenue from construction services - €140,263 thousand (€154,167 thousand)

An analysis of this revenue is shown below.

€ 000	2019	2018	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	136.545	147.513	-10.968
Revenue from construction services provided by sub-operators	3.718	6.654	-2.936
Revenue from construction services	140.263	154.167	-13.904

Revenue from construction services essentially consist of services for which additional economic benefits are received. It represents the fair value of the consideration for construction and upgrade services rendered during the year, determined on the basis of the operating costs and financial expenses incurred (the latter solely in the case of investment in assets held under concession), determined according to the criteria described in note 3, "Accounting standards and policies applied".

Revenue from construction services is down compared with 2018. This is essentially due to a reduction in construction services for which additional benefits are received, totalling €10,968 thousand, primarily linked to work on the Genoa Bypass (Gronda di Genova) project. Further details are provided in section 2.5, "Group operating review", in the sub-section, "Capital expenditure", in the Report on Operations accompanying these separate financial statements.

In 2019, the Company carried out additional construction services for which no additional benefits are received, amounting to €369,425 thousand, net of related government grants, for which the Company made use of a portion of the specifically allocated "Provisions for construction services required by contract". Uses of these provisions are classified as a reduction in operating costs for the period, as explained in note 7.9, "Use of provisions for construction services required by contract".

Details of total investment in assets held under concession during the year are provided in note 6.2, "Intangible assets".

7.3

Other operating income - €312,204 thousand (€285,325 thousand)

An analysis of other operating income is provided below.

€ 000	2019	2018	Increase/ (Decrease)
Revenue from sub-concessions	169.308	175.555	-6.247
Damages and compensation	52.654	17.844	34.810
Refunds	20.745	20.574	171
Service revenue	15.369	17.670	-2.301
Maintenance revenue	14.304	14.174	130
Other revenue from motorway operations	12.803	15.878	-3.075
Advertising revenue	4.770	4.407	363
Revenue from the sale of technology devices and services	397	335	62
Other income	21.854	18.888	2.966
Other operating income	312.204	285.325	26.879

Other operating income is up €26,879 thousand compared with 2018, mainly due to the final agreement reached with the insurance company regarding quantification of the amount payable to the Parent Company under third-party liability insurance policies for the Polcevera road bridge (€37,500 thousand).

The breakdown of "Total revenue", based on satisfaction of the related performance obligations, is provided below in accordance with IFRS 15.

€ 000	2019			2018				
	IFRS 15		Outside scope of IFRS 15	IFRS 15		Outside scope of IFRS 15	Total revenue	
	At a point in time	Over time		At a point in time	Over time			
Net toll revenue	3.403.979	-	-	3.403.979	3.369.843	-	-	3.369.843
Revenue from construction services	-	140.263	-	140.263	-	154.167	-	154.167
Other operating revenue	54.798	-	257.406	312.204	56.623	-	228.702	285.325
TOTAL	3.458.777	140.263	257.406	3.856.446	3.426.466	154.167	228.702	3.809.335

Revenue outside the scope of IFRS 15 essentially regards revenue from the sub-concession of space at service areas, rebates and damages and compensation received.

7.4

Raw and consumable materials - -€192,127 thousand (-€105,719 thousand)

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

€ 000	2019	2018	Variazione
Electrical and electronic materials	-16.157	-19.669	3.512
Lubricants and fuel	-10.296	-10.170	-126
Construction materials	-8.471	-9.012	541
Other raw and consumable materials	-162.786	-68.794	-93.992
Cost of materials	-197.710	-107.645	-90.065
Change in inventories of raw, ancillary and consumable materials and goods for resale	5.436	1.412	4.024
Capitalised cost of raw materials	147	514	-367
Raw and consumable materials	-192.127	-105.719	-86.408

This item has increased by €86,408 thousand and includes the costs incurred in purchasing other materials and changes in inventories of raw and consumable materials. The increase is due mainly 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. These costs, totalling €114,913 thousand, are covered in full by use of the provisions for the repair and replacement of motorway infrastructure in order to rebuild the Polcevera road bridge, already made as at 31 December 2018 following receipt of the Commissioner's letter of 21 December 2018 in implementation of the above decree. Use of the provisions is recognised in the item, "Operating change in provisions".

7.5

Service costs - -€1,025,138 thousand (-€773,750 thousand)

This item includes construction, insurance, transport and professional services primarily relating to the maintenance and upgrade of motorways. An analysis of the balance is shown below.

€ 000	2019	2018	Increase/ (Decrease)
Construction and similar	-734.067	-487.002	-247.065
Professional services	-154.157	-165.610	11.453
Utilities	-35.362	-31.179	-4.183
Transport and similar	-22.493	-21.653	-840
Insurance	-18.441	-11.070	-7.371
Advertising	-7.529	-4.453	-3.076
Statutory Auditors' fees	-266	-254	-12
Other services	-52.823	-52.529	-294
Service costs	-1.025.138	-773.750	-251.388

The increase in service costs compared with 2018, amounting to €251,388 thousand, essentially reflects an increase in construction services broadly relating to the greater volume of motorway maintenance carried out. The item, "Construction and similar" includes the costs relating to the progress of work on demolition and reconstruction of the Polcevera road bridge (€88,624 thousand). These charges are covered in full by use of the provisions for the repair and replacement of motorway infrastructure made as at 31 December 2018 in order to rebuild the Polcevera road bridge. The provisions were made on the basis of the Commissioner's letter of 21 December 2018 in implementation of art. 1, paragraphs 5 and 6 of the above decree, and recognised in the item, "Operating change in provisions".

7.6

Staff costs - -€414,309 thousand (-€400,996 thousand)

Staff costs break down as follows.

€ 000	2019	2018	Increase/ (Decrease)
Wages and salaries	-288.496	-284.538	-3.958
Social security contributions	-86.749	-85.390	-1.359
Payments to supplementary pension funds, INPS and for postemployment benefits	-16.936	-17.176	240
Cost of share-based incentive plans	-6.488	-401	-6.087
Directors' remuneration	-269	-2.769	2.500
Recovery of cost of seconded staff	6.807	7.042	-235
Other staff costs	-23.509	-18.772	-4.737
Capitalised staff costs	1.331	1.008	323
Staff costs	-414.309	-400.996	-13.313

Staff costs are up €13,313 thousand compared with 2018, essentially due to an increase in the fair value of share-based incentive plans and in early retirement incentives.

Workforce	2019	2018	Increase/ (Decrease)
Senior managers	86	86	-
Middle managers	283	289	-6
Administrative staff	1.963	1.952	11
Toll collectors	1.839	1.907	-68
Other operating personnel	951	981	-30
Average workforce	5.122	5.215	-93

Information on equity-settled and cash-settled share-based incentive plans for certain of the Company's Directors and employees is provided in note 9.4, "Disclosures regarding sharebased payments".

7.7

Other operating costs - -€521,804 thousand (-€554,690)

An analysis of other operating costs is shown below.

€ 000	2019	2018	Increase/ (Decrease)
Concession fees	-449.818	-445.320	-4.498
Lease expense	-3.795	-7.331	3.536
Compensation for damages and penalties	-28.471	-41.029	12.558
Grants and donations	-23.785	-44.136	20.351
Direct and indirect taxes	-10.143	-8.930	-1.213
Other	-5.793	-7.944	2.151
Other costs	-68.192	-102.039	33.847
Other operating costs	-521.805	-554.690	32.885

Other operating costs are down on the previous year due to:

- a) payments of damages and penalties (€12,558 thousand) primarily relating to:
- 1) compensation (€21,637 thousand) paid in 2018 to victims' families and firms and businesses directly affected by the collapse of a section of the Polcevera road bridge on 14 August 2018;
 - 2) amounts paid to cover additional costs settled in 2018 in relation to work on construction of the new Riveglio junction as part of the work on the Variante di Valico (€10,454 thousand);
 - 3) compensation paid in 2019 (€21,801 thousand) to cover the loss of equipment, machinery and materials, or for their transfer to another location. These expenses were covered in full by the use of provisions for the repair and replacement of motorway infrastructure made in relation to reconstruction of the Polcevera road bridge as at 31 December 2018. These provisions were made on the basis of the Commissioner's letter of 21 December 2018 in implementation of art. 4-bis of the previously mentioned decree, and recognised in the item, "Operating change in provisions".
- b) a reduction in grants and donations (€20,351 thousand), primarily due to:
- 1) disbursements of €10,350 thousand made to people, firms and businesses indirectly affected by the collapse of a section of the Polcevera road bridge on 14 August 2018;
 - 2) grants given to the City of Bologna in 2018 to cover environmental engineering work linked to construction of roads serving Nuova Bazzanese (€10,350 thousand).

The item, "Concession fees" includes the surcharge payable to the Grantor and referred to in the above description of traffic growth. Law 102, as amended, eliminated the toll surcharge pursuant to Law 296/2006, while increasing concession fees computed on the distance travelled by each vehicle on a motorway in the amount of 6 thousandths of a euro per kilometre for toll classes A and B and 18 thousandths of a euro per kilometre for classes 3, 4 and 5. The fees payable to the Grantor are recouped through a matching increase in the tolls charged to road users, thereby not having an impact on the Company's results.

7.8

Operating change in provision - -€1,504,982 thousand (-€483,114 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 the Company during the period in order to meet the legal and contractual obligations that it is presumed will require the use of financial resources in future years.

The balance of this item in 2019 essentially reflects:

- a) provisions for risks and charges of €1,519,836 thousand, previously described in note 6.13, "Provisions";
- b) the positive change in provisions (€14,854 thousand) for the repair and replacement work carried out during the year, after operating provisions. After stripping out the provisions (€225,338 thousand) linked to demolition and reconstruction of the Polcevera road bridge, previously described in note 5.2, "Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa", the negative change totals €210,484 thousand. This mainly reflects a revised estimate of the cost of the repairs to the motorway network under Autostrade per l'Italia's new strategic plan, as described in section 1 of the report on operations, and the impact of the reduction in discount rates used as at 31 December 2019, compared with 31 December 2018.

In contrast, in 2018, the operating change was essentially due to provisions (€397,399 thousand) for the demolition and reconstruction of the Polcevera road bridge.

7.9

Use of provisions for construction services required by contract - €369,425 thousand (€360,510 thousand)

This item regards the use of provisions for construction services required by contract, relating to services for which no additional economic benefits are received rendered in 2019, less accrued government grants (recognised in revenue from construction services, as explained in note 7.2, "Revenue from construction services"). The item represents the indirect adjustment to construction costs classified by nature in the cost of materials and external services and staff costs.

The increase of €8,914 thousand compared with 2018, is broadly linked to an increase in "Other capital expenditure". Further details are provided in section 2.5, "Group operating review", in the sub-section, "Capital expenditure", in the report on operations accompanying these financial statements.

Further information on construction services in 2018 is provided in note 6.2, "Intangible assets", and note 7.2, "Revenue from construction services".

7.10

Amortisation and depreciation - -€586,578 thousand (-€571,365 thousand)

The increase of €15,213 thousand compared with 2018 essentially reflects an increase in amortisation of:

- a) concession rights deriving from construction services for which additional economic benefits are received, totalling €6,624 thousand;
- b) concession rights deriving from construction service for which no additional benefits are received, totalling €6,390 thousand.

7.11

(Impairment losses)/and reversals of impairment losses on current and noncurrent assets - -€6,640 thousand (-€1,467 thousand)

The balance primarily reflects the impairment of trade receivables, amounts due from insurance companies and unpaid tolls relating to previous years, reflecting the risk of partial non-collection.

7.12

Financial income/(expenses) - -€421,131 thousand (-€396,880 thousand) Financial income - €125,651 thousand (€151,248 thousand) Financial expenses - -€546,774 thousand (-€548,252 thousand) Foreign exchange gains/(losses) - -€8 thousand (€124 thousand)

An analysis of financial income and expenses is shown below.

€ 000	2019	2018	Increase/ (Decrease)
Dividends received from investees	22.278	39.852	-17.574
Reversal of impairment losses on financial assets and investments	-	999	-999
Income from derivative financial instruments	57.580	62.442	-4.862
Income from measurement of financial instruments at amortised cost	25.116	24.609	507
Interest income	15.925	17.210	-1.285
Financial income accounted for as an increase in financial assets	952	952	-
Gains on disposal of investments	-	1	-1
Other	3.800	5.183	-1.383
Other financial income	103.373	110.397	-7.024
FINANCIAL INCOME (A)	125.651	151.248	-25.597
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-28.910	-29.386	476
Interest expense	-307.268	-368.396	61.128
Losses on derivative financial instruments	-167.787	-104.700	-63.087
Expenses from measurement of financial instruments at amortised cost	-19.929	-24.444	4.515
Interest expense accounted for as an increase in financial liabilities	-3.596	-3.417	-179
Other	-17.280	-17.909	629
Other financial expenses	-515.860	-518.866	3.006
Impairment losses on financial assets and investments	-2.004	-	-2.004
TOTAL FINANCIAL EXPENSES (B)	-546.774	-548.252	1.478
Foreign exchange gains/(losses) (c)	-8	124	-132
Financial income/(expenses) (a+b+c)	-421.131	-396.880	-24.251

"Dividends received from investees" are down €17,574 thousand, primarily due to reduced dividends declared by the subsidiary, Autostrade Tech (€3,483 thousand in 2019 and €22,411 thousand in 2018).

"Reversals of impairment losses on financial assets and investments", totalling €999 thousand in 2018, reflected the reversal of the impairment loss on the carrying amount of the investment in Bologna & Fiera Parking.

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” are computed on the basis of the value of the provisions and the discount rates used at 31 December of the year prior to the reporting period, with the change primarily due to the lower interest rates applied as at 31 December 2018, compared with the end of 2017.

In 2019, “Impairment losses on financial assets and investments” reflects the impairment loss on the carrying amount of the investment in Pavimental (€2,004 thousand).

Net other financial expenses of €412,495 thousand are up €4,150 thousand compared with the previous year (€408,345 thousand). This is essentially due to a combination of the following:

- a) the recognition of financial expenses of €60,312 thousand in 2019, linked to reclassification of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve, already recognised as at 31 December 2018, to profit or loss, given that these derivatives no longer meet the requirement of IFRS 9 with regard to the existence of an economic relationship between the hedged item and the hedging instrument and the expected effectiveness of the hedging relationships, essentially as a result of regulatory uncertainty described in note 2, “Basis of preparation” (€43,770 thousand) and fair value losses on the swaps for 2019 (€16,542 thousand); the fact that these derivatives no longer meet the requirements of IFRS 9 is directly linked to the regulatory uncertainty described in note 9.5, “Significant legal and regulatory aspects”;
- b) interest expense and expenses resulting from the measurement of financial instruments at amortised cost in 2018 (€39,617 thousand), linked to the intercompany loan from Atlantia, which was repaid in 2018 (a face value of €1,000,000 thousand);
- c) a reduction in interest expense and expenses on the measurement of financial instruments at amortised cost in 2019 (€25,265 thousand), linked to the bonds redeemed in February 2019 (a par value of €593,334 thousand).

7.13

Income tax (expense)/benefit - €155,329 thousand (-€264,050 thousand)

An analysis of income tax expense is shown below.

€ 000	2019	2018	Increase/ (D decrease)
IRES	-228.227	-222.898	-5.329
IRAP	-44.748	-59.614	14.866
Current tax expense	-272.975	-282.512	9.537
Differences on current tax expense for previous years	137	6.576	-6.439
Provisions	726.805	218.648	508.157
Releases	-212.174	-106.929	-105.245
Changes in prior year estimates	33.428	-1.179	34.607
Deferred tax income	548.059	110.540	437.519
Provisions	-100.502	-99.354	-1.148
Releases	-	700	-700
Changes in prior year estimates	-19.390	-	-19.390
Deferred tax expense	-119.892	-98.654	-21.238
Deferred tax income and expense	428.167	11.886	416.281
Income tax (expense)/benefit	155.329	-264.050	419.379

With regard to the increase in net deferred tax income (€416,281 thousand) shown in the table, it should be noted that by stripping out:

- a) in 2019, the provisions linked to the undertaking given to the MIT (€479,535 thousand) and the adjustment (€19,586 thousand) to provisions relating to taxable income that will be taxable in the two-year period 2020-2021, deriving from introduction of 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);
- b) in 2018, the recognition of deferred tax assets of €128,890 thousand on the provisions made in relation to the collapse of a section of the Polcevera road bridge; the balance is €46,050 thousand, primarily reflecting the increased provisions linked to undeducted provisions for the repair and replacement of motorway infrastructure in the two comparative periods.

In relation to the decrease in current tax expense, amounting to €9,537 thousand, it should be noted that IRES for 2019 is influenced by the €29,048 thousand resulting from the above introduction of the IRES surtax of 3.5%. After stripping out this item, the improvement

amounts to €38,585 thousand, reflecting the reduction in taxable income liable to IRES and IRAP.

The following table shows a reconciliation of the statutory rate of IRES with the effective charge in the two comparative periods.

€ 000	2019			2018		
	Taxable income	Tax expense		Taxable income	Tax expense	
		Tax	Tax rate		Tax	Tax rate
Profit/(Loss) before tax from continuing operations	-446.662			882.462		
IRES tax expense computed using statutory rate		-122.832	27,50%		211.791	24,00%
Temporary differences deductible in future years	2.404.429	661.218	-148,04%	773.326	185.598	21,03%
Provisions for the repair and replacement of motorway infrastructure	872.132	239.836		712.596	171.023	
Other differences	1.532.297	421.382		60.730	14.575	
Temporary differences taxable in future years	-350.044	-96.262	21,55%	-354.509	-85.082	-9,64%
Off-balance sheet deduction of goodwill	-351.520	-96.668		-351.521	-84.365	
Actuarial valuation of provisions for post-employment benefits through profit or loss	1.476	406		-2.920	-701	
Other differences	-	-		-68	-16	
Net reversal of prior year temporary differences	-748.538	-205.848	46,09%	-369.709	-88.729	-10,05%
Release of provisions for the repair and replacement of motorway infrastructure	-616.561	-169.554		-295.096	-70.823	
Restatement of overall balance due to application of IFRIC12	-67.651	-18.604		-67.651	-16.236	
Other differences	-64.326	-17.690		-6.962	-1.670	
Permanent differences:	-29.269	-8.049	1,80%	-2.833	-680	-0,08%
Non-taxable dividends	-21.164	-5.820		-37.859	-9.086	
Tax-exempt (reversals of impairment losses)/impairment losses on investments	2.004	551		-999	-240	
Other differences	-10.109	-2.780		36.025	8.646	
Income assessable to IRES	829.916			928.737		
IRES for the year		228.227	-51,10%		222.898	25,26%
IRAP for the year		44.748	-10,02%		59.614	6,76%
Current income tax expense		272.975	-61,11%		282.512	32,01%

7.14

Earnings/(Loss) per share

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

	2019	2018
Weighted average of shares outstanding	622,027,000	622,027,000
Profit/(Loss) for the period (€000)	-291.333	618.412
Earnings/(Loss) per share (€)	-0,47	0,99
Profit/(Loss) from continuing operations (€000)	-291.333	618.412
Earnings/(Loss) per share from continuing operations (€)	-0,47	0,99
Profit/(Loss) from discontinued operations (€000)	-	-
Basic earnings/(loss) per share from discontinued operations (€)	-	-

OTHER FINANCIAL INFORMATION

8.1

Notes to the statement of cash flows

Cash flows during 2019 resulted in a reduction of €151,655 thousand in cash and cash equivalents, compared with the decrease of €1,124,400 thousand recorded in 2018.

Cash flows from operating activities amount to €1,298,190 thousand, a reduction of €230,320 thousand compared with the figure for 2018 (€1,528,510 thousand), primarily reflecting the use of a portion of the provisions made as at 31 December 2018 in relation to the collapse of a section of the Polcevera road bridge (€276,318 thousand).

Cash used in investing activities amounts to €494,047 thousand and is broadly in line with 2018 (€491,071 thousand). The change is primarily linked to a combination of the following:

- a) a net increase in loans to the subsidiary, Autostrada Tirrenica (€25,000 thousand);
- b) proceeds from disposals of property, plant and equipment, intangible assets and investments in 2018 (€14,610 thousand), essentially due to the return of capital (€7,262 thousand) following the liquidations of Ecomouv SAS and Società Infrastrutture Toscane SpA, and the proceeds from the sale (€6,200 thousand) of the controlling interest in Infoblu to Telepass as part of the Atlantia Group's reorganisation;
- c) the acquisition in 2018 (€27,714 thousand) of interests in Tangenziali Esterne di Milano SpA;
- d) the increase of €6,996 thousand in (€27,630 thousand in 2019 and €20,634 thousand in 2018) in the amount of financial assets collected in the form of grants for construction services, following the Grantor's specific approval of the effective start-up of work and the stage of completion of work on the A1 Milan-Naples.

Cash used in investing activities amounts to €955,798 thousand (€2,161,839 thousand in 2018). The reduction of €1,206,041 thousand primarily reflects:

- a) the return, in 2018, of cash deposited by the parent, Atlantia (€500,000 thousand);
- b) increased repayments of bond issues and bank borrowings and loans from the parent, Atlantia, in 2018 compared with 2019 (€403,979 thousand);
- c) reduced dividends paid to shareholders (€206,513 thousand);

d) cash deposits from Società Italiana per azioni per il Traforo del Monte Bianco (€50,000 thousand) and Raccordo Autostradale Valle d'Aosta SpA (€45,000 thousand) in 2019.

8.2

Financial risk management

Financial risk management objectives and policies

In the normal course of its business and finances, the Company is exposed to:

- a) market risk, principally with respect to the effect of movements in interest and foreign exchange rates on financial liabilities assumed and financial assets acquired;
- b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund 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 Company's financial risk management strategy is derived from and consistent with the business goals set by Atlantia's Board of Directors that are contained in the various long-term business plans approved annually by the Board, and taking into account Atlantia's role in the management and coordination of Autostrade per l'Italia.

Market risk

The objective of market risk strategy is to minimise interest rate risk and borrowing costs, as defined in the Financial Policy 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, identifying the best combination of fixed and floating rates;
- b) to pursue a potential reduction of the Company'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 31 December 2019, the Company's holdings of derivatives, described below, do not qualify for the application of hedge accounting, in accordance with IFRS 9.

Details of the criteria used to determine the fair value of derivative financial instruments are provided in note 3, "Accounting standards and policies applied".

The residual average term to maturity of the Company's debt as at 31 December 2019 is approximately five years and seven months. The average cost of medium to long-term debt for 2019 was 3.5%. Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

Interest rate 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 Company has entered into interest rate swaps (IRSs), which were reclassified as no longer qualifying for hedge accounting.
- 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 31 December 2019, the Company 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. However, as a result of the regulatory uncertainty described in note 2, "Basis of preparation", these instruments have been reclassified as no longer qualifying for hedge accounting. The cash flow hedge reserve has been frozen and will be released when the interest flows from the originally hedged financial liability crystallise.

With regard to the Forward-Starting Interest Rate Swaps entered into in previous years, the Company deemed it no longer appropriate to continue to apply IFRS 9 hedge accounting to a number of them, reclassifying fair value losses of €67,426 thousand as at 31 December 2019 from other comprehensive income to profit or loss. In compliance with IFRS 9, the Company has discontinued the hedging relationships, altering the accounting treatment to reflect that fact that these instruments are no longer classified as cash flow hedges and no longer qualify for the application of hedge accounting. Discontinuation of the hedging relationships as at 31 December 2019 was considered necessary as, given the changed characteristics of the hedged risk, the assessment conducted in accordance with IFRS 9, regarding the economic relationship between the hedged item and the hedging instrument, and the expected effectiveness of the hedging relationship, led the Company to conclude that the application of hedge accounting was no longer appropriate.

Certain other Forward-Starting Interest Rate Swaps, due to the regulatory uncertainty described in note 2, "Basis of preparation", have also been reclassified as no longer qualifying for hedge accounting. However, believing the future debt issues underlying these instruments to be possible, the cash flow hedge reserve has been 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.

As a result of the interest rate hedges entered into, 99% of the Company's interest bearing debt is fixed rate.

Currency risk

Currency risk derives primarily from the presence of financial assets and liabilities denominated in currencies other than the Company's functional currency. With regard to the Cross Currency Swaps (CCIRs) linked to the bonds denominated in sterling (GBP) and yen (JPY), which were involved in the issuer substitution at the end of 2016, whilst, from an operational viewpoint, these derivatives hedge the bonds' exposure to currency risk, they do not meet all the requirements for classification as hedges under IFRS 9 and have been classified as non-hedge accounting.

9% of the Company's medium/long-term debt is denominated in currencies other than the euro. Taking into account the above Cross Currency Swaps (CCIRs), the percentage of debt exposed to currency risk on translation into euros is, in any event, zero.

The following table summarises outstanding derivative financial instruments as at 31 December 2019 (compared with 31 December 2018), showing the corresponding market value.

€ 000		31 December 2019		31 December 2018	
Type	Purpose of hedge	Fair value asset/(liability)	Notional amount	Fair value asset/(liability)	Notional amount
CASH FLOW HEDGES ⁽¹⁾					
Interest Rate Swaps	Interest rate risk	-	-	-162.335	3,133.721
		-	-	-162.335	3.133.721
NON-HEDGE ACCOUNTING DERIVATIVES ⁽¹⁾					
Cross Currency Swaps	Interest rate and currency risk	-228.018	899.176	-273.428	899.176
Interest Rate Swap	Interest rate risk	-89.349	760.465	-	-
Interest Rate Swap Forward Starting	Interest rate risk	-173.558	2.350.000	-	-
		-490.925	4.009.641	-273.428	899.176
	TOTAL	-490.925	4.009.641	-435.763	4.032.897
	of which:				
	fair value asset			-	
	fair value liability	-490.925		-435.763	

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

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and currency movements to which the Company is exposed would have had on the income statement for 2019 and on equity as at 31 December 2019.

The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the reporting period, assuming, in terms of the impact on the income statement, a 1% (100 bps) shift in the interest rate curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on comprehensive income, the 100 bps shift in the curve was assumed to have occurred at the measurement date. Based on the above analysis:

a) in terms of interest rate risk, an unexpected and unfavourable 100bps shift in market interest rates would have resulted in a negative impact on the income statement, totalling €239,098 thousand, before the related taxation, essentially attributable to the derivatives reclassified as no longer qualifying for hedge accounting;

b) in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have resulted in a negative impact on the income statement, totalling €17,467 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 possibility that cash resources may be insufficient to fund the payment of liabilities as they fall due. The Company believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of committed and uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

The Company's cash reserves as at 31 December 2019 are estimated at €2,498,677 thousand, made up of:

a) €1,198,677 thousand in cash and/or investments maturing in the short term, after net short-term payables due to Atlantia Group companies, essentially in relation to the Company's provision of centralised treasury services, as described in note 6.7, "Cash and cash equivalents", and note 6.14, "Financial liabilities";

b) €1,300,000 thousand in undrawn committed lines of credit, consisting of two lines of credit from Cassa Depositi e Prestiti, which is currently processing an application for the drawdown of funds with a view to excluding any reason that would prevent the bank from disbursing the requested amount.

As at 31 December 2019, the Company has lines of credit with a weighted average residual term to maturity of approximately five years and seven months and a weighted average residual drawdown period of approximately two years and four months.

€ 000			31 December 2019			
	Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn
	Medium/long-term committed from Cassa Depositi e Prestiti	31/12/2021	13/12/2027	1.100.000	400.000	700.000
	Revolving line of credit from Cassa Depositi e Prestiti	02/10/2022	31/12/2022	600.000	600.000	600.000
			Lines of credit	1.700.000	400.000	1.300.000

The following tables show the distribution of maturities for medium/long-term financial liabilities outstanding as at 31 December 2019 and 31 December 2018, excluding accrued financial expenses at those dates.

€ 000

31 December
2019

	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities (1)						
Bond 2004-2022 (GBP)	-643.684	-697.873	-36.730	-36.730	-624.421	-
Bond 2004-2024	-988.431	-1.293.589	-58.750	-58.750	-1.176.089	-
Bond 2009-2038 (JPY)	-208.169	-249.077	-4.478	-4.478	-13.433	-226.689
Bond 2010-2017	-	-	-	-	-	-
Bond 2010-2025	-497.244	-631.250	-21.875	-21.875	-65.625	-521.875
Bond 2012-2019	-	-	-	-	-	-
Bond 2012-2020	-501.554	-523.679	-523.679	-	-	-
Bond 2012-2032	-35.000	-56.840	-1.680	-1.680	-5.040	-48.440
Bond 2012-2032 (Zero Coupon Bond)	-72.235	-135.000	-	-	-	-135.000
Bond 2013-2021	-593.181	-628.760	-17.094	-611.666	-	-
Bond 2013-2033	-72.913	-114.375	-2.813	-2.813	-8.438	-100.313
Bond 2014-2034	-123.907	-185.759	-4.050	-4.050	-12.150	-165.500
Bond 2014-2038	-72.808	-126.656	-2.719	-2.719	-8.156	-113.063
Bond 2015-2021	-479.591	-491.172	-5.404	-485.768	-	-
Bond 2015-2023 retail	-741.790	-798.750	-12.188	-12.188	-774.375	-
Bond 2015-2025	-497.700	-556.250	-9.375	-9.375	-28.125	-509.375
Bond 2015-2026	-744.761	-841.875	-13.125	-13.125	-39.375	-776.250
Bond 2016-2027	-594.367	-684.000	-10.500	-10.500	-31.500	-631.500
Bond 2017-2029	-659.066	-831.250	-13.125	-13.125	-39.375	-765.625
Bond issues	-7.526.401	-8.846.146	-737.583	-1.288.841	-2.826.093	-3.993.629
Bank borrowings						
European Investment Bank (EIB)	-1.382.797	-1.820.070	-172.672	-163.148	-388.941	-1.095.308
Cassa Depositi e Prestiti	-731.689	-851.583	-28.539	-29.419	-97.275	-695.349
Total bank borrowings (A)	-2.114.486	-2.671.653	-202.213	-192.567	-486.216	-1.790.658
Other borrowings						
ANAS	-185.798	-	-	-	-	-
Total other borrowings (B)	-185.798	-	-	-	-	-
Lease liabilities						
Lease liabilities	-9.890	-	-	-	-	-
Total lease liabilities (C)	-9.890	-	-	-	-	-
Medium/long-term borrowings (A+B+C)	-2.310.174	-2.671.653	-202.213	-192.567	-486.216	-1.790.658
Derivatives liabilities (2)						
Interest Rate Swaps and Interest Rate Swaps Forward Starting	-262.907	-363.669	-43.200	-51.519	-141.708	-127.242
Cross Currency Swap	-228.018	-241.339	-12.400	-12.378	-181.795	-34.766
Total derivative liabilities	-490.925	-605.008	-55.600	-63.897	-323.503	-162.008

(1) Future cash flows relating to interest on floating rate loans have been projected on the basis of the latest established rate and applied and held constant to final maturity.

(2) As at 31 December 2019, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2021. Future cash flows relating to differentials on interest rate swaps (IRSs) have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.

€ 000

31 December
2018

	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities (1)						
Bond 2004-2022 (GBP)	-637.230	-712.252	-35.613	-35.613	-641.026	-
Bond 2004-2024	-986.219	-1.352.339	-58.750	-58.750	-176.250	-1.058.589
Bond 2009-2038 (JPY)	-204.723	-248.521	-4.389	-4.389	-13.166	-226.577
Bond 2010-2025	-496.829	-653.125	-21.875	-21.875	-65.625	-543.750
Bond 2012-2019	-593.154	-620.034	-620.034	-	-	-
Bond 2012-2020	-500.727	-545.630	-21.951	-523.679	-	-
Bond 2012-2032	-35.000	-58.520	-1.680	-1.680	-5.040	-50.120
Bond 2012-2032 (Zero Coupon Bond)	-68.639	-135.000	-	-	-	-135.000
Bond 2013-2021	-592.017	-645.854	-17.094	-17.094	-611.666	-
Bond 2013-2033	-72.797	-117.189	-2.813	-2.813	-8.438	-103.125
Bond 2014-2034	-123.849	-189.800	-4.050	-4.050	-12.150	-169.550
Bond 2014-2038	-72.727	-129.375	-2.719	-2.719	-8.156	-115.781
Bond 2015-2021	-479.179	-496.576	-5.404	-5.404	-485.768	-
Bond 2015-2023 retail	-739.511	-810.939	-12.188	-12.188	-786.563	-
Bond 2015-2025	-497.333	-565.625	-9.375	-9.375	-28.125	-518.750
Bond 2015-2026	-744.009	-855.000	-13.125	-13.125	-39.375	-789.375
Bond 2016-2027	-593.631	-694.500	-10.500	-10.500	-31.500	-642.000
Bond 2017-2029	-655.407	-844.375	-13.125	-13.125	-39.375	-778.750
Bond issues	-8.092.981	-9.674.654	-854.685	-736.379	-2.952.223	-5.131.367
Bank borrowings						
European Investment Bank (EIB)	-1.484.686	-1.981.978	-162.173	-175.731	-432.615	-1.211.459
Cassa Depositi e Prestiti	-747.158	-868.951	-28.944	-28.634	-89.357	-722.016
Total bank borrowings (A)	-2.231.844	-2.850.929	-191.117	-204.365	-521.972	-1.933.475
Other borrowings						
ANAS	-213.428	-	-	-	-	-
Total other borrowings (B)	-213.428	-	-	-	-	-
Lease liabilities						
Lease liabilities	-	-	-	-	-	-
Total lease liabilities (C)	-	-	-	-	-	-
Medium/long-term borrowings (A+B+C)	-2.445.272	-2.850.929	-191.117	-204.365	-521.972	-1.933.475
Derivatives liabilities (2)						
Interest Rate Swaps and Interest Rate Swaps Forward Starting	-162.335	-295.714	-34.334	-39.754	-109.828	-111.798
Cross Currency Swap	-273.428	-297.382	-14.188	-14.334	-223.373	-45.487
Total derivative liabilities	-435.763	-593.096	-48.522	-54.088	-333.201	-157.285

(1) Future cash flows relating to interest on floating rate loans have been projected on the basis of the latest established rate and applied and held constant to final maturity.

(2) As at 31 December 2018, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2021. Future cash flows relating to differentials on interest rate swaps (IRSs) have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.

The amounts shown in the tables include interest payments and exclude the impact of any offset agreements. The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available.

The distribution for liabilities with amortisation schedules is based on the date on which each instalment falls due.

The following table shows the time distribution of expected cash flows from cash flow hedges, as defined by IFRS 9, and the periods in which they will be recognised in profit or loss.

€ 000	31 December 2019						31 December 2018					
	Carrying amount	Expected flows ⁽¹⁾	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years	Carrying amount	Expected flows ⁽¹⁾	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swap												
Derivative assets	-	-					-	-				-
Derivative liabilities	-	-					-162.335	-172.355	-31.109	-37.625	-84.027	-19.594
TOTAL CASH FLOW HEDGES	-	-					-162.335					
Accrued expenses on cash flow hedges	-						-10.020					
Accrued income on cash flow hedges	-						-					
TOTAL CASH FLOW HEDGE DERIVATIVE ASSETS/LIABILITIES	-	-	-	-	-	-	-172.355	-172.355	-31.109	-37.625	-84.027	-19.594
Interest rate swap												
Income from cash flow hedges		-						-177.583	-32.715	-41.271	-77.960	-25.637
Losses on cash flow hedges		-						15.248				15.248
TOTAL INCOME (LOSSES) FROM CASH FLOW HEDGES		-	-	-	-	-		-162.335	-32.715	-41.271	-77.960	-10.389

⁽¹⁾ Expected cash flows from swap differentials are calculated on the basis of market curves at the measurement date.

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 and in note 9.7), have impacted the motorway sector. 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 ability to generate sufficient 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 note 9.7, "Events after 31 December 2019", following the approval of art. 35 of the Milleproroghe Decree, which risk cutting off or complicating access to the credit market (including bank loans).

Against this backdrop, the Board of Directors has taken steps to conserve cash, as described below in note 9.7, "Events after 31 December 2019".

Credit risk

Credit risk is the exposure of the Company to potential losses as a result of a default in a counterparty's obligations.

The risk can arise both from factors that are strictly technical and commercial or administrative and legal in nature (disputes regarding the nature quality of service, on the interpretation of contractual provisions, supporting invoices, etc.), as well as from factors that are financial in nature, such as the credit standing of a counterparty.

Trade receivables essentially arise in connection with the provision of services and relate to activities linked to the core business.

These types of receivables include:

- a) concession fees and royalties receivable in connection with service areas;
- b) receivables relating to agreements permitting motorway crossings or the location of equipment;
- c) receivables relating to the sale of goods and services;
- d) receivables related to property rentals.

Trade receivables, on the other hand, do not include receivables arising in connection with the invoicing of tolls in arrears, following the execution of a novation agreement for this particular type of receivable with the subsidiary of Atlantia, Telepass.

Credit risk deriving from outstanding derivative financial instruments can be considered marginal in that the counterparties involved are major financial institutions.

Provisions for impairment losses on individually material items are established when there is objective evidence that the Company 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 guarantees. 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 6.6, "Trading assets", whilst information on other financial assets is provided in note 6.4, "Financial assets".

OTHER INFORMATION

9.1

Guarantees

The Company has issued both personal and collateral guarantees. As at 31 December 2019, the Company reports the following material items:

- a) sureties issued on behalf of certain subsidiaries and associates that operate motorway infrastructure, amounting to €33,396 thousand;
- b) the joint and several guarantees issued with Autostrada Tirrenica in favour of the Grantor (€14,003 thousand) following the latter's release of a surety;
- c) 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;
- d) the pledge to credit institutions, as security for loans issued, of the shares in Bologna & Fiera Parking (€999 thousand), of the 2% interest in Strada dei Parchi (€1,355 thousand), and the direct (0.25%) interest in Tangenziale Esterna (€1,163 thousand). Shares representing the indirect investment in Tangenziale Esterna (13.08%), held through the vehicle entity, Tangenziali Esterne di Milano, have also been pledged as security to banks.

In December 2019, given that the concession for the A3 Naples-Salerno motorway has yet to be awarded to either Autostrade Meridionali or a third party, the Company, at the subsidiary's request, renewed the guarantee in favour of Intesa Sanpaolo-Banco di Napoli (ISP), issued in December 2016, for the whole of 2020. This guarantee, amounting to up to €300 million, relates to the loan of the same amount agreed with the bank in December 2016. This guarantee relates to the facility of the same amount granted by the bank in December 2015, of which €245 million has been used as at 31 December 2019. The facility has been extended until 31 December 2020.

9.2

Reserves

As at 31 December 2019, the Company has recognised contract reserves quantified by contractors in relation to:

- a) investing activities, totalling €755 million (€852 million as at 31 December 2018). Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in intangible assets deriving from concession rights;
- b) non-investing activities, amounting to approximately €14 million, the estimated future cost of which is covered by existing provisions in the financial statements.

9.3

Related party transactions

This section describes the Company'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, published in the section, "Articles of Association, codes and procedures", on Atlantia's website 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 tables show amounts of a trading or financial nature in the income statement and statement of financial position generated by related party transactions, including those with the Company's Directors, Statutory Auditors and key management personnel.

PRINCIPAL TRADING AND NON-FINANCIAL TRANSACTIONS WITH RELATED PARTIES

€ 000

	Assets				Liabilities					Income			Expenses					
	Trading and other assets				Trading and other liabilities					Trading and other income			Trading and other expenses					
	Trade receivables	Current tax assets	Other current assets	Total	Trade payables	Trade payables	Current tax liabilities	Other current liabilities	Total	Revenue from construction services	Other operating income (2)	Total	Raw and consumable materials	Service costs	Staff costs (2)	Lease expense	Other operating costs	Total
31 December 2019				31 December 2019					2019									
Atlantia (4)	3.774	18.619	-	22.393	-	2.201	6.767	-	8.968	-	2.676	2.676	-	600	-2.317	15	-	-1.702
Sintonia	-	5.702	-	5.702	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total parents	3.774	24.321	-	28.095	-	2.201	6.767	-	8.968	-	2.676	2.676	-	600	-2.317	15	-	-1.702
AD Moving	3.486	-	-	3.486	-	2.606	-	-	2.606	-	4.884	4.884	333	4.105	-74	-	-	4.364
Autostrade Meridionali	3.011	-	-	3.011	-	13.567	-	-	13.567	-	385	385	-	5	-915	-	9	-901
Autostrade Tech	7.804	-	13	7.817	-	7.019	-	-	7.019	-	6.682	6.682	5.670	3.118	-1.296	51	4	7.547
EsseDiEsse Società di Servizi	11.868	-	-	11.868	-	5.001	-	-	5.001	-	5.320	5.320	-	20.466	-1.115	-	4	19.355
Giove Clear	533	-	-	533	-	1.393	-	-	1.393	-	161	161	9	7.947	-912	-	-	7.044
Raccordo Autostradale Valle d'Aosta	241	-	-	241	-	6.083	-	-	6.083	-	290	290	-	-	-171	-	-	-171
Società Italiana per Azioni per il Traforo del Monte Bianco	772	-	-	772	-	83	-	-	83	-	341	341	-	-	-803	-	16	-787
Tangenziale di Napoli	858	-	-	858	-	8.941	-	-	8.941	-	338	338	-	5	-1.058	-	63	-990
Tech Solutions Integrators	-	-	-	-	-	-	-	6	6	-	-	-	-	-	-	-	-	-
Società Autostrada Tirrenica	629	-	-	629	-	5.873	-	-	5.873	-	747	747	-	33	-512	-	-	-479
Other subsidiaries (1)	-	-	-	-	-	-	-	3	3	-	-	-	-	-	-	-	-	-
Total subsidiaries (3)	29.202	-	13	29.215	-	50.566	-	9	50.575	-	19.148	19.148	6.012	35.679	-6.856	51	96	34.982
Pavimental	847	-	-	847	-	129.984	-	5.497	135.481	-	254	254	-	239.225	404	-	10	239.639
Pedemontana Veneta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spea Engineering	16.094	-	-	16.094	-	63.253	-	-	63.253	-	464	464	-	57.802	2.713	-	1	60.516
Società Infrastrutture Toscane (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other associates (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	15	-	-	-	15
Total associates	16.941	-	-	16.941	-	193.237	-	5.497	198.734	-	718	718	-	297.042	3.117	-	11	300.170
Abertis Infraestructuras, S.A.	230	-	-	230	-	63.739	-	-	63.739	-	1.538	1.538	-	235	-	-	-	235
AB Concessões	2.517	-	-	2.517	-	-	-	1.504	1.504	-	-	-	-	-	-407	-	-	-407
Autogrill	29.976	-	-	29.976	-	2.556	-	-	2.556	538	70.972	71.510	511	966	-	-	-	1.477
Autostrade dell'Atlantico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronic Transaction Consultants Co	3.416	-	-	3.416	-	921	-	-	921	-	-	-	-	-	-230	-	-	-230
Gruppo Aeroporti di Roma	1.011	-	-	1.011	-	657	-	-	657	-	272	272	-	1	-845	-	-	-844
Telepass	5.083	-	-	5.083	-	11.343	-	-	11.343	-	3.115	3.115	197	10.341	-534	-	289	10.293
Other affiliates (1)	991	-	12	1.003	-	1.094	-	354	1.448	-	567	567	-	976	-157	-	-	819
Total affiliates	43.224	-	12	43.236	-	80.310	-	1.858	82.168	538	76.464	77.002	708	12.519	-2.173	-	289	11.343
ASTRI pension fund	-	-	-	-	-	-	-	4.935	4.935	-	-	-	-	-	13.720	-	-	13.720
CAPIDI pension fund	-	-	-	-	-	-	-	1.110	1.110	-	-	-	-	-	1.795	-	-	1.795
Total pension funds	-	-	-	-	-	-	-	6.045	6.045	-	-	-	-	-	15.515	-	-	15.515
Dirigenti con responsabilità strategiche (4)	-	-	-	-	1.319	-	-	3.597	4.916	-	-	-	-	-	4.608	-	-	4.608
Total key management personnel	-	-	-	-	1.319	-	-	3.597	4.916	-	-	-	-	-	4.608	-	-	4.608
TOTAL	93.141	24.321	25	117.487	1.319	326.314	6.767	17.006	351.406	538	99.006	99.544	6.720	345.840	11.894	66	396	364.916

(1) This item includes balances for companies where the relevant amount is not material.

(2) "Staff costs" include cost recoveries.

(3) The total also includes indirect subsidiaries.

(4) Autostrade per l'Italia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel.

The expenses shown for each period, including amounts charged by Atlantia for 2019 of €553 thousand (€2,171 thousand in 2018), include the accrued amount payable as emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans based on the shares of the parent, Atlantia). In addition to the information shown in the table, the financial statements also include contributions of €1,235 thousand paid on behalf of Directors, Statutory Auditors and other key management personnel for (€726 thousand in 2018) and the related liabilities of €1,672 thousand as at 31 December 2019 (€966 thousand as at 31 December 2018).

PRINCIPALI RAPPORTI COMMERCIALI E DI NATURA NON FINANZIARIA CON PARTI CORRELATE

€ 000

	Assets				Liabilities					Income			Expenses					
	Trading and other assets				Trading and other liabilities					Trading and other income			Trading and other expenses					
	Trade receivables	Current tax assets	Other current assets	Total	Trade payables	Trade payables	Current tax liabilities	Other current liabilities	Total	Revenue from construction services	Other operating income (2)	Total	Raw and consumable materials	Service costs	Staff costs (2)	Lease expense	Other operating costs	Total
31 December 2018				31 December 2018					2018									
Atlantia (4)	2.561	18.640	-	21.201	-	5.313	22.302	-	27.615	-	2.146	2.146	-	428	-249	243	-	422
Sintonia	-	5.702	-	5.702	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total parents	2.561	24.342	-	26.903	-	5.313	22.302	-	27.615	-	2.146	2.146	-	428	-249	243	-	422
AD Moving	4.776	-	-	4.776	-	3.506	-	-	3.506	-	4.556	4.556	-	3.808	-68	-	-	3.740
Autostrade Meridionali	877	-	-	877	-	15.403	-	-	15.403	-	343	343	-	9	-853	-	-	-844
Autostrade Tech	10.359	-	13	10.372	-	6.451	-	-	6.451	-	6.804	6.804	72	2.757	-862	3	2	1.972
EsseDiEsse Società di Servizi	4.104	-	-	4.104	-	1.323	-	-	1.323	-	5.147	5.147	-	20.695	-1.220	-	-	19.475
Giove Clear	472	-	-	472	-	1.678	-	-	1.678	-	184	184	-	8.145	-1.016	-	-	7.129
NewPass	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Raccordo Autostradale Valle d'Aosta	218	-	-	218	-	5.895	-	-	5.895	-	254	254	-	-	-157	-	-	157
Società Italiana per Azioni per il Traforo del Monte Bianco	658	-	-	658	-	121	-	-	121	-	353	353	-	-	-826	-	14	-812
Tangenziale di Napoli	1.158	-	-	1.158	-	11.344	-	-	11.344	-	462	462	-	5	-1.013	-	70	-938
Tech Solutions Integrators	-	-	-	-	-	-	-	6	6	-	-	-	-	-	-	-	-	-
Società Autostrada Tirrenica	888	-	-	888	-	6.390	-	-	6.390	-	1.125	1.125	41	50	-345	-	-	-254
Other subsidiaries (1)	-	-	-	-	-	-	-	3	3	-	-	-	-	-	-	-	-	-
Total subsidiaries (3)	23.510	-	13	23.523	-	52.111	-	9	52.120	-	19.228	19.228	113	35.469	-6.360	3	86	29.311
Pavimental	1.036	-	-	1.036	-	103.694	-	6.390	110.084	-	591	591	-	234.860	441	203	209	235.713
Spea Engineering	18.017	-	-	18.017	-	67.447	-	-	67.447	-	641	641	-	82.129	2.072	-	98	84.299
Società Infrastrutture Toscane (in liquidation)	-	-	1.520	1.520	-	-	-	-	-	-	2	2	-	-	-	-	-	-
Other associates (1)	100	-	-	100	-	-	-	-	-	-	-	-	-	20	-78	-	-	-58
Total associates	19.153	-	1.520	20.673	-	171.141	-	6.390	177.531	-	1.234	1.234	-	317.009	2.435	203	307	319.954
Abertis Infraestructuras, S.A.	214	-	-	214	-	70.073	-	-	70.073	-	1.448	1.448	-	378	-	-	-	378
Autogrill	29.953	-	-	29.953	-	3.353	-	-	3.353	1.773	69.316	71.089	2.060	722	-	-	342	3.124
AB Concessões	2.049	-	-	2.049	-	-	-	1.338	1.338	-	-	-	-	-	-301	-	-	-301
Autostrade dell'Atlantico	100	-	-	100	-	-	-	-	-	-	143	143	-	-	-162	-	-	-162
Electronic Transaction Consultants Co	3.185	-	-	3.185	-	870	-	-	870	-	-	-	-	-	-496	-	-	-496
Infoblu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telepass	5.557	-	-	5.557	-	7.884	-	-	7.884	-	4.560	4.560	-	10.665	-1.193	-	251	9.723
Other affiliates (1)	1.897	-	12	1.909	-	1.289	-	354	1.643	-	1.088	1.088	-	817	-1.099	-	-	-282
Total affiliates	42.955	-	12	42.967	-	83.469	-	1.692	85.161	1.773	76.555	78.328	2.060	12.582	-3.251	-	593	11.984
ASTRI pension fund	-	-	-	-	-	-	-	4.935	4.935	-	-	-	-	-	14.028	-	-	14.028
CAPIDI pension fund	-	-	-	-	-	-	-	909	909	-	-	-	-	-	2.163	-	-	2.163
Total pension funds	-	-	-	-	-	-	-	5.844	5.844	-	-	-	-	-	16.191	-	-	16.191
Key management personnel (4)	-	-	-	-	1.675	-	-	1.329	3.004	-	-	-	-	-	4.536	-	-	4.536
Total key management personnel	-	-	-	-	1.675	-	-	1.329	3.004	-	-	-	-	-	4.536	-	-	4.536
TOTAL	88.179	24.342	1.545	114.066	1.675	312.034	22.302	15.264	351.275	1.773	99.163	100.936	2.173	365.488	13.302	449	986	382.398

(1) This item includes balances for companies where the relevant amount is not material.

(2) "Staff costs" include cost recoveries.

(3) The total also includes indirect subsidiaries.

(4) Autostrade per l'Italia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel.

The expenses shown for each period, including amounts charged by Atlantia for 2019 of €553 thousand (€2,171 thousand in 2018), include the accrued amount payable as emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans based on the shares of the parent, Atlantia). In addition to the information shown in the table, the financial statements also include contributions of €1,235 thousand paid on behalf of Directors, Statutory Auditors and other key management personnel for (€726 thousand in 2018) and the related liabilities of €1,672 thousand as at 31 December 2019 (€966 thousand as at 31 December 2018).

PRINCIPAL FINANCIAL TRANSACTIONS WITH RELATED PARTIES

€ 000

	Assets						Liabilities					Expenses		Income	
	Financial assets						Financial liabilities					Financial expenses		Financial Income	
	Other noncurrent financial assets	Current financial assets deriving from government grants	Intercompany current account receivables	Current portion of medium/longterm financial assets	Other current financial assets	Total	Medium/longterm borrowings	Intercompany current account payables	Current portion of medium/longterm financial liabilities	Other current financial liabilities	Total	Other financial income (1)	Total	Other financial expenses (1)	Total
31 December 2019						31 December 2019					2019				
Atlantia	-	-	-	-	-	-	2.303	24.467	818	-	27.588	-	-	5.840	5.840
Total parents	-	-	-	-	-	-	2.303	24.467	818	-	27.588	-	-	5.840	5.840
AD Moving	-	-	-	-	-	-	-	287	-	-	287	5	5	-	-
Autostrade Meridionali	-	-	-	-	10	10	-	35.083	-	4	35.087	3.800	3.800	-	-
Autostrade Tech	-	-	-	-	-	-	-	1.495	-	-	1.495	1	1	-	-
EsseDiEsse Società di Servizi	-	-	-	-	-	-	-	7.157	-	-	7.157	-	-	-	-
Giove Clear	-	-	-	-	-	-	-	1.991	-	-	1.991	-	-	-	-
Raccordo Autostradale Valle d'Aosta	-	-	-	-	-	-	-	2.098	28	45.000	47.126	-	-	119	119
Società Italiana per Azioni per il Traforo del Monte Bianco	-	-	-	-	-	-	-	5.003	10	50.000	55.013	-	-	140	140
Tangenziale di Napoli	4.536	-	-	8.575	-	13.111	-	1.784	-	-	1.784	1.050	1.050	-	-
Tech Solutions Integrators	-	-	2.494	-	-	2.494	-	-	-	-	-	4	4	-	-
Società Autostrada Tirrenica	231.000	-	-	-	-	231.000	-	2.095	-	-	2.095	13.217	13.217	-	-
Total subsidiaries (2)	235.536	-	2.494	8.575	10	246.615	-	56.993	38	95.004	152.035	18.077	18.077	259	259
Pavimental	-	-	95.305	-	-	95.305	-	-	-	-	-	749	749	-	-
Spea Engineering	-	-	-	-	1.350	1.350	-	-	-	-	-	-	-	-	-
Other associates (3)	-	-	-	-	182	182	-	-	-	-	-	-	-	-	-
Total associates	-	-	95.305	-	1.532	96.837	-	-	-	-	-	749	749	-	-
Autogrill	-	511	-	-	-	511	-	-	-	-	-	-	-	-	-
Autostrade dell'Atlantico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telepass	-	-	565.115	-	-	565.115	-	3.393	-	-	3.393	-	-	9.293	9.293
Total affiliates	-	511	565.115	-	-	565.626	-	3.393	-	-	3.393	-	-	9.293	9.293
TOTAL	235.536	511	662.914	8.575	1.542	909.078	2.303	84.853	856	95.004	183.016	18.826	18.826	15.392	15.392

(1) The table does not include dividends from investees or reversals of impairment losses on financial assets and investments.

(2) The total also includes indirect subsidiaries.

Income (3) This item includes balances for companies where the relevant amount is not material.

PRINCIPALI RAPPORTI FINANZIARI CON PARTI CORRELATE

€ 000

	Assets						Liabilities					Expenses		Income	
	Financial assets						Financial liabilities					Financial expenses		Financial Income	
	Other noncurrent financial assets	Current financial assets deriving from government grants	Intercompany current account receivables	Current portion of medium/longterm financial assets	Other current financial assets	Total	Medium/longterm borrowings	Intercompany current account payables	Current portion of medium/longterm financial liabilities	Other current financial liabilities	Total	Other financial income (1)	Total	Other financial expenses (1)	Total
31 December 2018						31 December 2018					2018				
Atlantia	-	-	-	-	-	-	-	442	653	-	1.095	1.373	1.373	45.883	45.883
Totale imprese controllanti	-	-	-	-	-	-	-	442	653	-	1.095	1.373	1.373	45.883	45.883
AD Moving	-	-	-	-	-	-	-	249	-	-	249	4	4	-	-
Autostrade Meridionali	-	-	-	-	10	10	-	19.886	-	-	19.886	3.800	3.800	-	-
Autostrade Tech	-	-	-	-	-	-	-	2.596	-	-	2.596	-	-	-	-
EsseDiEsse Società di Servizi	-	-	-	-	-	-	-	3.994	-	-	3.994	-	-	-	-
Giove Clear	-	-	-	-	-	-	-	1.844	-	-	1.844	-	-	-	-
Raccordo Autostradale Valle d'Aosta	-	-	-	-	-	-	-	4.263	-	-	4.263	-	-	-	-
Società Italiana per Azioni per il Traforo del Monte Bianco	-	-	-	-	-	-	-	7.613	-	-	7.613	-	-	-	-
Tangenziale di Napoli	13.112	-	-	8.128	-	21.240	-	938	-	-	938	1.492	1.492	-	-
Tech Solutions Integrators	-	-	2.424	-	-	2.424	-	-	-	-	-	-	-	-	-
Società Autostrada Tirrenica	218.000	-	-	-	-	218.000	-	317	-	-	317	13.159	13.159	-	-
Total subsidiaries (2)	231.112	-	2.424	8.128	10	241.674	-	41.700	-	-	41.700	18.455	18.455	-	-
Pavimental	-	-	127.356	-	-	127.356	-	-	-	-	-	801	801	-	-
Spea Engineering	-	-	-	-	1.350	1.350	-	-	-	-	-	-	-	-	-
Società Infrastrutture Toscane (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Other associates (3)	-	-	-	-	182	182	-	-	-	-	-	-	-	-	-
Total associates	-	-	127.356	-	1.532	128.888	-	-	-	-	-	801	801	1	1
Autogrill	-	511	-	-	-	511	-	-	-	-	-	-	-	-	-
Autostrade dell'Atlantico	-	-	-	-	-	-	-	6.985	-	-	6.985	-	-	-	-
Infoblu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telepass	-	-	524.930	-	-	524.930	-	-	-	-	-	85	85	9.091	9.091
Total affiliates	-	511	524.930	-	-	525.441	-	6.985	-	-	6.985	85	85	9.091	9.091
TOTAL	231.112	511	654.710	8.128	1.542	896.003	-	49.127	653	-	49.780	20.714	20.714	54.975	54.975

(1) The table does not include dividends from investees or reversals of impairment losses on financial assets and investments.

(2) The total also includes indirect subsidiaries.

(3) This item includes balances for companies where the relevant amount is not material.

As in 2018, no atypical or unusual transactions, having a material impact on the Company's income statement and statement of financial position, were entered into with related parties in 2019.

There were no non-recurring events and/or transactions in 2019.

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

Transactions with parents

The Company is subject to management and coordination by Atlantia, as also provided for in Atlantia's Corporate Governance Code. A condensed version of Atlantia's approved financial statements, showing key financial indicators, is included in note 10.

With regard to transactions relating to tax (note 6.8, "Current tax assets and liabilities"), as at 31 December 2019 the Company reports net assets due from Atlantia of €11,852 thousand, deriving from its participation in the tax consolidation arrangement headed by the parent. The Company is also owed €5,702 thousand by Sintonia, relating to the expected refund of income tax (IRES) paid during the periods when this company headed the tax consolidation arrangement.

In terms of trading relations, the Company provides administrative and financial services, in addition to providing support for activities not relating to its core business (training, welfare, procurement, IT) to Atlantia.

The intercompany current account between the Company and Atlantia has a debit balance of €24,467 thousand as at 31 December 2019.

Relations with Edizione group companies

Autostrade per l'Italia provides services to a number of subsidiaries, associates and other Atlantia Group companies. The criteria used to determine the related fees take account of the estimated commitment of resources, for each company, broken down by area of activity. In 2019, these contracts primarily regarded the following services:

- a) administrative, accounting and tax services;
- b) organisation, management and development of personnel;
- c) corporate and legal affairs, including the conduct of legal actions;

d) the purchase of goods and services and the administration of and accounting for contracts;

e) risk management in the mapping of areas of risk, including the analyses required by Legislative Decree 231/01.

Autostrade per l'Italia also provides treasury, financial, insurance and the related risk management services to its subsidiaries, associates and other Atlantia Group companies. Under specific agreements with the Company's Italian motorway subsidiaries and associates, the Company also provides services relating to the recording of traffic data and the settlement of amounts due to and from the operators of interconnecting motorways. Other material transactions involving the purchase of goods and services from subsidiaries, associates and other Atlantia Group companies include the following:

a) the activities involved in motorway construction and maintenance contracts with Spea Engineering, including design, project management, supervision and infrastructure inspection services, and with Pavimental for the construction of infrastructure, under the related contracts, and for maintenance and road surfacing;

b) relations with Telepass primarily regard a novation agreement by which Telepass collects motorway tolls due to Autostrade per l'Italia by way of the Viacard and Telepass deferred toll payment systems;

c) the services provided by Autostrade Tech following the spin-off to this company of the business unit responsible for the research, development, production, marketing and operation of technology equipment, systems and services;

d) the provision of accounting, credit recovery, human resources, general and real estate services by EsseDiEsse;

e) the lease of advertising space along the motorway network to AD Moving.

Finally, the Company engages in transactions of a trading nature with Autogrill, with which it shares its ultimate parent, Edizione Srl.

As at 31 December 2019, Autogrill holds:

a) 94 food service concessions for service areas along the Company's motorway network, including 4 operated in temporary consortia with other companies;

b) 9 oil service concessions, including 1 in temporary consortia with other companies.

In 2019, the Company's net revenue arising from its relationship with Autogrill amounted to €70,033 thousand, including €62,115 thousand in royalties relating to the management of service areas. This income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders. A further €538 thousand was generated by the transfer, free of charge, of buildings located at certain service areas.

Transactions of a financial nature include current accounts with Atlantia Group companies as part of the Company's provision of centralised treasury services. The conditions on these accounts are all at arm's length.

Finally, as trading relations with a number of Italian operators in the Abertis group, the value of the trade payables shown in the table, amounting to €63,739 thousand, is primarily linked to the fact that these operators are responsible for motorways that interconnect with those operated by the Company and refers to toll revenue due to the operators.

As at 31 December 2019, the Company has provided medium/long-term loans to the following companies, as described earlier in note 6.4, "Financial assets":

- a) Autostrade Tirrenica, totalling €231,000 thousand, maturing in March 2022;
- b) Tangenziale di Napoli, totalling €13,111 thousand, with an amortisation schedule ending in March 2021.

9.4

Disclosures regarding share-based payments

In order to incentivise and foster the loyalty of directors and/or employees holding key positions and responsibilities within Atlantia or in Group companies, and to promote and disseminate a value creation culture in all strategic and operational decision-making processes, driving the Group's growth and boosting management efficiency, a number of share incentive plans based on Atlantia's shares have been introduced in previous years. The plans entail payment in the form of shares or cash and are linked to the achievement of predetermined corporate objectives.

The beneficiaries of the above plans include a number of Directors and employees of Autostrade per l'Italia or personnel seconded to the Company, or of subsidiaries.

There were no changes, during 2019, in the previously adopted share-based incentive plans relevant to the above Directors and employees of the Company as at 31 December 2018.

Details of each plan 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 the Consolidated Finance Act. These documents, to which reference should be made, are published in the "Remuneration" section of Atlantia's website at www.atlantia.it.

The following table shows the main aspects of existing incentive plans as at 31 December 2019, including the options and units awarded to directors and employees of the Atlantia Group and changes during 2019 (in terms of new awards and the exercise, conversion or lapse of rights).

The table also shows the fair value (at the grant date) of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions. The amounts have been adjusted for the amendments to the plans originally approved by Atlantia's shareholders, which were required to ensure plan benefits remained substantially unchanged despite the dilution caused by the bonus issues approved by Atlantia's shareholders on 20 April 2011 and 24 April 2012.

€ 000	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
2011 SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
13 May 2011 grant	279.860	13/05/14	14/05/17	14,78	3,48	6,0	2,60%	25,2%	4,09%
14 October 2011 grant	13.991	13/05/14	14/05/17	14,78	(*)	(*)	(*)	(*)	(*)
14 June 2012 grant	14.692	13/05/14	14/05/17	14,78	(*)	(*)	(*)	(*)	(*)
	345.887	14/06/15	14/06/18	9,66	2,21	6,0	1,39%	28,0%	5,05%
8 November 2013 grant	1.592.367	08/11/16	09/11/19	16,02	2,65	6,0	0,86%	29,5%	5,62%
13 May 2014 grant	173.762	N/A(**)	14/05/17	N/A	(**)	(**)	(**)	(**)	(**)
15 June 2015 grant	52.359	N/A(**)	14/06/18	N/A	(**)	(**)	(**)	(**)	(**)
8 November 2016 grant	526.965	N/A(**)	09/11/19	N/A	(**)	(**)	(**)	(**)	(**)
options exercised	-2.573.344								
options lapsed	-335.021								
TOTAL	91.518								
Changes in options in 2019									
options exercised	-91.518								
options lapsed	-								
Options outstanding as at 31 December 2019	-								

(*) These options and units were awarded as a result of bonus issues by Atlantia and, therefore, do not represent the award of new benefits.
(**) These are phantom share options granted in place of certain conditional rights included in the grants of 2011 and 2012 which, therefore, do not represent the award of new benefits.
(***) These are options and units awarded to beneficiaries throughout the Atlantia Group and not only to those at Autostrade per l'Italia.

2011 Share Option Plan Description

As approved by the Annual General Meeting of Atlantia's shareholders on 20 April 2011, and amended by the Annual General Meeting of Atlantia's shareholders on 30 April 2013 and 16 April 2014, the 2011 Share Option Plan entails the award of up to 2,500,000 options free of charge in three annual award cycles (2011, 2012 and 2013). Each option will grant beneficiaries the right to purchase one ordinary Atlantia share held in treasury, with settlement involving either physical delivery or, at the beneficiary's option, a cash payment equivalent to the proceeds from the sale of the shares on the stock exchange organised and managed by Borsa Italiana SpA, after deduction of the full exercise price. The exercise price is equivalent to the average of the official prices of Atlantia's ordinary shares in the month prior to the date on which Atlantia's Board of Directors announces the beneficiary and the number of options to be awarded.

The options granted will vest in accordance with the Plan terms and conditions and, in particular, only if, on expiration of the vesting period (three years from the date of award of the options to beneficiaries by the Board of Directors), cumulative FFO for the three annual reporting periods preceding expiration of the vesting period, adjusted for a number of specific items (total operating cash flow of the Group, Atlantia or of certain of its subsidiaries - depending on the role held by the various beneficiaries of the Plan), is higher than a preestablished target, unless otherwise decided by the Board of Directors, which has the authority to assign beneficiaries further targets. Vested options may be exercised, in part, from the first day following expiration of the vesting period and, in part, from the end of the first year following expiration of the vesting period and, in any event, in the three years following expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to retain a minimum holding).

The maximum number of exercisable options will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and the exercise price, plus any dividends paid, so as to cap the realisable gain.

Changes in options in 2019

During 2019, with regard to the third award cycle, all the remaining options outstanding had been exercised as at 31 December 2018, amounting to 91,518, including 44,722 phantom options. Thus, as at 31 December 2019, all the options awarded under this plan have thus lapsed.

The following table shows the main aspects of the cash-settled incentive plans outstanding. The table shows the options awarded to directors and employees of the Company and changes (in terms of new awards and the exercise, conversion or lapse of rights, and transfers or secondments to other Atlantia Group companies) during 2019. The table also shows the fair value (at the grant date) of each option awarded, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions.

€ 000	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 2019									
9 May 2014 grant	1.244.647	09/05/17	09/05/20	N/A (*)	2,88	3,0 - 6,0	1,10%	28,9%	5,47%
8 May 2015 grant	1.258.364	08/05/18	08/05/21	N/A (*)	2,59	3,0 - 6,0	1,01%	25,8%	5,32%
10 Jun 2016 grant	1.438.790	10/06/19	10/06/22	N/A (*)	1,89	3,0 - 6,0	0,61%	25,3%	4,94%
transfers/secondments	-332.445								
options exercised	-1.099.530								
options lapsed	-569.399								
TOTAL	1.940.427								
Changes in options in 2019									
options exercised	-636.165								
transfers/secondments	-108.118								
options lapsed	-4.939								
Options outstanding as at 31 December 2019	1.191.205								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
12 May 2017 grant	808.611	15/06/20	01/07/23	N/A (*)	2,37	3,13 - 6,13	1,31%	25,6%	4,40%
3 August 2018 grant	679.671	15/06/21	01/07/24	N/A (**)	2,91	5,91	2,35%	21,9%	4,12%
transfers/secondments	12.731								
options lapsed	-22.147								
TOTAL	1.478.866								
Changes in options in 2019									
7 June 2019 grant	507.958	15/06/22	01/07/25	N/A (*)	2,98	6,06	1,72%	24,3%	4,10%
transfers/secondments	-155.170								
options lapsed	-203.398								
Options outstanding as at 31 December 2019	1.628.256								
2017 PHANTOM SHARE GRANT PLAN									
Options outstanding as at 1 January 2019									
12 May 2017 grant	71.909	15/06/20	01/07/23	N/A (*)	23,18	3,13 - 6,13	1,31%	25,6%	4,40%
3 August 2018 grant	67.133	15/06/21	01/07/24	N/A (*)	1,79	3,0 - 6,0	2,59%	24,6%	4,12%
transfers/secondments	1.343								
options lapsed	-2.206								
TOTAL	138.179								
Changes in units in 2019									
7 June 2019 grant	52.024	15/06/22	01/07/25	N/A (*)	2,98	6,06	1,72%	24,3%	4,10%
trasferimenti/distacchi	-16.284								
options lapsed	-14.462								
Units outstanding as at 31 December 2019	159.457								

(*) 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 Stock Option Plan

Description

On 16 April 2014, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2014 Phantom Share Option Plan", subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 13 June 2014. The plan entails the award of phantom share options free of charge in three annual award cycles (2014, 2015 and 2016), being options that give beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant three-year period.

In accordance with the Terms and Conditions of the plan, the options granted will only vest if, at the end of the vesting period (equal to three years from the date on which the options were awarded to the beneficiaries by the Board of Directors), a minimum operating/financial performance target for (alternatively) the Group, the Company or for one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), has been met or exceeded. The vested options may be exercised from, in part, the first day immediately following the vesting period, with the remaining part exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years after the end of the vesting period (without prejudice to the Terms and Conditions of the plan as regards minimum holding requirements for executive directors and key management personnel).

The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

The vesting period for the third cycle of the Plan expired on 10 June 2019. In addition, 636,165 phantom options were exercised in 2019.

The unit fair values as at 31 December 2019 of the second and third cycles were measured at €1.83 and €2.03, respectively, in place of the unit fair values at the grant date.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan". The Plan entails the award of phantom share options free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The options grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant period.

In accordance with the Terms and Conditions of the Plan, the options granted will only vest if,

at the end of the vesting period (15 June 2020 for options awarded in 2017, 15 June 2021 for options awarded in 2018 and 15 June 2022 for options awarded in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested options may be exercised from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 10 July 2019). This resulted in the award of a total of 507,958 phantom options with a vesting period from 7 June 2019 – 15 June 2022 and an exercise period from 1 July 2022 – 1 July 2025.

The unit fair value of the options of the first, second and third cycles as at 31 December 2019 was remeasured as €2.54, €2.35 and €2.41, respectively, in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Grant Plan". The Plan entails the award of phantom shares free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The units grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the value of Atlantia's ordinary shares in the period prior to the period in which the units are awarded.

In accordance with the Terms and Conditions of the Plan, the units granted will only vest if, at the end of the vesting period (15 June 2020 for units granted in 2017, 15 June 2021 for units granted in 2018 and 15 June 2022 for units granted in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested units will be convertible from the 1 July

immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year of the exercise period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value and initial value of the shares, in order to cap the realisable gain.

Changes in units in 2019

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Director on of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 10 July 2019 and then by the boards of its subsidiaries). This resulted in the award of a total of 52,024 units, vesting in the period from 7 June 2019 - 15 June 2022 and exercisable in the period from 1 July 2022 - 1 July 2025.

As at 31 December 2019, the unit fair value of the options of the first, second and third cycles was remeasured as €23.14, €21.60 and €20.54, 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:

- a) Price as at 31 December 2019: €20.80;
- b) Price as at 7 June 2019 (the grant date for new options or units, as described): €22.92;
- c) the weighted average price for 2019: €22.11;
- d) the weighted average price for the period 7 June 2019 - 31 December 2019: €22.32.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2019 the Company has recognised staff costs of €6,488 thousand, based on the accrued fair value of the options and units awarded at that date, including €58 thousand accounted for as an increase in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2019 have been recognised in other current and non-current liabilities, based on the assumed exercise date. In addition, the Company has recognised the accrued portion of share-based incentive plans, with regard to the benefits awarded to certain directors and employees at its subsidiaries, in "Investments". This amount totals €42 thousand.

9.5

Significant legal and regulatory aspects

This section describes the main disputes outstanding and key regulatory aspects through to the date of approval of these financial statements.

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. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report. The most significant legal and regulatory implications arising from this incident are described below.

Correspondence with the Ministry of Infrastructure and Transport regarding the procedure for serious breach of the concession arrangement and the potential for a negotiated solution

As part of the procedure for serious breach of the concession arrangement initiated by the MIT in a letter dated 16 August 2018, Autostrade per l'Italia presented its counterarguments on 31 August 2018. This was followed by a series of exchanges between the MIT and Autostrade per l'Italia, in which the two parties reiterated their respective positions. As part of this process, on 3 May 2019, Autostrade per l'Italia submitted a detailed document presenting additional counterarguments to those expressed in its letter sent on 31 August 2018, providing precise responses to the Ministry's requests for clarifications, reaffirming that it had acted correctly at all times and reiterating its concerns and objections regarding the procedure for serious breach of the concession arrangement initiated by the Grantor. Autostrade per l'Italia expressed a willingness to provide further information if requested to do so.

On 4 June 2019, solely for precautionary purposes, Autostrade per l'Italia challenged the MIT's letter of 5 April 2019 before Lazio Regional Administrative Court. In this letter the Ministry, in connection with the allegation of a serious breach, speculates that the compensation provided for in art. 9-bis, part c.1 of the Single Concession Arrangement does not apply.

On 2 July 2019, following a request for access, the Grantor provided Autostrade per l'Italia with a copy of the report produced by the Cross-Institutional Working Group set up by the MIT. On the one hand, the report states that there is evidence to suggest the occurrence of "serious breaches", based on the alleged violation of the operator's obligations relating to the safety and maintenance of the infrastructure, whilst on the other, highlighting the significant risks for the Grantor in engaging in a dispute with the Company, and obligation for the Government to pay a "a very large sum" in compensation. In conclusion, the report thus recommends the MIT to seek a negotiated solution to the dispute.

Having been made aware of the opinion of the Cross-Institutional Working Group, in a letter dated 5 July 2019, Autostrade per l'Italia, while challenging the observations made in the report regarding the Company's alleged breaches, at the same time proposed the start-up of talks with representatives of the MIT, the MEF and the Cabinet Office with a view to establishing the conditions for a negotiated settlement of the procedure for serious breach of the concession arrangement, without any acceptance of liability.

From July 2019, talks between the parties have continued without interruption, with numerous meetings between their respective representatives, and the submission of letters and proposals.

Subsequent to these meetings, in a letter dated 28 November 2019, the Company, whilst confirming its objections to the allegations made against it as part of the procedure, formalised an initial proposal aimed at the reaching an agreed solution. In the above-mentioned letter of 28 November 2019, Autostrade per l'Italia also expressed its willingness to enter into discussions with the authorities regarding the possible agreed application, in accordance with principle of reasonableness, of the Transport Regulator's determinations.

Following early reports in specialist news outlets regarding possible legislative measures to be taken in relation to the current concession arrangement, on 22 December 2019, Autostrade per l'Italia sent a memorandum to the MIT, with a copy sent to the Cabinet Office, indicating that if such an eventuality were to occur, this would trigger the contractual provisions in the arrangement governing termination.

The MIT, in a letter dated 22 January 2020, informed Autostrade per l'Italia that the proposal contained in the letter of 28 November 2019 raised numerous issues that did not enable the Ministry to accept it. In the same letter, the MIT thus requested a meeting with the Company to provide the necessary clarifications and enable changes to be made to the proposal.

After subsequent discussions with representatives from the Ministry of Infrastructure and Transport, in a letter dated 5 March 2020, Autostrade per l'Italia sent a new proposal in which - whilst confirming the objections raised - the Company reiterated its willingness, shared by Atlantia, to find an agreed and final solution to the dispute. In particular, Autostrade per l'Italia expressed its willingness to:

- revise art. 9 of the Arrangement to, on the one hand, provide for a clear definition of the serious breach and, on the other, regulate its consequences in line with the provisions contained in similar agreements concluded with major Italian infrastructure operators;
- undertake financial commitments, totalling €2,900 million, as broken down below:
 - a) an amount of €1,500 million to be allocated as follows: (i) for initiatives aimed at contribution to the country's development, consisting of toll reductions to be applied on the motorway sections included in the investment programme over the next five years; (ii)

measures to benefit commuters, by liberalising tolls on the urban sections of the A7, A10 and A12 motorways, and (iii) further contributions to Italy's infrastructure development, to be used in the implementation of projects to upgrade the motorway network operated by Autostrade per l'Italia and/or its subsidiaries;

b) initiatives aimed at raising maintenance standards, in particular via a commitment to implement an improvement maintenance plan for the period 2019 - 2023, totalling €2 billion, an increase of €700 million on the financial plan presented by Autostrade per l'Italia in June 2018, and to be borne entirely by Autostrade per l'Italia;

c) without affecting the Company's previous commitment to bear the cost of construction of the new road bridge (including any ancillary expenses), estimated at €600m, an undertaking to make up to a further €100m available to the Special Commissioner to cover any additional reconstruction costs. In this context, and following the handover of the rebuilt bridge to Autostrade per l'Italia, the company would waive its legal challenges to the so-called Genoa Decree;

- to implement, as part of Italy's recovery strategy, a volume of investment amounting to €14.5 billion, marking an increase of €4 billion with respect to the proposed financial plan presented in June 2018, confirming, in this context, its willingness to review the Gronda di Genova project with a view to making further improvements;
- to undertake further commitments in terms of sharing inspection and work plans in order to resolve the main outstanding issues and regarding the assessment and monitoring of motorway sections;
- to submit the financial plan drawn up in accordance with the Transport Regulator's model by 30 March 2020, discussing its content by 31 July 2020, with a view to its agreed application, without prejudice to the fact that in the absence of an agreement Autostrade per l'Italia will be able to take action to protect its rights, and will continue to operate under the Arrangement, applying temporarily, and subject to reservations, the 1.93% toll increase proposed by the Grantor, which Autostrade per l'Italia deems inconsistent with the application principles of the Transport Regulator's model, adjusting it to the actual volume of agreed investment, until the applicable tariff regime and the related measures have been settled in court.

As part of this process, Autostrade per l'Italia explaining to the Minister of Infrastructure and Transport that the very difficult time Italy is going through - due to the health emergency caused by the spread of the Covid-19 pandemic and the consequent application of extraordinary measures to contain the spread - has exacerbated the deep uncertainty already created by the entry into force of art. 35 of the Milleproroghe legislation. In particular, Autostrade per l'Italia, in stating that this situation has helped to make its position even worse, reiterated its willingness to meet in order to find an agreed solution to the current dispute that, at a

time of such difficulty for the country, would enable the parties overcome the critical issues described above.

After further discussions with representatives from the MIT, on 6 April 2020, Autostrade per l'Italia sent a letter to the Minister, summarising the terms set by the Ministry in order to conclude the procedure for serious breach of the concession arrangement, without the need to revoke the concession. In brief:

- with regard to the financial aspects, the Ministry is requesting an increase of the amount specified in the proposal of 5 March 2020 with a balanced distribution of the entire sum over the concession period;
- with regard to the contractual provision governing the alleged serious breach, the request is to identify future "catastrophic events" that may be attributed the operator, to which application of the provisions of art. 35 of the Milleproroghe legislation would apply once the operator's liability had been ascertained;
- finally, with regard to the tariff regime set out in the Transport Regulator's determinations, Autostrade per l'Italia is requested to accept the Regulator's tariff regime and, as a result, withdraw its legal challenges.

The Company thus requested a meeting to complete a final draft of the possible agreement, to be submitted to decision-making bodies, whilst indicating that it would submit its financial plan well in advance of the extended deadline, albeit with all the necessary reservations, in accordance with the Transport Regulator's Determination 71/2019.

In spite of the adverse situation described above, on 8 April 2020, Autostrade per l'Italia sent the Grantor an updated version of the financial plan for the period 2020-2024 on 8 April 2020, in the hopes of, at the same time, arriving at a certain and effective legal and regulatory framework. The company also stated that submission of the financial plan does not imply acceptance of the legislative provisions, the Transport Regulator's determinations or the measures relating to the new tariff regime, all of which are subject to legal challenges before the courts and have not been withdrawn at this stage. Autostrade per l'Italia thus concluded with the hope that a fair and constructive dialogue would take place on the updated financial plan, and that the Regulator's determinations would be applied in a reasonable manner. In a letter also dated 8 April 2020, Atlantia and Autostrade per l'Italia wrote to representatives of the Government requesting the start of discussions with a view to concluding a final agreement. In a letter dated 21 April 2020, the Grantor provided an initial response to the proposed updated financial plan, requesting certain additional information.

Legal challenges brought by the company before Liguria Regional Administrative court against the actions taken by the Special Commissioner pursuant to Law Decree 109/2018

Between December 2018 and January 2019, Autostrade per l'Italia brought a number of legal challenges against the actions taken by the Special Commissioner for the reconstruction with regard to the following: (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 were taken on the basis of Law Decree 109/2018, which the Company has contested with regard to the fact that it contains numerous breaches of EU and constitutional law.

Following the hearing of 22 May 2019, in four injunctions published on 6 December 2019, deeming the issues of constitutional legitimacy raised by Autostrade per l'Italia to be relevant and not manifestly unfounded, Genoa Regional Administrative Court asked the Constitutional Court for a preliminary ruling on the matters raised.

First of all, the Regional Administrative Court noted that, with regard to the contested legislation, the legislator had intervened with no valid reason within the framework of the contractual relationship, to which the company was and still is a party, *"authoritatively affecting the latter's obligation/right to carry out any activity relating to the demolition and reconstruction of the bridge"*.

The Regional Administrative Court acknowledged that in the context of this contractual relationship the parties (Grantor and Operator) *"have an equal contractual position"*.

Furthermore, the Regional Administrative Court confirmed that *"the obligation to ensure that the infrastructure operated under concession in serviceable through timely maintenance and repair regards any repair initiative relating - it should be noted - to the entire infrastructure, not just the Polcevera road bridge which, compared to the extent of the road under concession, is only a small part. Therefore, as AUTOSTRADE PER L'ITALIA is under an obligation, it must also be considered that Autostrade per l'Italia has the right to fulfil this obligation, taking into account the particular importance - including with regard to non-financial aspects (in terms of professional credibility, for example) - that the performance of such services has in relation to the legal situation of the debtor"*.

The Regional Administrative Court then found that the exclusionary measures taken against Autostrade per l'Italia were implemented in the absence of any appropriate and complete investigation, and are not based on any alleged liability of the company for the collapse of the Polcevera road bridge, *"which has not been ascertained, even circumstantially"*. The contested legislation are based on *"mere suspicion"* and *"on a hypothetical and uncertain assumption"* since, as the court correctly stated, the alleged liability of the company *"has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded"*. The Regional Administrative Court also noted the *"punitive"* nature of the contested legislation, highlighting how they have affected the

rights expressly granted to the company by the concession arrangement, and resulted in an unjustified restriction of the company's freedom of financial initiative, without, on the other hand, *"appreciably benefiting the activities of the Special Commissioner"* or the public interest in the rapid reconstruction of the infrastructure. In the absence of investigations to prove the company's liability for the incident, the legislation was, therefore, deemed unjustified *"by the need to protect constitutional interests"*.

The Regional Administrative Court highlighted the unreasonableness and lack of proportionality of the legislation which, *"on the one hand, deprive the debtor of the right to perform the service due, without in the meantime having ascertained - at least as a precautionary and circumstantial measure or even only as an administrative procedure - any breach of contract, and on the other hand, also requiring the company to pay the cost of the works, which are also determined by other parties. This is even more true after taking into account the guarantees provided for in articles 8, 9 and 9-bis of the Concession Arrangement"*.

With regard to the breach of contract, the Regional Administrative Court also established that, in accordance with the provisions of the Concession Arrangement, the procedural provisions contained therein should be complied with, which, in particular, establish the need for a prior investigation by the Grantor of the Operator's serious breach of the concession arrangement, by setting a deadline to fulfil contractual obligations (art. 8) within which the Operator, following warnings from the Grantor, is able to fulfil these contractual obligations, and only in the event of continuous non-fulfilment may the Grantor activate the procedure regarding forfeiture of the concession (art. 9). *"Therefore"*, according to the Regional Administrative Court, *"even a continued breach of contract is insufficient, and the Grantor must undertake an administrative procedure (sending notice of a breach of contract), within which the Operator may exercise its rights under art. 10 of Law 241/90. Only if a further notice of breach of contract is issued in the event of a further breach of contract within the specified period, and in any case not less than 60 days, is it possible, under the above conditions, to declare the forfeiture of the concession"*. Finally, the Regional Administrative Court found that not even supposed precautionary requirements could have justified the adoption of the contested legislation, as in any event it would have been necessary to determine liability *"through the judicial bodies authorised to do so and after an appropriate trial"* or, at least, *"the use of an appropriate procedural form to guarantee the right of defence and an effective adversarial process"* for the company, as required by the constitutional principles set out in articles 24 and 111 of the Constitution.

In another respect, the Regional Administrative Court stated that *"it is impossible to infer from the disputed provisions why public interest in a more rapid reconstruction of the infrastructure, set out in the preamble to Law Decree 109/2018, would have been better safeguarded by removing responsibility for reconstruction from the current operator, rather than allowing the latter to do so within the framework of the obligations provided for under the Single Concession Arrangement"*. Subsequently, on 5 January 2020, the authorities - the Cabinet Office, the Ministry of Infrastructure and Transport and the Special Commissioner for the Reconstruction - challenged Liguria Regional Administrative Court's rulings before the Council of State. The challenges were restricted to the headings of the rulings on the preliminary questions

proposed by the authorities, while no observations were made regarding the referral to the Constitutional Court of the constitutional legitimacy issues raised by Autostrade per l'Italia. Autostrade per l'Italia appeared before the Council of State on 17 March 2020.

The Regional Administrative Court's rulings were published in the Official Gazette on 1 April 2020 and Autostrade per l'Italia has deposited its memorandum of appearance with the Constitutional Court.

Law Decree 162 of 30 December 2019 (the so-called Milleproroghe legislation)

On 31 December 2019, Law Decree 162 of 30 December 2019 (the so-called Milleproroghe legislation, later converted into Law 8 of 28 February 2020), was published in the Official Gazette. The Law Decree introduced two provisions that have a direct impact on motorway operators, amending the terms and conditions in current arrangements.

Art. 13 provides for postponement of the deadline for increasing motorway tolls for 2020 for operators whose regulatory period had expired when it came into force, until the procedure for revising the operators' financial plans, drawn up in accordance with the Transport Regulator's resolutions, has been completed. Specifically, paragraph 3 states that: *"For operators whose five-year regulatory period has expired, the deadline for increasing motorway tolls for 2020 has been postponed until the procedure has been defined for revising the financial plans prepared in compliance with the resolutions adopted pursuant to art. 16, paragraph 1 of Law Decree 109 of 2018, by the Transport Regulator, pursuant to art. 37 of Law Decree 201 of 6 December 2011, converted, with amendments, into Law 214 of 22 December 2011. By 30 March 2020, the operators are to submit proposals to the Grantor for revising their financial plans, to be reformulated in accordance with the above regulations, which annul and replace any previous update proposals. The update of the financial plans submitted by the deadline of 30 March 2020 must be completed by 31 July 2020 at the latest"*.

Art. 35, on the other hand, has introduced new regulations regarding termination of the concession for a breach of the arrangement by the Operator, providing for: on the one hand, pending completion of the tender to award the concession, the possibility of for Anas to provisionally manage the concession; and, on the other, new criteria for calculating the compensation due to an operator in the event of early termination of the concession due to a breach of the arrangement, which would result in a significantly lower amount than the one provided for in the existing Single Concession Arrangement. Specifically, art. 35 has established that *"revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways, whilst awaiting the conduct of the tender process for the award of the concession to a new operator, during the period strictly necessary for the operator's selection, ANAS Spa, in implementation of article 36, paragraph 3 of law Decree 98 of 6 July 2011, converted, with amendments, into Law 111 of 15 July 2011, may assume responsibility for managing the related motorways, and carry out routine and non-routine maintenance and investment in upgrades. This is without prejudice to any provisions in the concession arrangement that exclude payment of compensation in the event of early termination of the*

concession arrangement, and has no effect on ANAS Spa's right, in order to carry out the activities referred to in the first paragraph, to acquire any designs produced by the outgoing operator against payment of a fee based on the design costs alone and any intellectual property rights, as defined by art. 2578 of the Civil Code. The Minister of Infrastructure and Transport, in agreement with the Minister of the Economy and Finance, shall issue a decree governing the purpose and the procedures to be adopted for the provisional management of the concession by ANAS Spa. If termination of the concession is due to a breach on the part of the operator, art. 176, paragraph 4(a) of Legislative Decree 50 of 18 April 2016 shall apply, replacing any non-compliant substantive and procedural provisions in the concession arrangement, even if approved by law, which are to be considered null and void in accordance with art. 1419, paragraph two of the Civil Code, without there being, as a result of this measure, any termination by law. Effectiveness of the revocation, forfeiture or termination of the concession is no longer subject to payment by the grantor of the sums provided for in the above art. 176, paragraph 4(a)."

Autostrade per l'Italia asked a number of experts in EU and constitutional law, and leading professionals in the field to provide opinions on the lawfulness or otherwise of the provisions contained in articles 13 and 35 of the Milleproroghe Decree, and on the validity and effectiveness of the provisions of the concession arrangement that are inconsistent with the above legislation (which the Milleproroghe Decree refers to as *"null and void"*), with particular reference to the one governing forfeiture of the concession for breach of contract by the operator and the compensation due to the operator. All the above opinions deemed that the provisions in the above legislation were unlawful with regard to numerous procedural and substantive aspects, as they are in breach of EU principles, including those of legal certainty (*"pacta sunt servanda"*) and legitimate expectations, as well as with constitutional principles, with regard to, among other things, articles 3 (reasonableness), 41 (freedom of enterprise) and 43 (prohibition on expropriations with no public benefit and without compensation), and 102 and 104 (legislative interference in cases subject to pending litigation) of the Constitution. Similar issues of conflict with EU and constitutional law were raised with regard to art. 13 in the legal challenges filed before Lazio Regional Administrative Court by Autostrade per l'Italia, contesting the measures implementing the provisions of the legislation.

With regard to art. 35 of the Milleproroghe Decree, Autostrade per l'Italia has asked Lazio Regional Administrative Court to rule on whether articles 8, 9 and 9-bis of the Concession Arrangement are still valid and in force, as described in more detail below.

Based on the developments: (i) talks with the MIT, the Ministry of the Economy and Finance (the "MEF") and the Cabinet Office, and (ii) the legislative and/or regulatory framework, including with regard to the eventual outcome of the challenges contesting the provisions contained in the Milleproroghe Decree, Autostrade per l'Italia will, in any event, have the option of exercising all the rights granted to it under the terms of the concession arrangement, as confirmed by the opinions provided by the Company's legal advisors.

Application for a ruling from Lazio Regional Administrative Court on the validity and effectiveness of articles 8, 9 and 9-bis of the Concession Arrangement

Following enactment of the law converting Law Decree 162 of 2019, Autostrade per l'Italia filed a legal challenge with Lazio Regional Administrative Court to ascertain - subject to disapplication of art. 35 of the Law Decree, or referral of questions of interpretation of European law and incidental matters of constitutional legitimacy - that articles 8, 9 and 9-bis of the Single Concession Arrangement governing Autostrade per l'Italia's concession are still valid and in force.

The Company has asked the Court to rule on the validity and effectiveness of articles 8, 9 and 9-bis, subject to disapplication of art. 35, due to it being breach of the EU Treaty (legal certainty and legitimate expectations), the EU Charter of Fundamental Rights (the right to property), and numerous constitutional norms. Subordinate to the request for the direct disapplication of national legislation that contrasts with EU law, the application requests:

- the Court to refer the prejudicial issue of whether articles in the EU Treaty would prevent application of art. 35 to the European Court of Justice;
- to rule on the validity and effectiveness of articles 8, 9 and 9-bis, following prior consideration of the issue of the constitutional legitimacy of art. 35 with particular reference to art. 77 (lack of consistency), art. 3 (legal certainty and legitimate expectations) and art. 43 (the right to and the protection of property).

On 3 April 2020, the Company filed an application for the legal challenge to be accelerated and for a hearing for discussion of the case to be held as soon as possible.

At the date of preparation of this Annual Report the case is pending.

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, on 9 December 2019 the preliminary investigating magistrate accepted a request to extend the deadline for filing the expert technical report, initially scheduling the related hearing for discussion on 22 April 2020.

In a subsequent order, issued 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 preliminary investigating magistrate (i) accepted a further request for an extension of the deadline for filing the expert report to 14 June 2020, and (ii) adjourned the hearing of 22 April 2020 to the previously scheduled hearing of 18 May 2020, solely for the purpose of appointing and swearing in a new technical expert.

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 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 investigation involves four Autostrade per l'Italia managers suspected of carrying out the offences pursuant to articles 110 (aiding and abetting), 81 (continuing offence), 356 (public procurement fraud) and 432 (endangerment of transport safety) of the criminal code.

According to the charge, these barriers are dangerous as they are at risk of overturning, partly due to the effects caused by wind. The investigators also allege fraudulent behaviour with regard to the contractual relationship with the Grantor.

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 adjourned until 3 July 2020 following the issue 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".

Transport Regulator (ART) - Tariff regimes

On 29 March 2019, Autostrade per l'Italia - alongside other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica - lodged an appeal before the Piedmont Regional Administrative Court against Resolution 16 issued by the Transport Regulator ("ART") on 18 February 2019. The legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes relating to Autostrade per l'Italia's Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. Moreover, the Company took part in the relevant consultation process, challenging the scope of application of the tariff regime drawn up by ART - on the basis of the same arguments presented in the above legal challenge - and submitting its observations on the related operational and financial aspects. In Determination 71 of 19 June 2019, ART announced its decision "to approve..... a toll regime based on the price cap method with five-yearly determination of the productivity measure X for the Single Concession Arrangement between ANAS SpA and Autostrade per l'Italia SpA ...".

Compared with the formula currently used during the annual review of Autostrade per l'Italia's tolls, in which 70% of the increase to the average unit toll applied is made of the real inflation rate, the "X" component providing a return on investment carried out under the IV Addendum to the Concession Arrangement of 1997 and the "K" component that covers works decided on after 2007 ($\Delta T = 70\% \Delta P + X \text{ Investimenti} + K$), the new tariff regime introduced by ART Determination 71/2019, redefines the average unit toll, calculating it on the basis of three separate components: "Opex", "Construction" and a remaining item "Additional Expenses" ($T = T_g + T_k + T_{oi}$).

In more detail:

- a) "Opex Component" primarily designed to recover operating costs, estimated with reference to the so-called "base" year and adjusted annually on the basis of:
 - (i) 100% of the target inflation rate;
 - (ii) the above "X" productivity indicator or efficiency indicator, the latter established by ART for every five-year regulatory period;

(iii) penalties/bonuses relating to quality of service;

b) the “Construction Component” designed to cover the cost of capital (depreciation and a return on Net Invested Capital attributable to assets to be handed over to the grantor at the end of the concession term) and divided into:

(i) a sub-component relating to assets to be handed over that have either been completed or are in progress (remunerated at an internal rate of return used under the previous tariff regime in application of the so-called safeguard mechanism);

(ii) a sub-component relating to assets to be handed over that have to be built (remunerated at a WACC fixed every five years by ART);

c) the “Additional Expenses Component”, which covers specific costs that the operator is required to pay to the State or to other previously identified entities.

Autostrade per l'Italia thus appealed on additional grounds against ART Determination 71/2019, citing the same reasons as noted above.

The other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrada Tirrenica, also appealed on additional grounds against the specific determinations relating to them issued by ART. The appeals are still pending.

Toll increases for 2019

A decree issued by the Ministry of Infrastructure and Transport (the “MIT”) and Ministry of the Economy and Finance (the “MEF”) on 31 December 2018 set the toll increase to be applied on the Autostrade per l'Italia network at 0.81% (instead of the 0.87% requested by the company), deferring its application until 1 July 2019, unless otherwise agreed by Autostrade per l'Italia and the Grantor. Implementation of this deferral reflects the willingness of Autostrade per l'Italia and other motorway operators to postpone application of the net toll increase for a period of six months.

The increase of 0.81% included a component equal to 0.43% designed to compensate for the discounts applied to tolls for frequent motorway users in 2018 under the agreement between the MIT, AISCAT and motorway operators.

The willingness to postpone the toll increase was presented by Autostrade per l'Italia with the aim of entering discussion with the Grantor regarding a number of major issues. In this regard, the Grantor, in a letter dated 31 December 2018, announced that it would shortly schedule specific meetings. Regarding the shortfall in the increase with respect to the requested amount, equal to 0.06% (relating to the “X” component), Autostrade per l'Italia has reserved the right to produce additional documentation with the aim of obtaining the remaining increase.

Following further talks between Autostrade per l'Italia and the MIT, and after specific requests were made by the Grantor, during 2019 the company announced and then temporarily extended postponement of the toll increase, with the tolls charged to road users remaining unchanged through to 31 December 2019.

In response to the Grantor's request of 19 December 2019 to further extend the suspension of the 2019 toll increase, in a letter dated 27 December 2019 Autostrade per l'Italia expressed its willingness to meet the request, without prejudice to the company's right to apply the increase at any time and at its sole discretion. Such willingness was based on the assumption that the Grantor's request was part of the ongoing discussions aimed at finding a negotiated solution to the procedure alleging a serious breach of the concession agreement brought by the Grantor on 16 August 2018, whilst reaffirming that the suspension is a voluntary initiative on the part of the company, which is not based on any legal or contractual obligation.

At present, partly due to the crisis that has arisen in Italy following the spread of the Covid-19 virus, Autostrade per l'Italia has extended the suspension of application of the 2019 toll increase until 30 June 2020.

Toll increases for 2020

With regard to the toll increase that should have come into effect from 1 January 2020, the Grantor informed Autostrade per l'Italia that, “having completed its review” of the request for toll increases for 2020, “and in view of the provisions of Article 13 of the Milleproroghe Decree” of 30 December 2019, “no toll increase would be applied from 1 January 2020”. Moreover, given the willingness Autostrade per l'Italia expressed in its letter of 27 December 2019 to further extend the initiative to suspend the toll increase for 2019 - without prejudice to the company's right to apply the increase at any time and at its sole discretion - with the above determination, the Grantor notified that the toll increase for 2019 would also not be applied. With regard to the provisions of the *Milleproroghe Decree*, including the above-mentioned art. 13 and its effects, reference should be made to the relative paragraph in this section.

Autostrade per l'Italia's request for a toll increase for 2020 submitted on 15 October 2019 amounted to 1.21% (0.84% corresponding to 70% of the inflation rate, and 0.37% to the “X” component), which the Grantor, after conducting its review, had reduced by 0.02% due to ineligible costs relating to investment, initially resulting in an overall increase of 1.19%.

Autostrade per l'Italia appealed against the Grantor's decision to freeze tolls before the Lazio Regional Administrative Court, challenging its legitimacy on a number of grounds, claiming in particular that the Grantor's determination:

- was adopted in contravention of the Arrangement and Legislative Decree 355/2003, as amended, which expressly provide for the determination of annual toll increases, and the adoption of a decree signed by the MIT in agreement with the MEF;
- is inconsistent with the Grantor's review - accessed by the company - which recognised the toll increase of 1.19%;
- in execution of art. 13 of the *Milleproroghe Decree*, unilaterally and coercively amends the regulatory and contractual provisions, contrary to the constitutional and EU principles of legal certainty and legitimate expectations.

With reference to art. 13 of the above Decree, the legal challenge raises questions of constitutional legitimacy, particularly with regard to art. 77 of the Constitution (lack of consistency, in terms of both content and purpose), and to Articles 102 and 104 (legislative

interference in cases subject to pending litigation), as well as in relation to the constitutional provisions and EU legislation that protect the above principles of legitimate expectations and legal certainty.

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

On 15 June 2018, Autostrade per l'Italia submitted a proposal to the Grantor regarding a five-year update of its financial plan, which the Grantor has not yet approved, citing, among other things, with a determination of 4 December 2018, the regulatory powers attributed to the Transport Regulator by Legislative Decree 109/2018.

With regard to this position taken by the Grantor, Autostrade per l'Italia has filed:

- an extraordinary appeal to the Head of State, notified on 24 March 2019, requesting annulment of the determination by which the Grantor, acknowledging the delay in approval of the updated financial plan submitted by Autostrade per l'Italia, due to a change in the regulatory framework, has de facto halted its approval;
- an appeal, notified on 14 June 2019, before Lazio Regional Administrative Court, requesting a ruling on the unlawfulness of the Grantor's failure to respond to the proposed update of Autostrade per l'Italia's financial plan for the regulatory period 2018-2022.

In relation to the latter ruling, on 2 December 2019, Lazio Regional Administrative Court handed down a judgement upholding it, which established that the Grantor must issue an express determination within 30 days. The Attorney General's Office challenged the judgement before the Council of State.

In a subsequent letter dated 3 January 2020, the Grantor, in compliance with the above ruling of the Regional Administrative Court, informed Autostrade per l'Italia that the proposal to update the financial plan submitted on 15 June 2018 "is unacceptable". These reasons were given: (i) the proposal submitted would not implement ART Determination 71/2019; (ii) application of the new regime introduced by the Transport Regulator would be a qualifying and essential element of the concession relationship; (iii) art. 13 of the Milleproroghe Decree would require operators to submit new proposals for updating their financial plans on the basis of ART determinations, entailing cancellation of the plans already submitted, by 30 March 2020.

Autostrade per l'Italia filed an appeal before Lazio Regional Administrative Court, challenging the legitimacy of the determination implemented by the Grantor in the above letter dated 3 January 2020 on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the Law Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. The case is pending. Subsequently, in a memo dated 20 March 2020 and sent to all motorway operators, citing art. 103 of Law Decree 103 of 17 March 2020, which, as part of the measures adopted to cope with the emergency arising from the spread of the Covid-19 virus, "established the suspension of deadlines for administrative proceedings and regulated the effects of expiring administrative measures", the Grantor announced, with regard to the

application of art. 13 of Legislative Decree 162/2019 that "the deadline of 30 March 2020 for submission of financial plans should be deemed automatically postponed in accordance with the provisions of the above law".

With regard to the provisions of the Milleproroghe Decree, including the aforementioned art. 13 and its effects, reference should be made to the relevant paragraph in this section.

Agreement between the Ministry of Infrastructure and Transport/ANAS/Autostrade per l'Italia relating to the Casalecchio Interchange

The II Addendum to Autostrade per l'Italia's Single Concession Arrangement, governing the inclusion of the Casalecchio Interchange – Northern section among Autostrade per l'Italia's investment commitments, was signed on 22 February 2018. On 18 July 2019, the Grantor communicated the signature of the Agreement between the Grantor, ANAS and Autostrade per l'Italia, governing Autostrade per l'Italia's payment of approximately €155 million to ANAS in return for construction of the Northern Section of the Casalecchio Interchange. The amount will then be recouped through the specific K tariff component.

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, on 15 April 2016, Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and Bologna City Council signed an agreement for the upgrade of the existing motorway system/ring road interchange serving the city of Bologna. Further discussions and an in-depth review at the request of the Ministry then resulted in the production of a revised design to be included in an addendum to the agreement of 15 April 2016, signed on 6 November 2019.

Legislation concerning tenders and concessions

Law 55 of 14 June 2019 has extended until 31 December 2020 the transitional period for compliance with the new requirements introduced by art. 177 of Legislative Decree 50/2016, which requires existing motorway concession holders to award 60% of any contracts for works by public tender. With regard to the legal action challenging the lawfulness of the Interpretation Guidelines for art. 177, on 27 June and 3 July 2019, Lazio Regional Administrative Court ruled that the challenges brought by AISCAT and the operators, including Autostrade per l'Italia, were inadmissible as they did not meet the requirement that the Guidelines would cause immediate harm. The judgement has been appealed before the Council of State, where judgement is pending.



Litigation regarding the Ministry of Infrastructure and Transport and the Ministry for Economic Development decree of 7 August 2015 and competitive tenders for oil and food services at service areas

A number of legal challenges have been brought before Lazio Regional Administrative Court by a number of oil and food service providers, and by individual operators, with the aim of contesting a decree issued by the Ministry of Infrastructure and Transport and the Ministry for Economic Development on 7 August 2015. Two of the challenges remain pending:

- a) the first, brought by the operator of the Agogna East service area, has been removed from the register by Lazio Regional Administrative Court, and the plaintiff has up to a year from the date of removal from the register to request a date for the case to be heard;
- b) the second, brought by the operator of the Aglio West service area, requesting a review of judgement 9779 handed down by Lazio Regional Administrative Court on 15 September 2016, which had declared the appellant's challenge inadmissible, is awaiting a date to be set for the hearing on the merits.

To complete the picture, hearings on the merits for a further five challenges brought by operators at individual service areas, with the aim of cancelling the above decree issued by Ministry of Infrastructure and Transport and the Ministry for Economic Development, and for another challenge brought by a trade association representing operators have yet to be scheduled. Such hearings have not been requested by the plaintiffs.

With regard to the procedure for awarding the contract to provide oil services at the Novate North service area, Tamoil Italia SpA, the second ranked bidder, has challenged the award and requested injunctive relief. Injunctive relief was granted by Lombardy Regional Administrative Court and, on 4 April 2019, the case was discussed by the court. The ruling on the merits upheld the challenge, setting aside the award. The judgement has been appealed by EG Italia Spa, the first ranked bidder, requesting that the Regional Administrative Court judgement be overturned, with prior injunctive relief. Autostrade per l'Italia has appeared before the court in relation to the challenge, alongside Tamoil, which has filed a cross appeal. At the pre-trial hearing, the appellant requested that the appeal be combined with a hearing on the merits, which the Court allowed, setting a date for the hearing to discuss the case on 23 April 2020. In the meantime, the service is being provided under an extension of the previous contract by EG Italia, the previous operator.

Accident on the Acqualonga viaduct on the A16 Naples-Canosa motorway on 28 July 2013

Criminal proceedings the trial before a single judge at the Court of Avellino has been completed, with a judgement at first instance regarding the accident that occurred on 28 July 2013 on the Acqualonga Viaduct, involving a coach travelling on the A16 Naples-Canosa motorway. The accused included a total of twelve managers and former managers and employees of the Autostrade per l'Italia, who were charged with being accessories to culpable multiple manslaughter and criminal negligence.

Specifically, at the hearing held on 11 January 2019, the judge acquitted the accused who at the time of the accident held the roles of Autostrade per l'Italia's Chief Executive Officer, General Manager for Operations & Maintenance, Head of the "Road Surfaces and Safety Barriers" unit, Head of the "Safety Barriers, Laboratories and RD" operations unit and the two Coordinators at the VI Section Operations Centre in Cassino not guilty pursuant to art. 530, paragraph 1 of the code of criminal procedure, as they are innocent of the crime of which they were accused. Instead, the then managers and heads of operations at the VI Section office in Cassino were found guilty.

The Public Prosecutor and the lawyers defending the accused who have been found guilty have lodged appeals. The first hearing, initially scheduled for 24 March 2020, has been adjourned until 1 October 2020 in accordance with 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".

Civil proceedings

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

Autostrade per l'Italia's legal counsel appealed the judgement handed down by the Court of Avellino, which had ruled that Autostrade per l'Italia and Mr Gennaro Lametta, the owner of the agency that hired the bus insured with Reale Mutua, were concurrently and jointly liable (50% each). It is likely that this appeal will be combined with the appeal lodged by Mr Lametta, who has also challenged the judgement awarding damages.

The first hearing was scheduled for 17 March 2020 but was adjourned until 20 October 2020 following the issue of law Decree 11 of 8 March 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.

The investigation is ongoing.

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 of 21 November 2019 continued to hear testimony from the witnesses called by the prosecution. The hearing scheduled for 5 May 2020 for the examination of the texts cited by the PM has been postponed to another date for the entry into force of Art. 36 of D.L. 8 April 23 bearing “Urgent measures on access to credit and tax obligations for companies, special powers in the strategic areas, as well as interventions in health and employment, extension of administrative and procedural terms”, which ordered the further suspension of criminal hearings until 11 May 2020.

Claim for damages from the Ministry of Environment

The criminal case brought before the Court of Florence regarded alleged violations of environmental laws relating to the reuse of soil and rocks resulting from 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 the paragraph three, “fly tipping” of the Consolidated Law). The trial at first instance has come to an end with the full acquittal of Autostrade per l’Italia’s Joint General Manager for Network Development and Project Manager, as the court ruled that “there was no case to answer”.

The Public Prosecutor’s office in Florence has filed a *per saltum* appeal against the judgement with the Supreme Court and the first hearing is scheduled for 9 June 2020.

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”).

On 7 October 2019, the preliminary investigating magistrate issued a dismissed the charges against 4 of Autostrade per l’Italia’s managers: the Principal, the Director and the Head of Operations at the Pescara VII area office and the Head of the “Tender Management Department”. The criminal proceedings thus continued solely against the 3 Autostrade per l’Italia Sole Project Managers and the company itself pursuant to Legislative Decree 231/2001. 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.

Proceedings involving Autostrade per l’Italia and Craft Srl New proceeding before the Supreme Court

In judgement 21405 of 14 August 2019, the Supreme Court, in upholding Autostrade per l’Italia’s appeal, quashed the judgement issued by the Court of Appeal in Rome in 2018. The Supreme Court deemed the Court of Appeal’s decision regarding the infringement of the plaintiff’s patent to be based on erroneous criteria, and has requested the Court of Appeal in Rome to hear the case again, applying the legal principle indicated by the Supreme Court. The Court that Craft’s cross-appeal has lapsed. As a result of the Supreme Court judgement, all the actions required under the Appeal Court ruling are inapplicable.

Autostrade per l’Italia has reopened the case before the Court of Appeal in Rome which, on 19 February 2020, reserved judgement.

Tax disputes regarding ground tax and ground rent (TOSAP and COSAP)

In recent years, city councils and provincial authorities notified Autostrade per l’Italia of numerous demands for the payment of considerable sums in the form of ground tax (Tassa per l’Occupazione di Spazi ed Aree Pubbliche or TOSAP) and ground rent (Canone per l’Occupazione di Spazi ed Aree Pubbliche or COSAP). The levies are allegedly payable in return for the occupation of public land owned by the relevant councils and provincial authorities by motorway infrastructure (road bridges, viaducts and underpasses, etc.). Assessment proceedings by the local authorities were further intensified following a number of judgements handed down by the Supreme Court, which found against the Company. As the Company is not in agreement with the basis for the judgements, the relevant demands have been appealed and provisions have been made to cover the sums involved in “Other provisions for risks and charges”. Recent judgements on the merits have found in the company’s favour, ignoring the rulings of the Supreme Court.

9.6

Law 124 of 4 August 2017 – Annual markets and competition law

Article 1, paragraphs 125 to 129, of Law 124 of 4 August 2017 has introduced a number of measures designed to ensure the transparency of the government grants system.

In the Company's case, the legislation translates into the obligation to disclose in the notes to its financial statements (paragraph 126) the grants received from:

- a) the government bodies and entities referred to in article 2-bis of Legislative Decree 33 of 14 March 2013;
- b) companies directly or indirectly controlled, in law or in fact, by government bodies, including companies listed on regulated markets and their investees;
- c) publicly owned companies, including those that issue listed shares and other entities.

The legislation provides for significant penalties for failure to comply with the disclosure requirement, involving repayment of the grants received (paragraph 125).

Based on the assessment conducted, in the view of the Company, the only type of grant received that qualifies for application of the disclosure requirements is represented by the government grants used to finance investment in the Company's motorway network.

The following table summarises the grants collected/released in relation to "Financial assets deriving from government grants".

€ 000

Grantor	Grant collected	Description
Anas SpA for the Ministry of Infrastructure and Transport	27.630	Collection of term deposits following disbursement of grants by banks in relation to loans entered into in order to activate the grants provided by laws 662/96, 345/1997 and 135/1997 - IFRIC 12 construction services for which no additional benefits are received
Ravenna Provincial Authority	1.270	Transformation of a part (approximately 14 km) of the motorway link between Ravenna (A/14/DIR) and the Bologna - Bari - Taranto motorway (A/14) from a "closed" to an "open" system - IFRIC 12 works for which no additional economic benefits are received
Ferrovie Nord Milano SpA	256	Fourth free-flow lane Firenze-S.S. Giovanni L1 - IFRIC 12 construction services for which no additional benefits are received
Cesena City Council	198	Grant to fund installation of noise barriers - IFRIC 12 construction services for which no additional benefits are received
	29.354	

9.7

Events after 31 December 2019

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

As described in note 9.5, "Significant legal and regulatory aspects", talks with the Grantor and the Government have continued in 2020 with the aim of agreeing on amendments to the Single Concession Arrangement and on a resolution of the dispute with the MIT arising from the collapse of a section of the Polcevera road bridge in 2018. As part of the talks, Autostrade per l'Italia has made a number of proposals, the latest formally put forward in a letter dated 5 March 2020. This includes an undertaking to meet the cost of a range of measures to be implemented according to procedures to be agreed with the Grantor.

Downgrade of Autostrade per l'Italia's credit ratings – Relations with financial institutions

In early January 2020, the Italian Government adopted Legislative Decree 162 of 30 December 2019 (the so-called *Milleproroghe* legislation), introducing unilateral amendments to the motorway concessions in force. This contributed to the decision to further downgrade Autostrade per l'Italia's ratings, taking those issued by the three leading international agencies, Moody's, Fitch and Standard & Poor's, to below investment grade.

The ratings of the Company's senior unsecured debt at the date of publication of the Annual Report are shown below:

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

All the rating agencies have stressed the fact that, in their opinion, approval of art. 35 of the Milleproroghe Decree played a decisive role in the downgrades.

The downgrades have had a negative impact on the Company's ability to borrow in the financial markets, although it continues to engage in operational dialogue with principal financial institutions.

Further details of the risks and uncertainties resulting from the downgrade are provided in the paragraph, "Going-concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation".

Covid-19

Partly in compliance with the CONSOB's "Warning notice no. 6/20 of 9 April 2020", this section provides a brief description of the impact of the health emergency caused by Covid-19 on the issuer, and the remedial action taken and to be taken by the Company. A more detailed description of the uncertainties resulting from the health emergency is provided in the paragraph, "Going-concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation".

The global spread of the Covid-19 virus around the world, and the Italian Government's resulting declaration of a health emergency, have limited or halted activity in many sectors of the economy and led to the imposition of quarantine measures or, in any event, restrictions on movement.

These measures have had a major impact on traffic throughout the network.

The following table shows weekly traffic figures from the beginning of 2020, compared with the matching period of 2019, for the network managed by Autostrade per l'Italia.

Provisional data Changes versus same week in 2019	Network managed by Autostrade per l'Italia
Week 2	2,9%
Week 3	0,9%
Week 4	2,9%
Week 5	6,5%
Week 6	-0,2%
Week 7	-0,5%
Week 8	0,0%
Week 9	-17,3%
Week 10	-23,6%
Week 11	-59,9%
Week 12	-75,1%
Week 13	-80,9%
Week 14	-77,0%
Week 15	-75,5%
Week 16	-79,7%
Week 17	-77,0%
Progressive as at 26 April 2020	-35,5%

Against this backdrop, Group companies have responded rapidly by taking steps to implement cost-efficiencies, whilst not reducing maintenance and investment in the safety of infrastructure for the benefit of road users. The companies have also adopted the protective measures introduced by the authorities in order to safeguard the workforce.

The Company has thus updated its financial projections over a time-frame of 18 months, in order to take into account the spread of the epidemic. This is based on projected scenarios for its sector of operation produced by leading external sources. The scenarios have also been subject to an independent assessment by a third-party expert.

Redemption of bonds

On 16 March 2020, the Company repaid borrowings with a face value of €560 million guaranteed by Atlantia. This included €58 million in instalments due on loans from the European Investment bank and €502 million to extinguish a bond issue.

Request for the drawdown of funds from Cassa Depositi e Prestiti

On 3 April 2020, Autostrade per l'Italia requested the disbursement of funds totalling €200m under the credit facility agreed with Cassa Depositi e Prestiti SpA ("CDP") on 15 December 2017. The request regards 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 (including those "relating to the absence of Potential Material Events"), noting, among other things, that the Milleproroghe Decree had "[...] established a regulatory framework for the motorway sector that expressly (i) provides that early termination of motorway concessions, including the concession held by Autostrade per l'Italia, is not subject to the payment of compensation, (ii) establishes new criteria for determining such compensation in the event of termination due to breach of contract on the part of the operator, and (iii) invalidates any non-compliant provisions of the concession arrangement.", and that "this regulatory framework must also be considered in the light of the announcement made by the Ministry of Infrastructure and Transport on 20 August 2018, in the which the Ministry alleged that Autostrade per l'Italia was in serious breach of the concession arrangement".

Moreover, in view "[...] (i) of the ongoing emergency and the corresponding need to support the recovery effort, and (ii) the need, stated by Autostrade per l'Italia, to use the requested funds to also finance implementation of its business plan, including significant investment [...]", CDP stated that the request for disbursement could only be assessed following discussions with the company.

Financial support from Atlantia

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 line of credit made available by Atlantia will be subject to standard market terms and conditions for transactions of this type.

The Company has prepared and is in the process of finalising other short-term financial transactions, partly taking advantage of urgent legislation introduced to provide aid for businesses. These transactions will, together with the above transactions, enable the Company to meet the funding requirements that may also result from the sharp decline in traffic expected to take place in 2020 as a result of the Covid-19 emergency.

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.

10

KEY INDICATORS EXTRACTED FROM THE MOST RECENT FINANCIAL STATEMENTS OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION, AS DEFINED BY ART. 2497 BIS OF THE ITALIAN CIVIL CODE

Key indicators extracted from the most recent financial statements of the parent, Atlantia, which exercises management and coordination of the Company, are shown below. These financial statements are available to the public at the Company's registered office or on line in the section "Financial statements and reports" at www.atlantia.it.

KEY INDICATORS EXTRACTED FROM THE MOST RECENT FINANCIAL STATEMENTS OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION, AS DEFINED BY ART. 2497 BIS OF THE ITALIAN CIVIL CODE

ATLANTIA S.p.A.	
KEY INDICATORS FROM THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018	
	(€ 000)
STATEMENT OF FINANCIAL POSITION	
Non-current assets	16.714.584
Current assets	432.787
Total assets	17.147.371
Equity	11.202.726
<i>of which issued capital</i>	<i>825.784</i>
Non-current liabilities	5.045.307
Current liabilities	899.338
Total liabilities and equity	17.147.371
INCOME STATEMENT	
Operating revenue	3.219
Operating costs	-100.736
Operating loss	-97.517
Profit for the year	694.721

PROPOSAL TO COVER THE LOSS FOR THE YEAR TO BE PUT TO AUTOSTRADA PER L'ITALIA SPA'S ANNUAL GENERAL MEETING FOR APPROVAL

Dear Shareholders,

In conclusion, we invite you:

(a) to approve the financial statements as at and for the year ended 31 December 2019, which report a loss for the year of €291,332,648.18, having taken note of the accompanying documents;

(b) to cover the loss for the year, amounting to €291,332,648.18, from retained earnings of €858,028,020.27.

For the Board of Directors

The Chairman

ANNEXES TO THE FINANCIAL STATEMENTS

Annex 1 - Disclosures pursuant to art.149-duodecies of the CONSOB Regulation for Issuers 11971/1999

Annex 2 - Traffic figures (pursuant to the CIPE Resolution of 20 December 1996)

Annex 3 - Table of investment required by art. 2 of the Single Concession Arrangement of 2007

Annex 4 - Subsidiaries, associates and joint ventures accounted for using the equity method (article 3, point 1.1 of the 2007 Single Concession Arrangement)

The above annexes are unaudited.

Annex 1

Disclosures pursuant to art. 149-duodecies of the CONSOB Regulation for Issuers 11971/1999

Type of service	Provider of service	Note	Fees (€000)
Audit	Parent Company's auditor		240
Other services	Parent Company's auditor	(1)	23
Total			263

(1) Signature of consolidated and 770 tax forms and agreed upon procedures for data and accounting information.

Annex 2

Traffic figures (pursuant to the CIPE Resolution of 20 December 1996)

The figures for toll paid kilometres travelled shown in the following tables relate to traffic during the year paying the additional toll, calculated on the number of kilometres travelled by each vehicle using the motorway infrastructure, to be paid to ANAS pursuant to Law 102/2009, as amended, which abolished the previous surcharge introduced by art. 15 of Law 531/1982, as amended by Law 407/1990. These figures, therefore, in addition to not including non-paying traffic, also exclude traffic that failed to pay the required toll and that was only recorded when the toll was subsequently paid. The following are categories of non-paying traffic: traffic exempted by agreement or for operational reasons (company vehicles, motorway police, ACI, which provides breakdown services, emergency vehicles and employees travelling to work); estimates traffic during toll collectors' strikes; and other non-paying traffic (users who fail to pay the required toll, the exemption for traffic in the Genoa area, etc.). The kilometres travelled on Autostrada per l'Italia's network, as reported in the sub-section "Traffic", in section 2.5, "Group operating review" in the report on operations, regard all traffic using the network, including traffic for which the relevant toll was not paid, recognised at the time effective use of the motorway is recorded.

AUTOSTRADA PER L'ITALIA: WHOLE NETWORK
TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)
YEAR: 2019

Month	Toll class											Total		
	A		B		3		4		5					
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	2.111.113	401.747	249.247	46.590	47.327	8.263	37.463	7.504	354.430	80.348	2.799.580	544.452	3.344.032	
February	1.920.139	362.510	248.452	46.556	47.016	8.262	37.268	7.506	354.820	81.438	2.607.695	506.272	3.113.967	
March	2.342.346	447.009	295.351	56.236	54.377	9.583	41.392	8.391	388.332	88.692	3.121.798	609.911	3.731.709	
April	2.583.392	502.531	306.404	60.305	55.683	10.281	38.409	7.940	358.629	82.322	3.342.517	663.379	4.005.896	
May	2.410.299	457.687	323.983	62.948	60.521	11.398	43.747	8.870	401.032	91.682	3.239.582	632.585	3.872.167	
June	2.778.796	577.788	323.879	65.566	60.432	12.269	40.972	8.324	372.876	84.161	3.576.955	748.108	4.325.063	
July	3.103.522	648.513	340.807	67.205	66.601	13.394	44.469	8.987	416.101	93.384	3.971.500	831.483	4.802.983	
August	3.430.127	744.805	279.798	59.705	52.645	11.622	29.701	6.017	289.145	68.034	4.081.416	890.183	4.971.599	
September	2.727.876	553.886	321.584	64.049	59.378	11.719	41.426	8.356	377.347	87.744	3.527.611	725.754	4.253.365	
October	2.488.525	465.557	329.384	63.118	59.764	10.768	46.239	9.140	409.212	91.886	3.333.124	640.469	3.973.593	
November	2.222.936	396.433	281.721	52.082	50.514	8.817	42.550	8.297	370.519	82.982	2.968.240	548.611	3.516.851	
December	2.424.539	447.241	262.670	49.508	45.910	8.073	36.672	7.073	323.178	71.613	3.092.969	583.508	3.676.477	
YEAR	30.543.610	6.005.707	3.563.280	693.868	660.168	124.449	480.308	96.405	4.415.621	1.004.286	39.662.987	7.924.715	47.587.702	

MOTORWAY: MILAN - NAPLES
YEAR: 2019

SECTION: A1 MILAN-BOLOGNA

Month	Toll class											Total		
	A		B		3		4		5					
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	295.349	-	36.776	-	8.111	-	8.087	-	67.835	-	416.158	-	416.158	
February	275.703	-	37.007	-	7.958	-	7.940	-	67.458	-	396.066	-	396.066	
March	346.286	-	44.735	-	9.134	-	8.642	-	74.199	-	482.996	-	482.996	
April	386.904	-	46.271	-	9.316	-	8.009	-	68.156	-	518.656	-	518.656	
May	360.118	-	48.916	-	10.120	-	9.239	-	76.445	-	504.838	-	504.838	
June	423.764	-	48.063	-	10.026	-	8.582	-	69.797	-	560.232	-	560.232	
July	461.711	-	49.359	-	11.252	-	9.456	-	77.882	-	609.660	-	609.660	
August	486.373	-	39.261	-	8.767	-	6.346	-	53.267	-	594.014	-	594.014	
September	406.061	-	49.516	-	9.990	-	8.838	-	71.398	-	545.803	-	545.803	
October	367.190	-	49.923	-	10.083	-	10.053	-	78.433	-	515.682	-	515.682	
November	327.488	-	42.075	-	8.359	-	9.323	-	70.405	-	457.650	-	457.650	
December	341.309	-	38.332	-	7.500	-	8.031	-	61.149	-	456.321	-	456.321	
YEAR	4.478.256	-	530.234	-	110.616	-	102.546	-	836.424	-	6.058.076	-	6.058.076	

MOTORWAY: MILAN - NAPLES
YEAR: 2019

SECTION: A1 BOLOGNA-FLORENCE

Month	Toll class											Total		
	A		B		3		4		5					
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	99	93.948	12	12.481	2	2.613	1	3.190	6	26.912	120	139.144	139.264	
February	89	81.948	11	12.419	2	2.684	1	3.193	6	27.544	109	127.788	127.897	
March	104	100.349	13	15.034	2	3.155	1	3.558	7	30.522	127	152.618	152.745	
April	103	117.612	12	16.600	2	3.363	1	3.290	6	27.851	124	168.716	168.840	
May	102	103.559	13	16.841	2	3.711	1	3.740	7	31.087	125	158.938	159.063	
June	107	122.552	14	17.214	2	3.698	1	3.524	7	28.556	131	175.544	175.675	
July	103	133.694	13	16.771	2	3.961	1	3.734	7	31.305	126	189.465	189.591	
August	82	156.590	10	14.490	2	3.082	1	2.479	5	20.968	100	197.609	197.709	
September	100	120.877	13	17.203	2	3.537	1	3.534	6	27.692	122	172.843	172.965	
October	106	107.672	13	16.892	2	3.372	1	3.886	6	29.341	128	161.163	161.291	
November	100	94.905	12	13.830	2	2.686	1	3.549	6	26.513	121	141.483	141.604	
December	100	107.450	11	12.968	1	2.470	1	3.040	6	23.335	119	149.263	149.382	
YEAR	1.195	1.341.156	147	182.743	23	38.332	12	40.717	75	331.626	1.452	1.934.574	1.936.026	

MOTORWAY: MILAN - NAPLES
YEAR: 2019

SECTION: A1 FLORENCE-ROME

Month	Toll class											Total		
	A		B		3		4		5					
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	265.230	-	32.944	-	6.035	-	7.348	-	59.777	-	371.334	-	371.334	
February	228.321	-	32.519	-	6.030	-	7.277	-	60.188	-	334.335	-	334.335	
March	278.575	-	38.977	-	7.083	-	8.167	-	66.638	-	399.440	-	399.440	
April	329.586	-	41.448	-	7.488	-	7.479	-	61.436	-	447.437	-	447.437	
May	285.795	-	43.015	-	7.927	-	8.559	-	68.559	-	413.855	-	413.855	
June	312.589	-	41.806	-	7.518	-	8.055	-	63.532	-	433.500	-	433.500	
July	347.117	-	43.054	-	8.142	-	8.454	-	69.267	-	476.034	-	476.034	
August	432.711	-	35.905	-	6.663	-	5.724	-	47.988	-	528.991	-	528.991	
September	320.633	-	41.569	-	7.394	-	7.966	-	61.003	-	438.565	-	438.565	
October	300.145	-	43.514	-	7.602	-	8.949	-	65.907	-	426.117	-	426.117	
November	269.238	-	36.994	-	6.265	-	8.354	-	60.866	-	381.717	-	381.717	
December	320.131	-	35.644	-	5.927	-	7.270	-	54.445	-	423.417	-	423.417	
YEAR	3.690.071	-	467.389	-	84.074	-	93.602	-	739.606	-	5.074.742	-	5.074.742	

MOTORWAY: MILAN - NAPLES
YEAR: 2019

SECTION: A1 FIANO-SAN CESAREO

Month	Toll class											Total		
	A		B		3		4		5					
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
Gennaio	15.456	13.130	2.290	1.785	549	355	551	292	5.428	2.636	24.274	18.198	42.472	
Febbraio	12.024	11.155	2.223	1.719	520	330	541	285	5.270	2.532	20.578	16.021	36.599	
Marzo	15.254	13.674	2.720	2.043	602	380	613	322	5.847	2.820	25.036	19.239	44.275	
Aprile	20.979	16.199	2.887	2.083	622	387	549	288	5.359	2.575	30.396	21.532	51.928	
Maggio	16.339	14.231	2.940	2.202	647	408	622	327	5.996	2.896	26.544	20.064	46.608	
Giugno	19.102	16.108	2.903	2.206	625	406	596	317	5.663	2.752	28.889	21.789	50.678	
Luglio	22.262	18.183	2.990	2.307	682	433	616	328	6.156	2.968	32.706	24.219	56.925	
Agosto	33.851	22.185	2.587	1.874	576	367	412	224	4.336	2.107	41.762	26.757	68.519	
Settembre	20.353	16.644	2.890	2.163	644	404	595	317	5.542	2.698	30.024	22.226	52.250	
Ottobre	17.934	15.494	3.046	2.301	671	416	673	358	6.132	2.990	28.456	21.559	50.015	
Novembre	15.839	13.670	2.644	1.988	588	368	626	329	5.781	2.800	25.478	19.155	44.633	
Dicembre	20.273	16.273	2.601	1.923	565	351	538	286	5.247	2.549	29.224	21.382	50.606	
YEAR	229.666	186.946	32.721	24.594	7.291	4.605	6.932	3.673	66.757	32.323	343.367	252.141	595.508	

**MOTORWAY: MILAN - NAPLES
YEAR:2019**

SECTION: A1 ROME-NAPLES

Month	Toll class										Total		
	A		B		3		4		5				
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall
January	268.282	-	29.145	-	5.197	-	4.165	-	37.105	-	343.894	-	343.894
February	233.926	-	28.126	-	4.923	-	4.078	-	36.193	-	307.246	-	307.246
March	284.527	-	33.288	-	5.663	-	4.616	-	39.757	-	367.851	-	367.851
April	328.430	-	34.651	-	5.871	-	4.183	-	36.791	-	409.926	-	409.926
May	292.424	-	36.434	-	6.231	-	4.761	-	41.366	-	381.216	-	381.216
June	325.183	-	35.996	-	6.020	-	4.462	-	39.475	-	411.136	-	411.136
July	364.589	-	38.196	-	6.645	-	4.897	-	43.940	-	458.267	-	458.267
August	427.064	-	31.881	-	5.586	-	3.260	-	32.535	-	500.326	-	500.326
September	331.924	-	35.319	-	6.108	-	4.587	-	39.578	-	417.516	-	417.516
October	309.077	-	37.390	-	6.285	-	5.096	-	43.086	-	400.934	-	400.934
November	275.839	-	32.092	-	5.487	-	4.765	-	39.496	-	357.679	-	357.679
December	327.825	-	31.478	-	5.183	-	4.089	-	36.301	-	404.876	-	404.876
YEAR	3.769.090	-	403.996	-	69.199	-	52.959	-	465.623	-	4.760.867	-	4.760.867

**MOTORWAY: MILAN - LAKES
YEAR:2019**

SECTION: A8/A9 MILAN-LAKES

Month	Toll class										Total		
	A		B		3		4		5				
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall
January	155.603	9.480	14.096	611	1.784	84	1.001	65	7.886	514	180.370	10.754	191.124
February	146.699	8.566	14.198	616	1.821	85	1.040	68	7.945	526	171.703	9.861	181.564
March	174.623	10.458	16.449	762	2.121	115	1.167	78	8.593	564	202.953	11.977	214.930
April	172.390	11.321	16.716	927	2.196	155	1.058	77	7.928	524	200.288	13.004	213.292
May	178.990	11.264	17.797	947	2.437	168	1.211	83	8.850	567	209.285	13.029	222.314
June	184.216	12.709	17.648	1.040	2.576	223	1.103	78	7.982	523	213.525	14.573	228.098
July	193.070	14.217	18.453	1.037	2.938	262	1.237	90	9.051	588	224.749	16.194	240.943
August	155.019	12.413	13.123	876	2.159	250	788	64	5.522	364	176.611	13.967	190.578
September	183.286	12.222	17.767	1.038	2.481	206	1.115	81	8.059	508	212.708	14.055	226.763
October	185.652	11.860	18.722	1.011	2.439	165	1.264	91	8.881	581	216.958	13.708	230.666
November	161.579	9.581	15.184	671	1.911	93	1.072	72	7.785	509	187.531	10.926	198.457
December	168.060	10.567	14.046	654	1.665	86	944	66	6.679	426	191.394	11.799	203.193
YEAR	2.059.187	134.658	194.199	10.190	26.528	1.892	13.000	913	95.161	6.194	2.388.075	153.847	2.541.922

**MOTORWAY: TURIN - TRIESTE
YEAR:2019**

SECTION: A4 MILAN-BRESCIA

Month	Toll class										Total		
	A		B		3		4		5				
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall
January	219.778	-	30.109	-	4.724	-	2.389	-	28.876	-	285.876	-	285.876
February	207.473	-	30.257	-	4.843	-	2.445	-	28.732	-	273.750	-	273.750
March	246.090	-	34.730	-	5.452	-	2.669	-	30.797	-	319.738	-	319.738
April	243.286	-	33.970	-	5.271	-	2.508	-	28.442	-	313.477	-	313.477
May	246.518	-	36.963	-	5.860	-	2.816	-	32.339	-	324.496	-	324.496
June	255.363	-	34.971	-	5.730	-	2.616	-	29.224	-	327.904	-	327.904
July	273.263	-	37.809	-	6.551	-	2.869	-	32.950	-	353.442	-	353.442
August	246.638	-	27.159	-	4.360	-	1.768	-	20.126	-	300.051	-	300.051
September	255.902	-	35.273	-	5.721	-	2.660	-	30.160	-	329.716	-	329.716
October	254.460	-	37.514	-	5.880	-	2.969	-	32.520	-	333.343	-	333.343
November	230.180	-	32.886	-	4.992	-	2.715	-	29.001	-	299.774	-	299.774
December	238.085	-	29.845	-	4.313	-	2.194	-	24.255	-	298.692	-	298.692
YEAR	2.917.036	-	401.486	-	63.697	-	30.618	-	347.422	-	3.760.259	-	3.760.259

**MOTORWAY: A08/A26
YEAR:2019**

SECTION: A8/A26 GALLARATE-GATTICO SPUR

Month	Toll class										Total		
	A		B		3		4		5				
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall
January	22.888	8.537	2.211	835	327	123	128	52	1.303	536	26.857	10.083	36.940
February	21.484	7.938	2.221	846	335	124	127	52	1.292	549	25.459	9.509	34.968
March	27.109	10.097	2.667	1.042	391	148	153	63	1.403	606	31.723	11.956	43.679
April	26.218	9.971	2.606	1.035	384	147	144	61	1.276	554	30.628	11.768	42.396
May	26.438	9.769	2.864	1.139	435	165	161	68	1.475	637	31.373	11.778	43.151
June	29.846	11.486	2.835	1.150	431	169	151	64	1.357	582	34.620	13.451	48.071
July	31.256	12.261	3.017	1.213	475	187	163	70	1.572	674	36.483	14.405	50.888
August	27.438	11.838	2.019	852	289	116	94	40	859	374	30.699	13.220	43.919
September	27.945	10.956	2.717	1.092	414	165	146	60	1.368	578	32.590	12.851	45.441
October	27.123	10.323	2.881	1.136	424	166	158	65	1.525	651	32.111	12.341	44.452
November	23.648	8.833	2.439	938	343	131	139	55	1.299	554	27.868	10.511	38.379
December	24.756	9.598	2.222	862	289	111	115	48	1.084	464	28.466	11.083	39.549
YEAR	316.149	121.607	30.699	12.140	4.537	1.752	1.679	698	15.813	6.759	368.877	142.956	511.833

**MOTORWAY: MILAN - SERRAVALLE - GENOA
YEAR:2019**

SECTION: A7 SERRAVALLE-GENOA

Month	Toll class										Total		
	A		B		3		4		5				
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall
January	-	32.870	-	3.323	-	603	-	495	-	5.583	-	42.874	42.874
February	-	30.092	-	3.308	-	579	-	473	-	5.674	-	40.126	40.126
March	-	37.169	-	3.887	-	638	-	524	-	6.016	-	48.234	48.234
April	-	38.970	-	3.905	-	657	-	489	-	5.542	-	49.563	49.563
May	-	37.994	-	4.294	-	730	-	544	-	6.446	-	50.008	50.008
June	-	45.347	-	4.243	-	722	-	498	-	5.524	-	56.334	56.334
July	-	49.062	-	4.403	-	814	-	556	-	6.391	-	61.226	61.226
August	-	46.192	-	3.598	-	660	-	368	-	4.548	-	55.366	55.366
September	-	43.181	-	4.181	-	722	-	494	-	5.689	-	54.267	54.267
October	-	37.292	-	4.252	-	712	-	551	-	6.272	-	49.079	49.079
November	-	31.825	-	3.580	-	618	-	526	-	5.791	-	42.340	42.340
December	-	34.318	-	3.411	-	555	-	433	-	5.318	-	44.035	44.035
YEAR	-	464.312	-	46.385	-	8.010	-	5.951	-	68.794	-	593.452	593.452

**MOTORWAY: GENOA-VENTIMIGLIA
YEAR:2019**

SECTION: A10 GENOA-SAVONA

Month	Toll class										Total		
	A		B		3		4		5		YEAR	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	-	40.821	-	4.129	-	542	-	451	-	6.376	-	52.319	52.319
February	-	37.653	-	4.141	-	548	-	460	-	6.496	-	49.298	49.298
March	-	45.638	-	5.025	-	609	-	517	-	7.079	-	58.868	58.868
April	-	50.290	-	5.372	-	669	-	524	-	6.665	-	63.520	63.520
May	-	47.006	-	5.602	-	718	-	560	-	7.273	-	61.159	61.159
June	-	61.093	-	5.736	-	781	-	534	-	6.652	-	74.796	74.796
July	-	69.215	-	6.010	-	879	-	574	-	7.278	-	83.956	83.956
August	-	74.588	-	5.339	-	800	-	367	-	5.055	-	86.149	86.149
September	-	56.385	-	5.452	-	765	-	521	-	6.656	-	69.779	69.779
October	-	45.983	-	5.455	-	696	-	574	-	7.464	-	60.172	60.172
November	-	37.102	-	4.368	-	552	-	517	-	6.694	-	49.233	49.233
December	-	39.379	-	4.143	-	504	-	425	-	5.625	-	50.076	50.076
YEAR	-	605.153	-	60.772	-	8.063	-	6.024	-	79.313	-	759.325	759.325

**MOTORWAY: GENOA-LIVORNO-CIVITAVEC.-ROME
YEAR:2019**

SECTION: A12 ROME-CIVITAVECCHIA

Month	Toll class										Total		
	A		B		3		4		5		YEAR	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	34.914	-	2.836	-	395	-	406	-	2.472	-	41.023	-	41.023
February	33.176	-	2.848	-	391	-	398	-	2.300	-	39.113	-	39.113
March	41.757	-	3.440	-	457	-	431	-	2.675	-	48.760	-	48.760
April	45.208	-	4.091	-	492	-	416	-	2.434	-	52.641	-	52.641
May	43.448	-	4.658	-	509	-	439	-	2.734	-	51.788	-	51.788
June	57.647	-	4.927	-	534	-	445	-	2.593	-	66.146	-	66.146
July	68.103	-	5.197	-	587	-	458	-	2.887	-	77.232	-	77.232
August	68.864	-	4.582	-	526	-	259	-	2.451	-	76.682	-	76.682
September	51.142	-	4.323	-	513	-	393	-	2.625	-	58.996	-	58.996
October	44.682	-	4.668	-	507	-	460	-	2.818	-	53.135	-	53.135
November	36.984	-	3.488	-	441	-	382	-	2.572	-	43.867	-	43.867
December	39.412	-	3.078	-	415	-	326	-	2.171	-	45.402	-	45.402
YEAR	565.337	-	48.136	-	5.767	-	4.813	-	30.732	-	654.785	-	654.785

**MOTORWAY: A11 FLORENCE - PISA NORTH
YEAR:2019**

SECTION: A11 FLORENCE-COAST

Month	Toll class										Total		
	A		B		3		4		5		YEAR	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	92.260	73	9.740	10	1.271	2	661	1	6.994	6	110.926	92	111.018
February	87.073	65	9.817	9	1.272	2	652	1	6.917	6	105.731	83	105.814
March	103.333	77	11.520	11	1.483	2	732	1	7.512	6	124.580	97	124.677
April	105.068	76	11.958	11	1.572	2	695	1	7.011	6	126.304	96	126.400
May	104.687	74	12.990	11	1.775	2	780	1	7.847	6	128.079	94	128.173
June	123.328	82	13.154	12	1.733	2	767	1	7.358	6	146.340	103	146.443
July	131.755	74	13.464	11	1.880	2	810	1	8.248	7	156.157	95	156.252
August	120.830	61	10.332	8	1.398	2	525	1	5.748	5	138.833	77	138.910
September	113.667	74	12.376	11	1.723	2	756	1	7.504	6	136.026	94	136.120
October	108.822	78	12.935	11	1.729	2	829	1	8.120	6	132.435	98	132.533
November	96.918	71	10.827	10	1.390	2	746	1	7.163	5	117.044	89	117.133
December	99.405	75	10.121	10	1.234	1	641	1	6.289	5	117.690	92	117.782
YEAR	1.287.146	880	139.234	125	18.460	23	8.594	12	86.711	70	1.540.145	1.110	1.541.255

**MOTORWAY: BOLOGNA - PADUA
YEAR:2019**

SECTION: A13 BOLOGNA-PADUA

Month	Toll class										Total		
	A		B		3		4		5		YEAR	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	108.557	-	14.531	-	2.882	-	2.061	-	21.611	-	149.642	-	149.642
February	103.008	-	14.888	-	2.947	-	2.098	-	22.133	-	145.074	-	145.074
March	124.057	-	17.835	-	3.420	-	2.303	-	23.901	-	171.516	-	171.516
April	127.260	-	18.188	-	3.422	-	2.162	-	22.371	-	173.403	-	173.403
May	124.203	-	19.212	-	3.747	-	2.451	-	24.825	-	174.438	-	174.438
June	135.055	-	19.008	-	3.637	-	2.297	-	22.990	-	182.987	-	182.987
July	144.448	-	19.904	-	4.034	-	2.462	-	26.222	-	197.070	-	197.070
August	148.085	-	16.614	-	2.999	-	1.696	-	18.190	-	187.584	-	187.584
September	136.178	-	18.940	-	3.584	-	2.266	-	23.417	-	184.385	-	184.385
October	129.390	-	19.400	-	3.615	-	2.458	-	25.009	-	179.872	-	179.872
November	115.181	-	16.382	-	3.012	-	2.253	-	21.912	-	158.740	-	158.740
December	118.012	-	14.986	-	2.761	-	1.960	-	18.909	-	156.628	-	156.628
YEAR	1.513.434	-	209.888	-	40.060	-	26.467	-	271.490	-	2.061.339	-	2.061.339

**MOTORWAY: GENOA-LIVORNO-CIVITAVEC.-ROME
YEAR:2019**

SECTION: A12 GENOA-SESTRI

Month	Toll class										Total		
	A		B		3		4		5		YEAR	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	-	47.191	-	4.904	-	549	-	439	-	3.493	-	56.576	56.576
February	-	44.070	-	4.843	-	553	-	422	-	3.530	-	53.418	53.418
March	-	53.877	-	5.830	-	628	-	504	-	3.870	-	64.709	64.709
April	-	57.639	-	6.139	-	652	-	438	-	3.505	-	68.373	68.373
May	-	55.381	-	6.511	-	724	-	493	-	3.936	-	67.045	67.045
June	-	63.989	-	6.411	-	716	-	460	-	3.506	-	75.082	75.082
July	-	69.792	-	6.834	-	813	-	483	-	3.947	-	81.869	81.869
August	-	72.730	-	5.859	-	708	-	283	-	2.748	-	82.328	82.328
September	-	60.798	-	6.094	-	693	-	424	-	3.552	-	71.561	71.561
October	-	54.771	-	6.190	-	674	-	452	-	3.980	-	66.067	66.067
November	-	46.663	-	5.166	-	556	-	433	-	3.535	-	56.353	56.353
December	-	50.014	-	5.045	-	509	-	356	-	3.013	-	58.937	58.937
YEAR	-	676.915	-	69.826	-	7.775	-	5.187	-	42.615	-	802.318	802.318

MOTORWAY: BOLOGNA - TARANTO
YEAR:2019

SECTION: A14 RAVENNA SPUR

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	9.223	-	923	-	171	-	94	-	2.170	-	12.581	-	12.581
February	9.288	-	927	-	179	-	93	-	2.333	-	12.820	-	12.820
March	12.042	-	1.170	-	198	-	112	-	2.500	-	16.022	-	16.022
April	12.422	-	1.180	-	199	-	99	-	2.252	-	16.152	-	16.152
May	11.788	-	1.218	-	210	-	114	-	2.548	-	15.878	-	15.878
June	17.250	-	1.329	-	210	-	109	-	2.225	-	21.123	-	21.123
July	17.575	-	1.400	-	224	-	114	-	2.442	-	21.755	-	21.755
August	16.574	-	1.111	-	168	-	74	-	1.523	-	19.450	-	19.450
September	13.432	-	1.207	-	189	-	101	-	2.258	-	17.187	-	17.187
October	11.143	-	1.195	-	194	-	116	-	2.492	-	15.140	-	15.140
November	9.899	-	1.011	-	171	-	97	-	2.172	-	13.350	-	13.350
December	9.822	-	911	-	147	-	83	-	1.702	-	12.665	-	12.665
YEAR	150.458	-	13.582	-	2.260	-	1.206	-	26.617	-	194.123	-	194.123

MOTORWAY: BOLOGNA - TARANTO
YEAR:2019

SECTION: A14 PESCARA-LANCIANO

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	7.917	17.847	1.063	2.218	243	480	194	373	1.992	3.645	11.409	24.563	35.972
February	6.817	15.540	1.054	2.194	248	472	189	358	2.021	3.691	10.329	22.255	32.584
March	8.479	19.373	1.265	2.587	288	549	212	393	2.216	4.027	12.460	26.929	39.389
April	10.609	23.760	1.370	2.845	297	585	194	362	2.028	3.707	14.498	31.259	45.757
May	9.108	20.708	1.426	2.962	326	633	223	414	2.264	4.145	13.347	28.862	42.209
June	11.369	24.738	1.501	3.076	316	595	206	374	2.157	3.924	15.549	32.707	48.256
July	14.385	31.027	1.657	3.397	339	642	231	424	2.398	4.344	19.010	39.834	58.844
August	20.529	43.386	1.589	3.335	299	592	154	282	1.778	3.204	24.349	50.799	75.148
September	11.814	25.894	1.507	3.097	313	606	217	410	2.212	4.039	16.063	34.046	50.109
October	9.343	21.100	1.468	3.030	323	624	239	445	2.382	4.371	13.755	29.570	43.325
November	8.581	19.611	1.323	2.705	280	545	222	417	2.209	4.092	12.615	27.370	39.985
December	9.407	21.630	1.182	2.450	254	503	189	365	1.883	3.498	12.915	28.446	41.361
YEAR	128.358	284.614	16.405	33.896	3.526	6.826	2.470	4.617	25.540	46.687	176.299	376.640	552.939

MOTORWAY: BOLOGNA - TARANTO
YEAR:2019

SECTION: A14 BOLOGNA-ANCONA

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	276.319	-	32.265	-	7.274	-	4.823	-	54.460	-	375.141	-	375.141
February	251.173	-	32.344	-	7.348	-	4.842	-	55.604	-	351.311	-	351.311
March	310.802	-	38.995	-	8.580	-	5.369	-	60.693	-	424.439	-	424.439
April	353.528	-	41.490	-	8.749	-	5.070	-	56.146	-	464.983	-	464.983
May	327.415	-	43.235	-	9.539	-	5.811	-	62.608	-	448.608	-	448.608
June	417.908	-	44.978	-	9.760	-	5.452	-	58.414	-	536.512	-	536.512
July	476.778	-	47.154	-	10.717	-	5.919	-	65.460	-	606.028	-	606.028
August	543.375	-	40.801	-	8.328	-	3.976	-	44.580	-	641.060	-	641.060
September	386.797	-	44.471	-	9.437	-	5.472	-	59.639	-	505.816	-	505.816
October	323.133	-	42.930	-	9.309	-	6.054	-	64.810	-	446.236	-	446.236
November	296.097	-	37.393	-	7.943	-	5.541	-	58.443	-	405.417	-	405.417
December	312.135	-	34.179	-	7.082	-	4.769	-	49.715	-	407.880	-	407.880
YEAR	4.275.460	-	480.235	-	104.066	-	63.098	-	690.572	-	5.613.431	-	5.613.431

MOTORWAY: BOLOGNA - TARANTO
YEAR:2019

SECTION: A14 LANCIANO-CANOSA

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	34.694	15.848	4.061	2.117	992	574	813	432	8.384	4.376	48.944	23.347	72.291
February	26.365	13.174	3.912	2.115	941	564	804	422	8.305	4.466	40.327	20.741	61.068
March	34.623	16.607	4.834	2.488	1.127	645	920	462	9.185	4.820	50.689	25.022	75.711
April	49.745	21.875	5.642	2.776	1.261	693	849	435	8.378	4.376	65.875	30.155	96.030
May	38.820	18.154	5.666	2.863	1.312	766	963	509	9.331	4.875	56.092	27.167	83.259
June	55.000	23.202	6.224	3.090	1.325	710	908	430	9.042	4.662	72.499	32.094	104.593
July	76.096	30.336	6.872	3.381	1.424	797	1.014	525	10.248	5.257	95.654	40.296	135.950
August	122.707	45.777	7.480	3.432	1.409	718	684	348	7.809	3.885	140.089	54.160	194.249
September	58.131	24.351	6.202	3.078	1.327	729	930	470	9.541	4.882	76.131	33.510	109.641
October	40.761	18.588	5.832	2.984	1.275	735	1.031	503	10.379	5.226	59.278	28.036	87.314
November	37.654	17.478	5.232	2.646	1.136	669	959	479	9.793	4.905	54.774	26.177	80.951
December	46.656	20.280	4.814	2.422	1.110	613	832	425	8.597	4.243	62.009	27.983	89.992
YEAR	621.252	265.670	66.771	33.392	14.639	8.213	10.707	5.440	108.992	55.973	822.361	368.688	1.191.049

MOTORWAY: BOLOGNA - TARANTO
YEAR:2019

SECTION: A14 ANCONA-PESCARA

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	96.718	-	11.936	-	2.644	-	1.886	-	19.452	-	132.636	-	132.636
February	86.979	-	11.997	-	2.669	-	1.847	-	19.725	-	123.217	-	123.217
March	105.699	-	14.210	-	3.127	-	2.068	-	21.651	-	146.755	-	146.755
April	125.366	-	15.034	-	3.179	-	1.922	-	19.916	-	165.417	-	165.417
May	111.714	-	15.532	-	3.500	-	2.196	-	22.083	-	155.025	-	155.025
June	132.219	-	16.236	-	3.565	-	2.018	-	20.964	-	175.002	-	175.002
July	160.651	-	17.846	-	3.747	-	2.249	-	23.452	-	207.945	-	207.945
August	208.557	-	16.315	-	3.135	-	1.514	-	17.010	-	246.531	-	246.531
September	133.609	-	15.958	-	3.385	-	2.095	-	21.470	-	176.517	-	176.517
October	112.027	-	15.548	-	3.461	-	2.274	-	22.999	-	156.309	-	156.309
November	102.151	-	13.995	-	3.010	-	2.110	-	21.131	-	142.397	-	142.397
December	108.117	-	12.780	-	2.614	-	1.825	-	17.800	-	143.136	-	143.136
YEAR	1.483.807	-	177.387	-	38.036	-	24.004	-	247.653	-	1.970.887	-	1.970.887

MOTORWAY: BOLOGNA - TARANTO
YEAR:2019

SECTION: A14 CANOSA-TARANTO

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	34.503	-	3.932	-	814	-	526	-	4.857	-	44.632	-	44.632
February	28.846	-	3.687	-	749	-	501	-	4.557	-	38.340	-	38.340
March	36.407	-	4.516	-	872	-	583	-	4.951	-	47.329	-	47.329
April	45.558	-	4.868	-	936	-	543	-	4.631	-	56.536	-	56.536
May	39.106	-	5.083	-	997	-	605	-	5.022	-	50.813	-	50.813
June	51.513	-	5.273	-	1.001	-	585	-	4.936	-	63.308	-	63.308
July	67.935	-	5.759	-	1.066	-	651	-	5.831	-	81.242	-	81.242
August	99.438	-	5.864	-	1.032	-	444	-	4.686	-	111.464	-	111.464
September	53.283	-	5.196	-	1.003	-	589	-	5.302	-	65.373	-	65.373
October	42.755	-	5.331	-	1.021	-	678	-	5.798	-	55.583	-	55.583
November	38.730	-	4.844	-	911	-	604	-	5.316	-	50.405	-	50.405
December	43.602	-	4.442	-	887	-	533	-	4.743	-	54.207	-	54.207
YEAR	581.676	0	58.795	0	11.289	0	6.842	0	60.630	0	719.232	-	719.232

MOTORWAY: GENOA VOLTRI-GRAVELLONA TOCE
YEAR:2019

SECTION: A26 VOLTRI-ALESSANDRIA

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	-	45.149,00	-	4.770,00	-	803,00	-	848,00	-	13.126,00	-	64.696	64.696
February	-	40.089,00	-	4.752,00	-	797,00	-	876,00	-	13.373,00	-	59.887	59.887
March	-	54.124,00	-	6.192,00	-	908,00	-	975,00	-	14.531,00	-	76.730	76.730
April	-	63.986,00	-	6.723,00	-	993,00	-	968,00	-	13.805,00	-	86.475	86.475
May	-	53.518,00	-	6.752,00	-	1.064,00	-	1.025,00	-	15.155,00	-	77.514	77.514
June	-	82.417,00	-	7.315,00	-	1.152,00	-	995,00	-	13.809,00	-	105.688	105.688
July	-	93.132,00	-	7.347,00	-	1.307,00	-	1.021,00	-	15.029,00	-	117.836	117.836
August	-	105.098,00	-	6.774,00	-	1.176,00	-	681,00	-	10.235,00	-	123.964	123.964
September	-	71.818,00	-	6.943,00	-	1.139,00	-	933,00	-	13.484,00	-	94.317	94.317
October	-	51.917,00	-	6.698,00	-	1.031,00	-	1.056,00	-	15.383,00	-	76.085	76.085
November	-	40.271,00	-	5.248,00	-	820,00	-	954,00	-	13.645,00	-	60.938	60.938
December	-	46.096,00	-	5.015,00	-	747,00	-	780,00	-	11.566,00	-	64.204	64.204
YEAR	-	747.615	-	74.529	-	11.937	-	11.112	-	163.141	-	1.008.334	1.008.334

MOTORWAY: NAPLES - CANOSA
YEAR:2019

SECTION: A16 NAPLES-CANOSA

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	35.529	36.636	3.684	5.065	780	1.037	378	459	3.175	5.936	43.546	49.133	92.679
February	34.576	34.897	3.715	5.149	757	1.003	408	461	3.163	5.772	42.619	47.282	89.901
March	40.939	42.630	4.308	6.072	855	1.151	432	503	3.352	6.078	49.886	56.434	106.320
April	43.273	47.978	4.269	6.194	845	1.143	419	496	3.126	5.747	51.932	61.558	113.490
May	41.582	44.066	4.617	6.591	930	1.265	470	545	3.493	6.395	51.092	58.862	109.954
June	44.216	48.022	4.508	6.305	900	1.197	425	492	3.434	6.094	53.483	62.110	115.593
July	48.341	54.892	4.751	6.638	920	1.315	443	563	3.853	6.998	58.308	70.406	128.714
August	50.163	67.474	3.706	5.684	779	1.126	293	407	3.132	8.578	58.073	83.269	141.342
September	44.935	51.011	4.453	6.465	894	1.274	440	577	3.768	10.327	54.490	69.654	124.144
October	44.960	47.746	4.932	7.059	978	1.377	473	586	3.816	7.062	55.159	63.830	118.989
November	39.574	42.213	4.373	6.227	892	1.223	401	496	3.331	6.311	48.571	56.470	105.041
December	42.651	46.142	4.166	5.877	835	1.123	364	452	3.036	5.582	51.052	59.176	110.228
YEAR	510.739	563.707	51.482	73.326	10.365	14.234	4.946	6.037	40.679	80.880	618.211	738.184	1.356.395

MOTORWAY: GENOA VOLTRI-GRAVELLONA TOCE
YEAR:2019

SECTION: A26 ALESSANDRIA-GRAVELLONA

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	41.456	13.622	4.950	1.460	835	196	522	81	6.143	938	53.906	16.297	70.203
February	38.473	12.582	4.999	1.482	826	199	536	86	6.205	999	51.039	15.348	66.387
March	48.681	16.104	6.225	1.831	953	241	611	98	6.716	1.084	63.186	19.358	82.544
April	50.471	16.732	6.249	1.946	948	258	573	95	6.244	1.017	64.485	20.048	84.533
May	48.091	16.002	6.735	2.136	1.061	282	636	110	6.996	1.231	63.519	19.761	83.280
June	58.590	19.984	6.895	2.184	1.074	292	618	104	6.415	1.097	73.592	23.661	97.253
July	63.846	22.116	7.230	2.257	1.190	328	645	115	7.168	1.300	80.079	26.116	106.195
August	63.833	23.270	5.525	1.790	872	229	405	72	4.553	758	75.188	26.119	101.307
September	56.427	19.273	6.774	2.125	1.056	293	609	98	6.450	1.094	71.316	22.883	94.199
October	50.767	17.094	6.979	2.067	1.084	282	715	109	7.232	1.197	66.777	20.749	87.526
November	42.621	14.036	5.695	1.647	897	207	650	85	6.504	1.000	56.367	16.975	73.342
December	45.271	15.897	5.264	1.547	801	179	569	77	5.667	826	57.572	18.526	76.098
YEAR	608.527	206.712	73.520	22.472	11.597	2.986	7.089	1.130	76.293	12.541	777.026	245.841	1.022.867

MOTORWAY: UDINE - TARVISIO
YEAR:2019

SECTION: A23 UDINE-TARVISIO

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	13.012	8.045	1.544	1.292	193	140	233	254	4.027	5.676	19.009	15.407	34.416
February	11.966	7.229	1.578	1.340	203	158	242	276	4.041	5.695	18.030	14.698	32.728
March	13.284	8.139	1.874	1.662	249	219	262	309	4.286	6.022	19.955	16.351	36.306
April	14.512	11.210	2.165	2.181	361	397	275	327	4.061	5.788	21.374	19.903	41.277
May	15.495	12.416	2.412	2.379	483	552	293	355	4.401	6.252	23.084	21.954	45.038
June	27.023	26.672	3.338	3.537	1.044	1.354	295	366	4.042	5.779	35.742	37.708	73.450
July	28.126	27.628	3.193	3.257	1.067	1.375	327	404	4.475	6.498	37.188	39.162	76.350
August	33.687	34.241	3.359	3.701	1.165	1.558	264	333	3.244	4.688	41.719	44.521	86.240
September	22.785	20.600	2.975	3.119	757	950	288	349	4.042	5.811	30.847	30.829	61.676
October	14.053	8.942	2.204	2.042	315	298	293	364	4.553	6.563	21.418	18.209	39.627
November	10.663	6.238	1.610	1.409	203	170	252	300	4.150	5.947	16.878	14.064	30.942
December	13.925	8.626	1.599	1.355	191	156	216	250	3.262	4.601	19.193	14.988	34.181
YEAR	218.531	179.986	27.851	27.274	6.231	7.327	3.240	3.887	48.584	69.320	304.437	287.794	592.231

**MOTORWAY: VENICE - BELLUNO
YEAR:2019**

SECTION: A27 MESTRE-BELLUNO

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	36.364	18.550	4.000	1.590	631	162	330	72	3.250	595	44.575	20.969	65.544
February	35.283	17.512	4.071	1.623	648	164	344	73	3.402	585	43.748	19.957	63.705
March	40.032	18.693	4.610	1.770	740	195	369	84	3.652	647	49.403	21.389	70.792
April	36.823	14.912	4.356	1.568	700	180	364	89	3.448	660	45.691	17.409	63.100
May	37.045	13.545	4.763	1.718	777	210	392	96	3.957	781	46.934	16.350	63.284
June	39.677	19.387	4.773	2.047	763	252	371	87	3.703	695	49.287	22.468	71.755
July	43.302	22.884	5.323	2.342	863	279	413	99	4.176	800	54.077	26.404	80.481
August	41.911	28.962	3.949	2.093	554	238	266	68	2.608	517	49.288	31.878	81.166
September	41.015	19.802	4.771	1.988	758	234	387	87	3.934	728	50.865	22.839	73.704
October	40.740	16.697	5.066	1.990	790	218	414	99	4.145	799	51.155	19.803	70.958
November	35.636	13.936	4.291	1.649	685	177	375	84	3.577	681	44.564	16.527	61.091
December	39.724	20.896	4.166	1.826	606	165	316	69	3.040	562	47.852	23.518	71.370
YEAR	467.552	225.776	54.139	22.204	8.515	2.474	4.341	1.007	42.892	8.050	577.439	259.511	836.950

**MOTORWAY: CASERTA-NOLA-SALERNO
YEAR:2019**

SECTION: A30 CASERTA-SALERNO

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	46.962	-	6.199	-	1.473	-	866	-	7.227	-	62.727	-	62.727
February	41.397	-	6.053	-	1.406	-	865	-	7.030	-	56.751	-	56.751
March	49.643	-	6.970	-	1.580	-	960	-	7.801	-	66.954	-	66.954
April	55.653	-	6.983	-	1.572	-	897	-	7.189	-	72.294	-	72.294
May	51.073	-	7.494	-	1.696	-	1.004	-	7.886	-	69.153	-	69.153
June	57.831	-	7.499	-	1.642	-	910	-	7.566	-	75.448	-	75.448
July	68.810	-	8.166	-	1.856	-	1.040	-	8.416	-	88.288	-	88.288
August	82.398	-	6.626	-	1.579	-	754	-	7.195	-	98.552	-	98.552
September	58.457	-	7.367	-	1.685	-	975	-	8.071	-	76.555	-	76.555
October	54.262	-	7.893	-	1.777	-	1.042	-	8.169	-	73.143	-	73.143
November	48.336	-	6.931	-	1.596	-	963	-	7.607	-	65.433	-	65.433
December	55.861	-	6.803	-	1.530	-	867	-	7.198	-	72.259	-	72.259
YEAR	670.683	-	84.984	-	19.392	-	11.143	-	91.355	-	877.557	-	877.557

Annex 3

Table of investment required by art. 2 of the Single Concession Arrangement of 2007

The following table shows a summary of the investment envisaged by art. 2 of the Single Concession Arrangement of 2007. The figures shown are presented on the basis of Italian GAAP and not under IFRS, which have been used in preparation of the financial statements as at and for the year ended 31 December 2019.

AUTOSTRADE PER L'ITALIA - SINGLE CONCESSION ARRANGEMENT - ART. 2

(€000 - Italian GAAP)

 Contractually agreed amounts Completed as at 31 December 2018
(9)

 Gross approved Net amount
Completed at as per
2019 amount (10) Arrangement
(11)

Art. 2	PROJECT	TOTAL	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTAL
UPGRADE OF THE BOLOGNA-FLORENCE SECTION							
Aa)	Casalecchio-Sasso Marconi	68.106	82.042	64.610	18.352	2.559	85.521
Ab)+Ba2)	Sasso Marconi-La Quercia (1)	628.558	564.561	463.860	100.629	38.636	603.125
Ac)	La Quercia-Aglio (2)	2.305.185 (12)	2.592.908	2.520.836	513.611	389.853	3.424.300
Ad)	Aglio-Barberino	310.928 (13)	365.385	329.620	75.535	73.725	478.880
Ae)	Barberino- Florence North	987.679	837.905	403.840	111.318	49.100	564.258
Af)	Florence North-Florence South	593.697	798.928	659.137	167.050	77.074	903.261
Ag)	Florence South-Incisa	608.701	397.487	34.587	38.720	8.075	81.382
Ah)	Construction of the Florence access roads	27.272	25.012	-	26.983	8.038	35.021
Ai)	Landscaping	164.275 (13)	298.045	54.167	147.303	27.745	229.216
	TOTAL			4.530.657	1.199.502	674.805	6.404.964
REMAINING INVESTMENT IN THIRD AND FOURTH LANES							
Ba1)	Bologna Modena (3)	148.943	185.731	115.156	29.546	2.051	146.753
Ba1)	Bologna-Modena Complementary works	(14)		-	1.094	503	1.597
Ba3)	Rome-Orte (3)	156.451	191.163	157.991	33.259	8.582	199.832
Ba4)	Remaining investment in third lanes (3)	29.642	27.826	9.015	15.456	686	25.157
B)	Milan-Lakes (4)	44.857	64.733	35.186	29.548	37	64.771
B)	Bologna Ring Road (4)	169.158	59.393	47.754	11.639	1.383	60.776
	TOTAL			365.102	120.542	13.242	498.886
ADDITIONAL WORKS UNDER THE IV ADDENDUM OF 2002							
Da1)+Dg)	A1 - Fiano-Settebagni and Castelnuovo di Porto junction	125.407	161.441	101.186	27.093	2.015	130.294
Db1)	Milan-Bergamo	525.885	495.672	384.576	118.401	3.842	506.819
Db2)	Structural repairs to Adda and Brembo bridges	11.438	9.767	9.497	1.127	180	10.804
Dc1)	A9 - Lainate-Como	465.713	358.933	241.073	70.441	6.299	317.813
Dc1)	A8 - Milan Nord-Lainate	220.272	218.726	42.067	21.723	1.015	64.805
Dd1.2)	A14 - Lot 1 Rimini North-Cattolica (5)	570.416	495.364	367.325	83.639	5.975	456.939
Dd1.3)	A14 - Lot 2 Cattolica-Fano (6)	550.653	592.953	370.259	91.565	8.818	470.643
Dd1.4)	A14 - Lot 3 Fano-Senigallia	362.150	342.133	234.323	89.428	2.871	326.622
Dd1.5)	A14 - Lot 4 Senigallia-Ancona North and Marina di Monte Marciano junction	457.723	418.623	318.698	67.294	39.051	425.043
Dd1.6)	A14 - Lot 5 Ancona North-Ancona South (7)	384.076	367.551	289.054	53.232	21.300	363.586
Dd1.7)	A14 - Lot 6 B Ancona South-P.S. Elpidio, Phase 2 and P.S.Elpidio	153.819	134.358	109.153	26.035	8.599	143.786
Dd1.8)	A14 - Lot 6 B Ancona South-P.S. Elpidio, Phase 2 and P.S.Elpidio	173.278	163.818	116.350	26.527	2.435	145.311
Dd1.9)	A14 - Lot 7A P.S.Elpidio-Pedaso, Phase 1	(14)	4.240	-	4.304	2.521	6.825
Dd1.10)	A14 - Lot 7B P.S.Elpidio-Pedaso, Phase 2	(14)	1.568	-	1.568	1.049	2.617
Dd1.11)	A14 - Lot 0	23.716	22.106	19.290	2.358	11.050	32.698
De1)+De3)	Genoa bypass	4.755.205	3.187.015	-	129.593	3.713	133.306
De2)	San Benigno Interchange	74.502	75.740	17.378	12.495	1.704	31.577
Df)	Milan Exhibition Centre	93.334	86.298	78.582	7.578	-	86.160
Dh)	Guidonia Junction	11.841	14.869	8.527	4.291	-	12.818
Di)	Padua Industrial Estate junction and A13-A4 link at KM 101+093	39.194	39.776	23.226	6.789	1.371	31.386
Di)	Rubicone Junction	19.851	15.691	10.728	2.754	-	13.482
Dm)	Villa Marzana Junction	4.429	4.008	2.147	1.862	-	4.009
Dn)	Ferentino Junction	17.384	16.604	9.158	7.479	-	16.637
Do)	Maddaloni Junction	13.369	12.006	-	798	-	798
Dp)	Tunnel Safety Plan	359.479 (15)	244.900	122.194	50.912	-	173.106
	TOTAL			2.874.793	909.284	123.808	3.907.886

2019

Completed as at 2019

Base tender price (*)	Available funding	Financial expenses	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTAL
-	0	-	0	64.610	18.352	2.559	85.521
-	161	-	161	463.860	100.790	38.636	603.286
5.500	9.988	-	15.489	2.526.336	523.600	389.853	3.439.789
39	258	-	297	329.658	75.794	73.725	479.177
121.307	16.771	17.709	155.787	525.147	128.089	66.809	720.045
5.801	4.940	2.220	12.962	664.939	171.990	79.294	916.223
36.685	7.617	2.511	46.813	71.272	46.337	10.586	128.195
-	1.781	46	1.827	-	28.765	8.084	36.849
-	2.870	-	2.870	54.167	150.174	27.745	232.086
169.333	44.387	22.486	236.206	4.699.989	1.243.889	697.291	6.641.169
REMAINING INVESTMENT IN THIRD AND FOURTH LANES							
-	15	-	15	115.156	29.562	2.051	146.769
-	122	-	122	-	1.216	503	1.719
-	-	-	-	157.991	33.259	8.582	199.832
-	-	-	-	9.015	15.456	686	25.157
-	-	-	-	35.186	29.548	37	64.771
-	-	-	-	47.754	11.639	1.383	60.776
	137		137	365.102	120.679	13.242	499.023
ADDITIONAL WORKS UNDER THE IV ADDENDUM OF 2002							
-	-68	-	-68	101.186	27.025	2.015	130.226
-	230	-	230	384.576	118.631	3.842	507.049
-	-	-	-	9.497	1.127	180	10.804
-	863	-	863	241.073	71.304	6.299	318.675
3.368	2.394	184	5.946	45.435	24.118	1.199	70.751
-	2.168	-	2.168	367.325	85.806	5.975	459.106
12.042	4.878	1.344	18.263	382.301	96.443	10.162	488.906
2	1.248	-	1.250	234.325	90.676	2.871	327.872
858	1.847	-	2.705	319.556	69.141	39.051	427.749
-	271	-	271	289.054	53.503	21.300	363.857
-	178	-	178	109.153	26.212	8.599	143.964
2.948	661	-	3.609	119.298	27.188	2.435	148.921
-	-	-	-	-	4.304	2.521	6.825
-	-	-	-	-	1.568	1.049	2.617
-	-	-	-	19.290	2.358	11.050	32.698
-	22.509	5.356	27.865	-	152.102	9.069	161.171
873	785	328	1.986	18.251	13.280	2.032	33.563
-	-	-	-	78.582	7.578	-	86.160
-	1	-	1	8.527	4.292	-	12.819
152	825	-	978	23.378	7.614	1.371	32.363
-	106	-	106	10.728	2.860	-	13.588
-	-	-	-	2.147	1.862	-	4.009
-	1	-	1	9.158	7.480	-	16.638
18	58	-	76	18	856	-	874
30.847	8.284	-	39.132	153.042	59.196	-	212.238
51.108	47.240	7.212	105.560	2.925.902	956.524	131.020	4.013.445

AUTOSTRADE PER L'ITALIA - SINGLE CONCESSION ARRANGEMENT - ART. 2

(€000 - Italian GAAP)

Contractually agreed amounts Completed as at 31 December 2018
(9)

Gross approved Net amount
Completed as at per
2019 Arrangement
amount (10) (11)

Art. 2	PROJECT	TOTAL	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTALE
OTHER SPECIFIC PROJECTS REQUIRED UNDER ART. 2							
C1)	Upgrade of service areas and related facilities						
Ca4)	Reggello West Service Area	3.552	3.425	1.747	1.807	-	3.555
Ca5)	Prenestina East Service Area	2.321	(16)	1.538	416	-	1.954
Ca6)	Teano East Service Area	2.818	(16)	1.194	1.494	-	2.688
Ca6)	Teano West Service Area	5.041	4.996	2.697	1.760	-	4.457
Ca7)	S. Nicola West Service Area	5.916	(16)	3.656	1.438	-	5.094
Ca8)	S. Zenone East Service Area	8.736	2.344	311	875	-	1.185
Ca8)	S. Zenone West Service Area	3.618	3.567	-	281	-	281
Ca9)	Cantagallo East Service Area	5.769	5.539	1.007	1.063	-	2.070
Ca9)	Cantagallo West Service Area	7.444	5.996	6.217	2.580	-	8.796
Ca10)	S. Martino East Service Area	(22)	2.611	-	225	-	225
Ca10)	S. Martino West Service Area	(22)	2.858	-	272	-	272
Ca11)	Lucignano West Service Area	2.047	1.540	2.398	641	-	3.039
Ca12)	La Macchia West Service Area	(22)	2.328	-	350	-	350
Cb1)	Brianza North Service Area	(17)	(16)	464	2.435	-	2.899
Cb2)	Lambro South Service Area	3.715	(16)	1.492	1.789	-	3.281
Cb3)	Valtrompia North Service Area	1.723	(16)	1.335	125	-	1.460
Cb4)	Sebino North Service Area	(22)	1.780	40	450	-	490
Cb4)	Sebino South Service Area	601	3.301	310	735	-	1.045
Cd1)	Villoresi East Service Area	1.004 (21)	521	359	175	-	534
Cd1)	Villoresi West Service Area	1.447 (21)	1.286	-	57	-	57
Cf1)	Po West Service Area	3.001	(16)	1.791	437	-	2.228
Cf2)	San Pelagio East Service Area	(22)	522	-	246	-	246
Cf2)	San Pelagio West Service Area	(22)	1.940	-	203	-	203
Cg2)	Metauro West Service Area	5.720	4.210	5.261	1.390	-	6.652
Cg3)	Esino East Service Area	4.587	4.763	3.854	1.431	-	5.285
Cg3)	Esino West Service Area	1.997	(16)	1.428	311	-	1.739
Cg4)	Sillaro East Service Area	5.737	8.631	5.226	4.731	-	9.957
Cg5)	Santerno East Service Area	(22)	2.314	-	208	-	208
Cg5)	Santerno West Service Area	(22)	2.169	-	204	-	204
Cg6)	La Pioppa East Service Area	5.912	4.871	3.290	1.775	-	5.066
Cg7)	Murge West Service Area	(22)	865	-	159	-	159
Cg8)	Bevano West Service Area	(22)	718	-	151	-	151
Cg9)	Montefeltro East Service Area	(22)	2.253	-	389	-	389
Cg10)	Chienti West Service Area	(22)	1.701	-	365	-	365
	TOTAL			45.617	30.970	-	76.587

2019

Completed as at 2019

Base tender price (*)	Available funding	Financial expenses	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTAL
-	3	-	3	1.747	1.810	-	3.557
-	5	-	5	1.538	422	-	1.960
-	-	-	-	1.194	1.494	-	2.688
-	-	-	-	2.697	1.760	-	4.457
-	37	-	37	3.656	1.475	-	5.131
-	-	-	-	311	875	-	1.185
-	-	-	-	-	281	-	281
17	38	-	54	1.024	1.100	-	2.124
-	3	-	3	6.217	2.582	-	8.799
-	13	-	13	-	238	-	238
-	12	-	12	-	284	-	284
-138	8	-	-130	2.260	649	-	2.910
-	-	-	-	-	350	-	350
-	-	-	-	464	2.435	-	2.899
-	-	-	-	1.492	1.789	-	3.281
-	-	-	-	1.335	125	-	1.460
-	-	-	-	40	450	-	490
-	17	-	17	310	752	-	1.062
-	-	-	-	359	175	-	534
-	-	-	-	-	57	-	57
-	-	-	-	1.791	437	-	2.228
-	-	-	-	-	246	-	246
-	-	-	-	-	203	-	203
933	46	-	979	6.194	1.437	-	7.631
-	896	-	896	3.854	2.327	-	6.182
-	2	-	2	1.428	312	-	1.740
-	-	-	-	5.226	4.731	-	9.957
55	-	-	55	55	208	-	263
-	-	-	-	-	204	-	204
-	-	-	-	3.290	1.775	-	5.066
-	-	-	-	-	159	-	159
93	-	-	93	93	151	-	245
-	-	-	-	-	389	-	389
-	-	-	-	-	365	-	365
960	1.080	-	2.039	46.576	32.050	-	78.626

AAUTOSTRADE PER L'ITALIA - SINGLE CONCESSION ARRANGEMENT - ART. 2

(€000 - Italian GAAP)

 Contractually agreed amounts Completed as at 31 December 2018
(9)

 Gross approved Net amount
Completed as at per
2019 Arrangement
amount (10) (11)

Art. 2	PROJECT	TOTAL	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTALE
C2)	Toll stations, junctions and other network investment						
Ca1)	New junction at Caprara di Campegine	12.765	(16)	11.301	3.061	-	14.362
Ca2)	New junction and toll station at Ceprano	8.578	(16)	5.394	2.610	-	8.004
Ca3)	Junction and toll station at S. Maria Capua Vetere	11.338	(16)	6.035	4.347	-	10.382
Cc1)	Upgrade of Busalla Junction	1.787	(16)	1.069	632	-	1.701
Ce1)	New junction at Capannori	15.187	(16)	14.179	4.230	-	18.409
Cg1)	Giulianova Junction	1.435	(16)	880	773	-	1.653
	TOTAL			38.859	15.652	-	54.511

Upgrade and expansion of the motorway network and motorway feeder roads, improvement of traffic flows on access roads at port hubs and other minor investments including five new automated toll stations

Ch1)	Construction of a new junction at Arezzo and interchange with the Strada dei Due Mari and the A1 and feeder roads	(14)	45.000	-	-	-	-
Ch2)	Nuova Bazzanese	41.400	41.400	-	39.330	-	39.330
Ch3)	S. Cesario Interchange	26.539	26.539	-	5.436	1.010	6.446
Ch4)	Improvement of local feeder roads to the A1 motorway at the Barberino-Calenzano-Florence South-Incisa junctions with works on SP8-SS67-SS69-SP34 - support road to the Calenzano and Rignano industrial estates.	(19)	86.705	45.627	9.351	7.143	62.122
Ch5)	Rho-Monza (Section 1)	183.340	157.559	81.188	31.947	12.482	125.617
Ch6)	Port access road (Voltri)	(14)	15.000	-	717	-	717
Ch7)	New Crespellano (previously La Muffa) Junction	31.504	27.749	14.781	7.583	329	22.693
Ch8)	Local roads and improvement of access at the Lavagna toll station (Viale Kasman)	(14)	20.000	-	267	-	267
Ch10)	Bologna Ring Road (7)	(20)	118.704	95.263	22.923	3.246	121.432
C3)	Upgrade of fourth lane A4 between V.le Certosa and Sesto San Giovanni junctions	224.173	212.540	67.555	15.501	2.481	85.537
C3)	New S.Maria del Piave toll station	(14)	13.784	-	451	-	451
C3)	New Foggia Industrial Park toll station	14.222	11.669	10.100	2.746	-	12.846
C3)	New Bisceglie toll station	(14)	5.422	-	61	-	61
C3)	New Orvieto North toll station	(14)	13.239	-	340	-	340
C3)	New Borgonovo toll station	9.890	9.508	4.996	1.792	108	6.896
C3)	Construction of new Dalmine toll plaza	(14)	10.000	-	105	-	105
C3)	Link road joining Val Fontanabuona and A12	(14)	5.950	-	5.389	600	5.989
C3)	Ordinary link road serving Bologna Interporto junction	(14)	2.500	-	264	-	264
C3)	Completion of Baveno junction	2.462	2.002	-	132	-	132
C3)	Completion of Rapallo junction	1.098	1.247	102	533	-	635
C3)	Change to A11 Florence-Pisa North exit road on to SS1 Aurelia at Migliarino	(14)	1.000	-	164	-	164
C3)	TOTAL			319.613	145.032	27.399	492.044
	TOTAL OTHER SPECIFIC PROJECTS REQUIRED UNDER ART. 2			404.088	191.654	27.399	623.142

2019

Completed as at 2019

Base tender price (*)	Available funding	Financial expenses	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTAL
-	5	-	5	11.301	3.065	-	14.367
-	-	-	-	5.394	2.610	-	8.004
-	-	-	-	6.035	4.347	-	10.382
-	-	-	-	1.069	632	-	1.701
-	-	-	-	14.179	4.230	-	18.409
-	-	-	-	880	773	-	1.653
-	5	-	5	38.859	15.657	-	54.516
-	-	-	-	-	-	-	-
-	-	-	-	-	39.330	-	39.330
-	-	-	-	-	5.436	1.010	6.446
3.554	1.202	2.826	7.582	49.182	10.553	9.969	69.704
952	10.946	4.287	16.185	82.140	42.893	16.769	141.802
-	25	-	25	-	741	-	741
9	30	-	39	14.789	7.613	329	22.732
-	-	-	-	-	267	-	267
-	1.010	-	1.010	95.263	23.933	3.246	122.442
26.589	4.413	5.023	36.025	94.144	19.914	7.504	121.562
-	-	-	-	-	451	-	451
291	23	-	314	10.391	2.769	-	13.160
-	-	-	-	-	61	-	61
-	-	-	-	-	340	-	340
1.421	142	-	1.563	6.418	1.933	108	8.459
-	0	-	0	-	105	-	105
-	-	-	-	-	5.389	600	5.989
-	5	-	5	-	269	-	269
-	6	-	6	-	138	-	138
-	-	-	-	102	533	-	635
-	-	-	-	-	164	-	164
32.816	17.802	12.136	62.754	352.429	162.833	39.535	554.798
33.776	18.886	12.136	64.798	437.865	210.540	39.535	687.940

AUTOSTRADE PER L'ITALIA - SINGLE CONCESSION ARRANGEMENT - ART. 2

(€000 - Italian GAAP)

 Contractually agreed amounts Completed as at 31 December 2018
(9)

 Gross approved Net amount
Completed as at per
2019 Arrangement
amount (10) (11)

Art. 2	PROJECT	TOTAL	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTALE
OTHER UNSPECIFIED INVESTMENT							
C1)	Upgrade of service areas and buildings used in operations						
C2)	Toll stations, junctions and remaining network investments						
C3)	Upgrade and expansion of the motorway network and motorway feeder roads and other minor investments (unspecified works)(24)	(18)	(18)	2.299.575		1.671	2.222.543
C4)	Noise abatement plan						
C5)	Improvement of safety standards						
C6)	Technological plant improvements						
C7)	Other improvements and capitalised non-routine maintenance						
	TOTAL OTHER UNSPECIFIED INVESTMENT			2.299.575		1.671	2.222.543
E)	New investment remunerated pursuant to CIPE Resolution 39 of 15 June 2007	(18)	(18)	190.571		-	190.571
	GRAND TOTAL			13.085.769		840.925	13.926.694
	Handover of service areas free of charge						148.450
	New works under art. 15 of the 2007 Single Concession Arrangement						50.675
	Capitalised staff costs, change in advances paid to suppliers and other sundries						403.990
	TOTAL INVESTMENT IN ASSETS TO BE HANDED OVER						13.897.317

- (1) Includes Ab) "Sasso Marconi-La Quercia", Ba2) "Sasso Marconi-La Quercia - completion of lot 4 and complementary works" and completed contracts under the 1997 Arrangement.
 (2) Local works relating to the section are included in Ai) "Landscaping".
 (3) Including works completed under the 1997 Arrangement.
 (4) Works completed under the 1997 Arrangement.
 (5) Includes feeder roads linked to ordinary road network.
 (6) Includes Lot 2 Bis.
 (7) Includes Lot 2 Bis..
 (8) Percentage of the works included in "Other investments".
 (9) Information provided only for specific projects.
 (10) Unless otherwise indicated: the gross amount to be financed by Autostrade per l'Italia as per final/executive designs (including the variation appraisal) of projects, or related lots/phases, for which at 31 December 2019 approval has been given by the Grantor, or the amount expected to be financed by Autostrade per l'Italia in the agreements with final approval from the Grantor at 31 December 2018 (for projects to be carried out by third parties). If the document approving the design/appraisal/agreement relating to the project (or to one of the related Lots/phases) does not show the gross amount of the base tender price, the figure shown is the net amount indicated in the document itself.
 (11) Net amount envisaged per project(s) in the Addendum to the Single Concession Arrangement of 24 December 2013, as updated by the report of 15 September 2014.
 (12) The gross approved amount for the "Barberino toll station" and the "Plan for Completion of the Base Tunnel, Mugello Lot 1st phase and upgrade of the A1 Aglio-Barberino" is included in the gross amount approved for the "La Quercia - Aglio" section.
 (13) The gross approved amount for landscaping work for the Casalecchio-Sasso Marconi and Sasso Marconi- La Quercia sections is included in the gross amounts approved for the "Ab - Sasso Marconi-LaQuercia", "Ac - La Quercia-Aglio" and "Ad - Aglio Barberino" projects.

Total investment in assets to be handed over (pursuant to art. 2 of the Single Concession Arrangement of 2007)	544.779
Adjusted by:	
Capitalised financial expenses (relating to construction services for which no additional economic benefits are received)	-35.091
Handover, free of charge, of service areas	-3.718
Total investment in assets held under concession (as indicated in note 6.2)	505.970

2019

Completed as at 2019

Base tender price (*)	Available funding	Financial expenses	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTAL
78.026		469	78.495	2.377.601		2.140	2.379.741
78.026		469	78.495	209.531		-	2.379.741
18.960		-	18.960	2.377.601		2.140	209.531
13.926.694		13.926.694	504.155	13.547.621		13.547.621	209.531
			3.718				13.692.731
			6.136				152.168
			30.769				56.811
			439.152				434.759

- (14) As at 31 December 2019, approval has not been given for the final/executive design for the project or for the related lots/phases, or for the agreements governing construction where this is to be carried out by third parties.
 (15) The gross approved amount only includes the designs for the lots that have received approval.
 (16) Project(s) whose value is not shown in the Addendum to the Single Concession Arrangement of 24 December 2013, as updated by the report of 15 September 2014.
 (17) The completion of expansion of the Brianza North service area was included in the first variation appraisal for the fourth lane of the Milan-Bergamo Lot 1 (net amount).
 (18) Unspecified project(s).
 (19) The gross approved amount for the project is included in the item "Ae) Barberino - Florence North", forming part of the Bologna-Florence upgrade..
 (20) The gross approved amount is included in item "B) Bologna Ring Road" in "Remaining investment in third and fourth lanes".
 (21) Works relating to the Villoresi East and West service areas have been included in the designs for lots 1 and 2 for the widening to five lanes of the A8.
 (22) Amounts currently being determined following the Grantor's approval of the new Plan.
 (23) Includes €625,000 in costs to be met by Autostrade per l'Italia, including €148,000 attributable to 2019.
 (24) Also includes previous investment in the upgrade of the Motorway Interchange and Bologna Ring Road and the related feeder roads.
 (25) Includes the capitalisation of financial expenses amounting to €731 thousand.
 (*) Base Tender Price includes advance payments, reserves and savings to be refunded to the contractor pursuant to art. 11 Ministerial Decree 145/2000 and statutory payments for changes in prices of materials.N.B.: compared with the financial statements for 2018, certain amounts have been reclassified, whilst the overall total has remained the same.

Annex 4

Subsidiaries and associates accounted for using the equity method as at 31 December 2019
(art. 3, point 1.1 of the 2007 Single Concession Arrangement)

NAME	MEASUREMENT (ART. 2426, para. 1, 4(1) OF ITALIAN CIVIL CODE) (A)	CARRYING AMOUNT 31 December 2019 (B)	DIFFERENCE BETWEEN MEASUREMENT PURSUANT TO ART 2426, PARA. 1, 4(1) OF ITALIAN CIVIL CODE AND CARRYING AMOUNT (A-B)
Investments in subsidiaries			
Società Autostrada Tirrenica pa	102.345	90.608	11.737
Tangenziale di Napoli SpA	188.236	54.511	133.725
Autostrade Meridionali SpA	104.053	15.066	88.987
Autostrade Tech SpA	55.078	5.593	49.485
Società Italiana per Azioni per il Traforo del Monte Bianco	107.826	2.318	105.508
AD Moving SpA	1.019	830	189
EssediEsse Società di Servizi SpA	1.140	501	639
Giove Clear Srl	1.703	20	1.683
Tech Solutions Integrators SAS	-16.128	-	-16.128
	545.272	169.447	375.825 (2)
Investments in associates			
Tangenziali Esterne di Milano SpA	58.420	62.345	-3.925
Pavimental SpA	3.791	4.806	-1.015 (2)
Pedemontana Veneta SpA (in liquidation)	1.781	2.102	-321
Spea Engineering SpA	13.224	1.784	11.440
Bologna & Fiera Parking SpA	2.514	999	1.515
Consorzio Autostrade Italiane Energia	29	29	-
	625.031	241.512	383.519

⁽¹⁾ Measurement of subsidiaries and associates using the equity method is consistent with IFRS, as applied by Autostrade per l'Italia.

⁽²⁾ Further details are provided in notes 6.3, "Investments", and 6.13, "Provisions".



05

REPORTS



Attestation of the consolidated 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 2019.

2. The administrative and accounting procedures adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2019 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 consolidated 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 report on operations contains a reliable analysis of operating trends and results, in addition to the state of affairs of the issuer and the consolidated companies, together with a description of the principal risks and uncertainties to which they are exposed.

27 April 2020

Roberto Tomasi
Chief Executive Officer

Alberto Marco Milvio
Manager responsible for
financial reporting

Attestation of the separate 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 2019.

2. The administrative and accounting procedures adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2019 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 consolidated 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 report on operations contains a reliable analysis of operating trends and results, in addition to the state of affairs of the issuer and the consolidated companies, together with a description of the principal risks and uncertainties to which they are exposed.

27 April 2020

Roberto Tomasi
Chief Executive Officer

Alberto Marco Milvio
Manager responsible for
financial reporting

**Report of the Board of Statutory Auditors
to the Annual General Meeting of the shareholders of Autostrade per l'Italia SpA
(pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 2 of the
Italian Civil Code)**

Dear Shareholders,

The members of the Board of Statutory Auditors of Autostrade per l'Italia SpA (the "Company" or "ASPI") are Giandomenico Genta, Chairman, Roberto Colussi, Giulia De Martino, Alberto De Nigro and Antonio Parente (nominated by the Ministry of Infrastructure and Transport), standing Auditors. The Board was elected by the Annual General Meeting of shareholders held on 20 April 2018.

Deloitte & Touche SpA were engaged by the Annual General Meeting of shareholders held on 24 April 2012 to audit the accounts for the financial years from 2012 to 2020.

During the financial year ended 31 December 2019, we performed the audit procedures required by law and by the articles of association, adopting, inter alia, the Standards recommended by the Italian accounting profession. The Board held 18 meetings and participated in all the 29 meetings held by the Board of Directors and 4 General Meetings of shareholders.

Following the resignations of the Chairman, Fabio Cerchiai, and Chief Executive Officer, Giovanni Castellucci, the General Meeting of shareholders held on 30 January 2019 elected Giuliano Mari as Chairman of the Board of Directors and approved an increase in the number of members of the Board of Directors from 9 to 11. Subsequently, the Board of Directors appointed Roberto Tomasi as Chief Executive Officer. The Annual General Meeting of shareholders held on 18 April 2019 then elected the new Board of Directors for the financial years from 2019 to 2021, confirming both the number of Directors as 11 and the appointment of Giuliano Mari as Chairman of the Board of Directors. The Board meeting held immediately after the Annual General Meeting then confirmed Roberto Tomasi's appointment as Chief Executive Officer. The Directors, Michelangelo Damasco, Amedeo Gagliardi and Giancarlo Guenzi tendered their resignations on 22 November 2019. As a result of the resignations of these Directors, given that there were no further unelected candidates on the slate to which the outgoing Directors belonged, in accordance with the provisions of art. 28.1 of the Company's Articles of Association, the term of the entire Board of Directors was terminated. On the same date, the General Meetings of shareholders elected the new Board of Directors for the financial years from 2019 to 2021, confirming the number of Directors as 11 and Giuliano Mari in his position as Chairman of the Board of Directors. The Board of Directors then confirmed Roberto Tomasi's appointment as Chief Executive Officer. Following the resignation of the Director, Tommaso Barraco on 27 January 2020, the General Meetings of shareholders, meeting on the same day, voted to reduce the number of members of the Board of Directors from 11 to 10.

All the serving Directors have submitted statements confirming that they meet the

requirements of art. 27 of the Articles of Association and that there are no reasons for ineligibility or disqualification, and that they meet the requirements for integrity and professionalism. A further 8 Directors have issued statements that they meet the independence requirements of art. 27.9 of the Articles of Association and this has been confirmed, with the Board now having the minimum number of independent Directors required by this article. Moreover, it has also been confirmed that the Directors elected from the minority slate are not directors, executives, managers or employees of a "Prohibited Operator" (a Cessionario Vietato, or competing Italian motorway operator, as defined in the Company's Articles of Association) and that they, therefore, satisfy the requirements of art. 27.10 of the Articles of Association. The Board of Statutory Auditors obtained the information necessary in order to carry out our duties by participating in Board of Directors' meetings, by speaking to the Company's and the Group's management, in meetings with the independent auditors, the corresponding oversight bodies within Group companies and with the Company's Supervisory Board, and by examining the information obtained from the relevant departments, as well as through further audit activities.

In 2015, Autostrade per l'Italia issued securities admitted to listing on the screen-based exchange organised and managed by Borsa Italiana SpA, in accordance with art. 16 of Legislative Decree 39/2010, and is now classified as a public interest entity. Accordingly, in accordance with art. 19 of the above Legislative Decree 39/2010, the Board of Statutory Auditors has, from 2015, assumed the role of Internal Audit Committee.

Specifically:

- we verified compliance with the law and the articles of association;
- we obtained reports from the Directors, providing adequate information on the Company's activities and on transactions carried out by the Company and its subsidiaries with a major impact on the Company's results of operations, financial position and cash flow, ensuring that the actions decided on and carried out were in compliance with the law and the articles of association, were not subject to any potential conflict of interest or contrary to the resolutions adopted by the General Meeting, and were not clearly imprudent or risky or such as to compromise the value of the Company.

The Board of Statutory Auditors oversaw the Board of Directors' decision-making processes and checked that management decisions were in compliance with the applicable legislation (substantial compliance), adopted in the Company's interests, compatible with the Company's resources and assets and adequately supported by reporting, assessment and control procedures, including, where deemed necessary, through recourse to external consultants. In this regard, it should be noted that, the continuous surveillance of key motorway assets proceeded in 2019, as required by law. Area Offices also undertook a further programme of extraordinary inspections, carried out by leading external companies, with a view to receiving further assurances regarding the safety of infrastructure. These companies were asked to carry out a comparative analysis of the defects found in respect of each asset with those included in the findings in SPEA's latest available quarterly reports. They were also asked to provide an opinion on the action plans and maintenance

programmes drawn up by Autostrade per l'Italia in order to prevent any form of static or safety risk, in relation to the effective findings of their inspections. The above due diligence did not find any evidence that the inspection processes used by SPEA Engineering, or the maintenance procedures adopted by Autostrade per l'Italia, might raise concerns over the approach taken in order to guarantee the safety and static and operational efficiency of the infrastructure. With a view to progressively reducing its use of SPEA Engineering, in the last quarter of 2019, Autostrade per l'Italia decided to outsource infrastructure surveillance, resulting in the organisation of two public tenders. Whilst awaiting the outcome of the European tender process already initiated and which is due to be completed by the end of this year, surveillance activities for 2020 were contracted out to a temporary consortium following a public tender. The members of the consortium are Proger SpA, Bureau Veritas Nexta srl, Tecno Piemonte spa and Tecno Lab srl.

Again, with regard to surveillance of the network, a number of specialist external companies have been commissioned to conduct an audit, starting from 2020, of the processes used in the surveillance of all motorway assets.

The Company identifies related parties using the criteria in the procedure issued by the parent, Atlantia SpA, for related party transactions in implementation of the provisions of art. 2391-bis of the Italian Civil Code and the Consob Regulation adopted in Resolution 17221 of 12 March 2010, as amended. The Board of Statutory Auditors did not find evidence, in 2019, of atypical and/or unusual transactions with third or related parties (including Group companies). Information on the main intragroup and other related party transactions carried out in 2019, and a description of the nature of the transactions and the impact on the operating results is contained in the notes to Autostrade per l'Italia's separate financial statements and the Autostrade per l'Italia Group's consolidated financial statements;

- in accordance with our responsibilities, we obtained information on and checked the adequacy of the Company's organisational structure and on observance of the principles of good governance, by means of direct observation, the gathering of information from the heads of the various departments and through meetings with the Independent Auditor with a view to exchanging the relevant data and information; in this regard we have no special observations to make. The Board of Statutory Auditors believes that the governance systems and procedures adopted by the Company are, on the whole, sufficient to ensure compliance with the principles of good governance in the Company's operations. It should be noted that, from 1 August 2019, the Company has adopted a new organisational structure, creating the role of Corporate General Manager and a Procurement and Tenders department, as well as making changes in the areas of Planning and Management and Operational Control, Network Development, Network Operations and Maintenance and Plant Engineering.

As regards management of key infrastructure, alongside implementation of the new surveillance arrangements, now carried out by internationally recognised external providers, the Company has adopted an asset management system using IBM's ARGO platform. This will enable the Company to (i) bring together all the data in its possession relating to the surveillance of motorway infrastructure and other network assets, including information on maintenance and sensor readings, (ii) introduce new instruments using the latest

technologies and devices, (iii) boost the operational capabilities of the people tasked with managing the assets operated under concession, and (iv) transparently share access to the information with stakeholders. Finally, the process of developing a new approach to engineering operations is nearing completion;

- we assessed and verified the adequacy of the administrative accounting system and its ability to correctly represent operating activities, by gathering information from the respective heads of department, above all from the Atlantia Group's Internal Audit department, which provided services to the Company until January 2020 (from 17 February 2020, the Company established its own Internal Audit department), by examining corporate documents and by analysing the results of the work carried out by the independent auditor. In this regard, we report that, having successfully completed the admission process, on 12 November 2019, the Italian tax authority admitted ASPI to the Cooperative Compliance scheme, having reached a positive assessment of the system adopted for identifying, managing and controlling tax risk, as contained in the Tax Control Framework. The Company has also drawn up rules governing the system and approved the Tax Compliance Model and related Policy for managing interpretation risk. In early 2020, the Tax Risk Officer submitted his report for the 2018 tax year to the tax authority's Cooperative Compliance unit, following its validation by the Company's Tax Steering Committee and approval by the Board of Directors;

- we verified that the Company is subject to the management and coordination of Atlantia SpA, a company listed on the screen-based trading system Mercato Telematico Azionario operated by Borsa Italiana SpA, and responsible for management and coordination of Autostrade per l'Italia pursuant to articles 2497 et seq. of the Italian Civil Code. In this regard, on 19 January 2018, the parent, Atlantia SpA, adopted a regulation governing management and coordination, setting out the scope and the related procedures. This regulation was amended on 15 February 2019. The Company is the subject of a shareholder agreement dated 26 July 2017, published as required by law;

- with specific reference to the requirements of Legislative Decree 39/2010, the following should be noted:

Reporting to the Board of Directors on the outcome of the statutory audit and on the additional report required by art. 11 of the European Regulation (EU) 537/2014 The Board states that the Independent Auditor, Deloitte & Touche SpA ("Deloitte & Touche") issued the additional report required by art. 11 of the European Regulation on 29 April 2020, describing the results of its statutory audit of the accounts and including the written confirmation of independence required by art. 6, paragraph 2.a) of the Regulation, in addition to the disclosures required by art. 11 of the Regulation, without noting any significant shortcomings. The Board of Statutory Auditors will inform the Company's Board of Directors of the outcome of the statutory audit.

Independence of the independent auditors, above all with regard to non-audit services. The Board of Statutory Auditors verified, also with reference to the provisions of art. 19 of Legislative Decree 39/2010, the independence of the Independent Auditor, Deloitte & Touche, checking the nature and entity of any services other than auditing provided to Autostrade per l'Italia and its subsidiaries by the auditors and by their associates. We also checked that, in compliance with the requirements of art. 149-duodecies of Consob Regulation 11971/1999, information on the type of services provided to Autostrade per l'Italia and its subsidiaries by Deloitte & Touche or associates of Deloitte & Touche in 2019, and the related fees, is provided in an annex to the financial statements.

In the light of the above, we therefore deem that the independent auditors, Deloitte & Touche, meet the requirements for independence. In addition, on 29 April 2020, Deloitte & Touche provided their annual confirmation of independence.

Monitoring of audit activities

During the year, we held meetings with representatives of the independent auditors, pursuant to art. 150, paragraph 2 of Legislative Decree 58/1998, and no significant information that should be included in this report has come to light. The Board of Statutory Auditors: (i) has analysed the activities of the independent auditors and, in particular, the methods adopted, the audit approach used for significant aspects of the financial statements and the audit planning process; (ii) discussed issues relating to the Company's risks with the independent auditors, enabling us to establish the appropriateness of the auditors' plans in terms of their approach in view of the structural and risk profiles of the Company and the Group. The Board of Statutory Auditors and the Independent Auditor also exchanged information on a regular basis, partly with regard to the objective operational difficulties that arose, as the audit of the annual accounts was nearing completion, as a result of the Covid-19 health emergency.

The Board of Statutory Auditors primarily looked into the impact of the Independent Auditor's decision to have its staff work from home, with the support of the firm's departments, in order to assess the performance of the audit, without finding any critical issues.

Recommendation for the engagement of the Independent Auditor

With approval of the financial statements as at and for the year ended 31 December 2020, the engagement of Deloitte & Touche SpA to conduct the statutory audit of Atlantia's accounts for the nine-year period 2012-2020 expires. As a result, we agreed with Atlantia SpA's Board of Statutory Auditors to conduct the process of selecting the new audit firm to carry out the statutory audit of the accounts in the financial years from 2021 to 2029 at Group level. This was done with a view to engaging a single auditor, in order to improve the efficacy and efficiency of audit activities and the assumption of responsibility by the Independent Auditor for auditing the Group as a whole, as moreover provided for in the legislation governing statutory audits. It was, therefore, agreed that the selection would be conducted by Atlantia SpA's Board of Statutory Auditors, also on behalf of the boards of statutory auditors of the parent's subsidiaries.

At the end of the above selection process, the Board of Statutory Auditors, who were consulted

with regard to the methodology used and the outcome of the process, we prepared the reasoned recommendation for ASPI's Board of Directors, as provided for in the legislation in force and as required by the Company's articles of association, for the purposes of the selection of the new Independent Auditor for the period 2021-2029.

Oversight of the financial reporting process

As part of the internal control system, as it relates to the financial reporting process, the Group headed by Autostrade per l'Italia has implemented and regularly revises internal controls over financial reporting, based on a series of administrative and accounting procedures designed to ensure reliability, accuracy, integrity and timeliness in accordance with the regulations governing financial reporting.

The Board of Statutory Auditors has verified the application of these regulations and procedures governing the process of preparing and publishing financial information. In this regard, we also note that the report on operations includes section 2.8 Corporate governance and ownership structures, which also represents the report on corporate governance required by art. 123-bis of Legislative Decree 58 of 24 February 1998 (the "CFA"). This section defines guidelines for the establishment and management of administrative and accounting procedures. The Board of Statutory Auditors, with the assistance of the Manager Responsible for Financial Reporting, examined the procedures involved in preparing the Company's financial statements and the consolidated financial statements, in addition to periodic financial reports. The Board of Statutory Auditors also oversaw the survey carried out by the Company in preparation for the Board of Directors' approval of the methodology to be used in conducting impairment tests as at 31 December 2019. In the case of the Autostrade per l'Italia CGU, projected operating cash flows were revised on the basis of an updated estimate for 2020, taking into account the impact of the health emergency (Covid19), without applying changes for future years, given that it is not at the moment possible to assess such impacts.

In this regard, on 27 April 2020, the Chief Executive Officer and the Manager Responsible for Financial Reporting issued the attestations of the consolidated and separate financial statements required by art. 81-ter of the Consob Regulations of 14 May 1999, as amended.

The Board of Statutory Auditors thus believes the financial reporting process to be adequate.

Oversight of the effectiveness of the internal control, internal audit and risk management systems and the statutory audit of the annual and consolidated accounts. The Board of Statutory Auditors has assessed and verified the adequacy of the internal control system and the effectiveness of internal control and risk management systems.

We wish to stress that, in order to monitor the effectiveness and efficiency of the internal control and risk management system, until January 2020 Autostrade per l'Italia depended on the Group Internal Audit department set up by the parent, Atlantia SpA. From 17 February 2020, on the other hand, Autostrade per l'Italia has its own Internal Audit department. This decision was taken with the aim of continually improving and strengthening oversight of the internal control system. Autostrade per l'Italia's Board of Directors approved the 2019 Audit Plan on 14 February 2019. As required by art. 38 of the Company's Articles of Association,

following the election of the current Board of Directors, it was necessary to appoint the members of a Board Committee called the “Major Works Committee”, with responsibility for monitoring, among other things, the performance and completion of construction contracts. In accordance with art. 39.2 of the Articles of Association, the Committee has 7 members and includes the Chairman, the Chief Executive Officer and Director elected from minority slates. Again, with the aim of strengthening the internal control system, in 2019, the Board of Directors also established an Internal Control and Risk Committee, consisting of 4 members, the majority independent. The Committee is responsible for preparing information in order to support the Board of Directors in their related assessments and decision-making, in relation to the internal control system and risk management, and with regard to periodic financial reporting. Meetings of the Internal Control and Risk Committee are attended by the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the Chairman. During our periodic meetings with the Head of the Internal Audit department and the Risk Officer, the Board of Statutory Auditors was kept fully informed regarding internal auditing activities (with a view to assessing the adequacy and functionality of the internal control system, and compliance with the law and with internal procedures and regulations), and the activities of the Risk Officer in identifying, measuring, managing and monitoring the risks included in the Company’s current Business Risk Model (compliance, regulatory and operational risks), in order to provide the necessary support to these departments in reviewing the design of the internal control system and monitoring implementation of the resulting changes. In this respect, it should be noted that the Company, with regard to risk management, began the process of upgrading its risk analysis and assessment systems in 2019. The process was led by the Risk Officer, supported by a leading international firm specializing in managing the risks typical of the motorway sector and transport systems, and resulted in the revision of the Company’s risk catalogue.

The Board of Statutory Auditors conducted specific monitoring of the remedial action recommended in audit reports, checking that the deadlines set out in the reports for resolving shortcomings had been met and that the improvements suggested by the audit department had been made.

The Board of Statutory Auditors also examined the six-monthly reports prepared by the Ethics Officer with regard to ASPI, describing the activities conducted and the investigations carried out following the receipt of disclosures.

The Board of Statutory Auditors held periodic meetings with the independent auditors, Deloitte & Touche SpA, to obtain information and data regarding the audits conducted, overseeing the audit of the annual and consolidated accounts.

We have nothing to report in this regard.

The Board of Statutory Auditors exchanged information with the boards of statutory auditors of the principal subsidiaries, noting their assessments of the overall adequacy of the companies’ internal control systems and the fact that there were no situations needing to be brought to the attention of the Parent Company’s Board of Statutory Auditors.

Furthermore, we note that, during 2019, Autostrade per l’Italia’s Supervisory Board continued

its review of the organisational, management and control model (“OMCM”) adopted by Autostrade per l’Italia pursuant to Legislative Decree 231/01, in the version approved on 14 December 2017. This is done to ensure that the model had kept pace with changes in legislation and in the Company’s organisational structure during the year. In this regard, we were informed that Autostrade per l’Italia’s Supervisory Board, assisted by the relevant departments within the Company, is preparing to revise the OMCM, based on recent changes in legislation and in the Company’s operating environmental and organisation.

The Board of Statutory Auditors examined the Supervisory Board’s reports on their activities in the first and second halves of 2019, noting that the Supervisory Board is waiting before adopting any initiatives until it is in possession of objective information relating to the events of 14 August 2018, involving the collapse of a section of the Polcevera road bridge.

In this regard, it should be noted that:

- criminal action is pending before the Court of Genoa against Autostrade per l’Italia personnel, including executives and other people employed at the Company’s Rome headquarters and the relevant area office in Genoa. The action also regards employees and managers at SPEA Engineering, company contracted to monitor the state of the infrastructure, and the Ministry of Infrastructure and Transport; and
- Autostrade per l’Italia is also under investigation pursuant to art. 25-septies of Legislative Decree 231/2001.

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 31 July 2019, 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, on 9 December 2019 the preliminary investigating magistrate accepted a request to extend the deadline for filing the expert technical report, disposing of the postponement to 14 March 2020 and setting the hearing at 22 April 2020. In a subsequent order, issued 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 preliminary investigating magistrate (i) accepted a further request for an extension of the deadline for filing the expert report to 14 June 2020, and (ii) adjourned the hearing of 22 April 2020 to the previously scheduled hearing of 18 May 2020, solely for the purpose of appointing and swearing in a new technical expert.

In the respect, it should be noted that no authority has, to date, found proof, above all conclusive proof, of any “serious breach” by the Company that would provide a basis in law for termination of the concession. In this regard, in four judgements published on 6 December 2019, Liguria Regional Administrative Court found that the Company’s alleged responsibility for the collapse of the Polcevera road bridge had “not been ascertained, even circumstantially”, given that it “has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded”.

Finally, it should be noted that:

- revised versions of the following were implemented from 12 September 2019:

a) the Code of Ethics, introducing a specific reference to compliance with competition law being one of the key principles on which the Group's approach to doing business is based;

b) the Atlantia Group's anti-corruption policy, which supplements the set of rules designed to prevent and combat corruption already in force within the Group, in close coordination with the Code of Ethics, the Management and Control Model and the Group's compliance programme. In this case, following the organisational changes that took place from 1 August 2019, which have resulted in the Head of Anticorruption reporting directly to the Corporate General Manager, and in order to meet the requirements of the ISO 37001:2016 standard, responsibility for ASPI's Anti-Bribery Management System (or "ABMS") was assigned to the Corporate General Manager. The Board of Directors reviews the ABMS on an annual basis, examining, among other things, the report prepared by the Corporate General Manager and the information provided by the head of Anti-corruption. The checks conducted did not reveal evidence of any material breaches of the policy, anti-corruption legislation or of the ABMS;

- in order to implement the provisions of EU Regulation 596/2014, known as the Market Abuse Regulation, or MAR, the Company has adopted a procedure for communicating with the market, and has also adopted a code of conduct for internal dealing containing, among other things, a description of the reporting requirements and conduct necessary in relation to transactions involving the listed bonds issued by Autostrade per l'Italia, and the financial instruments linked to them, carried out by relevant persons and/or persons closely associated with them, and the related communications to the Company, the Consob and the market. The Company revised its Internal Dealing Code of Conduct in 2019 in order to reflect the latest organisational changes (including the revised scope of relevant persons), and to align the text of the Code with recent legislation (including Legislative Decree 107 of 10 August 2018). The Procedure for Market Announcements was also revised in February 2020 in order to apply the new Consob guidelines.

- with respect to the contractual obligations deriving from the Single Concession Arrangement signed by ANAS and Autostrade per l'Italia on 12 October 2007, which became fully effective from 8 June 2008, the day following publication of Law 101/2008 in the Official Gazette, which approved the single concession arrangements entered into at that time, including that of Autostrade per l'Italia, we had periodic meetings with the head of the department responsible for compliance with the terms of the Single Concession Arrangement, and for preparing periodic reports for senior management on compliance with the terms of the Single Concession Arrangement, in order to be periodically updated on the Company's compliance with the terms of the Arrangement;
- as noted in reports for previous years, Autostrade per l'Italia has opted to participate in the

tax consolidation arrangement prepared by the parent, Atlantia SpA;

- we checked that no complaints have been lodged under art. 2408 of the Italian Civil Code, and no complaints of any kind have been presented;
- the Board of Statutory Auditors issued the following opinions during the year and through to the date of this report:

- favourable opinions, issued pursuant to art 2389, paragraph 3 of the Italian Civil Code, on the remuneration of Directors with delegated powers;
- a favourable opinion on the appointment of the Manager Responsible for Financial Reporting;
- a favourable opinion, pursuant to art 2389, paragraph 3 of the Italian Civil Code, on the annual MBO targets for 2019 (both the basic and supplementary components) assigned to ASPI's Chief Executive Officer/General Manager;
- a favourable opinion, pursuant to art 2389, paragraph 3 of the Italian Civil Code, on the LTI 2017 plan – third award cycle; and
- a favourable opinion on the Company's 2020 audit plan.

• with regard to (i) the tragic collapse of 14 August 2018, the causes of which have yet to be ascertained at the date of this report, (ii) the procedure for serious breach initiated by the Ministry of Infrastructure and Transport (the "MIT") in its letter of 16 August 2018, and (iii) the Company's response, reference should be made to the section of the report on operations entitled "Significant regulatory aspects". In this context, in carrying out our audit activities, we have:

- obtained and examined all the legal opinions received by the Company in support of its decisions;
- analysed and conducted an in-depth examination of the risk management system;
- analysed and monitored Autostrade per l'Italia's new organisational structure;
- analysed and monitored Autostrade per l'Italia's new arrangements for network surveillance;
- conducted in-depth discussions with management regarding the existing system of controls with regard to inspections of the static conditions and state of infrastructure (bridges and viaducts);
- monitored the progress and results of the audit plan, with specific regard to the audit of Works, Operations and Maintenance and the provisions for repair and replacement; and
- analysed the criteria and procedures adopted by the Company in determining provisions for the repair and replacement of assets held under concession, with regard to identification of the categories of infrastructure subject to non-routine maintenance, determination of the useful lives and average lives of each category of infrastructure, the prioritisation of works and the average time required, determination of the amount spent on each maintenance cycle, determination of the nominal value of the provisions and determination of the present value of the provisions and calculation of the related new provision. The above checks have, at this time, no given rise to aspects worthy of mention in this report.

- with regard to ASPI's *rating*, we note that the uncertainties linked to the procedure for serious breach, combined with the introduction, within Legislative Decree 162 of 30 December 2019 (the so-called *Milleproroghe Decree*), converted into Law 8 of 28 February 2020, of a number of measures introducing unilateral amendments to the motorway concessions in force, have led the main rating agencies (Moody's, Standard & Poor's and Fitch) to downgrade the rating to below investment grade;
- we have examined both the separate and consolidated financial statements as at and for the year ended 31 December 2019, both prepared on a going concern basis, with regard to which we have the following observations to make:
 - the scope of consolidation as at 31 December 2019 is unchanged with respect to 31 December 2018;
 - consolidated financial statements as at and for the year ended 31 December 2019 of the Parent Company and the consolidated companies have been prepared in accordance with articles 2 and 3 of Legislative Decree 38/2005, in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the reporting period, and endorsed by the European Commission. Moreover, the measures introduced by the Consob, 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 separate and consolidated financial statements as at and for the year ended 31 December 2019 have also been prepared on the assumption that ASPI is able to continue to operate as a going concern. This was deemed appropriate by the Board of Directors, based on their view that there is a reasonable likelihood that the Company and the Group have the ability to continue to operate as going concerns in the foreseeable future, and, in any event, for a period of at least twelve months from 31 December 2019. In particular, in assessing whether application of the going concern assumption was appropriate, the Board of Directors examined the various risk factors and uncertainties and the mitigation strategy implemented by the Company, as described in detail in the report on operations. On completion of the assessment, Autostrade per l'Italia's Board of Directors concluded that, whilst there are uncertainties and risks regarding the future operations of the Company and the Group, these uncertainties and risks are surmountable and, therefore, deemed it appropriate to prepare the consolidated and separate financial statements on a going concern basis. More specifically, the Company, also backed by specific legal opinions, assessed the environment in which it operates, identifying the factors that could give rise to significant uncertainties and doubts over its ability to continue to operate as a going concern in the foreseeable future. On completion of this process of identifying and assessing the risks and uncertainties to which the Company is exposed, and which implicitly and explicitly include a number of indicators of uncertainty referred to in the criteria applicable to going concern assessments, ASPI proceeded to analyse, for each of the identified risk factors, the internal and external circumstances defining the significance and

scope of such uncertainties. This enabled it to obtain a complete view of existing risk factors, which also identifying the steps taken to mitigate the identified risks, including concrete measures and actions implemented for this purpose. This led the Company to conclude that such risks, whilst continuing to constitute an element of significant uncertainty to be disclosed in the notes to the financial statements, are surmountable. This, therefore, led the Directors to conclude that preparation of the consolidated and separate financial statements on a going concern basis is appropriate, continuing to apply all the accounting policies applicable to a going concern;

- the notes to the financial statements make explicit reference to the reasons behind the decision to prepare the financial statements on a going concern basis. The notes also include details of the steps the Company has taken, or is taking, to address the impact of such uncertainties on its ability to operate as a going concern. The notes also include a description of the arguments supporting the reasonableness of such solutions. The report on operations included in the Annual Report contains sections on "Significant regulatory aspects", "Events after 31 December 2019" and note 6, "Events and corporate actions", in which the Directors provide full details of key events during 2019 and on the potential implications of such events for application of the going concern assumption;
- in conclusion, the Board of Statutory Auditors believes that, in conducting the above going concern assessment during preparation of ASPI's separate financial statements for 2019, ASPI has adopted an approach in keeping with the available information, the opinions received and the relevant accounting standards and legislation applicable to financial reporting. The Board of Directors' 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. As a result, the Board of Statutory Auditors will closely monitor implementation of the measures identified by the Company and, more generally, ASPI's financial situation. We also note that the reasonable likelihood of reaching an agreement with the Government and the MIT (guaranteeing the Company's long-term financial stability) would allow Autostrade per l'Italia to strengthen its financial structure, thanks also to readier access to the credit market in order to meet the Company's reasonably foreseeable future funding requirements;
- the accounts have been submitted to the required controls by the independent auditors, Deloitte & Touche SpA, appointed by the Annual General Meeting of 24 April 2012 for the annual reporting periods, 2012 - 2020. During periodic meetings with the Board, the independent auditors had nothing to report in this regard;
- in view of the fact that it is not our responsibility to audit the Company's separate and consolidated financial statements, we checked the overall basis of presentation of the financial statements and their general compliance with the laws relating to their preparation and structure; we have no particular observations to make in this regard;

- we verified compliance with the laws governing preparation of the report on operations and have no particular observations to make in this regard;
- to the best of our knowledge, in preparing the financial statements, the Directors did not elect to apply any of the exemptions permitted by art. 2423, paragraph 4 of the Italian Civil Code;
- we verified that the financial statements are consistent with the information in our possession, as a result of carrying out our duties, and have no particular observations to make in this regard;
- with regard to material, non-recurring events, notably the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway, operated by Autostrade per l'Italia, on 14 August 2018, 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 Company has prepared its consolidated financial statements as at and for the year ended 31 December 2019 taking into account the latest estimates of the costs directly linked to the collapse, without prejudicing any determination of liability. The Company has made a further provision to "Other current provisions for risks and charges" amounting to €1,500 million, corresponding with the current best estimate of the additional costs to be incurred by the Company in relation to the ongoing talks with the Government and the MIT, with the above sum to be used to fund initiatives to be agreed on with the Grantor. This approach is based on the requirements of IAS 37 have been met, 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. At the date of approval of these financial statements by the Company's Board of Directors, there are no further actions or formal obligations assumed by the Company that, under IFRS, must be reflected in specific items in the financial statements. Given that, the above talks are still ongoing, it is not at this time possible to accurately predict the content of the final agreement that may be reached with the Government. However, despite the uncertainty surrounding the ongoing talks, at this time, the Group believes that the above amount of €1,500 million represents the best estimate of the additional costs to be met by Autostrade per l'Italia and to be reflecting in provisions, in accordance with the requirements of IAS 37 and the accounting standards adopted; on 29 April 2020, the Independent Auditor issued its reports pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of EU Regulation 537/2014, in which they attest that: (i) Autostrade per l'Italia SpA's separate financial statements and the Autostrade per l'Italia Group's consolidated financial statements as at and for the year ended 31 December 2019 have been prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and the implementation measures issued in application of art. 9 of Legislative Decree 38 of 2005, have been properly prepared and give a true and fair view of the financial position, results of operations and cash flows of the Company and the Group; (ii) the report on operations and certain specific disclosures contained in the report on corporate governance and ownership structures are consistent with the Autostrade per l'Italia Group's separate and consolidated financial statements as at and for the year ended 31 December 2019 and have been prepared in compliance with the related statutory

requirements. The above reports contain an emphasis of matter paragraph regarding application of the going concern assumption, but do not include observations on this matter;

- the Board notes that, as described in the report on operations, the Company does not prepare its own non-financial statement pursuant to art. 6 of Legislative Decree 254 of 30 December 2016, as it is included in the consolidated non-financial statement published by Atlantia, its parent company.

In the light of the above, the Board has no objections to approval of the Annual Report for the year ended 31 December 2019, as prepared by the Directors, or of the Directors' proposal to cover the loss for the year.

Rome, 29 April 2020

Board of Statutory Auditors
The Chairman
Giandomenico Genta

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Autostrade per l'Italia S.p.A. and its subsidiaries (the ASPI Group), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the ASPI Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Autostrade per l'Italia S.p.A. (the "Company" or "ASPI") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainties Related to Going-Concern

We draw attention to the paragraph "Going-concern uncertainties and assessment conducted by the Company", included in note 2 "Basis of preparation of the consolidated financial statements" of the consolidated financial statements, and in "Introduction" of the Report on Operations where the Directors describe events and circumstances indicating the existence of material uncertainties that may cast significant doubt on the Autostrade per l'Italia S.p.A.'s ability to continue as a going concern. In particular, such uncertainties are related to the ongoing disputes between the Company and the Grantor, to the enactment of recent legislation by the Italian Government (i.e. the "Milleproroghe" Decree), which amended the rules in case of revocation, forfeiture or termination of motorway concession arrangements and the resulting downgrade rating by the main international rating agencies with potential impacts on the financial liabilities, as well as the impact on liquidity following the travel restrictions caused by the outbreak of Covid-19.

On the above mentioned paragraphs, which refers to the notes 10.7 "Significant legal and regulatory aspects" and 10.9 "Events after 31 December 2019" reflect the considerations of Autostrade per l'Italia S.p.A.'s Directors and the actions that they took in relation to the events and circumstances that may cast significant going-concern doubt.

Our opinion is not modified in respect to the above-mentioned matter.

Our audit procedures included among others:

- discussion with the Management on the Directors' considerations, also on the basis of opinions provided by third parties engaged by the Company regarding the Company's ability to continue as a going concern, as well as analysis of the events and circumstances that may cast doubt on said ability and the related material uncertainties;
- review, also with specialist support, of the opinions provided by the legal counsel retained by the Company to evaluate the Company's position with respect to the legal and regulatory framework;
- analysis of the obtained correspondence between the Ministry of Infrastructure and Transportation and the Government regarding the ongoing negotiation, and review of Directors' considerations on the accounting impacts of Company's proposals in that respect;
- analysis of the correspondence with certain financial institutions, following the downgrade of the Company's rating and review of the Directors' considerations on the possible consequences of the downgrade on financial debt;
- comprehension and analysis of the cash flow schedule of ASPI prepared by the Management submitted to the Board of Directors and the verification of independent experts engaged by the Company; analysis of the main assumptions underlying the cash flow schedule, including the obtaining and examining of the traffic data estimate carried out by a sector expert, in the new scenario following the spread of Covid-19;
- discussion with the Management on the expected actions to cover short-term needs resulting from the updated cash flow schedule of ASPI, including the exam of the letter of support provided by the parent company Atlantia S.p.A. to cover, where necessary and residually, the financial need;
- reading of minutes of the resolutions adopted by the Board of Directors and, where not yet available, the reports submitted to the Company's Board of Directors and exchange of information with the Control Bodies on the material aspects;
- analysis of post balance-sheet events that might provide useful information on the going concern assumption;
- analysis of adequacy of the information provided in the notes to the consolidated financial statements and the Report on Operations regarding the existence of material uncertainties related to going-concern.

Key Audit Matters

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

In addition to the description in the section on Material uncertainties related to going-concern, we identified the topics illustrated below as key audit matters to be discussed in this report.

Valuation of the provisions for the repair and replacement of motorway infrastructure and provisions for the renewal of motorway infrastructure

Description of the Key Audit Matter

The consolidated financial statements as at December 31, 2019 include "provisions for the repair and replacement of motorway infrastructure", amounting to €1,717 million, and "Provisions for the renewal of motorway infrastructure" of €79 million. These provisions include the estimate of the present value of the costs that the Group's operators (the "Operators") are expected to incur under the contractual obligations resulting from their concession arrangements (the "Arrangements"), in order to ensure the serviceability and safety of the motorway infrastructure operated under concession.

Provisions for the repair and replacement of motorway infrastructure increased during the year by a total of €2.6 million, mainly due to the updated estimate of repair work on the motorway network of ASPI, also carried out with the support of appointed external consultants and the effect related to the decline of the discount rates used as at December 31, 2019 compared to the previous year. In addition, the change in this provision reflects the improved maintenance commitments to the Grantor and reflects the uses for € 225 million related to the demolition and reconstruction of the Polcevera road bridge.

ASPI also carried out during the 2019 analyses of the state of maintenance of the main infrastructure operated under concession, appointing external consultants, the results of which were then compared with those of the analysis conducted by Group's own technical units.

The estimation process for the above provisions has proven to be rather complex and is based on a series of variables and assumptions that include technical assumptions about planning for the repair, replacement and renewal of individual infrastructure components. In particular, the main assumptions concern the duration of maintenance cycles, the state of work completeness and the estimated costs for homogeneous classes of intervention.

Taking into account the above, we have considered the valuation of these provisions as a Key Audit Matter for the consolidated financial statements of the ASPI Group as at December 31, 2019.

Notes 3 and 7.14 to the consolidated financial statements illustrate respectively the valuation criteria applied by the Group and movements in the aforementioned provisions during the year.

Audit procedures performed

As part of our audit, among other things, we carried out the following procedures:

- an understanding of the process used by the Operators for the purpose of recognition and measurement of the provisions in question;
- testing of the design and implementation of the key controls around the provisions in question carried out by the Operators;
- obtaining and analysing the reports prepared by the technical managers of the Operators regarding the planning of repair and replacement works. In particular, we reviewed the technical assumptions underlying the calculation models, the costs to be incurred for each intervention and the average estimated timing of repair and replacement work;
- checking the accuracy and completeness of the data used by the Operators in estimating the provisions;
- assessing the reasonableness of the discount rates used by the Operators to calculate the present value of the provisions;
- checking the mathematical accuracy of the calculations of provisions;
- analysis of the results of the external consultants engaged by ASPI on the maintenance status of the main infrastructure, also with the support of experts in the engineering field and review of the consistency between these results and the assumption adopted by the Management to estimate the provisions for repair and replacement of motorway infrastructure;
- performing a retrospective review of the estimates based on prior year information, including an analysis of potential differences between the actual costs incurred compared with previous estimates for a sample of works completed by ASPI during 2019;
- assessing the adequacy of the disclosures provided in the notes to the consolidated financial statements and their compliance with the applicable accounting standards.

Impairment testing of Goodwill

Description of the Key Audit Matter

Goodwill amounts to €6,111 million in the consolidated financial statements as at December 31, 2019 and is allocated entirely to the single cash-generating unit ("CGU") represented by the concession rights attributable to the ASPI.

In accordance with the requirements of accounting standard IAS 36 - Impairment of Assets, goodwill is not amortized but is tested for impairment at least once a year, by comparing the recoverable amount of the CGU, determined on the basis of the "value in use" method, and its carrying amount, which include both goodwill and other tangible and intangible assets allocated to it.

In determining the recoverable amount, the Group considered future cash flows based on the long-term business plan prepared by the ASPI based on the assumptions and regulatory mechanisms envisaged by the concession arrangement signed with the Grantor (the "Single Concession Arrangement"). In particular, the assumptions include traffic forecasts, future investment to be carried out and the toll rates that are expected to be recognized based on the current arrangement. In this context, the ASPI's Management, in order to take into account the traffic reductions recorded as a result of the travel restrictions caused by the outbreak of Covid-19, developed the sensitivity test and analyses in order to estimate, as possible, the potential effect of the aforementioned pandemic.

In consideration of the significance of the value of the goodwill recorded in the consolidated financial statements of the ASPI Group and of the complexity of the related valuation process, we considered the impairment test on goodwill a key audit matter for the consolidated financial statements of the ASPI Group as at December 31, 2019.

Note 7.2 to the consolidated financial statements provides information on the impairment test and the effects of the sensitivity analyses deriving from changes in the key variables used in the performance of the impairment test.

Audit procedures performed

As part of our audit we have, among other things, carried out the following procedures, also with the support of our valuation experts:

- analysis of the methodology adopted by the Group in identifying the CGU;
- testing of the design and implementation of the key controls over the impairment testing process;
- assessment of the reasonableness and consistency with the Single Concession Arrangement of the assumptions used by ASPI in preparation of its long-term business plan 2020-2038.
- analysis of the differences between the historical data and the forecast data, in order to assess the reliability of the process followed by ASPI in preparing the long-term business plan 2020-2038;
- analysis of the impairment test carried out by the Group, with particular reference to:
 - i. Technical evaluation of the method used by the Group to determine the discount rate (WACC) used in the test;
 - ii. Verification of the mathematical accuracy of the calculation model used by the Group to determine "value in use";
 - iii. Verification of the sensitivity analyses prepared by the Group, also on the basis of the assumptions deemed by ASPI's Management to be representative of the possible impacts deriving from the ongoing health emergency, even if they are currently considered not fully assessable;
- analysis of the adequacy of the disclosures related to the impairment test and of compliance with accounting standard IAS 36.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Autostrade per l'Italia S.p.A. has appointed us on March 4, 2015 as auditors of the Company for the years from December 31, 2014 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Autostrade per l'Italia S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of ASPI Group as at December 31, 2019, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, paragraph 2 (b) of Legislative Decree 58/98, with the consolidated financial statements of ASPI Group as at December 31, 2019 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of ASPI Group as at December 31, 2019 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

As described in the report on operations, the Directors of Autostrade per l'Italia S.p.A. made use of the exemption from the preparation of the non-financial statement pursuant to art. 6, paragraph 2 of Legislative Decree 30 December 2016, no. 254.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
April 29, 2020

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

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Autostrade per l'Italia S.p.A. (the "Company" or "ASPI"), which comprise the statement of financial position as at December 31, 2019, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

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

Material Uncertainties Related to Going-Concern

We draw attention to the paragraph "Going-concern uncertainties and assessment conducted by the Company", included in note 2 "Basis of preparation" to the separate financial statements, and in "Introduction" of the Report on Operations where the Directors describe events and circumstances indicating the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. In particular, such uncertainties are related to the ongoing disputes between the Company and the Grantor, to the enactment of recent legislation by the Italian Government (i.e. the "Milleproroghe" Decree), which amended the rules in case of revocation, forfeiture or termination of motorway concession arrangements and the resulting downgrade rating by the main international rating agencies with potential impacts on the financial liabilities, as well as the impact on liquidity following the travel restrictions caused by the outbreak of Covid-19.

On the above mentioned paragraphs, which refers to the notes 9.5 "Significant legal and regulatory aspects" and 9.7 "Events after 31 December 2019" reflect the considerations of Autostrade per l'Italia S.p.A.'s Directors and the actions that they took in relation to the events and circumstances that may cast significant going-concern doubt.

Our opinion is not modified in respect to the above-mentioned matter.

Our audit procedures included among others:

- discussion with the Management on the Directors' considerations, also on the basis of opinions provided by third parties engaged by the Company regarding the Company's ability to continue as a going concern, as well as analysis of the events and circumstances that may cast doubt on said ability and the related material uncertainties;
- review, also with specialist support, of the opinions provided by the legal counsel retained by the Company to evaluate the Company's position with respect to the legal and regulatory framework;
- analysis of the obtained correspondence between the Ministry of Infrastructure and Transportation and the Government regarding the ongoing negotiation, and review of Directors' considerations on the accounting impacts of Company's proposals in that respect;
- analysis of the correspondence with certain financial institutions, following the downgrade of the Company's rating and review of the Directors' considerations on the possible consequences of the downgrade on financial debt;
- comprehension and analysis of the cash flow schedule prepared by the Management submitted to the Board of Directors and the verification of independent experts engaged by the Company; analysis of the main assumptions underlying the cash flow schedule, including the obtaining and examining of the traffic data estimate carried out by a sector expert, in the new scenario following the spread of Covid-19;
- discussion with the Management on the expected actions to cover short-term needs resulting from the updated cash flow schedule, including the exam of the letter of support provided by the parent company Atlantia S.p.A. to cover, where necessary and residually, the financial need;
- reading of minutes of the resolutions adopted by the Board of Directors and, where not yet available, the reports submitted to the Company's Board of Directors and exchange of information with the Control Bodies on the material aspects;
- analysis of post balance-sheet events that might provide useful information on the going concern assumption;
- analysis of adequacy of the information provided in the notes to the financial statements and the Report on Operations regarding the existence of material uncertainties related to going-concern.

Key Audit Matters

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

In addition to the description in the section on Material uncertainties related to going-concern, we identified the topics illustrated below as key audit matters to be discussed in this report.

Valuation of the provisions for repair and replacement of Motorway Infrastructure

Description of Key audit matters

The financial statements as at December 31, 2019 include "provisions for the repair and replacement of motorway infrastructure", totalling €1,540 million. The provisions reflect an estimate of the present value of the costs to be incurred by the Company in order to meet its contractual obligations under the concession arrangement signed with the Grantor (the "Single Concession Arrangement"), in order to ensure the serviceability and safety of the motorway infrastructure operated under concession.

Provisions for the repair and replacement of motorway infrastructure increased during the year by a total of €3 million, mainly due to the updated estimate of repair work on the motorway network, also carried out with the support of appointed external consultants and the effect related to the decline of the discount rates used as at December 31, 2019 compared to the previous year. In addition, the change in this provision reflects the improved maintenance commitments to the Grantor and reflects the uses for € 225 million related to the demolition and reconstruction of the Polcevera road bridge.

ASPI also carried out during the 2019 analyses of the state of maintenance of the main infrastructure operated under concession, appointing external consultants, the results of which were then compared with those of the analysis conducted by Group's own technical units.

The estimation process for the above provisions has proven to be rather complex and is based on a series of variables and assumptions that include technical assumptions about planning for the repair, replacement and renewal of individual infrastructure components. In particular, the main assumptions concern the duration of maintenance cycles, the state of work completeness and the estimated costs for homogeneous classes of intervention.

In consideration of the above, we considered the valuation of such provisions as a key audit matter for the financial statements of Autostrade per l'Italia as at December 31, 2019.

Notes 3 and 6.13 to the financial statements illustrate the valuation criteria applied by the Company and movements in the aforementioned provisions during the year.

Audit Procedures Performed

As part of our audit, among other things, we carried out the following procedures:

- an understanding of the process used by the Company for the purpose of recognition and measurement of the provisions in question;
- testing of the design and implementation of the key controls around the provisions in question carried out by the Company;
- obtaining and analysing the reports prepared by the Company's technical managers regarding the planning of repair and replacement works. In particular, we reviewed the technical assumptions underlying the calculation models, the costs to be incurred for each intervention and the average estimated timing of repair and replacement work;
- checking the accuracy and completeness of the data used by the Company in estimating the provisions;

- assessing the reasonableness of the discount rates used by the Company to calculate the present value of the provisions;
- checking the mathematical accuracy of the calculations of provisions;
- analysis of the results of the external consultants engaged by ASPI on the maintenance status of the main infrastructure, also with the support of experts in the engineering field and review of the consistency between there results and the assumption adopted by the Management to estimate the provisions for repair and replacement of motorway infrastructure;
- performing a retrospective review of the estimates based on prior year information, including an analysis of potential differences between the actual costs incurred compared with previous estimates for a sample of works completed by ASPI during 2019;
- assessing the adequacy of the disclosures provided in the notes to the separate financial statements and their compliance with the applicable accounting standards.

Impairment Testing of Goodwill

Description of Key audit matters

Goodwill amounts to €6,111 million in the financial statements as at December 31, 2019 and is allocated entirely to the single cash-generating unit ("CGU") represented by the concession rights attributable to the Company.

In accordance with the requirements of IAS 36, goodwill is not amortized, but is subject to verification of the book value ("impairment test") at least annually, by comparing the recoverable value of the CGU, determined according to the "value in use" method, and the related book value, which includes both goodwill and other tangible and intangible assets allocated to it.

In determining the recoverable amount, the Company considered future cash flows based on the long-term business plan prepared on the basis of the assumptions and regulatory mechanisms envisaged by the Single Concession Arrangement. In particular, the assumptions include traffic forecasts, future investment to be carried out and the toll rates that are expected to be recognised based on the current arrangement. In this context, the Management, in order to take into account the traffic reductions recorded as a result of the travel restrictions caused by the outbreak of Covid-19, developed the sensitivity test and analyses in order to estimate, as possible, the potential effect of the aforementioned pandemic.

In consideration of the significance of the value of the goodwill recorded in the financial statements of the Company and of the complexity of the related valuation process, we considered the impairment test a key audit matter for the financial statements of the Company as at December 31, 2019.

Note 6.2 to the financial statements provides information on the impairment test and the effects of the sensitivity analyses deriving from changes in the key variables used in performing the impairment test.

Audit Procedures Performed

As part of our audit we have, among other things, carried out the following procedures, also with the support of our experts:

- testing of the design and implementation of the key controls carried out by the Company over the impairment testing process;
- assessment of the reasonableness and consistency with the Single Concession Arrangement of the assumptions used by the Company in preparation of the long-term business plan 2020-2038;
- analysis of the differences between the historical data and the forecast data, in order to assess the reliability of the process followed by the Company in preparing the long-term business plan 2020-2038;
- analysis of the impairment test carried out by the Company, with particular reference to:
 - i. Technical evaluation of the method used by the Company to determine the discount rate (WACC) used in the test;
 - ii. Verification of the mathematical accuracy of the calculation model used by the Company to determine "value in use";
 - iii. Verification of the sensitivity analyses prepared by the Company, also on the basis of the assumptions deemed by Management to be representative of the possible impacts deriving from the ongoing health emergency, even if they are currently considered not fully assessable;
- analysis of the adequacy of the disclosures related to the impairment test and of compliance with accounting standard IAS 36.

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

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Autostrade per l'Italia S.p.A. has appointed us on April 24, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Autostrade per l'Italia S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Autostrade per l'Italia S.p.A. as at December 31, 2019, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis paragraph 2 (b) of Legislative Decree 58/98 with the financial statements of Autostrade per l'Italia S.p.A. as at December 31, 2019 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Autostrade per l'Italia S.p.A. as at December 31, 2019 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
April 29, 2020

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

**KEY FINANCIAL INDICATORS
OF SUBSIDIARIES,
PRINCIPAL ASSOCIATES
AND JOINT VENTURES**



KEY INDICATORS EXTRACTED FROM THE FINANCIAL STATEMENTS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AS DEFINED BY PARAGRAPHS 3 AND 4 OF ART. 2429 OF THE ITALIAN CIVIL CODE

The figures provided below were extracted from the most recent financial statements approved by the companies' respective boards of directors. The companies' reporting date is 31 December of each year, unless otherwise indicated.

Autostrade Meridionali prepares its financial statements in accordance with international financial reporting standards, whilst the other companies prepare their financial statements in accordance with local accounting principles generally accepted in their respective countries.

Subsidiaries

Autostrada Tirrenica pA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		351.981	356.486
of which non-current investments		52	52
Current assets		18.167	12.530
Other assets		135	123
Total assets		370.283	369.139
Equity		80.334	81.298
of which issued capital		24.461	24.461
Provisions and post-employment benefits		8.703	8.705
Payables		272.507	268.767
Other liabilities		8.739	10.369
Total equity and liabilities		370.283	369.139
€000	RESULTS OF OPERATIONS	2019	2018
Value of production		41.163	42.068
Costs of production		-28.334	-28.570
Operating profit/(loss)		12.829	13.498
Profit/(Loss) for the year		-966	-254

Tangenziale di Napoli SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		241.422	249.794
of which non-current investments		2	2
Current assets		30.326	26.433
Other assets		295	290
Total assets		272.043	276.517
Equity		202.228	197.241
of which issued capital		108.077	108.077
Provisions and post-employment benefits		30.820	33.946
Payables		38.393	44.699
Other liabilities		602	631
Total equity and liabilities		272.043	276.517
€000	RESULTS OF OPERATIONS	2019	2018
Value of production		74.051	74.050
Costs of production		-58.149	-56.098
Operating profit/(loss)		15.902	17.952
Profit/(Loss) for the year		12.947	11.312

Autostrade Meridionali SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		11.554	12.039
Current assets		477.466	460.570
Total assets		489.020	472.609
Equity		177.134	167.035
of which issued capital		9.056	9.056
Non-current liabilities		14.480	15.647
Current liabilities		297.406	289.927
Total equity and liabilities		489.020	472.609
€000	RESULTS OF OPERATIONS	2019	2018
Operating revenue		93.397	93.213
Operating costs		-62.554	-56.096
Operating profit/(loss)		30.843	37.117
Profit/(Loss) for the year		16.620	21.353

Autostrade Tech SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		6.534	5.127
of which non-current investments		31	29
Current assets		80.285	76.695
Other assets		324	291
Total assets		87.143	82.113
Equity		55.183	51.962
of which issued capital		1.120	1.120
Provisions and post-employment benefits		1.715	1.396
Payables		29.947	28.512
Other liabilities		298	243
Total equity and liabilities		87.143	82.113
€000	RESULTS OF OPERATIONS	2019	2018
Value of production		95.387	67.148
Costs of production		-87.149	-60.113
Operating profit/(loss)		8.238	7.035
Profit/(Loss) for the year		6.687	4.640

Società Italiana per azioni per il Traforo del Monte Bianco

€000	FINANCIAL POSITION	31 Dec 2018	31 Dec 2017
Non-current assets		232.299	233.733
of which non-current investments		165.752	165.752
Current assets		228.957	232.791
Other assets		669	660
Total assets		461.925	467.184
Equity		232.108	232.499
of which issued capital		198.749	198.749
Provisions and post-employment benefits		110.193	95.772
Payables		119.447	138.730
Other liabilities		177	183
Total equity and liabilities		461.925	467.184
€000	RESULTS OF OPERATIONS	2018	2017
Value of production		69.536	69.434
Costs of production		-53.341	-52.102
Operating profit/(loss)		16.195	17.332
Profit/(Loss) for the year		11.438	12.451

Ad Moving SpA

€000	FINANCIAL POSITION	31 Dec 2018	31 Dec 2017
Non-current assets		929	1.047
of which non-current investments		-	-
Current assets		5.909	6.131
Other assets		16	14
Total assets		6.854	7.192
Equity		1.020	971
of which issued capital		1.000	1.000
Provisions and post-employment benefits		163	157
Payables		5.661	6.047
Other liabilities		10	17
Total equity and liabilities		6.854	7.192
€000	RESULTS OF OPERATIONS	2018	2017
Value of production		7.145	7.260
Costs of production		-7.072	-7.197
Operating profit/(loss)		73	63
Profit/(Loss) for the year		49	34

EsseDiEsse Società di Servizi SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
	Non-current assets	381	394
	of which non-current investments	-	-
	Current assets	19.523	11.942
	Other assets	182	181
	Total assets	20.086	12.517
	Equity	1.626	1.706
	of which issued capital	500	500
	Provisions and post-employment benefits	3.532	3.984
	Payables	14.489	6.383
	Other liabilities	439	444
	Total equity and liabilities	20.086	12.517

€000	RESULTS OF OPERATIONS	2019	2018
	Value of production	29.000	28.808
	Costs of production	-27.552	27.226
	Operating profit/(loss)	1.447	1.583
	Profit/(Loss) for the year	1.026	1.106

Giove Clear Srl

€000	FINANCIAL POSITION	31 Dec 2018	31 Dec 2017
	Non-current assets	239	267
	of which non-current investments	-	-
	Current assets	5.598	4.998
	Other assets	24	19
	Total assets	5.861	5.284
	Equity	2.113	1.942
	of which issued capital	10	10
	Provisions and post-employment benefits	1.441	1.294
	Payables	2.052	1.822
	Other liabilities	255	226
	Total equity and liabilities	5.861	5.284

€000	RESULTS OF OPERATIONS	2018	2017
	Value of production	13.586	12.271
	Costs of production	-12.973	-11.681
	Operating profit/(loss)	613	590
	Profit/(Loss) for the year	325	306

Tech solutions Integrators SAS

€000	FINANCIAL POSITION	31 Dec 2018	31 Dec 2017
	Unpaid called-up capital	-	-
	Non-current assets	-	-
	of which non-current investments	-	-
	Current assets	19	2.968
	Total assets	19	2.968
	Equity	-16.182	-16.058
	of which issued capital	2.000	2.000
	Provisions and post-employment benefits	118	50
	Payables	16.083	18.976
	Total equity and liabilities	19	2.968

€000	RESULTS OF OPERATIONS	2018	2017
	Operating revenue	600	698
	Operating costs	-709	-698
	Operating profit/(loss)	-109	-
	Profit/(Loss) for the year	-82	-5.381

Associates
Tangenziali Esterne di Milano SpA

€000	FINANCIAL POSITION	31 Dec 2018	31 Dec 2017
	Non-current assets	221.643	221.643
	of which non-current investments	221.643	221.643
	Current assets	10.531	11.175
	Other assets	14	14
	Total assets	232.188	232.832
	Equity	231.994	232.631
	of which issued capital	220.345	220.345
	Provisions and post-employment benefits	19	24
	Payables	175	177
	Other liabilities	-	-
	Total equity and liabilities	232.188	232.832

€000	RESULTS OF OPERATIONS	2018	2017
	Value of production	128	118
	Costs of production	-766	-770
	Operating profit/(loss)	-638	-652
	Profit/(Loss) for the year	-637	-668

Pavimental SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
	Non-current assets	72.849	85.325
	of which non-current investments	5.388	5.392
	Current assets	351.271	257.270
	Other assets	4.314	4.523
	Total assets	428.434	347.118
	Equity	14.981	15.011
	of which issued capital	10.116	10.116
	Provisions and post-employment benefits	11.402	12.608
	Payables	401.927	319.385
	Other liabilities	124	114
	Total equity and liabilities	428.434	347.118

€000	RESULTS OF OPERATIONS	2019	2018
	Value of production	410.618	297.978
	Costs of production	-409.333	-318.361
	Operating profit/(loss)	1.285	-20.383
	Profit/(Loss) for the year	31	-16.205

Pedemontana Veneta SpA (in liquidation)

€000	FINANCIAL POSITION	31 Dec 2018	31 Dec 2017
	Non-current assets	-	-
	of which non-current investments	-	-
	Current assets	9.520	9.312
	Other assets	-	-
	Total assets	9.520	9.312
	Equity	5.702	5.609
	of which issued capital	6.000	6.000
	Provisions and post-employment benefits	103	103
	Payables	3.715	3.600
	Other liabilities	-	-
	Total equity and liabilities	9.520	9.312

€000	RESULTS OF OPERATIONS	2018	2017
	Value of production	192	-
	Costs of production	-86	-88
	Operating profit/(loss)	106	-88
	Profit/(Loss) for the year	93	-114

Spea Engineering SpA

€000	FINANCIAL POSITION	31 Dec 2018	31 Dec 2017
	Non-current assets	7.942	7.689
	of which non-current investments	882	168
	Current assets	181.659	182.410
	Other assets	1.376	1.088
	Total assets	190.977	191.187
	Equity	78.211	88.349
	of which issued capital	6.966	6.966
	Provisions and post-employment benefits	21.643	20.380
	Payables	91.123	82.458
	Other liabilities	-	-
	Total equity and liabilities	190.977	191.187
€000	RESULTS OF OPERATIONS	2018	2017
	Value of production	111.600	112.943
	Costs of production	-115.681	-102.511
	Operating profit/(loss)	-4.081	10.432
	Profit/(Loss) for the year	-3.388	6.870

Bologna & Fiera Parking SpA

€000	FINANCIAL POSITION	31 Dec 2018	31 Dec 2017
	Non-current assets	42.312	44.211
	of which non-current investments	-	-
	Current assets	6.318	16.311
	Other assets	5	240
	Total assets	48.635	60.762
	Equity	6.830	-521
	of which issued capital	2.715	2.715
	Provisions and post-employment benefits	253	2.034
	Payables	38.227	52.478
	Other liabilities	3.325	6.771
	Total equity and liabilities	48.635	60.762
€000	RESULTS OF OPERATIONS	2018	2017
	Value of production	2.986	1.931
	Costs of production	-2.762	-2.390
	Operating profit/(loss)	224	-459
	Profit/(Loss) for the year	6.000	-1.800

Legal information and contacts

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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

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SHAREHOLDERS' RESOLUTIONS



The Ordinary Shareholders' Meeting of Autostrade per l'Italia S.p.A., held at Rome, Via Alberto Bergamini, 50 on 29 May 2020 in its only convocation, in order to resolve on the following

AGENDA

- 1)** Financial statement of the financial year ended 31 December 2019. Report of the Board of Directors, the Board of Auditors and the auditing firm. Proposal on the result for the financial year. Presentation of the consolidated financial statement as of 31 December 2019. Related and consequent discussions.
- 2)** Determination of the remuneration for the Chairman and the members of the Control and Risks Committee. Related and consequent discussions.
- 3)** Conferral of the assignment to carry out the audit on the financial statements for the financial years 2021-2029. Related and consequent discussions.

On the point 1) of the agenda, the Shareholders' Meeting resolved:

- to approve the financial statement for the year ended 31 December 2019 which indicates a loss of 291,332,648.18 Euros for the financial year;
- to cover the loss for the year, amounting to 291,332,648.18 Euros using the retained profit reserve which has an overall amount of 858,028,020.27 Euros.

On the point 2) of the agenda, the Shareholders' Meeting resolved:

- to set the remuneration for the members of the Control and Risks Committee at 40,000 Euros for the Chairman and at 30,000 Euros for each of the other members.

On the point 3) of the agenda, the Shareholders' Meeting resolved:

- to approve the proposal of the Board of Statutory Auditors concerning the conferral of the assignment to carry out the audit on the financial statements for the financial years 2021-2029 to KPMG S.p.A. according the terms and the modalities proposed by the Board of Statutory Auditors, subject to a compliant resolution of the General Meeting of Atlantia S.p.A.

autostrade // *per l'italia*