

2018 ANNUAL REPORT



autostrade // *per l'italia*

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01



INTRODUCTION



In opening our Annual Report for 2018, we would like to remember the tragic collapse of the Morandi road bridge, an event that resulted in the deaths of 43 people and which will leave its mark in our hearts and minds for many years to come. For this reason, we should like to take this opportunity to once again express our condolences for the victims and our deepest sympathy for their families.

Immediately after the collapse, Autostrade per l'Italia worked in synergy with the local authorities in order to provide as much support as possible for the Genoese community, providing assistance to victims' families, people forced to abandon their homes and businesses and traders in the area, taking steps to return the road network in the city of Genoa to normal and making available all the resources requested by the Special Commissioner in order to begin work on demolition and reconstruction of the bridge.

Very soon after the tragedy, Autostrade per l'Italia put in place an extraordinary monitoring programme for key infrastructure along its network, carried out with the support of leading external consultants. The results of the checks, which were conducted in addition to those regularly carried out by Spea Engineering, once again confirmed that the motorway network operated by the Company is safe.

Safety, transparency and social responsibility have always been priorities for Autostrade per l'Italia, which over the years has completed a series of major investments in the network, enabling us to achieve the targeted 50% reduction in fatalities in 2008, two years ahead of the EU deadline. And the figure has continued to fall in the following years.

In accordance with the commitments in our concession arrangement, Autostrade per l'Italia is in the process of carrying out a programme of major works worth a total of €15.8 billion, including €10 billion completed by the end of 2018, with the opening to traffic of 432 km of new lanes. The purpose of this investment is to increase the capacity of the existing motorway network on the country's principal arteries, in order to improve traffic flow, road safety and service quality. We are also in the process of investing more than a further €6 billion, with work in most cases ready to begin in 2019, in order to provide new road capacity, above all close to Italy's major urban centres.

We therefore present our Annual Report for 2018 fully aware of the particular situation that faces us, just as we are of the importance of our role in helping to drive the country's development, convinced that we have a key contribution to make in a spirit of collaboration and dialogue with government and our other stakeholders.

Autostrade per l'Italia

1.1 Consolidated financial highlights

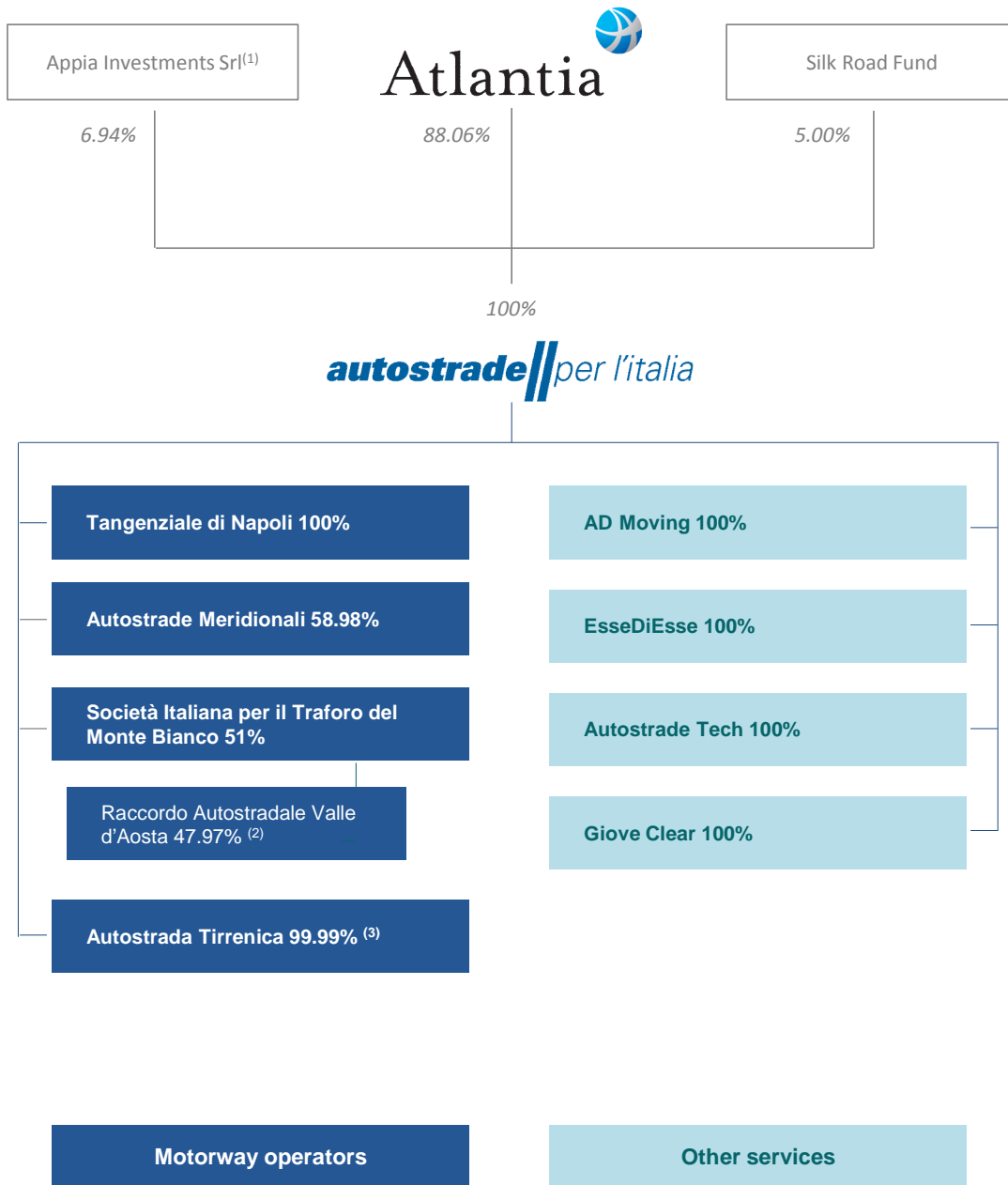
| €m | 2018 | 2017 ⁽¹⁾ |
|---|-------|---------------------|
| Total operating revenue | 4,004 | 3,945 |
| Toll revenue | 3,658 | 3,590 |
| Other operating income | 346 | 355 |
| Gross operating profit (EBITDA) ⁽²⁾ | 1,991 | 2,452 |
| Operating profit (EBIT) | 1,368 | 1,913 |
| Profit/(Loss) before tax from continuing operations | 908 | 1,438 |
| Profit for the year | 622 | 1,042 |
| Profit attributable to owners of the parent | 608 | 972 |
| Operating cash flow ⁽³⁾ | 1,710 | 1,715 |
| Capital expenditure | 593 | 556 |

| Milioni di euro | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Equity | 2,844 | 2,738 |
| Equity attributable to owners of the parent | 2,493 | 2,390 |
| Net debt | 8,813 | 9,351 |

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) The contributions of Autostrade Indian Infrastructure Development Private Ltd. ("AID"), Autostrade dell'Atlantico ("ADA") and the related subsidiaries to the operating results for 2017, through to the date of their deconsolidation (31 March 2017 and 28 February 2017, respectively), have been classified in "Profit/Loss) from discontinued operations".
- (2) Gross operating profit (EBITDA) for 2017 differs from the figure published in the Annual Report for 2017 as a result of the different basis of presentation for this indicator adopted in the Annual Report for 2018. The change is described in detail in the section, "Group financial review" in the report on operations.
- (3) Operating cash flow for 2017 includes the contribution of ADA and the related subsidiaries.

1.2 Structure of the Autostrade per l'Italia Group



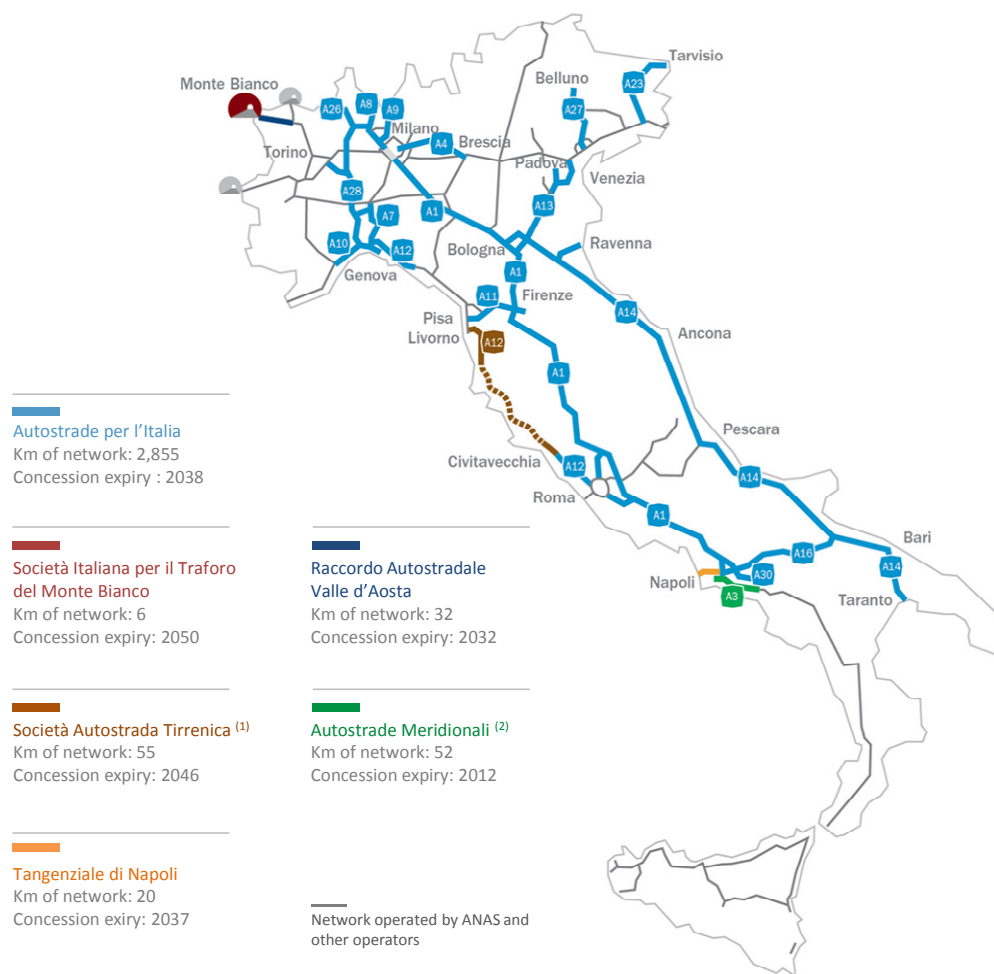
Note: The chart shows interests in the principal Autostrade per l'Italia Group companies as at 31 December 2018. The companies are described in detail in Annex 1 to the consolidated financial statements.

⁽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.

1.3 The Group's motorway operators



(1)

| | Autostrade per l'Italia | Subsidiaries |
|-----------------------------------|-------------------------|--------------|
| (as at 31 December 2018) | | |
| Toll stations | 240 | 31 |
| Service areas | 204 | 14 |
| Car parks | 104 | 6 |
| Punto Blu customer service points | 57 | 7 |
| Workforce ⁽³⁾ | 5,449 | 1,840 |

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

⁽²⁾ 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.

⁽³⁾ The figure refers to both permanent and fixed-term employees.

1.4 Corporate bodies

BOARD OF DIRECTORS IN OFFICE FOR THE FINANCIAL YEARS 2017 – 2018

| | |
|-------------------------|---|
| CHAIRMAN | Giuliano MARI ⁽¹⁾ |
| CHIEF EXECUTIVE OFFICER | Roberto TOMASI ⁽²⁾ |
| DIRECTORS | Giuseppe ANGIOLINI Massimo BIANCHI Michelangelo DAMASCO ⁽³⁾ Amedeo GAGLIARDI ⁽³⁾ Giancarlo GUENZI ⁽³⁾ Christoph HOLZER Hongcheng LI Roberto PISTORELLI Antonino TURICCHI |
| SECRETARY | Giulia MAYER ⁽⁴⁾ |

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

| | |
|--------------------|--|
| CHAIRMAN | Giandomenico GENTA |
| AUDITORS | Alberto DE NIGRO Giulia DE MARTINO Roberto COLUSSI Antonio PARENTE ⁽⁵⁾ |
| ALTERNATE AUDITORS | Mario VENEZIA Francesco ORIOLI |

INDEPENDENT AUDITORS FOR THE PERIOD 2012 – 2020

Deloitte & Touche SpA

- (1) Giuliano Mari was elected a Director and Chairman of the Company's Board of Directors at the General Meeting of 30 January 2019, following the resignation of Fabio Cerchiai.
- (2) 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.
- (3) Following the resignations of the Directors, Giovanni Castellucci and Fabio Cerchiai, and the decision to increase the number of members of the Board of Directors from 9 (nine) to 11 (eleven), the General Meeting of 30 January 2019 elected Michelangelo Damasco, Amedeo Gagliardi and Giancarlo Guenzi to serve as Directors of the Company. In addition, the Board of Directors' meeting of 30 January 2019 assigned Mr. Damasco responsibility for regulatory and legal affairs and appointed Mr. Guenzi Chief Financial Officer.
- (4) Giulia Mayer was appointed Company Secretary by the Board of Directors at the Board meeting of 30 January 2019 to replace Mr. Gagliardi.
- (5) The Statutory Auditor, Antonio Parente, resigned on 29 November 2018. In the absence of alternate Auditors nominated by the Ministry of Infrastructure and Transport and until a replacement is elected, Mr. Parente's term of office as a Statutory Auditor has been extended.

1.5 About the Group

Autostrade-Concessioni e Costruzioni Autostrade SpA was established in 1950 on the initiative of IRI (Istituto per la Ricostruzione Industriale).

In 1956 an Agreement was entered into that would see Autostrade co-finance, build and operate the Autostrada del Sole between Milan and Naples. Work began in May 1956 and by 1964 the entire length of the motorway was open to traffic. Further agreements followed, granting the Company the concession to build and operate further motorways throughout the country, some of which previously operated by ANAS.

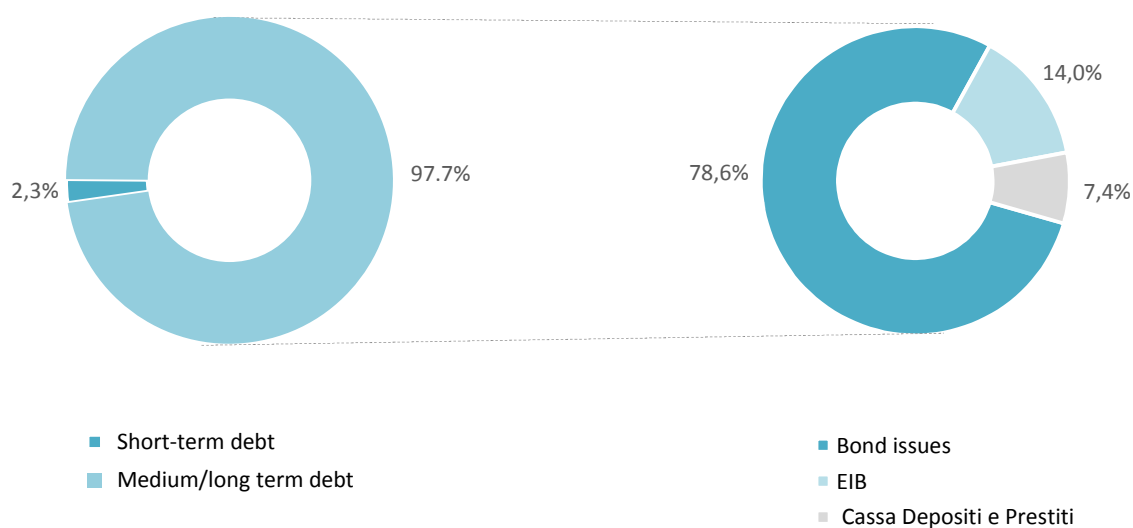
Autostrade was privatised in 1999 and IRI, the founding shareholder, was replaced by a stable group of shareholders today led by Edizione Srl.

In 2003, the activities carried out under concession were separated from non-motorway operations and Autostrade per l'Italia SpA, a wholly owned subsidiary of Atlantia SpA (then Autostrade SpA), a holding company listed on the Milan Stock Exchange, was established.

In July 2017, the parent, Atlantia, sold interests of 6.94% and 5% in Autostrade per l'Italia to Appia Investments Srl – an investment vehicle owned by Allianz Group, EDF Invest and DIF – and Silk Road Fund Ltd.

1.6 Financial profile and credit ratings

Structure of Autostrade per l'Italia's debt as at 31 December 2018



Autostrade per l'Italia's credit ratings

| Agency | Issuer | | EMTN Programme (€7bn) ⁽¹⁾ | |
|-------------------|--------|----------|---|----------|
| | Rating | Outlook | Rating | Outlook |
| Standard & Poor's | BBB | Negative | BBB | Negative |
| Moody's | Baa2 | Negative | Baa2 | Negative |
| Fitch Ratings | BBB+ | Negative | BBB+ | Negative |

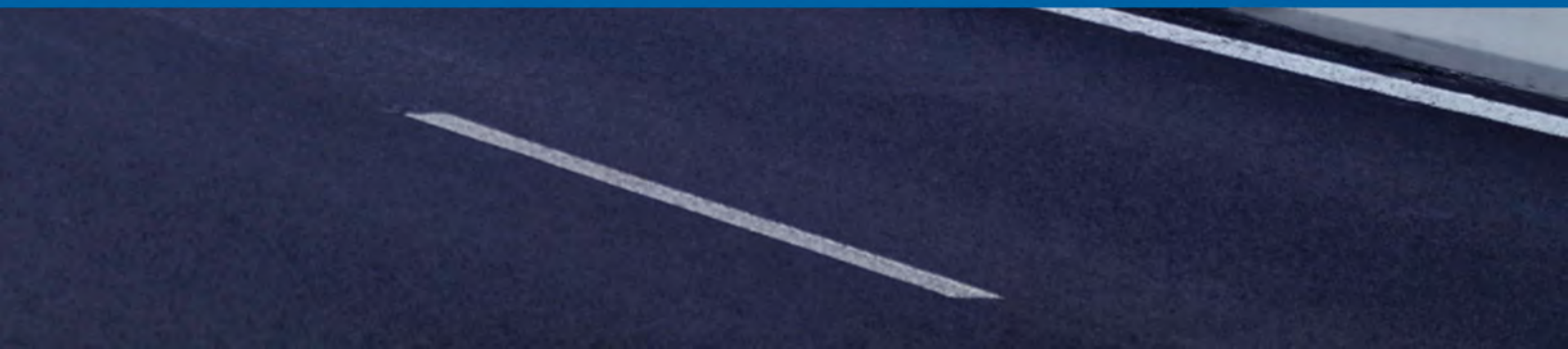
(1) From December 2016, Autostrade per l'Italia replaced Atlantia as the issuer of bonds originally issued between 2004 and 2014 under Atlantia's previous EMTN Programme. These bonds have the same ratings as Autostrade per l'Italia's €7bn EMTN programme.



02



REPORT ON OPERATION



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Autostrade for Genoa

A section of the Polcevera road bridge on the A10 motorway in Genoa, operated by Autostrade per l'Italia, collapsed on 14 August 2018, causing the deaths of 43 people. Investigating magistrates are conducting an investigation into the causes and with a view to eventually identifying those responsible.

The Morandi bridge

The Morandi Bridge was built by Condotte d'Acqua between 1963 and 1967 on behalf of ANAS. The Condotte d'Acqua group (a publicly-owned company forming part of the IRI group) and the design prepared by Riccardo Morandi were chosen by ANAS following a competitive tender process.

The technical solution adopted was unusual with respect to solutions used for similar constructions at that time (arched bridges, cable-stayed bridges). This technique was used to build very few other bridges around the world (at Maracaibo in Venezuela and on over the Wadi al-Kuf in Libya), all designed by Riccardo Morandi. This bridge design was abandoned in later years.

The most peculiar aspects regarded the creation of a balanced system using reinforced concrete stays to support the bridge and handle the pull of the roadway (concrete is weak in tension), with steel rods buried in the concrete and not visible for direct inspection. There were problems with the bridge right away. Between 1992 and 1996, Autostrade, then a publicly-owned company (IRI group) that had assumed responsibility for the bridge in 1967 after testing by ANAS, decided to correct a number of defects in the construction of the first balanced system (pylon 11), transferring the load from the existing stays to new external stays and modifying the way in which the stays were attached to the mast in the adjacent balanced system (pylon 10). At this time, Autostrade chose not to use the same approach with the other stays as it was not thought necessary.

In the years following the Company's privatisation, due to its technically complex nature, the bridge was subjected to continuous, ongoing monitoring – including by leading academic institutions and external specialists – and regular, specific maintenance. Autostrade per l'Italia spent more on the bridge per kilometre than the average spent on other bridges and road bridges in the network. In the period 2015/2018 (until 14 August), work was underway on 926 days, equal to a weekly average of 5 days out of 7. Following their inspections and monitoring of the bridge, none of these internal or external independent bodies or specialist organisations ever indicated that the infrastructure required urgent attention or that there was a need to close the bridge.

The process of rebuilding the Polcevera road bridge

Law Decree 109 of 28 September 2018, the so-called Genoa Decree (Law 130 of 16 November) provided for the appointment of a Special Commissioner to take control, among other things, of the Polcevera bridge's demolition and reconstruction. Subsequently, the Cabinet Office Decree of 4 October 2018 appointed the Mayor of Genoa, Marco Bucci, as the Special Commissioner.

As the operator of the motorway, Autostrade per l'Italia was involved immediately after the event in efforts to rapidly build a new bridge and return the city's road network to normal. In mid-October 2018, the company sent the Special Commissioner a final design for demolition of the existing road bridge and reconstruction of a new bridge in nine months (from approval of

the design and gaining access to the related areas). The Company subsequently submitted a detailed design to the Commissioner. Under the provisions of the Genoa Decree, the Commissioner, however, chose to engage other companies to carry out the demolition and reconstruction, requesting Autostrade per l'Italia to pay for the cost of the work and to cover other expenses, chargeable to the operator under the Genoa Decree, amounting to approximately €450m. The Company has made available the resources progressively requested by the Commissioner, whilst at the same time taking legal action before Liguria Regional Administrative Court challenging the provisions of the Genoa Decree and the resulting decision to exclude the Company from the bridge's reconstruction, with the aim of defending its rights and obligations as the operator. To ensure that there was no delay of any kind in the demolition and reconstruction, the challenge does not include a request for injunctive relief.

Extraordinary monitoring of infrastructure

Immediately after the tragedy in Genoa, the Company put in place an extraordinary monitoring programme for the infrastructure along its network, to be carried out by its area offices, which are responsible for safety on the sections in their area. A total of 130 major infrastructure assets were monitored and inspected by leading external specialist companies.

The results of the checks, which were conducted in addition to those regularly carried out by Spea Engineering, once again confirmed that there were no particular concerns regarding the infrastructure inspected, further demonstrating that the motorway network operated by the Company is safe.

Furthermore, in addition to the regular programme for 2019 and in order to reassure all the Company's stakeholders, it has also been decided to extend these extraordinary checks. This will involve a number of leading companies in the sector working alongside Spea Engineering in order to inspect all the infrastructure assets operated by Autostrade per l'Italia, consisting of 1,943 bridges and viaducts.

Our commitment to safety

Safety has always been a priority concern in the Autostrade per l'Italia's operations. Over the years, the Group has shown a continuous commitment to ensuring the safety of its infrastructure and of travellers: surfacing of the entire network with draining pavement (wherever it could be used), a tunnel safety plan involving over 2,000 works, the installation of high-containment barriers, the placement of more than 1,800 variable message panels around the network, the use of warning signs, special road surfaces, information campaigns designed to raise safety awareness among road users and other initiatives.

This commitment has resulted in a 77% reduction in fatalities and a 55% decline in the global accident rate between 1999 (the year before privatisation) and 2017. The performance meant that by 2008 Autostrade had already achieved the EU target of a 50% reduction in fatalities between 2000 and 2010.

In general, in terms of maintenance expenditure, Autostrade per l'Italia has always met its obligations under the Concession Arrangement since privatisation in 2000, with the total spent on maintenance in the period from 2000 to 2017 amounting to €5.141 billion. This is approximately €195 million above the spending commitments provided for in the Concession Arrangement (€4.946 billion).

All of this data and information, together with the full text of the Concession Arrangement, its annexes and addenda, have been made available to the public in a specific section of Autostrade per l'Italia's website, which can be accessed directly from the homepage, called "Facts and figures on our activities". This section of the website is continuously updated.

Our commitment to the Genoese community

Efforts to help the city of Genoa overcome the emergency were given full priority in keeping with our role as a socially responsible company.

The response of Autostrade per l'Italia, and of the Atlantia Group as a whole, aimed to address all aspects of the crisis that arose from the day of the tragedy itself: support for victims' families and for people forced to abandon their homes, help for shop owners, small businesses and firms directly or indirectly affected by the collapse of the road bridge, and immediate provision of alternative routes for traffic heading to and from the city's port and to other parts of the Genoa area.

In particular, various forms of financial assistance were immediately made available to residents in the Red Zone (*Zona Rossa*), who were directly affected by the bridge's collapse, in order to enable them to pay for basic necessities: the payment of rent, mortgage and home improvement loan repayments and help to cover back-to-school costs for the new academic year.

Help was extended to firms and shop owners in both the Red Zone and the area immediately adjacent to the Red Zone. Autostrade per l'Italia immediately set up two help desks in the area below the bridge, one located at Caffaro school and another in the Buranello centre, where people affected by the collapse could obtain advice. A screening process was launched for the main businesses located in the Red Zone. In a number of cases, land and industrial buildings that were no longer accessible were purchased, providing various businesses with the financial resources to enable them to transfer their operations elsewhere, thereby helping to protect jobs. With regard to traders located in the area immediately adjacent to the Red Zone, the Group's personnel organised meetings with the shop owners and small businesses involved in order to find out what difficulties they had encountered since 14 August to identify ways of easing the situation. As a result of the meetings, it was then possible to assess the size of the financial assistance subsequently provided, with the aim of covering all the costs incurred following the collapse. As at 31 December 2018, the Company has satisfied 1,730 requests for assistance.

Autostrade per l'Italia has also decided to take direct action to ensure that the families of the victims receive the compensation due to them, without having to wait for completion of the lengthy procedures typical of insurance claims.

Through its Genoa area office, and working with Pavimental, Autostrade per l'Italia made its own staff and resources available to carry out the urgent steps needed in order to progressively return the city's road network to normal. Just a few days after the bridge's collapse, Autostrade per l'Italia's Genoa area office signed a memorandum of understanding with Genoa City Council and Liguria Regional Authority. This covered specific road resurfacing work and other works necessary in order to allow the authorities to quickly reopen a number of key routes to traffic, above all with the aim of easing traffic congestion in the area around via Fillak and the neighbouring areas. This led to the reopening of Via della Superba, enabling traffic heading to and from the port to avoid having to enter the city, and Via 30 Giugno 1960, the road that runs along the right bank of the Polcevera, creating a further link between districts to the north of the Morandi road bridge and the city centre.

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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 2018” (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 2018 (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”**, showing the total value of non-financial assets, after deducting non-financial liabilities;
- d) **“Net debt”**, indicating the portion of net invested capital funded by net financial liabilities, calculated by deducting “Current and non-current financial assets” from

“Current and non-current financial liabilities”. The notes to the financial statements for the year ended 31 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 section, “Like-for-like financial indicators”, in the “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 2018, 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 2018, compared with the corresponding amounts as at 31 December 2017, and the reconciliation of Autostrade per l'Italia's equity and profit for 2017 with the corresponding consolidated amounts for the Autostrade per l'Italia Group.

The consolidated financial statements for the year ended 31 December 2018 have been prepared in compliance with the international financial reporting standards (IFRS) endorsed by the European Commission and in effect as at 31 December 2018. With regard to the new IFRS in effect, the following standards were applied for the first time from 1 January 2018: IFRS 15 - Revenue from Contracts with Customers, which did not have any impact on the operating results or financial position for the year; and IFRS 9 - Financial Instruments, which, on the other hand, resulted in an increase of €26m in consolidated equity, as described in greater detail below. In addition, as part of the activities carried out following the acquisition of the Abertis group by the parent, Atlantia, and with the aim of ensuring the application of standardised accounting policies within the combined business, it was necessary to conduct a GAAP analysis and an assessment of the basis of presentation used in the statutory and reclassified financial statements. Following the analysis, work was undertaken to ensure convergence between the accounting policies used, a process that confirmed application of the basis of accounting already used by the Atlantia Group and the Autostrade per l'Italia Group, in terms of both standards and policies and the basis of presentation for the statutory accounts. In keeping with the basis of presentation used by the Abertis group, however, it was decided to modify the classification of provisions and uses of provisions of an operational nature (provisions for the repair and replacement and provisions for risks and charges) previously adopted by the Atlantia Group and the Autostrade per l'Italia Group, including them in the components that contribute to EBITDA in the same way as other operating income and costs. This basis of presentation has been applied to both the amounts for 2018 and the comparative amounts for 2017.

The reclassified consolidated income statement for 2017, shown in this section, includes a number of differences with respect to the information published in the Annual report for 2017. Specifically, this relates to inclusion of the corresponding to provisions and uses of provisions for repair and replacement and provisions for risks and charges in the components that contribute to EBITDA, reflecting the outcome of the above GAAP analysis. It should be noted, instead, that certain work of an extraordinary nature, relating to renewal of the infrastructure operated by Società Italiana per Azioni per il Traforo del Monte Bianco, continues to be presented below EBITDA in "Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work" in 2017.

The changes have reduced the Autostrade per l'Italia Group's EBITDA with respect to the amount reported in the Annual Report for 2017 by an overall €1 million.

The scope of consolidation as at 31 December 2018 has not undergone any material changes with respect to 31 December 2017. It should be noted, however, that Infoblu has been

deconsolidated following completion of Autostrade per l'Italia's sale of this investment to Telepass, as described in greater detail below in note 6, "Events and corporate actions", in the section, "Consolidated financial statements". In addition, 2017 benefitted from the contributions of Autostrade Indian Infrastructure ("AID"), Autostrade dell'Atlantico ("ADA") and the related subsidiaries, classified in "Profit/Loss) from discontinued operations". These companies were deconsolidated from February and March 2017, respectively, following the transfer of these investments to the parent, Atlantia, in the form of a special dividend in kind, as part of the Atlantia Group's restructuring.

With regard to material, non-recurring events, a section of the Polcevera road bridge on the A10 Genoa to Ventimiglia motorway, operated by the Parent Company, Autostrade per l'Italia, collapsed on 14 August 2018, causing the deaths of 43 people. Convinced that it has complied with its concession obligations and whilst awaiting the outcome of the ongoing investigation into the causes of the collapse, Autostrade per l'Italia has prepared its consolidated financial statements as at and for the year ended 31 December 2018 taking into account the latest estimates of the costs directly linked to the collapse, without prejudicing any determination of liability. In particular, as specified in greater detail below, the event has resulted in reduced toll revenue, expenses and provisions linked to (i) the cost of demolition and reconstruction of the road bridge (with related costs for expropriations and compensation payable to people, businesses and firms directly affected by the collapse), (ii) compensation payable to victims' families and to the injured, (iii) legal expenses and (iv) financial help to enable the purchase of basic necessities. This has resulted in an overall after-tax impact on profit for the year of approximately €370 million (€365 million without taking into account the net effect of the decision to exempt road users in the Genoa area from the payment of tolls). These amounts prudently do not take into account the positive impact of any eventual insurance proceeds. More detailed information on the events of 14 August 2018 is provided in section 2.11, "Significant regulatory aspects" and note 6, "Events and corporate actions", in the notes to the consolidated financial statements as at and for the year ended 31 December 2018.

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

Like-for-like financial indicators

The following table shows the like-for-like consolidated amounts for gross operating profit (EBITDA), profit for the year, profit for the year attributable to owners of the parent and operating cash flow for 2018 and 2017 and the corresponding amounts derived from the reclassified financial statement shown below.

| €m | 2018 | | | | 2017 | | | |
|---|---------------------------------|-----------------------|---|---------------------|---------------------------------|-----------------------|---|---------------------|
| | Gross operating profit (EBITDA) | Profit for the period | Profit attributable to owners of the parent | Operating cash flow | Gross operating profit (EBITDA) | Profit for the period | Profit attributable to owners of the parent | Operating cash flow |
| Reported amounts (A) | 1,991 | 622 | 608 | 1,710 | 2,452 | 1,042 | 972 | 1,715 |
| Adjustments for non like-for-like items | | | | | | | | |
| Change in scope of consolidation | - | - | - | - | - | 25 | 10 | 57 |
| Impact connected with collapse of a section of the Polcevera road bridge | -509 | -370 | -370 | -45 | - | - | - | - |
| Change in discount rate applied to provisions | 23 | 15 | 13 | 2 | 2 | 3 | 1 | - |
| Reversals of impairment losses on intangible assets | - | - | - | - | - | 57 | 14 | - |
| Impact on profit or loss of issue and accompanying partial repurchase of certain bonds (September 2017) | - | - | - | - | - | -16 | -16 | -16 |
| Sub-total (B) | -486 | -355 | -357 | -43 | 2 | 69 | 9 | 41 |
| Like-for-like amounts (C) = (A)-(B) | 2,477 | 977 | 965 | 1,753 | 2,450 | 973 | 963 | 1,674 |

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 2017, the contributions of the companies deconsolidated (AID, ADA and the related subsidiaries) as part of the Group’s restructuring;
- 2) from consolidated amounts for 2018, the reduced toll revenue, expenses and provisions recognised in the income statement, after the related taxation, in relation to the collapse of a section of the Polcevera road bridge;
- 3) from consolidated amounts for 2018 and 2017, the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group’s liabilities;
- 4) from consolidated amounts for 2017, the partial reversal of impairment losses on intangible assets deriving from concession rights, recognised in the past by Raccordo Autostradale Valle d’Aosta (RAV), after the related taxation;
- 5) for 2017 alone, the net financial expenses linked to the issue and accompanying partial repurchase of certain bonds by Autostrade per l’Italia in September 2017.

Consolidated results of operations

“**Operating revenue**” for 2018 amounts to €4,004 million, an increase of €59 million (1%) compared with 2017 (€3,945 million).

“**Toll revenue**” of €3,658 million is up €68 million (2%) compared with 2017 (€3,590 million), primarily due to a combination of the following:

- a) a 0.2% increase in traffic. After also taking into account the positive effect of the traffic mix, the estimated increase in toll revenue is approximately €15 million;
- b) application of annual toll increases, boosting toll revenue by an estimated €51 million, with Autostrade per l'Italia accounting for €32 million of the increase and the other operators for €19 million.

Autostrade per l'Italia's decision to exempt road users in the Genoa area from the payment of tolls resulted in an estimated reduction in toll revenue of approximately €7 million.

“**Other operating income**” of €346 million is down €9 million compared with 2017 (€355 million). 2017 benefitted from income resulting from the positive outcomes to a number of disputes involving Autostrade Meridionali.

“**Net operating costs**” of €2,013 million are up €520 million compared with 2017 (€1,493 million).

The “**Cost of materials and external services**” amounts to €563 million, an increase of €36 million compared with 2017 (€527 million), primarily due to the expenses incurred following the collapse of a section of the Polcevera road bridge (€48 million) and an increase in maintenance costs, in part linked to winter operations, partially offset by a reduction in the cost of resurfacing work, following the work's rescheduling as a result of the time needed to comply with new and more complex tender procedures (already applied in 2017).

“**Concession fees**” of €469 million are up €4 million compared with 2017 (€465 million), broadly due to the component of tolls corresponding with the additional concession fee payable to ANAS, also accounted for in toll revenue.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT ^(*)

| €m | 2018 | 2017 | Increase/(Decrease) | |
|---|---------------|---------------|---------------------|------------|
| | | | Absolute | % |
| Toll revenue | 3,658 | 3,590 | 68 | 2 |
| Other operating income | 346 | 355 | -9 | -3 |
| Total operating revenue | 4,004 | 3,945 | 59 | 1 |
| Cost of materials and external services | -563 | -527 | -36 | 7 |
| Concession fees | -469 | -465 | -4 | 1 |
| Net staff costs | -486 | -500 | 14 | -3 |
| Operating change in provisions | -495 | -1 | -494 | n.s. |
| Total net operating costs | -2,013 | -1,493 | -520 | 35 |
| Gross operating profit (EBITDA) | 1,991 | 2,452 | -461 | -19 |
| Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work | -623 | -539 | -84 | 16 |
| Operating profit (EBIT) | 1,368 | 1,913 | -545 | -28 |
| Financial expenses from the discounting of provisions for construction services required by contract and other provisions | -30 | -25 | -5 | 20 |
| Other financial income/(expenses), net | -431 | -456 | 25 | -5 |
| Capitalised financial expenses on intangible assets deriving from concession rights | 5 | 3 | 2 | 67 |
| Share of profit/(loss) of investees accounted for using the equity method | -4 | 3 | -7 | n.s. |
| Profit/(Loss) before tax from continuing operations | 908 | 1,438 | -530 | -37 |
| Income tax expense | -286 | -420 | 134 | -32 |
| Profit/(Loss) from continuing operations | 622 | 1,018 | -396 | -39 |
| Profit/(Loss) from discontinued operations | - | 24 | -24 | n.s. |
| Profit for the year | 622 | 1,042 | -420 | -40 |
| (Profit)/Loss attributable to non-controlling interests | 14 | 70 | -56 | -80 |
| (Profit)/Loss attributable to owners of the parent | 608 | 972 | -364 | -37 |

| | 2018 | 2017 | Increase/ (Decrease) |
|--|-------------|-------------|-------------------------|
| Basic earnings per share attributable to the owners of the parent (€) | 0.98 | 1.56 | -0.58 |
| <i>of which:</i> | | | |
| - from continuing operations | 0.98 | 1.55 | -0.57 |
| - from discontinued operations | - | 0.01 | -0.01 |
| Diluted earnings per share attributable to the owners of the parent (€) | 0.98 | 1.56 | -0.58 |
| <i>of which:</i> | | | |
| - from continuing operations | 0.98 | 1.55 | -0.57 |
| - from discontinued operations | - | 0.01 | -0.01 |

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

“Net staff costs” of €486 million are down €14 million compared with 2017 (€500 million). This essentially reflects a reduction in the fair value of long-term management incentive plans, an increase in the capitalised portion of such costs, a decline in the cost of early retirement incentives and a reduction in the average workforce (down 60), partially offset by the cost of contract renewals.

The **“Operating change in provisions and other adjustments”** shows an expense of €495 million, an increase of €494 million in the operating change in provisions compared with the expense of 2017 (€1 million). This essentially reflects the above 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 €1,991 million, is down €461 million (19%) compared with 2017 (€2,452 million); on a like-for-like basis, EBITDA is up €27 million (1%) compared with 2017.

“Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work” amount to €623 million (€539 million in 2017), marking an increase of €84 million. This essentially reflects recognition, in 2017, of a partial reversal of impairment losses on intangible assets deriving from concession rights recognised in the past by Raccordo Autostradale Valle d’Aosta (“RAV”), amounting to €79 million.

“Operating profit” (EBIT) of €1,368 million is down €545 million compared with 2017 (€1,913 million).

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” amount to €30 million, broadly in line with the figure for 2017 (€25 million).

“Net other financial expenses” of €431 million are down €25 million compared with 2017 (€456 million), essentially reflecting the impact of the unwinding of a number of Forward-Starting Interest Rate Swaps on which fair value losses were incurred, following the issue and accompanying partial repurchase of certain bonds by Autostrade per l’Italia, which resulted in the recognition of €21 million in financial expenses in 2017.

“Capitalised financial expenses on intangible assets deriving from concession rights”, amounting to €5 million, are up €2 million compared with 2017 (€3 million).

The **“Share of the (profit)/loss of investees accounted for using the equity method”** amounts to a loss of €4 million (a profit of €3 million in 2017), reflecting the Group’s share of the profit or loss of its associates.

Total **income tax expense** of €286 million is down €134 million compared with 2017 (€420 million), mainly reflecting the recognition of deferred tax assets on the provisions made in connection with the events of 14 August 2018.

“Profit from continuing operations” amounts to €622 million, marking a reduction of €396 million (39%) compared with 2017 (€1,018 million).

“Profit/(Loss) from discontinued operations”, amounting to zero for 2018, in 2017 included the positive contributions of AID, ADA and the related subsidiaries, deconsolidated from March and February 2017, respectively.

“Profit for the year”, amounting to €622 million, is down €420 million (40%) compared with 2017 (€1,042 million); on a like-for-like basis, profit for the year is up €4 million compared with 2017.

“Profit for the year attributable to owners of the parent”, amounting to €608 million, is down €364 million (37%) compared with 2017 (€972 million); on a like-for-like basis, profit for the year attributable to owners of the parent is up €2 million.

“Profit for the year attributable to non-controlling interests”, amounting to €14 million, is down €56 million compared with 2017 (€70 million). This essentially reflects the different scopes of consolidation in the two comparative periods and recognition, in 2017, of a partial reversal of impairment losses on intangible assets deriving from concession rights recognised in the past by RAV.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| €m | | 2018 | 2017 |
|---|---|------------|--------------|
| Profit for the year | (A) | 622 | 1,042 |
| Fair value gains/(losses) on cash flow hedges | | -20 | 39 |
| Tax effect of fair value gains/(losses) on cash flow hedges | | 5 | -14 |
| Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro | | - | 90 |
| Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro | | - | 1 |
| Other comprehensive income/(loss) reclassifiable to profit or loss for the year | (B) | -15 | 116 |
| Other comprehensive income/(loss) not reclassifiable to profit or loss for the year | (C) | - | -1 |
| Reclassifications of other components of comprehensive income to profit or loss for the year | (D) | - | 20 |
| 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) | -15 | 135 |
| | <i>of which attributable to discontinued operations</i> | - | 91 |
| Comprehensive income for the year | (A+F) | 607 | 1,177 |
| <i>Of which attributable to owners of the parent</i> | | 593 | 1,062 |
| <i>Of which attributable to non-controlling interests</i> | | 14 | 115 |

The “**Total other comprehensive loss**” for 2018, after the related taxation, amounts to €15 million (income of €135 million for the comparative period). This reflects an increase in fair value losses on cash flow hedges (after the related taxation), essentially due to a reduction in interest rates in 2018. In 2017, there was a corresponding improvement in fair value of €25 million in connection rising interest rates. It should also be noted that the positive balance in 2017 was also influenced by the increase in the foreign currency translation reserves of ADA’s subsidiaries (€90 million), due to improvements, at the date of deconsolidation, in the exchange rates used to convert the Brazilian real and the Chilean peso into euros, compared with the rates used at 31 December 2017.

Consolidated financial position

As at 31 December 2018, “**Non-current non-financial assets**” of €18,362 million are down €240 million compared with the figure for 31 December 2017 (€18,602 million).

“**Property, plant and equipment**” of €82 million is broadly in line with the figure for 31 December 2017 (€81 million).

“**Intangible assets**” total €18,093 million (€18,356 million as at 31 December 2017) and essentially consist of intangible assets deriving from the Group’s concession rights, amounting to €11,952 million (€12,221 million as at 31 December 2017), and goodwill (€6,111 million) recognised following the contribution of the motorway assets of the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia) to Autostrade per l’Italia as part of a reorganisation of the Group in 2003.

The reduction of €263 million in intangible assets is primarily due to a combination of the following:

- a) amortisation for the period (€597 million);
- b) investment during the period in construction services for which additional economic benefits are received (€172 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 (€130 million).

“**Investments**”, totalling €84 million, are up €20 million compared with the figure for 31 December 2017 (€64 million), primarily due to an increase in the percentage interest in Tangenziali Esterne di Milano (€28 million).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

| €m | 31 December 2018 | 31 December 2017 | Increase/ (Decrease) |
|--|------------------|------------------|-------------------------|
| Non-current non-financial assets | | | |
| Property, plant and equipment | 82 | 81 | 1 |
| Intangible assets | 18,093 | 18,356 | -263 |
| Investments | 84 | 64 | 20 |
| Deferred tax assets | 103 | 101 | 2 |
| Total non-current non-financial assets (A) | 18,362 | 18,602 | -240 |
| Working capital | | | |
| Trading assets | 534 | 507 | 27 |
| Current tax assets | 32 | 35 | -3 |
| Other current assets | 79 | 82 | -3 |
| Non-financial assets held for sale or related to discontinued operations | 4 | 5 | -1 |
| Current portion of provisions for construction services required by contract | -406 | -422 | 16 |
| Current provisions | -835 | -214 | -621 |
| Trading liabilities | -1,319 | -1,324 | 5 |
| Current tax liabilities | -30 | -88 | 58 |
| Other current liabilities | -315 | -302 | -13 |
| Non-financial liabilities related to discontinued operations | - | -6 | 6 |
| Total working capital (B) | -2,256 | -1,727 | -529 |
| Gross invested capital (C=A+B) | 16,106 | 16,875 | -769 |
| Non-current non-financial liabilities | | | |
| Non-current portion of provisions for construction services required by contract | -2,639 | -2,840 | 201 |
| Non-current provisions | -1,194 | -1,314 | 120 |
| Deferred tax liabilities | -589 | -598 | 9 |
| Other non-current liabilities | -27 | -34 | 7 |
| Total non-current non-financial liabilities (D) | -4,449 | -4,786 | 337 |
| NET INVESTED CAPITAL (E=C+D) | 11,657 | 12,089 | -432 |
| Equity | | | |
| Equity attributable to owners of the parent | 2,493 | 2,390 | 103 |
| Equity attributable to non-controlling interests | 351 | 348 | 3 |
| Total equity (F) | 2,844 | 2,738 | 106 |
| Net debt | | | |
| Non-current net debt | | | |
| Non-current financial liabilities | 10,260 | 10,991 | -731 |
| Bond issues | 7,500 | 8,093 | -593 |
| Medium/long-term borrowings | 2,324 | 2,469 | -145 |
| Non-current derivative liabilities | 436 | 429 | 7 |
| Non-current financial assets | -410 | -394 | -16 |
| Non-current financial assets deriving from government grants | -196 | -188 | -8 |
| Non-current term deposits | -192 | -184 | -8 |
| Other non-current financial assets | -22 | -22 | - |
| Total non-current net debt (G) | 9,850 | 10,597 | -747 |
| Current net debt | | | |
| Current financial liabilities | 1,236 | 2,231 | -995 |
| Short-term borrowings | 245 | 775 | -530 |
| Current derivative liabilities | 1 | 1 | - |
| Intercompany current account payables due to related parties | 7 | 14 | -7 |
| Current portion of medium/long-term borrowings | 949 | 1,385 | -436 |
| Other current financial liabilities | 34 | 56 | -22 |
| Cash and cash equivalents | -1,791 | -2,945 | 1,154 |
| Cash | -1,139 | -2,076 | 937 |
| Cash equivalents | - | -100 | 100 |
| Intercompany current account receivables due from related parties | -652 | -762 | 110 |
| Cash and cash equivalents related to discontinued operations | - | -7 | 7 |
| Current financial assets | -482 | -532 | 50 |
| Current financial assets deriving from concession rights | -408 | -400 | -8 |
| Current financial assets deriving from government grants | -22 | -52 | 30 |
| Current term deposits | -21 | -51 | 30 |
| Current portion of medium/long-term financial assets | -22 | -22 | - |
| Other current financial assets | -9 | -7 | -2 |
| Total current net debt (H) | -1,037 | -1,246 | 209 |
| Total net debt (I=G+H)⁽¹⁾ | 8,813 | 9,351 | -538 |
| NET DEBT AND EQUITY (L=F+I) | 11,657 | 12,089 | -432 |

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

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

“Deferred tax assets” of €103 million are broadly in line with the figure for 31 December 2017 (€101 million).

“Working capital” has a negative balance of €2,256 million, an increase of €529 million compared with the figure as at 31 December 2017 (€1,727 million). This essentially reflects a combination of the following:

- a) an increase of €621 million in the current portion of provisions, primarily due to the above provisions made during the year in relation to the events of 14 August 2018;
- b) a reduction in current tax liabilities of €58 million, reflecting payment of the balance of taxation due for 2017 and provisions for tax expense for 2018, after deducting payments on account;
- c) a €27 million increase in trading assets, reflecting an increase in trade receivables at Autostrade per l’Italia due to billing trends and the higher volume of motorway tolls.

“Non-current non-financial liabilities”, totalling €4,449 million, are down €337 million compared with the figure for 31 December 2017 (€4,786 million). The change primarily reflects a combination of the following:

- a) a reduction of €201 million in the non-current portion of provisions for construction services required by contract, primarily reflecting reclassification of the current portion, totalling €344 million, partially offset by an updated estimate of the present value on completion of investment in construction services yet to be carried out (€130 million);
- b) a reduction of €120 million in the non-current portion of provisions, linked to reclassification of the current portion of works included in the provisions for the repair and replacement of motorway infrastructure to be carried out in 2019.

As a result, **“Net invested capital”**, totalling €11,657 million, is down €432 million compared with the figure for 31 December 2017 (€12,089 million).

“Equity” amounts to €2,844 million (€2,738 million as at 31 December 2017).

“Equity attributable to owners of the parent”, totalling €2,493 million, marking an overall increase of €103 million compared with 31 December 2017 (€2,390 million). This essentially reflects a combination of the following:

- a) comprehensive income for the year attributable to owners of the parent (€593 million);
- b) the increase resulting from first-time adoption of the new accounting standard, IFRS 9 (€26 million), after the related taxation;
- c) payment of Autostrade per l’Italia’s final dividend for 2017 (€518 million).

“Equity attributable to non-controlling interests” of €351 million is broadly in line with the figure for 31 December 2017 (€348 million), as comprehensive income attributable to non-controlling interests (€14 million) was substantially offset by dividends paid by a number of Group companies to non-controlling shareholders (€7 million) and returns of capital to non-controlling shareholders (€2 million).

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

| €m | EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | | | | EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS | |
|---|---|-------------------------|------------------------------|--|---|--------------------------------------|---|--|---|--------|
| | Issued capital | Cash flow hedge reserve | Net investment hedge reserve | Reserve for translation differences on assets and liabilities of consolidated companies denominated in functional currencies other than the euro | Reserve for translation differences on investments accounted for using the equity method denominated in functional currencies other than the euro | Other reserves and retained earnings | Profit/(Loss) for the year after interim dividend | | | Total |
| Balance as at 31 December 2016 | 622 | -155 | -36 | -185 | -3 | 3,613 | 513 | 4,369 | 1,749 | 6,118 |
| Comprehensive income for the year | - | 45 | - | 46 | - | -1 | 972 | 1,062 | 115 | 1,177 |
| <u>Owner transactions and other changes</u> | | | | | | | | | | |
| Autostrade per Ititalia SpA's final dividend (€0.505 per share) | - | - | - | - | - | - | -314 | -314 | - | -314 |
| Transfer of profit/(loss) for previous year to retained earnings | - | - | - | - | - | 198 | -198 | - | - | - |
| Autostrade per Ititalia SpA's interim dividend (€0.724 per share) | - | - | - | - | - | - | -450 | -450 | - | -450 |
| Dividends paid by other Group companies to non-controlling shareholders | - | - | - | - | - | - | - | - | -66 | -66 |
| Share-based incentive plans | - | - | - | - | - | 2 | - | 2 | - | 2 |
| Change in scope of consolidation following distribution of the special dividend in kind, including the effect on current tax income/(expense) | - | - | 36 | 139 | 3 | -1,333 | - | -1,155 | -1,473 | -2,628 |
| Distribution of available reserves | - | - | - | - | - | -1,101 | - | -1,101 | - | -1,101 |
| Reclassifications and other minor changes | - | - | - | - | - | -23 | - | -23 | 23 | - |
| 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 |
| <u>Owner transactions and other changes</u> | | | | | | | | | | |
| Autostrade per Ititalia 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-controlling shareholders | - | - | - | - | - | - | - | - | -7 | -7 |
| Change in reserves due to transactions involving companies 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 |

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

| €m | Equity as at 31 December 2018 | Profit for 2018 |
|---|-------------------------------------|--------------------|
| Amounts in financial statements of Autostrade per l'Italia | 2,100 | 618 |
| Recognition in consolidated financial statements of equity and profit/(loss) for the year of investments less non-controlling interests | 621 | 34 |
| Elimination of carrying amount of consolidated investments | -280 | - |
| Elimination of impairment losses on consolidated investments less reversals | 5 | - |
| Elimination of intercompany dividends | - | -39 |
| Measurement of investments at fair value and using the equity method less dividends received | -2 | -5 |
| Other consolidation adjustments ⁽¹⁾ | 49 | - |
| Consolidated carrying amounts (attributable to owners of the parent) | 2,493 | 608 |
| Consolidated carrying amounts (attributable to non-controlling interests) | 351 | 14 |
| Carrying amounts in consolidated financial statements | 2,844 | 622 |

(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 2018 amounts to €8,813 million, a reduction of €538 million compared with the end of the previous year (€9,351 million). As mentioned in the introduction and explained in greater detail in note 3, "Accounting standards and policies", in the section, "Consolidated financial statements", the first-time adoption of IFRS 9 has resulted in a different accounting treatment for non-substantial modifications of financial liabilities. As a result of a transaction carried out by Autostrade per l'Italia in 2017, this has led to a reduction of €34 million in financial liabilities, recognised at 1 January 2018, with a matching increase in equity (€26 million), after the related tax of €8 million.

"Non-current net debt", totalling €9,850 million, is down €747 million on the figure for 31 December 2017 (€10,597 million). This primarily reflects a reduction of €731 million in non-current financial liabilities essentially due to a combination of the following:

- a) the reclassification to short-term of the balance of the bond issue maturing in February 2019 (€593 million);
- b) the reclassification to short-term of bank borrowings to be repaid within 12 months (€125 million), and recognition of the above-mentioned impact of first-time adoption of IFRS 9 (€34 million).

"Current net debt" amounts to €1,037 million, down €209 million compared with 31 December 2017 (€1,246 million). The decrease was mainly affected by the above reclassifications of bond issues and bank borrowings, totalling €718 million, partially offset by net cash flow generated during the period (€482 million), as described in the section on "Consolidated cash flow".

The residual weighted average term to maturity of the Group's interest-bearing debt is approximately six years as at 31 December 2018. 98% of the Group's interest-bearing debt is fixed rate, taking into account the hedging derivative instruments entered into. 8% of the Group's debt is denominated in currencies other than the euro (sterling and yen).

The average cost of the Group's medium/long-term borrowings in 2018 was approximately 3.5% (approximately 3.6% in 2017).

As at 31 December 2018, the Group has cash reserves of €3,352 million, consisting of:

- a) €1,784 million in investments and cash maturing in the short term (€1,139 million) and Autostrade per l'Italia's net short-term debt (€645 million), essentially relating to its role as a provider of centralised treasury management;
- b) €213 million in term deposits allocated primarily to part finance the execution of specific construction services on the motorways operated under concession;
- c) €1,355 million in undrawn committed lines of credit.

As at 31 December 2018, the Group has lines of credit with a weighted average residual term to maturity of approximately six years and four months and a weighted average residual drawdown period of approximately three years and three months.

The Group's net debt, as defined in the European Securities and Market Authority (ESMA) Recommendation of 20 March 2013 (which does not permit the deduction of non-current financial assets from debt), amounts to €9,223 million as at 31 December 2018 (€9,744 million as at 31 December 2017).

Consolidated cash flow

“Net cash from operating activities” amounts to €1,621 million in 2018, down €292 million on 2017 (€1,913 million). This reflects a combination of the following:

- a) the differing performance of movements in operating capital and non-financial assets and liabilities in the two comparative periods (an outflow of €89 million in 2018 and an inflow of €198 million in 2017). Cash flows in 2018 reflect the increase in trading assets and current tax liabilities, commented on above;
- b) a reduction of €5 million in operating cash flow. On a like-for-like basis, operating cash flow for 2018 is up €79 million (5%) compared with 2017, essentially due to an increase of €93 million in cash from operating activities.

“Cash used for investment in non-financial assets”, totalling €612 million, reflects capital expenditure (€593 million) and the purchase of investments (€28 million), whilst the outflow of €748 million in 2017 reflected deconsolidation of the net (debt)/funds of the companies transferred to Atlantia as part of the Group’s restructuring.

“Net equity cash outflows” amount to €527 million in 2018, marking a decrease of €1,404 million compared with 2017. This primarily reflects distribution of a portion of the available reserves, amounting to €1,101 million, to the parent, Atlantia in the comparative period, and a reduction in dividends declared by Autostrade per l’Italia and Group companies for payment to non-controlling shareholders (€305 million).

In addition, other changes during 2018 have resulted in a decrease of €56 million in net debt, essentially due to a combination of the following:

- a) the recognition of non-cash financial income (€78 million) linked to the above-mentioned recognition of the impact of first-time adoption of the new IFRS 9 (€34 million before the related taxation) and the impact of the issuer substitution completed at the end of 2016 (€44 million);
- b) an increase in fair value losses on derivative financial instruments (€20 million), reflecting lower interest rates registered in 2018.

It should also be noted that other changes in net debt in 2017, totalling €109 million, were also impacted by fair value gains on derivatives (€39 million) as a result of rising interest rates.

The overall impact of the above cash flows has resulted in an overall decrease in net debt of €538 million in 2018 (an increase of €657 million in 2017).

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT ^(*)

| €m | 2018 | 2017 |
|---|---------------|---------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Profit for the year | 622 | 1,042 |
| Adjusted by: | | |
| Amortisation and depreciation | 618 | 604 |
| Operating change in provisions, after use of provisions for renewal work | 505 | 12 |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | 30 | 25 |
| Share of (profit)/loss of investees accounted for using the equity method | 4 | -3 |
| Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets | -6 | -77 |
| (Gains)/Losses on sale of non-current assets | -1 | -1 |
| Net change in deferred tax (assets)/liabilities through profit or loss | -15 | 131 |
| Other non-cash costs (income) | -47 | -50 |
| Non-cash inflows from discontinued operations | - | 32 |
| Operating cash flow | 1,710 | 1,715 |
| Change in operating capital | -25 | 139 |
| Other changes in non-financial assets and liabilities | -64 | 59 |
| Net cash generated from operating activities (A) | 1,621 | 1,913 |
| NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS | | |
| Investment in assets held under concession | -543 | -517 |
| Purchases of property, plant and equipment | -23 | -18 |
| Purchases of other intangible assets | -27 | -21 |
| Capital expenditure | -593 | -556 |
| Government grants related to assets held under concession | 1 | 1 |
| Increase in financial assets deriving from concession rights (related to capital expenditure) | - | 2 |
| Purchases of investments | -28 | - |
| Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments | 4 | 1 |
| Proceeds from sale of consolidated companies, including net debt transferred | 4 | - |
| Net debt/(funds) of consolidated companies transferred as a result of distribution of special dividend in kind | - | -204 |
| Net change in other non-current assets | - | 8 |
| Net cash from/(used in) investment in non-financial assets (B) | -612 | -748 |
| NET EQUITY CASH INFLOWS/(OUTFLOWS) | | |
| Distribution of reserves to the parent | - | -1,101 |
| Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders | -525 | -830 |
| Return of capital to non-controlling shareholders | -2 | - |
| Net equity cash inflows/(outflows) (C) | -527 | -1,931 |
| Increase/(Decrease) in cash and cash equivalents during year (A+B+C) | 482 | -766 |
| Change in fair value of hedging derivatives | -20 | 39 |
| Financial income/(expenses) accounted for as an increase in financial assets/(liabilities) | -2 | -6 |
| Effect of foreign exchange rate movements on net debt and other changes | 78 | 76 |
| Other changes in net debt (D) | 56 | 109 |
| Increase/(Decrease) in net debt for year (A+B+C+D) | 538 | -657 |
| Net debt at beginning of year | -9,351 | -8,694 |
| Net debt at end of year | -8,813 | -9,351 |

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

Reconciliation of the reclassified and 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 | 2018 | | | | | | 2017 | | | | | |
|---|----------------|-----------|---------------|--------------------|-----------|---------------|----------------|-----------|---------------|--------------------|-----------|---------------|
| | Reported basis | | | Reclassified basis | | | Reported basis | | | Reclassified basis | | |
| | Ref. | Sub-items | Main entries | Ref. | Sub-items | Main entries | Ref. | Sub-items | Main entries | Ref. | Sub-items | Main entries |
| Reconciliation of items | | | | | | | | | | | | |
| Toll revenue | | | 3,658 | | | 3,658 | | | 3,590 | | | 3,590 |
| Revenue from construction services | | | 178 | | | | | | 118 | | | |
| Revenue from construction services - government grants and cost of materials and external services | (a) | 157 | | | | | (a) | 101 | | | | |
| Capitalised staff costs - construction services for which additional economic benefits are received | (b) | 9 | | | | | (b) | 6 | | | | |
| Revenue from construction services: capitalised financial expenses | (c) | 5 | | | | | (c) | 3 | | | | |
| Revenue from construction services provided by sub-operators | (d) | 7 | | | | | (d) | 8 | | | | |
| Other revenue | | | 339 | | | | | | 347 | | | |
| Other operating income | | | | (e+d) | | 346 | | | | (e+d) | | 355 |
| Revenue from construction services provided by sub-operators | | | | (d) | 7 | | | | | (d) | 8 | |
| Total revenue | | | 4,175 | | | | | | 4,055 | | | |
| TOTAL OPERATING REVENUE | | | | | | 4,004 | | | | | | 3,945 |
| Raw and consumable materials | | | -127 | | -127 | | | | -88 | | | -88 |
| Service costs | | | -821 | | -821 | | | | -856 | | | -856 |
| Gain/(Loss) on sale of elements of property, plant and equipment | | | 1 | | 1 | | | | 1 | | | 1 |
| Other operating costs | | | -586 | | | | | | -538 | | | |
| Concession fees | (f) | | -469 | | | | (f) | | -465 | | | |
| Lease expense | | | -8 | | -8 | | | | -10 | | | -10 |
| Other | | | -109 | | -109 | | | | -63 | | | -63 |
| Use of provisions for construction services required by contract | | | | (j) | 341 | | | | | (j) | 388 | |
| Revenue from construction services: government grants and capitalised cost of materials and external services | | | | (a) | 157 | | | | | (a) | 101 | |
| Use of provisions for renewal of motorway infrastructure | | | | (i) | 3 | | | | | (i) | - | |
| COST OF MATERIALS AND EXTERNAL SERVICES | | | | | | -563 | | | | | | -527 |
| CONCESSION FEES | | | | | | -469 | | | | | | -465 |
| Staff costs | (g) | | -516 | | | | (g) | | -525 | | | |
| NET STAFF COSTS | | | | (g+b+k) | | -486 | | | | (g+b+k) | | -500 |
| OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS | | | | | | -495 | | | | | | -1 |
| Operating change in provisions | | | -503 | | | | | | -11 | | | |
| (Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure | | | -407 | | -407 | | | | 10 | | 10 | |
| (Provisions)/Uses of provisions for renewal of motorway infrastructure | | | -8 | | | | | | -10 | | | |
| Provisions for renewal of airport infrastructure | (h) | -11 | | | | | (h) | -10 | | | | |
| Uses of provisions for renewal of airport infrastructure | (i) | 3 | | | | | (i) | - | | | | |
| Provisions/(Uses) of provisions for risks and charges | | | -88 | | -88 | | | | -11 | | -11 | |
| TOTAL NET OPERATING COSTS | | | | | | -2,013 | | | | | | -1,493 |
| GROSS OPERATING PROFIT (EBITDA) | | | | | | 1,991 | | | | | | 2,452 |
| Use of provisions for construction services required by contract | | | 362 | | | | | | 407 | | | |
| Use of provisions for construction services required by contract | (j) | 341 | | | | | (j) | 388 | | | | |
| Capitalised staff costs - construction services for which no additional economic benefits are received | (k) | 21 | | | | | (k) | 19 | | | | |
| Amortisation and depreciation | (l) | | -617 | | | | (l) | | -605 | | | |
| Depreciation of property, plant and equipment | | | -21 | | | | | | -22 | | | |
| Amortisation of intangible assets deriving from concession rights | | | -575 | | | | | | -566 | | | |
| Amortisation of other intangible assets | | | -21 | | | | | | -17 | | | |
| (Impairment losses)/Reversals of impairment losses | (m) | | 5 | | | | (m) | | 76 | | | |
| AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES | | | | (l+h+m) | | -623 | | | | (l+h+m) | | -539 |
| TOTAL COSTS | | | -2,802 | | | | | | -2,139 | | | |
| OPERATING PROFIT/(LOSS) | | | 1,373 | | | | | | 1,916 | | | |
| OPERATING PROFIT/(LOSS) (EBIT) | | | | | | 1,368 | | | | | | 1,913 |
| Financial income | | | 93 | | | | | | 101 | | | |
| Dividends received from investees | (n) | 1 | | | | | (n) | 2 | | | | |
| Other financial income | (o) | 92 | | | | | (o) | 99 | | | | |
| Financial expenses | | | -554 | | | | | | -582 | | | |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | (p) | | -30 | | | | (p) | | -25 | | | |
| Other financial expenses | (q) | | -524 | | | | (q) | | -557 | | | |
| Foreign exchange gains/(losses) | (r) | | - | | | | (r) | | - | | | |
| FINANCIAL INCOME/(EXPENSES) | | | -461 | | | | | | -481 | | | |
| Net financial expenses | | | | (c+n+o+p+q+r) | | -456 | | | | (c+n+o+p+q+r) | | -478 |
| Share of profit/(loss) of investees accounted for using the equity method | | | -4 | | | -4 | | | 3 | | | 3 |
| PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS | | | 908 | | | 908 | | | 1,438 | | | 1,438 |
| Income tax (expense)/benefit | | | -286 | | | -286 | | | -420 | | | -420 |
| Current tax expense | | | -308 | | | | | | -299 | | | |
| Differences on tax expense for previous years | | | 7 | | | | | | 10 | | | |
| Deferred tax income and expense | | | 15 | | | | | | -131 | | | |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | | | 622 | | | 622 | | | 1,018 | | | 1,018 |
| Profit/(Loss) from discontinued operations | | | - | | | - | | | 24 | | | 24 |
| PROFIT FOR THE YEAR | | | 622 | | | 622 | | | 1,042 | | | 1,042 |
| of which: | | | | | | | | | | | | |
| Profit attributable to owners of the parent | | | 608 | | | 608 | | | 972 | | | 972 |
| Profit attributable to non-controlling interests | | | 14 | | | 14 | | | 70 | | | 70 |

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

| €m | 31 December 2018 | | | | | 31 December 2017 | | | | |
|---|---------------------|---------------|--------------------|-----------|---------------|---------------------|---------------|--------------------|-----------|---------------|
| | Reported basis | | Reclassified basis | | | Reported basis | | Reclassified basis | | |
| | Ref. | Main entries | Ref. | Sub-items | Main entries | Ref. | Main entries | Ref. | Sub-items | Main entries |
| Reconciliation of items | | | | | | | | | | |
| Non-current non-financial assets | | | | | | | | | | |
| Property, plant and equipment | (a) | 82 | | | 82 | (a) | 81 | | | 81 |
| Intangible assets | (b) | 18,093 | | | 18,093 | (b) | 18,356 | | | 18,356 |
| Investments | (c) | 84 | | | 84 | (c) | 64 | | | 64 |
| Deferred tax assets | (d) | 103 | | | 103 | (d) | 101 | | | 101 |
| Other non-current assets | (e) | - | | | - | (e) | - | | | - |
| Total non-current non-financial assets (A) | | | | | 18,362 | | | | | 18,602 |
| Working capital | | | | | | | | | | |
| Trading assets | (f) | 534 | | | 534 | (f) | 507 | | | 507 |
| Current tax assets | (g) | 32 | | | 32 | (g) | 35 | | | 35 |
| Other current assets | (h) | 79 | | | 79 | (h) | 82 | | | 82 |
| Investments held for sale or for distribution to shareholders or related to discontinued operations | | | | (w) | 4 | | | | (w) | 5 |
| Current portion of provisions for construction services required by contract | (i) | -406 | | | -406 | (i) | -422 | | | -422 |
| Current provisions | (j) | -835 | | | -835 | (j) | -214 | | | -214 |
| Trading liabilities | (k) | -1,319 | | | -1,319 | (k) | -1,324 | | | -1,324 |
| Current tax liabilities | (l) | -30 | | | -30 | (l) | -88 | | | -88 |
| Other current liabilities | (m) | -315 | | | -315 | (m) | -302 | | | -302 |
| Non-financial liabilities related to discontinued operations | | | | (x) | - | | | | (x) | -6 |
| Total working capital (B) | | | | | -2,256 | | | | | -1,727 |
| Gross invested capital (C=A+B) | | | | | 16,106 | | | | | 16,875 |
| Non-current non-financial liabilities | | | | | | | | | | |
| required by contract | (n) | -2,639 | | | -2,639 | (n) | -2,840 | | | -2,840 |
| Non-current provisions | (o) | -1,194 | | | -1,194 | (o) | -1,314 | | | -1,314 |
| Deferred tax liabilities | (p) | -589 | | | -589 | (p) | -598 | | | -598 |
| Other non-current liabilities | (q) | -27 | | | -27 | (q) | -34 | | | -34 |
| Total non-current non-financial liabilities (D) | | | | | -4,449 | | | | | -4,786 |
| NET INVESTED CAPITAL (E=C+D) | | | | | 11,657 | | | | | 12,089 |
| Total equity (F) | | 2,844 | | | 2,844 | | 2,738 | | | 2,738 |
| Net debt/(Net funds) | | | | | | | | | | |
| Non-current net debt/(net funds) | | | | | | | | | | |
| Non-current financial liabilities | (r) | 10,260 | | | 10,260 | (r) | 10,991 | | | 10,991 |
| Non-current financial assets | (s) | -410 | | | -410 | (s) | -394 | | | -394 |
| Total non-current net debt/(net funds) (G) | | | | | 9,850 | | | | | 10,597 |
| Current net debt/(net funds) | | | | | | | | | | |
| Current financial liabilities | (t) | 1,236 | | | 1,236 | (t) | 2,231 | | | 2,231 |
| Bank overdrafts repayable on demand | | - | | | - | | - | | | - |
| Short-term borrowings | | 245 | | | 245 | | 775 | | | 775 |
| Current derivative liabilities | | 1 | | | 1 | | 1 | | | 1 |
| Intercompany current account payables due to related parties | | 7 | | | 7 | | 14 | | | 14 |
| Current portion of medium/long-term borrowings | | 949 | | | 949 | | 1,385 | | | 1,385 |
| Other current financial liabilities | | 34 | | | 34 | | 56 | | | 56 |
| Current financial liabilities related to discontinued operations | | | | (aa) | - | | | | (aa) | - |
| Cash and cash equivalents | (u) | -1,791 | | | -1,791 | (u) | -2,938 | | | -2,945 |
| Cash | | -1,139 | | | -1,139 | | -2,076 | | | -2,076 |
| Cash equivalents | | - | | | - | | -100 | | | -100 |
| Intercompany current account receivables due from related parties | | -652 | | | -652 | | -762 | | | -762 |
| Cash and cash equivalents related to discontinued operations | | | | (y) | - | | | | (y) | -7 |
| Current financial assets | (v) | -482 | | | -482 | (v) | -532 | | | -532 |
| Current financial assets deriving from concession rights | | -408 | | | -408 | | -400 | | | -400 |
| Current financial assets deriving from government grants | | -22 | | | -22 | | -52 | | | -52 |
| Current term deposits | | -21 | | | -21 | | -51 | | | -51 |
| Current portion of other medium/long-term financial assets | | -22 | | | -22 | | -22 | | | -22 |
| Other current financial assets | | -9 | | | -9 | | -7 | | | -7 |
| Financial assets held for sale or related to discontinued operations | | | | (z) | - | | | | (z) | - |
| Total current net debt (H) | | | | | -1,037 | | | | | -1,246 |
| Total net debt (I=G+H) | | | | | 8,813 | | | | | 9,351 |
| NET DEBT AND EQUITY (L=F+I) | | | | | 11,657 | | | | | 12,089 |
| Assets held for sale or related to discontinued operations | (-y-z+w) | | 4 | | | (-y-z+w) | | 12 | | |
| Liabilities related to discontinued operations | (x+aa) | | - | | | (x+aa) | | 6 | | |
| TOTAL NON-CURRENT ASSETS | (a+b+c+d+e-s) | | 18,772 | | | (a+b+c+d+e-s) | | 18,996 | | |
| TOTAL CURRENT ASSETS | (f+g+h-u-v-y-z+w) | | 2,922 | | | (f+g+h-u-v-y-z+w) | | 4,106 | | |
| TOTAL NON-CURRENT LIABILITIES | (-n-o-p-q+r) | | 14,709 | | | (-n-o-p-q+r) | | 15,777 | | |
| TOTAL CURRENT LIABILITIES | (-i-j-k-l-m+t-x+aa) | | 4,141 | | | (-i-j-k-l-m+t-x+aa) | | 4,587 | | |

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

| CM | 2018 | | 2017 | |
|---|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
| | Consolidated statement of cash flows | Changes in consolidated net debt | Consolidated statement of cash flows | Changes in consolidated net debt |
| Reconciliation of items | Note | | | |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | | | |
| Profit for the period | | 622 | 622 | 1,042 |
| Adjusted by: | | | | |
| Amortisation and depreciation | | 618 | 618 | 604 |
| Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure | | 505 | 505 | 12 |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | | 30 | 30 | 25 |
| Share of (profit)/loss of investees accounted for using the equity method | | 4 | 4 | -3 |
| Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets | | -6 | -6 | -77 |
| (Gains)/Losses on sale of non-current assets | | -1 | -1 | -1 |
| Net change in deferred tax (assets)/liabilities through profit or loss | | -15 | -15 | 131 |
| Other non-cash costs (income) | | -47 | -47 | -50 |
| Non-cash inflows from discontinued operations | (a) | - | - | 32 |
| Operating cash flow | | | 1,710 | 1,715 |
| Change in operating capital | (b) | - | -25 | 139 |
| Other changes in non-financial assets and liabilities | (c) | - | -64 | 59 |
| Change in working capital and other changes | (a+b+c) | -89 | - | 230 |
| Net cash generated from/(used in) operating activities (A) | | 1,621 | 1,621 | 1,913 |
| NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS | | | | |
| Investment in assets held under concession | | -543 | -543 | -517 |
| Purchases of property, plant and equipment | | -23 | -23 | -18 |
| Purchases of other intangible assets | | -27 | -27 | -21 |
| Capital expenditure | | | -593 | -556 |
| Government grants related to assets held under concession | | 1 | 1 | 1 |
| Increase in financial assets deriving from concession rights (related to capital expenditure) | | - | - | 2 |
| Purchases of investments | | -28 | -28 | - |
| Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments | | 4 | 4 | 1 |
| Proceeds from sales of consolidated investments, including net debt transferred | (d) | - | 4 | - |
| Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred | (e) | 6 | - | - |
| Cash and cash equivalents of consolidated companies transferred as a result of distribution of special dividend in kind | (f) | - | - | -386 |
| Net debt/(funds) of consolidated companies transferred as a result of distribution of special dividend in kind | (g) | - | - | -204 |
| Net change in other non-current assets | | - | - | 8 |
| Net change in current and non-current financial assets | (h) | 35 | - | -33 |
| Net cash from/(used in) investment in non-financial assets (B) | (i) | | -612 | -748 |
| Net cash generated from/(used in) investing activities (C) | (i-d-g+e+f+h) | -575 | | -963 |
| NET EQUITY CASH INFLOWS/(OUTFLOWS) | | | | |
| Distribution of reserves to the parent | | - | - | -1,101 |
| Dividends declared by Group companies | (j) | - | -525 | -830 |
| Dividends paid | (k) | -543 | - | -777 |
| Return of capital to non-controlling shareholders | | -2 | -2 | - |
| Net equity cash inflows/(outflows) (D) | | | -527 | -1,931 |
| Net cash generated during year (A+B+D) | | | 482 | -766 |
| Repayment of loans from parent | | -1,000 | - | - |
| Issuance of bonds | | - | - | 131 |
| Redemption of bonds | | - | - | -506 |
| Repayments of medium/long term borrowings (excluding finance lease liabilities) | | -126 | - | -165 |
| Net change in other current and non-current financial liabilities | | -522 | - | 970 |
| Net cash generated from/(used in) financing activities (E) | | -2,193 | | -1,448 |
| Change in fair value of hedging derivatives | (l) | - | -20 | 39 |
| Financial income/(expenses) accounted for as an increase in financial assets/(liabilities) | | - | -2 | -6 |
| Effect of foreign exchange rate movements on net debt and other changes | (m) | - | 78 | 76 |
| Other changes in net debt (F) | | | 56 | 109 |
| Net effect of foreign exchange rate movements on net cash and cash equivalents (G) | | | 10 | |
| Decrease in net debt for year (A+B+D+F) | | | 538 | -657 |
| Net debt at beginning of year | | | -9,351 | -8,694 |
| Net debt at end of year | | | -8,813 | -9,351 |
| Increase/(Decrease) in cash and cash equivalents during year (A+C+E+G) | | -1,147 | | -488 |
| NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 2,931 | | 3,419 |
| NET CASH AND CASH EQUIVALENTS AT END OF YEAR | | 1,784 | | 2,931 |

Notes:

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

2.3 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 2018, 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 2018, compared with comparative amounts as at 31 December 2017.

The financial statements for the year ended 31 December 2018 have been prepared in compliance with the international financial reporting standards (IFRS) endorsed by the European Commission and in effect as at 31 December 2018. With regard to the new IFRS in effect, the following standards were applied for the first time from 1 January 2018: IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments.

The first-time adoption of IFRS 15 did not have any impact on the operating results or financial position for the year.

The only material effect of first-time adoption of IFRS 9, on the other hand, is in an increase of €26m in equity as at 1 January 2018, after the related taxation of €8 million. This reflects transactions carried out in 2017, involving modifications of financial liabilities. Under the new standard, these modifications would have resulted in recognition, in last year's income statement, of the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of the modification) and the carrying amount of the instrument at the date of the modification.

With the aim of ensuring the application of standardised accounting policies following the acquisition by the parent, Atlantia, of the Abertis group, in line with the approach described in section 2.2, "Group financial review", companies in the Atlantia Group have modified the classification of provisions and uses of provisions for the repair and replacement of motorway infrastructure and provisions for risks and charges, including them in the components that contribute to EBITDA in the same way as other operating income and costs. This basis of presentation has been applied to both the amounts for 2018 and the comparative amounts for 2017. With regard to the latter, the reclassification has increased EBITDA by €8 million.

With regard to material, non-recurring events, a section of the Polcevera road bridge on the A10 Genoa to Ventimiglia motorway collapsed on 14 August 2018, causing the deaths of 43 people. The cause of the collapse has yet to be identified.

Convinced that it has complied with its concession obligations and whilst awaiting the outcome of the ongoing investigation into the causes of the collapse, Autostrade per l'Italia has prepared its financial statements as at and for the year ended 31 December 2018 taking into account the latest estimates of the costs directly linked to the collapse, without prejudicing any determination of liability. In particular, as specified in greater detail below, the event has resulted in reduced toll revenue, expenses and provisions linked to (i) the cost of demolition and reconstruction of the road bridge (with related costs for expropriations and compensation payable to people, businesses and firms directly affected by the collapse), (ii) compensation

payable to victims' families and to the injured, (iii) legal expenses and (iv) financial help to enable the purchase of basic necessities. This has resulted in an overall after-tax impact on profit for the year of approximately €370 million (€365 million without taking into account the net effect of the decision to exempt road users in the Genoa area from the payment of tolls). These amounts prudently do not take into account the positive impact of any eventual insurance proceeds. More detailed information on the events of 14 August 2018 is provided in section 2.11, "Significant regulatory aspects" and note 5, "Events and corporate actions", in the notes to the financial statements as at and for the year ended 31 December 2018.

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 2018 or 2017.

The reconciliation of the reclassified financial statements included and analysed in this section with the corresponding statutory financial statements is provided in the section "Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements".

Results of operations

“**Operating revenue**” for 2018 amounts to €3,662 million, an increase of €41 million compared with 2017 (€3,621 million).

It should be noted that toll revenue includes, for an amount of €362 million (€359 million in 2017), the toll increases 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 toll increases, total revenue is up €38 million compared with 2017.

“**Toll revenue**” of €3,370 million is up €49 million compared with 2017 (€3,321 million). After stripping out the above toll increases, the improvement is €46 million, primarily reflecting:

- a) a 0.2% increase in traffic. Taking into account the positive impact of the different traffic mix, the increase in toll revenue is estimated to be €17 million;
- b) application of annual toll increases for 2018 (an increase of 1.08%⁽²⁾ from 1 January), boosting toll revenue by an estimated €32 million.

Autostrade per l'Italia’s decision to exempt road users in the Genoa area from the payment of tolls resulted in an estimated reduction in toll revenue of approximately €7 million.

“**Other operating income**” amounts to €292 million (€300 million in 2017).

“**Net operating costs**”, amounting to €1,814 million, are up €509 million on the previous year (€1,305 million).

The “**Cost of materials and external services**” amounts to €513 million, up €30 million compared with 2017 (€483 million). This primarily the expenses incurred following the collapse of a section of the Polcevera road bridge (€48 million) and an increase in maintenance costs, in part linked to winter operations, partially offset by a reduction in the cost of resurfacing work, following the work’s rescheduling as a result of the time needed to comply with new and more complex tender procedures (already applied in 2017).

“**Concession fees**” amount to €445 million (€442 million in 2017). This item includes the above addition in the concession fees payable and concession fees linked to toll revenue and sub-concession 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.

⁽²⁾ This amount represents the toll increase awarded by the Grantor after 0.43% to recover the discounted tolls for frequent motorway users, accounted for in toll revenue and on other current assets in the period from 1 June 2014 to 31 December 2017.

RECLASSIFIED INCOME STATEMENT OF AUTOSTRADE PER L'ITALIA SpA ^(*)

| €m | INCREASE/(DECREASE) | | | |
|---|---------------------|---------------|-----------------------------|------------|
| | 2018 | 2017 | ABSOLUTE | % |
| Toll revenue | 3,370 | 3,321 | 49 | 1 |
| Other operating income | 292 | 300 | -8 | -3 |
| Total operating revenue | 3,662 | 3,621 | 41 | 1 |
| Cost of materials and external services | -513 | -483 | -30 | 6 |
| Concession fees | -445 | -442 | -3 | 1 |
| Net staff costs | -373 | -388 | 15 | -4 |
| Operating change in provisions | -483 | 8 | -491 | n.s. |
| Total net operating costs | -1,814 | -1,305 | -509 | 39 |
| Gross operating profit (EBITDA) | 1,848 | 2,316 | -468 | -20 |
| Amortisation, depreciation, impairment losses, reversals of impairment losses and other adjustments | -573 | -567 | -6 | 1 |
| Operating profit (EBIT) | 1,275 | 1,749 | -474 | -27 |
| Dividends received from investees | 40 | 50 | -10 | -20 |
| Reversals of impairment losses/(Impairment losses) on investments | 1 | 4 | -3 | -75 |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | -29 | -24 | -5 | 21 |
| Other financial income/(expenses), net | -409 | -432 | 23 | -5 |
| Capitalised financial expenses on intangible assets deriving from concession rights | 4 | 1 | 3 | n.s. |
| Profit/(Loss) before tax from continuing operations | 882 | 1,348 | -466 | -35 |
| Income tax expense | -264 | -380 | 116 | -31 |
| Profit/(Loss) from continuing operations | 618 | 968 | -350 | -36 |
| Profit for the year | 618 | 968 | -350 | -36 |
| (€) | 2018 | 2017 | INCREASE/ (DECREASE) | |
| Basic earnings per share | 0.99 | 1.56 | -0.57 | |
| <i>of which:</i> | | | | |
| - from continuing operations | 0.99 | 1.56 | -0.57 | |
| Diluted earnings per share | 0.99 | 1.56 | -0.57 | |
| <i>of which:</i> | | | | |
| - from continuing operations | 0.99 | 1.56 | -0.57 | |
| - da attività operative cessate | - | - | - | |

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

“Net staff costs” of €373 million are down €15 million compared with 2017 (€388 million). This essentially reflects a reduction in the fair value of long-term management incentive plans, an increase in the capitalised portion of such costs, a decline in the cost of early retirement incentives and a reduction in the average workforce (down 55), partially offset by the cost of contract renewals.

The **“Operating change in provisions”** shows an expense of €483 million (income of €8 million in the previous year). This reflects provisions for repair and replacement of €402 million in relation to the cost of demolition and reconstruction of the Polcevera road bridge (€397 million), determined on the basis of the amount requested by the Special Commissioner for Genoa, and updated estimates of the cost of repairs to the motorway network (partly regarding the need to make up for road surfacing work that was previously postponed), the latter substantially offset by a reduction in the present value of the provisions due to an increase in the discount rate used. Other provisions for risks and charges include the sum of €57 million based on an estimate of the costs directly connected with the collapse of a section of the above road bridge, as well as €24 million relating to notices of assessment for local taxes.

“Gross operating profit” (EBITDA) of €1,848 million is down €468 million compared with 2017 (€2,316 million).

“Operating profit” (EBIT) of €1,275 million is down €474 million compared with 2017 (€1,749 million), reflecting the decline in EBITDA, the change in depreciation and amortisation and other adjustments.

“Dividends received from investees”, totalling €40 million, are down €10 million compared with 2017. This substantially reflects reduced dividends paid by Società Italiana per Azioni per il Traforo del Monte Bianco (€8 million) and Autostrade Tech (€3 million).

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” amount to €29 million (€24 million in 2017).

“Net other financial expenses” of €409 million are down €23 million compared with 2017 (€432 million), primarily reflecting the impact of the unwinding of a number of Forward-Starting Interest Rate Swaps on which fair value losses were incurred, following the issue and accompanying partial repurchase of certain bonds by Autostrade per l’Italia, which resulted in the recognition of €21 million in financial expenses in 2017.

“Capitalised financial expenses on intangible assets deriving from concession rights”, amounting to €4 million (€1 million in 2017), primarily regard construction of the *Gronda di Genova* (the Genoa Bypass).

“Profit before tax from continuing operations” amounts to €882 million, down €466 million compared with 2017 (€1,348 million).

“**Income tax expense**” amounts to €264 million (€380 million in 2017), a reduction of €116 million. This substantially relates to the recognition of deferred tax assets on provisions linked to the events of 14 August 2018.

“**Profit for the year**” thus amounts to €618 million, down €350 million compared with 2017 (€968 million). This is essentially due to the costs incurred and provisions made in relation to the estimated costs resulting from the collapse of a section of the Polcevera road bridge.

STATEMENT OF COMPREHENSIVE INCOME OF AUTOSTRADE L'ITALIA SpA

| €m | | 2018 | 2017 |
|---|------------------|------------|--------------|
| Profit for the year | (A) | 618 | 968 |
| Fair value gains/(losses) on cash flow hedges | | -20 | 39 |
| Tax effect of fair value gains/(losses) on cash flow hedges | | 5 | -14 |
| Other comprehensive income/(loss) reclassifiable to profit or loss for the year | (B) | -15 | 25 |
| Gains/(losses) from actuarial valuations of provisions for employee benefits | | - | -1 |
| Other comprehensive income/(loss) not reclassifiable to profit or loss for the year | (C) | - | -1 |
| Other reclassifications of the cash flow hedge reserve | | - | 20 |
| Reclassifications of other components of comprehensive income to profit or loss for the year | (D) | - | 20 |
| Total other comprehensive income/(loss) for the year | (E=B+C+D) | -15 | 44 |
| Comprehensive income for the year | (A+E) | 603 | 1,012 |

The “**Total other comprehensive loss for the year**” amounts to €15 million in 2018, reflecting an increase in fair value losses on outstanding derivatives (€7 million), after the related taxation, following a reduction in the relevant interest rates and the conclusion of new Forward-Starting Interest Rate Swaps (€8 million).

The figure for 2017 represented income of €44 million, reflecting:

- a) the performance of the interest rates applicable to the derivative outstanding at that time (€25 million);
- b) the reclassification to profit or loss of €21 million in fair value losses on Forward-Starting Interest Rate Swaps, settled following the partial buyback of certain bonds in issue, accompanied by the issuance of new bonds.

Financial position

As at 31 December 2018, “**Non-current non-financial assets**” of €17,474 million are down €228 million on the figure for 31 December 2017 (€17,702 million).

This item primarily refers to “**Intangible assets**” of €17,157 million (€17,403 million as at 31 December 2017), essentially represented by:

- a) concession rights totalling €11,022 million (€11,272 million as at 31 December 2017);
- 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. Goodwill is not amortised on a systematic basis but is subject to impairment tests which, as at 31 December 2018, have confirmed the recoverability of the above carrying amount with respect to the estimated value in use.

The decrease in intangible assets compared with 31 December 2017, totalling €246 million, is essentially due to a combination of the following:

- a) amortisation for the year (€552 million);
- b) the portion of investment recognised as an increase in intangible assets, amounting to €169 million, and primarily linked to construction services for which additional economic benefits are received (€147 million);
- c) an updated estimate of the present value on completion of investment in construction services for which no additional benefits are received (€130 million).

As at 31 December 2018, “**Investments**” amount to €242 million, an increase of €17 million compared with 31 December 2017 (€225 million). This reflects:

- a) the acquisition, for €28 million, of further shares in Tangenziali Esterne di Milano, in which the Company holds a 26.25% interest as at 31 December 2018 (13.67% as at 31 December 2017);
- b) the sale to Telepass of the investment in Infoblu (€4 million) for a consideration of €6 million;
- c) the liquidations of Ecomouv (€4 million) and Società Infrastrutture Toscane SpA (€3 million).

As at 31 December 2018, “**Working capital**” has a negative balance of €2,174 million (a negative balance of €1,662 million as at 31 December 2017).

The increase of €512 million compared with 31 December 2017 primarily reflects the following:

- a) an increase of €545 million in the current portion of provisions for repair and replacement due to provisions made to cover the cost of demolition and reconstruction of the Polcevera road bridge and an expected increase in road surfacing work in the coming months;
- b) an increase of €80 million in provisions for risks and charges, essentially regarding the events described in relation to the operating results;
- c) a reduction in net current tax liabilities of €63 million, reflecting payment of the balance due for the previous year and payments on account for the current year, partially offset by provisions for income tax for the year;
- d) a €28 million increase in trade receivables, primarily due to billing trends and the higher volume of motorway tolls, in part reflecting traffic growth on the motorway network. This was partially offset by a reduction in amounts due from sub-operators at motorway service areas, essentially due to receipt of outstanding balances recognised as at 31 December 2017, with particular regard to arrangements entered into prior to 2014 and involving annual billing of royalties, partially offset by the quarterly settlement of bills under new contracts;

- e) a reduction of €12 million in trade payables, primarily linked to the volume of investment carried out in 2018, partially offset by an increase in amounts payable to the operators of interconnecting motorways and in tolls in the process of settlement, essentially due traffic growth and in line with standard payment periods.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF AUTOSTRADE PER L'ITALIA SpA ^(*)

| €m | 31 December 2018 | 31 December 2017 | INCREASE/ (DECREASE) |
|--|------------------|------------------|-------------------------|
| Non-current non-financial assets | | | |
| Property, plant and equipment | 75 | 74 | 1 |
| Intangible assets | 17,157 | 17,403 | -246 |
| Investments | 242 | 225 | 17 |
| Total non-current non-financial assets (A) | 17,474 | 17,702 | -228 |
| Working capital | | | |
| Trading assets | 493 | 465 | 28 |
| Current tax assets | 24 | 24 | - |
| Other current assets | 62 | 66 | -4 |
| Non-financial assets 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 | -405 | -422 | 17 |
| Current provisions | -821 | -196 | -625 |
| Trading liabilities | -1,294 | -1,306 | 12 |
| Current tax liabilities | -25 | -88 | 63 |
| Other current liabilities | -212 | -209 | -3 |
| Total working capital (B) | -2,174 | -1,662 | -512 |
| Gross invested capital (C=A+B) | 15,300 | 16,040 | -740 |
| Non-current non-financial liabilities | | | |
| Non-current portion of provisions for construction services required by contract | -2,639 | -2,840 | 201 |
| Non-current provisions | -928 | -1,064 | 136 |
| Deferred tax liabilities | -580 | -588 | 8 |
| Other non-current liabilities | -27 | -33 | 6 |
| Total non-current non-financial liabilities (D) | -4,174 | -4,525 | 351 |
| NET INVESTED CAPITAL (E=C+D) | 11,126 | 11,515 | -389 |
| Equity | | | |
| Issued capital | 622 | 622 | - |
| Reserves and retained earnings | 860 | 847 | 13 |
| Profit/(Loss) for the year after payment of interim dividend | 618 | 518 | 100 |
| Total equity (F) | 2,100 | 1,987 | 113 |
| Net debt/(net funds) | | | |
| Non-current net debt/(net funds) | | | |
| Non-current financial liabilities | 10,235 | 10,964 | -729 |
| Bond issues | 7,500 | 8,093 | -593 |
| Medium/long-term borrowings | 2,299 | 2,442 | -143 |
| Non-current derivative liabilities | 436 | 429 | 7 |
| Non-current financial assets | -634 | -638 | 4 |
| Non-current financial assets deriving from government grants | -192 | -184 | -8 |
| Non-current term deposits | -192 | -184 | -8 |
| Other non-current financial assets | -250 | -270 | 20 |
| Total non-current net debt/(net funds) (G) | 9,601 | 10,326 | -725 |
| Current net debt/(net funds) | | | |
| Current financial liabilities | 994 | 1,971 | -977 |
| Short-term borrowings | - | 530 | -530 |
| Intercompany current account payables due to related parties | 49 | 57 | -8 |
| Current portion of medium/long-term borrowings | 945 | 1,381 | -436 |
| Other current financial liabilities | - | 3 | -3 |
| Cash and cash equivalents | -1,495 | -2,627 | 1,132 |
| Cash | -840 | -1,773 | 933 |
| Cash equivalents | - | -80 | 80 |
| Intercompany current account receivables due from related parties | -655 | -774 | 119 |
| Current financial assets | -74 | -142 | 68 |
| Current financial assets deriving from government grants | -22 | -52 | 30 |
| Current term deposits | -21 | -50 | 29 |
| Current portion of other medium/long-term financial assets | -29 | -32 | 3 |
| Other current financial assets | -2 | -8 | 6 |
| Total current net debt/(net funds) (H) | -575 | -798 | 223 |
| Total net debt/(net funds) (I=G+H) ⁽¹⁾ | 9,026 | 9,528 | -502 |
| NET DEBT AND EQUITY (L=F+I) | 11,126 | 11,515 | -389 |

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

(1) Net debt includes non-current financial assets, unlike the financial position shown in the notes to the 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 €4,174 million, are down €351 million (€4,525 million as at 31 December 2017), essentially due to:

- a) a reduction of €201 million in the non-current portion of provisions for construction services required by contract, primarily reflecting an updated estimate of the current portion (€344 million) based on the estimated services to be carried out in the next twelve months, partially offset by an updated estimate of construction services yet to be carried out (€130 million);
- b) a reduction of €129 million in the non-current portion of provisions for repair and replacement of motorway infrastructure, linked to the updated present value of estimates of the cost on completion of the works to be covered by the provisions.

As a result, **“Net invested capital”** amounts to €11,126 million (€11,515 million as at 31 December 2017).

“Equity” as at 31 December 2018 amounts to €2,100 million, an increase of €113 million compared with 31 December 2017 (€1,987 million). This essentially reflects:

- a) comprehensive income for the period (€603 million);
- b) recognition, in distributable equity reserves, of the impact of first-time adoption of IFRS 9, described above in the “Introduction”, totalling €26 million after the related taxation;
- c) payment of the final dividend for 2017, totalling €518 million;
- d) formation of the reserve, amounting to €2 million after the related taxation, resulting from the above sale of Infoblu, in accordance with the accounting standards applicable to transactions under common control.

STATEMENT OF CHANGES IN EQUITY

| €m | Issued capital | Other reserves and retained earnings | | | | Total other reserves and retained earnings | Profit for the year after interim dividend | Total equity |
|--|----------------|--------------------------------------|---------------|-------------------------|--------------------------------------|--|--|--------------|
| | | Share premium reserve | Legal reserve | Cash flow hedge reserve | Other reserves and retained earnings | | | |
| Balance as at 31 December 2016 | 622 | 216 | 124 | -156 | 2,485 | 2,669 | 314 | 3,605 |
| Comprehensive income for the year | - | - | - | 45 | -1 | 44 | 968 | 1,012 |
| Owner transactions and other changes | | | | | | | | |
| Distribution of special dividend in kind, including effect on current taxation (OGM of 25 January) | - | - | - | - | -767 | -767 | - | -767 |
| Final dividend for 2016 (€0.505 per share, AGM of 21 April 2017) | - | - | - | - | - | - | -314 | -314 |
| Interim dividend (€0.724 per share) | - | - | - | - | - | - | -450 | -450 |
| Distribution of part of "Reserve for transactions under common control" (AGM of 21 April 2017) | - | - | - | - | -1,101 | -1,101 | - | -1,101 |
| Share-based incentive plans | - | - | - | - | 2 | 2 | - | 2 |
| Balance as at 31 December 2017 | 622 | 216 | 124 | -111 | 618 | 847 | 518 | 1,987 |
| Impact of first-time adoption of IFRS 9 from 1 January 2018 and related taxation | - | - | - | - | 26 | 26 | - | 26 |
| 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 |

“**Net debt**” as at 31 December 2018 amounts to €9,026 million, down €502 million compared with 31 December 2017 (€9,528 million).

“**Non-current net debt**” of €9,601 million is down €725 million compared with 31 December 2017 (€10,326 million), essentially following the reclassification, to current financial liabilities, of the balance of the bond issue maturing in February 2019 (€593 million) and of portions of bank borrowings to be repaid by the end of 2019 (€125 million), as well as recognition of the impact of first-time adoption of IFRS 9 (€34 million).

As at 31 December 2018, “**Current net funds**” amount to €575 million (€798 million as at 31 December 2017), a reduction of €223 million. The change primarily reflects the above reclassifications of bonds and bank borrowings (totalling €718 million) and cash generated during the year (€446 million), as described in the section, “Cash flow”.

8% of the Company’s debt is denominated in currencies other than the euro (sterling and yen) as at 31 December 2018. Taking into the 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 six years as at 31 December 2018. 100% 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 2018 was approximately 3.5% (3.6% in 2017).

As at 31 December 2018, the Company has cash reserves (cash, term deposits and undrawn committed lines of credit) of €2,959 million, consisting of:

- a) €1,446 million in investments and cash maturing in the short term, including net short-term debt to Atlantia Group companies, essentially relating to Autostrade per l’Italia’s role as a provider of centralised treasury management;
- b) €213 million in term deposits to cover the cost of works to be carried out;
- c) €1,300 million in undrawn committed lines of credit. The Company has lines of credit with a weighted average residual term to maturity of approximately six years and seven months and a weighted average residual drawdown period of approximately three years.

Cash flow

“**Net cash from operating activities**” amounts to €1,528 million, down €309 million compared with the figure for 2017 (€1,837 million). The reduction primarily reflects a combination of the following:

- a) the cash outflow compared with the previous year used for operating capital and other non-financial assets and liabilities (€337 million), primarily due to the performance of current tax liabilities (€168 million) and the different performances of trading assets and liabilities, as commented on above (€176 million);
- b) operating cash flow of €1,641 million, marking an increase of €28 million compared with the comparative period (€1.613 million), broadly due to cash from operating activities.

“**Cash used for investment in non-financial assets**”, totalling €564 million, reflects capital expenditure (€551 million) and purchases of investments after proceeds from disposals (€13 million), as described in the section on the financial position. Cash flow for 2017, on the other hand, benefitted from the return of capital reserves by Autostrade dell’Atlantico in January 2017 (€398 million).

“**Net equity cash outflows**” include payment of the final dividend for the previous year, totalling €518 million. In 2017, the outflow reflected distribution of a portion of the “Reserve for transactions under common control”, totalling €1,101 million, in addition to payment of the final dividend for 2016, totalling €314 million, and the interim dividend for 2017, totalling €450 million.

The **change in net debt** was influenced by the following in 2018:

- a) an increase of €20 million in after-tax fair value losses on cash flow hedges recognised in comprehensive income;
- b) other changes in financial assets and liabilities, totalling €78 million, essentially due to:
 - 1) the reduction (€34 million) in non-current financial liabilities, recognised as a contra entry for equity reserves, following first-time adoption of IFRS 9;
 - 2) the recognition of non-cash financial income in profit or loss (€44 million) following release of the accrued portion of the fair value of bond issues denominated in foreign currencies and the positive movement in the value of Cross Currency Swaps (included in the issuer substitution completed in December 2016).

In 2017, there was a reduction of €39 million in after-tax fair value losses on cash flow hedges, non-cash financial income recognised in comprehensive income (€41 million) following release of the accrued portion of the fair value of bond issues denominated in foreign currencies and the positive movement in the value of Cross Currency Swaps (included in the issuer substitution), and financial expenses (€21 million) resulting from the reclassification to profit or loss of the equity reserve for losses on Forward-Starting Interest Rate Swaps (reflecting the buyback of a portion of certain bond issues and the concomitant issuance of new bonds).

The above cash flows have, therefore, resulted in an **overall decrease in net debt** of €502 million (an increase of €60 million in 2017).

STATEMENT OF CHANGES IN NET DEBT ^(*)

| €m | 2018 | 2017 |
|---|---------------|---------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Profit for the year | 618 | 968 |
| Adjusted by: | | |
| Amortisation and depreciation | 571 | 565 |
| Operating change in provisions | 482 | -7 |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | 29 | 24 |
| (Reversals of impairment losses)/Impairment losses on investments | -1 | -4 |
| Impairment losses/(Reversals of impairment losses) on current and non-current assets | 2 | 1 |
| (Gains)/Losses on sale of non-current assets | - | -1 |
| Net change in deferred tax (assets)/liabilities through profit or loss | -12 | 115 |
| Other non-cash costs (income) | -48 | -48 |
| Operating cash flow | 1,641 | 1,613 |
| Change in operating capital | -30 | 145 |
| Other changes in non-financial assets and liabilities | -83 | 79 |
| Net cash generated from/(used in) operating activities (A) | 1,528 | 1,837 |
| NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS | | |
| Investment in assets held under concession | -508 | -494 |
| Purchases of property, plant and equipment | -21 | -17 |
| Purchases of other intangible assets | -22 | -19 |
| Capital expenditure | -551 | -530 |
| Government grants related to assets held under concession | - | 1 |
| Purchases of investments | -28 | - |
| Proceeds from sale of property, plant and equipment, intangible assets and investments | 15 | 1 |
| Repayment of capital reserves by subsidiaries | - | 398 |
| Net cash from/(used in) investment in non-financial assets [b] | -564 | -130 |
| NET EQUITY CASH INFLOWS/(OUTFLOWS) | | |
| Distribution of equity reserves | - | -1,101 |
| Dividends declared | -518 | -764 |
| Net equity cash inflows/(outflows) [c] | -518 | -1,865 |
| Increase/(Decrease) in cash and cash equivalents during year [a+b+c] | 446 | -158 |
| OTHER CHANGES IN NET DEBT | | |
| Change in fair value of hedging derivatives | -20 | 39 |
| Financial income/(expenses) accounted for as an increase in financial assets/(liabilities) | -2 | -2 |
| Other change in financial assets and liabilities | 78 | 61 |
| Other changes in net debt [d] | 56 | 98 |
| Decrease/(Increase) in net debt for year [a+b+c+d] | 502 | -60 |
| Net debt at beginning of year | -9,528 | -9,468 |
| Net debt at end of year | -9,026 | -9,528 |

(*) 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.

RECONCILIATION OF AUTO TRADE PER L'ITALIA SpA'S INCOME STATEMENT WITH THE RECLASSIFIED INCOME STATEMENT

| €m | 2018 | | | | | | 2017 | | | | | |
|---|----------------|-----------|---------------|--------------------|-----------|---------------|----------------|-----------|---------------|--------------------|-----------|---------------|
| | Reported basis | | | Reclassified basis | | | Reported basis | | | Reclassified basis | | |
| | Ref. | Sub-items | Main entries | Ref. | Sub-items | Main entries | Ref. | Sub-items | Main entries | Ref. | Sub-items | Main entries |
| Reconciliation of items | | | | | | | | | | | | |
| Toll revenue | | | 3,370 | | | 3,370 | | | 3,321 | | | 3,321 |
| Revenue from construction services | | | 154 | | | | | | 95 | | | |
| Revenue from construction services - government grants and cost of materials and external services | (a) | 136 | | | | | (a) | 82 | | | | |
| Capitalised staff costs - construction services for which additional economic benefits are received | (b) | 8 | | | | | (b) | 5 | | | | |
| Revenue from construction services: capitalised financial expenses | (c) | 4 | | | | | (c) | 1 | | | | |
| Revenue from construction services provided by sub-operators | (d) | 6 | | | | | (d) | 7 | | | | |
| Other revenue | (e) | | 285 | | | | (e) | | 293 | | | |
| Other operating income | | | | (e+d) | | 292 | | | | (e+d) | | 300 |
| Total revenue | | | 3,809 | | | | | | 3,709 | | | |
| TOTAL OPERATING REVENUE | | | | | | 3,662 | | | | | | 3,621 |
| Raw and consumable materials | | | -106 | | | -106 | | | -78 | | | -78 |
| Service costs | | | -774 | | | -774 | | | -812 | | | -812 |
| Gain/(Loss) on sale of elements of property, plant and equipment | | | - | | | - | | | 1 | | | 1 |
| Other operating costs | | | -555 | | | | | | -506 | | | |
| Concession fees | (a) | | -445 | | | | (a) | | -442 | | | |
| Lease expense | | | -8 | | | -8 | | | -6 | | | -6 |
| Other | | | -102 | | | -102 | | | -58 | | | -58 |
| Use of provisions for construction services required by contract | | | | (g) | | 341 | | | | (g) | | 388 |
| Revenue from construction services: government grants and capitalised cost of materials and external services | | | | (a) | | 136 | | | | (a) | | 82 |
| COST OF MATERIALS AND EXTERNAL SERVICES | | | | | | -513 | | | | | | -483 |
| CONCESSION FEES | | | | (a) | | -445 | | | | (a) | | -442 |
| Staff costs | (f) | | -401 | | | | (f) | | -411 | | | |
| NET STAFF COSTS | | | | (f+b+h) | | -373 | | | | (f+b+h) | | -388 |
| OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS | | | | | | -483 | | | | | | 8 |
| Operating change in provisions | | | -483 | | | | | | 8 | | | |
| (Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure | | | -402 | | | -402 | | | 17 | | | 17 |
| (Provisions)/Uses of provisions for risks and charges | | | -81 | | | -81 | | | -9 | | | -9 |
| (Impairment losses)/Reversals of impairment losses on current assets | | | | (k) | | - | | | | (k) | | - |
| TOTAL NET OPERATING COSTS | | | | | | -1,814 | | | | | | -1,305 |
| GROSS OPERATING PROFIT (EBITDA) | | | | | | 1,848 | | | | | | 2,316 |
| Use of provisions for construction services required by contract | | | 361 | | | | | | 406 | | | |
| Use of provisions for construction services required by contract | (g) | 341 | | | | | (g) | 388 | | | | |
| Capitalised staff costs - construction services for which no additional economic benefits are received | (h) | 20 | | | | | (h) | 18 | | | | |
| Amortisation and depreciation | (i) | | -571 | | | | (i) | | -566 | | | |
| Depreciation of property, plant and equipment | | | -19 | | | | | | -20 | | | |
| Depreciation of investment property | | | - | | | - | | | -1 | | | |
| Amortisation of intangible assets deriving from concession rights | | | -533 | | | | | | -530 | | | |
| Amortisation of other intangible assets | | | -19 | | | | | | -15 | | | |
| (Impairment losses)/Reversals of impairment losses on current and non-current assets | (j) | | -2 | | | | (j) | | -1 | | | |
| (Impairment losses)/Reversals of impairment losses on property, plant and equipment | (k) | | -2 | | | | (k) | | -1 | | | |
| (Impairment losses)/Reversals of impairment losses on other assets | | | | | | | | | | | | |
| AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES | | | | (i+j+k) | | -573 | | | | (i+j+k) | | -567 |
| TOTAL COSTS | | | -2,530 | | | | | | -1,959 | | | |
| OPERATING PROFIT/(LOSS) | | | 1,279 | | | | | | 1,750 | | | |
| OPERATING PROFIT/(LOSS) (EBIT) | | | | | | 1,275 | | | | | | 1,749 |
| Financial income | | | 151 | | | | | | 173 | | | |
| Dividends received from investees | | | 40 | | | 40 | | | 50 | | | 50 |
| Reversal of impairment losses on financial assets and investments | (l) | | 1 | | | | (l) | | 4 | | | |
| Other financial income | (m) | | 110 | | | | (m) | | 119 | | | |
| Financial expenses | | | -548 | | | | | | -575 | | | |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | | | -29 | | | -29 | | | -24 | | | -24 |
| Impairment losses on financial assets and investments | (n) | | - | | | | (n) | | - | | | |
| Other financial expenses | (o) | | -519 | | | | (o) | | -551 | | | |
| Foreign exchange gains/(losses) | (p) | | - | | | | (p) | | - | | | |
| Reversals of impairment losses/(impairment losses) on investments | | | | (i+n) | | 1 | | | | (i+n) | | 4 |
| Other financial expenses, after other financial income | | | | (m+o+p) | | -409 | | | | (m+o+p) | | -432 |
| Capitalised financial expenses on intangible assets deriving from concession rights | | | | (c) | | 4 | | | | (c) | | 1 |
| FINANCIAL INCOME/(EXPENSES) | | | -397 | | | | | | -402 | | | |
| PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS | | | 882 | | | 882 | | | 1,348 | | | 1,348 |
| Income tax (expense)/benefit | | | -264 | | | -264 | | | -380 | | | -380 |
| Current tax expense | | | -283 | | | | | | -274 | | | |
| Differences on tax expense for previous years | | | 7 | | | | | | 9 | | | |
| Deferred tax income and expense | | | 12 | | | | | | -115 | | | |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | | | 618 | | | 618 | | | 968 | | | 968 |
| Dividends, after the related taxation, from discontinued operations | | | - | | | - | | | - | | | - |
| PROFIT FOR THE YEAR | | | 618 | | | 618 | | | 968 | | | 968 |

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

| €m | 31 December 2018 | | | | | 31 December 2017 | | | | |
|---|------------------|---------------|--------------------|-----------|---------------|------------------|---------------|--------------------|-----------|---------------|
| | Reported basis | | Reclassified basis | | | Reported basis | | Reclassified basis | | |
| | Ref. | Main entries | Ref. | Sub-items | Main entries | Ref. | Main entries | Ref. | Sub-items | Main entries |
| Reconciliation of items | | | | | | | | | | |
| Non-current non-financial assets | | | | | | | | | | |
| Property, plant and equipment | (a) | 75 | | | 75 | (a) | 74 | | | 74 |
| Intangible assets | (b) | 17,157 | | | 17,157 | (b) | 17,403 | | | 17,403 |
| Investments | (c) | 242 | | | 242 | (c) | 225 | | | 225 |
| Other non-current assets | (d) | - | | | - | (d) | - | | | - |
| Total non-current non-financial assets (A) | | | | | 17,474 | | | | | 17,702 |
| Working capital | | | | | | | | | | |
| Trading assets | (e) | 493 | | | 493 | (e) | 465 | | | 465 |
| Current tax assets | (f) | 24 | | | 24 | (f) | 24 | | | 24 |
| Other current assets | (g) | 62 | | | 62 | (g) | 66 | | | 66 |
| 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) | -405 | | | -405 | (h) | -422 | | | -422 |
| Current provisions | (i) | -821 | | | -821 | (i) | -196 | | | -196 |
| Trading liabilities | (j) | -1,294 | | | -1,294 | (j) | -1,306 | | | -1,306 |
| Current tax liabilities | (k) | -25 | | | -25 | (k) | -88 | | | -88 |
| Other current liabilities | (l) | -212 | | | -212 | (l) | -209 | | | -209 |
| Total working capital (B) | | | | | -2,174 | | | | | -1,662 |
| Gross invested capital (C=A+B) | | | | | 15,300 | | | | | 16,040 |
| Non-current non-financial liabilities | | | | | | | | | | |
| Non-current portion of provisions for construction services required by contract | (m) | -2,639 | | | -2,639 | (m) | -2,840 | | | -2,840 |
| Non-current provisions | (n) | -928 | | | -928 | (n) | -1,064 | | | -1,064 |
| Deferred tax liabilities | (o) | -580 | | | -580 | (o) | -588 | | | -588 |
| Other non-current liabilities | (p) | -27 | | | -27 | (p) | -33 | | | -33 |
| Total non-current non-financial liabilities (D) | | | | | -4,174 | | | | | -4,525 |
| NET INVESTED CAPITAL (E=C+D) | | | | | 11,126 | | | | | 11,515 |
| Total equity (F) | | 2,100 | | | 2,100 | | 1,987 | | | 1,987 |
| Net debt/(Net funds) | | | | | | | | | | |
| Non-current net debt/(net funds) | | | | | | | | | | |
| Non-current financial liabilities | (q) | 10,235 | | | 10,235 | (q) | 10,964 | | | 10,964 |
| Non-current financial assets | (r) | -634 | | | -634 | (r) | -638 | | | -638 |
| Total non-current net debt/(net funds) (G) | | | | | 9,601 | | | | | 10,326 |
| Current net debt/(net funds) | | | | | | | | | | |
| Current financial liabilities | (s) | 994 | | | 994 | (s) | 1,971 | | | 1,971 |
| Short-term borrowings | | - | | | - | 530 | | | 530 | |
| Current derivative liabilities | | - | | | - | - | | | - | |
| Intercompany current account payables due to related parties | | 49 | | 49 | 49 | 57 | | 57 | 57 | |
| Current portion of medium/long-term borrowings | | 945 | | 945 | 945 | 1,381 | | 1,381 | 1,381 | |
| Other current financial liabilities | | - | | - | - | 3 | | 3 | 3 | |
| Cash and cash equivalents | (t) | -1,495 | | | -1,495 | (t) | -2,627 | | | -2,627 |
| Cash | | -840 | | -840 | -840 | -1,773 | | -1,773 | -1,773 | |
| Cash equivalents | | - | | - | - | -80 | | -80 | -80 | |
| Intercompany current account receivables due from related parties | | 655 | | 655 | 655 | -774 | | -774 | -774 | |
| Current financial assets | (u) | -74 | | | -74 | (u) | -142 | | | -142 |
| Current financial assets deriving from government grants | | -22 | | -22 | -22 | -52 | | -52 | -52 | |
| Current term deposits | | -21 | | -21 | -21 | -50 | | -50 | -50 | |
| Current derivative assets | | - | | - | - | - | | - | - | |
| Current portion of other medium/long-term financial assets | | -29 | | -29 | -29 | -32 | | -32 | -32 | |
| Other current financial assets | | -2 | | -2 | -2 | -8 | | -8 | -8 | |
| Total current net debt (H) | | | | | -575 | | | | | -798 |
| Total net debt (I=G+H) | | | | | 9,026 | | | | | 9,528 |
| NET DEBT AND EQUITY (L=F+I) | | | | | 11,126 | | | | | 11,515 |
| Investments held for sale or for distribution to shareholders or related to discontinued operations | (v) | 4 | | | 4 | (v) | 4 | | | 4 |
| Liabilities related to discontinued operations | (-w) | - | | | - | (-w) | - | | | - |
| TOTAL NON-CURRENT ASSETS | (a+b+c+d-r) | 18,108 | | | 18,108 | (a+b+c+d-r) | 18,340 | | | 18,340 |
| TOTAL CURRENT ASSETS | (e+f+g-t-u+v) | 2,152 | | | 2,152 | (e+f+g-t-u+v) | 3,329 | | | 3,329 |
| TOTAL NON-CURRENT LIABILITIES | (-m-n-o-p+q) | 14,409 | | | 14,409 | (-m-n-o-p+q) | 15,489 | | | 15,489 |
| TOTAL CURRENT LIABILITIES | (-h-i-j-k+l+s-w) | 3,753 | | | 3,753 | (-h-i-j-k+l+s-w) | 4,192 | | | 4,192 |

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

| €m | | 2018 | | 2017 | |
|---|-------|--------------------------------|----------------------------|--------------------------------|----------------------------|
| Reconciliation of items | Note | Statement of cash flows | Changes in net debt | Statement of cash flows | Changes in net debt |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | | | | |
| Profit for the year | | 618 | 618 | 968 | 968 |
| Adjusted by: | | | | | |
| Amortisation and depreciation | | 571 | 571 | 565 | 565 |
| Operating change in provisions | | 482 | 482 | -7 | -7 |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | | 29 | 29 | 24 | 24 |
| (Reversal of impairment losses)/Impairment losses on investments | | -1 | -1 | -4 | -4 |
| Impairment losses/(Reversal of impairment losses) on current and non-current assets | | 2 | 2 | 1 | 1 |
| (Gains)/Losses on sale of non-current assets | | - | - | -1 | -1 |
| Net change in deferred tax (assets)/liabilities through profit or loss | | -12 | -12 | 115 | 115 |
| Other non-cash costs (income) | | -48 | -48 | -48 | -48 |
| Operating cash flow | | | 1,641 | | 1,613 |
| Change in operating capital | (a) | | -30 | | 145 |
| Other changes in non-financial assets and liabilities | (b) | | -83 | | 79 |
| Change in working capital and other changes | (a+b) | -113 | | 224 | |
| Net cash generated from/(used in) operating activities (A) | | 1,528 | 1,528 | 1,837 | 1,837 |
| NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS | | | | | |
| Investment in assets held under concession | | -508 | -508 | -494 | -494 |
| Purchases of property, plant and equipment | | -21 | -21 | -17 | -17 |
| Purchases of other intangible assets | | -22 | -22 | -19 | -19 |
| Capital expenditure | | | -551 | | -530 |
| Government grants related to assets held under concession | | - | - | 1 | 1 |
| Purchases of investments | | -28 | -28 | - | - |
| Return of capital reserves by subsidiaries | | - | - | 398 | 398 |
| Proceeds from sales of property, plant and equipment, intangible assets and investments | | 15 | 15 | 1 | 1 |
| Net change in current and non-current financial assets | (c) | 73 | | -21 | |
| Net cash from/(used in) investment in non-financial assets (B) | (d) | | -564 | | -130 |
| Net cash generated from/(used in) investing activities (C) | (d-c) | -491 | | -151 | |
| NET EQUITY CASH INFLOWS/(OUTFLOWS) | | | | | |
| Distribution of equity reserves | | - | - | -1,101 | -1,101 |
| Dividends declared | (e) | | -518 | | -764 |
| Dividends paid | (f) | -518 | | -764 | |
| Net equity cash inflows/(outflows) (D) | | | -518 | | -1,865 |
| Net cash (used)/generated during year (A+B+D) | | | 446 | | -158 |
| Repayment of loans from parent | | -1,000 | | - | |
| Issuance of bonds | | - | | 131 | |
| Bond redemptions | | - | | -506 | |
| Repayments of medium/long term borrowings | | -122 | | -162 | |
| Net change in other current and non-current financial liabilities | | -521 | | 604 | |
| Net cash generated from/(used in) financing activities (E) | | -2,161 | | -1,798 | |
| OTHER CHANGES IN NET DEBT | | | | | |
| Change in fair value of hedging derivatives | (g) | | -20 | | 39 |
| Financial income/(expenses) accounted for as an increase in financial assets/(liabilities) | (h) | | -2 | | -2 |
| Change in financial liabilities arising from issuer substitution | (i) | | - | | - |
| Other changes in financial assets and liabilities | (j) | | 78 | | 61 |
| Other changes in net debt (F) | | | 56 | | 98 |
| (Increase)/Decrease in net debt for year (A+B+D+F) | | | 502 | | -60 |
| Net debt at beginning of year | | | -9,528 | | -9,468 |
| Net debt at end of year | | | -9,026 | | -9,528 |
| (Decrease)/Increase in cash and cash equivalents during year (A+C+E+G) | | -1,124 | | -112 | |
| NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 2,570 | | 2,682 | |
| NET CASH AND CASH EQUIVALENTS AT END OF YEAR | | 1,446 | | 2,570 | |

Notes:

- a) the "Change in operating capital" shows the change in trade-related items directly linked to the Company's ordinary activities (in particular: inventories, trading assets and trading liabilities);
- b) the "Change in other non-financial assets and liabilities" shows the change in items of a non-trading nature (in particular: current tax assets and liabilities, other current assets and liabilities, current provisions for construction services required by contract and other provisions);
- c) the "Net change in current and non-current financial assets" is not shown in the "Statement of changes in net debt", as it does not have an impact on net debt;
- d) "Net cash (used in)/from investment in non-financial assets" excludes changes in the financial assets and liabilities referred to in note c) that do not have an impact on net debt;
- e) "Dividends declared" regard the portion of dividends declared by the Company, regardless of the period of payment;
- f) "Dividends paid" refer to amounts effectively paid during the reporting period;
- g) the amount represents the change in the fair value of cash flow hedges, before the related taxation, as shown in "Fair value gains/(losses) on cash flow hedges" in the statement of comprehensive income;
- h) this item essentially includes financial income and expenses in the form of interest linked to loans requiring the repayment of principal and interest accrued at maturity; the financial assets are described in note 6.4 and the financial liabilities are described in note 6.14 in the financial statements;
- i) the "Change in financial liabilities due to the issuer substitution" reflects the impact of the issuer substitution completed at the end of 2016 on the change in net debt.
- j) the item, "Other changes in financial assets and liabilities" includes non-cash financial income from the change in the fair value of foreign currency bonds and derivatives, and non-cash financial expenses linked to reclassifications to profit or loss of the equity reserve for losses on Forward-Starting Interest Rate Swaps.

2.4 Key performance indicators for Group companies

| €m | OPERATING REVENUE ⁽¹⁾ | | |
|--|----------------------------------|--------------|-------------------------------------|
| | 2018 | 2017 | Increase/ (Decrease) Absolute |
| Autostrade per l'Italia | 3,662 | 3,621 | 41 |
| Autostrade Meridionali | 93 | 92 | 1 |
| Tangenziale di Napoli | 73 | 70 | 3 |
| Società Italiana per il Traforo del Monte Bianco | 62 | 62 | - |
| Autostrada Tirrenica | 40 | 40 | - |
| Essediesse | 27 | 27 | - |
| Raccordo Autostradale Valle d'Aosta | 29 | 20 | 9 |
| Giove Clear | 14 | 12 | 2 |
| Ad Moving | 7 | 7 | - |
| Autostrade Tech | 66 | 59 | 7 |
| Infoblu ⁽²⁾ | 1 | 5 | -4 |
| Consolidation adjustments | -70 | -70 | - |
| TOTAL AUTOSTRADE PER L'ITALIA GROUP | 4,004 | 3,945 | 59 |

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

⁽²⁾ Infoblu contributes 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.

| EBITDA ⁽¹⁾ | | | CAPITAL EXPENDITURE ⁽¹⁾ | | |
|-----------------------|--------------|-------------------------|------------------------------------|------------|-------------------------|
| 2018 | 2017 | Increase/ (Decrease) | 2018 | 2017 | Increase/ (Decrease) |
| Absolute | | | Absolute | | |
| 1,848 | 2,316 | -468 | 551 | 530 | 21 |
| 30 | 35 | -5 | 8 | 2 | 6 |
| 31 | 25 | 6 | 4 | 13 | -9 |
| 34 | 34 | - | 6 | 3 | 3 |
| 22 | 22 | - | 18 | 5 | 13 |
| 2 | 2 | - | - | - | - |
| 14 | 6 | 8 | 1 | - | 1 |
| 1 | 1 | - | - | - | - |
| - | - | - | - | - | - |
| 9 | 10 | -1 | 5 | 2 | 3 |
| - | 1 | -1 | - | 1 | -1 |
| - | - | - | - | - | - |
| 1,991 | 2,452 | -461 | 593 | 556 | 37 |

2.5 Group operating review

Traffic

Traffic on the Group's motorway network in 2018 is up 0.2% compared with the previous year. The number of kilometres travelled by vehicles with 2 axles is down 0.2%, whilst the figure for those with 3 or more axles is up 2.3%.

The performance for 2018, compared with 2017, reflects the negative impact of the heavy snowfall seen between the end of February and early March. After stripping out this factor, traffic on Autostrade per l'Italia network in 2018 is up 0.5%⁽¹⁾.

TRAFFIC ON THE NETWORK OPERATED UNDER CONCESSION IN ITALY IN 2018

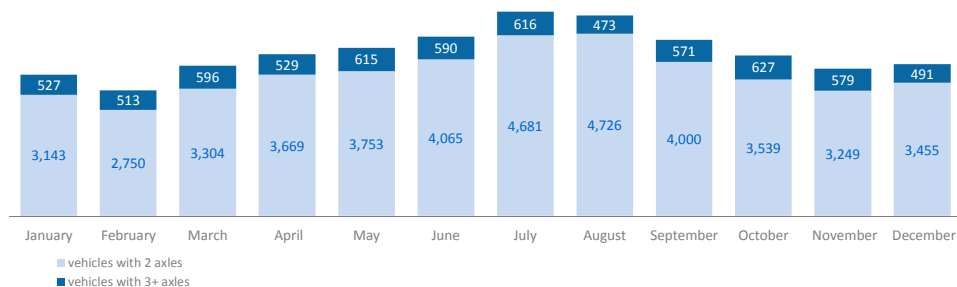
| Motorway section | Vehicle per km (in millions) | | | | ATVD 2018 * |
|--------------------------------------|------------------------------|-------------------------------|-----------------|--------------------------------|---------------|
| | Vehicles with 2 axles | Vehicles with 3 or more axles | Total vehicles | % increase/ (decrease) on 2017 | |
| A1 Milan-Naples | 15,447.0 | 2,979.3 | 18,426.3 | 0.7 | 62,829 |
| A4 Milan-Brescia | 3,307.8 | 442.0 | 3,749.8 | -0.3 | 109,875 |
| A7 Serravalle-Genoa | 521.0 | 82.0 | 602.9 | -0.4 | 33,036 |
| A8/A9 Milan-Lakes | 2,415.3 | 145.5 | 2,560.8 | 0.5 | 90,296 |
| A8/26 spur | 482.7 | 31.2 | 514.0 | 0.1 | 58,673 |
| A10 Genoa-Savona | 716.4 | 93.2 | 809.7 | -6.9 | 48,752 |
| A11 Florence-Coast | 1,432.2 | 111.1 | 1,543.4 | 0.3 | 51,755 |
| A12 Genoa-Sestri | 786.3 | 55.7 | 842.0 | -3.8 | 47,366 |
| A12 Rome-Civitavecchia | 608.1 | 41.2 | 649.3 | -1.3 | 27,202 |
| A13 Bologna-Padua | 1,745.4 | 329.2 | 2,074.6 | 1.6 | 44,650 |
| A14 Bologna-Taranto | 8,904.1 | 1,546.4 | 10,450.6 | 0.5 | 36,641 |
| A16 Naples-Canosa | 1,238.4 | 154.8 | 1,393.2 | -0.2 | 22,153 |
| A23 Udine-Tarvisio | 460.9 | 139.5 | 600.4 | -0.2 | 16,253 |
| A26 Genoa Voltri-Gravellona Toce | 1,782.0 | 294.3 | 2,076.3 | -2.1 | 23,228 |
| A27 Venice-Belluno | 726.5 | 59.3 | 785.8 | 3.3 | 26,190 |
| A30 Caserta-Salerno | 761.3 | 115.0 | 876.3 | 0.9 | 43,415 |
| Mestre Interchange | 41.2 | 6.0 | 47.2 | -0.4 | - |
| TOTAL AUTOSTRADE PER L'ITALIA | 41,376.6 | 6,625.8 | 48,002.5 | 0.2 | 46,071 |
| Autostrade Meridionali | 1,666.4 | 34.6 | 1,701.0 | -0.1 | 90,316 |
| Tangenziale di Napoli | 911.6 | 15.8 | 927.4 | 0.0 | 125,785 |
| Autostrada Tirrenica | 278.3 | 25.2 | 303.5 | -1.5 | 18,318 |
| Raccordo Autostradale Valle d'Aosta | 92.5 | 20.6 | 113.1 | -3.4 | 9,685 |
| Trafo del Monte Bianco | 8.0 | 3.5 | 11.6 | -1.8 | 5,462 |
| TOTAL ITALIAN OPERATORS | 44,333.5 | 6,725.6 | 51,059.1 | 0.2 | 46,481 |

Figures in millions of kilometres travelled, after rounding to the nearest decimal place.

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

⁽¹⁾ This figure was obtained by stripping out the negative impact of heavy snowfall between the end of February and early March 2018 from Autostrade per l'Italia's traffic performance.

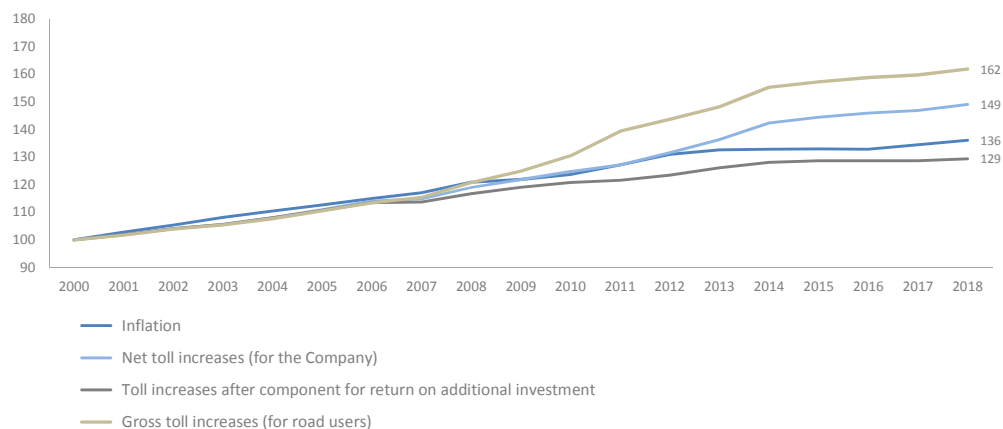
MONTHLY TRAFFIC TRENDS ON THE GROUP'S NETWORK (in millions of kilometres travelled)



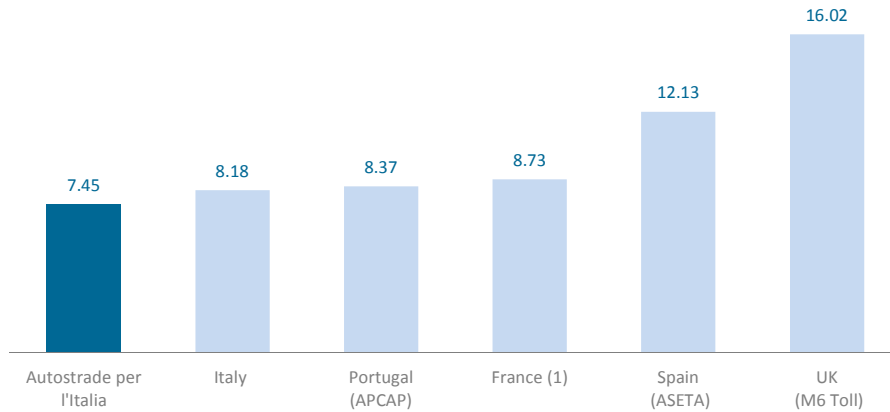
Toll increases

From 1 January 2018, Autostrade per l'Italia applied an overall toll increase of 1.51%, including 0.49% as the inflation-linked component, 0.64% to provide a return capital expenditure via the "X" tariff component and -0.04% to provide a return on investment via the "K" tariff component (the shortfall in the increase awarded for 2017 was recouped almost in full for both these components) and 0.43% to recover the reduction in revenue earned in the period from June 2014 to December 2017 as a result of the discounted tolls for frequent motorway users, introduced by the Memorandum of Understanding entered into with the Ministry. Regarding the shortfall in the increase with respect to the requested amount, equal to 0.01% (relating to the "X" component), the Grantor, following submission of additional documentation by Autostrade per l'Italia on 12 March 2018, deemed that the request was largely warranted, and therefore to be taken into account when determining the toll increase for 2019. Application of the remaining amounts was suspended, pending an update of the financial plan. Information on the toll increases applied by the Group's other motorway operators is provided in the section, "Significant regulatory aspects".

INFLATION AND TOLL INCREASES APPLIED BY AUTOSTRADE PER L'ITALIA (base 2000 =100)



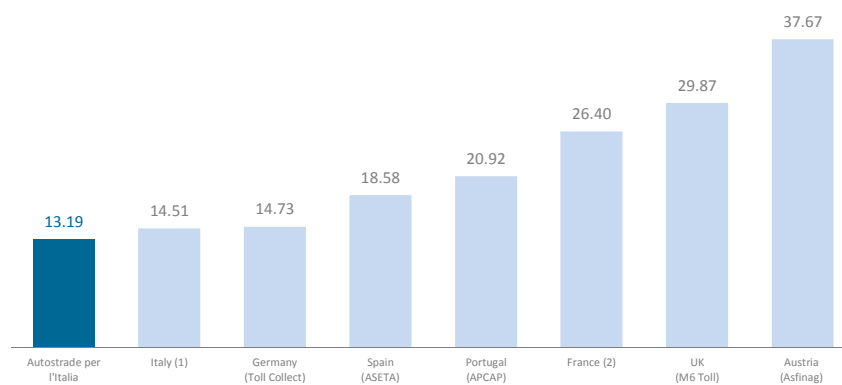
AVERAGE TOLLS FOR CARS IN EUROPE^(*) (VAT included, in € cents per km)



(*) Source: APCAP, ASETA, M6 Toll, ASECAP (2017 figures). The figures for 2018 are only available for Autostrade per l'Italia and the Italian network (source: AISCAT); updated figures for the other European countries in 2018 will only be available from ASECAP following the Association's Annual Conference in May 2019.

(1) The toll for 2017 has been estimated on the basis of the average increase of 0.76% applied on the motorway network from 1 February 2017, as reported in the French press.

AVERAGE TOLLS FOR HEAVY VEHICLES IN EUROPE^(*) (VAT included, 2017 in € cents per km km)



(*) Source: APCAP, ASETA, M6 Toll, ASECAP. The figures for 2018 are only available for Autostrade per l'Italia's network and AISCAT; updated figures for other European countries will only be available from ASECAP following the Association's Annual Conference in May 2019.

(2) The toll for 2017 has been estimated on the basis of the average increase of 0.76% applied on the motorway network from 1 February 2017, as reported in the French press.

Capital expenditure

Autostrade per l'Italia is in the process of implementing a programme of investment in major infrastructure projects under the original Agreement of 1997 and the IV Addendum of 2002, totalling €15.8 billion. 10 of the projects have been completed as at 31 December 2018, with the opening to traffic of 432 km of new lanes.

The purpose of this investment is to increase the capacity of the existing motorway network on the country's principal arteries, in order to improve traffic flow, road safety and service quality.

In addition to the above programme, Autostrade per l'Italia's new Single Concession Arrangement of 2007 also envisages further investment totalling €7 billion, via:

- extensions to projects already included in the Agreement of 1997, involving new specific network upgrades worth approximately €2 billion;
- a commitment to develop preliminary designs for the upgrade of certain sections of motorway operated under concession, totalling around 325 km, at a cost of approximately €5 billion.

| | Total km | Km opened to traffic | Value of project ⁽¹⁾ (€bn) | Stage of completion as at 31 December 2018 ⁽²⁾ (€bn) |
|---|------------|----------------------|---------------------------------------|---|
| AUTOSTRADE PER L'ITALIA | | | | |
| Agreement of 1997 | 232 | 199 | 7.2 | 6.2 |
| IV Addendum 2002 | 275 | 233 | 8.6 | 3.8 |
| Single Arrangement 2007 | 325 | - | 5.0 ⁽³⁾ | 0.1 |
| Other projects Agreement of 1997 | - | - | 2.0 | 0.5 |
| Total capital expenditure by Autostrade per l'Italia | 832 | 432 | 22.8 | 10.5 |
| SUBSIDIARIES | | | | |
| | Total km | Km opened to traffic | Value of project ⁽¹⁾ (€bn) | Stage of completion as at 31 December 2018 ⁽²⁾ (€bn) |
| Raccordo Autostradale Valle d'Aosta | 12 | 12 | 0.4 | 0.4 |
| Autostrade Meridionali | 20 | 20 | 0.6 | 0.6 |
| Società Autostrada Tirrenica | 59 | 19 | 0.8 | 0.3 |
| Total capital expenditure by subsidiaries | 91 | 51 | 1.8 | 1.3 |
| TOTAL GROUP INVESTMENT IN MAJOR WORKS | 923 | 484 | 24.6 | 11.8 |

(1) Total cost of carrying out the works, as assessed at 31 December 2018, 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".

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

(3) At the end of 2016, in accordance with the Grantor, following an integrated assessment of transport needs and competitiveness, 8 upgrade projects were identified as being "priority" in nature. The upgrades regard approximately 150 km of Autostrade per l'Italia's network and will cost approximately €2.4 billion to carry out.

Autostrade Meridionali and Raccordo Autostradale Valle d'Aosta have completed their planned investment in major works under their respective concession arrangements.

Autostrada Tirrenica opened the new section of motorway between Civitavecchia and Tarquinia to traffic in 2016. Completion of the remaining section from Tarquinia to Livorno is still at the planning stage and, at the end of 2017, a related financial plan was sent to the Grantor for initial examination. In line with the conclusions of the project review of the plan to

complete the road running down the Tyrrhenian coast (the “Tyrrhenian corridor”), conducted by the Ministry of Infrastructure and Transport, Autostrada Tirrenica is only to be responsible for construction of the section from Tarquinia to Ansedonia, plus an extra-urban link road between Ansedonia and Orbetello Scalo (amounting to a total estimated investment of approximately €0.6 billion). This plan is subject to fulfilment of the related technical and financial conditions and receipt of the necessary consents, to be verified together with execution of a memorandum of understanding and an addendum to the Concession Arrangement, which is to include a viable financial plan.

Upgrade and modernisation of the network operating under concession

Autostrade per l'Italia and the Group's other Italian operators invested a total of €593 million in 2018.

| (€m) | 2018 | 2017 |
|--|------------|------------|
| Autostrade per l'Italia - projects in Agreement of 1997 | 216 | 214 |
| Autostrade per l'Italia - projects in IV Addendum of 2002 | 121 | 71 |
| Autostrade per l'Italia: other capital expenditure (including capitalised costs) | 171 | 209 |
| Other operators (including capitalised costs) | 35 | 23 |
| Total investment in infrastructure operated under concession | 543 | 517 |
| Investment in other intangible assets | 27 | 21 |
| Investment in property, plant and equipment | 23 | 18 |
| Total capital expenditure | 593 | 556 |

With regard to the works envisaged in the Agreement of 1997, work continued in 2018 on widening 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 – and between Florence South and Incisa, where work is in progress on Lot 1 North.

Work is also continuing on completion of off carriageway works for the *Variante di Valico* and the Florence North-Florence South section.

In terms of the works contained in the IV Addendum of 2002, work continued on construction of link roads serving the Municipality of Fano, connected with the widening of the A14 motorway to three lanes, previously opened to traffic.

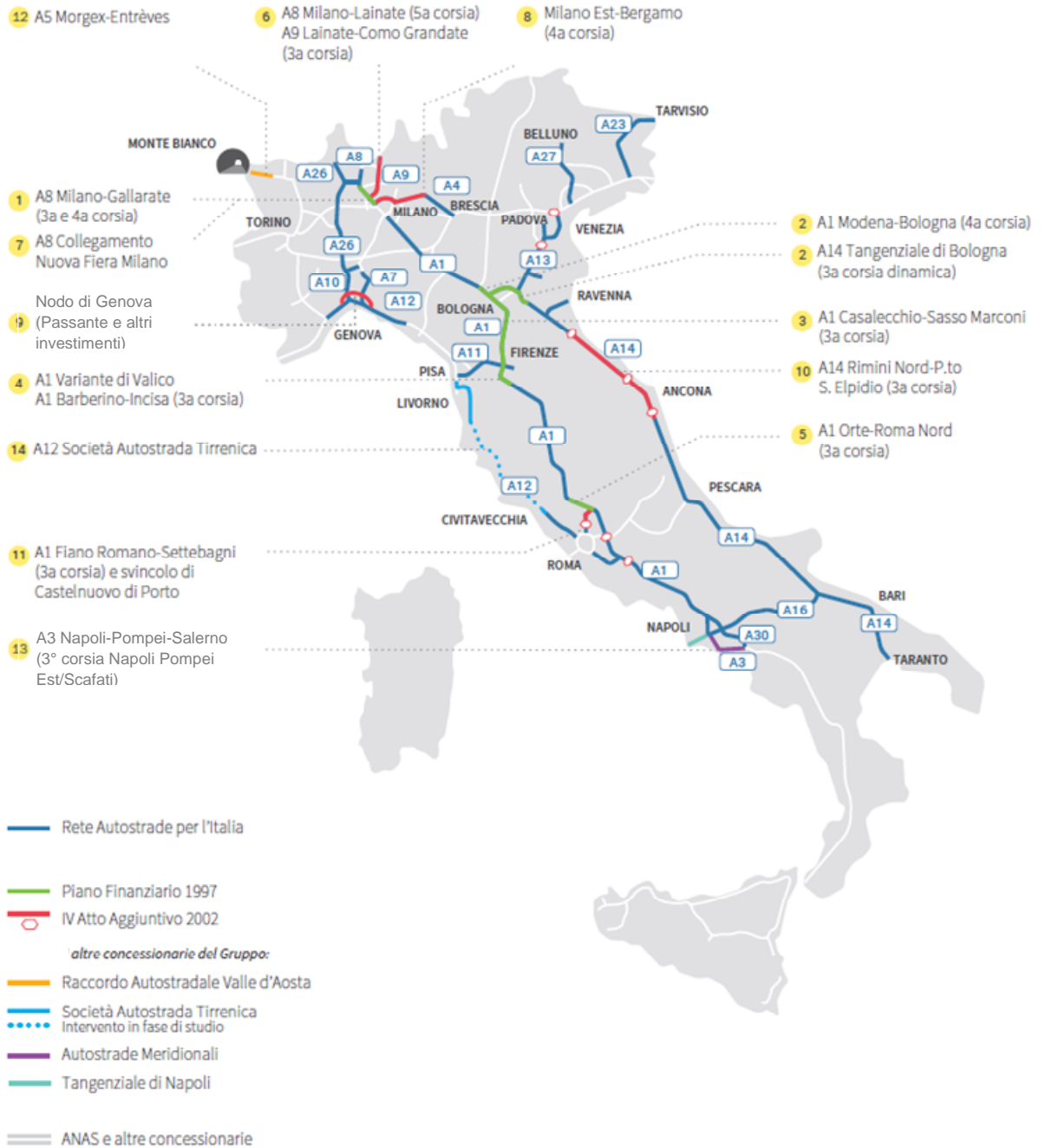
With regard to the new road and motorway system serving Genoa (the so-called "*Gronda di Genova*" or Genoa Bypass), the final design for which was approved by the Grantor in September 2017, the related detailed designs for all the 10 lots forming the project were submitted to the Ministry of Infrastructure and Transport between February and August. Preparations for the start-up of work are in progress whilst awaiting approval of the designs.

Autostrade per l'Italia's other capital expenditure includes approximately €51 million invested in major works, primarily construction of the fourth free-flow lane for the A4 in the Milan area, improvements to feeder roads for the Tuscan stretch of the A1 and work on the design for the new Bologna Interchange. This amount also includes disbursements provided for in agreements reached with local authorities in order to fund work on feeder roads forming part of the ordinary road network.

Stage of completion of works being carried out by Autostrade per l'Italia and the Group's other motorway operators

The following map and table show major works to be carried out as part of the upgrade of the network operated under concession, based on the commitments given in the respective concession arrangements.

PLANNED INVESTMENT IN THE ITALIAN NETWORK



PLANNED UPGRADES AND MODERNISATION OF THE NETWORK OPERATED UNDER CONCESSION

| | Status as at 31 December 2018 | km covered by project | Value of project (a) | Km opened to traffic as at 31 December 2018 | Stage of completion as at 31 December 2018 | |
|---|--|-------------------------------------|----------------------------|---|--|---------------|
| | | (km) | €m | (km) | €m | |
| Autostrade per l'Italia: Arrangement of 1997 | | | | | | |
| A8 | 3rd and 4th lanes Milan-Gallarate | Completed | 28.7 | 65 | 28.7 | 65 |
| A1 | 4th lane Modena-Bologna | Completed (1) | 31.6 | 178 | 31.6 | 146 |
| A14 | 3rd lane Bologna Ring Road | Completed (2) | 13.7 | 59 | 13.7 | 59 |
| A1 | 3rd lane Casalecchio - Sasso Marconi | Completed | 4.1 | 82 | 4.1 | 82 |
| A1 | Variante di Valico | Completed/in progress (3) | 58.7 | 4,327 | 58.7 | 4,205 |
| A1 | 3rd lane Barberino - Incisa | Work in progress/completed (4) | 57.2 | 2,259 | 24.4 | 1,442 |
| A1 | 3rd lane Orte - Rome North | Completed | 37.8 | 191 | 37.8 | 191 |
| | Other projects | Work in progress/completed | | 22 | n.a | 24 |
| Total projects under Arrangement of 1997 | | | 231.8 | 7,184 | 199.0 | 6,214 |
| Projects included in IV Addendum of 2002 | | | | | | |
| A1 | 3rd lane Fiano R. - Settebagni and Castelnuovo di Porto junction | Completed | 15.9 | 138 | 15.9 | 128 |
| A4 | 4th lane Milan East - Bergamo | Completed | 33.6 | 513 | 33.6 | 513 |
| A8 | 5th lane Milan - Lainate | Work in progress (5) | 4.4 | 197 | 2.2 | 64 |
| A9 | 3rd lane Lainate - Como Grandate | Completed | 23.2 | 345 | 23.2 | 312 |
| A14 | 3rd lane Rimini North - Porto Sant'Elpidio | Completed | 154.7 | 2,575 | 154.7 | 2,270 |
| A7/A10/A12 | Genoa Bypass (plus other works) | Final design approved (6) | 39.7 | 4,326 | - | 159 |
| A8 | Link road for New Milan Exhibition Centre | Completed | 3.8 | 87 | 3.8 | 86 |
| | Other projects | Work in progress/completed (7) | | 404 | n.a | 251 |
| Total projects under IV Addendum of 2002 | | | 275.3 | 8,584 | 233.4 | 3,784 |
| Other Group motorway operators | | | | | | |
| A5 | RAV new Morgex- Entreves section | Completed | 12.4 | 430 | 12.4 | 422 |
| A3 | Autostrade Meridionali, 3rd lane Naples-Pompei East/Scafati (c) | Work in progress/completed | 20.0 | 552 | 20.0 | 550 |
| A12 | Autostrada Tirrenica | Work in progress/to be approved (8) | 58.7 | 817 | 19.0 | 259 |
| Total projects of other operators | | | 91.1 | 1,799 | 51.4 | 1,231 |
| Total investment in major works by the Autostrade per l'Italia Group | | | 598.2 | 17,567 | 483.8 | 11,229 |

- (a) Total cost of carrying out the works, as assessed at 31 December 2018, 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 plan, 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 and awaiting approval from the Services Conference.
- (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.
- (6) The portion of the works completed relates to design of the Genoa Bypass and construction of 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. Continuation of work on the planned completion of the road running down the Tyrrhenian coast (the "Tyrrhenian corridor") is subject to agreeing an addendum following the project review of 2017.

The estimated value of each project includes the overall cost (before any government grants) of the works, as assessed at the end of December 2018.

The following remain subject to change based on the effective future progress of the works:

- the date of completion and entry into service of the various works, due to the impossibility of making reasonable estimates, above all where the related contracts have yet to be awarded;
- the final cost, primarily due to disputes and eventual changes to designs.

In 2009, Autostrade per l'Italia's Board of Directors set up a body to oversee the Group's projects, with the role of monitoring:

- the performance of infrastructure investment plans in terms of state of progress of the works, the related costs and compliance with the commitments given by the Company and its subsidiaries in the relevant concession arrangements;
- the process of selecting contractors to carry out the works;
- the organisational and procedural aspects of carrying out the works;
- the state of contract reserves;
- the status of the most important legal disputes.

Since 2017, this body has been replaced by a Board committee named the "Major Works Committee". The Committee met on 9 occasions in 2018.

[Investment in major works by Autostrade per l'Italia – 1997 Agreement](#)

The final cost of the works included in the 1997 Agreement (based on contracts in progress and final and executive designs awaiting authorisation) today amounts to approximately €7.2 billion. Of this, 86% of the works in the 1997 Agreement with a value of approximately €6.2 billion have been completed as at 31 December 2018.

Compared with the initial estimate of €3.6 billion in 1997, on the basis of which the Company was privatised, the additional expense to be borne by the operator in order to complete the original programme drawn up in 1997 currently stands at approximately €3.6 billion.

[Investment in major works by Autostrade per l'Italia – IV Addendum 2002^{\(2\)}](#)

As at 31 December 2018, almost all the works have received the necessary consents, with approximately 45% of these works completed. The final design for the most important project included in the IV Addendum, from both a technical and financial viewpoint, the Genoa Bypass, was approved in September 2017, whilst approval of the detail design is still awaited. The plan for the Genoa Bypass was conceived on the basis of an idea dating back to the 1980s.

The motorway network serving the Genoa area (the A10, A7, A12 and A26 motorways) has always been required to not only handle extra-urban and through traffic, but also to act as a ring road for traffic moving within and around the city. The Genoa Bypass Project thus aims to relieve congestion on the section of the A10 close to the city of Genoa, from the Genoa West toll station (the Port of Genoa) to the residential district of Voltri. This will involve transferring through traffic on to a new road running alongside the existing motorway.

⁽²⁾ The authorisation process for works covered by the IV Addendum, signed by Autostrade per l'Italia in December 2002, was completed and became effective in June 2004. Work on the designs relating to the investment programme envisaged by the IV Addendum could thus only start from this date, after a delay of 21 months with respect to the original programme.

Due to the geography and topography of the area concerned, it is not possible to widen the existing road. This means that the project can only be carried out by building a new road, the “Gronda di Ponente”. Together with the new A7 and the upgrade of the Genoa East - A7 link road section, the scheme involves construction of new motorway infrastructure.

In terms of the process of obtaining the related consents, the project marks the first time in Italy that a major infrastructure scheme has been subjected (between 2008 and 2009) to the sort of public consultation often used in France. This procedure, which involved discussion of the design with local authorities and the wider public (during public hearings), has made a major contribution to the choice of route and the type of infrastructure.

Based on the solution adopted as a result of the public consultation, the Final Design was prepared in May 2009 and, in 2011, work began on the Environmental Impact Assessment, which was completed in 2014 with the issue of the related EIA Decree.

The Services Conference, which opened at the end of 2014, came to a positive conclusion in May 2015, with the decree finalising the agreement between central government and the regional authority.

The Final Design was then revised to take into account the requirements resulting from the EIA Decree and the Services Conference, before being submitted to the Grantor in April 2016.

All the detailed designs for the 10 lots that make up the project were prepared and submitted to the Grantor for approval between February and the beginning of August 2018. The estimated total cost of the scheme is €4.3 billion and work is expected to take approximately 10 years from the start of construction.

GENOA BYPASS PROJECT



Investment in major works by Autostrade per l'Italia – New Single Arrangement of 2007

Under the Single Concession Arrangement signed on 12 October 2007, Autostrade per l'Italia is committed to developing the preliminary designs for the upgrade of certain sections of motorway operated under concession, totalling around 325 km, at a cost of approximately €5 billion.

New traffic analyses and transport studies were conducted in 2016 in order to identify the infrastructure needed to ensure adequate capacity and levels of service on the motorway network. Taking into the related cost-benefit analyses, a number of sections to be widened to three and four lanes, covering approximately 150 km, were identified as priority. These are shown in the following table.

In agreement with the Grantor, the approval procedures involving the Environmental Impact Assessment and the Services Conference have begun, with the aim of including the projects in Autostrade per l'Italia's investment programme.

| Project | | | Km covered by project (km) |
|--------------|-------------------------------|----------------------|-------------------------------|
| A1 | Milan South-Lodi | 4th lane | 16.5 |
| A1 | Incisa - Valdarno | 3rd lane | 18.4 |
| A11 | Florence - Pistoia | 3rd lane | 26.8 |
| A12 | Cerveteri - Torrimpietra | 3rd lane (free-flow) | 13.0 |
| A13 | Ferrara - Bologna | 3rd lane | 32.5 |
| A13 | Padua - Monselice | 3rd lane | 12.3 |
| A14 | Ravenna - Bologna San Lazzaro | 4th lane | 34.5 |
| Total | | | 154.0 |

The projects regarding the "A14 Ravenna - Bologna San Lazzaro", "A1 Milan South – Lodi" and the "A11 Florence – Pistoia" have been authorised by the relevant Services Conference and the detailed designs have been submitted to the Grantor for approval.

In addition to these projects, Autostrade per l'Italia is also required to finance construction by ANAS of the northern section of the Casalecchio Interchange.

Investment in major works by Autostrade per l'Italia – Other motorway upgrades

Following the agreement between Autostrade per l'Italia, the Ministry of Infrastructure and Transport and local authorities, which was signed on 15 April 2016, Autostrade per l'Italia is preparing the design for an upgrade of the motorway system and ring road serving Bologna (the "Bologna Interchange").

The project will involve widening around 13.2 km of existing A14-orbital motorway system, including improvements to the layout of slip roads, junctions and intersections, and improvements to 4 of the access roads for the motorway system.

Like the *Gronda di Genova* scheme, the Bologna Interchange was also subject to a public consultation process, which took place between July and November 2016.

The Environmental Impact Assessment (EIA) decree was issued on 30 April 2018. The solutions adopted in the design are currently being reviewed at the request of the Grantor. The cost of the project is currently estimated to be approximately €700 million.

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 2018 (excluding work at service areas) was €398 million. €363 million of this was spent by Autostrade per l'Italia.

Total expenditure in 2018 (not including maintenance staff costs) is made up of the following:

- maintenance costs of €303 million;
- €95 million spent on safety and traffic management (including capitalised maintenance costs).

Safety and maintenance

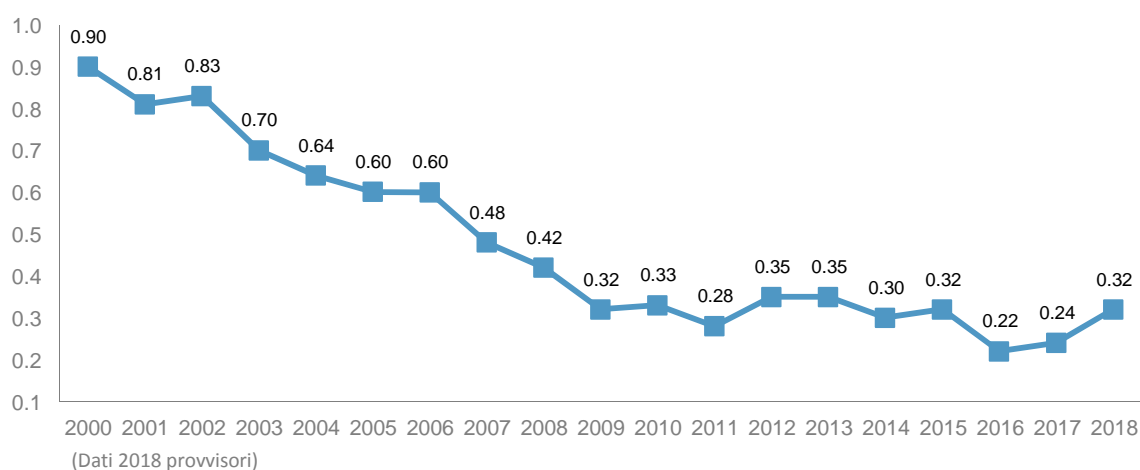
There were 14,719 accidents on the network managed by Autostrade per l'Italia and the other operators in 2018 (down 0.8% compared with 2017). The global accident rate is down to 28.8 from 29.1 in 2017, whilst the death rate is 0.32, compared with 0.24 in 2017⁽³⁾.

ACCIDENT RATES ON THE NETWORK OPERATED BY AUTOSTRADE PER L'ITALIA AND THE GROUP'S OTHER MOTORWAY OPERATORS

| | 2000 | 2017 | 2018 ^(*) |
|---|------|------|---------------------|
| Global accident rate (number of accidents per 100 km travelled) | 60.6 | 29.1 | 28.8 |
| Accident rate on carriageways | - | 24.8 | 24.9 |
| Casualty rate (number of accidents per 100 km travelled) | 15.8 | 7.6 | 7.0 |
| Fatal accident rate (number of accidents per 100 km travelled) | 0.71 | 0.22 | 0.21 |
| Death rate (number of deaths per 100 km travelled) | 0.90 | 0.24 | 0.32 |

(*) Provisional data

DEATH RATES ON THE NETWORK OPERATED BY AUTOSTRADE PER L'ITALIA AND THE GROUP'S OTHER MOTORWAY OPERATORS



⁽³⁾ The figure for 2018 takes into account the 43 victims of the events on the A10 on 14 August.

The indicator that measures the number of accidents at so-called blackspots (the Blackspot Accident Index ⁽⁴⁾ stood at 36.19⁽⁵⁾ in 2018 (33.39 in 2017), marking a reduction of 39% compared with 2013, when the indicator was introduced. Approximately 60 specific initiatives were implemented during 2018, to add to the over 2,250 such initiatives carried out since 2002, since when accidents at these points on the network have fallen by approximately 70%.

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.

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 offices responsible for the various sections of the motorways operated by Autostrade per l’Italia and its subsidiaries carry out monitoring and maintenance.

In keeping with the standards set in recent years, continuous structural maintenance work was conducted on the network, with over 70 major works carried out. Work was carried out on repairs to bridges and viaducts on all the motorways in Liguria, on Apennine sections of the A1 and A16, on sections of the A13 and along the central sections of the motorway that runs down the Adriatic coast. Work was also carried out on a number of tunnels along the motorways in Liguria. Finally, further work was carried out, primarily on motorways in Liguria and on the Apennine and Lazio sections of the A1, A16 and A14.

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.

As always, Autostrade per l’Italia ran numerous initiatives and campaigns in 2018 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”.

⁽⁴⁾ The Blackspot Accident Index: the number of accidents at blackspots per billion km travelled.

⁽⁵⁾ The data for 2018 is provisional whilst awaiting consolidation of the data.

Traffic management

The Total Delay⁽⁶⁾ on the network managed by Autostrade per l'Italia in 2018 amounted to approximately 6.3 million hours, compared with 5.9 million hours in 2017⁽⁷⁾.

The Total Delay Work, a sub-indicator of Total Delay, which measures disruption caused by roadworks on motorways, recorded a figure of approximately 167,000 hours in 2018, a 71% reduction 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 information, the following took place in 2018:

- the agreement with the radio broadcaster, RTL, continued alongside the existing partnership with RAI Isoradio, with the broadcast of 27 live bulletins a day from Autostrade per l'Italia's Traffic Operations centre over the radio and in radiovision, in addition to another 72 reports broadcast via Autostrade per l'Italia's radioweb (digital radio) service and RTL. News on serious disruptions continues to be available via FM radio;
- the number of Variable Message Panels providing traffic information was further increased (at the end of 2018 there were 1,825 panels on Autostrade per l'Italia's network);
- a total of 321,886 calls were made to the traffic information centre, with a total of 99.7% answered;
- as at 31 December 2018, live coverage on the MyWay slots on SkyTG24 was provided on 1,050 occasions, with peaks of 12 slots a day during the summer season; there were over 10,000 reports on SkyMeteo24's 501 channel, where MyWay is on air every day from 7.10 in the morning until 9.40 at night. In addition, from July 2018, around 600 reports were broadcast over La7's digital terrestrial radio channel, La7d.

⁽⁶⁾ 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.

⁽⁷⁾ 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.

QUALITY INDICATORS FOR TRAFFIC MANAGEMENT SERVICES ON AUTOSTRADE PER L'ITALIA'S NETWORK

| | 2000 | 2017 | 2018 |
|--|------|-------|-------|
| Number of variable message panels | 384 | 1,822 | 1,825 |
| % of traffic covered by service on entry | n/a | 99 | 99 |
| % of traffic on motorway covered by service | n/a | 99 | 99 |
| % of network on which ISORADIO can be received | n/a | 75 | 75 |
| % of network on which RTL can be received | n/a | n/a | 99 |
| % of calls answered by call centre | n/a | 99 | 99 |

Toll collection and payment systems

In 2018, the number of transactions handled by automated tolling systems on the network operated by Autostrade per l'Italia rose 2.9% on the previous year, reaching 86.7% of total transactions (85.4% in 2017). This led to an 8.2% 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 2.8%, accounting for 85.6% of total transactions (84.2% in 2017).

Free-flow tolling using Telepass accounted for 62.0% of transactions (60.7% including the networks of the Group's other operators), compared with 61.3% in 2017 (60.0% including the networks of the Group's other operators).

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

| Method of payment | Number of transactions | | Number of transactions | | Increase/ (decrease) 2018/2017 (%) |
|---|------------------------|---------------|------------------------|---------------|---|
| | 2018 | % | 2017 | % | |
| MANUAL CASH PAYMENTS | 99,285,923 | 12.8% | 108,161,005 | 14.1% | -8.2% |
| Automated cash | 83,894,541 | 10.8% | 81,946,374 | 10.7% | 2.4% |
| VIAcard direct debit | 22,375,159 | 2.9% | 20,789,729 | 2.7% | 7.6% |
| Telepass | 482,273,891 | 62.0% | 470,549,848 | 61.3% | 2.5% |
| Prepaid cards | 10,059,545 | 1.3% | 10,837,924 | 1.4% | -7.2% |
| Credit cards | 49,603,603 | 6.4% | 44,753,250 | 5.8% | 10.8% |
| FASTpay | 26,356,096 | 3.4% | 26,953,430 | 3.5% | -2.2% |
| TOTAL AUTOMATED PAYMENTS | 674,562,835 | 86.7% | 655,830,555 | 85.4% | 2.9% |
| Other (unpaid tolls, strikes, evasion) | 3,951,451 | 0.5% | 4,179,470 | 0.5% | -5.5% |
| GRAND TOTAL | 777,800,209 | 100.0% | 768,171,030 | 100.0% | 1.3% |

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

| Method of payment | Number of transactions 2018 | % | Number of transactions 2017 | % | Increase/ (decrease) 2018/2017 (%) |
|---|--------------------------------|---------------|--------------------------------|---------------|---|
| MANUAL CASH PAYMENTS | 129,616,445 | 13.8% | 141,744,570 | 15.2% | -8.6% |
| Automated cash | 115,113,833 | 12.3% | 111,602,272 | 12.0% | 3.1% |
| VIAcard direct debit | 24,850,671 | 2.6% | 23,337,165 | 2.5% | 6.5% |
| Telepass | 570,657,897 | 60.7% | 558,243,739 | 60.0% | 2.2% |
| Prepaid cards | 11,459,499 | 1.2% | 12,377,522 | 1.3% | -7.4% |
| Credit cards | 54,470,968 | 5.8% | 48,799,913 | 5.2% | 11.6% |
| FASTpay | 28,139,770 | 3.0% | 28,772,750 | 3.1% | -2.2% |
| TOTAL AUTOMATED PAYMENTS | 804,692,638 | 85.6% | 783,133,361 | 84.2% | 2.8% |
| Other (unpaid tolls, strikes, evasion) | 5,301,451 | 0.6% | 5,523,032 | 0.6% | -4.0% |
| GRAND TOTAL | 939,610,534 | 100.0% | 930,400,963 | 100.0% | 1.0% |

(*) Excluding Monte Blanc Tunnel.

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 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 non-discriminatory procedures, run by independent external advisors.

Tenders for the renewal of 14 oil service, 11 combined service and 5 food service concessions were run by Autostrade per l'Italia in 2018.

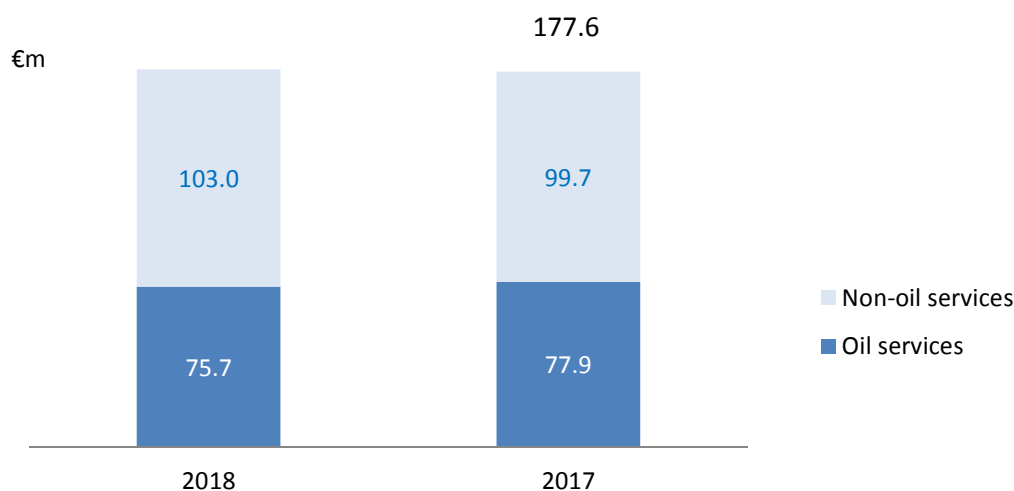
Implementation of Autostrade per l'Italia's service area upgrade programme continued in 2018 in agreement with the Grantor, and following the latter's approval of the programme at the end of 2017. The programme covers 60 service areas and involves both extensive upgrades (makeovers) and refurbishment work designed to improve comfort and access at services areas for road users.

As at 31 December 2018, 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 5 areas and the refurbishment of a further 7. Another 16 makeovers are currently awaiting approval by the authorities.

Recurring royalties received from sub-operators on the network managed by Autostrade per l'Italia totalled €175.6 million in 2018, an increase of 0.6% compared with 2017 (€174.5 million). This was essentially due to an increase in the volume of non-oil services provided (up 1.1% compared with 2017), partially offset by a decrease in the quantity of oil sold (down 3.5% compared with 2017).

Including subsidiaries, recurring royalties received from sub-operators at service areas in 2018 amount to €178.7 million, up €1 million (0.6%) on the figure for 2017.

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



In 2018, the subsidiary, AD Moving SpA, earned revenue of approximately €7.2 million from the management and marketing of advertising space at service areas and road travel information along the motorways, a figure broadly in line with the previous year. This was achieved despite the continued decline in outdoor advertising in Italy.

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 2018 amounts to €93 million, up €1 million on the previous year. Revenue reflects the previously mentioned addition to the concession fee to be paid to the Grantor (€11 million in 2018), with a matching amount recognised in operating costs. Net toll revenue of €90 million is up €6 million on 2017, primarily reflecting toll increases (5.98%). Other operating income, which is down €5 million compared with the previous year, in 2017 benefitted from extraordinary income linked to the positive outcome to a number of legal disputes.

EBITDA for 2018 amounts to €30 million, down €5 million compared with 2017 (€35 million). This reflects an increase in provisions for risks and charges following a revised estimate of costs to be incurred by the company (€5 million).

Tangenziale di Napoli

Total operating revenue of €73 million for 2018 is up €3 million compared with the previous year.

Revenue reflects the previously mentioned addition to the concession fee to be paid to the Grantor (€5 million in 2018), with a matching amount recognised in operating costs.

Net toll revenue of €70 million is up €3 million compared with 2017, reflecting toll increases (4.31%).

Other operating income is broadly in line with the previous year.

EBITDA for 2018 amounts to €31 million, an increase of €6 million compared with 2017.

Modernisation and upgrade of the motorway continued in 2018, with work amounting to €3 million carried out. This regarded the new Ospedaliera toll station and earthquake proofing of the Capodichino and Sant'Antonio viaducts.

Società Italiana per Azioni per il Traforo del Monte Bianco

Total operating revenue for 2018 amounts to €62 million and is in line with 2017. This almost entirely consists of toll revenue. The toll increase applied from 1 January 2018 (1.09%) was broadly offset by a reduction in overall use of the tunnel (down 1.8%).

EBITDA for 2018 totals €34 million, in line with the previous year.

Capital expenditure of €6 million in 2018 primarily regarded the refurbishment of 550 metres of road deck, paid for directly out of provisions for renewal work.

Raccordo Autostradale Valle d'Aosta

Total operating revenue of €29 million in 2018 is up €9 million compared with 2017 and primarily consists of toll revenue. The increase reflects a toll increase of 52.69% applied from 1 January 2018. Traffic declined during the year by 3.4% overall.

EBITDA for 2018 amounts to €14 million, an increase of €8 million compared with the previous year.

Autostrada Tirrenica

Autostrada Tirrenica registered total operating revenue of €40 million in 2018, in line with the previous year. Toll revenue amounts to €38 million for 2018 and is broadly unchanged with respect to 2017, reflecting the fact that the impact of the toll increase (1.33%) was offset by a decline in traffic (down 1.5%).

EBITDA for 2018 amounts to €22 million, in line with 2017.

Capital expenditure amounted to €18 million in 2018 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 service quality, improve operations and infrastructure efficiency, and minimise the impacts of activities right from the start of the design process.

These activities, some of which are long-term in nature, are undertaken by Group companies, and sometimes in collaboration with national and international research centres and universities. Many projects were carried out in 2018, some of which were co-financed at EU and national level.

The main activities under way in 2018 include:

- the adaptation of free-flow tolling systems to enable them to use ANPR Vega Smart cameras for video tolling;
- 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;
- the continued development and upgrade of onboard units for the Italian and European markets, involving the design of next generation dual-mode devices;
- 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 testing of systems for land monitoring and inspection;
- the design and development of next generation safety barriers;
- 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 underway 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 2018 amounts to approximately €10 million. 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 2018, the Autostrade per l'Italia Group employs 6,819 staff on permanent contracts and 470 temporary staff, making a total workforce of 7,289 (down 60 or 0.8% compared with the 7,349 of 31 December 2017).

The change in permanent staff (a reduction of 107) is primarily linked to slower turnover among operational personnel at Autostrade per l'Italia, Autostrade Meridionali and Tangenziale di Napoli.

The change in temporary staff at 31 December 2018 (an increase of 47) is primarily due to:

- the higher number of seasonal toll collectors required and the recruitment of staff to fill specific roles within certain departments at Autostrade per l'Italia (up 41);
- the expansion of Giove Clear's operations (up 10).

The average workforce (including agency staff) is down from 6,906 in 2017 to 6,846 in 2018, an overall reduction of 60 (0.9%). The decrease, linked to the above factors, primarily regards the following companies:

- the motorway companies (down 79);
- Giove Clear (down 32).

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

PERMANENT STAFF

| | 31 December 2018 | 31 December 2017 ^(*) | Increase/(Decrease) | |
|----------------------|------------------|---------------------------------|---------------------|--------------|
| | | | absolute | % |
| Senior managers | 98 | 95 | 3 | 3.2% |
| Middle managers | 369 | 378 | -9 | -2.4% |
| Administrative staff | 2,683 | 2,686 | -3 | -0.1% |
| Manual workers | 1,439 | 1,469 | -30 | -2.0% |
| Toll collectors | 2,230 | 2,298 | -68 | -3.0% |
| Total | 6,819 | 6,926 | -107 | -1.5% |

(*) Includes 7 staff at Infoblu.

TEMPORARY STAFF

| | 31 December 2018 | 31 December 2017 | Increase/(Decrease) | |
|----------------------|------------------|------------------|---------------------|--------------|
| | | | absolute | % |
| Senior managers | - | - | - | n/a |
| Middle managers | - | - | - | n/a |
| Administrative staff | 25 | 16 | 9 | 56.3% |
| Manual workers | 192 | 182 | 10 | 5.5% |
| Toll collectors | 253 | 225 | 28 | 12.4% |
| Total | 470 | 423 | 47 | 11.1% |

AVERAGE WORKFORCE

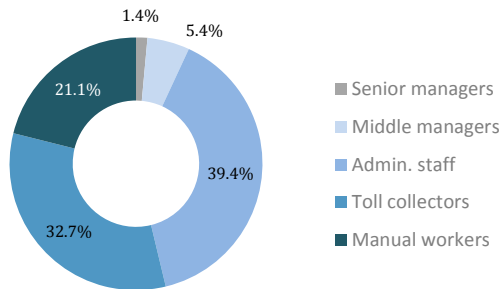
| | 2018 (**) | 2017 (**) | Increase/(Decrease) | |
|----------------------|--------------|--------------|---------------------|--------------|
| | | | absolute | % |
| Senior managers | 97 | 99 | -2 | -2.0% |
| Middle managers | 369 | 387 | -18 | -4.7% |
| Administrative staff | 2,646 | 2,645 | 1 | 0.0% |
| Manual workers | 1,472 | 1,439 | 33 | 2.3% |
| Toll collectors | 2,262 | 2,336 | -74 | -3.2% |
| Total | 6,846 | 6,906 | -60 | -0.9% |

(**) Includes interim staff of 1 average unit in both 2018 and 2017. Includes also Infoblu personnel respectively of an amount of 2 average units 2018 and 7 average units in 2017.

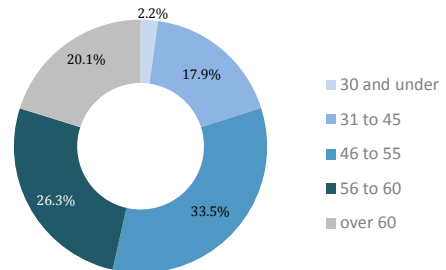
Breakdown of the Group's workforce

(permanent employees)

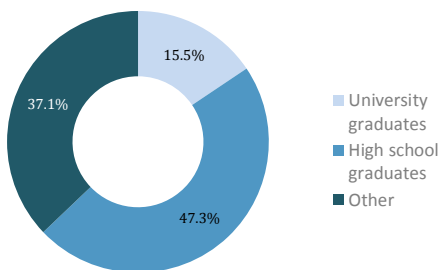
DISTRIBUTION OF PERMANENT STAFF BY CATEGORY



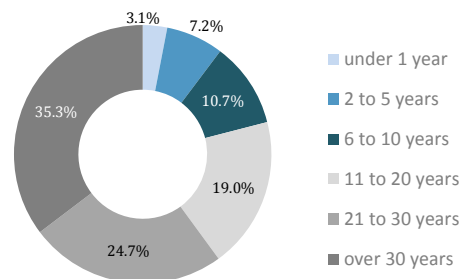
DISTRIBUTION OF PERMANENT STAFF BY AGE RANGE



DISTRIBUTION OF PERMANENT STAFF BY EDUCATIONAL QUALIFICATION



DISTRIBUTION OF PERMANENT STAFF BY LENGTH OF SERVICE



Staff management and development

The process of selecting Autostrade per l'Italia Group personnel is based on the search for the best talent. The tools and channels used to find candidates differ according to seniority and the technical and specialist expertise required. The main channels used to find candidates are the Group's website, online recruiting databases, social networks, agreements with schools, universities and masters programmes and direct contacts with headhunting firms.

The Autostrade per l'Italia Group has always been committed to enhancing and developing the know-how available to the Group, through training programmes that play a strategic role in promoting the professional development of the Group's personnel, in process innovation and in the achievement of business objectives.

A large number of initiatives were implemented in 2018, including those designed to ensure that know-how and conduct kept pace with changes in legislation and regulations:

- training in the new Public Tenders Code;

- training in data protection following introduction of the new General Data Protection regulation (GDPR);
- an information campaign focusing on the introduction of the Group's Anti-corruption Policy;
- training in corporate responsibility and in the organisational, management and control model, partly in response to the new offences covered by Legislative Decree 231/01).

The Autostrade per l'Italia Group invests in its human capital as a means to boosting its competitiveness to achieve success, using assessment tools to orientate management and development initiatives in order to meet the Group's needs. This process involves two integrated assessment tools and specific development programmes.

In 2018, 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.

Workplace health and safety

Protecting the health and safety of Autostrade per l'Italia's workforce is backed up by a certified Management System that meets international OHSAS 18001 standards. The System covers all Autostrade per l'Italia's activities and organisational units, ensuring that the Company's operational processes are adequately provided for, in full compliance with the relevant occupational health and safety legislation. Certification also involves suppliers, contractors and all service providers that work on the Company's behalf, who are obligated to not only comply with the related legislation and regulations, but also the rules set out in the procedures and regulations set out in Autostrade per l'Italia's Management System.

Autostrade per l'Italia also conducts periodic audits of workplaces, using its own team of qualified auditors. The onsite checks and improvement initiatives form a key basis for the Health and Safety Management System, ensuring not only compliance with the applicable occupational health and safety legislation, but also its continuous improvement.

A system for assessing and reporting on injuries and near misses has been adopted, enabling the Company to produce statistics, trends and historical data for use in conducting controls and devising preventive measures designed to reduce risks.

Another pillar of the Management System is represented by information campaigns and training, which play a key role in preventing accidents. Autostrade per l'Italia ensures that all its workforce is continually updated, with the main aim of disseminating a safety culture. As part of mandatory training and refresher courses for workers, middle and senior managers and personnel with responsibility for safety (health and safety officers and personnel, workers' health and safety representatives, fire protection and first aid officers, safety coordinators during both the design and construction phases, etc.), particular attention is given to ensuring that training programmes meet the related requirements, to the duration of courses, to ensuring that tutors satisfy the relevant requirements, to the need to meet deadlines and to ensuring that any further statutory requirements are met (i.e. Legislative Decree 81/08, the agreement between central government and regional authorities dated 21 December 2011, the Interministerial Decree of 4 March 2013 on signage, the agreement between central government and regional authorities dated 22 February 2012 regarding the use of special equipment, the agreement between central government and regional authorities dated 7 July 2016, the Ministerial Decree of 10 March 1998, Ministerial Decree 388/03, etc). Training is

always provided to new staff or when there is a change of position, when new equipment or technologies are introduced and if new hazardous substances or chemicals are used, in order to cover changes in the related risks and new risk exposures. The most important health and safety training initiatives in 2018 included the “ASPI Safety Academy”, which involved over 100 contractors and sub-contractors with the aim of helping them achieve the very highest levels of safety performance, and extension of the “Behaviour Based Safety” project, an operational protocol based around application the principles used in analysing workplace safety behaviours, with the aim of reducing accidents due to behavioural causes.

Industrial relations

Talks with the labour unions took place at various levels in 2018, resulting in conclusion of the following agreements:

- the agreement of 1 March 2018, renewing the national collective labour agreement for Giove Clear staff;
- the agreement of 19 July 2018, renewing the second level contract.

Talks with the national labour unions on renewal of the second level contract, which expired on 31 December 2017, led to the following:

- a new automation programme which, when fully implemented in the period 2018-2021, will result in the installation of a further 79 automated tollgates;
- the creation of a new job, the “Collector-Toll station operator”, key to implementing a new model for managing toll stations and tolling;
- the definition of a productivity bonus for 2017, to be paid in 2018.

A number of agreements were reached at the level of individual organisational units, regarding application of the contract and second level collective bargaining.

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 2018, 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 SpA | 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 equity-like 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 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. 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 Annual General Meeting of 21 April 2017 and increased in number by the Ordinary General Meetings of 26 July 2017 and 30 January 2019, has the following eleven members:

- Giuliano Mari, Chairman;
- Roberto Tomasi, Chief executive Officer;
- Michelangelo Damasco, Deputy Chairman;
- Giancarlo Guenzi, Deputy Chairman;
- Giuseppe Angiolini, Director;
- Massimo Bianchi, Director;
- Amedeo Gagliardi, Director.
- Christoph Holzer, Director;
- Hongcheng Li, Director;
- Roberto Pistorelli, 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 2018 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

⁽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.

requirements. Should two or more Minority Slates B obtain the same number of votes, a further deciding vote is held.

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, the Board of Directors in office at the date of this Report:

- a) on 30 January 2019, appointed Roberto Tomasi, already a Director and General Manager of the Company, as the 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), and assigned Michelangelo Damasco responsibility for regulatory and legal affairs and appointed Giancarlo Guenzi as Chief Financial Officer;

- b) on 6 March 2019, appointed Michelangelo Damasco and Giancarlo Guenzi as Deputy Chairmen, confirming the powers previously assigned to them.

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;
- Giuseppe Angiolini
- Cristoph Holzer;
- Hongcheng Li;
- Roberto Pistorelli;
- Giuliano Mari ⁽¹⁾; and
- Roberto Tomasi ⁽²⁾.

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.

2.8.2.3 The Board of Statutory Auditors

Composition and term of office

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;

(1) With effect from 30 January 2019.

(2) With effect from 30 January 2019.

- Antonio Parente, standing Auditor (nominated by the Ministry of Infrastructure and Transport, pursuant to the Concession Arrangement, Mr. Parente has resigned but has remained in office until the election of replacement);
- 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 Auditors

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, the Company's Board of Directors annually approves the audit plan, prepared by the Head

of the Internal Audit department of the parent, Atlantia. The Board approved the audit plan for 2018 on 19 January 2018.

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 independent audit.

In order to monitor and improve the effectiveness and efficiency of its internal control and risk management system, Autostrade per l'Italia makes use of the Group Internal Audit department of the parent, Atlantia.

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 Group's consolidated financial statements", and procedures regulating the preparation of the separate and consolidated financial statements and of the interim accounts and reports. The operational processes put in place by subsidiaries on the basis of Group guidelines are applicable to the above.

The setting up of audits is performed after a process conducted according to a top-down approach, aimed at identifying the organisational entities, processes and specific activities capable

⁽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 pre-determined 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.

of generating the risk of unintentional errors or fraud that could have a material impact on financial reports.

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 six-monthly condensed financial statements and the consolidated 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:

- (i) operational management of the System in its planning, implementation, monitoring and revision phases;
- (ii) review of the design and effectiveness of controls;
- (iii) 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;
- (iv) 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. 34 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 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 21 April 2017, the Board of Directors confirmed the appointment of Giancarlo Guenzi as Manager Responsible for Financial Reporting.

The internal control and risk management system was revised from an administrative and accounting viewpoint in 2018, 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.

2.8.1.2.4 Director of Internal Audit

The Director of Internal Audit of the parent, Atlantia, is responsible for verifying that the risk management and internal control system is properly functioning and is fit for purpose.

With particular reference to Autostrade per l'Italia, the Group's Director of Internal Audit:

- a) audits, on an ongoing and ad hoc basis and in compliance with international standards, the good working order and adequacy of the risk management and internal control system through the application of an audit plan, based on a structured analysis and ranking of material risks;
- b) has direct access to all information required for the performance of his duties;
- c) prepares periodic reports containing an assessment of the internal control and risk management system;
- d) promptly present reports on events of particular relevance;
- e) distributes the reports pursuant to c) and d) above to the Chairmen of the Board of Statutory Auditors and the Board of Directors;
- f) on request, supports the Group's Ethics Officer in handling reports received in anonymous and confidential form;
- g) ascertains, as part of the audit plan, the reliability of information systems, including accounting systems.

2.8.3.2.5 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", which was revised in 2016 to take into account the changes introduced by Regulation (EU) no. 537/2014 of the European Parliament and Council and Legislative Decree 135/2016 (implementation of Directive 2014/56/EU), 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.

2.8.3.2.6 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 and 14 September 2018, for the period from 1 July 2018 to 30 June 2021. During 2018, the Supervisory Board met on 12 occasions reported regularly to the Company's Board of Directors and Board of Statutory Auditors 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 meets all the necessary statutory requirements to prevent the commission of the offences referred to in Legislative Decree 231/2001.

2.8.3.2.7 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 2017, 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).

In particular, 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), Atlantia has 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 relevant office within the Legal Affairs department, which is 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 231/2001. 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.

2.8.4 Other corporate governance 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 2.8.3.2.7 in the part describing the internal control and risk management system.

2.8.4.1 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 Internal Dealing Code of Conduct referred to above under letter (b), was revised by the Board of Directors at their meeting of 1 March 2018. This revision was necessary in order to, among other things, introduce a ban on trading in the Company's debt instruments and any linked instruments, either on own behalf or on behalf of third parties, in the 10 (ten) calendar days prior to announcements of the Board of Directors' approval of additional periodic disclosures (the so-called Blackout Period).

2.8.4.2 Anti-corruption policy

On 9 November 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.

2.9 Sustainability

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.

Autostrade per l'Italia's sustainability goals are safety, improvements to the quality of customer services and operations through the development of innovative technologies, protecting health and safety at the workplace, safeguarding the environment, dialogue with communities and promotion of the areas the network passes through, as well as the provision of benefits to the people who are at the centre of all Group activities.

In pursuing its mission, Autostrade per l'Italia and its subsidiaries abide by the principles of transparency, rigour and ethics, respecting people's right to freedom and equality and combating all forms of discrimination and corruption.

Service quality

In 2018, the network operated by Autostrade per l'Italia and its Italian subsidiaries registered a global accident rate of 28.8 (29.1 in 2017) and a death rate of 0.32 (0.24 in 2017). The performance reflects the 43 people who died as a result of the events in Genoa.

The Blackspot Accident Index (the indicator that measures the number of accidents on Autostrade per l'Italia's network at so-called blackspots per billion kilometres travelled) was 36.2 compared with the published target of below 40.

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

In 2018, Autostrade per l'Italia's Customer Satisfaction Index (CSI) was 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.

The resulting score of 7.21 is down with respect to the previous year, when the figure of 7.28 was the highest since 2004, the year in which the survey was first conducted.

| Customer satisfaction among frequent travellers (Autostrade per l'Italia) | 2017 | 2018 |
|---|-------------|-------------|
| SAFETY | | |
| % of satisfied customers (score > or equal to 7-scale 1:10) | 77.0 | 58.5 |
| Overall score (average score on a scale 1:10) | 7.5 | 7.33 |
| TRAFFIC INFORMATION | | |
| % of satisfied customers (score > or equal to 7-scale 1:10) | 74.5 | 73.1 |
| Overall score (average score on a scale 1:10) | 7.29 | 7.23 |
| TOLLGATES | | |
| % of satisfied customers (score > or equal to 7-scale 1:10) | 78.8 | 75.7 |
| Overall score (average score on a scale 1:10) | 7.46 | 7.21 |
| PAYMENT SYSTEMS | | |
| % of satisfied customers (score > or equal to 7-scale 1:10) | 87.0 | 83.4 |
| Overall score (average score on a scale 1:10) | 8.15 | 7.94 |
| ROAD CONDITIONS | | |
| % of satisfied customers (score > or equal to 7-scale 1:10) | 58.5 | 63.5 |
| Overall score (average score on a scale 1:10) | 6.64 | 6.83 |
| SERVICE AREAS | | |
| % of satisfied customers (score > or equal to 7-scale 1:10) | 74.8 | 73.5 |
| Overall score (average score on a scale 1:10) | 7.27 | 7.15 |
| Total CSI among frequent travellers | 7.28 | 7.21 |

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.

Use of resources

In managing its activities – especially maintenance and the modernisation of infrastructure – Autostrada 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 848 thousand cubic metres of water was consumed in 2018, a 12% reduction compared with 2017.

Energy and climate change

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 2018, the Group consumed a total of 1,120 TJoules, including electricity, natural gas, LPG, diesel and petrol. The figure is 3% down on the previous year, reflecting reduced use of fuel oil/diesel for heating and for vehicles and machinery used in operations, and a decrease in electricity consumption.

The decrease in energy consumption is also reflected in the volume of greenhouse gas emissions, which amounted to approximately 91 thousand tonnes of CO2 equivalent emissions, down 4% compared with 2017.

In terms of renewable energy, in 2018, Autostrade per l'Italia's photovoltaic plants produced 11.3 GWh of electricity, with approximately 40% consumed on site by the Company.

In terms of energy efficiency, the initiatives carried out by Autostrade per l'Italia on electrical equipment and external lighting systems during the period 2008-2018 resulted in energy savings of 23,100 MWh a year, due especially to three types of initiative:

- the replacement of high-pressure sodium lamps used in tunnels and at toll stations with LED lamps;
- the upgrade of lighting at service areas through the replacement of lamps installed on lighting towers;
- a reduction in the brightness of lighting systems at service areas to bring it into line with current legal requirements, using voltage regulators.

The "diesel-free" project, which involves the decommissioning of diesel power at 48 thermal power stations, primarily by using heat pumps and converting from diesel to LPG, continued in 2018. Once fully operational, this project will enable annual saving of over 300 thousand litres of diesel.

In total, renewable energy production and energy efficiency initiatives enabled Autostrade per l'Italia to avoid approximately 5,400 tonnes of CO2 equivalent emissions.

Autostrade per l'Italia also operates tri-generation plants, having built three such plants since 2014. This enabled the Company to self-produce over 2.6 GWh of electricity and 2.8 GWh of heat in 2018.

Waste

The total amount of waste produced in 2018 amounted to around 22 thousand tonnes, of which around 56% was recovered or recycled.

The figure is down 35% compared with 2017, due to a reduction in the disposal of waste from maintenance activities.

| KEY ENVIRONMENTAL INDICATORS | 2018 | 2017 | % CHANGE |
|---|---------------|---------------|-------------|
| Energy consumption by type (TJoule) | 1,120 | 1,155 | -3% |
| Petrol | 1.5 | 2.0 | -23% |
| LPG | 7.1 | 5.3 | 33% |
| Diesel | 317.6 | 337.1 | -6% |
| Electricity | 717.7 | 737.1 | -3% |
| Natural gas | 76.4 | 73.2 | 4% |
| CO2 emissions (t) | 91,299 | 95,108 | -4% |
| Direct emissions | 28,221 | 28,848 | -2% |
| Indirect emissions from electricity consumption | 63,078 | 66,260 | -5% |
| Waste produced (t) | 21,670 | 33,727 | -36% |
| % of waste recycles/recovered | 56.1 | 58.8 | -5% |
| Water consumption (m ³ x 1000) | 848 | 960 | -12% |

Government and the community

The Company's main commitment in 2018 was to the people of Genoa. The related details are provided in the specific section of the report on operations.

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, which was extended in 2018 to include Unesco sites.

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).

¹ For more information on the “*Sei in un paese meraviglioso*” project, go to: <http://www.autostrade.it/sei-in-un-paese-meraviglioso>.

The awarding 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 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.

2.11 Significant regulatory aspects

Toll increases with effect from 1 January 2018

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

- a) an overall toll increase of 1.51%, including 0.49% as the inflation-linked component, 0.64% to provide a return capital expenditure via the "X" tariff component and -0.04% to provide a return on investment via the "K" tariff component (the shortfall in the increase awarded for 2017 was recouped almost in full for both these components) and 0.43% to recover the reduction in revenue earned in the period from June 2014 to 2017 as a result of the discounted tolls for frequent motorway users, introduced by the Memorandum of Understanding entered into with the MIT. Regarding the shortfall in the increase with respect to the requested amount, equal to 0.01% (relating to the "X" component), the Grantor, following submission of additional documentation by Autostrade per l'Italia on 12 March 2018, deemed that the request was largely warranted, and therefore to be taken into account when determining the toll increase for 2019. Application of the remaining amounts was suspended, pending an update of the financial plan;
- b) Raccordo Autostradale Valle d'Aosta was to apply a toll increase of 52.69%, compared with the 81.12% requested. The company has challenged this determination before the Regional Administrative Court;
- c) Autostrade Meridionali was to apply a toll increase of 5.98%, compared with the 9.9% requested;
- d) Autostrada Tirrenica was to apply a toll increase of 1.33%, compared with the 36.51% requested. The company has challenged this determination before the Regional Administrative Court.

On 7 February 2019, Lazio Regional Administrative Court annulled the Decree contested by Autostrada Tirrenica regarding toll increases for 2018. Similar judgements were also handed down on the same date for the years 2014, 2016 and 2017, requiring the Ministry of Infrastructure and Transport and Minister of the Economy and Finance to review their response to the company's proposals in accordance with legal requirements and the concession arrangement. In addition, in another judgement on the same date, Lazio Regional Administrative Court, in response to the interministerial decree revoking suspension of the toll increase for 2013, ruled that the challenge was inadmissible in the absence of any interest in proceeding, recognising the jurisdiction of the ordinary court system with regard to a decision regarding compensation for the company's lost revenue during the period of the suspension;

- e) Tangenziale di Napoli was to apply a toll increase of 4.31%, including recovery of amounts not applied in previous years, compared with the 1.93% requested. This application was granted on the basis of the new financial plan attached to the Addendum, signed on 22 February 2018. This came into effect with the approval of Ministry of Infrastructure and Transport and Ministry of the Economy and Finance Decree 131 of 16 March 2018, registered at the Court of Auditors on 23 April 2018.

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

Toll increases with effect from 1 January 2019

The MIT and MEF issued decrees on 31 December 2018, determining toll increases with effect from 1 January 2019. These are as follows:

- a) in Autostrade per l'Italia's case, based on a willingness expressed by the Company itself, the decision was taken to leave the tolls in force as at 31 December 2018 unchanged for a period of six months. These tolls already included the component of 0.43% designed to recover the reduction in revenue resulting from the discounting of tolls for frequent motorway users, which ceased to be effective on 31 December 2018. The tolls applied to road users will thus increase by 0.81% from 1 July 2019, unless otherwise agreed by the Grantor and the Company. 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 and, to this end, has accessed the documentation relating to the review conducted by the Grantor;
- b) 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 registered to participate in the initiative;
- c) 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;
- d) in the case of Tangenziale di Napoli, a toll increase of 1.82% has been granted, compared with a request for 1.93%. The company has filed a legal challenge, citing the failure to take into account certain investments;
- e) in Autostrada Tirrenica's case, no toll increase was granted in view of the ongoing EU infraction proceedings (the company had requested an increase of 1.59% for 2019 and, given the absence of any increases in previous years, a total increase of 36.41%).

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.

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

The II Addendum to Autostrade per l'Italia's Single Concession Arrangement was digitally signed on 22 February 2018. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the investment commitments of the Single Concession Arrangement, and caps the maximum cost to be covered by Autostrade per l'Italia at approximately €158 million, including around €2 million already incurred for design work, and

the remaining €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure.

This amount, which will be paid to ANAS on a stage of completion basis and in terms of a specific agreement to be entered into, will be recovered by Autostrade per l'Italia via the "K" toll component.

The Addendum came into effect with approval by decree 128 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered by the Court of Auditors on 31 May 2018.

[Five-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 will subsequently be formalised as an addendum to the current Arrangement.

[Consultation with the Transport Regulator](#)

The Transport Regulator (ART) issued a determination on 20 February 2019, initiating a consultation designed to establish a tariff regime using a consistently applied method based on a price cap mechanism. Rather than establishing the criteria solely to be used in determining the productivity indicator, as provided for in Law Decree 109 of 28 September 2018, converted into Law 130 of 16 November 2018, the regulator's determination proposes to modify the entire tariff regime for motorway concession arrangements, introducing new criteria for determining the components of tolls. The determination also envisages the application of this new regime not only to motorway operators for which the five-year regulatory period expired after the entry into force of Law Decree 109/2018, and for which the related update has yet to be finalised, but also to operators, such as Autostrade per l'Italia, whose regulatory period expired before the entry into force of the above Law Decree and for which the five-yearly review of the financial plan is still in progress.

The deadline for submitting observations is 29 March 2019, whilst the procedure is scheduled to be completed by 28 June 2019. The Company is considering what legal action to take in order to protect its interests.

[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. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l'Italia has modified the design for the project in full compliance with the principles set out in the agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure.

Work then began on the environmental impact assessment in January 2017 and was completed with the EIA order of 31 March 2018. On 21 March 2018, Autostrade per l'Italia requested the Ministry of Infrastructure and Transport to convene the Services Conference, which was then scheduled for 13 September 2018. Following a series of specific meetings with the Ministry, it became necessary to conduct a technical analysis of the proposed design solution. As a result, the Ministry decided to postpone the Services Conference to a later date. At this time, talks are underway with the Ministry with a view to assessing the potential for alternatives to the design to be submitted to the Services Conference.

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

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

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

The Italian government has yet to follow up on the European Commission's decision.

[New legislation concerning tenders and concessions](#)

The 2018 Budget Law – Law 205 of 27 December 2017 - has amended art. 177 of the Public Contracts Code. The new article requires motorway operators holding a concession not awarded in the form of project financing, or by public tender in accordance with EU law, to award 60% of any contracts for works, services or goods by public tender, instead of the 80% generally applied. On 2 August 2018, ANAC (the *Autorità Nazionale Anti Corruzione*, Italy's National Anti-Corruption Authority) published its interpretation guidelines for art. 177 in the Official Gazette. Autostrade per l'Italia and AISCAT have lodged legal challenges contesting the new legislation.

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

The Addendum to Tangenziale di Napoli's Single Concession Arrangement, setting out the results of the five-yearly review (2014 – 2018) of the financial plan annexed to the Arrangement, was digitally signed on 22 February 2018. The Addendum came into effect with its approval by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance in decree 131 of 16 March 2018, registered by the Court of Auditors on 23 April 2018.

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

In 2012, the Ministry of Infrastructure and Transport issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. On 22 March 2016, the Ministry announced its intention to exclude the two competing bidders, Autostrade Meridionali and Consorzio Stabile SIS, from the tender process. This gave rise to a complex dispute that was finally brought to a close by the Council of State judgement published on 25 February 2019, which upheld the judgement at first instance, confirming both companies' disqualification.

[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 in Genoa collapsed on 14 August 2018, resulting in the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report.

[Procedure initiated by the Grantor](#)

On 16 August 2018, the Ministry of Infrastructure and Transport sent Autostrade per l'Italia a letter of complaint before conducting any form of prior investigation into the causes of the collapse or who was responsible. The letter alleged that the Company had committed serious

breaches of its contractual obligations regarding routine and extraordinary maintenance and of its obligation to ensure that the road was in good working condition. As a result, the Ministry declared that it was appropriate "to activate the procedures provided for in articles 8, 9 and 9 *bis* of the Concession Arrangement".

In its response dated 31 August 2018, and in the subsequent letter dated 13 September 2018, Autostrade per l'Italia presented its counterarguments, rejecting the accusation that it had failed to meet its contractual obligations and, in addition, asserting that any decision by the Ministry to activate the procedures provided for in articles 8, 9 and 9 *bis* of the Concession Arrangement was inadmissible and without effect.

The Inspection Committee appointed by the Ministry of Infrastructure and Transport then published its report on the collapse of a section of the Polcevera road bridge on 25 September 2018. A subsequent letter from Autostrade per l'Italia, dated 5 October 2018, highlighted a number of concerns regarding both procedural aspects and the merits of the Committee's conclusions.

Subsequently, in a letter dated 20 December 2018, the Ministry of Infrastructure and Transport added further to its letter of complaint and, in accordance with the procedure required under the arrangement, requested the company to provide further counterarguments, specifically in relation to information on aspects regarding the system used to monitor infrastructure and the potential causes of the collapse. The latter gave the Company 120 days to respond.

The Company believes, in part based on the opinion of leading experts, that communications with the Grantor do not qualify as the initial act in the procedure leading to termination of the concession, in accordance with art. 9 of the Single Concession Arrangement.

[Law Decree 109 of 2018](#)

In parallel with the above, Law Decree 109 was published on 28 September 2018 and later converted into Law 130 of 16 November 2018. The legislation contains a range of urgent measures for the city of Genoa and provides for:

- the appointment of a Special Commissioner to oversee the reconstruction, who may act in derogation of the law other than criminal law, save for the binding restrictions imposed by membership of the European Union;
- a requirement for the operator, "as the entity responsible for ensuring that the infrastructure operated under concession was safe and fit for purpose, and therefore as the entity responsible for the events", within 30 days of receipt of the Special Commissioner's request, to pay the sum necessary for the reconstruction in the amount to be provisionally determined by the Commissioner, without prejudice to any subsequent findings regarding liability for the event;
- the exclusion of Autostrade per l'Italia and its subsidiaries and associates from involvement in the reconstruction;
- the assignment to the Commissioner responsibility for the sections of motorway linked to the road bridge A10 whose operation will be affected by work on the reconstruction and which the operator is obligated to hand over to the Commissioner.

[Legal challenges brought by the Company before Liguria Regional Administrative court](#)

The Company has brought an action before Liguria Regional Administrative Court challenging the legislation contained in Law Decree 109 of 2018 and subsequent implementing measures, without applying for injunctive relief, the Cabinet Office Decree of 4 October 2018 appointing the Special Commissioner, and certain implementing decrees issued by the Commissioner relating to demolition and reconstruction of the bridge and the connected activities, contesting their legality, including from a constitutional viewpoint.

The hearing of 27 February 2019 has been rescheduled for 22 May 2019.

At the same time, Autostrade per l'Italia, in its acknowledged role as the operator, has handed over the sums requested by the Special Commissioner in order to fund the purchase of homes and business premises, and payments on account to the firms contracted to carry out the demolition and reconstruction and project management. The Company has also committed to making available the remaining sums requested by the Special Commissioner as the work progresses.

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 9 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. The action also regards a further 12 employees and managers at SPEA Engineering, the Atlantia Group company contracted to monitor the state of the infrastructure, and the Ministry of Infrastructure and Transport, 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").

With specific regard to the last two offences, 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".

Subsequently, on 12 September 2018, the preliminary investigating magistrate (*Giudice per le Indagini Preliminari*) requested a pre-trial hearing to appoint experts to prepare a report on conditions at the disaster scene, to assess the state of repair and maintenance of the infrastructure that did not collapse and of the parts of the road bridge that did collapse and have yet to be removed, and to identify and reach agreement with the relevant authorities on procedures for the removal of debris and for demolition, so as to preserve the evidence needed for the purposes of the investigation.

The work of the experts began on 2 October 2018 and is still in progress.

At the hearing held on 8 February 2019, the preliminary investigating magistrate upheld the request from the counsel defending Autostrade per l'Italia's personnel to discuss the translated versions of the expert reports prepared by the specially appointed laboratories with the other parties.

At the hearing of 15 February 2019, the preliminary investigating magistrate appointed an interpreter to translate the above expert reports and counsel for the defendants appointed their own technical consultants.

Finally, the preliminary investigating magistrate has scheduled a hearing for 27 March 2019 in order to discuss the expert reports and for 8 April 2019 to receive an update on the work carried out by the experts.

2.12 Other information

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.

2.13 Events after 31 December 2018

Redemption of bonds by Autostrade per l'Italia

In February 2019, the Company redeemed bonds with a par value of €593,334 thousand and paying coupon interest of 4.5%. The bonds, guaranteed by Atlantia, were issued by the parent in February 2012 and transferred to Autostrade per l'Italia as part of the issuer substitution with effect from December 2016.

2.14 Outlook and risks or uncertainties

We expect to record a broadly stable operating performance in 2019 compared with the previous year (excluding non-recurring items linked to the collapse of the road bridge in Genoa). On the other hand, traffic may be affected by the current economic slowdown. Autostrade per l'Italia stands ready to start work on new projects designed to ease the worst bottlenecks in the country's infrastructure and to support Italy's growth and competitiveness.

The potential impact of the letter of complaint sent to Autostrade per l'Italia by the Ministry of Infrastructure and Transport on 16 August 2018, alleging serious breaches of the Company's contractual obligations in relation to the collapse of the Polcevera road bridge, should be taken into account. In its response dated 31 August 2018, the Company presented its counterarguments, rejecting the accusation that it had failed to meet its contractual obligations and, in addition, asserting that any decision by the Ministry to activate the procedures provided for in articles 8, 9 and 9 *bis* of the Concession Arrangement would be inadmissible and without effect.

Subsequently, in a letter dated 20 December 2018, the Ministry of Infrastructure and Transport added further to its letter of complaint and, in accordance with the procedure required under the arrangement, requested the Company to provide further counterarguments, giving it a period of 120 days to respond.

2.15 Proposed appropriation of profit for the year for submission to the Annual General Meeting of Autostrade per l'Italia SpA's shareholders

With regard to the proposal to put before the Annual General Meeting of shareholders ("AGM") regarding distribution of profit for the year, taking into account:

- a) the text of article 44.1 of the Articles of Association, stating that: «[...] The remaining profit for the year shall be distributed to shareholders in proportion to their interests, to the maximum extent permitted by law, provided that the distribution is in keeping with the requirements of the Single Concession Arrangement, and with the financial covenants contained in the loan agreements to which the Company is party»;
- b) the text of article 25.2 (d) of the Articles of Association, stating that: «decisions relating to the following matters may be validly taken, both in first and second call, provided that the votes in favour making up the majority required by law also include the votes of the non-controlling shareholders who individually hold, at the date of the relevant General Meeting, at least five per cent (5%) of the Company's issued capital (with the exception of the instances provided for in article 33.6) below: [...] (d) the distribution of dividends in derogation of the dividend policy established in article 44 below [...]»;
- c) the text of articles 33.3 (f) and 47.2 of the Articles of Association, stating that, with regard to proposals to the General Meeting concerning one of the matters listed in article 25.2, the Board of Directors shall validly adopt resolutions with the majorities required by law, provided that these majorities include the favourable votes of the Directors nominated by the non-controlling shareholders;
- d) that the distribution to shareholders of profit for the year to the maximum extent permitted is in keeping with the requirements of the Single Concession Arrangement, and with the financial covenants contained in the loan agreements to which the Company is party;
- e) that the legal reserve has reached the level required by the Italian Civil Code, equal to one fifth of the issued capital;
- f) that, despite this, considering the situation resulting from the partial collapse of the Polcevera road bridge, it has been decided not to propose distribution of the remaining profit for the year to the maximum extent permitted by law,

the Board of Directors has unanimously approved, with the favourable votes of the Directors nominated by non-controlling shareholders, the following detailed proposal for submission to the AGM, which must be approved by the AGM called for 18 April 2019, according to the majorities required by article 25.2 of the Articles of Association. As a result, the Board proposes to pay a dividend totalling €311,013,500.00 from profit for the year of €618,412,392.67.

Dear Shareholders,

In conclusion, we invite you:

- a) to approve the financial statements as at and for the year ended 31 December 2018, which report profit of €618,412,392.67, having taken note of the accompanying documents;
- b) to appropriate profit for the year of €618,412,392.67 as follows:
 - 1) €311,013,500.00 to pay a dividend of €0.50 per share to the holders of each of the 622,027,000 dividend-bearing shares with a par value of €1.00 in issue;
 - 2) the remaining €307,398,892.67 to retained earnings;
- c) to establish the dividend payment date as 15 May 2019.

For the Board of Directors

The Chairman

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2018 CONSOLIDATED FINANCIAL STATEMENTS



Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| €000 | Note | 31 December 2018 | <i>of which related party transactions</i> | 31 December 2017 | <i>of which related party transactions</i> |
|--|-------------|-------------------|--|-------------------|--|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 7.1 | 81,953 | | 81,099 | |
| Property, plant and equipment | | 80,667 | | 79,298 | |
| Investment property | | 1,286 | | 1,801 | |
| Intangible assets | 7.2 | 18,092,536 | | 18,355,696 | |
| Intangible assets deriving from concession rights | | 11,952,363 | | 12,220,843 | |
| Goodwill and other intangible assets with indefinite lives | | 6,111,304 | | 6,111,237 | |
| Other intangible assets | | 28,869 | | 23,616 | |
| Investments | 7.3 | 83,812 | | 63,944 | |
| Investments accounted for at cost or fair value | | 61,379 | | 33,920 | |
| Investments accounted for using the equity method | | 22,433 | | 30,024 | |
| Non-current financial assets | 7.4 | 410,141 | | 393,619 | |
| Non-current financial assets deriving from government grants | | 196,481 | | 188,299 | |
| Non-current term deposits | | 192,432 | | 184,261 | |
| Other non-current financial assets | | 21,228 | | 21,059 | |
| Deferred tax assets | 7.5 | 102,946 | | 101,314 | |
| Other non-current assets | 7.6 | 285 | | 285 | |
| Total non-current assets | | 18,771,673 | | 18,995,957 | |
| Current assets | | | | | |
| Trading assets | 7.7 | 533,891 | | 507,456 | |
| Inventories | | 54,491 | | 52,053 | |
| Contract assets | | 4,204 | | 4,204 | |
| Trade receivables | | 475,196 | 91,632 | 451,199 | 100,561 |
| Cash and cash equivalents | 7.8 | 1,791,628 | | 2,938,061 | |
| Cash | | 1,139,220 | | 2,076,029 | |
| Cash equivalents | | 122 | | 100,075 | |
| Intercompany current account receivables due from related parties | | 652,286 | 652,286 | 761,957 | 761,957 |
| Current financial assets | 7.4 | 482,057 | | 531,753 | |
| Current financial assets deriving from concession rights | | 408,313 | | 399,863 | |
| Current financial assets deriving from government grants | | 22,108 | | 52,265 | |
| Current term deposits | | 21,364 | | 50,599 | |
| Current portion of other medium/long-term financial assets | | 21,947 | | 22,147 | |
| Other current financial assets | | 8,325 | | 6,879 | |
| Current tax assets | 7.9 | 32,190 | 31,026 | 34,800 | 31,229 |
| Other current assets | 7.10 | 78,572 | | 81,862 | |
| Assets held for sale and related to discontinued operations | 7.11 | 4,274 | | 11,061 | |
| Total current assets | | 2,922,612 | | 4,104,993 | |
| TOTAL ASSETS | | 21,694,285 | | 23,100,950 | |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| €000 | Note | 31 December 2018 | <i>of which related party transactions</i> | 31 December 2017 | <i>of which related party transactions</i> |
|--|-------------|-------------------|--|-------------------|--|
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Equity attributable to owners of the parent | | 2,492,772 | | 2,390,132 | |
| Issued capital | | 622,027 | | 622,027 | |
| Reserves and retained earnings | | 1,262,636 | | 1,246,560 | |
| Profit/(Loss) for the year net of interim dividends | | 608,109 | | 521,545 | |
| Equity attributable to non-controlling interests | | 350,825 | | 347,660 | |
| Issued capital and reserves | | 336,701 | | 292,779 | |
| Profit/(Loss) for the year net of interim dividends | | 14,124 | | 54,881 | |
| Total equity | 7.12 | 2,843,597 | | 2,737,792 | |
| Non-current liabilities | | | | | |
| Non-current portion of provisions for construction services required by contract | 7.13 | 2,639,004 | | 2,839,552 | |
| Non-current provisions | 7.14 | 1,194,114 | | 1,314,339 | |
| Non-current provisions for employee benefits | | 91,356 | | 100,030 | |
| Non-current provisions for repair and replacement of motorway infrastructure | | 1,020,513 | | 1,142,232 | |
| Non-current provisions for the renewal of motorway infrastructure | | 64,996 | | 55,078 | |
| Other non-current provisions | | 17,249 | | 16,999 | |
| Non-current financial liabilities | 7.15 | 10,259,795 | | 10,990,445 | |
| Bond issues | | 7,499,827 | | 8,092,619 | |
| Medium/long-term borrowings | | 2,324,205 | | 2,468,682 | |
| Non-current derivative liabilities | | 435,763 | | 429,144 | |
| Deferred tax liabilities | 7.5 | 588,563 | | 598,364 | |
| Other non-current liabilities | 7.16 | 27,904 | | 33,103 | |
| Total non-current liabilities | | 14,709,380 | | 15,775,803 | |
| Current liabilities | | | | | |
| Trading liabilities | 7.17 | 1,318,598 | | 1,323,768 | |
| Trade payables | | 1,318,598 | 278,274 | 1,323,768 | 250,370 |
| Current portion of provisions for construction services required by contract | 7.13 | 405,562 | | 421,949 | |
| Current provisions | 7.14 | 834,901 | | 214,309 | |
| Current provisions for employee benefits | | 24,085 | | 23,525 | |
| Current provisions for repair and replacement of motorway infrastructure | | 693,832 | | 149,815 | |
| Current provision for the renewal of motorway infrastructure | | 25 | | 2,277 | |
| Other current provisions | | 116,959 | | 38,692 | |
| Current financial liabilities | 7.15 | 1,236,761 | | 2,230,850 | |
| Bank overdrafts repayable on demand | | 2 | | 7 | |
| Short-term borrowings | | 244,999 | - | 774,999 | 500,000 |
| Current derivative liabilities | | 575 | | 638 | |
| Intercompany current account payables due to related parties | | 7,425 | 7,425 | 13,954 | 13,954 |
| Current portion of medium/long-term financial liabilities | | 948,787 | 653 | 1,384,584 | 1,000,411 |
| Other current financial liabilities | | 34,973 | | 56,668 | |
| Current tax liabilities | 7.9 | 29,604 | 23,955 | 88,449 | 87,143 |
| Other current liabilities | 7.18 | 315,823 | 16,343 | 301,730 | 18,561 |
| Liabilities related to discontinued operations | 7.11 | 59 | | 6,300 | |
| Total current liabilities | | 4,141,308 | | 4,587,355 | |
| TOTAL LIABILITIES | | 18,850,688 | | 20,363,158 | |
| TOTAL EQUITY AND LIABILITIES | | 21,694,285 | | 23,100,950 | |

CONSOLIDATED INCOME STATEMENT

| €000 | Note | 2018 | of which related party transactions | 2017 | of which related party transactions |
|---|------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| REVENUE | | | | | |
| Toll revenue | 8.1 | 3,657,734 | | 3,590,330 | |
| Revenue from construction services | 8.2 | 178,305 | | 117,529 | |
| Other revenue | 8.3 | 339,598 | 122,725 | 347,489 | 113,820 |
| TOTAL REVENUE | | 4,175,637 | | 4,055,348 | |
| COSTS | | | | | |
| Raw and consumable materials | 8.4 | -127,189 | | -88,455 | |
| Service costs | 8.5 | -820,585 | -342,849 | -855,813 | -409,845 |
| Gain/(Loss) on sale of elements of property, plant and equipment | | 648 | | 896 | |
| Staff costs | 8.6 | -515,756 | -23,328 | -525,032 | -24,974 |
| Other operating costs | 8.7 | -585,756 | | -538,273 | |
| Concession fees | | -469,050 | | -465,058 | |
| Lease expenses | | -8,435 | | -10,216 | |
| Other | | -108,271 | | -62,999 | |
| Operating change in provisions | 8.8 | -501,986 | | -11,290 | |
| (Provisions)/Uses of provisions for repair and replacement of motorway infrastructure | | -406,829 | | 10,458 | |
| (Provisions)/Uses of provisions for renewal work | | -7,529 | | -10,197 | |
| Provisions | | -87,628 | | -11,551 | |
| Use of provisions for construction services required by contract | 8.9 | 360,510 | | 406,968 | |
| Amortisation and depreciation | | -617,817 | | -605,405 | |
| Depreciation of property, plant and equipment | | -21,293 | | -22,255 | |
| Amortisation of intangible assets deriving from concession rights | | -575,414 | | -565,874 | |
| Amortisation of other intangible assets | | -21,110 | | -17,276 | |
| (Impairment losses)/Reversals of impairment losses | 7.3 | 5,976 | | 76,948 | |
| TOTAL COSTS | | -2,801,955 | | -2,139,456 | |
| OPERATING PROFIT/(LOSS) | | 1,373,682 | | 1,915,892 | |
| Financial income | | | | | |
| Dividends received from investees | | 1,067 | | 2,430 | |
| Other financial income | | 92,255 | | 99,206 | |
| Financial expenses | | | | | |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | | -30,567 | | -25,113 | |
| Other financial expenses | | -523,843 | -54,982 | -557,297 | -59,774 |
| Foreign exchange gains/(losses) | | -412 | | -84 | |
| FINANCIAL INCOME/(EXPENSES) | 8.10 | -461,500 | | -480,858 | |
| Share of profit/(loss) of investees accounted for using the equity method | | -4,485 | | 2,743 | |
| PROFIT BEFORE TAX FROM CONTINUING OPERATIONS | | 907,697 | | 1,437,777 | |
| Income tax (expense)/benefit | | | | | |
| Current tax expense | 8.11 | -285,690 | | -420,140 | |
| Differences on current tax expense for previous years | | -307,133 | | -298,904 | |
| Deferred tax income and expense | | 6,760 | | 9,512 | |
| | | 14,683 | | -130,748 | |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | | 622,007 | | 1,017,637 | |
| Profit/(Loss) from discontinued operations | | 226 | | 23,833 | |
| PROFIT FOR THE YEAR | | 622,233 | | 1,041,470 | |
| <i>of which:</i> | | | | | |
| Profit attributable to owners of the parent | | 608,109 | | 971,893 | |
| Profit attributable to non-controlling interests | | 14,124 | | 69,577 | |
| Euro | | | | | |
| | | 2018 | | 2017 | |
| Basic earnings per share attributable to owners of the parent | | | | | |
| of which: | 8.12 | 0.98 | | 1.56 | |
| - continuing operations | | 0.98 | | 1.55 | |
| - discontinued operations | | - | | 0.01 | |
| Diluted earnings per share attributable to owners of the parent | | | | | |
| of which: | 8.12 | 0.98 | | 1.56 | |
| - continuing operations | | 0.98 | | 1.55 | |
| - discontinued operations | | - | | 0.01 | |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| €000 | | 2018 | 2017 |
|---|--------------------|----------------|------------------|
| Profit for the year | (A) | 622,233 | 1,041,470 |
| Fair value gains/(losses) on cash flow hedges | | -20,124 | 38,663 |
| Tax effect of fair value gains/(losses) on cash flow hedges | | 4,832 | -14,116 |
| Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro | | -72 | 90,995 |
| Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro | | -44 | 866 |
| Other comprehensive income/(loss) reclassifiable to profit or loss for the year | (B) | -15,408 | 116,408 |
| Gains/(losses) from actuarial valuations of provisions for employee benefits | | 71 | -1,002 |
| Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits | | -18 | 241 |
| Other comprehensive income/(loss) not reclassifiable to profit or loss for the year | (C) | 53 | -761 |
| Reclassifications of other components of comprehensive income to profit or loss for the year | (D) | -8 | 20,144 |
| 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) | -15,363 | 135,791 |
| <i>of which attributable to discontinued operations</i> | | - | 91,602 |
| Comprehensive income for the year | (A+F) | 606,870 | 1,177,261 |
| <i>Of which attributable to owners of the parent</i> | | 592,745 | 1,062,383 |
| <i>Of which attributable to non-controlling interests</i> | | 14,125 | 114,878 |

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

| €000 | EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | | | | EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS | |
|---|---|-------------------------|------------------------------|---|---|--------------------------------------|---|--|---|------------|
| | Issued capital | Cash flow hedge reserve | Net investment hedge reserve | Reserve for translation differences on 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 year after interim dividend | | | Total |
| Balance as at 31 December 2016 | 622,027 | -154,890 | -36,400 | -185,138 | -3,652 | 3,613,953 | 512,452 | 4,368,352 | 1,749,310 | 6,117,662 |
| Comprehensive income for the year | - | 44,691 | - | 46,044 | 512 | 757 | 971,893 | 1,062,383 | 114,878 | 1,177,261 |
| Owner transactions and other changes | | | | | | | | | | |
| Autostrede per Ititalia SpA's final dividend (€0.505 per share) | - | - | - | - | - | - | -314,127 | -314,127 | - | -314,127 |
| Transfer of profit/(loss) for previous year to retained earnings | - | - | - | - | - | 198,325 | -188,325 | - | - | - |
| Autostrede per Ititalia SpA's interim dividend (€0.724 per share) | - | - | - | - | - | - | -450,348 | -450,348 | - | -450,348 |
| Dividends paid by other Group companies to non-controlling shareholders | - | - | - | - | - | - | - | - | -65,734 | -65,734 |
| Share-based incentive plans | - | - | - | - | - | 1,995 | - | 1,995 | 30 | 2,025 |
| Change in scope of consolidation following distribution of the special dividend in kind, including the effect on current tax income/(expense) | - | - | 36,400 | 139,205 | 3,168 | -1,332,302 | - | -1,159,529 | -1,474,106 | -2,627,635 |
| Distribution of available reserves | - | - | - | - | - | -1,101,312 | - | -1,101,312 | - | -1,101,312 |
| Reclassifications and other minor changes | - | - | - | - | - | -23,282 | - | -23,282 | 23,282 | - |
| Balance as at 31 December 2017 | 622,027 | -110,199 | - | 111 | 28 | 1,956,620 | 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 | 1,982,148 | 521,545 | 2,415,660 | 347,660 | 2,763,320 |
| Comprehensive income for the year | | | | | | | | | | |
| Comprehensive income for the year | - | -15,300 | - | -72 | -44 | 52 | 688,109 | 592,745 | 14,125 | 606,870 |
| Owner transactions and other changes | | | | | | | | | | |
| Autostrede per Ititalia SpA's final dividend (€0.832 per share) | - | - | - | - | - | - | -517,526 | -517,526 | - | -517,526 |
| Transfer of profit/(loss) for previous year to retained earnings | - | - | - | - | - | 4,019 | -4,019 | - | - | - |
| Dividends paid by other Group companies to non-controlling shareholders | - | - | - | - | - | - | - | - | -7,755 | -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 | 1,888,112 | 608,109 | 2,492,772 | 350,825 | 2,843,597 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| €000 | Note | 2018 | <i>of which related party transactions</i> | 2017 | <i>of which related party transactions</i> |
|---|-------------|-------------------|--|-------------------|--|
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | | | | |
| Profit for the year | | 622,233 | | 1,041,470 | |
| Adjusted by: | | | | | |
| Amortisation and depreciation | | 617,817 | | 605,405 | |
| Operating change in provisions, after use of provisions for renewal work | | 504,630 | | 12,179 | |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | 8.10 | 30,567 | | 25,113 | |
| Share of (profit)/loss of investees accounted for using the equity method | | 4,485 | | -2,743 | |
| Svalutazioni (Rivalutazioni) di valore e rettifiche di attività correnti e non correnti | | -5,976 | | -76,948 | |
| Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets | | -648 | | -896 | |
| Net change in deferred tax (assets)/liabilities through profit or loss | | -14,688 | | 130,748 | |
| Other non-cash costs (income) | | -48,534 | | -51,656 | |
| Change in working capital and other charges | | -88,193 | -30,400 | 230,140 | 178,104 |
| Net cash generated from/(used in) operating activities [a] | 9.1 | 1,621,693 | | 1,912,812 | |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | | | | | |
| Investment in assets held under concession | 7.2 | -542,734 | | -517,205 | |
| Purchases of property, plant and equipment | 7.1 | -22,552 | | -17,691 | |
| Purchases of other intangible assets | 7.2 | -27,268 | | -21,150 | |
| Government grants related to assets held under concession | | 521 | | 1,497 | |
| Increase in financial assets deriving from concession rights (related to capital expenditure) | | 467 | | 1,593 | |
| Purchases of investments | | -27,716 | | - | |
| Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments | | 4,301 | | 1,105 | |
| Cash and cash equivalents of consolidated transferred as a result of distribution of the special dividend in kind | | - | | -386,046 | |
| Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred | | 6,202 | | - | |
| Net change in other non-current assets | | - | | 7,904 | |
| Net change in current and non-current financial assets | | 34,133 | | -33,096 | |
| Net cash generated from/(used in) investing activities [b] | 9.1 | -574,646 | | -963,089 | |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | | | | |
| Distribution of reserves to the parent | | - | | -1,101,312 | |
| Dividends paid | | -543,432 | | -777,084 | |
| Return of capital to non-controlling shareholders | | -1,800 | | - | |
| Repayment of loans to the parent | | -1,000,000 | - | - | |
| Issuance of bonds | | - | | 130,634 | |
| Redemption of bonds | | - | | -505,566 | |
| Repayments of medium/long-term borrowings (excluding finance lease liabilities) | 7.15 | -125,724 | | -164,947 | |
| Net change in other current and non-current financial liabilities | | -522,513 | -503,208 | 969,932 | 859,287 |
| Net cash generated from/(used in) financing activities [c] | 9.1 | -2,193,469 | | -1,448,343 | |
| Net effect of foreign exchange rate movements on net cash and cash equivalents [d] | | - | | 9,702 | |
| Increase/(Decrease) in cash and cash equivalents [a+b+c+d] | 9.1 | -1,146,422 | | -488,918 | |
| NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 2,930,623 | | 3,419,541 | |
| NET CASH AND CASH EQUIVALENTS AT END OF YEAR | | 1,784,201 | | 2,930,623 | |

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

| €000 | Note | 2018 | 2017 |
|--|------|---------|---------|
| Income taxes paid | | 362,475 | 195,320 |
| Interest and other financial income collected | | 47,108 | 35,785 |
| Interest expense and other financial expenses paid | | 488,406 | 533,268 |
| Dividends received | 8.10 | 1,067 | 2,430 |
| Foreign exchange gains collected | | 200 | 27 |
| Foreign exchange losses incurred | | 47 | 51 |

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

| €000 | Note | 2018 | 2017 |
|--|------|------------------|------------------|
| <u>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u> | | 2,930,623 | 3,419,541 |
| Cash and cash equivalents | 7.8 | 2,938,061 | 3,223,793 |
| Bank overdrafts repayable on demand | 7.15 | -7 | - |
| Intercompany current accounts payables due to related parties | 7.15 | -13,954 | -205,768 |
| Cash and cash equivalents related to discontinued operations | 7.11 | 6,523 | 401,516 |
| <u>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</u> | | 1,784,201 | 2,930,623 |
| 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 |

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, 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.

As at 31 December 2018, 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 2018 were approved by the Company's Board of Directors at its meeting of 6 March 2019.

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements as at and for the year ended 31 December 2018 are based on the assumption that the Parent Company and consolidated companies are going concerns. They have been prepared in compliance with articles 2 and 3 of Legislative Decree 38/2005 and 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 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 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.

As in 2017, no atypical or unusual transactions, having a material impact on the Group’s income statement and statement of financial position, were entered into in 2018, either with third or related parties. In contrast, a number of non-recurring events took place during the year and these are described in detail in note 6, “Events and corporate actions”, in which the related impact on the income statement for 2018 is also described.

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. Given their importance, it should also be noted that, from 1 January 2018, the following accounting standards have become effective: IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. In adopting IFRS 9 – Financial Instruments, the Group elected to recognise the impact of retrospective restatement of amounts in equity as at 1 January 2018, without restating the comparative prior-year amounts. The adoption of IFRS 15 – Revenue from Contracts with Customers has had no impact on previously presented amounts in the statement of financial position and income statement. Further information on the impact of the adoption of these standards is provided below in note 3.

With regard to the consolidated statement of financial position, with respect to the information published in the consolidated financial statements as at and for the year ended 31 December 2017, the adoption of the above new accounting standards has resulted in changes to the names of certain line items in the statement:

- a) the item “Investments accounted for at cost or fair value” has been renamed “Investments accounted for at fair value”;
- b) the item “Contract work in progress” has been renamed “Contract assets”;
- c) the item “Liabilities deriving from contract work in progress” has been renamed “Contract liabilities”.

With respect to the information published in the consolidated financial statements as at and for the year ended 31 December 2017, the item “Contract revenue” has been reclassified to “Other operating revenue” in the consolidated income statement.

The comparative consolidated statement of financial position as at 31 December 2017 also presents, with respect to the information provided in the consolidated financial statements as at that date, a different classification of renewal work carried out on the infrastructure operated under concession by Società Italiana per Azioni per il Traforo del Monte Bianco (“SITMB”). This was deemed to improve the basis of presentation used and has resulted in the reclassification of €57,355 thousand from the item “Provisions for the repair and replacement of motorway infrastructure” to the new item “Provisions for the renewal of motorway infrastructure” (including €55,078 thousand regarding the non-current portion). As a result, net provisions of

€10,197 thousand for 2017 have been reclassified in the income statement from the item “(Provisions)/Uses of provisions for the repair and replacement of motorway infrastructure” to the new item “(Provisions)/Uses of provisions for the renewal of motorway infrastructure”.

3. 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 2018. 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 2018, of the new accounting standards, IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. A specific section of these notes describes the differences between these new standards (described below) with respect to the standards previously applied and the impact of restating amounts in the statement of financial position as at 31 December 2017, following the adoption of IFRS 9 as an adjustment to equity as at 1 January 2018.

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 2018 are shown in the table below by asset class.

| Property, plant and equipment | Rate of depreciation |
|-----------------------------------|----------------------|
| Buildings | 2.5% - 33.33% |
| Plant and machinery | 10% - 33% |
| Industrial and business equipment | 4.5% - 33% |
| Other assets | 8.6% - 33.33% |

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);
 - 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. Amortisation rates are, consequently, determined taking any significant changes in traffic volumes during the concession term into account. 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 2018 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.

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.

Goodwill is initially measured as the positive difference between the acquisition cost, plus both the fair value at the acquisition date of any previous non-controlling interests held in the acquiree and non-controlling interests held by third parties in the acquiree (at fair value or prorated to the current net asset value of the acquiree), and 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 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 other comprehensive income, thus recognising any changes in a specific equity reserve.

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).

Cash and cash equivalents

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 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. Accumulated changes on fair value taken to the cash flow hedge reserve are reclassified in profit or loss in the year in which the hedging relationship ceases.

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.

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) 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.

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 2018.

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.

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. 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.

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. Subsequent to the computation of present value, the increase in provisions over time is recognised as a financial expense.

“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.

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 and the item "Operating change in provisions" reflects use of the provisions previously made, as described in point e) above.

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.

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 IAS 17. 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.

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.

In 2018, 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 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.

Impairment of assets and reversals (impairment testing)

At the end of the reporting period, the Group tests property, plant and equipment, intangible assets, financial assets and investments 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 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.

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 standards adopted from 1 January 2018: IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments

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

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

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

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

- a) identification of the contract;
- b) identification of the performance obligations in the contract;

- c) determination of the transaction price;
- d) allocation of the transaction price to each identified performance obligation;
- e) recognition of revenue when the performance obligation is satisfied.

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

Following the assessment conducted, the adoption of IFRS 15 is not expected to have any impact on the Group, with the exception of the renaming of certain line items, as described above.

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

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

The changes with respect to the requirements of IAS 39 that are most relevant to the Group in terms of their impact on the income statement and/or the financial position primarily regard:

- a) the reporting of changes in fair value in connection with the credit risk of certain liabilities, which IFRS 9 requires to be recognised in other comprehensive income rather than in profit or loss as movements in fair value as a result of other risks;
- b) in the event of non-substantial modifications to the terms of a financial instrument, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instrument must be recognised in profit or loss. Previously in such cases, under IAS 39, the Group continued to account for the instrument at the previously recognised amortised cost, redetermining the related effective interest rate on a prospective basis.

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

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

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

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

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

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

Legend:

- HTCS = "Hold To Collect and Sale"
- HTC = "Hold To Collect"
- AFS = "Available For Sale"
- L&R = "Loans and Receivables"
- FV = "Fair value recognised in the income statement "
- FV to OCI = "Fair value recognised in the comprehensive income statement "

New accounting standards and interpretations, or revision and amendments 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, but that have either yet to come into effect at the reporting date, 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 |
|---|---------------------------------|------------------------|
| New accounting standards and interpretations | | |
| IFRS 16 – Leases | 1 January 2019 | October 2017 |
| Amendments to existing standards and interpretations | | |
| Annual Improvements to IFRSs: 2015 – 2017 | 1 January 2019 | Not endorsed |
| Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Change in Accounting estimates and Errors | 1 January 2020 | Not endorsed |
| Amendments to IAS 19 – Employee Benefits | 1 January 2019 | Not endorsed |
| Amendments to IFRS 3 – Business combinations | 1 January 2020 | Not endorsed |

IFRS 16 – Leases

On 13 January 2016, the IASB published the final version of the new financial reporting standard on leases, which has replaced IAS 17, IFRIC 4, SIC 15 and SIC27 and is due to take effect on 1 January 2019. The new standard provides a new definition of lease and introduces a criterion based on control of the asset, to distinguish a lease 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 the at lease commencement in the statement of financial position a right-of-use asset (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 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. Moreover, 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.

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).

As to the possible impacts deriving from the introduction of IFRS 16, the possible effects of its introduction were analysed. It is noted that the Group does not hold significant assets as a lessee, with the relevant contracts referring mainly to property and vehicle leases.

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 and the

analysis of such contracts to understand the main provisions that would be relevant in relation to IFRS 16.

To that end, the Group intends to avail itself of the simplifications allowed by the standard:

- a) partial retrospective application, with recognition in the statement of financial position as of 1 January 2019 of the cumulative effects deriving from the adoption of the standard, 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, with special emphasis to 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 tablets, printers, other electronic devices and furnishings. 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.

With reference to lease contracts where Group companies are lessees, essentially in relation to the sub-concessions for the lease of retail and refreshment areas on motorways operated under concession, it is noted that IFRS 16 does not introduce any changes in the recognition of lease contracts for the lessee, compared to IAS 17.

As a result, no significant impacts have so far been identified that might derive from the introduction of the standard.

Annual Improvements to IFRSs: 2015 – 2017

On 12 December 2017, the IASB published its “Annual Improvements to IFRSs: 2015 – 2017 cycle”, introducing amendments to a number of standards as part of its annual improvements process.

The principal amendments that could be relevant to the Group regard:

- a) IFRS 3 – Business Combinations, and IFRS 11 – Joint Arrangements. The amendment establishes that if an entity acquires control of a business that is a joint operation, it must remeasure any previous interests in the business at fair value. In contrast, this approach does not apply to acquisitions of joint control;
- b) IAS 12 – Income Taxes. The amendment clarifies that an entity must account for all income tax consequences of dividend payments (including payments on financial instruments classified as equity) in the same way as the transaction that generated them. They will, therefore, be recognised in the income statement, in comprehensive income or in equity.

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 IAS 19 – Employee Benefits

On 7 February 2018 the IASB published “Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)”, amending IAS 19 to clarify how an entity should recognise an amendment (or a curtailment or a settlement) to a defined-benefit plan. The amendment

requires the entity to review its assumptions and remeasure the liability or the net assets of the plan. After such occurrence, the entity must use the new assumptions to measure the service cost and net interest for the period after the remeasurement.

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.

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 other than IFRS 16, as well as the revisions and amendments of existing standards.

4. Concessions

The Group’s core business is the operation of motorways under concessions held by Group companies. The purpose of the concessions is the construction and operation of motorway infrastructure (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 2018 as follows:

- a) **II Addendum to Autostrade per l’Italia’s Single Concession Arrangement:** a II Addendum to Autostrade per l’Italia’s Single Concession was digitally signed on 22 February 2018. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the operator’s investment commitments in the Single Concession Arrangement. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and almost €156 million to be paid to ANAS,

which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis and under a specific agreement to be executed. The amount will then be recouped by Autostrade per l'Italia through the specific "K" tariff component.

The Addendum came into effect with approval by decree 128 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered by the Court of Auditors on 31 May 2018.

- b) **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 will subsequently be formalised as an addendum to the current Arrangement.
Talks with the Grantor are in progress with a view to finalising the update.
- c) **Decision of the European Commission regarding the extension of Autostrade per l'Italia's concession:** in July 2017, the Ministry of Infrastructure and Transport reached an agreement with the European Commission. The agreement sets out the key conditions to be met in order to grant Autostrade per l'Italia a 4-year extension to its concession in return for pre-determined toll increases and recognition of a takeover right on expiry. On 27 April 2018, the European Commission announced that the Commission had given its approval for the "plan for investment in Italian motorways". In view of the implementation of Autostrade per l'Italia's investment plan of approximately €7.9 billion, the approval envisages extension of the concession term by four years (from 31 December 2038 to 31 December 2042), a cap on toll increases and introduction of a takeover right on expiry of the concession. The European Commission's decision was published on its website on 31 July 2018.
At the date of approval of these consolidated financial statements, the Italian government has yet to follow up on the European Commission's decision.
- d) **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. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l'Italia has modified the design for the project in full compliance with the principles set out in the agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure. Work then began on the environmental impact assessment in January 2017 and was completed with the EIA order of 31 March 2018. On 21 March 2018, Autostrade per l'Italia requested the Ministry of Infrastructure and Transport to convene the Services Conference, which was then scheduled for 13 September 2018. Following a series of specific meetings with the Ministry, it became necessary to conduct a technical analysis of the proposed design solution. As a result, the Ministry decided to postpone the Services Conference to a later date. At the date of approval of these consolidated financial statements, talks are underway with the Ministry with a view to assessing the potential for alternatives to the design to be submitted to the Services Conference.
- e) **Addendum to Tangenziale di Napoli's Single Concession:** The Addendum to Tangenziale di Napoli's Single Concession Arrangement, setting out the results of the five-yearly review (2014 – 2018) of the financial plan annexed to the Arrangement, was digitally signed on 22 February 2018.

The Addendum came into effect with its approval by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance in decree 131 of 16 March 2018, registered by the Court of Auditors on 23 April 2018.

The process of revising the financial plans of Raccordo Autostradale Valle d’Aosta and Autostrada Tirrenica 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 €10.4 billion already completed as at 31 December 2018 (€10.1 billion as at 31 December 2017), essentially regarding the upgrade of existing motorways.

With regard to the concession held by Autostrade Meridionali, which expired on 31 December 2012, the company is continuing to operate the relevant motorway (the A3 Naples-Salerno) under a contract extension, in accordance with the terms of the previous arrangement. The operator is currently awaiting the outcome of the dispute over the tender process that will select the new operator to take over operation of the motorway. Further information is provided in note 10.7, “Significant legal and regulatory aspects”.

| 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 | 31 Dec 2038 |
| Autostrade Meridionali ⁽¹⁾ | A3 Naples – Salerno | 51.6 | 31 Dec 2012 |
| Raccordo Autostradale Valle d’Aosta | A5 Aosta – Mont Blanc | 32.3 | 31 Dec 2032 |
| Tangenziale di Napoli | Naples ring road | 20.2 | 31 Dec 2037 |
| 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 asked 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.

5. 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 non-controlling 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 exchange rates, shown below, used for the translation of reporting packages denominated in functional currencies other than the euro, were obtained from the Bank of Italy:

| Currency | 2018 | | 2017 | |
|-------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| | Spot exchange rate 31 Dec | Average exchange rate 2018 | Spot exchange rate 31 Dec | Average exchange rate 2017 |
| Euro/US Dollar (*) | n.a | n.a | 1.060 | 1.063 |
| Euro/Polish Zloty (**) | 4.277 | 4.236 | 4.177 | 4.257 |
| Euro/Chilean Peso (*) | n.a | n.a | 687.102 | 693.200 |
| Euro/Chilean Peso (*) | n.a | n.a | 3.281 | 3.350 |
| Euro/Indian Rupee (***) | n.a | n.a | 69.397 | 71.284 |

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

(**) The spot rate for 2018 shown in the table and used to convert Catterick Investments reporting package refers to the exchange rate as at 31 July 2018. In addition, the average rate for 2018 used to convert the reporting package refers to the average exchange rate for the first seven months of 2018.

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

The scope of consolidation at 31 December 2018 has changed with respect to the scope as at 31 December 2017, following the deconsolidation of:

- a) Infoblu, following completion of Autostrade per l’Italia’s sale of this investment to Telepass, as described in greater detail below in note 6, “Events and corporate actions”;
- b) Ecòmouv SA, the liquidation of which was completed by 31 December 2018 even if the company had not been formally struck off the French companies’ register by that date;
- c) Catterick Investments, following completion of the sale of this investment by the subsidiary, Autostrade Tech, in July 2018.

6. 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

Information on the legal and concession-related aspects of the tragic collapse of a section of the Polcevera road bridge (the “road bridge”) on the A10 Genoa-Ventimiglia motorway on 14 August 2018 is provided in note 10.7, “Significant legal and regulatory aspects”.

Convinced that it has complied with its concession obligations and whilst awaiting the outcome of the ongoing investigation into the causes of the collapse, the Parent Company, Autostrade per l'Italia has, in any event, an obligation to reconstruct the Polcevera road bridge under the terms of the existing Single Concession Arrangement. This obligation falls within the scope of provisions to be made to the “Provisions for the repair and replacement of motorway infrastructure”, in application of the accounting standards and policies applied and described in note 3.

In particular, the provision made meets the requirements of IAS 37 in relation to provisions, being:

- 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 determining the obligation to repair the infrastructure, Law Decree 109 was issued on 28 September 2018, converted with amendments into Law 130 of 16 November 2018. Among other provisions, this contains urgent measures relating to the demolition and reconstruction of the road bridge and measures designed to support the local population and businesses affected by the collapse. The above legislation has also assigned sole authority for implementation of the measures to the Special Commissioner (the “Commissioner”) and requires the operator to provide the Commissioner with the funds necessary in order to proceed with:

- a) the demolition, removal and dismantling of the road bridge, the design and reconstruction of the infrastructure and the return of the road system to normal (art. 1, paragraphs 5 and 6);
- b) the purchase or expropriation, by the Commissioner, of civil buildings in the affected areas (art. 1-bis);
- c) the purchase or expropriation, by the Commissioner, of buildings in the affected areas from which businesses operated, and the payment of compensation to the firms involved to cover the cost of any equipment, machinery and materials lost or the transfer of their businesses to another location (art. 4-bis).

In a letter dated 21 December 2018, the Special Commissioner, making reference to the above decree and in execution thereof, informed Autostrade per l'Italia that:

- a) he had executed notarial deeds for the purchase of civil and commercial buildings, and requesting payment of the provisional sum of €115 million;
- b) he had estimated the sum necessary to compensate firms for any equipment, machinery and materials lost or the transfer of their businesses to another location at €44 million, and requesting payment of the above sum;
- c) he had issued decrees awarding contracts for the demolition, design and reconstruction of the bridge, and requesting payment of the provisional sum of €291 million (€238 million net of VAT).

With regard to the above, in accordance with the accounting treatment applicable had Autostrade per l'Italia proceeded directly to carry out the above activities based on the terms of the Single Concession Arrangement, the following principal effects of the events in question have been recognised in the 2018 income statement, including the costs incurred directly by the Parent Company:

- a) the estimated cost of rebuilding the road bridge, as communicated by the Commissioner in relation to the chosen plan for demolition and reconstruction, without prejudicing any determination of liability (€397,399 thousand, in accordance with 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, recognised as provisions for the repair and replacement of motorway infrastructure);
- b) the costs directly incurred in order to purchase the areas to which access is required in order to demolish and reconstruct the road bridge (€8,807 thousand, recognised in other operating costs);
- c) the costs directly incurred in order to return the road network to normal, constructing the Via del Papa and Via 30 giugno 1960 (€3,171 thousand, recognised in service costs);
- d) the costs linked to the disbursements made in order enable families forced to leave their homes to purchase basic necessities (€2,577 thousand, recognised in other operating costs);
- e) the compensation agreed with the families of certain victims and small businesses and traders directly affected by the collapse (€14,822 thousand, recognised in other operating costs);
- f) the costs linked to disbursements made to small businesses and traders directly affected by the collapse (€6,793 thousand, recognised in other operating costs);
- g) the estimated costs linked to further compensation paid to victims' families, aid for small businesses and traders affected by the collapse and legal expenses (€57,218 thousand, recognised in provisions for risks and charges);
- h) the costs incurred for its own demolition and reconstruction plan submitted to the Special Commissioner on 15 October 2018 in accordance with the provisions of the Concession Arrangement (€3,071 thousand, recognised in service costs);
- i) the costs incurred in order to make the road bridge safe following the collapse (€3,933 thousand, recognised in service costs);
- j) the consultants' fees and legal expenses resulting from the legal actions brought in order to protect the Company's rights, and defend the employees who are under criminal investigation as part of a criminal action brought before the Court of Genoa by the Public Prosecutors' Office in Genoa (€3,349 thousand, primarily recognised in service costs).

Autostrade per l'Italia's decision to exempt road users in the Genoa area from the payment of tolls also resulted in an estimated reduction in toll revenue in 2018 of approximately €7 million.

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, updated to the date of preparation of the financial statements for the year ended 31 December 2018, 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”.

Finally, the above charges have been calculated excluding any insurance proceeds that may be received in the future in relation to the collapse, under the insurance cover obtained with regard to the road bridge.

The compensation payable is subject to uncertainty regarding both whether or not any damages are due and the size of any damages. As a result, it does not appear possible to estimate the related amounts, or the date on which any proceeds might be received, with the reasonable certainty necessary for recognition in the financial statements for the year ended 31 December 2018.

It has thus been decided to prudently recognise provisions without deducting any potential insurance proceeds which, if and when they are effectively paid to Autostrade per l’Italia, can be recognised in revenue for the corresponding reporting period.

This accounting treatment is also backed by the authoritative opinion of an external expert.

On 23 January 2019, at the request of the Special Commissioner and without prejudice to the reservations expressed in correspondence with the Commissioner and in the legal challenges brought, Autostrade per l'Italia paid the sums requested to finance the expropriations necessary for demolition and reconstruction of the Polcevera road bridge (€114,913 thousand).

Finally, on 18 February 2019, at the request of the Special Commissioner, Autostrade per l'Italia paid the sums €56,213 thousand requested to finance the start of demolition and reconstruction of the Polcevera road bridge (€46,076 thousand net of VAT).

The following table shows the impact of the above items on the income statement.

| €000 | 2018 |
|---|----------|
| REVENUE | |
| Toll revenue | - |
| Revenue from construction services | - |
| Other revenue | - |
| TOTAL REVENUE | - |
| COSTS | |
| Raw and consumable materials | -13 |
| Service costs | -13,564 |
| Gain/(Loss) on sale of elements of property, plant and equipment | - |
| Staff costs | - |
| Other operating costs | -34,008 |
| Concession fees | - |
| Lease expenses | -6 |
| Other | -34,002 |
| Operating change in provisions | -454,617 |
| (Provisions)/Uses of provisions for repair and replacement of motorway infrastructure | -397,399 |
| (Provisions)/Uses of provisions for renewal work | - |
| Provisions | -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 | -502,202 |
| OPERATING PROFIT/(LOSS) | -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 BEFORE TAX FROM CONTINUING OPERATIONS | -502,202 |
| Income tax (expense)/benefit | |
| Current tax expense | 8,140 |
| Differences on current tax expense for previous years | - |
| Deferred tax income and expense | 128,890 |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | -365,172 |
| Profit/(Loss) from discontinued operations | - |
| PROFIT FOR THE YEAR | -365,172 |
| <i>of which:</i> | |
| Profit attributable to owners of the parent | -365,172 |
| Profit attributable to non-controlling interests | - |

6.2 Sale of Infoblu

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

The sale in question is classifiable as a transaction involving the transfer of companies and/or business units under common control. As a result, in accordance with the accounting policy applied in previous years to similar transactions, and described in note 3, taking into account that the transactions merely represent a restructuring of the Atlantia Group, without generating added value for any of the parties involved, resulting in significant measurable changes in the cash flows generated by the assets transferred before and after the transaction, the difference between the carrying amount of the assets and liabilities transferred and the agreed purchase consideration has been recognised in the Group's consolidated equity, after taking into account the related taxation. The difference amounts to approximately €2 million.

7. Notes to the consolidated statement of financial position

The following notes provide information on items in the consolidated statement of financial position as at 31 December 2018. Comparative amounts as at 31 December 2017 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 - €81,953 thousand (€81,099 thousand)

As at 31 December 2018, property, plant and equipment amounts to €81,953 thousand, compared with a carrying amount of €81,099 thousand as at 31 December 2017.

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

| €000 | 31 December 2018 | | | 31 December 2017 | | |
|--|------------------|--------------------------|-----------------|------------------|--------------------------|-----------------|
| | Cost | Accumulated depreciation | Carrying amount | Cost | Accumulated depreciation | Carrying amount |
| Property, plant and equipment | 343,367 | -262,700 | 80,667 | 329,444 | -250,146 | 79,298 |
| Investment property | 5,680 | -4,394 | 1,286 | 5,852 | -4,051 | 1,801 |
| Total property, plant and equipment | 349,047 | -267,094 | 81,953 | 335,296 | -254,197 | 81,099 |

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

| €000 | Carrying amount as at 31 December 2017 | CHANGES DURING THE YEAR | | | | | Carrying amount as at 31 December 2018 |
|---|--|-------------------------|----------------|-------------|---|--|--|
| | | Additions | Depreciation | Disposals | Reclassifications and other adjustments | Variazione del perimetro di consolidamento | |
| Property, plant and equipment | | | | | | | |
| Land | 2,890 | - | - | - | 28 | - | 2,918 |
| Buildings | 24,100 | 589 | -1,391 | - | 81 | - | 23,379 |
| Plant and machinery | 1,128 | 97 | -241 | - | - | - | 984 |
| Industrial and business equipment | 31,108 | 6,558 | -12,943 | -336 | 642 | - | 25,029 |
| Other assets | 18,633 | 5,318 | -6,312 | - | 467 | -68 | 18,038 |
| Property, plant and equipment under construction and advance payments | 1,439 | 9,990 | - | - | -1,110 | - | 10,319 |
| Total | 79,298 | 22,552 | -20,887 | -336 | 108 | -68 | 80,667 |
| Investment property | | | | | | | |
| Land | 158 | - | - | - | -28 | - | 130 |
| Buildings | 1,643 | - | -406 | - | -81 | - | 1,156 |
| Total | 1,801 | - | -406 | - | -109 | - | 1,286 |
| Total property, plant and equipment | 81,099 | 22,552 | -21,293 | -336 | -1 | -68 | 81,953 |

Investment property of €1,286 thousand as at 31 December 2018 refers to land and buildings not used in operations and is stated at cost. The total fair value of these assets is estimated to be €14 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 2018.

Finally, as at 31 December 2018, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2 Intangible assets - €18,092,536 thousand (€18,355,696 thousand)

This item consists of:

- a) assets deriving from concession rights, totalling €11,952,363 thousand (€12,220,843 thousand as at 31 December 2017), and regarding the following categories:
 - (i) rights deriving from the performance of construction services for which no additional economic benefits are received, totalling €7,725,548 thousand;

- (ii) rights deriving from construction services for which additional economic benefits are received, totalling €4,021,735 thousand;
 - (iii) rights deriving from construction services carried out by service area operators, totalling €109,103 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 (€95,977 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 €28,869 thousand.

| €000 | 31 December 2018 | | | | 31 December 2017 | | | |
|--|-------------------|--------------------------|-------------------------|-------------------|-------------------|--------------------------|-------------------------|-------------------|
| | Cost | Accumulated amortisation | Accumulated impairments | Carrying amount | Cost | Accumulated amortisation | Accumulated impairments | Carrying amount |
| Intangible assets deriving from concession rights | 18,933,795 | -6,865,384 | -116,048 | 11,952,363 | 18,626,859 | -6,289,968 | -116,048 | 12,220,843 |
| Goodwill and other intangible assets with indefinite lives | 6,111,304 | - | - | 6,111,304 | 6,111,237 | - | - | 6,111,237 |
| Other intangible assets | 287,618 | -258,749 | - | 28,869 | 265,332 | -241,716 | - | 23,616 |
| Intangible assets | 25,332,717 | -7,124,133 | -116,048 | 18,092,536 | 25,003,428 | -6,531,684 | -116,048 | 18,355,696 |

Intangible assets recorded a net decrease of €263,160 thousand in 2018. The following table shows intangible assets at the beginning and end of the period and changes during 2018 in the different categories of intangible assets.

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

| €000 | Carrying amount as at 31 December 2017 | CHANGES DURING THE YEAR | | | | | Carrying amount as at 31 December 2018 |
|--|--|---|-----------------|---|---|----------------------------------|--|
| | | Additions due to completion of construction services, purchases and capitalisations | Amortisation | Changes due to revised present value of contractual obligations | Reclassifications and other adjustments | Change in scope of consolidation | |
| Intangible assets deriving from concession rights | | | | | | | |
| Acquired concession rights | 100,660 | - | -4,683 | - | - | - | 95,977 |
| Concession rights accruing from construction services for which no additional economic benefits are received | 7,976,248 | - | -379,798 | 129,619 | -521 | - | 7,725,548 |
| Concession rights accruing from construction services for which additional economic benefits are received | 4,036,033 | 171,651 | -185,482 | - | -467 | - | 4,021,735 |
| Concession rights accruing from construction services provided by sub-operators | 107,902 | 6,654 | -5,451 | - | -2 | - | 109,103 |
| Total | 12,220,843 | 178,305 | -575,414 | 129,619 | -990 | - | 11,952,363 |
| Goodwill and other intangible assets with indefinite lives | | | | | | | |
| Goodwill | 6,111,234 | - | - | - | - | - | 6,111,234 |
| Trademarks | 3 | 51 | - | - | 16 | - | 70 |
| Total | 6,111,237 | 51 | - | - | 16 | - | 6,111,304 |
| Other intangible assets | | | | | | | |
| Development costs | 10,482 | 13,166 | -11,626 | - | 1,733 | -340 | 13,415 |
| Industrial patents and intellectual property rights | 8,296 | 10,717 | -8,615 | - | 101 | -479 | 10,020 |
| Concessions and licenses | 872 | 1,997 | -869 | - | - | - | 2,000 |
| Intangible assets under development and advance payments | 3,966 | 1,337 | - | - | -1,849 | -20 | 3,434 |
| Total | 23,616 | 27,217 | -21,110 | - | -15 | -839 | 28,869 |
| Intangible assets | 18,355,696 | 205,573 | -596,524 | 129,619 | -989 | -839 | 18,092,536 |

In 2018, the Group invested a total of €542,734 thousand in assets held under concession (€517,205 thousand in 2017), 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 €360,510 thousand;
- b) an increase in intangible assets deriving from concession rights due to construction services for which additional benefits are received, totalling €171,651 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 €0.4 million has been recognised in the consolidated income statement for 2018. 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) as explained in note 3, "Accounting standards and policies applied", 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) in the case of the operator Autostrade per l'Italia value in use was estimated on the basis of the long-term plans drawn up by the company, containing 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, the latter representing the Company's medium/long-term WACC and determined on the basis of the requirements of IAS 36). Quantification of the above assumptions was primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data, applied to the assumptions in the above long-term plan and on the basis of which the related cash flows were estimated.

| | Traffic growth rate (CAGR) | Average annual toll increase | Discount rate |
|-------------------------|----------------------------|------------------------------|---------------|
| Autostrade per l'Italia | 1.19% | 2,75% (*) | 6.06% |

(*) Includes an average annual toll increase of 1,44% based on the execution of the significant amount of investments forecasted in Autostrade per l'Italia long-term plan, in addition to the average annual toll increase provided for in the Concession in relation to inflation (70% of real inflation) equal to 1.31%.

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 assets accounted for in the financial statements and allocated to the above CGU, also includes the value of goodwill. 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%. The sensitivity analysis based on a 1% increase in the discount rate is appropriate, moreover, in order to take into account potential regulatory uncertainty due to changes in the relevant legislation. The results of these analyses have not, in any event, resulted in any material differences with respect to the outcomes of the above tests.

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, which will be required (i) to pay the outgoing operator compensation equal to the unamortised carrying amount of the capital expenditure carried out in the final years of the concession arrangement, and (ii) to assume the obligations relating to sale and purchase agreements entered into by the previous operator, excluding those of a financial nature, and to outstanding legal actions and disputes. In this regard, the value of this CGU's net assets is recoverable due to the above obligations to be honoured by the incoming operator.

As described in great detail in note 7.4, "Financial assets", during 2018, the Grantor completed its assessment of the value of the compensation due in the form of a takeover right, with reference to the amount recognised in the financial statements as at 31 December 2017.

7.3 Investments - €83,812 thousands (€63,944 thousands)

As at 31 December 2018, this item is up €19,868 thousand, essentially reflecting a combination of the following:

- capital injections of €27,716 thousand, essentially relating to the acquisition of further equity interests in Tangenziali Esterne di Milano;
- recognition of the Group's share of the profit or loss of investees accounted for using the equity method, amounting to a reduction of €4,485 thousand and primarily reflecting the loss for the year incurred by Pavimental.

The following table shows carrying amounts at the beginning and end of the period, grouped by category, and changes in investments in 2018.

| €000 | 31 December 2017 Opening balance | CHANGES DURING THE YEAR | | | | 31 December 2018 Closing balance |
|--|-------------------------------------|---------------------------------------|---------------------------------|----------------------------|---|-------------------------------------|
| | | Acquisition and capital contributions | Measurement using equity method | | Sales, returns of capital and other changes | |
| | | | Profit or loss | Other comprehensive income | | |
| Investments accounted for at fair value | 33,920 | 27,716 | - | - | -257 | 61,379 |
| Investments accounted for using the equity method: | | | | | | |
| - associates | 29,024 | - | -4,485 | -44 | -3,062 | 21,433 |
| - joint ventures | 1,000 | - | - | - | - | 1,000 |
| Investments | 63,944 | 27,716 | -4,485 | -44 | -3,319 | 83,812 |

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 2018 were unavailable, the above information was supplemented and, where necessary, restated in accordance with Group accounting policies.

With regard to the recoverability of the carrying amount of investments as at 31 December 2018, the investment in Pavimental was tested for impairment. This did not show any evidence of the need to recognise a further impairment loss on the carrying amount of this investment.

The following table shows an analysis of the Group's principal investments as at 31 December 2018, including the Group's percentage interest and the relevant carrying amount. There are no investments in associates and joint ventures that are individually material with respect to total consolidated assets, operating activities and geographical area and, therefore, the additional disclosures required in such cases by IFRS 12 are not presented.

| €000 | 31 December 2018 | | 31 December 2017 | |
|--|--------------------|-----------------|------------------|-----------------|
| | % interest | Carrying amount | % interest | Carrying amount |
| Investments accounted for at fair value | | | | |
| Tangenziali Esterne di Milano | 26.25% | 59,736 | 13.67% | 32,022 |
| Tangenziale Esterna | 0.25% | 1,162 | 0.25% | 1,162 |
| Uirnet | 1.51% | 427 | 1.51% | 427 |
| Veneto Strade | - | - | 5.00% | 258 |
| Altre partecipazioni minori | - | 54 | - | 51 |
| Total investments accounted for at fair value | | 61,379 | | 33,920 |
| Investments accounted for using the equity method: | | | | |
| - associates | | | | |
| Spea Engineering | 20.00% | 15,544 | 20.00% | 17,501 |
| Pavimental | 20.00% | 3,607 | 20.00% | 6,722 |
| Società Infrastrutture Toscane (in liquidazione) | - | - | 46.00% | 3,065 |
| Pedemontana Veneta (in liquidazione) | 29.77% | 1,675 | 29.77% | 1,675 |
| Bologna & Fiera Parking | 36.81% | 544 | 36.81% | - |
| Altre partecipazioni minori | - | 63 | - | 61 |
| - joint venture | | | | |
| Geie del Traforo del Monte Bianco | 50.00% | 1,000 | 50.00% | 1,000 |
| Total investments accounted for using the equity method | | 22,433 | | 30,024 |
| | Investments | 83,812 | | 63,944 |

Annex 1 provides a list of the Group's investments as at 31 December 2018.

7.4 Financial assets

(non-current) €410,141 thousand (€393,619 thousand)
 (current) €482,057 thousand (€531,753 thousand)

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

| €000 | | 31 December 2018 | | | 31 December 2017 | | |
|------|------|------------------|-----------------|---------------------|------------------|-----------------|---------------------|
| | | Carrying amount | Current portion | Non-current portion | Carrying amount | Current portion | Non-current portion |
| | Note | | | | | | |
| | | 408,313 | 408,313 | - | 399,863 | 399,863 | - |
| | (1) | 408,313 | 408,313 | - | 399,863 | 399,863 | - |
| | | 218,589 | 22,108 | 196,481 | 240,564 | 52,265 | 188,299 |
| | (1) | 213,796 | 21,364 | 192,432 | 234,860 | 50,599 | 184,261 |
| | (2) | 19,862 | 19,862 | - | 20,007 | 20,007 | - |
| | (1) | 23,313 | 2,085 | 21,228 | 23,199 | 2,140 | 21,059 |
| | | 43,175 | 21,947 | 21,228 | 43,206 | 22,147 | 21,059 |
| | (1) | 8,325 | 8,325 | - | 6,879 | 6,879 | - |
| | | 892,198 | 482,057 | 410,141 | 925,372 | 531,753 | 393,619 |

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

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

Financial assets deriving from concession rights include takeover rights attributable to Autostrade Meridionali (€408,313 thousand as at 31 December 2018), 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. In 2018, the Grantor completed its assessment of this amount, with reference to the amount recognised in Autostrade Meridionali's financial statements as at 31 December 2017. This resulted in a partial reversal of a previous impairment loss on the value of current financial assets deriving from concession rights, amounting to €7,983 thousand.

Financial assets deriving from government grants to finance infrastructure works, amounting to €218,589 thousand as at 31 December 2018, include amounts receivable from grantors, from third parties or other public entities as grants accruing as a result of construction and maintenance of assets held under concession.

Term deposits, totalling €213,796 thousand, essentially relate to amounts in escrow accounts resulting from loans disbursed by banks under loan agreements entered into by Autostrade per l'Italia in order to activate grants provided for by laws 662/1996, 345/1997 and 135/1997. The grants relate to certain lots making up the *Variante di Valico* and the upgrade of the motorway interchange serving Florence. The balances on the accounts may not be withdrawn until such time as the Grantor specifically approves the effective start-up of work and the stage of completion.

No evidence of impairment was found in 2018 for any of the financial assets reported in the financial statements.

7.5 Deferred tax assets and deferred tax liabilities

Deferred tax assets - €102,946 thousand (€101,314 thousand)

Deferred tax liabilities - €588,563 (€598,364 thousand)

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

| €000 | 31 December 2018 | 31 December 2017 |
|--|---------------------|---------------------|
| Deferred tax assets | 1,070,034 | 953,559 |
| Deferred tax liabilities eligible for offset | -967,088 | -852,245 |
| Deferred tax assets less deferred tax liabilities eligible for offset | 102,946 | 101,314 |
| Deferred tax liabilities not eligible for offset | -588,563 | -598,364 |
| Difference between deferred tax assets and liabilities (eligible and ineligible for offset) | -485,617 | -497,050 |

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

| €000 | CHANGES DURING THE YEAR | | | | | | 31 December 2018 |
|--|-------------------------|----------------|-----------------|---|---|---|------------------------|
| | 31 December 2017 | Provisions | Releases | Provisions (releases) on other components of comprehensive income | Provisions recognised in equity on first time adoption of IFRS 9 | Change in prior year estimates and other changes | |
| Deferred tax assets on: | | | | | | | |
| Restatement of total amount subject to IFRIC 12 by Autostrade per l'Italia | 401,925 | 567 | -20,325 | - | - | - | 382,167 |
| Provisions | 439,517 | 221,127 | -95,656 | -67 | - | -594 | 564,327 |
| Impairments and depreciation of non-current assets | 14,544 | 610 | -803 | - | - | -131 | 14,220 |
| Derivative liabilities | 40,750 | - | - | 4,086 | - | - | 44,836 |
| Impairment of receivables and inventories | 4,066 | 1,158 | -1,225 | - | - | -904 | 3,095 |
| Other temporary differences | 52,757 | 11,628 | -2,722 | 45 | - | -319 | 61,389 |
| Total | 953,559 | 235,090 | -120,731 | 4,064 | - | -1,948 | 1,070,034 |
| Deferred tax liabilities on: | | | | | | | |
| Off-balance sheet amortisation of goodwill | -1,415,925 | -98,637 | - | - | - | - | -1,514,562 |
| Other temporary differences | -34,684 | -1,005 | 1,908 | 750 | -8,061 | 3 | -41,089 |
| Total | -1,450,609 | -99,642 | 1,908 | 750 | -8,061 | 3 | -1,555,651 |
| Difference between deferred tax assets and liabilities (eligible and ineligible for offset) | -497,050 | 135,448 | -118,823 | 4,814 | -8,061 | -1,945 | -485,617 |

The balance of net deferred tax liabilities, totalling €485,617 thousand as at 31 December 2018, primarily consists of the following:

- deferred tax liabilities recognised from 2003 as a result of the deduction, solely for tax purposes, of the amortisation of goodwill recognised by Autostrade per l'Italia, totalling €1,514,562 thousand;
- deferred tax assets on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years, totalling €564,327 thousand;
- the residual balance of Autostrade per l'Italia's deferred tax assets accounted for as a result of recognition of the impact on taxation of the carrying amounts accounted for in application of IFRIC 12 amounting to €382,167 thousand.

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

This item is unchanged with respect to 31 December 2017.

7.7 Trading assets - €533,891 thousand (€507,456 thousand)

As at 31 December 2018, trading assets include:

- inventories of €54,491 thousand (€52,053 thousand as at 31 December 2017), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of plant;
- contract assets of €4,204 thousand (unchanged with respect to 31 December 2017);
- trade receivables of €475,196 thousand (€451,199 thousand as at 31 December 2017), consisting of the following items.

| €000 | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Trade receivables due from: | | |
| Motorway users | 268,643 | 222,025 |
| Sub-operators at motorway service areas | 73,882 | 84,983 |
| Sundry customers | 115,431 | 138,950 |
| Gross trade receivables | 457,956 | 445,958 |
| Allowance for bad debts | (36,909) | (34,427) |
| Other trading assets | 54,149 | 39,668 |
| Net trade receivables | 475,196 | 451,199 |

Trade receivables, after the allowance for bad debts, have risen €23,997 thousand, essentially as a result of a combination of the following:

- an increase in receivables due from motorway customers, totalling €46,618 thousand, primarily due to an increase in tolls to be billed at the end of the year;
- a reduction amounts due from sub-operators at service areas, totalling €11,101 thousand, essentially reflecting collection in February 2018, of receivables recognised as at 31 December 2017 (relating to contracts executed prior to 2014, under which billing takes place annually), partially offset by an increase in the value of bills issued on a quarterly basis under the new contracts.

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

| €000 | Total receivables as at 31 December 2018 | Total not yet due | More than 90 days overdue | Between 90 and 365 days overdue | More than one year overdue |
|-------------------|--|-------------------|---------------------------|---------------------------------|----------------------------|
| Trade receivables | 457,956 | 379,581 | 10,664 | 8,167 | 59,544 |

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 2018, determined with reference to the management and measurement of receivables and historical data regarding losses on receivables, also taking into account guarantee deposits and other collateral given by customers.

| €000 | 31 December 2017 | Additions | Uses | Reclassifications and other changes | 31 December 2018 |
|-------------------------|------------------|-----------|--------|-------------------------------------|------------------|
| Allowance for bad debts | 34,427 | 5,283 | -2,766 | -35 | 36,909 |

The carrying amount of trade receivables approximates to fair value.

7.8 Cash and cash equivalents - €1,791,628 thousand (€2,938,061 thousand)

This item includes cash in hand and investments maturing within the short term and has decreased €1,146,433 thousand compared with 31 December 2017. The reduction partly reflects the repayment of an intercompany loan of €1,000,000 thousand from the parent, Atlantia, corresponding with retail bonds redeemed by Atlantia in 2018 and not included in the issuer substitution completed at the end of December 2016.

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

7.9 Current tax assets and liabilities

Current tax assets - €32,190 thousand (€34,800 thousand)

Current tax liabilities - €29,604 thousand (€88,449 thousand)

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

| €000 | Current tax assets | | Current tax liabilities | |
|--|--------------------|------------------|-------------------------|------------------|
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| IRES | 31,525 | 33,874 | 26,471 | 87,143 |
| IRAP | 492 | 753 | 3,133 | 1,306 |
| Taxes attributable to foreign operations | 173 | 173 | - | - |
| | 32,190 | 34,800 | 29,604 | 88,449 |

As at 31 December 2018, the Group reports net current tax assets of €2,586 thousand, up €56,235 thousand (€53,649 thousand as at 31 December 2017). 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 2018.

7.10 Other current assets - €78,572 thousand (€81,862 thousand)

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

| €000 | 31 December 2018 | 31 December 2017 | Increase/ (Decrease) |
|--|------------------|------------------|----------------------|
| Receivable from public entities | 776 | 13,133 | -12,357 |
| Tax credits other than for income tax | 7,847 | 9,864 | -2,017 |
| Receivables due from end users and insurance companies for damages | 18,199 | 18,583 | -384 |
| Accrued income of a non-trading nature | 461 | 477 | -16 |
| Amounts due from staff | 1,730 | 1,683 | 47 |
| Receivables from social security institutions | 599 | 612 | -13 |
| Payments on account to suppliers and other current assets | 52,041 | 42,291 | 9,750 |
| Gross other current assets | 81,653 | 86,643 | -4,990 |
| Allowance for bad debts | -3,081 | -4,781 | 1,700 |
| Other current assets | 78,572 | 81,862 | -3,290 |

The balance is broadly in line with the figure for 31 December 2017, having decreased by €3,290 thousand.

The allowance for bad debts, totalling €3,081 thousand as at 31 December 2018 (€4,781 thousand as at 31 December 2017), 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 - €4,274 thousand (€11,061 thousand)

Liabilities related to discontinued operations - €59 thousand (€6,300 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 2018 | 31 December 2017 | Increase/ (Decrease) |
|---|---------------------|---------------------|-------------------------|
| Non-current non-financial assets | 4,271 | 4,271 | - |
| Current non-financial assets | 3 | 259 | -256 |
| Current financial assets | - | 6,531 | -6,531 |
| - Cash and cash equivalents | - | 6,523 | -6,523 |
| - Other current financial assets | - | 8 | -8 |
| Total assets held for sale or related to discontinued operations | 4,274 | 11,061 | -6,787 |
| Trading liabilities and other current non-financial liabilities | 39 | 5,972 | -5,933 |
| Current financial liabilities | 20 | 328 | -308 |
| Total liabilities related to discontinued operations | 59 | 6,300 | -6,241 |

Net assets held for sale or related to discontinued operations, amounting to € 4,215 thousand as at 31 December 2018 and include the remaining 2% interest in Strada dei Parchi, amounting to €4,271 thousand, that is the subject of put and call options agreed with Toto Costruzioni Generali in the contract governing the sale, in 2011, of a controlling interest in the company.

7.12 Equity - €2,843,597 thousand (€2,737,792 thousand)

The issued capital of the Parent Company, Autostrade per l'Italia SpA, as at 31 December 2018 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 31 December 2017.

Equity attributable to owners of the parent, totalling €2,492,772 thousand, is up €102,640 thousand compared with 31 December 2017. The most important changes during the period are shown in detail in the statement of changes in consolidated equity. These regard:

- comprehensive income for 2018, totalling €592,745 thousand, consisting of profit for the year (€608,109 thousand) and the other comprehensive loss (€15,363 thousand), essentially reflecting the increase in fair value losses on cash flow hedges due to falling interest rates in 2018;
- recognition of the impact of first-time adoption of the new accounting standard, IFRS 9 (€25,528 thousand), after the related taxation;
- payment of Autostrade per l'Italia's final dividend for 2017 (€517,526 thousand).

Equity attributable to non-controlling interests of €350,825 thousand is broadly in line with the figure for 31 December 2017 (€347,660 thousand). This essentially reflects the fact that comprehensive income attributable to non-controlling interests (€14,125 thousand), was substantially offset by dividends paid by a number of Group companies to non-controlling shareholders (€7,755 thousand) and returns of capital to non-controlling shareholders (€1,800 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) €2,639,004 thousand (€2,839,552 thousand)

(current) €405,562 thousand (€421,949 thousand)

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

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

| €000 | 31 December 2017 | | | CHANGES DURING THE YEAR | | | 31 December 2018 | | |
|---|------------------|---------------------|-----------------|---|----------------------|-----------------------|------------------|---------------------|-----------------|
| | 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 | current portion |
| Provisions for construction services required by contract | 3,261,501 | 2,839,552 | 421,949 | 129,619 | 13,956 | -360,510 | 3,044,566 | 2,639,004 | 405,562 |

7.14 Provisions

(non-current) - €1,194,114 thousand (€1,314,339 thousand)

(current) - €834,901 thousand (€214,309 thousand)

As at 31 December 2018, provisions amount to €2,029,015 thousand (€1,528,648 thousand as at 31 December 2017). The following table shows details of provisions by type, showing the non-current and current portions.

| €000 | 31 December 2018 | | | 31 December 2017 | | |
|--|------------------|---------------------|-----------------|------------------|---------------------|-----------------|
| | Carrying amount | non-current portion | current portion | Carrying amount | non-current portion | current portion |
| Provisions for employee benefits | 115,441 | 91,356 | 24,085 | 123,555 | 100,030 | 23,525 |
| Provisions for repair and replacement of motorway infrastructure | 1,714,345 | 1,020,513 | 693,832 | 1,292,047 | 1,142,232 | 149,815 |
| Provisions for the renewal of motorway infrastructure | 65,021 | 64,996 | 25 | 57,355 | 55,078 | 2,277 |
| Other provisions | 134,208 | 17,249 | 116,959 | 55,691 | 16,999 | 38,692 |
| Total provisions | 2,029,015 | 1,194,114 | 834,901 | 1,528,648 | 1,314,339 | 214,309 |

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

| €000 | 31 December 2017 | CHANGES DURING THE YEAR | | | | | | 31 December 2018 |
|---|------------------|-------------------------|----------------------|-----------------|---|-------------------------------------|----------------------------------|------------------|
| | Carrying amount | Operating provisions | Financial provisions | Uses | Actuarial gains/(losses) recognised in comprehensive income | Reclassifications and other changes | Change in scope of consolidation | Carrying amount |
| Provisions for employee benefits | | | | | | | | |
| Post-employment benefits | 123,555 | 1,171 | 1,005 | -9,990 | -71 | -41 | -188 | 115,441 |
| Total | 123,555 | 1,171 | 1,005 | -9,990 | -71 | -41 | -188 | 115,441 |
| Provisions for repair and replacement of motorway infrastructure | 1,292,047 | 753,661 | 15,469 | -346,832 | - | - | - | 1,714,345 |
| Provisions for the renewal of motorway infrastructure | 57,355 | 11,102 | 137 | -3,573 | - | - | - | 65,021 |
| Other provisions | | | | | | | | |
| Provisions for disputes, liabilities and sundry charges | 55,691 | 94,505 | - | -8,977 | - | -7,011 | - | 134,208 |
| Total | 55,691 | 94,505 | - | -8,977 | - | -7,011 | - | 134,208 |
| Total provisions | 1,528,648 | 860,439 | 16,611 | -369,372 | -71 | -7,052 | -188 | 2,029,015 |

PROVISIONS FOR EMPLOYEE BENEFITS

(non-current) - €91,356 thousand (€100,030 thousand)
 (current) - €24,085 thousand (€23,525 thousand)

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 €8,114 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 2018 are summarized below.

| Financial assumptions | |
|---|----------------|
| Annual discount rate(*) | 1.13% |
| Annual inflation rate | 1.50% |
| Annual rate of increase in post-employment benefits | 2.63% |
| Annual rate of increase in real salaries | 0.65% |
| Annual turnover rate | from 1% to 4% |
| Duration (years) | from 6 to 13,2 |

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.

| €000 | Sensitivity analysis as at 31 December 2018 | | | | | |
|---|---|---------|----------------|----------|---------------|----------|
| | Change in assumption | | | | | |
| | Turnover rate | | Inflation rate | | Discount rate | |
| | + 1 % | - 1 % | + 0,25 % | - 0,25 % | + 0,25 % | - 0,25 % |
| Autostrade per l'Italia Group's provisions for post-employment benefits | 115,101 | 115,807 | 116,503 | 114,391 | 113,774 | 117,151 |

PROVISIONS FOR THE REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE

(non-current) - €1,020,513 thousand (€1,142,232 thousand)

(current) - €693,832 thousand (€149,815 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 €422,298 thousand on 31 December 2017, primarily as a result of new provisions (€397,399 thousand) linked to demolition and reconstruction of the Polcevera road bridge. Further details on the costs incurred as a result of the collapse of a section of the Polcevera road bridge are provided in note 6, "Events and corporate actions".

PROVISIONS FOR THE RENEWAL OF MOTORWAY INFRASTRUCTURE

(non-current) - €64,996 thousand (€55,078 thousand)

(current) - €25 thousand (€2,277 thousand)

Provisions for the renewal of motorway infrastructure, including the non-current and current portions, amount to €65,021 thousand (€57,355 thousand as at 31 December 2017) 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 2017, the provisions are up €7,666 thousand, essentially due to operating provisions made during the year.

OTHER PROVISIONS

(non-current) - €17,249 thousand (€16,999 thousand)

(current) - €116,959 thousand (€38,692 thousand)

These provisions essentially regard estimates of liabilities, at the end of the period, expected to be incurred in connection with pending litigation and disputes, including the estimated expenses provisioned for contract reserves relating to contractors who carry out maintenance work. The overall amount is up €78,517 thousand, essentially due to operating provisions made during the year in relation to the collapse of a section of the Polcevera road bridge on 14 August 2018 (€57,218 thousand), as described in note 6, "Events and corporate actions", and following Autostrade per l'Italia's receipt of a number of notices of assessment regarding local taxes (€23,974 thousand).

Further information on developments in the principal disputes outstanding as at 31 December 2018 is provided in note 10.7, "Significant legal and regulatory aspects".

7.15 Financial liabilities

(non-current) €10,259,795 thousand (€10,990,445 thousand)
(current) €1,236,761 thousand (€2,230,850 thousand)

MEDIO-LONG TERM FINANCIAL ASSETS

(non-current) €10,259,795 thousand (€10,990,445 thousand)
(current) €948,787 thousand (€1,384,584 thousand)

As at 31 December 2018, medium/long-term financial liabilities amount to €11,208,582 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 2018 | | | | | | 31 December 2017 | | | |
|--|-------------|------------------|-------------------|-----------------|---------------------|--------------------------|------------------|-------------------|------------------|-------------------|---------------------|
| | | Face value | Carrying amount | of which | | Term | | Face value | Carrying amount | of which | |
| | | | | Current portion | Non-current portion | between 13 and 60 months | after 60 months | | | Current portion | Non-current portion |
| Bond issues | (1) (2) (3) | 8,247,813 | 8,092,981 | 593,154 | 7,499,827 | 2,948,664 | 4,551,163 | 8,244,396 | 8,092,619 | - | 8,092,619 |
| Bank borrowings | | 2,268,408 | 2,231,844 | 124,814 | 2,107,030 | 503,947 | 1,603,083 | 2,390,864 | 2,380,229 | 122,061 | 2,258,168 |
| Other borrowings | | 253,271 | 241,861 | 24,686 | 217,175 | 207,037 | 10,138 | 1,277,164 | 1,260,142 | 1,049,628 | 210,514 |
| of which due to Atlantia | | - | - | - | - | - | - | 1,000,000 | 996,256 | 996,256 | - |
| Medium/long-term borrowings | (2) (3) | 2,521,679 | 2,473,705 | 149,500 | 2,324,205 | 710,984 | 1,613,221 | 3,668,028 | 3,640,371 | 1,171,689 | 2,468,682 |
| Derivative liabilities | (4) | - | 435,763 | - | 435,763 | 277,051 | 158,712 | 429,144 | - | - | 429,144 |
| Accrued expenses on medium/long-term financial liabilities (2) | | - | 206,133 | 206,133 | - | - | - | 212,895 | 212,895 | - | - |
| Other financial liabilities | | - | - | - | - | - | - | - | - | - | - |
| Other medium/long-term financial liabilities | | - | 206,133 | 206,133 | - | - | - | 212,895 | 212,895 | - | - |
| Total | | | 11,208,582 | 948,787 | 10,259,795 | 3,936,699 | 6,323,096 | 12,375,029 | 1,384,584 | 10,990,445 | |

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

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

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

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

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

| €000 | Maturity | 31 December 2018 | | 31 December 2017 | |
|---|----------------------|---------------------|-------------------|---------------------|-------------------|
| | | Carrying amount (1) | Fair value (2) | Carrying amount (1) | Fair value (2) |
| | | | | | |
| Bond issues | | | | | |
| - listed fixed rate | from 2019 to 2038 | 8,092,981 | 7,757,600 | 8,092,619 | 8,885,248 |
| | | 8,092,981 | 7,757,600 | 8,092,619 | 8,885,248 |
| Bank borrowings | | | | | |
| - fixed rate | from 2019 to 2036 | 1,484,687 | 1,522,820 | 1,583,886 | 1,830,066 |
| - floating rate | from 2019 to 2034 | 747,157 | 701,438 | 796,343 | 825,030 |
| | | 2,231,844 | 2,224,258 | 2,380,229 | 2,655,096 |
| Other borrowings | | | | | |
| - fixed rate | | - | - | 996,256 | 1,035,960 |
| - non-interest bearing | (3) dal 2019 al 2028 | 241,861 | 241,861 | 263,886 | 263,886 |
| | | 241,861 | 241,861 | 1,260,142 | 1,299,846 |
| of which due to Atlantia | | - | - | 996,256 | 1,035,960 |
| Medium/long-term borrowings | | 2,473,705 | 2,466,119 | 3,640,371 | 3,954,942 |
| Derivative liabilities | | 435,763 | 435,763 | 429,144 | 429,144 |
| Accrued expenses on medium/long-term financial | | 206,133 | 206,133 | 212,895 | 212,895 |
| Other financial liabilities | | - | - | - | - |
| Other medium/long-term financial liabilities | | 206,133 | 206,133 | 212,895 | 212,895 |
| Total | | 11,208,582 | 10,865,615 | 12,375,029 | 13,482,229 |

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

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

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

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

| €000 | 31 December 2018 | | | | 31 December 2017 | |
|----------------|-------------------|-------------------|-------------------------------|-------------------------|-------------------|-------------------|
| | Face value | Carrying amount | Average interest rate applied | Effective interest rate | Face value | Carrying amount |
| | | | to 31 December 2018 | as at 31 December 2018 | | |
| Euro (EUR) | 9,870,316 | 9,724,732 | 3.29% | 3.53% | 11,013,248 | 10,873,750 |
| Sterling (GBP) | 750,000 | 637,230 | 5.99% | 2.20% | 750,000 | 663,703 |
| Yen (JPY) | 149,176 | 204,724 | 5.30% | 3.39% | 149,176 | 195,537 |
| Total | 10,769,492 | 10,566,686 | 3.49% | | 11,912,424 | 11,732,990 |

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

| €000 | Carrying amount as at 31 December 2017 | New borrowings | Repayments | Impact of first-time adoption of IFRS 9 | Currency translation differences and other changes | Carrying amount as at 31 December 2018 |
|-----------------------------|--|----------------|-------------------|---|--|--|
| Bond issues | 8,092,619 | - | - | - | 362 | 8,092,981 |
| Bank borrowings | 2,380,229 | - | -122,457 | -33,589 | 7,661 | 2,231,844 |
| Other borrowings | 1,260,142 | - | -1,003,267 | - | -15,014 | 241,861 |
| Medium/long-term borrowings | 3,640,371 | - | -1,125,724 | -33,589 | -7,353 | 2,473,705 |
| Total | 11,732,990 | - | -1,125,724 | -33,589 | -6,991 | 10,566,686 |

The Group uses derivative financial instruments to hedge certain current and highly likely future financial liabilities, including Interest Rate Swaps (IRSs) and Cross Currency Swaps (CCIRSs). These derivative financial instruments have been classified as cash flow hedges, as they meet the related requirements in IFRS 9. The fair value of the hedging instruments as at 31 December 2018 is recognised in “Derivative liabilities”. More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Group, is contained in note 9.2, “Financial risk management”.

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

BOND ISSUES

(non-current) €7,499,827 thousand (€8,092,619 thousand)
(current) € 593,154 thousand (€-thousand)

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

- bonds transferred from Atlantia to Autostrade per l’Italia following the issuer substitution carried out in December 2016 (a total of €4,383,911 thousand as at 31 December 2018);
- bonds (€2,969,559 thousand as at 31 December 2018) issued to institutional investors as part of the Euro Medium Term Note Programme launched in October 2014 (and authorised for an amount of up to €7 billion);
- bonds issued to retail investors (totalling €739,511 thousand as at 31 December 2018).

The figure for 31 December 2018 is broadly in line with 31 December 2017.

MEDIUM/LONG-TERM BORROWINGS

(non-current) €2,324,205 thousand (€2,468,682 thousand)

(current) €149,500 thousand (€1,171,689 thousand)

The balance of this item, including both current and non-current portions, consists of other borrowings (with a carrying amount of €2,231,844 thousand).

The reduction of €1,166,666 thousand in medium/long-term borrowings compared with 31 December 2017 essentially reflects repayment of an intercompany loan from the parent, Atlantia, corresponding with retail bonds with a par value of €1,000,000 thousand redeemed by Atlantia in November 2018, and repayments of the Group's bank borrowings, totalling €122,457 thousand.

A number of the long-term loan agreements include negative pledge provisions, in line with international practice. Under these provisions, it is not possible to create or maintain (unless required to do so by law) collateral guarantees on all or a part of any proprietary assets, with the exception of project debt. The above agreements also require compliance with certain financial covenants.

The method of selecting the variables to compute the ratios is specified in detail in the relevant loan agreements. Breach of these covenants, at the relevant measurement dates, could constitute a default event and result in the lenders calling in the loans, requiring the early repayment of principal, interest and of further sums provided for in the agreements.

The most important covenants are those relating to the loan agreements with Cassa Depositi e Prestiti that require compliance with a minimum threshold for "Operating cash flow available for Debt Service/Debt Service" (DSCR). Autostrade per l'Italia is in compliance with these covenants at the reporting date.

As at 31 December 2018, the Company has entered into an agreement with the EIB that provides for the suspension, until March 2020, of the application of certain provisions allowing the bank to withdraw from the loan agreement and request early repayment. This follows the reduction in the Company's ratings to below BBB and/or the Grantor's launch of formal proceedings that may result in early termination of the Single Concession Arrangement.

DERIVATIVE LIABILITIES

(non-current) €435,763 thousand (€429,144 thousand)

(current) - (-)

As at 31 December 2018, this item includes derivative financial instruments entered into with a number of banks to hedge the Group's exposure to interest rate and foreign currency risk on certain medium/long-term financial liabilities, partly with regard to highly likely future financial liabilities to be entered into through to 2021.

The overall increase in this item compared with 31 December 2017, amounting to €6,619 thousand, essentially reflects a combination of the following:

- a) an increase of €21,583 thousand in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps present as at 31 December 2017, essentially reflecting lower interest rates as at 31 December 2018 compared with 31 December 2017;
- b) the recognition of fair value losses of €10,806 thousand on Forward-Starting Interest Rate Swaps entered into in July 2018 following the resolution approved by the Parent Company's Board of Directors on 11 July 2018. The swaps are designed to hedge highly likely future financial liabilities to be entered into through to 2021 in order to meet the Parent Company's funding requirements. The swaps have a notional value of €750,000 thousand, a duration of eight years and a weighted average interest rate of approximately 1.076%;
- c) a €25,770 thousand decrease in fair value losses, including exchange rate movements, on Cross Currency Swaps linked to foreign currency bonds (pounds sterling and Japanese yen, resulting from the change in fair value (€19,583 thousand) recognised in financial income

following the issuer substitution, and positive exchange rate differences (€6,187 thousand) linked primarily to the exchange rate between the yen and the euro.

Fair value losses on Forward-Starting Interest Rate Swaps as at 31 December 2018 amount to €83,513 thousand. These swaps have a total notional value of €2,350 million, a weighted average duration of seven years and six months and a weighted average fixed rate of approximately 1.13%. Their purpose is hedge highly likely future financial liabilities to be entered into by the Parent Company through to 2021 in order meet its funding requirements. Further details are contained in note 9.2, "Financial risk management".

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES (non-current) - (-) (current) €206,133 thousand (€212,895 thousand)

The balance of this item, including the current and non-current portions, is down €6,762 thousand. This essentially reflects a reduction in accrued expenses payable to other lenders following the repayment of the intercompany loan from Atlantia (€3,447 thousand).

SHORT-TERM FINANCIAL LIABILITIES - €287,974 thousand (€846,266 thousand)

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

| Migliaia di euro | 31 December 2018 | 31 December 2017 |
|--|---------------------|---------------------|
| Bank overdrafts repayable on demand | 2 | 7 |
| Short-term borrowings | 244,999 | 774,999 |
| Current derivative liabilities ⁽¹⁾ | 575 | 638 |
| Intercompany current account payables due to related parties | 7,425 | 13,954 |
| Other current financial liabilities | 34,973 | 56,668 |
| Short-term financial liabilities | 287,974 | 846,266 |

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

The reduction in short-term financial liabilities compared with 31 December 2017, amounting to €558,292 thousand, primarily reflects the repayment of short-term borrowings in the form of cash deposits by Atlantia (totalling €500,000 thousand as at 31 December 2017).

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

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

| €m | 31 December 2018 | of which related party transactions | 31 December 2017 | of which related party transactions |
|--|---------------------|---|---------------------|---|
| Cash | -1,139 | | -2,076 | |
| Cash equivalents and intercompany current account receivables due from related parties | -652 | -652 | -862 | -762 |
| Cash and cash equivalents related to discontinued operations | - | | -7 | |
| Cash and cash equivalents (A) | -1,791 | | -2,945 | |
| Current financial assets⁽¹⁾ (B) | -482 | - | -532 | - |
| Bank overdrafts repayable on demand | - | | - | |
| Current portion of medium/long-term financial liabilities | 949 | 1 | 1,385 | 1,000 |
| Other financial liabilities | 287 | 7 | 846 | 514 |
| Current financial assets (C) | 1,236 | | 2,231 | |
| Current net debt (D=A+B+C) | -1,037 | | -1,246 | |
| Medium/long-term borrowings | 2,324 | - | 2,469 | - |
| Bond issues | 7,500 | | 8,093 | |
| Other non-current borrowings | 436 | - | 428 | - |
| Non-current financial liabilities (E) | 10,260 | | 10,990 | |
| (Net funds) / Net debt as defined by ESMA recommendation (F=D+E) | 9,223 | | 9,744 | |
| Non-current financial assets (G) | -410 | - | -393 | - |
| Net debt (H=F+G) | 8,813 | | 9,351 | |

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

7.16 Other non-current liabilities - €27,904 thousand (€33,103 thousand)

The balance as at 31 December 2018 amounts to €27,904 thousand and is substantially in line with the figure for 31 December 2017 (€33,103 thousand). The following table shows a breakdown of this item.

| €000 | 31 December 2018 | 31 December 2017 |
|--|---------------------|---------------------|
| Accrued expenses of a non-trading nature | 23,946 | 24,608 |
| Payable to staff | 3,479 | 7,497 |
| Amounts payable for expropriations | 405 | 405 |
| Social security contributions payable | - | 518 |
| Other payables | 74 | 75 |
| Other non-current liabilities | 27,904 | 33,103 |

7.17 Trading liabilities - €1,318,598 thousand (€1,323,768 thousand)

An analysis of trading liabilities is shown below.

| €000 | 31 December 2018 | 31 December 2017 |
|---|---------------------|---------------------|
| Amounts payable to suppliers | 538,435 | 580,409 |
| Payable to operators of interconnecting motorways | 693,712 | 664,961 |
| Tolls in the process of settlement | 85,574 | 77,025 |
| Accrued expenses, deferred income and other trading liabilities | 877 | 1,373 |
| Trading liabilities | 1,318,598 | 1,323,768 |

Trading liabilities, totalling €1,318,598 thousand, are down €5,170 thousand compared with 31 December 2017 (€1,323,768 thousand). This is primarily due to a reduction in amounts payable to suppliers, reflecting the volume of capital expenditure carried out in the final quarters of the comparative periods, partially offset by an increase in amounts payable to the operators of interconnecting motorways, essentially linked to the increase in the operators' toll revenue and in keeping with contractually agreed collection times.

The carrying amount of trading liabilities approximates to fair value.

7.18 Other current liabilities - €315,823 thousand (€301,730 thousand)

An analysis of other current liabilities is shown below.

| €000 | 31 December 2018 | 31 December 2017 |
|---------------------------------------|---------------------|---------------------|
| Taxation other than income taxes | 11,896 | 26,021 |
| Payable to staff | 32,935 | 35,526 |
| Concession fees payable | 85,883 | 96,071 |
| Social security contributions payable | 21,618 | 22,888 |
| Amounts payable for expropriations | 7,113 | 9,587 |
| Amounts payable to public entities | 19 | 15 |
| Other payables | 156,359 | 111,622 |
| Other current liabilities | 315,823 | 301,730 |

The increase compared with 31 December 2018, amounting to €14,093 thousand, essentially reflects a combination of the following:

- a) an increase of €44,737 thousand in other payables, due primarily to the exercise of the pre-emption right on further equity interests in Tangenziali Esterne di Milano, as described above;
- b) a reduction of €14,125 thousand in amounts payable in the form of taxation other than income taxes, primarily linked to the settlement in 2018 of VAT payable as at 31 December 2017;
- c) a reduction of €10,188 thousand in concession fees payable.

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 2017 shown in brackets.

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

8.1 Toll revenue - €3,657,734 thousand (€3,590,330 thousand)

Toll revenue of €3,657,734 thousand is up €67,404 thousand (+2%) on 2017 (€3,590,330 thousand) primarily due to the following:

- a) a 0.2% increase in traffic on the Italian network, accounting for an increase in toll revenue of approximately €15 million (including the impact of the different traffic mix);
- b) application of annual toll increases, boosting toll revenue by an estimated €51 million, with Autostrade per l’Italia accounting for €32 million of the increase and the other operators for €19 million).

8.2 Revenue from construction services - €178,305 thousand (€117,529 thousand)

An analysis of this revenue is shown below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|----------------|----------------|-------------------------|
| Revenue from construction services for which additional economic benefits are received | 171,651 | 110,237 | 61,414 |
| Revenue from construction services provided by sub-operators | 6,654 | 7,292 | -638 |
| Revenue from construction services | 178,305 | 117,529 | 60,776 |

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 up €60,776 thousand compared with 2017. This is essentially due to an increase in construction services for which additional benefits are received, reflecting an increase in works performed by Autostrade per l’Italia during the period.

In 2018, the Group carried out additional construction services for which no additional benefits are received, amounting to €360,510 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 - €339,598 thousand (€347,489 thousand)

An analysis of other operating income is provided below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|----------------|----------------|-------------------------|
| Revenue from sub-concessions | 178,564 | 177,607 | 957 |
| Maintenance revenue | 15,778 | 16,348 | -570 |
| Other revenue from motorway operation | 24,383 | 24,788 | -405 |
| Revenue from the sale of technology devices and services | 38,304 | 26,030 | 12,274 |
| Refunds | 21,381 | 21,070 | 311 |
| Damages and compensation | 18,335 | 21,437 | -3,102 |
| Advertising revenue | 3,292 | 3,298 | -6 |
| Other income | 39,561 | 56,911 | -17,350 |
| Other operating income | 339,598 | 347,489 | -7,891 |

Other operating income of €339,598 thousand is down €7,891 thousand compared with 2017. This is primarily due to the fact that in 2017 Autostrade Meridionali benefitted from income resulting from positive developments in a number of disputes.

8.4 Raw and consumable materials - -€127,189 thousand (-€88,455 thousand)

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

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|---|-----------------|----------------|-------------------------|
| Construction materials | -9,163 | -8,249 | -914 |
| Electrical and electronic materials | -36,717 | -37,344 | 627 |
| Lubricants and fuel | -10,830 | -10,622 | -208 |
| Other raw and consumable materials | -73,534 | -37,223 | -36,311 |
| Cost of materials | -130,244 | -93,438 | -36,806 |
| Change in inventories of raw, ancillary and consumable materials and goods for resale | 2,438 | 3,492 | -1,054 |
| Capitalised cost of raw materials | 617 | 1,491 | -874 |
| Raw and consumable materials | -127,189 | -88,455 | -38,734 |

This item has increased by €38,734 thousand, primarily due to an increase in other raw and consumable materials (€36,311 thousand). This is mainly due to an increase in costs incurred by Autostrade per l'Italia as a result of work on the *Gronda di Genova* (the Genoa Bypass).

8.5 Service costs - -€820,585 thousand (-€855,813 thousand)

An analysis of service costs is provided below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--------------------------|-----------------|-----------------|-------------------------|
| Construction and similar | -517,937 | -583,793 | 65,856 |
| Professional services | -160,697 | -140,922 | -19,775 |
| Transport and similar | -22,887 | -20,905 | -1,982 |
| Utilities | -34,468 | -34,594 | 126 |
| Insurance | -12,987 | -11,577 | -1,410 |
| Statutory Auditors' fees | -673 | -656 | -17 |
| Other services | -70,936 | -63,366 | -7,570 |
| Service costs | -820,585 | -855,813 | 35,228 |

The decrease in service costs, amounting to €35,228 thousand, essentially reflects a combination of the following:

- a decrease in construction services (totalling €65,856 thousand), reflecting a reduction in the cost of resurfacing work on the motorway infrastructure operated under concession, after being rescheduled in response to the time needed to comply with new and more complex tender procedures;
- an increase in the cost of professional services (€19,775 thousand), reflecting the start-up of work on the Genoa Bypass (*Gronda di Genova*).

8.6 Staff costs - -€515,756 thousand (-€525,032 thousand)

Staff costs break down as follows:

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|-----------------|-----------------|-------------------------|
| Wages and salaries | -358,097 | -354,359 | -3,738 |
| Social security contributions | -107,456 | -105,705 | -1,751 |
| Payments to supplementary pension funds, INPS and for post-employment benefits | -21,976 | -22,276 | 300 |
| Directors' remuneration | -3,814 | -3,818 | 4 |
| Other staff costs | -25,805 | -38,874 | 13,069 |
| Gross staff costs | -517,148 | -525,032 | 7,884 |
| Capitalised staff costs | 1,392 | - | 1,392 |
| Staff costs | -515,756 | -525,032 | 9,276 |

Staff costs of €515,756 thousand are down €9,276 thousand compared with 2017 (€525,032 thousand), essentially due to a reduction in the fair value of long-term management incentive plans, an increase in the capitalised portion of such costs, a decline in the cost of early retirement incentives and a reduction in the average workforce (down 60), partially offset by the cost of contract renewals.

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

| Average workforce | 2018 | 2017 (*) | Increase/ (Decrease) |
|--|--------------|--------------|-------------------------|
| Senior managers | 97 | 99 | -2 |
| Middle managers and administrative staff | 3,015 | 3,032 | -17 |
| Toll collectors | 2,262 | 2,336 | -74 |
| Manual workers | 1,472 | 1,439 | 33 |
| Total | 6,846 | 6,906 | -60 |

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

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

8.7 Other operating costs - -€585,756 thousand (-€538,273 thousand)

An analysis of other operating costs is shown below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|---------------------------|----------|----------|----------------------|
| Concession fees | -469,050 | -465,058 | -3,992 |
| Lease expense | -8,435 | -10,216 | 1,781 |
| Grants and donations | -45,771 | -33,029 | -12,742 |
| Direct and indirect taxes | -10,116 | -10,159 | 43 |
| Other | -52,384 | -19,811 | -32,573 |
| Other costs | -108,271 | -62,999 | -45,272 |
| Other operating costs | -585,756 | -538,273 | -47,483 |

The increase in other operating costs, amounting to €47,483 thousand, essentially reflects the costs linked to the collapse of a section of the Polcevera road bridge, as described in greater detail in note 6, “Events and corporate actions”.

8.8 Operating change in provisions - -€501,986 thousand (-€11,290 thousand)

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 resulting expense of €501,986 thousand in 2018 essentially consists of:

- the negative change in provisions for the repair and replacement of motorway infrastructure (€406,829 thousand). After stripping out the provisions (€397,399 thousand) made to cover the cost of demolition and reconstruction of the Polcevera road bridge, the negative change totals €9,430 thousand reflecting the fact that the revision of the estimated cost of repairs to be carried out on the motorway network was broadly offset by the impact of the increase in the discount rates used as at 31 December 2018, compared with those used as at 31 December 2017;
- provisions for risks and charges, totalling €87,628 thousand in 2018 (€11,551 thousand in 2017), primarily regarding provisions made in relation to the collapse of a section of the Polcevera road bridge, previously described in note 6, “Events and corporate actions”.

8.9 Use of provisions for construction services required by contract - €360,510 thousand (€406,968 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 reduction of €46,458 thousand is broadly linked to reduced investment in the upgrade of the A1 Milan-Naples motorway between Bologna and Florence.

8.10 Financial income/(expenses) - -€461,500 thousand (-€480,858 thousand)

Financial income - €93,322 thousand (€101,636 thousand)

Financial expenses - -€554,410 thousand (-€582,410 thousand)

Foreign exchange gains/(losses) - -€412 thousand (-€84 thousand)

An analysis of financial income and expenses is shown below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|-----------------|-----------------|-------------------------|
| Dividends received from investees | 1,067 | 2,430 | -1,363 |
| Financial income accounted for as an increase in financial assets | 952 | 952 | - |
| Income from derivative financial instruments | 62,505 | 68,028 | -5,523 |
| Interest and fees receivable on bank and post office deposits | 1,485 | 2,727 | -1,242 |
| Other | 27,313 | 27,499 | -186 |
| Other financial income | 92,255 | 99,206 | -6,951 |
| Financial income (a) | 93,322 | 101,636 | -8,314 |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | -30,567 | -25,113 | -5,454 |
| Interest on medium/long-term borrowings | -109,108 | -125,470 | 16,362 |
| Losses on derivative financial instruments | -104,700 | -117,882 | 13,182 |
| Interest on bonds | -287,780 | -290,157 | 2,377 |
| Interest expense accounted for as an increase in financial liabilities | -3,417 | -3,278 | -139 |
| Impairment losses on investments measured at cost or fair value and non-current financial assets | - | - | - |
| Interest and fees payable on bank and post office deposits | -935 | -1,794 | 859 |
| Other | -17,903 | -18,716 | 813 |
| Other financial expenses | -523,843 | -557,297 | 33,454 |
| Total financial expenses (b) | -554,410 | -582,410 | 28,000 |
| Foreign exchange gains | 15,670 | 34,617 | -18,947 |
| Foreign exchange losses | -16,082 | -34,701 | 18,619 |
| Foreign exchange gains/(losses) (c) | -412 | -84 | -328 |
| Financial income/(expenses) (a+b+c) | -461,500 | -480,858 | 19,358 |

Net other financial expenses of €431,588 thousand are down €26,503 thousand compared with 2017 (€458,091 thousand), essentially reflecting 2017 financial expenses (€20,502 thousand) linked to the unwinding of a number of Forward-Starting Interest Rate Swaps, on which fair value losses were incurred, as part of the liability management transaction undertaken in September 2017.

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €30,567 thousand as at 31 December 2018, an increase of €5,454 thousand compared with 2017 (€25,113 thousand).

8.11 Income tax expenses - -€285,690 thousand (-€420,140 thousand)

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

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|-----------------|-----------------|-------------------------|
| IRES | -244,093 | -241,224 | -2,869 |
| IRAP | -65,477 | -62,493 | -2,984 |
| Current tax benefit of tax loss carry-forwards | 2,437 | 4,813 | -2,376 |
| Current tax expense | -307,133 | -298,904 | -8,229 |
| Recovery of previous years' income taxes | 6,997 | 9,788 | -2,791 |
| Previous years' income taxes | -237 | -276 | 39 |
| Differences on current tax expense for previous years | 6,760 | 9,512 | -2,752 |
| Provisions | 235,090 | 103,641 | 131,449 |
| Releases | -120,731 | -134,324 | 13,593 |
| Changes in prior year estimates | -1,942 | -1,228 | -714 |
| Deferred tax income | 112,417 | -31,911 | 144,328 |
| Provisions | -99,642 | -99,986 | 344 |
| Releases | 1,908 | 1,149 | 759 |
| Changes in prior year estimates | - | - | - |
| Deferred tax expense | -97,734 | -98,837 | 1,103 |
| Deferred tax income/(expense) | 14,683 | -130,748 | 145,431 |
| Income tax (expense)/benefit | -285,690 | -420,140 | 134,450 |

Income tax expense for 2018 amounts to €285,690 thousand, a reduction of €134,450 thousand compared with 2017 (€420,140 thousand). This primarily regards the recognition of deferred tax assets on the provisions made in connection with the collapse of a section of the Polcevera road bridge.

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 | 2018 | | | 2017 | | |
|--|----------------|----------------|---------------|------------------|----------------|---------------|
| | Taxable income | Tax | Tax rate | Taxable income | Tax | Tax rate |
| Profit/(Loss) before tax from continuing operations | 907,697 | | | 1,437,777 | | |
| IRES tax expense computed using statutory rate applied by Parent Company | | 217,846 | 24.0% | | 345,067 | 24.0% |
| Temporary differences deductible in future years | 824,298 | 199,414 | 22.0% | 356,241 | 87,273 | 6.1% |
| Temporary differences taxable in future years | -355,438 | -85,340 | -9.4% | -414,171 | -85,612 | -6.0% |
| Reversal of prior year temporary differences | -422,042 | -100,279 | -11.0% | -401,879 | -109,490 | -7.6% |
| Permanent differences | 48,172 | 10,015 | 1.1% | -987 | -828 | -0.1% |
| IRAP | | 65,477 | | | 62,493 | |
| Total | | 307,133 | 33.84% | | 298,904 | 20.79% |

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.

| | 2018 | 2017 |
|--|--------------------|--------------------|
| Weighted average of shares outstanding | 622,027,000 | 622,027,000 |
| Weighted average of shares outstanding | 622,027,000 | 622,027,000 |
| Profit for the period attributable to owners of the parent (€000) | 608,109 | 971,893 |
| Earnings per share (€000) | 0.98 | 1.56 |
| Profit from continuing operations attributable to owners of the parent (€000) | 607,951 | 962,630 |
| Basic earnings per share from continuing operations (€) | 0.98 | 1.55 |
| Profit/(Loss) from discontinued operations attributable to owners of the parent (€000) | 158 | 9,263 |
| Basic earnings/(losses) per share from discontinued operations (€) | 0.00 | 0.01 |

9. Other financial information

9.1 Notes to the consolidated statement of cash flows

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

Cash flows during 2018 resulted in a reduction of €1,146,422 thousand in cash and cash equivalents (€488,918 thousand in 2017).

Cash flows from operating activities amount to €1,621,693 thousand in 2018, down €291,119 thousand compared with 2017 (€1,912,812 thousand) reflecting a combination of the following:

- a) the differing performance of movements in working capital and other changes in the two comparative periods, resulting in an outflow of €88,193 thousand in 2018 and an inflow of €230,140 thousand in 2017. Cash flow for 2018 reflect the increase in trading assets and current tax liabilities, commented on above;
- b) an increase of €24,092 thousand in operating cash flow in 2018.

Cash used in investing activities amounts to €574,646 thousand, marking a reduction of €388,443 thousand compared with the figure for 2017 (€963,089 thousand), which also reflected deconsolidation of the cash and cash equivalents of the companies transferred to Atlantia as part of the Group restructuring described above, totalling €386,046 thousand.

Net cash used for financing activities amounts to €2,193,469 thousand in 2018, up €745,126 thousand compared with 2017 (€1,448,343 thousand). This reflects the following:

- a) repayment of an intercompany loan from the parent, Atlantia, totalling €1,000,000 thousand, as described above;
- b) dividends paid in 2018 (€543,432 thousand);
- c) the repayment, in 2017, of short-term borrowings in the form of cash deposits by Atlantia (totalling €500,000 thousand and included in the “Net change in other current and non-current financial liabilities”).

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 and of ADA and the related subsidiaries in 2017. These cash flows are included in the consolidated statement of cash flows under operating, investing and financing activities.

CASH FLOWS FROM DISCONTINUED OPERATIONS

| €m | 2018 | 2017 |
|--|------|------|
| Net cash generated from/(used in) operating activities | -5 | 25 |
| Net cash generated from/(used in) investing activities | - | -16 |
| Net cash generated from/(used in) financing activities | -4 | 358 |

9.2 Financial risk management

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

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

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

Market risk

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

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

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

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

The Group's hedges outstanding as at 31 December 2018 are classified, in accordance with IFRS 9, as cash flow hedges. Fair value measurement of derivative financial instruments is dealt with in note 3, "Accounting standards and policies applied". Amounts in currencies other than the euro are converted using closing exchange rates published by the European Central Bank.

As at 31 December 2018, the Group's portfolio also includes non-hedge accounting transactions, including the derivatives embedded in certain medium/long-term and short-term borrowings obtained by Autostrade per l'Italia and Autostrade Meridionali, with a notional value of €245,000 thousand and fair value losses of €575 thousand.

The residual average term to maturity of the Group's debt as at 31 December 2018 is approximately six years. The average cost of medium to long-term debt for 2018 was 3.5%. Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

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

- a) cash flow risk: linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce the amount of floating rate debt, the Group has entered into interest rate swaps (IRSs) and Forward-Starting Interest Rate Swaps, classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Following tests of effectiveness, changes in fair value have been recognised in other comprehensive income, whilst an ineffective portion of €12,264 thousand has been recognised in profit or loss in 2018, linked to certain Forward-Starting Interest Rate Swaps. Interest income or expense deriving from the hedged instruments is recognised simultaneously in profit or loss;

- b) **fair value risk:** the risk of losses deriving from an unexpected change in the value fixed rate financial assets and liabilities following an unfavourable shift in the market yield curve. As at 31 December 2018, the Group is not a party to derivatives classified as fair value hedges.

As a result of cash flow hedges, 98% of interest bearing debt is fixed rate.

Currency risk

Currency risk can result in the following types of exposure:

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

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

Currency risk derives primarily from the presence of financial assets and liabilities denominated in currencies other than the Company's functional currency and linked to the issuer substitution completed in 2016. In this regard, following the above issuer substitution, the Group is party to Cross Currency Swaps (CCIRs) linked to the bonds denominated in sterling (GBP) and yen (JPY). 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. As a result, they are classified, from an accounting point of view, as non-hedge accounting.

8% of the Group's debt is denominated in currencies other than the euro (sterling and yen). Taking account of the Cross Currency Swaps linked to the foreign currency bonds, the Group's net debt is, therefore, effectively not exposed to currency risk on translation.

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

| €000 | | 31 December 2018 | | 31 December 2017 | |
|---|---------------------------------|------------------------------|------------------|------------------------------|------------------|
| Type | Purpose of hedge | Fair value asset/(liability) | Notional amount | Fair value asset/(liability) | Notional amount |
| <i>Cash flow hedges ⁽¹⁾</i> | | | | | |
| Interest Rate Swaps | Interest rate risk | -162,335 | 3,133,721 | -129,946 | 2,406,977 |
| | | -162,335 | 3,133,721 | -129,946 | 2,406,977 |
| <i>Non-hedge accounting derivatives</i> | | | | | |
| Cross Currency Swap | Currency and interest rate risk | -273,428 | 899,176 | -299,198 | 899,176 |
| Derivatives embedded in loans | Interest rate risk | -575 | 245,000 | -638 | 245,000 |
| | | -274,003 | 1,144,176 | -299,836 | 1,144,176 |
| | Total | -436,338 | 4,277,897 | -429,782 | 3,551,153 |
| | of which: | | | | |
| | fair value (asset) | - | | - | |
| | fair value (liability) | -436,338 | | -429,782 | |

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

The following schedules show the distribution of loan maturities outstanding as at 31 December 2018 and 31 December 2017.

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 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 | | | | | | |
| 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 of which due to Atlantia | 241,861 | - | - | - | - | - |
| 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) | | | | | | |
| 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 interest on bond issues and 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.

(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 2017 | | | | | |
|---|-------------------|-------------------------|-------------------|-----------------------|-----------------------|-------------------|
| | 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) | 8,092,619 | -9,909,736 | -262,393 | -853,948 | -2,775,558 | -6,017,837 |
| Medium/long-term borrowings (1) | | | | | | |
| Total bank borrowings | 2,380,229 | -3,040,587 | -192,814 | -190,709 | -569,406 | -2,087,658 |
| Total other borrowings of which due to Atlantia | 1,260,142 | -1,039,320 | -1,039,320 | - | - | - |
| Total medium/long-term borrowings (B) | 3,640,371 | -4,079,907 | -1,232,134 | -190,709 | -569,406 | -2,087,658 |
| Total non-derivative financial liabilities (C)=(A)+(B) | 11,732,990 | -13,989,643 | -1,494,527 | -1,044,657 | -3,344,964 | -8,105,495 |
| Derivatives (2) (3) | | | | | | |
| Interest rate swaps (3) | 129,946 | -321,224 | -30,728 | -32,032 | -108,416 | -150,048 |
| Cross Currency Swaps (4) | 299,198 | -322,848 | -14,548 | -14,194 | -229,472 | -64,634 |
| Total derivatives | 429,144 | -644,072 | -45,276 | -46,226 | -337,888 | -214,682 |

(1) Future cash flows relating to interest on bond issues and 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 2017, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2019.

(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 2018 | | | | | | 31 December 2017 | | | | | |
|---|------------------|------------------------------------|------------------|-----------------------|-----------------------|---------------|------------------|------------------------------------|------------------|-----------------------|-----------------------|---------------|
| | Carrying amount | Expected cash flows ⁽¹⁾ | Within 12 months | Between 1 and 2 years | Between 3 and 5 years | After 5 years | Carrying amount | Expected cash flows ⁽¹⁾ | Within 12 months | Between 1 and 2 years | Between 3 and 5 years | After 5 years |
| Interest rate swap | | | | | | | | | | | | |
| Derivative liabilities | -162,335 | -172,355 | -31,109 | -37,625 | -84,027 | -19,594 | -129,946 | -139,477 | -30,448 | -28,985 | -60,646 | -19,398 |
| Totale derivati di cash flow hedge | -162,335 | | | | | | -129,946 | | | | | |
| Accrued expenses on cash flow hedges | -10,020 | | | | | | -9,531 | | | | | |
| Total cash flow hedge derivative assets/liabilities | -172,355 | -172,355 | -31,109 | -37,625 | -84,027 | -19,594 | -139,477 | -139,477 | -30,448 | -28,985 | -60,646 | -19,398 |
| Interest rate swaps | | Expected cash flows ⁽¹⁾ | Within 12 months | Between 1 and 2 years | Between 3 and 5 years | After 5 years | | Expected cash flows ⁽¹⁾ | Within 12 months | Between 1 and 2 years | Between 3 and 5 years | After 5 years |
| Income from cash flow hedges | | -177,583 | -32,715 | -41,271 | -77,960 | -25,637 | | -143,664 | -25,177 | -33,659 | -56,475 | -28,353 |
| Losses on cash flow hedges | | 15,248 | | | | 15,248 | | 13,718 | - | - | - | 13,718 |
| Total income (losses) from cash flow hedges | | -162,335 | -32,715 | -41,271 | -77,960 | -10,389 | | -129,946 | -25,177 | -33,659 | -56,475 | -14,635 |

(1) Expected cash flows from swap differentials are calculated on the basis of market curves at the measurement date.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Group is exposed would have had on the consolidated income statement for 2018 and on equity as at 31 December 2018. The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the year, assuming, in terms of the impact on the income statement, a 0.10% (10 bps) shift in the market yield curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on other comprehensive income, the 10 bps shift in the curve was assumed to have occurred at the measurement date. The results of the analyses were:

- in terms of interest rate risk, an unexpected and unfavourable 0.10% shift in market interest rates would have resulted in a negative impact on the consolidated income statement, totalling €2,530 thousand, and on other comprehensive income, totalling €24,121 thousand, before the related taxation;
- in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have resulted in a negative impact on the consolidated income statement, totalling €17,878 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 Group believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of committed and uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

As at 31 December 2018, the Group has cash reserves of €3,352 million, consisting of:

- €1,784 million in investments and cash maturing in the short term (€1,139 million), Autostrade per l'Italia's cash and cash equivalents (€645 million), essentially relating to Autostrade per l'Italia's role as a provider of centralised treasury management, after deducting short-term loans;
- €213 million in term deposits allocated primarily to part finance the execution of specific construction services;
- €1,355 million in undrawn committed lines of credit. The Group has lines of credit with a weighted average residual term to maturity of approximately six years and four months and a weighted average residual drawdown period of approximately three years and three months.

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

| € Mln | | | | 31 December 2018 | | |
|-------------------------|---|-------------------------|---------------------------|------------------|------------|--------------|
| Borrower | Line of credit | Drawdown period expires | Final maturity | Available | Drawn | Undrawn |
| Autostrade per l'Italia | Medium/long-term committed from Cassa Depositi e Prestiti | 31/12/2021 | 13/12/2027 | 1,100 | 400 | 700 |
| Autostrade per l'Italia | Revolving line of credit from Cassa Depositi e Prestiti | 02/10/2022 | 31/12/2022 | 600 | | 600 |
| Autostrade Meridionali | Short-term loan from Banco di Napoli | 30/06/2019 | 31/12/2019 ⁽¹⁾ | 300 | 245 | 55 |
| Line of credit | | | | 2,000 | 645 | 1,355 |

(1) The Short-term loan from Banco di Napoli is renewable till 2020, subject to renewal of the guarantee provided by Autostrade per l'Italia.

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 non-current assets by geographical area.

| €m | Revenue (*) | | Non-current assets (**) | |
|-------------------------|--------------|--------------|-------------------------|------------------|
| | 2018 | 2017 | 31 December 2018 | 31 December 2017 |
| Italy | 4,168 | 4,052 | 18,259 | 18,501 |
| Poland | 1 | 1 | - | - |
| France | 1 | - | - | - |
| Other | 3 | - | - | - |
| Subtotale Europa | 4,173 | 4,053 | 18,259 | 18,501 |
| Chile | 2 | 1 | - | - |
| USA | - | 1 | - | - |
| Total | 4,175 | 4,055 | 18,259 | 18,501 |

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

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

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

| €m | 2018 | | | | 2017 | | | |
|------------------------------------|--------------------|---------------|--------------------------|---------------|--------------------|---------------|--------------------------|---------------|
| | IFRS 15 | | Outside scope of IFRS 15 | Total revenue | IFRS 15 | | Outside scope of IFRS 15 | Total revenue |
| | At a point in time | Over the time | | | At a point in time | Over the time | | |
| Net toll revenue | 3,658 | - | - | 3,658 | 3,590 | - | - | 3,590 |
| Revenue from construction services | - | 178 | - | 178 | - | 118 | - | 118 |
| Other revenue | 95 | 13 | 231 | 339 | 84 | 18 | 245 | 347 |
| Total revenue | 3,753 | 191 | 231 | 4,175 | 3,674 | 136 | 245 | 4,055 |

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

10.2 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 2018 (with the relevant comparatives as at 31 December 2017), is provided below. The complete list of the Group's investments as at 31 December 2018 is provided in Annex 1, "The Autostrade per l'Italia Group's scope of consolidation and investments".

| Non-controlling interests in consolidated companies | Country | 31 December 2018 | | 31 December 2017 | |
|---|---------|------------------|---------------------------|------------------|---------------------------|
| | | Group interest | Non-controlling interests | Group interest | Non-controlling interests |
| Autostrade Meridionali S.p.A. | Italy | 58.98% | 41.02% | 58.98% | 41.02% |
| Catterick Investments Spółka z o.o. | Poland | - | - | 90.00% | 10.00% |
| Società Italiana per Azioni per il Traforo del Monte Bianco | Italy | 51.00% | 49.00% | 51.00% | 49.00% |
| Raccordo Autostradale Valle d'Aosta 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% |
| Ecomouv' S.A.S. | France | - | - | 70.00% | 30.00% |
| Infoblu S.p.A. | Italy | - | - | 75.00% | 25.00% |

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

10.3 Guarantees

The Group has certain personal guarantees in issue to third parties as at 31 December 2018. These include the following:

- a) bank guarantees provided by Tangenziale di Napoli (€26.150 thousand) to the Ministry of Infrastructure and Transport, as required by the covenants in the relevant concession arrangement;
- 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 2018, Group companies have recognised contract reserves quantified by contractors in relation to:

- a) investing activities, totalling €1,003 million (€1,361 million as at 31 December 2017). Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in the cost of intangible assets deriving from concession rights;
- b) non-investing activities, amounting to approximately €16 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.

| Cm | Principal financial transactions with related parties | | | | | | | | | | | | | | | | | |
|--|---|--------------------|----------------------|--|--------------|-------------------------------|-------------------------|---------------------------|-------------------------------|-------------------------------------|--------------|---------------|------------------------------|----------------------------|-------------|-----------------------|---------------|---------------|
| | Assets | | | | | Liabilities | | | | Income | | | | Expenses | | | | |
| | Trading and other assets | | | | | Trading and other liabilities | | | | Trading and other income | | | | Trading and other expenses | | | | |
| | Trade receivables | Current tax assets | Other trading assets | Assets related and other discontinued operations | Total | Trade payables | Current tax liabilities | Other current liabilities | Other non-current liabilities | Liabilities discontinued operations | Total | Other revenue | Raw and consumable materials | Services costs | Staff costs | Other operating costs | Total | |
| | 31 December 2018 | | | | | | | | | | | | | | | | | |
| Sinonon | - | 6.3 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Atlanta | 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 | - | - | 1.5 | 1.5 | 110.0 | - | 6.4 | - | 111.4 | 0.7 | 0.7 | - | 234.8 | - | - | 0.4 | 235.2 |
| Societa' Infrastruttura Toscana (in liquidation) | 18.2 | - | - | - | 18.2 | 73.8 | - | - | - | 73.8 | 0.8 | 0.8 | - | 84.8 | - | - | 0.1 | 84.9 |
| Spea Engineering | 1.94 | - | - | 1.5 | 20.9 | 178.8 | - | 6.4 | - | 185.2 | 1.5 | 1.5 | - | 319.6 | - | - | 0.5 | 320.1 |
| Total associates | 1.3 | 1.3 | 1.3 | 1.3 | 13 | 70.1 | 2.7 | 2.7 | 1.3 | 70.1 | 2.7 | 2.7 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Gruppo Abertis | 3.12 | - | - | - | 3.4 | 3.4 | - | - | - | 3.4 | 75.0 | 2.1 | 0.8 | - | - | - | 0.3 | 3.2 |
| Autogrill | 0.3 | - | - | - | 0.3 | 0.7 | - | - | - | 0.7 | 0.6 | 0.6 | - | 0.7 | - | - | - | 0.7 |
| Infoblu (*) | 2.0 | - | - | - | 2.0 | - | - | 1.3 | - | 1.3 | - | - | - | - | - | - | - | - |
| AB Concessions | 0.2 | - | - | - | 0.2 | - | - | - | - | 0.2 | - | - | - | - | - | - | - | - |
| Autostade del Atlantico | 0.1 | - | - | - | 0.1 | - | - | - | - | 0.2 | - | - | - | - | - | - | - | - |
| Autostade Holding do Sur | - | - | - | - | - | - | - | - | - | 0.2 | - | - | - | - | - | - | - | - |
| Autostade Indian Infrastructure | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Autostade Indian Infrastructure Consultants | 4.7 | - | - | - | 4.7 | 0.9 | - | - | - | 0.9 | 0.4 | 0.4 | - | - | - | - | 0.1 | 0.1 |
| Electronic Transaction Consultants | 0.8 | - | - | - | 0.8 | 0.4 | - | - | - | 0.4 | 0.4 | 0.4 | - | - | - | - | - | - |
| Gruppo Aeroporti di Roma | 0.6 | - | - | - | 0.6 | - | - | - | - | 0.8 | 0.8 | 0.8 | - | - | - | - | - | - |
| Gruppo Stareport | 0.3 | - | - | - | 0.3 | - | - | - | - | 0.8 | 0.8 | 0.8 | - | - | - | - | - | - |
| Societa' Gestion Vial | 0.1 | - | - | - | 0.1 | - | - | - | - | 0.1 | 0.1 | 0.1 | - | - | - | - | - | - |
| Gruppo Bologna | 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 | 0.5 | - | - | - | - | - | - |
| Altre imprese associate | 0.1 | - | - | - | 0.1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total affiliates | 67.2 | 67.2 | 67.2 | 67.2 | 67.2 | 83.6 | 1.7 | 1.7 | 1.7 | 83.3 | 119.9 | 2.1 | 12.7 | 10.0 | 10.0 | 0.1 | 0.6 | 15.4 |
| SNT Lavori (in liquidation) | 2.2 | - | - | - | 2.2 | 10.5 | - | - | - | 10.5 | - | - | - | - | - | - | 0.1 | 10.1 |
| Totale other | 2.2 | - | - | - | 2.2 | 10.5 | - | - | - | 10.5 | - | - | - | - | - | - | 0.1 | 10.1 |
| Fondo pensione ASTRI | - | - | - | - | - | - | - | 5.9 | - | 5.9 | - | - | - | 16.4 | - | - | - | 16.4 |
| Fondo pensione CAPDI | - | - | - | - | - | - | - | 0.9 | - | 0.9 | - | - | - | 2.3 | - | - | - | 2.3 |
| Total pension funds | - | - | - | - | - | - | - | 6.8 | - | 6.8 | - | - | - | 18.7 | - | - | - | 18.7 |
| Dirigenti con responsabilita' strategiche | - | - | - | - | - | - | - | 1.4 | 1.7 | 3.1 | 3.1 | - | - | 4.6 | - | - | - | 4.6 |
| Total key management personnel (1) | - | - | - | - | - | - | - | 1.4 | 1.7 | 3.1 | 3.1 | - | - | 4.6 | - | - | - | 4.6 |
| TOTAL | 91.6 | 31.0 | 1.5 | 1.5 | 124.0 | 278.3 | 24.0 | 16.3 | 1.7 | 320.3 | 124.5 | 12.45 | 2.1 | 342.8 | 23.3 | 1.4 | 3.69.6 | 3.69.6 |
| | 31 December 2017 | | | | | | | | | | | | | | | | | |
| Sintonia | - | 6.3 | - | - | 6.3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Atlanta | 5.7 | 24.9 | - | - | 30.6 | 3.8 | 87.1 | - | - | 90.9 | 3.8 | 3.8 | - | 0.1 | - | - | 0.2 | 0.3 |
| Total parents | 5.7 | 31.2 | - | - | 36.9 | 3.8 | 87.1 | - | - | 90.9 | 3.8 | 3.8 | - | 0.1 | - | - | 0.2 | 0.3 |
| Bologna and Fiera Parking | 1.2 | - | - | - | 1.2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pavimental | 1.5 | - | - | - | 1.5 | 159.9 | - | 6.8 | - | 162.7 | 1.3 | 1.3 | - | 312.9 | - | - | 0.3 | 316.2 |
| Spea Engineering | 2.2 | - | - | - | 2.2 | 73.8 | - | - | - | 73.8 | 0.8 | 0.8 | - | 84.8 | - | - | 0.1 | 84.9 |
| Total associates | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 232.7 | 6.8 | 6.8 | 6.8 | 238.3 | 3.1 | 3.1 | 0.3 | 398.2 | 0.3 | 0.3 | 398.2 | 398.2 |
| Autogrill | 31.9 | - | - | - | 31.9 | 1.5 | - | - | - | 1.5 | 73.7 | 2.1 | 0.3 | - | - | - | 0.4 | 2.8 |
| AB Concessions | 1.7 | - | - | - | 1.7 | - | - | 1.1 | - | 1.1 | - | - | - | - | - | - | - | - |
| Autostade del Atlantico | 0.2 | - | - | - | 0.2 | - | - | 0.2 | - | 0.2 | - | - | - | - | - | - | - | - |
| Autostade Holding do Sur | 0.1 | - | - | - | 0.1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Autostade Indian Infrastructure | - | - | - | - | - | - | - | 0.2 | - | 0.2 | - | - | - | - | - | - | - | - |
| Autostade Indian Infrastructure Consultants | 3.7 | - | - | - | 3.7 | 0.7 | - | - | - | 0.7 | 0.8 | 0.8 | - | - | - | - | 0.1 | 0.1 |
| Electronic Transaction Consultants | 1.4 | - | - | - | 1.4 | 0.6 | - | - | - | 0.6 | 0.5 | 0.5 | - | - | - | - | - | - |
| Gruppo Aeroporti di Roma | 1.2 | - | - | - | 1.2 | - | - | - | - | 1.3 | 1.3 | 1.3 | - | - | - | - | - | - |
| Gruppo Stareport | - | - | - | - | - | - | - | - | - | 0.2 | 0.2 | 0.2 | - | - | - | - | - | - |
| Los lajos | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pavimental Polska | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Societa' Gestion Vial | 0.2 | - | - | - | 0.2 | - | - | - | - | 1.1 | 1.1 | 1.1 | - | - | - | - | - | - |
| Telepass | 28.1 | - | - | - | 28.1 | 11.0 | - | - | - | 11.0 | 30.2 | 30.2 | - | 10.3 | - | - | 0.2 | 10.5 |
| Telepass Pay | 0.4 | - | - | - | 0.4 | - | - | - | - | 2.1 | 2.1 | 2.1 | - | - | - | - | - | - |
| Total affiliates | 68.9 | 68.9 | 68.9 | 68.9 | 68.9 | 13.8 | 1.5 | 1.5 | 1.5 | 110.1 | 110.1 | 2.1 | 10.6 | 10.3 | 10.3 | 0.7 | 10.34 | 10.34 |
| Fondo pensione ASTRI | - | - | - | - | - | - | - | 6.2 | - | 6.2 | - | - | - | 15.6 | - | - | - | 15.6 |
| Fondo pensione CAPDI | - | - | - | - | - | - | - | 1.3 | - | 1.3 | - | - | - | 4.2 | - | - | - | 4.2 |
| Gruppo Aeroporti di Roma | - | - | - | - | - | - | - | 7.1 | - | 7.1 | - | - | - | 18.2 | - | - | - | 18.2 |
| Dirigenti con responsabilita' strategiche | - | - | - | - | - | - | - | 2.7 | 2.5 | 5.2 | - | - | - | 8.2 | - | - | - | 8.2 |
| Total key management personnel (1) | - | - | - | - | - | - | - | 2.7 | 2.5 | 5.2 | - | - | - | 8.2 | - | - | - | 8.2 |
| TOTAL | 100.6 | 31.2 | - | - | 131.8 | 250.3 | 87.1 | 18.5 | 2.5 | 358.4 | 116.0 | 116.0 | 2.1 | 409.9 | 25.0 | 1.2 | 438.2 | 438.2 |

(1) This company was consolidated until first half of 2018.

(2) Autostade 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 Autostade 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 of €0.7 million paid on behalf of Directors, Statutory Auditors and other key management personnel and the related liabilities of €1 million.

| 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 | Short-term borrowings | Intercompany current account payables | Current portion of medium/long-term financial liabilities | Other current borrowings | Total | Other financial income | Total | Other financial expenses | Total | |
| | 31 December 2018 | | | | | | | | | | | 2018 | | |
| Atlantia | - | - | - | - | - | 0.4 | 0.7 | - | 1.1 | 1.4 | 1.4 | 1.4 | 45.9 | 45.9 |
| Total parents | - | - | - | - | - | 0.4 | 0.7 | - | 1.1 | 1.4 | 1.4 | 1.4 | 45.9 | 45.9 |
| Pavimental | - | 127.4 | - | 127.4 | - | - | - | - | - | 0.8 | - | - | - | - |
| Peremontana Veneta (in liquidation) | - | - | 0.2 | 0.2 | - | - | - | - | - | - | - | - | - | - |
| Società Infrastrutture Toscane (in liquidation) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Spea Engineering | - | - | 1.3 | 1.3 | - | - | - | - | - | - | - | - | - | - |
| Total associates | - | 127.4 | 1.5 | 128.9 | - | - | - | - | - | 0.8 | - | - | - | - |
| Autogrill | 0.5 | - | - | 0.5 | - | - | - | - | - | - | - | - | - | - |
| Infoblu (*) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Autostrade dell'Atlantico | - | - | - | - | - | 7.0 | - | - | 7.0 | - | - | - | - | - |
| Telepass | - | 524.9 | - | 524.9 | - | - | - | - | - | 0.1 | 0.1 | 0.1 | 9.1 | 9.1 |
| Total affiliates | 0.5 | 524.9 | - | 525.4 | - | 7.0 | - | - | 7.0 | 0.1 | 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 | 2.3 | 55.0 | 55.0 |
| | 31 December 2017 | | | | | | | | | | | 2017 | | |
| Atlantia | - | - | - | - | 500.0 | 7.4 | 1,000.4 | - | 1,507.8 | 1.5 | 1.5 | 1.5 | 50.5 | 50.5 |
| Total parents | - | - | - | - | 500.0 | 7.4 | 1,000.4 | - | 1,507.8 | 1.5 | 1.5 | 1.5 | 50.5 | 50.5 |
| Pavimental | - | 121.1 | - | 121.1 | - | - | - | - | - | 0.8 | - | - | - | - |
| Peremontana Veneta (in liquidation) | - | - | 0.2 | 0.2 | - | - | - | - | - | - | - | - | - | - |
| Società Infrastrutture Toscane (in liquidation) | - | - | - | - | - | - | - | 3.5 | 3.5 | - | - | - | - | - |
| Spea Engineering | - | - | - | - | - | 0.4 | - | - | 0.4 | - | - | - | - | - |
| Total associates | - | 121.1 | 0.2 | 121.3 | - | 0.4 | - | 3.5 | 3.9 | 0.8 | 0.8 | 0.8 | - | - |
| Autogrill | 0.5 | - | - | 0.5 | - | - | - | - | - | - | - | - | - | - |
| Autostrade dell'Atlantico | - | - | - | - | - | 6.1 | - | - | 6.1 | - | - | - | 0.6 | 0.6 |
| Telepass | - | 640.8 | - | 640.8 | - | - | - | - | - | 0.4 | 0.4 | 0.4 | 8.7 | 8.7 |
| Total affiliates | 0.5 | 640.8 | - | 641.3 | - | 6.1 | - | - | 6.1 | 0.4 | 0.4 | 0.4 | 9.3 | 9.3 |
| TOTAL | 0.5 | 761.9 | 0.2 | 762.6 | 500.0 | 13.9 | 1,000.4 | 3.5 | 1,517.8 | 2.7 | 2.7 | 2.7 | 59.8 | 59.8 |

(*) This company was consolidated until first half of 2018.

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 2018 the Group has recognised tax liabilities and assets due to and from Atlantia of €24.7 million and €24 million, respectively.

As at 31 December 2018, the Group reports tax assets due from the parent, Sintonia (which in 2012 absorbed Schemaventotto), totalling €6.3 million, relating to amounts receivable in the form of tax rebates applied for by Schemaventotto for income tax (IRES) paid during the period when this company headed the tax consolidation arrangement.

With regard to transactions of a financial nature, as at 31 December 2018, financial liabilities (including the current portion) repayable to Atlantia amount to €1.1 million. These have declined €1,506.7 million compared with 31 December 2017 (€1,507.8 million), essentially following the repayment of an intercompany loan of €1,000 million from the parent, Atlantia, corresponding with retail bonds issued by Atlantia in 2012 and maturing in 2018, and not included in the issuer substitution completed at the end of December 2016, and the repayment of short-term loans in the form of cash deposits (totalling €500 million as at 31 December 2017). As a result of the centralised treasury services provided to the Atlantia Group by Autostrade per l'Italia, the current account between the latter and Atlantia has a debit balance of €0.4 million as at 31 December 2018. Finally, financial expenses payable to the parent, Atlantia, in 2018 amount to €45.9 million, a reduction of €4.6 million compared with 2017 (when the figure was €50.5 million). This essentially reflects the above repayment of the intercompany loan of €1,000 million in November 2018.

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

With regard to transaction with other related parties, the above tables also show, for 2018, amounts resulting from transactions with the Abertis group, following execution, on 29 October 2018, of the agreement entered into by Atlantia, ACS and Hochtief on 23 March 2018 regarding a joint investment in Abertis Infraestructuras SA. The table also shows transactions with Infoblu following the sale of the investment in this company (a 75% interest) to Telepass in the first half of 2018.

The Group reports trading liabilities payable to the associates, Pavimental and Spea. As at 31 December 2018, trade payables due to these companies total €105 million and €73.8 million, respectively. These payables essentially regard maintenance and construction services provided by these companies to the Group's operators and regarding motorway infrastructure. In addition, the Group reports costs of €235.2 million payable to Pavimental in return for the above services provided.

Trade receivables due from the affiliate, Telepass amount to €24.6 million as at 31 December 2018. 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 2018, Autogrill holds 100 food service concessions for service areas along the Group's motorway network. In 2018, the Group earned revenue of approximately €75 million on transactions with Autogrill, including €63.8 million in royalties deriving from the management of

service areas. This recurring income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders. As at 31 December 2018, trading assets receivable from Autogrill amount to €31.2 million.

Transactions of a financial nature as at 31 December 2018 include, as part of the Autostrade per l'Italia's provision of centralised treasury services for the Atlantia Group, intercompany current account receivables of €127.4 million due from Pavimental, whilst the amount due from Telepass totals €524.9 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.

There were no changes, during 2018, in the share-based incentive plans already adopted by the Group as at 31 December 2017, 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 2018, including the options and units awarded to directors and employees of the Atlantia Group and changes during 2018 (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.

| | Number of options/units awarded (***) | Vesting date | Exercise/Grant date | Exercise price (euro) | Fair value of each option or unit at grant date (euro) | Expected expiration at grant date (years) | Risk free interest rate used | Expected volatility (based on historic mean) | Expected dividends at grant date |
|---|---------------------------------------|--------------|---------------------|-----------------------|--|---|------------------------------|--|----------------------------------|
| 2011 SHARE OPTION PLAN | | | | | | | | | |
| Options outstanding as at 1 January 2018 | | | | | | | | | |
| - 13 May 2011 grant | 279,860 | 13/05/14 | 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 | -2,442,675 | | | | | | | | |
| - options lapsed | -329,832 | | | | | | | | |
| Total | 227,376 | | | | | | | | |
| Changes in options in 2018 | | | | | | | | | |
| - options exercised | -130,669 | | | | | | | | |
| - options lapsed | -5,189 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 91,518 | | | | | | | | |
| 2011 SHARE GRANT PLAN | | | | | | | | | |
| Units outstanding as at 1 January 2018 | | | | | | | | | |
| - 13 May 2011 grant | 192,376 | 13/05/14 | 14/05/16 | N/A | 12.90 | 4,0 - 5,0 | 2.45% | 26.3% | 4.09% |
| - 14 October 2011 grant | 9,618 | 13/05/14 | 14/05/16 | N/A | (*) | (*) | (*) | (*) | (*) |
| - 14 June 2012 grant | 10,106 | 13/05/14 | 14/05/16 | N/A | (*) | (*) | (*) | (*) | (*) |
| | 348,394 | 14/06/15 | 15/06/17 | N/A | 7.12 | 4,0 - 5,0 | 1.12% | 29.9% | 5.05% |
| - 8 Nov 2013 grant | 209,420 | 08/11/16 | 09/11/18 | N/A | 11.87 | 4,0 - 5,0 | 0.69% | 28.5% | 5.62% |
| - units converted into shares on 15 May 2015 | -97,439 | | | | | | | | |
| - units converted into shares on 16 May 2016 | -103,197 | | | | | | | | |
| - units converted into shares on 16 June 2016 | -98,582 | | | | | | | | |
| - units converted into shares on 15 June 2017 | -136,572 | | | | | | | | |
| - units converted into shares on 13 Nov 2017 | -77,159 | | | | | | | | |
| - units lapsed | -159,629 | | | | | | | | |
| Total | 97,336 | | | | | | | | |
| Changes in units in 2018 | | | | | | | | | |
| - units converted into shares on 14 Nov 2018 | -97,336 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 0 | | | | | | | | |

(*) 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 2018

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

- a) 17,862 of Atlantia's ordinary shares to beneficiaries in connection with the second cycle; moreover, 6,946 phantom options awarded in 2015 were exercised (following the exercise of these options, the options awarded as part of the second cycle have lapsed);
- b) 47,591 of Atlantia's ordinary shares to beneficiaries in connection with the third cycle; moreover, 58,270 phantom options awarded in 2016 were exercised.

Thus, as at 31 December 2018, taking into account lapsed options at that date, the remaining options outstanding total 91,518, including 44,722 phantom options awarded under the third cycle (the unit fair value of which, as at 31 December 2018, was measured as €2.93, in place of the unit fair values at the grant date).

2011 Share Grant 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, the 2011 Share Grant Plan entails the grant of up to 920,000 units free of charge in three annual award cycles (2011, 2012 and 2013). Each unit will grant beneficiaries the right to receive one Atlantia ordinary 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.

The units 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 the units are granted 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 Atlantia's Board of Directors. Vested units may be converted into shares, in part, after one year from the date of expiration of the vesting period and, in part, after two years from the date of expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to maintain a minimum holding). The number of convertible units will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and initial value of the shares so as to cap the realisable gain.

Changes in units in 2018

On 14 November 2018, the remaining units awarded during the third award cycle were converted (as provided for from 9 November 2018), in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 97,336 shares held by the parent as treasury shares.

As at 31 December 2018, all the units awarded under this plan have thus lapsed.

The following table shows the main aspects of the Autostrade per l'Italia Group's cash-settled incentive plans outstanding as at 31 December 2018. The table shows the options awarded to directors and employees of Autostrade per l'Italia and its subsidiaries at this date and changes (in terms of new awards and the exercise, conversion or lapse of rights and transfers/secondments from/to other Atlantia Group companies) during 2018. The table also shows the fair values (at the grant date) of outstanding options, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions.

| | Number of options/units awarded | Vesting date | Exercise/Grant date | Exercise price (euro) | Fair value of each option or unit at grant date (euro) | Expected expiration at grant date (years) | Risk free interest rate used | Expected volatility (based on historic mean) | Expected dividends at grant date |
|---|---------------------------------|--------------|---------------------|-----------------------|--|---|------------------------------|--|----------------------------------|
| 2014 PHANTOM SHARE OPTION PLAN | | | | | | | | | |
| Options outstanding as at 1 January 2018 | | | | | | | | | |
| - 9 May 2014 grant | 1,566,736 | 09/05/17 | 09/05/20 | 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 | 08/05/18 | 08/05/21 | N/A (*) | 2.59 | 3,0 - 6,0 | 1.01% | 25.8% | 5.32% |
| - 10 June 2016 grant | 1,617,292 | 10/06/19 | 10/06/22 | N/A (*) | 1.89 | 3,0 - 6,0 | 0.61% | 25.3% | 4.94% |
| - transfers/secondments | -403,705 | | | | | | | | |
| - options exercised | -456,694 | | | | | | | | |
| - options lapsed | -273,155 | | | | | | | | |
| Total | 3,362,193 | | | | | | | | |
| Changes in units in 2018 | | | | | | | | | |
| - options exercised | -775,968 | | | | | | | | |
| - transfers/secondments | -20,093 | | | | | | | | |
| - options lapsed | -420,957 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 2,145,175 | | | | | | | | |
| 2017 PHANTOM SHARE OPTION PLAN | | | | | | | | | |
| Units outstanding as at 1 January 2018 | | | | | | | | | |
| - 12 May 2017 grant | 882,917 | 15/06/20 | 01/07/23 | N/A (*) | 2.37 | 3,13 - 6,13 | 1.31% | 25.6% | 4.40% |
| - transfers/secondments | 6,717 | | | | | | | | |
| - options lapsed | -33,220 | | | | | | | | |
| Total | 856,414 | | | | | | | | |
| Changes in units in 2018 | | | | | | | | | |
| - 3 August 2018 grant | 732,785 | 15/06/21 | 01/07/24 | N/A (***) | 2.91 | 5.91 | 2.35% | 21.9% | 4.12% |
| - transfers/secondments | 15,110 | | | | | | | | |
| - options lapsed | -13,119 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 1,591,190 | | | | | | | | |
| 2017 PHANTOM SHARE GRANT PLAN | | | | | | | | | |
| Units outstanding as at 1 January 2018 | | | | | | | | | |
| - 12 May 2017 grant | 79,305 | 15/06/20 | 01/07/23 | N/A | 23.18 | 3,13 - 6,13 | 1.31% | 25.6% | 4.40% |
| - transfers/secondments | 669 | | | | | | | | |
| - options lapsed | -3,307 | | | | | | | | |
| Total | 76,667 | | | | | | | | |
| Changes in units in 2018 | | | | | | | | | |
| - 3 August 2018 grant | 73,007 | 15/06/21 | 01/07/24 | N/A | 24.5 | 5.91 | 2.35% | 21.9% | 4.12% |
| - transfers/secondments | 1,627 | | | | | | | | |
| - options lapsed | -1,375 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 149,926 | | | | | | | | |

(*) 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 2018

The vesting period for the second cycle of the Plan expired on 8 May 2017. A total of 775,968 vested options awarded under the second award cycle and the first cycle were exercised in 2018. Thus, as at 31 December 2018, after taking into account lapsed options at that date, and changes resulting from transfers and/or secondments of staff to and from other Atlantia Group companies, the remaining options outstanding amount to 2,145,175. The unit fair values of the options awarded under the first, second and third award cycles were remeasured as at 31 December 2018 as €6.01, €1.20 and €1.34, 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 2018

On 3 August 2018, Atlantia's Board of Directors selected the beneficiaries for the second cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 11 October 2018). This resulted in the award of a total of 732,785 phantom options with a vesting period from 3 August 2018 – 15 June 2021 and an exercise period from 1 July 2021 to 1 July 2024.

As at 31 December 2018, taking into account lapsed options and transfers/secondments from/to other Atlantia Group companies, the remaining options outstanding amount to 1,591,190. The unit fair values of the options awarded under the first and second award cycles were remeasured as at 31 December 2018 as €1.83 and €1.67, 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 2018

On 3 August 2018, Atlantia's Board of Directors selected the beneficiaries for the second cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 11 October 2018 and then by the boards of its subsidiaries). This resulted in the award of a total of 73.007 units, vesting in the period from 3 August 2018 to 15 June 2021 and exercisable in the period from 1 July 2021 to 1 July 2024.

As at 31 December 2018, taking into account lapsed options and transfers/secondments from/to other Atlantia Group companies, the remaining units outstanding amount to 149,926. The unit fair values of the options of the first and second cycles at that date were remeasured as €19.29 and € 18.06, 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 2018: €18.30;
- b) price as at 3 August 2018 (the grant date for new options or units, as described): €24.86;
- c) the weighted average price for 2018: €22.34;
- d) the weighted average price for the period 3 August 2018 – 31 December 2018: €18.54.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2018 the Group has recognised staff costs of €347 thousand, based on the accrued fair value of the options and units awarded at that date, including €193 thousand accounted for as a reduction in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2018 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.

Toll increases with effect from 1 January 2018

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

- a) an overall toll increase of 1.51%, including 0.49% as the inflation-linked component, 0.64% to provide a return capital expenditure via the "X" tariff component and -0.04% to provide a return on investment via the "K" tariff component (the shortfall in the increase awarded for 2017 was recouped almost in full for both these components) and 0.43% to recover the reduction in revenue earned in the period from June 2014 to 2017 as a result of the discounted tolls for frequent motorway users, introduced by the Memorandum of Understanding entered into with the MIT. Regarding the shortfall in the increase with respect to the requested amount, equal to 0.01% (relating to the "X" component), the Grantor, following submission of additional documentation by Autostrade per l'Italia on 12 March 2018, deemed that the request was largely warranted, and therefore to be taken into account when determining the toll increase for 2019. Application of the remaining amounts was suspended, pending an update of the financial plan;
- b) Raccordo Autostradale Valle d'Aosta was to apply a toll increase of 52.69%, compared with the 81.12% requested. The company has challenged this determination before the Regional Administrative Court;
- c) Autostrade Meridionali was to apply a toll increase of 5.98%, compared with the 9.9% requested;
- d) Autostrada Tirrenica was to apply a toll increase of 1.33%, compared with the 36.51% requested. The company has challenged this determination before the Regional Administrative Court.

On 7 February 2019, Lazio Regional Administrative Court annulled the Decree contested by Autostrada Tirrenica regarding toll increases for 2018. Similar judgements were also handed down on the same date for the years 2014, 2016 and 2017, requiring the Ministry of Infrastructure and Transport and Minister of the Economy and Finance to review their response to the company's proposals in accordance with legal requirements and the concession arrangement. In addition, in another judgement on the same date, Lazio Regional Administrative Court, in response to the interministerial decree revoking suspension of the toll increase for 2013, ruled that the challenge was inadmissible in the absence of any interest in proceeding, recognising the jurisdiction of the ordinary court system with regard to a decision regarding compensation for the company's lost revenue during the period of the suspension;

- e) Tangenziale di Napoli was to apply a toll increase of 4.31%, including recovery of amounts not applied in previous years, compared with the 1.93% requested. This application was granted on the basis of the new financial plan attached to the Addendum, signed on 22 February 2018. This came into effect with the approval of Ministry of Infrastructure and Transport and Ministry of the Economy and Finance Decree 131 of 16 March 2018, registered at the Court of Auditors on 23 April 2018.

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

Toll increases with effect from 1 January 2019

The MIT and MEF issued decrees on 31 December 2018, determining toll increases with effect from 1 January 2019. These are as follows:

- a) in Autostrade per l'Italia's case, based on a willingness expressed by the Company itself, the decision was taken to leave the tolls in force as at 31 December 2018 unchanged for a period of six months. These tolls already included the component of 0.43% designed to recover the reduction in revenue resulting from the discounting of tolls for frequent motorway users, which ceased to be effective on 31 December 2018. The tolls applied to road users will thus increase by 0.81% from 1 July 2019, unless otherwise agreed by the Grantor and the Company. 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 and, to this end, has accessed the documentation relating to the review conducted by the Grantor;
- b) 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 registered to participate in the initiative;
- c) 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;
- d) in the case of Tangenziale di Napoli, a toll increase of 1.82% has been granted, compared with a request for 1.93%. The company has filed a legal challenge, citing the failure to take into account certain investments;
- e) in Autostrada Tirrenica's case, no toll increase was granted in view of the ongoing EU infraction proceedings (the company had requested an increase of 1.59% for 2019 and, given the absence of any increases in previous years, a total increase of 36.41%).

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.

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

The II Addendum to Autostrade per l'Italia's Single Concession Arrangement was digitally signed on 22 February 2018. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the investment commitments of the Single Concession Arrangement, and caps the maximum cost to be covered by Autostrade per l'Italia at approximately €158 million, including around €2 million already incurred for design work, and the remaining €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure.

This amount, which will be paid to ANAS on a stage of completion basis and in terms of a specific agreement to be entered into, will be recovered by Autostrade per l'Italia via the "K" toll component.

The Addendum came into effect with approval by decree 128 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered by the Court of Auditors on 31 May 2018.

Five-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 will subsequently be formalised as an addendum to the current Arrangement.

Consultation with the Transport Regulator

The Transport Regulator (ART) issued a determination on 20 February 2019, initiating a consultation designed to establish a tariff regime using a consistently applied method based on a price cap mechanism. Rather than establishing the criteria solely to be used in determining the productivity indicator, as provided for in Law Decree 109 of 28 September 2018, converted into Law 130 of 16 November 2018, the regulator's determination proposes to modify the entire tariff regime for motorway concession arrangements, introducing new criteria for determining the components of tolls. The determination also envisages the application of this new regime not only to motorway operators for which the five-year regulatory period expired after the entry into force of Law Decree 109/2018, and for which the related update has yet to be finalised, but also to operators, such as Autostrade per l'Italia, whose regulatory period expired before the entry into force of the above Law Decree and for which the five-yearly review of the financial plan is still in progress.

The deadline for submitting observations is 29 March 2019, whilst the procedure is scheduled to be completed by 28 June 2019. The Company is considering what legal action to take in order to protect its interests.

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. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l'Italia has modified the design for the project in full compliance with the principles set out in the agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure.

Work then began on the environmental impact assessment in January 2017 and was completed with the EIA order of 31 March 2018. On 21 March 2018, Autostrade per l'Italia requested the Ministry of Infrastructure and Transport to convene the Services Conference, which was then scheduled for 13 September 2018. Following a series of specific meetings with the Ministry, it became necessary to conduct a technical analysis of the proposed design solution. As a result, the Ministry decided to postpone the Services Conference to a later date. At this time, talks are underway with the Ministry with a view to assessing the potential for alternatives to the design to be submitted to the Services Conference.

Decision of the European Commission regarding the extension of Autostrade per l'Italia's concession

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

On 27 April 2018, the European Commission announced that the Commission had given its approval for the "plan for investment in Italian motorways". In view of the implementation of Autostrade per l'Italia's investment plan of approximately €7.9 billion, the approval envisages

extension of the concession term by four years (from 31 December 2038 to 31 December 2042), a cap on toll increases and introduction of a takeover right on expiry of the concession. The European Commission's decision was published on its website on 31 July 2018.

The Italian government has yet to follow up on the European Commission's decision.

[New legislation concerning tenders and concessions](#)

The 2018 Budget Law – Law 205 of 27 December 2017 - has amended art. 177 of the Public Contracts Code. The new article requires motorway operators holding a concession not awarded in the form of project financing, or by public tender in accordance with EU law, to award 60% of any contracts for works, services or goods by public tender, instead of the 80% generally applied. On 2 August 2018, ANAC (the *Autorità Nazionale Anti Corruzione*, Italy's National Anti-Corruption Authority) published its interpretation guidelines for art. 177 in the Official Gazette. Autostrade per l'Italia and AISCAT have lodged legal challenges contesting the new legislation.

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

The Addendum to Tangenziale di Napoli's Single Concession Arrangement, setting out the results of the five-yearly review (2014 – 2018) of the financial plan annexed to the Arrangement, was digitally signed on 22 February 2018. The Addendum came into effect with its approval by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance in decree 131 of 16 March 2018, registered by the Court of Auditors on 23 April 2018.

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

In 2012, the Ministry of Infrastructure and Transport issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. On 22 March 2016, the Ministry announced its intention to exclude the two competing bidders, Autostrade Meridionali and Consorzio Stabile SIS, from the tender process. This gave rise to a complex dispute that was finally brought to a close by the Council of State judgement published on 25 February 2019, which upheld the judgement at first instance, confirming both companies' disqualification.

[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. This approved the Restructuring Plan for motorway services areas and the competitive tender procedure for the award of concessions at service areas. 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 Aiglio 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.

Accident on the Acqualonga viaduct on the A16 Napoli-Canosa motorway on 28 July 2013

Criminal proceedings

With regard to the accident that occurred on 28 July 2013, a total of twelve employees and former employees of the Company were committed for trial in 2016 charged with being accessories to culpable multiple manslaughter and criminal negligence.

At the hearing held on 9 May 2016, the judge committed all the accused for trial before a single judge at the Court of Avellino.

Evidence began to be heard during the hearing of 28 October 2016, with the final hearing held on 11 January 2019, when the judgement was read.

Specifically, the court found 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 court fixed a term of 90 days for the court to file its reasons for the judgement.

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

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. Following the combination of the various proceedings, judgement is thus pending before the Civil Court of Avellino in relation to: (i) the original action brought by Reale Mutua Assicurazioni, the company that insured the coach, in order to make the maximum claim payable available to the damaged parties, including Autostrade per l'Italia (€6 million), (ii) subsequent claims, submitted as counterclaims or on an individual basis, by a number of damaged parties, including claims against Autostrade per l'Italia. Subject to the permission of the court, Autostrade per l'Italia intends to refer claimants to its insurance provider (Swiss Re International), with a view to being indemnified against any claims should it lose the case.

Preliminary hearings before the civil court were held between 20 October 2016 and 12 July 2018.

At the hearing of 18 January 2018, the court reserved judgement.

Investigation by the Public Prosecutor's Office in Prato of a fatal accident to a worker employed by Pavimental

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

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

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

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

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

At the end of the related hearing, during which the companies' Organisational, Management and Control Models were examined, the case against the companies was dismissed. The case then proceeded with the focus solely on the charges against the natural persons involved.

The next hearing has been scheduled for 15 April 2019 to hear the witnesses for the prosecution.

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

In response to repeated claims made by Mr. Alessandro Patanè and the companies linked to him, in 2013, Autostrade per l'Italia and Autostrade Tech served a writ on Mr. Patanè before the Court of Rome, with the aim of having the claims examined and declared groundless based on ownership of the software used in the SICVe system.

On appearing before the court, Mr. Patanè filed a counterclaim, in which he claimed compensation for the damages allegedly suffered.

The Court of Rome issued judgement 120/2019, declaring Mr. Patanè's counterclaim to be inadmissible as it had been filed late, and ruling that the claim for fraud forming part of the same legal action was also inadmissible.

The court also rejected the writ served by Autostrade per l'Italia and Autostrade Tech, with the aim of having the court reject the claims for damages brought by the other party, as there is insufficient evidence to prove ownership of the software.

Autostrade per l'Italia and Autostrade Tech have appealed this judgement before the Court of Appeal in Rome.

[Proceedings involving Autostrade per l'Italia and Craft Srl](#)

Initial proceedings before the Supreme Court

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

Court of Appeal judgement

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

The Court also ordered Autostrade per l'Italia to remove and destroy all existing equipment installed on the motorways it operates that is in violation of Craft's patent (prohibiting its future sale or use), and imposing a civil penalty of €500 to be paid by Autostrade per l'Italia for every day it fails to comply with the above order.

The Court also rejected Craft's claim for economic damages and its claim for the return of any profits as, in the Court's opinion, the Tutor system does generate earnings for the road operator, even in terms of cost savings.

There was no award of non-economic damages as there is no proof that the infringement has damaged Craft's image.

New proceedings before the Supreme Court

Autostrade per l'Italia has appealed judgement no. 2275/2018 handed down by the Court of Appeal in Rome before the Supreme Court, believing it to be unlawful, and requesting suspensive relief before the Court of Appeal of Rome and requesting an *ex parte* decision by the court.

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

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

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

The judges ruled that there were no grounds to pass the case on to the public prosecutor in relation to Craft's claim that the Company had infringed its patent, given that the various judgements had so far failed to agree and that the appeal was pending before the Supreme Court.

Faced with the need to comply with the judgement, the SICVE software used in Autostrade per l'Italia's systems was uninstalled, subject to independent certification of compliance.

Based on the needs of the traffic police, a new system for conducting the speed checks required by the Highway Code, called SICVe-PM, has been made available to the traffic police.

Action brought to correct the judgement of the Court of Appeal in Rome

On 5 September 2018, CRAFT filed a further motion before with Court of Appeal in pursuant to art. 288 of the code of civil procedure, requesting that the Court's judgement no. 2275/2018 be corrected in respect of the ruling that imposed a civil penalty of €500 to be paid by Autostrade per l'Italia for every day it failed to comply with the judgement, without specifying that the fine, according to CRAFT, referred to "any system covered by the claims brought by Craft regarding its patent and, therefore, any dual system using "speed cameras on entry" / "speed cameras on exit" recording one carriageway or a section of motorway in one direction regardless of the number of lanes per carriageway in that section". This motion was rejected on 9 October 2018.

Executive proceedings

On 9 November 2018, CRAFT notified the company of two injunctions executing judgement no. 2275/2018 issued by the Court of Appeal in Rome, relating to the part imposing a civil fine of €500 to be paid by Autostrade per l'Italia for every day it failed to comply with the judgement and to the part ordering the Company to remove and destroy the equipment.

The Company responded to the first injunction by appealing for relief, which was turned down by court order on 13 February 2019. The Company will appeal this decision.

In the meantime, CRAFT has notified the Company that it has obtained seizure orders for a number of the Company's current accounts with several banks. The hearing to distribute the sums involved has been scheduled for 4 April 2019.

The Company has contested the injunctions, including the seizure orders, and the related preliminary hearing is due to be held on 4 April 2019.

With regard to the second injunction, CRAFT has filed an appeal before the Court of Appeal in Rome pursuant to art. 124 of the code of Industrial property Code (Corrective measures and civil fines), initiating the process of verifying compliance with the obligations resulting from the judgement handed down by the Court of Appeal in Rome on 10 April 2018. The preliminary hearing is scheduled for 12 March 2019.

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

A criminal case (initiated in 2007) pending before the Court of Florence involves two employees who at the time of the events were managers at Autostrade per l'Italia and another 18 people from contractors, who are accused of violating environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico*. The process of hearing depositions was completed on 30 October 2017.

At the hearing of 30 October 2017, the court acquitted the two managers from Autostrade per l'Italia in accordance with art. 530, paragraph 1 of the criminal code, based on the fact that there was no case to answer and setting a term of 90 days for the court to file the reasons for its judgement.

The deadline for filing the court's reasons for the judgements has been further extended and there are no further developments to report.

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

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

The court began to hear evidence on 25 October 2018.

At this latter hearing, the court declared the accused to be not guilty of the charges brought pursuant to art. 530, paragraph 1 of the code of criminal procedure.

[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. Autostrade per l'Italia's legal representative was subsequently sent a notice of investigation issued by the Public Prosecutor's Office in Ancona. The investigation regards the alleged offence provided for in articles 25-*septies*, paragraphs 2 and 3, 6 and 7 of Legislative Decree 231/2001 (Art. 25-*septies* "Culpable homicide and negligent injury or grievous bodily harm resulting from breaches of occupational health and safety regulations"; art. 6 "Senior management and the entity's organisational models"; art. 7 "Subordinates and the entity's organisational models") regarding the offences provided for in art. 589, paragraph 2 of the penal code ("Culpable homicide resulting from breaches of occupational health and safety regulations") and art. 590, paragraph 3 of the penal code ("Culpable injury resulting from breaches of occupational accident prevention").

In connection with this event, a number of Autostrade per l'Italia's managers and employees are under investigation pursuant to articles 113, 434, paragraph 2 and 449 of the penal code ("accessory to culpable collapse"), 113 and 589, last paragraph of the penal code ("accessory to culpable multiple manslaughter"), 113 and 590, paragraph 3 of the penal code ("accessory to culpable multiple injury").

In September 2018, the technical experts appointed by the Public Prosecutor's Office filed their reports.

On 14 December 2018, the prosecutors filed notice of completion of their preliminary investigation and requested that the case against Autostrade per l'Italia SpA's three managers be dismissed.

Tax disputes regarding ground tax and ground rent (*TOSAP* and *COSAP*)

In 2018, 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 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.

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 in Genoa collapsed on 14 August 2018, resulting in the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report.

Procedure initiated by the Grantor

On 16 August 2018, the Ministry of Infrastructure and Transport sent Autostrade per l'Italia a letter of complaint before conducting any form of prior investigation into the causes of the collapse or who was responsible. The letter alleged that the Company had committed serious breaches of its contractual obligations regarding routine and extraordinary maintenance and of its obligation to ensure that the road was in good working condition. As a result, the Ministry declared that it was appropriate "to activate the procedures provided for in articles 8, 9 and 9 *bis* of the Concession Arrangement".

In its response dated 31 August 2018, and in the subsequent letter dated 13 September 2018, Autostrade per l'Italia presented its counterarguments, rejecting the accusation that it had failed to meet its contractual obligations and, in addition, asserting that any decision by the Ministry to activate the procedures provided for in articles 8, 9 and 9 *bis* of the Concession Arrangement was inadmissible and without effect.

The Inspection Committee appointed by the Ministry of Infrastructure and Transport then published its report on the collapse of a section of the Polcevera road bridge on 25 September 2018. A subsequent letter from Autostrade per l'Italia, dated 5 October 2018, highlighted a number of concerns regarding both procedural aspects and the merits of the Committee's conclusions.

Subsequently, in a letter dated 20 December 2018, the Ministry of Infrastructure and Transport added further to its letter of complaint and, in accordance with the procedure required under the arrangement, requested the company to provide further counterarguments, specifically in relation to information on aspects regarding the system used to monitor infrastructure and the potential causes of the collapse. The latter gave Autostrade per l'Italia 120 days to respond.

The Company believes, in part based on the opinion of leading experts, that communications with the Grantor do not qualify as the initial act in the procedure leading to termination of the concession, in accordance with art. 9 of the Single Concession Arrangement.

Law Decree 109 of 2018

In parallel with the above, Law Decree 109 was published on 28 September 2018 and later

converted into Law 130 of 16 November 2018. The legislation contains a range of urgent measures for the city of Genoa and provides for:

- a) the appointment of a Special Commissioner to oversee the reconstruction, who may act in derogation of the law other than criminal law, save for the binding restrictions imposed by membership of the European Union;
- b) a requirement for the operator, “as the entity responsible for ensuring that the infrastructure operated under concession was safe and fit for purpose, and therefore as the entity responsible for the events”, within 30 days of receipt of the Special Commissioner’s request, to pay the sum necessary for the reconstruction in the amount to be provisionally determined by the Commissioner, without prejudice to any subsequent findings regarding liability for the event;
- c) the exclusion of Autostrade per l’Italia and its subsidiaries and associates from involvement in the reconstruction;
- d) the assignment to the Commissioner responsibility for the sections of motorway linked to the road bridge A10 whose operation will be affected by work on the reconstruction and which the operator is obliged to hand over to the Commissioner.

Legal challenges brought by the Company before Liguria Regional Administrative court

The Company has brought an action before Liguria Regional Administrative Court challenging the legislation contained in Law Decree 109 of 2018 and subsequent implementing measures, without applying for injunctive relief, the Cabinet Office Decree of 4 October 2018 appointing the Special Commissioner, and certain implementing decrees issued by the Commissioner relating to demolition and reconstruction of the bridge and the connected activities, contesting their legality, including from a constitutional viewpoint.

The hearing of 27 February 2019 has been rescheduled for 22 May 2019.

At the same time, Autostrade per l’Italia, in its acknowledged role as the operator, has handed over the sums requested by the Special Commissioner in order to fund the purchase of homes and business premises, and payments on account to the firms contracted to carry out the demolition and reconstruction and project management. The Company has also committed to making available the remaining sums requested by the Special Commissioner as the work progresses.

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 9 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. The action also regards a further 12 employees and managers at SPEA Engineering, the Atlantia Group company contracted to monitor the state of the infrastructure, and the Ministry of Infrastructure and Transport, 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”).

With specific regard to the last two offences, 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”.

Subsequently, on 12 September 2018, the preliminary investigating magistrate (*Giudice per le Indagini Preliminari*) requested a pre-trial hearing to appoint experts to prepare a report on conditions at the disaster scene, to assess the state of repair and maintenance of the infrastructure that did not collapse and of the parts of the road bridge that did collapse and have yet to be removed, and to identify and reach agreement with the relevant authorities on procedures for the removal of debris and for demolition, so as to preserve the evidence needed for the purposes of the investigation.

The work of the experts began on 2 October 2018 and is still in progress.

At the hearing held on 8 February 2019, the preliminary investigating magistrate upheld the request from the counsel defending Autostrade per l'Italia's personnel to discuss the translated versions of the expert reports prepared by the specially appointed laboratories with the other parties.

At the hearing of 15 February 2019, the preliminary investigating magistrate appointed an interpreter to translate the above expert reports and counsel for the defendants appointed their own technical consultants.

Finally, the preliminary investigating magistrate has scheduled a hearing for 27 March 2019 in order to discuss the expert reports and for 8 April 2019 to receive an update on the work carried out by the experts.

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 | | |
|--|---------------------------|--|
| Supplying authority | Amount received collected | Description |
| Anas SpA or Ministry of Infrastructure and Transport | 20,634 | Release of a share of term deposits essentially relate to loans disbursed by banks as a condition precedent for the grants financing the new construction required by laws 662/1996, 345/1997 and 135/1997 - IFRIC 12 construction services for which no additional economic benefits are received |
| Rete Ferroviaria Italiana SpA | 1,209 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| Ferrovie Nord Milano SpA | 102 | Fourth free-flow lane Fiorenza-S.S. Giovanni L1 - IFRIC 12 construction services for which no additional economic benefits are received |
| Municipality of Cesena | 396 | construction services for which no additional economic benefits are received |
| Municipality of Vittorio Veneto | 31 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| Municipality of Forlì | 60 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| Municipality of Sestri Levante | 65 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| | 22,497 | |

10.9 Events after 31 December 2018

Redemption of bonds by Autostrade per l'Italia

In February 2019, the Company redeemed bonds with a par value of €593,334 thousand and paying coupon interest of 4.5%. The bonds, guaranteed by Atlantia, were issued by the parent in February 2012 and transferred to Autostrade per l'Italia as part of the issuer substitution with effect from December 2016.

Annexes to the consolidated financial statements

Annex 1 - The Autostrade per l'Italia Group's scope of consolidation and investments as at 31 December 2018

Annex 2 – Disclosure 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 2018

| NAME | REGISTERED OFFICE | BUSINESS | CURRENCY | SHARE CAPITAL/CONSORTIUM FUNDS AS AT 31 DECEMBER 2018 (UNITS) | HELD BY | % INTEREST IN SHARE CAPITAL/CONSORTIUM FUNDS AT 31 DECEMBER 2018 | 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 MOVINGS 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% | |
| ECOMOV S.A.S. (IN LIQUIDATION) | PARIS (FRANCE) | FINANCING DESIGN/CONSTRUCTION/OPERATION OF EQUIPMENT REQUIRED FOR TOLL PAGES | EURO | - | Autostrade per l'Italia S.p.A. | 70.00% | 70.00% | (2) |
| ESSEPIESE SOCIETÀ DI SERVIZI S.p.A. | ROME | GENERAL AND ADMINISTRATIVE SERVICES | EURO | 500,000 | Autostrade per l'Italia S.p.A. | 100% | 100% | |
| GIOVE CLEAN S.r.l. | ROME | CLEANING SERVICES E MANUTENZIONI VARE | EURO | 10,000 | Autostrade per l'Italia S.p.A. | 100% | 100% | |
| RACCORDO AUTOSTRADALE VALLE D'ARBE S.p.A. | ROME | MOTORWAY OPERATION AND CONSTRUCTION | EURO | 343,895,000 | Società Italiana per Azioni per il Trattore del Monte Bianco | 47.97% | 24.46% | (3) |
| SOCIETÀ AUTOSTRADA TIRRENICA S.p.A. | ROME | MOTORWAY OPERATION AND CONSTRUCTION | EURO | 24,460,800 | Autostrade per l'Italia S.p.A. | 99.93% | 99.99% | (4) |
| SOCIETÀ ITALIANA PER AZIONI PER IL TRAFORO DEL MONTE BIANCO | PRE-SANT-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 | 108,077,480 | Autostrade per l'Italia S.p.A. | 100% | 100% | |
| TECH SOLUTIONS INTEGRATORS S.A.S. | PARIS (FRANCE) | 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 "Espandi" market.

(2) As of December 31, 2018 the liquidation activities were completed but by that date the cancellation from the French business register had not been completed.

(3) The issued capital is made up of €264,350,000 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.

(4) On 20 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 2018 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.93%).

| NAME | REGISTERED OFFICE | BUSINESS | CURRENCY | SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2018 (UNITS) | HELD BY | % INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2018 | NOTE |
|--|-------------------|---|--------------|--|-----------------------------------|--|------|
| INVESTMENTS ACCOUNTED FOR AT COST OF FAIR VALUE | | | | | | | |
| <i>Other investments</i> | | | | | | | |
| CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI S.p.A. | LIVORNO | DISTRIBUTION CENTRE | EURO | 11,756,695 | Società Autostrade 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% | |
| TANGENZIALI ESTERNE DI MILANO S.p.A. | MILAN | CONSTRUCTION AND OPERATION OF MILAN RING ROAD | EURO | 220,344,608 | Autostrade per l'Italia S.p.A. | 26.25% | (1) |
| URNET S.p.A. | ROME | OPERATION OF NATIONAL LOGISTICS | EURO | 1,061,000 | Autostrade per l'Italia S.p.A. | 1.51% | |
| AUTOSTRADA HOLDING DO SUR S.A. | SANTIAGO (CHILE) | HOLDING COMPANY | CHILEAN PESO | 51,496,805,692 | Autostrade per l'Italia S.p.A. | 0.00% | (2) |

(1) It should be noted that over the 12.58% of the shareholding in the company, at the time of sale, the sellers Intesa San Paolo S.p.A. (4.47% of the shareholding) and SATAP (8.11% of the equity investment) reserves the right of usufruct on shares sold up to 31 December 2018.

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

| NAME | REGISTERED OFFICE | BUSINESS | CURRENCY | SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2018 (UNITS) | HELD BY | % INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2018 | NOTE |
|---|--------------------|---|----------|--|---|--|------|
| INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD | | | | | | | |
| <i>Associates</i> | | | | | | | |
| PAVIMENTAL S.p.A. | ROME | MOTORWAY AND AIRPORT CONSTRUCTION AND MAINTENANCE | EURO | 10,116,452 | Autostrade per l'Italia S.p.A. | 20.00% | |
| SPEA ENGINEERING S.p.A. | ROME | INTEGRATED TECHNICAL ENGINEERING SERVICES | EURO | 6,956,000 | Autostrade per l'Italia S.p.A. | 20.00% | |
| BOLOGNA & FIERA PARKING S.p.A. | BOLOGNA | DESIGN, CONSTRUCTION AND MANAGEMENT OF MULTI-LEVEL PUBLIC CAR PARKS | EURO | 2,715,200 | Autostrade per l'Italia S.p.A. | 36.81% | |
| PEDEMONTANA VENETA S.p.A. (IN LIQUIDATION) | VERONA | MOTORWAY OPERATION AND CONSTRUCTION | EURO | 6,000,000 | Autostrade per l'Italia S.p.A. | 29.77% | |
| SOCIETA' INFRASTRUTTURE TOSCANE S.p.A. (IN LIQUIDATION) <i>Joint ventures</i> | ROME | MOTORWAY OPERATION AND CONSTRUCTION | EURO | - | Autostrade per l'Italia S.p.A. | 46.00% | (1) |
| GEIE DEL TRAFORO DEL MONTE BIANCO | COURMAYEUR (AOSTA) | MAINTENANCE AND OPERATION OF MONT BLANC TUNNEL | EURO | 2,000,000 | Società Italiana per Azioni per il Traforo del Monte Bianco | 50.00% | |

(1) As of December 31, 2018 the liquidation activities were completed but by that date the cancellation from the business register had not been completed.

| NAME | REGISTERED OFFICE | BUSINESS | CURRENCY | SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2018 (UNITS) | HELD BY | % INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2018 |
|--|-------------------|--|----------|--|---|--|
| CONSORTIA | | | | | | |
| CONSORZIO AUTOSTRADE ITALIANE ENERGIA | ROME | ELECTRICITY PROCUREMENT | EURO | 113,949 | Autostrade per l'Italia S.p.A. Tangenziale di Napoli S.p.A. Società Italiana per Azioni per il Traforo del Monte Bianco Raccordo Autostradale Valle d'Aosta S.p.A. Società Autostrada Tirrenica p.A. Autostrade Meridionali S.p.A. | 27.30% 2.00% 1.90% 1.10% 0.30% 0.90% |
| CONSORZIO MIDRA | FLORENCE | SCIENTIFIC RESEARCH FOR DEVICE BASED TECHNOLOGIES | EURO | 73,589 | 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% |
| SAT LAVORI S.C.A.R.L. (IN LIQUIDATION) | ROME | CONSTRUCTION CONSORTIUM | EURO | 100,000 | Società Autostrada Tirrenica p.A. | 1.00% |
| SMART MOBILITY SYSTEMS S.C. A.R.L. | TORTONA (AL) | ADVANCED TECHNOLOGICAL INFRASTRUCTURE IMPLEMENTATION | EURO | 10,000 | Autostrade Tech S.p.A. | 24.50% |
| INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS STRADA DEI PARCHI S.p.A. | ROME | MOTORWAY OPERATION AND CONSTRUCTION | EURO | 48,114,240 | Autostrade per l'Italia S.p.A. | 2.00% |

Annex 2

Disclosure of the fees paid to the Independent Auditors

Disclosures pursuant to art.149-duodecies of the CONSOB Regulation for Issuers

€000

Autostrade per l'Italia S.p.A.

| Type of service | Provider of service | Note | Fees [?] |
|-----------------|---------------------------------------|------|-------------------|
| Audit | Parent Company's auditor | | 175 |
| Certification | Parent Company's auditor | (1) | 17 |
| Other services | Associate of Parent Company's auditor | (2) | 33 |
| Total | | | 225 |

Subsidiaries

| Type of service | Provider of service | Note | Fees [?] |
|---------------------------|---------------------------------------|------|-------------------|
| Audit | Parent Company's auditor | | 165 |
| Audit | Associate of Parent Company's auditor | | 16 |
| Other services | Parent Company's auditor | (3) | 45 |
| Total subsidiaries | | | 226 |

Total Autostrade per l'Italia Group **451**

(1) Activity related to the potential issue of an opinion for the distribution of an interim dividend.

(2) Signature of consolidated and 770 tax forms, comfort letter on offering circular and agreed upon procedures for data and accounting information.

(3) Signature of consolidated and 770 tax forms and agreed upon procedures for data and accounting information.

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04



2018 SEPARATE FINANCIAL STATEMENTS



Financial statements

STATEMENT OF FINANCIAL POSITION (1)

| € | 31 December 2018 | 31 December 2017 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 75,364,878 | 74,179,727 |
| Property, plant and equipment | 69,077,521 | 67,378,024 |
| Investment property | 6,287,357 | 6,801,703 |
| Intangible assets | 17,156,895,615 | 17,402,993,583 |
| Intangible assets deriving from concession rights | 11,021,893,047 | 11,271,193,321 |
| Goodwill and other intangible assets with indefinite lives | 6,111,199,643 | 6,111,199,924 |
| Other intangible assets | 23,802,925 | 20,600,338 |
| Investments | 242,252,846 | 225,016,880 |
| Non-current financial assets | 634,240,881 | 637,781,906 |
| Non-current financial assets deriving from government grants | 192,141,169 | 183,960,059 |
| Non-current term deposits | 192,141,169 | 183,960,058 |
| Other non-current financial assets | 249,958,543 | 269,861,789 |
| Other non-current assets | 242,495 | 242,495 |
| Total non-current assets | 18,108,996,715 | 18,340,214,591 |
| Current assets | | |
| Trading assets | 492,981,013 | 465,337,973 |
| Inventories | 47,811,496 | 46,399,014 |
| Contract assets | 4,204,491 | 4,204,491 |
| Trade receivables | 440,965,026 | 414,734,468 |
| Cash and cash equivalents | 1,494,462,848 | 2,626,663,881 |
| Cash | 839,632,475 | 1,772,546,356 |
| Cash equivalents | 120,596 | 80,074,975 |
| Intercompany current account receivables due from related parties | 654,709,777 | 774,042,550 |
| Current financial assets | 74,276,288 | 142,805,090 |
| Current financial assets deriving from government grants | 22,108,683 | 52,264,631 |
| Current term deposits | 21,287,363 | 50,101,510 |
| Current portion of medium/long-term financial assets | 29,338,338 | 32,495,375 |
| Other current financial assets | 1,541,904 | 7,943,574 |
| Current tax assets | 24,341,256 | 24,362,657 |
| Other current assets | 62,456,369 | 65,769,958 |
| Investments held for sale or for distribution to shareholders or as discontinued operations | 4,271,004 | 4,271,004 |
| Total current assets | 2,152,788,778 | 3,329,210,563 |
| TOTAL ASSETS | 20,261,785,493 | 21,669,425,154 |

(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

| € | 31 December 2018 | 31 December 2017 |
|--|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Issued capital | 622,027,000 | 622,027,000 |
| Reserves and retained earnings | 859,350,305 | 847,112,573 |
| Profit/(Loss) for the year after interim dividends | 618,412,393 | 517,668,641 |
| Total equity | 2,099,789,698 | 1,986,808,214 |
| Non-current liabilities | | |
| Non-current portion of provisions for construction services required by contract | 2,639,002,790 | 2,839,550,880 |
| Non-current provisions | 927,999,901 | 1,063,501,511 |
| Non-current provisions for employee benefits | 76,145,326 | 83,180,839 |
| Non-current provisions for repair and replacement of motorway infrastructure | 851,854,575 | 980,320,672 |
| Non-current financial liabilities | 10,234,760,846 | 10,963,893,026 |
| Bond issues | 7,499,826,703 | 8,092,619,378 |
| Medium/long-term borrowings | 2,299,171,423 | 2,442,129,222 |
| Non-current derivative liabilities | 435,762,720 | 429,144,426 |
| Net deferred tax liabilities | 579,872,453 | 588,604,532 |
| Other non-current liabilities | 27,373,293 | 32,568,470 |
| Total non-current liabilities | 14,409,009,283 | 15,488,118,419 |
| Current liabilities | | |
| Trading liabilities | 1,294,309,614 | 1,306,268,792 |
| Trade payables | 1,294,309,614 | 1,306,268,792 |
| Current portion of provisions for construction services required by contract | 405,562,260 | 421,948,460 |
| Current provisions | 821,434,641 | 196,039,728 |
| Current provisions for employee benefits | 18,499,210 | 17,905,074 |
| Current provisions for repair and replacement of motorway infrastructure | 685,512,406 | 140,406,357 |
| Current provisions for the risk of fines and penalties under the Single Concession Arrangement | 5,912,061 | 4,306,206 |
| Other current provisions | 111,510,964 | 33,422,091 |
| Current financial liabilities | 994,505,250 | 1,971,680,110 |
| Bank overdrafts repayable on demand | 251 | 258 |
| Short-term borrowings | - | 530,000,000 |
| Intercompany current account payables due to related parties | 49,127,320 | 56,927,658 |
| Current portion of medium/long-term financial liabilities | 945,377,679 | 1,381,302,194 |
| Other current financial liabilities | - | 3,450,000 |
| Current tax liabilities | 25,006,644 | 88,293,429 |
| Other current liabilities | 212,168,103 | 210,268,002 |
| Liabilities related to discontinued operations | - | - |
| Total current liabilities | 3,752,986,512 | 4,194,498,521 |
| TOTAL LIABILITIES | 18,161,995,795 | 19,682,616,940 |
| TOTAL EQUITY AND LIABILITIES | 20,261,785,493 | 21,669,425,154 |

INCOME STATEMENT (2)

| € | 2018 | 2017 |
|---|-----------------------|-----------------------|
| REVENUE | | |
| Toll revenue | 3,369,843,442 | 3,320,949,260 |
| Revenue from construction services | 154,166,821 | 94,822,925 |
| Other operating income | 285,325,372 | 293,145,020 |
| TOTAL REVENUE | 3,809,335,635 | 3,708,917,205 |
| COSTS | | |
| Raw and consumable materials | -105,719,122 | -77,731,355 |
| Service costs | -773,749,541 | -812,306,032 |
| Gains/(losses) on sale of property, plant and equipment | 598,731 | 883,695 |
| Staff costs | -400,996,834 | -410,973,022 |
| Other operating costs | -554,690,678 | -506,275,054 |
| Concession fees | -445,320,269 | -441,624,182 |
| Lease expense | -7,330,770 | -6,342,149 |
| Other | -102,039,639 | -58,308,723 |
| Operating change in provisions | -483,114,117 | 7,536,731 |
| Uses of provisions/(Provisions) for repair and replacement of motorway infrastructure | -402,070,500 | 17,205,694 |
| Uses of provisions/(Provisions) | -81,043,617 | -9,668,963 |
| Use of provisions for construction services required by contract | 360,509,602 | 406,967,768 |
| Amortisation and depreciation | -571,365,226 | -565,346,615 |
| Depreciation of property, plant and equipment | -19,425,694 | -20,239,845 |
| Depreciation of investment property | -405,621 | -410,730 |
| Amortisation of intangible assets deriving from concession rights | -532,564,693 | -529,543,846 |
| Amortisation of other intangible assets | -18,969,218 | -15,152,194 |
| (Impairment losses)/Reversals of impairment losses | -1,467,528 | -1,135,645 |
| TOTAL COSTS | -2,529,994,713 | -1,958,379,529 |
| OPERATING PROFIT/(LOSS) | 1,279,340,922 | 1,750,537,676 |
| Financial income | 151,248,127 | 173,174,657 |
| Dividends received from investees | 39,851,647 | 50,487,561 |
| Reversal of impairment losses on financial assets and investments | 999,440 | 4,213,000 |
| Other financial income | 110,397,040 | 118,474,096 |
| Financial expenses | -548,252,355 | -575,389,487 |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | -29,386,866 | -23,990,655 |
| Other financial expenses | -518,865,489 | -551,398,832 |
| Foreign exchange gains/(losses) | 124,270 | -14,419 |
| FINANCIAL INCOME/(EXPENSES) | -396,879,958 | -402,229,249 |
| PROFIT BEFORE TAX FROM CONTINUING OPERATIONS | 882,460,964 | 1,348,308,427 |
| Income tax (expense)/benefit | -264,048,571 | -380,292,238 |
| Current tax expense | -282,512,306 | -274,408,711 |
| Differences on current tax expense for previous years | 6,576,687 | 8,763,338 |
| Deferred tax income and expense | 11,887,048 | -114,646,865 |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | 618,412,393 | 968,016,189 |
| Dividends, after related taxation, from discontinued operations | - | - |
| PROFIT FOR THE YEAR | 618,412,393 | 968,016,189 |

(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)

| € | 2018 | 2017 |
|---|-----------------------|-----------------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Profit for the year | 618,412,393 | 968,016,189 |
| Adjusted by: | | |
| Amortisation and depreciation | 571,365,226 | 565,346,615 |
| Operating change in provisions | 482,151,060 | -7,349,861 |
| Financial expenses from discounting of provisions for construction services required by contract | 29,386,866 | 23,990,655 |
| (Reversal of impairment losses)/Impairment losses on non-current financial assets and investments | -999,440 | -4,213,000 |
| Impairment losses/(Reversal of impairment losses) on current and non-current assets | 1,467,528 | 1,135,645 |
| (Gains)/Losses on sale of non-current assets | -598,731 | -883,695 |
| Net change in deferred tax (assets)/liabilities through profit or loss | -11,887,048 | 114,646,865 |
| Other non-cash costs (income) | -48,445,257 | -48,033,047 |
| Change in working capital and other changes | -112,343,637 | 224,199,162 |
| Net cash generated from operating activities [a] | 1,528,508,960 | 1,836,855,528 |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | |
| Investment in assets held under concession | -508,022,515 | -494,497,226 |
| Purchases of property, plant & equipment | -21,306,774 | -16,930,701 |
| Purchases of other intangible assets | -22,171,612 | -18,827,376 |
| Government grants related to assets held under concession | 521,189 | 1,496,754 |
| Purchases of investments | -27,714,139 | - |
| Return of capital reserves from subsidiaries | - | 398,252,955 |
| Proceeds from sales of property, plant and equipment, intangible assets and investments | 14,609,245 | 1,081,332 |
| Net change in other non-current assets | - | 26,587 |
| Net change in current and non-current financial assets | 73,013,825 | -21,830,804 |
| Net cash generated used in investing activities [b] | -491,070,781 | -151,228,479 |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | |
| Distribution of equity reserves | - | -1,101,311,641 |
| Dividends paid | -517,526,464 | -764,471,183 |
| Repayment of loans from parent | -1,000,000,000 | - |
| Issuance of bonds | - | 130,633,799 |
| Redemption of bonds | - | -505,566,000 |
| Repayments of medium/long term borrowings | -122,456,308 | -161,810,876 |
| Net change in other current and non-current financial liabilities | -521,856,095 | 604,041,813 |
| Net cash generated used in financing activities [c] | -2,161,838,867 | -1,798,484,088 |
| (Decrease)/Increase in cash and cash equivalents [a+b+c] | -1,124,400,688 | -112,857,039 |
| NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 2,569,735,965 | 2,682,593,004 |
| NET CASH AND CASH EQUIVALENTS AT END OF YEAR | 1,445,335,277 | 2,569,735,965 |

(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 2018 | of which related party transactions | 31 December 2017 | of which related party transactions |
|--|-------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 6.1 | 75,365 | | 74,180 | |
| Property, plant and equipment | | 69,078 | | 67,379 | |
| Investment property | | 6,287 | | 6,801 | |
| Intangible assets | 6.2 | 17,156,898 | | 17,402,996 | |
| Intangible assets deriving from concession rights | | 11,021,893 | | 11,271,193 | |
| Goodwill and other intangible assets with indefinite lives | | 6,111,201 | | 6,111,201 | |
| Other intangible assets | | 23,804 | | 20,602 | |
| Investments | 6.3 | 242,252 | | 225,017 | |
| Non-current financial assets | 6.4 | 634,241 | | 637,782 | |
| Non-current financial assets deriving from government grants | | 192,141 | | 183,960 | |
| Non-current term deposits | | 192,141 | | 183,960 | |
| Other non-current financial assets | | 249,959 | 231,112 | 269,862 | 251,239 |
| Other non-current assets | 6.5 | 242 | | 242 | |
| Total non-current assets | | 18,108,998 | | 18,340,217 | |
| Current assets | | | | | |
| Trading assets | 6.6 | 492,981 | | 465,338 | |
| Inventories | | 47,811 | | 46,399 | |
| Contract assets | | 4,204 | | 4,204 | |
| Trade receivables | | 440,966 | 88,179 | 414,735 | 111,674 |
| Cash and cash equivalents | 6.7 | 1,494,463 | | 2,626,664 | |
| Cash | | 839,632 | | 1,772,546 | |
| Cash equivalents | | 121 | | 80,075 | |
| Intercompany current account receivables due from related parties | | 654,710 | 654,710 | 774,043 | 774,043 |
| Current financial assets | 6.4 | 74,275 | | 142,806 | |
| Current financial assets deriving from government grants | | 22,108 | | 52,265 | |
| Current term deposits | | 21,287 | | 50,102 | |
| Current portion of medium/long-term financial assets | | 29,338 | 8,128 | 32,495 | 11,082 |
| Other current financial assets | | 1,542 | 1,542 | 7,944 | 7,943 |
| Current tax assets | 6.8 | 24,342 | 24,342 | 24,363 | 24,363 |
| Other current assets | 6.9 | 62,456 | | 65,770 | |
| Investments held for sale or for distribution to shareholders or as discontinued operations | 6.10 | 4,271 | | 4,271 | |
| Total current assets | | 2,152,788 | | 3,329,212 | |
| TOTAL ASSETS | | 20,261,786 | | 21,669,429 | |

STATEMENT OF FINANCIAL POSITION

| €000 | Note | 31 December 2018 | of which related party transactions | 31 December 2017 | of which related party transactions |
|---|-------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Issued capital | | 622,027 | | 622,027 | |
| Reserves and retained earnings | | 859,350 | | 847,113 | |
| Profit/(Loss) for the year after interim dividends | | 618,412 | | 517,668 | |
| Total equity | 6.11 | 2,099,789 | | 1,986,808 | |
| Non-current liabilities | | | | | |
| Non-current portion of provisions for construction services required by contract | 6.12 | 2,639,004 | | 2,839,552 | |
| Non-current provisions | 6.13 | 927,999 | | 1,063,501 | |
| Non-current provisions for employee benefits | | 76,145 | | 83,181 | |
| Non-current provisions for repair and replacement of motorway | | 851,854 | | 980,320 | |
| Non-current financial liabilities | 6.14 | 10,234,761 | | 10,963,892 | |
| Bond issues | | 7,499,827 | | 8,092,619 | |
| Medium/long-term borrowings | | 2,299,171 | - | 2,442,129 | - |
| Non-current derivative liabilities | | 435,763 | | 429,144 | |
| Net deferred tax liabilities | 6.15 | 579,878 | | 588,609 | |
| Other non-current liabilities | 6.16 | 27,373 | | 32,568 | |
| Total non-current liabilities | | 14,409,015 | | 15,488,122 | |
| Current liabilities | | | | | |
| Trading liabilities | 6.17 | 1,294,310 | | 1,306,269 | |
| Trade payables | | 1,294,310 | 312,034 | 1,306,269 | 293,895 |
| Current portion of provisions for construction services required by contract | 6.12 | 405,562 | | 421,949 | |
| Current provisions | 6.13 | 821,432 | | 196,039 | |
| Current provisions for employee benefits | | 18,499 | | 17,905 | |
| Current provisions for repair and replacement of motorway infrastructure | | 685,512 | | 140,406 | |
| Current provisions for the risk of fines and penalties under the Single | | 5,912 | | 4,306 | |
| Other current provisions | | 111,509 | 11,185 | 33,422 | 11,565 |
| Current financial liabilities | 6.14 | 994,505 | | 1,971,680 | |
| Short-term borrowings | | - | - | 530,000 | 500,000 |
| Intercompany current account payables due to related parties | | 49,127 | 49,127 | 56,928 | 56,928 |
| Current portion of medium/long-term financial liabilities | | 945,378 | 653 | 1,381,302 | 1,000,411 |
| Other current financial liabilities | | - | | 3,450 | |
| Current tax liabilities | 6.8 | 25,007 | 22,302 | 88,294 | 87,143 |
| Other current liabilities | 6.18 | 212,166 | 15,264 | 210,268 | 17,771 |
| Liabilities related to discontinued operations | 6.10 | - | | - | |
| Total current liabilities | | 3,752,982 | | 4,194,499 | |
| TOTAL LIABILITIES | | 18,161,997 | | 19,682,621 | |
| TOTAL EQUITY AND LIABILITIES | | 20,261,786 | | 21,669,429 | |

INCOME STATEMENT

| €000 | Note | 2018 | of which related party | 2017 | of which related party |
|---|------|-------------------|------------------------|-------------------|------------------------|
| REVENUE | | | | | |
| Toll revenue | 7.1 | 3,369,843 | | 3,320,949 | |
| Revenue from construction services | 7.2 | 154,167 | | 94,823 | |
| Other operating income | 7.3 | 285,325 | 99,163 | 293,145 | 97,406 |
| TOTAL REVENUE | | 3,809,335 | | 3,708,917 | |
| COSTS | | | | | |
| Raw and consumable materials | 7.4 | -105,719 | | -77,731 | |
| Service costs | 7.5 | -773,750 | -365,488 | -812,306 | -441,955 |
| Gains/(losses) on sale of property, plant and equipment | | 598 | | 884 | |
| Staff costs | 7.6 | -400,996 | -13,302 | -410,973 | -17,540 |
| Other operating costs | 7.7 | -554,690 | | -506,275 | |
| Concession fees | | -445,320 | | -441,624 | |
| Lease expense | | -7,331 | | -6,342 | |
| Other | | -102,039 | | -58,309 | |
| Operating change in provisions | 7.8 | -483,114 | | 7,537 | |
| Uses of provisions/(Provisions) for repair and replacement of motorway infrastructure | | -402,071 | | 17,206 | |
| Uses of provisions/(Provisions) | | -81,043 | - | -9,669 | - |
| Use of provisions for construction services required by contract | 7.9 | 360,510 | | 406,968 | |
| Amortisation and depreciation | 7.10 | -571,365 | | -565,347 | |
| Depreciation of property, plant and equipment | | -19,426 | | -20,240 | |
| Depreciation of investment property | | -405 | | -411 | |
| Amortisation of intangible assets deriving from concession rights | | -532,565 | | -529,544 | |
| Amortisation of other intangible assets | | -18,969 | | -15,152 | |
| (Impairment losses)/Reversals of impairment losses | 7.11 | -1,467 | | -1,136 | |
| TOTAL COSTS | | -2,529,993 | | -1,958,379 | |
| OPERATING PROFIT/(LOSS) | | 1,279,342 | | 1,750,538 | |
| Financial income | | | | | |
| Dividends received from investees | | 39,852 | | 50,488 | |
| Reversal of impairment losses on financial assets and investments | | 999 | | 4,213 | |
| Other financial income | | 110,397 | 20,714 | 118,474 | 24,708 |
| Financial expenses | | | | | |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | | -29,386 | | -23,991 | |
| Other financial expenses | | -518,866 | -54,975 | -551,399 | -62,431 |
| Foreign exchange gains/(losses) | | 124 | | -14 | |
| FINANCIAL INCOME/(EXPENSES) | 7.12 | -396,880 | | -402,229 | |
| PROFIT BEFORE TAX FROM CONTINUING OPERATIONS | | 882,462 | | 1,348,309 | |
| Income tax (expense)/benefit | | | | | |
| Current tax expense | 7.13 | -264,050 | | -380,293 | |
| Differences on current tax expense for previous years | | -282,512 | | -274,409 | |
| Differences on current tax expense for previous years | | 6,576 | | 8,763 | |
| Deferred tax income and expense | | 11,886 | | -114,647 | |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | | 618,412 | | 968,016 | |
| Dividends, after related taxation, from discontinued operations | | - | | - | |
| PROFIT FOR THE YEAR | | 618,412 | | 968,016 | |
| € | | | | | |
| | Note | 2018 | | 2017 | |
| Basic earnings per share | | | | | |
| of which: | 7.14 | 0.99 | | 1.56 | |
| from continuing operations | | 0.99 | | 1.56 | |
| from discontinued operations | | - | | - | |
| Diluted earnings per share | | | | | |
| of which: | 7.14 | 0.99 | | 1.56 | |
| from continuing operations | | 0.99 | | 1.56 | |
| from discontinued operations | | - | | - | |

STATEMENT OF COMPREHENSIVE INCOME

| €000 | | Note | 2018 | 2017 |
|---|-----------|------|----------------|------------------|
| Profit for the year | (A) | | 618,412 | 968,016 |
| Fair value gains/(losses) on cash flow hedges | | 6.11 | -20,124 | 38,666 |
| Tax effect of fair value gains/(losses) on cash flow hedges | | | 4,832 | -14,115 |
| Other comprehensive income/(loss) for the year reclassifiable to profit or loss | (B) | | -15,292 | 24,551 |
| Gains/(losses) from actuarial valuations of provisions for employee benefits | | | -311 | -910 |
| Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits | | | 74 | 218 |
| Other comprehensive income/(loss) for the year not reclassifiable to profit or loss | (C) | | -237 | -692 |
| Other reclassifications of the cash flow hedge reserve to profit or loss for the year | | | -8 | 20,144 |
| Reclassifications of other components of comprehensive income to profit or loss for the year | (D) | | -8 | 20,144 |
| Total other comprehensive income/(loss) for the year | (E=B+C+D) | | -15,537 | 44,003 |
| Comprehensive income for the year | (A+E) | | 602,875 | 1,012,019 |

STATEMENT OF CHANGES IN EQUITY

| €000 | Issued capital | Reserves and retained earnings | | | | Total other reserves and retained earnings | Profit for the year after interim dividends | Total equity |
|---|----------------|--------------------------------|---------------|-------------------------|--------------------------------------|--|---|--------------|
| | | Share premium reserve | Legal reserve | Cash flow hedge reserve | Other reserves and retained earnings | | | |
| Balance as at 31 December 2016 | 622,027 | 216,070 | 124,406 | -154,892 | 2,483,176 | 2,668,760 | 314,328 | 3,605,115 |
| Comprehensive income for the year | - | - | - | 44,695 | -692 | 44,003 | 968,016 | 1,012,019 |
| <u>Owner transactions and other changes</u> | | | | | | | | |
| Distribution of special dividend in kind, including effect on current taxation (OGM of 25 January) | - | - | - | - | -766,628 | -766,628 | - | -766,628 |
| Final dividend for 2016 (€0.505 per share, AGM of 21 April) | - | - | - | - | - | - | -314,124 | -314,124 |
| Transfer of profit/(loss) for 2016 to retained earnings (AGM of 21 April) | - | - | - | - | 204 | 204 | -204 | - |
| Distribution of part of "Reserve for transactions under common control" (AGM of 21 April) | - | - | - | - | -1,101,312 | -1,101,312 | - | -1,101,312 |
| Interim dividend (€0.724 per share) | - | - | - | - | - | - | -450,348 | -450,348 |
| Share-based incentive plans | - | - | - | - | 2,086 | 2,086 | - | 2,086 |
| 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 | - | - | - | - | 25,528 | 25,528 | - | 25,528 |
| Balance as at 1 January 2018 (including the effects of the first-time adoption of IFRS 9) | 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 |
| <u>Owner transactions and other changes</u> | | | | | | | | |
| 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 |
| Recognition of reserves, after related taxation, arising from disposal of investments (transactions 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 |

STATEMENT OF CASH FLOWS

| €000 | Note | 2018 | of which related party transactions | 2017 | of which related party transactions |
|---|------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | | | | |
| Profit for the year | | 618,412 | | 968,016 | |
| Adjusted by: | | | | | |
| Amortisation and depreciation | 7.10 | 571,365 | | 565,347 | |
| Operating change in provisions | | 482,148 | | -7,350 | 1,235 |
| Financial expenses from discounting of provisions for construction services required by contract | 7.12 | 29,386 | | 23,991 | |
| (Reversal of impairment losses)/impairment losses on non-current financial assets and investments | 7.12 | -999 | -999 | -4,213 | -4,213 |
| Impairment losses/(Reversal of impairment losses) on current and non-current assets | | 1,467 | | 1,136 | |
| (Gains)/Losses on sale of non-current assets | | -598 | | -884 | |
| Net change in deferred tax (assets)/liabilities through profit or loss | 7.13 | -11,886 | | 114,647 | |
| Other non-cash costs (income) | | -48,445 | | -48,033 | |
| Change in working capital and other changes | | -112,340 | -28,446 | 224,198 | 159,530 |
| Net cash generated from operating activities [a] | 8.1 | 1,528,510 | | 1,836,855 | |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | | | | |
| Investment in assets held under concession | 6.2 | -508,023 | | -494,498 | |
| Purchases of property, plant & equipment | 6.1 | -21,308 | | -16,930 | |
| Purchases of other intangible assets | 6.2 | -22,171 | | -18,830 | |
| Government grants related to assets held under concession | | 521 | | 1,498 | |
| Purchases of investments | 6.3 | -27,714 | -27,714 | - | - |
| Return of capital reserves from subsidiaries | | - | - | 398,253 | 398,253 |
| Proceeds from sales of property, plant and equipment, intangible assets and investments | | 14,610 | 13,462 | 1,080 | - |
| Net change in other non-current assets | | - | - | 27 | |
| Net change in current and non-current financial assets | | 73,014 | 29,482 | -21,828 | -2,761 |
| Net cash generated used in investing activities [b] | 8.1 | -491,071 | | -151,228 | |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | | | | |
| Distribution of equity reserves | | - | | -1,101,312 | |
| Dividends paid | 6.11 | -517,526 | | -764,472 | |
| Repayment of loans from parent | 6.14 | -1,000,000 | -1,000,000 | - | - |
| Issuance of bonds | | - | | 130,634 | |
| Redemption of bonds | | - | | -505,566 | |
| Repayments of medium/long term borrowings | 6.14 | -122,457 | | -161,811 | |
| Net change in other current and non-current financial liabilities | | -521,856 | -503,208 | 604,043 | 507,197 |
| Net cash generated used in financing activities [c] | 8.1 | -2,161,839 | | -1,798,484 | |
| (Decrease)/Increase in cash and cash equivalents [a+b+c] | 8.1 | -1,124,400 | | -112,857 | |
| NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 2,569,736 | | 2,682,593 | |
| NET CASH AND CASH EQUIVALENTS AT END OF YEAR | | 1,445,336 | | 2,569,736 | |

ADDITIONAL INFORMATION TO THE CASH FLOW STATEMENT

| €000 | 2018 | 2017 |
|--|---------|---------|
| Income taxes paid(refunded) | 339,221 | 160,683 |
| Interest income and other financial income collected | 68,598 | 52,556 |
| Interest expense and other financial expenses paid | 485,329 | 527,917 |
| Dividends received | 46,263 | 42,726 |
| Foreign exchange gains collected | 145 | 25 |
| Foreign exchange losses incurred | 20 | 42 |

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

| €000 | | 2018 | 2017 |
|--|------|------------------|------------------|
| Net cash and cash equivalents at beginning of year | | 2,569,736 | 2,682,593 |
| Cash and cash equivalents | 6.7 | 2,626,664 | 2,924,421 |
| Intercompany current account payables due to related parties | 6.14 | -56,928 | -241,828 |
| Net cash and cash equivalents at end of year | | 1,445,336 | 2,569,736 |
| Cash and cash equivalents | 6.7 | 1,494,463 | 2,626,664 |
| Intercompany current account payables due to related parties | 6.14 | -49,127 | -56,928 |

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, 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 2018 were approved by the Company's Board of Directors at its meeting of 6 March 2019.

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 2018, have been prepared on a going concern basis and in accordance with articles 2 and 4 of Legislative Decree 38/2005, as well as 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.

As in 2017, no non-recurring, atypical or unusual transactions, having a material impact on the Company’s income statement and statement of financial position, were entered into in 2018, either with third or related parties. In contrast, a number of non-recurring events took place during the year and these are described in detail in note 5, in which the related impact on the income statement for 2018 are also described.

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 impact of non-recurring events on the income statement in 2018 is described in note 5.

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 their importance, it should also be noted that, from 1 January 2018, the following accounting standards have become effective: IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. In adopting IFRS 9 – Financial Instruments, the Company elected to recognise the impact of retrospective restatement of amounts in equity as at 1 January 2018, without restating the comparative prior-year amounts. The adoption of IFRS 15 – Revenue from Contracts with Customers has had no impact on previously presented amounts in the statement of financial position and income statement. Further information on the impact of the adoption of these standards is provided below in note 3.

With regard to the statement of financial position, with respect to the information published in the financial statements as at and for the year ended 31 December 2017, the adoption of the above new accounting standards has resulted in changes to the names of certain line items in the statement:

- a) the item “Contract work in progress” has been renamed “Contract assets”;
- b) the item “Liabilities deriving from contract work in progress” has been renamed “Contract liabilities”.

With respect to the information published in the financial statements as at and for the year ended 31 December 2017, the item “Contract revenue” has been reclassified to “Other operating revenue” in the income statement.

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 2018. 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 2018, of the new accounting standards, IFRS 9 – Financial

Instruments and IFRS 15 – Revenue from Contracts with Customers. A specific section of these notes describes the differences between these new standards (described below) with respect to the standards previously applied and the impact of restating amounts in the statement of financial position as at 31 December 2017, following the adoption of IFRS 9 as an adjustment to equity as at 1 January 2018.

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 2018, are shown in the table below by asset class.

| Property, plant and equipment | Rate of depreciation |
|-----------------------------------|----------------------|
| Buildings | 3% - 16.7% |
| Industrial and business equipment | 10% - 25% |
| Other assets | 12% - 20% |

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 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 2018 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 (4.76% for concessions whose amortisation commenced from 2018). |
| Development costs | 20% - 33.3% |
| Industrial patents and intellectual property rights | 10% - 33.3% |
| Licences and similar rights | 3.3% - 33.3% |

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.

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.

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 note on “Impairment of assets and reversals (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.

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).

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 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. Accumulated changes on fair value taken to the cash flow hedge reserve are reclassified in profit or loss in the year in which the hedging relationship ceases.

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.

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.

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 2018.

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.

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.

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. Subsequent to the computation of present value, the increase in provisions over time is recognised as a financial expense.

“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.

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:

- 1) 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;
- 2) “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 and the item “Operating change in provisions” reflects use of the provisions previously made, as described in point e) above.

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.

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 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 components of 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 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 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 motorway networks operated by the Company and, as they substantially equate to the lease of portions of infrastructure, are subject to IAS 17. 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 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 or as a result of temporary taxable differences relating to investments in subsidiaries, associates and joint ventures, when the Company has control over the timing of the reversal of the temporary differences and it is likely that the temporary difference will not reverse in the foreseeable future).

The parent, Atlantia SpA, operates 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 (impairment testing)

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 standards adopted from 1 January 2018: IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments

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

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

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

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

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

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

Following the assessment conducted, the adoption of IFRS 15 is not expected to have any impact on the Company, with the exception of the renaming of certain line items, as described above.

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

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

The changes with respect to the requirements of IAS 39 that are most relevant to the Company in terms of their impact on the income statement and/or the financial position primarily regard:

- a) the reporting of changes in fair value in connection with the credit risk of certain liabilities, which IFRS 9 requires to be recognised in other comprehensive income rather than in profit or loss as movements in fair value as a result of other risks;
- b) in the event of non-substantial modifications to the terms of a financial instrument, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instrument must be recognised in profit or loss. Previously in such cases, under IAS 39, the Company continued to account for the instrument at the previously recognised amortised cost, redetermining the related effective interest rate on a prospective basis.

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

In terms of assets and liabilities as at 31 December 2017, as reported in the statement of financial position included in the financial statements as at that date, the only effect of note resulting from adoption of IFRS 9 regards the non-substantial modifications of financial liabilities carried out by Autostrade per l'Italia in 2017 (as described in note 6.14 to the financial statements as at and for the year ended 31 December 2017). Under the new standard, these modifications have resulted in recognition, in profit or loss, of the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of the modification) and the carrying amount of the instrument at the date of the modification.

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

STATEMENT OF FINANCIAL POSITION

| €000 | 31 December 2017 | Impact of adoption of IFRS 9 | 1 January 2018 |
|--|-------------------|---------------------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 74,180 | | 74,180 |
| Intangible assets | 17,402,996 | | 17,402,996 |
| Investments | 225,017 | | 225,017 |
| Non-current financial assets | 637,782 | | 637,782 |
| Other non-current assets | 242 | | 242 |
| Total non-current assets | 18,340,217 | - | 18,340,217 |
| Current assets | | | |
| Trading assets | 465,338 | | 465,338 |
| Cash and cash equivalents | 2,626,664 | | 2,626,664 |
| Current financial assets | 142,806 | | 142,806 |
| Current tax assets | 24,363 | | 24,363 |
| Other current assets | 65,770 | | 65,770 |
| Assets held for sale or related to discontinued operations | 4,271 | | 4,271 |
| Total current assets | 3,329,212 | - | 3,329,212 |
| TOTAL ASSETS | 21,669,429 | - | 21,669,429 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity | 1,986,808 | 25,528 | 2,012,336 |
| Total equity | 1,986,808 | 25,528 | 2,012,336 |
| Non-current liabilities | | | |
| Non-current portion of provisions for construction services required by contract | 2,839,552 | | 2,839,552 |
| Non-current provisions | 1,063,501 | | 1,063,501 |
| Non-current financial liabilities | 10,963,892 | -33,589 | 10,930,303 |
| Deferred tax liabilities | 588,609 | 8,061 | 596,670 |
| Other non-current liabilities | 32,568 | | 32,568 |
| Total non-current liabilities | 15,488,122 | -25,528 | 15,462,594 |
| Current liabilities | | | |
| Trading liabilities | 1,306,269 | | 1,306,269 |
| Current portion of provisions for construction services required by contract | 421,949 | | 421,949 |
| Current provisions | 196,039 | | 196,039 |
| Current financial liabilities | 1,971,680 | | 1,971,680 |
| Current tax liabilities | 88,294 | | 88,294 |
| Other current liabilities | 210,268 | | 210,268 |
| Liabilities related to discontinued operations | - | | - |
| Total current liabilities | 4,194,499 | - | 4,194,499 |
| TOTAL LIABILITIES | 19,682,621 | -25,528 | 19,657,093 |
| TOTAL EQUITY AND LIABILITIES | 21,669,429 | - | 21,669,429 |

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

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

Legend:

- HTCS = "Hold To Collect and Sale"
- HTC = "Hold To Collect"
- AFS = "Available For Sale"
- L&R = "Loans and Receivables"
- FV = "Fair value recognised in the income statement "
- FV to OCI = "Fair value recognised in the comprehensive income statement ""

New accounting standards and interpretations, or revisions and amendments 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, but that have either yet to come into effect at the reporting date, 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 |
|--|---------------------------------|------------------------|
| New accounting standards and interpretations | | |
| IFRS 16 – Leases | 1 January 2019 | October 2017 |
| Amendments to existing standards and interpretations | | |
| Annual Improvements to IFRSs: 2015 – 2017 | 1 January 2019 | Not endorsed |
| Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2020 | Not endorsed |
| Amendments to IAS 19 - Employee Benefits | 1 January 2019 | Not endorsed |
| Amendments to IFRS 3 - Business Combinations | 1 January 2020 | Not endorsed |

IFRS 16 – Leases

On 13 January 2016, the IASB published the final version of the new financial reporting standard on leases, which has replaced IAS 17, IFRIC 4, SIC 15 and SIC27 and is due to take effect on 1 January 2019. The new standard provides a new definition of lease and introduces a criterion based on control of the asset, to distinguish a lease 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 the at lease commencement in the statement of financial position a right-of-use asset (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 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. Moreover, 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.

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).

As to the possible impacts deriving from the introduction of IFRS 16, the possible effects of its introduction were analysed. It is noted that the Company is does not hold significant assets as a lessee, with the relevant contracts referring mainly to property and vehicle leases. 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 and the analysis of such contracts to understand the main provisions that would be relevant in relation to IFRS 16.

To that end, the Company intends to avail itself of the simplifications allowed by the standard:

- a) partial retrospective application, with recognition in the statement of financial position as of 1 January 2019 of the cumulative effects deriving from the adoption of the standard, 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, with special emphasis to 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 tablets, printers, other electronic devices and furnishings. 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.

With reference to lease contracts where the Company is the lessee, essentially in relation to the sub-concessions for the lease of retail and refreshment areas on motorways operated under concession, it is noted that IFRS 16 does not introduce any changes in the recognition of lease contracts for the lessee, compared to IAS 17.

As a result, no significant impacts have so far been identified that might derive from the introduction of the standard.

Annual Improvements to IFRSs: 2015 – 2017

On 12 December 2017, the IASB published its “Annual Improvements to IFRSs: 2015 – 2017 cycle”, introducing amendments to a number of standards as part of its annual improvements process.

The principal amendments that could be relevant to the Company regard:

- a) IFRS 3 – Business Combinations, and IFRS 11 – Joint Arrangements. The amendment establishes that if an entity acquires control of a business that is a joint operation, it must remeasure any previous interests in the business at fair value. In contrast, this approach does not apply to acquisitions of joint control;
- b) IAS 12 – Income Taxes. The amendment clarifies that an entity must account for all income tax consequences of dividend payments (including payments on financial instruments classified as equity) in the same way as the transaction that generated them. They will, therefore, be recognised in the income statement, in comprehensive income or in equity.

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 IAS 19 – Employee Benefits

On 7 February 2018 the IASB published “Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)”, amending IAS 19 to clarify how an entity should recognise an amendment (or a curtailment or a settlement) to a defined-benefit plan. The amendment requires the entity to review its assumptions and remeasure the liability or the net assets of the plan. After such occurrence, the entity must use the new assumptions to measure the service cost and net interest for the period after the remeasurement.

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.

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.

4. CONCESSION 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.

II Addendum Single Concession was digitally signed on 22 February 2018. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the operator's investment commitments in the Single Concession Arrangement. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and almost €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis and under a specific agreement to be executed. The amount will then be recouped by Autostrade per l'Italia through the specific "K" tariff component.

The Addendum came into effect with approval by decree 128 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered by the Court of Auditors on 31 May 2018.

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 2018 is €17.8 billion, including approximately €10.4 billion already completed as at 31 December 2018 (€10.1 billion as at 31 December 2017).

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 2018.

| 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 – Gravellona 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 AND CORPORATE ACTIONS

5.1 Sale of Infoblu

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

The sale in question is classifiable as a transaction involving the transfer of companies and/or business units under common control. As a result, in accordance with the accounting policy applied in previous years to similar transactions, and described in note 3, taking into account that the transactions merely represent a restructuring of the Atlantia Group, without generating added value for any of the parties involved, resulting in significant measurable changes in the cash flows generated by the assets transferred before and after the transaction, the difference between the carrying amount of the assets and liabilities transferred and the agreed purchase consideration has been recognised in equity, after taking into account the related taxation. The difference amounts to approximately €2 million.

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

Information on the legal and concession-related aspects of the tragic collapse of a section of the Polcevera road bridge (the “road bridge”) on the A10 Genoa-Ventimiglia motorway on 14 August 2018 is provided 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 Company has, in any event, an obligation to reconstruct the Polcevera road bridge under the terms of the existing Single Concession Arrangement. This obligation falls within the scope of provisions to be made to the “Provisions for the repair and replacement of motorway infrastructure”, in application of the accounting standards and policies applied and described in note 3.

In particular, the provision made meets the requirements of IAS 37 in relation to provisions, being:

- 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
- a) 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.

The Company 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 determining the obligation to repair the infrastructure, Law Decree 109 was issued on 28 September 2018, converted with amendments into Law 130 of 16 November

2018. Among other provisions, this contains urgent measures relating to the demolition and reconstruction of the road bridge and measures designed to support the local population and businesses affected by the collapse. The above legislation has also assigned sole authority for implementation of the measures to the Special Commissioner (the “Commissioner”) and requires the operator to provide the Commissioner with the funds necessary in order to proceed with:

- a) the demolition, removal and dismantling of the road bridge, the design and reconstruction of the infrastructure and the return of the road system to normal (art. 1, paragraphs 5 and 6);
- b) the purchase or expropriation, by the Commissioner, of civil buildings in the affected areas (art. 1-*bis*);
- c) the purchase or expropriation, by the Commissioner, of buildings in the affected areas from which businesses operated, and the payment of compensation to the firms involved to cover the cost of any equipment, machinery and materials lost or the transfer of their businesses to another location (art. 4-*bis*).

In a letter dated 21 December 2018, the Special Commissioner, making reference to the above decree and in execution thereof, informed the Company that:

- a) he had executed notarial deeds for the purchase of civil and commercial buildings, and requesting payment of the provisional sum of €115 million;
- b) he had estimated the sum necessary to compensate firms for any equipment, machinery and materials lost or the transfer of their businesses to another location at €44 million, and requesting payment of the above sum;
- c) he had issued decrees awarding contracts for the demolition, design and reconstruction of the bridge, and requesting payment of the provisional sum of €291 million (€238 million net of VAT).

With regard to the above, in accordance with the accounting treatment applicable had the Company proceeded directly to carry out the above activities based on the terms of the Single Concession Arrangement, the following principal effects of the events in question have been recognised in the 2018 income statement, including the costs incurred directly by the Company:

- a) the estimated cost of rebuilding the road bridge, as communicated by the Commissioner in relation to the chosen plan for demolition and reconstruction, without prejudicing any determination of liability (€397,399 thousand, in accordance with 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, recognised as provisions for the repair and replacement of motorway infrastructure);
- b) the costs directly incurred in order to purchase the areas to which access is required in order to demolish and reconstruct the road bridge (€8,807 thousand, recognised in other operating costs);
- c) the costs directly incurred in order to return the road network to normal, constructing the Via del Papa and Via 30 giugno 1960 (€3,171 thousand, recognised in service costs);
- d) the costs linked to the disbursements made in order enable families forced to leave their homes to purchase basic necessities (€2,577 thousand, recognised in other operating costs);
- e) the compensation agreed with the families of certain victims and small businesses and traders directly affected by the collapse (€14,822 thousand, recognised in other operating costs);
- f) the costs linked to disbursements made to small businesses and traders directly affected by the collapse (€6,793 thousand, recognised in other operating costs);
- g) the estimated costs linked to further compensation paid to victims’ families, aid for small businesses and traders affected by the collapse and legal expenses (€57,218 thousand, recognised in provisions for risks and charges);
- h) the costs incurred for its own demolition and reconstruction plan submitted to the Special Commissioner on 15 October 2018 in accordance with the provisions of the Concession Arrangement (€3,071 thousand, recognised in service costs);

- i) the costs incurred in order to make the road bridge safe following the collapse (€3,933 thousand, recognised in service costs);
- j) the consultants' fees and legal expenses resulting from the legal actions brought in order to protect the Company's rights, and defend the employees who are under criminal investigation as part of a criminal action brought before the Court of Genoa by the Public Prosecutors' Office in Genoa (€3,349 thousand, primarily recognised in service costs).

The Company's decision to exempt road users in the Genoa area from the payment of tolls also resulted in an estimated reduction in toll revenue in 2018 of approximately €7 million.

With regard to the method of accounting for risks and charges connected with "direct" and "indirect" damages, the following should be noted:

- a) so-called "direct damages", meaning damages directly linked to the events as a direct and immediate consequence of the collapse of the road bridge and regardless of any theoretical hypothesis on the cause of the collapse, may be divided into two types: i) the costs connected with demolition and reconstruction, including the payment of compensation to the businesses located beneath the road bridge, for which the Company has made provision in the "Provisions for the repair and replacement of motorway infrastructure"; and ii) the charges related to the compensation paid to the victims' families and to the injured, 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, updated to the date of preparation of the financial statements for the year ended 31 December 2018, 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 the Company 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 Company has not been identified as being responsible for the occurrence of the event in any final court or out-of-court ruling.

Thus, based on the fact that:

- a) it is not possible to construct an ex ante hypothesis regarding the Company's responsibility for the occurrence of the event, nor, as a result, regarding whether or not any damages are due or the size of any damages;
- b) at the present time, there are further causes of uncertainty regarding whether or not any damages are due, or the size of any damages payable by the Company, in view of the disputes arising as a result of the assessments currently being conducted by the Company's insurance providers in relation to the collapse of the road bridge;

and that, from an accounting point of view, the conditions set out in paragraph 14 of IAS 37 have not been met, it is not possible to recognise provisions in “Other provisions for risks and charges”.

Finally, the above charges have been calculated excluding any insurance proceeds that may be received in the future in relation to the collapse, under the insurance cover obtained with regard to the road bridge.

The compensation payable is subject to uncertainty regarding both whether or not any damages are due and the size of any damages. As a result, it does not appear possible to estimate the related amounts, or the date on which any proceeds might be received, with the reasonable certainty necessary for recognition in the financial statements for the year ended 31 December 2018.

It has thus been decided to prudently recognise provisions without deducting any potential insurance proceeds which, if and when they are effectively paid to the Company, can be recognised in revenue for the corresponding reporting period.

This accounting treatment is also backed by the authoritative opinion of an external expert.

On 23 January 2019, at the request of the Special Commissioner and without prejudice to the reservations expressed in correspondence with the Commissioner and in the legal challenges brought, **Autostrade per l’Italia** paid the sums requested to finance the expropriations necessary for demolition and reconstruction of the Polcevera road bridge (€114,913 thousand).

Finally, on 18 February 2019, at the request of the Special Commissioner, the Company paid the sums €56,213 thousand requested to finance the start of demolition and reconstruction of the Polcevera road bridge (€46,076 thousand net of VAT).

The following table shows the impact of the above items on the income statement.

INCOME STATEMENT

| €000 | Note | 2018 |
|---|-------------|-----------------|
| REVENUE | | |
| Toll revenue | | - |
| Revenue from construction services | | - |
| Other operating income | | - |
| TOTAL REVENUE | | - |
| COSTS | | |
| Raw and consumable materials | | -13 |
| Service costs | | -13.564 |
| Gains/(losses) on sale of property, plant and equipment | | - |
| Staff costs | | - |
| Other operating costs | | -34.008 |
| Concession fees | | - |
| Lease expense | | -6 |
| Other | | -34.002 |
| Operating change in provisions | | -454.617 |
| Uses of provisions/(Provisions) for repair and replacement of motorway infrastructure | 7.8 | -397.399 |
| Uses of provisions/(Provisions) | | -57.218 |
| Use of provisions for construction services required by contract | | - |
| Amortisation and depreciation | | - |
| Depreciation of property, plant and equipment | | - |
| Depreciation of investment property | | - |
| Amortisation of intangible assets deriving from concession rights | | - |
| Amortisation of other intangible assets | | - |
| (Impairment losses)/Reversals of impairment losses | | - |
| TOTAL COSTS | | -502.202 |
| OPERATING PROFIT/(LOSS) | | -502.202 |
| Financial income | | - |
| Dividends received from investees | | - |
| Reversal of impairment losses on financial assets and investments | | - |
| Other financial income | | - |
| Financial expenses | | - |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | | - |
| Impairment losses on financial assets and investments | | - |
| Other financial expenses | | - |
| Foreign exchange gains/(losses) | | - |
| FINANCIAL INCOME/(EXPENSES) | | - |
| PROFIT BEFORE TAX FROM CONTINUING OPERATIONS | | -502.202 |
| Income tax (expense)/benefit | | 137.030 |
| Current tax expense | | 8.140 |
| Differences on current tax expense for previous years | | - |
| Deferred tax income and expense | 7.13 | 128.890 |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | | -365.172 |
| Dividends, after related taxation, from discontinued operations | | - |
| PROFIT FOR THE YEAR | | -365.172 |

6. Notes to the statement of financial position

The following notes provide information on items in the statement of financial position as at 31 December 2018. Comparative amounts as at 31 December 2017 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 - €75,365 thousand (€74,180 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 2018 | | | 31 December 2017 | | |
|--|------------------|--------------------------|-----------------|------------------|--------------------------|-----------------|
| | Cost | Accumulated depreciation | Carrying amount | Cost | Accumulated depreciation | Carrying amount |
| Property, plant and equipment | 293,101 | -224,023 | 69,078 | 278,750 | -211,371 | 67,379 |
| Investment property | 17,141 | -10,854 | 6,287 | 17,313 | -10,512 | 6,801 |
| Total property, plant and equipment | 310,242 | -234,877 | 75,365 | 296,063 | -221,883 | 74,180 |

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 2017 | CHANGES DURING THE YEAR | | | | | | Carrying amount as at 31 December 2018 |
|---|--|--|-------------------------|------------------|-------------------|--------------------------------------|--------------------------------------|--|
| | | Additions: purchases and capitalisations | Assets entering service | Disposals (cost) | Reclassifications | Additions (accumulated depreciation) | Disposals (accumulated depreciation) | |
| Land | 1,140 | - | - | - | 28 | - | - | 1,168 |
| Buildings | 17,237 | 589 | - | - | 81 | -1,062 | - | 16,845 |
| Industrial and business equipment | 29,848 | 5,750 | 642 | -6,993 | - | -12,376 | 6,701 | 23,572 |
| Other assets | 17,764 | 4,973 | 468 | -136 | - | -5,988 | 136 | 17,217 |
| Property, plant and equipment under construction and advance payments | 1,390 | 9,996 | -1,110 | - | - | - | - | 10,276 |
| Property, plant and equipment | 67,379 | 21,308 | - | -7,129 | 109 | -19,426 | 6,837 | 69,078 |
| Land | 404 | - | - | - | -28 | - | - | 376 |
| Buildings | 6,397 | - | - | - | -81 | -405 | - | 5,911 |
| Investment property | 6,801 | - | - | - | -109 | -405 | - | 6,287 |
| Total property, plant and equipment | 74,180 | 21,308 | - | -7,129 | - | -19,831 | 6,837 | 75,365 |

The increase in this item of €1,185 thousand compared with 31 December 2017 essentially reflects capital expenditure during the year of €21,308 thousand, partially offset by depreciation for the period (€19,831 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 €23 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 €1,929 thousand in 2018, compared with direct maintenance and management costs of €3,164 thousand.

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

Finally, as at 31 December 2018, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

6.2 Intangible assets - €17,156,898 thousand (€17,402,996 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 2018 | | | 31 December 2017 | | |
|--|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
| | Cost | Accumulated amortisation | Carrying amount | Cost | Accumulated amortisation | Carrying amount |
| Intangible assets deriving from concession rights | 16,993,664 | -5,971,771 | 11,021,893 | 16,710,399 | -5,439,206 | 11,271,193 |
| Goodwill and other intangible assets with indefinite lives | 6,111,201 | - | 6,111,201 | 6,111,201 | - | 6,111,201 |
| Other intangible assets | 257,818 | -234,014 | 23,804 | 235,647 | -215,045 | 20,602 |
| Intangible assets | 23,362,683 | -6,205,785 | 17,156,898 | 23,057,247 | -5,654,251 | 17,402,996 |

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.

| €000 | CHANGES DURING THE YEAR | | | | | | | Carrying amount as at 31 December 2018 | |
|--|--|--|--------------------------|---|--|-------------------------------------|-------------------------|--|-------------------|
| | Carrying amount as at 31 December 2017 | Additions: purchases and capitalisations | Additions free of charge | Additions/Reductions due to changes in present value of contractual obligations | Additions due to completion of construction services | Reductions due to government grants | Assets entering service | | Amortisation |
| Concession rights accruing from construction services for which no additional economic benefits are received | 7,976,245 | - | - | 129,619 | - | -521 | - | -379,797 | 7,725,546 |
| Concession rights accruing from construction services for which additional economic benefits are received | 3,187,905 | - | - | - | 147,513 | - | - | -147,354 | 3,188,064 |
| Concession rights accruing from construction services provided by sub-operators | 107,043 | - | 6,654 | - | - | - | - | -5,414 | 108,283 |
| Intangible assets deriving from concession rights | 11,271,193 | - | 6,654 | 129,619 | 147,513 | -521 | - | -532,565 | 11,021,893 |
| 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 | 9,230 | 11,451 | - | - | - | - | 1,582 | -10,322 | 11,941 |
| Industrial patents and intellectual property rights | 7,741 | 10,151 | - | - | - | - | - | -8,278 | 9,614 |
| Concessions and licenses | 873 | 498 | - | - | - | - | - | -369 | 1,002 |
| Intangible assets under development and advance payments | 2,758 | 71 | - | - | - | - | -1,582 | - | 1,247 |
| Other intangible assets | 20,602 | 22,171 | - | - | - | - | - | -18,969 | 23,804 |
| Intangible assets | 17,402,996 | 22,171 | 6,654 | 129,619 | 147,513 | -521 | - | -551,534 | 17,156,898 |

The reduction in intangible assets compared with 31 December 2017, amounting to €246,098 thousand, essentially reflects the combined effect of the following changes in concession rights:

- a) amortisation for the year (€551,534 thousand);
- b) investment in construction services for which additional economic benefits are received (€147,513 thousand);
- c) an updated estimate of the present value on completion of investment in construction services for which no additional benefits are received (€129,619 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 | 2018 | 2017 | Change |
|--|----------------|----------------|---------------|
| Use of provisions for construction services required by contract for which no additional economic benefits are received | 360,510 | 406,968 | -46,458 |
| Increase in intangible concession rights accruing from completed construction services for which additional economic benefits are received | 147,513 | 87,530 | 59,983 |
| Investment in assets held under concession | 508,023 | 494,498 | 13,525 |

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.

To this end, 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.

The related value in use was, therefore, estimated on the basis of the long-term plan drawn up by the Company, prepared on the basis of the regulatory mechanisms included in the Single Concession Arrangement, containing traffic, investment, revenue and cost projections for the full term of the concession. The use of a long-term plan covering the entirety of the concession term 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 – the latter representing the Company's medium/long-term WACC and determined on the basis of the requirements of IAS 36. Reference was primarily made to published external sources, integrated, where

appropriate, by estimates based partly on historical data) and on which the estimate of projected cash flows was based:

| | Traffic growth rate (CAGR) | Average annual toll increase | Discount rate |
|-------------------------|----------------------------|------------------------------|---------------|
| Autostrade per l'Italia | 1.19% | 2,75% ⁽¹⁾ | 6.06% |

(1) Includes an average annual toll increase of 1,44% based on the execution of the significant amount of investments forecasted in the Company's long-term plan, in addition to the average annual toll increase provided for in the Concession in relation to inflation (70% of real inflation) equal to 1.31%.

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 carrying amounts of goodwill and the concession rights accounted for as at 31 December 2018 are fully recoverable.

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%. The results of these analyses have, in any event, confirmed that the assets recognised in the financial statements are fully recoverable.

The sensitivity analysis based on a 1% increase in the discount rate is appropriate, moreover, in order to take into account potential regulatory uncertainty due to changes in the relevant legislation.

Finally, in 2018, research and development expenditure of approximately €265 thousand (€557 thousand in 2017) was charged against income. 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 - €242,252 thousand (€225,017 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;
- b) details of investments, showing, as well as other information, the percentage interest and relevant carrying amount as at 31 December 2018 (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 2018 (€000) (1) | Equity as at 31 December 2018 (€000) (1) | Carrying amount as at 31 December 2018 (€000) |
|--|-------------------|------------------------|-----------------------|----------------------------|--------------|-----------------------------|-----------------------------------|--|---|
| Società Autostrada Tirrenica pa | Rome | 163.072.000 | euro 0,15 | euro 24.460.800 | 99,99% | 162.953.999 | -254 | 81.298 | 90.605 |
| Tangenziale di Napoli SpA | Naples | 20.945.250 | euro 5,16 | euro 108.077.490 | 100,00% | 20.945.250 | 11.312 | 197.241 | 54.509 |
| Autostrade Meridionali SpA | Naples | 4.375.000 | euro 2,07 | euro 9.056.250 | 58,98% | 2.580.500 | 21.353 (6) | 167.035 (6) | 15.024 |
| Autostrade Tech SpA | Rome | 1.120.000 | euro 1,00 | euro 1.120.000 | 100,00% | 1.120.000 | 4.640 | 51.962 | 5.593 |
| EcomovSAS (in liquidation) (3) | Paris (France) | - | euro - | euro - | 70,00% | - | - | - | - |
| Società Italiana per Azioni per il Traforo del Monte Bianco pa | Pré SaintDidier | 3.848.000 | euro 51,65 | euro 198.749.200 | 51,00% | 1.962.480 | 11.438 (6) | 232.108 (6) | 2.318 |
| AD Moving SpA | Rome | 1.000.000 | euro 1,00 | euro 1.000.000 | 100,00% | 1.000.000 | 49 | 1.020 | 830 |
| EssedEsse Società di Servizi SpA | Rome | 500.000 | euro 1,00 | euro 500.000 | 100,00% | 500.000 | 1.106 | 1.706 | 501 |
| Glove Clear Srl | Rome | 10.000 | euro 1,00 | euro 10.000 | 100,00% | 10.000 | 325 | 2.113 | 20 |
| Tech Solutions Integrators SAS (4) | Paris (France) | 2.000.000 | euro 1,00 | euro 2.000.000 | 100,00% | 2.000.000 | 51 (7) | -16.059 (7) | - |
| Investments in subsidiaries (A) | | | | | | | | | 169.400 |
| Tangenziale Esterna di Milano SpA (5) | Milan | 283.792.811 | euro 0,75 | euro 220.344.608 | 26,25% | 77.126.845 | -637 (6) | 231.994 (6) | 59.706 |
| Pavimental SpA | Rome | 77.818.865 | euro 0,13 | euro 10.116.452 | 20,00% | 15.563.773 | -16.205 | 15.011 | 6.810 |
| Società Infrastrutture Toscane SpA (in liquidation) (8) | Rome | - | euro - | euro - | 46,00% | - | - | - | - |
| Pedemontana Veneta SpA (in liquidation) | Verona | 12.000 | euro 500,00 | euro 6.000.000 | 29,77% | 3.573 | -114 (7) | 5.609 (7) | 1.935 |
| Spea Engineering SpA | Rome | 1.350.000 | euro 5,16 | euro 6.966.000 | 20,00% | 270.000 | -3.388 | 78.211 | 1.784 |
| Bologna & Fiera Parking SpA | Bologna | 2.715.200 | euro 1,00 | euro 2.715.200 | 36,81% | 999.440 | -1.800 (7) | -521 (7) | 999 |
| Consorzio Autostrade Italiane Energia | Rome | - | euro - | euro 113.949 | 27,30% | - | -1 | 113 | 29 |
| Investments in associates (B) | | | | | | | | | 71.263 |
| Tangenziale Esterna SpA | Milan | 464.945.000 | euro 1,00 | euro 464.945.000 | 0,25% | 1.162.363 | -23.246 (6) | 315.074 (6) | 1.163 |
| Ulnet SpA | Rome | 1.061 | euro 1.000,00 | euro 1.061.000 | 1,51% | 16 | 273 (7) | 5.925 (7) | 426 |
| Autostrade Holding do sur SA (9) | Santiago (Chile) | 1.000.001 | peso cileno 51.496,75 | peso cileno 51.496.805.692 | 0,00% | 1 | 22.761 (7) | 90.124 (7) | - |
| Investments in other companies (C) | | | | | | | | | 1.589 |
| Investments (A+B+C) | | | | | | | | | 242.252 |

(1) The figures have been taken from the latest financial statements approved by shareholders.

(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 2018 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99,93%).

(3) As of December 31, 2018 the liquidation activities were completed but by that date the cancellation from the French business register had not been completed.

(4) Provisions of €11,185 thousand have been made in relation to this investment as at 31 December 2018, as described in note 6.13, "Provisions".

(5) It should be noted that over the 12,58% of the shareholding in the company, at the time of sale, the sellers Intesa San Paolo S.p.A. (4,47% of the shareholding) and SATAP (8,11% of the equity investment) reserves the right of usufruct on shares sold up to 31 December 2018.

(6) The figures have been taken from the latest financial statements approved by shareholders.

(7) The figures have been taken from the latest financial statements approved by shareholders as at 31 December 2017.

(8) As of December 31, 2018 the liquidation activities were completed but by that date the cancellation from the business register had not been completed.

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

This item is up €17,235 thousand compared with 31 December 2017, essentially due to:

- a) the acquisition, for €27,714 thousand, of further shares in Tangenziali Esterne di Milano SpA following the Company's decision to exercise its pre-emption right on shares being sold by Società Autostrada Torino-Alessandria-Piacenza SpA and INTESA SANPAOLO SpA. Following the purchases, the sellers retained the right of usufruct of the shares until 31 December 2018;
- b) reversal of a previous impairment loss on the carrying amount of the investment in Bologna & Fiera Parking, amounting to €999 thousand;
- c) returns of capital, totalling €7,262 thousand, following the liquidations of Ecomouv SAS and Società Infrastrutture Toscane SpA;
- d) the sale, to Telepass, of the Company's controlling interest in Infoblu, amounting to €3,875 thousand, as part of the Atlantia Group's restructuring, for a consideration of €6,200 thousand.

With regard to the recoverability of the carrying amounts of investments as at 31 December 2018, the investment in Pavimental was tested for impairment, after recognition of an impairment loss of €7,100 thousand in 2016 and a partial reversal of the impairment loss, totalling €4,213 thousand, in 2017. The test was conducted in view of clear evidence of a potential impairment.

In the case of this investee, which essentially provide support services to the Atlantia Group's operators, it was also considered appropriate to estimate value in use on the basis of the same period covered by the long-term plans of the operators to which they provide their services (until 2044), without estimating the terminal value.

The discount rate used in the impairment tests for Pavimental was 6.73%, determined in accordance with the criteria established in IAS 36.

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.

The impairment tests did not indicate that there was a need to recognise a further impairment loss on the carrying amount of the investment in Pavimental.

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, which will be required (i) to pay the outgoing operator compensation equal to the unamortised carrying amount of the capital expenditure carried out in the final years of the concession arrangement, and (ii) to assume the obligations relating to sale and purchase agreements entered into by the previous operator, excluding those of a financial nature, and to outstanding legal actions and disputes. 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.

This guarantees that the carrying amount of Autostrade per l'Italia's investment is fully recoverable, as it is lower than the related share of equity.

With regard to the investment in Bologna & Fiera Parking, the impairment loss on the carrying amount of this company has been reversed. This was done following approval of a long-term plan (on completion of the company's financial restructuring) providing evidence that the carrying amount of the investment is recoverable in full, based on the present value of future net cash flow from operating activities.

In addition to the above, 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.

With regard to the carrying amount of zero attributed to the investment in Tech Solutions Integrators as at 31 December 2018, 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) - €634,241 thousand (€637,782 thousand)
(current) - €74,275 thousand (€142,806 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 2018 | | | 31 December 2017 | | |
|---|------------|------------------|-----------------|---------------------|------------------|-----------------|---------------------|
| | | Carrying amount | Current portion | Non-current portion | Carrying amount | Current portion | Non-current portion |
| Financial assets deriving from concession rights | (1) | 214,249 | 22,108 | 192,141 | 236,225 | 52,265 | 183,960 |
| Term deposits | (1) | 213,428 | 21,287 | 192,141 | 234,062 | 50,102 | 183,960 |
| Medium/long-term loans | | 250,237 | 8,128 | 242,109 | 268,988 | 7,702 | 261,286 |
| Accrued income on medium/long-term financial assets | | 19,862 | 19,862 | - | 23,387 | 23,387 | - |
| Staff loans | | 7,207 | 1,313 | 5,894 | 7,868 | 1,373 | 6,495 |
| Prepaid financial expenses | | 748 | 35 | 713 | 924 | 33 | 891 |
| Other loans and receivables | | 1,243 | - | 1,243 | 1,190 | - | 1,190 |
| Other medium/long-term financial assets | (1) | 279,297 | 29,338 | 249,959 | 302,357 | 32,495 | 269,862 |
| Short-term loans | | 182 | 182 | - | 182 | 182 | - |
| Other financial assets | | 1,360 | 1,360 | - | 7,762 | 7,762 | - |
| Other current financial assets | (1) | 1,542 | 1,542 | - | 7,944 | 7,944 | - |
| Financial assets | | 708,516 | 74,275 | 634,241 | 780,588 | 142,806 | 637,782 |

(1) These financial instruments fall within the Company's business model such as "hold to collect" and as such are valued at a amortised cost.

The balance, including the current and non-current portions, is down €72,072 thousand compared with 31 December 2017, essentially due to:

- a reduction (€20,634 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;
- a reduction related to the repayment of outstanding loans by the subsidiaries, Autostrada Tirrenica (€12,000 thousand) and Tangenziale di Napoli (€7,748 thousand);
- recognition, in other current financial assets, of the receivable (€7,761 thousand) resulting from the distribution of retained earnings, on 24 October 2017, by the general meeting of the shareholders of the subsidiary, Società Italiana per Azioni per il Traforo del Monte Bianco.

With regard to the most significant items:

- 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 (€218,000 thousand, at a fixed rate of 5.75% and maturing on 30 September 2020) and Tangenziale di Napoli (€21,240 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 - €242 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 - €492,981 thousand (€465,338 thousand)

As at 31 December 2018, trading assets consist of:

- a) inventories of €47,811 thousand (€46,399 thousand as at 31 December 2017), 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 2017, connected to work carried out for the Grantor, in this case a customer;
- c) trade receivables of €440,966 thousand (€414,735 thousand as at 31 December 2017), which consist of the following.

| €000 | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Trade receivables due from: | | |
| Customers | 263,022 | 216,814 |
| Sub-operators at motorway service areas | 73,819 | 84,920 |
| Sundry customers | 87,602 | 109,407 |
| Gross trade receivables | 424,443 | 411,141 |
| Allowance for bad debts | -33,801 | -31,990 |
| Other trading assets | 50,324 | 35,584 |
| Net trade receivables | 440,966 | 414,735 |

The increase in trade receivables of €26,231 thousand, compared with 31 December 2017, essentially reflects:

- 1) an increase in receivables due from motorway customers, totalling €46,208 thousand, primarily due to an increase in tolls to be billed at the end of the year;
- 2) a reduction in amounts due from sub-operators at service areas, totalling €11,101 thousand, essentially reflecting collection in February 2018, of receivables recognised as at 31 December 2017 (relating to contracts executed prior to 2014, under which billing takes place annually), partially offset by an increase in the value of bills issued on a quarterly basis under the new contracts.

The following table shows an ageing schedule for trade receivables.

| €000 | Total receivables | Total not yet due | Less than 90 days overdue | Between 90 and 365 days overdue | More than one year overdue |
|-------------------|-------------------|-------------------|---------------------------|---------------------------------|----------------------------|
| Trade receivables | 424,443 | 357,154 | 11,163 | 4,192 | 51,934 |

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 2017 | Additions | Uses | 31 December 2018 |
|-------------------------|------------------|-----------|-------|------------------|
| Allowance for bad debts | -31,990 | -4,577 | 2,766 | -33,801 |

The increase in the allowance for bad debts compared with 31 December 2017, amounting to €1,811 thousand, primarily relates to unpaid tolls.

The carrying amount of trade receivables approximates to fair value.

6.7 Cash and cash equivalents - €1,494,463 thousand (€2,626,664 thousand)

This item includes:

- cash, totalling €839,632 thousand (€1,772,546 thousand as at 31 December 2017), essentially relating to demand bank deposits;
- cash equivalents, totalling €121 thousand (€80,075 thousand as at 31 December 2017), which primarily regard bank deposits convertible within the short term;
- balance receivable on current accounts with related parties, totalling €654,710 thousand (€774,043 thousand at 31 December 2017), reflecting the centralised treasury management service provided by the Company.

Details of the cash flows resulting in the increase in cash and cash equivalents during 2018 are provided in note 8.1 "Notes to the statement of cash flows", taking in to 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 - €24,342 thousand (€24,363 thousand)

Current tax liabilities - €25,007 thousand (€88,294 thousand)

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

| €000 | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
|-------------------------|---------------------------|------------------|--------------------------------|------------------|
| | Current tax assets | | Current tax liabilities | |
| IRES on taxable income | - | - | 22,302 | 87,143 |
| Claims for IRES refunds | 24,299 | 24,299 | - | - |
| Other IRES credits | 43 | 64 | - | - |
| IRES | 24,342 | 24,363 | 22,302 | 87,143 |
| IRAP | - | - | 2,705 | 1,151 |
| Total | 24,342 | 24,363 | 25,007 | 88,294 |

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 2018 essentially consists of the amount payable to Atlantia in the form of IRES, amounting to €22,302 thousand (€87,143 thousand as at 31 December 2017). The reduction of €64,841 thousand essentially reflects the following:

- a) payment of the balance of IRES due for 2017 (€82,295 thousand);
- b) payments of account of IRES made or offset during the year (€205,638 thousand);
- c) provisions for income tax for the year (€222,926 thousand, including current tax expense of €28 thousand accounted for as a reduction in equity following recognition, in accordance with the accounting standards applicable to transactions under common control, of the reserve resulting from the sale of the Company's controlling interest in Infoblu, amounting to €2,297 thousand).

The balance of current tax assets as at 31 December 2018 essentially consists of 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 and the tax authorities' ruling of 17 December 2012. The balance regards:

- a) €18,597 thousand in amounts due from Atlantia for the years 2008-2011;
- b) €5,702 thousand due from Sintonia, which led the tax consolidation arrangement until 2017.

6.9 Other current assets - €62,456 thousand (€65,770 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 2018 | 31 December 2017 |
|--|------------------|------------------|
| Receivables due from end users and insurance companies for damages | 17,626 | 18,182 |
| Receivable from public entities | 769 | 13,123 |
| Receivables from social security institutions | 426 | 490 |
| Payments on account and other sundry receivables | 46,655 | 38,592 |
| Other current assets (gross) | 65,476 | 70,387 |
| Allowance for bad debts | -3,020 | -4,617 |
| Other current assets (net) | 62,456 | 65,770 |

The balance is down €3,314 thousand on 31 December 2017, substantially reflecting a reduction in amounts due from public entities, primarily reflecting collection of the amount

due from the Grantor after application of a specific toll component (0.43%) designed to recover the discounts applied to commuters using Telepass between 1 June 2014 and 31 December 2017 (€12,663 thousand), based on the interministerial decrees signed by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance on 27 December 2017.

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 2018 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 - €2,099,789 thousand (€1,986,808 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 2017.

The increase in this item compared with 31 December 2017, amounting to €112,981 thousand, is shown in detail in the statement of changes in equity. This essentially reflects a combination of the following:

- a) comprehensive income for the year of €602,875 thousand, almost entirely consisting of profit for the year (€618,412 thousand);
- b) payment of the final dividend for 2017, totalling €517,526 thousand (€0.832 per share);
- c) recognition, in distributable reserves, of the impact of first-time adoption of the new accounting standard, IFRS 9 (€25,528 thousand), after the related taxation;
- d) recognition, in accordance with the accounting standards applicable to transactions under common control, of the gain resulting from the intra-group sale of the Company's controlling interest in Infoblu, amounting to €2,297 thousand.

Other comprehensive income reflects the increase in fair value losses (€20,124 thousand) on Interest Rate Swaps and Forward-Starting Interest Rate Swaps, linked primarily to:

- a) the fall in interest rates as at 31 December 2018, compared with 31 December 2017 (€9,773 thousand) for derivatives outstanding as at 31 December 2017;
- b) the recognition of new Forward-Starting Interest Rate Swaps entered into in July 2018 (€10,351 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 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 2018 (€000) | Permitted uses (A, B, C, D)* | Available portion (€000) | Uses between 1 January 2015 and 31 December 2017 (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 | -125,497 | - | - | - | - |
| Extraordinary reserve | 441,269 | A, B, C | 441,269 | - | 755,070 |
| Reserve for actuarial gains and losses on post-employment benefits | -16,061 | - | -16,061 | - | - |
| 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 share-based incentive plans | 196 | A, B, C | 196 | - | - |
| Reserve for transactions under common control (1) | 36,666 | A, B, C | 36,666 | - | 1,101,312 |
| Retained earnings | 550,333 | A, B, C | 550,333 | - | - |
| Other reserves and retained earnings | 644,371 | - | 372,355 | - | - |
| Reserves and retained earnings (2) | 859,350 | - | 588,425 | - | - |
| Total | 1,481,377 | - | 588,425 | - | 1,856,382 |
| <i>of which:</i> | | | | | |
| <i>Non-distributable (3)</i> | | | <i>11,941</i> | | |
| <i>Distributable</i> | | | <i>576,484</i> | | |

*** Key:**

A: capital increases

B: to cover losses

C: shareholder distributions

D: subject to other restrictions imposed by articles of association/shareholder resolutions

Notes:

(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 2018.

(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 corporate reorganization of the Atlantia Group, illustrated in detail in note 5.1 of the financial statements at 31 December 2017 to which reference is made.

6.12 Provisions for construction services required by contract (non-current) - €2,639,004 thousand (€2,839,552 thousand) (current) - €405,562 thousand (€421,949 thousand)

The following table shows provisions for construction services required by contract at the beginning and end of the year and changes during 2018, showing the non-current and current portions.

| €000 | 31 December 2017 | | | CHANGES DURING THE YEAR | | | 31 December 2018 | | |
|--|------------------|---------------------|-----------------|---|----------------------|-----------------------|------------------|---------------------|-----------------|
| | 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 | current portion |
| Upgrade of Florence - Bologna section | 1,078,004 | 817,629 | 260,375 | 107,700 | 1,218 | -222,323 | 964,599 | 712,227 | 252,372 |
| Third and fourth lanes | 5,464 | 5,464 | - | 185 | -9 | -730 | 4,910 | 4,910 | - |
| Other construction services | 2,178,033 | 2,016,459 | 161,574 | 21,734 | 12,747 | -137,457 | 2,075,057 | 1,921,867 | 153,190 |
| Provisions for construction services required by contract | 3,261,501 | 2,839,552 | 421,949 | 129,619 | 13,956 | -360,510 | 3,044,566 | 2,639,004 | 405,562 |

The reduction of €216,935 thousand compared with 31 December 2017 essentially reflects:

- the use of provisions for construction services for which no additional economic benefits are received per formed in 2018 (€360,510 thousand);
- 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 €129,619 thousand (including €10,355 thousand reflecting the impact linked to

the change in the current and future interest rates used as at 31 December 2018, compared with those applied as at 31 December 2017). 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) - €927,999 thousand (€1,063,501 thousand)

(current) - €821,432 thousand (€196,039 thousand)

The following table shows details of provisions by type, showing the non-current and current portions.

| €000 | 31 December 2018 | | | 31 December 2017 | | |
|--|------------------|---------------------|-----------------|------------------|---------------------|-----------------|
| | Carrying amount | non-current portion | current portion | Carrying amount | non-current portion | current portion |
| Provisions for employee benefits | 94,644 | 76,145 | 18,499 | 101,086 | 83,181 | 17,905 |
| Provisions for repair and replacement of motorway infrastructure | 1,537,366 | 851,854 | 685,512 | 1,120,726 | 980,320 | 140,406 |
| Concession Arrangement | 5,912 | - | 5,912 | 4,306 | - | 4,306 |
| Provisions for tax risk | 29,902 | - | 29,902 | 6,491 | - | 6,491 |
| Provisions for universal transfer from Tech Solution Integrators | 11,185 | - | 11,185 | 11,185 | - | 11,185 |
| Sundry provisions | 70,422 | - | 70,422 | 15,746 | - | 15,746 |
| Other provisions | 111,509 | - | 111,509 | 33,422 | - | 33,422 |
| Provisions | 1,749,431 | 927,999 | 821,432 | 1,259,540 | 1,063,501 | 196,039 |

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

| €000 | 31 December 2017 | CHANGES DURING THE YEAR | | | | | | 31 December 2018 | |
|--|------------------|-------------------------|----------------------|---|--|-------------------------------------|---------------|------------------|------------------|
| | Carrying amount | Operating provisions | Financial provisions | Actuarial gains/(losses) recognised in comprehensive income | Reductions due to payment of benefits and advances | Transfers (to)/from other companies | Uses | | Carrying amount |
| | | | | | | | Direct | Indirect | |
| Provisions for employee benefits | 101,086 | 385 | 861 | 311 | -8,021 | 22 | - | - | 94,644 |
| Provisions for repair and replacement of motorway infrastructure | 1,120,726 | 730,660 | 14,569 | - | - | - | - | -328,589 | 1,537,366 |
| Provisions for the risk of fines and penalties under the Single Concession Arrangement | 4,306 | 1,606 | - | - | - | - | - | - | 5,912 |
| Provisions for tax risk | 6,491 | 23,974 | - | - | - | - | -563 | - | 29,902 |
| Provisions for universal transfer from Tech Solution Integrators | 11,185 | - | - | - | - | - | - | - | 11,185 |
| Sundry provisions | 15,746 | 55,463 | - | - | - | - | -787 | - | 70,422 |
| Other provisions | 33,422 | 79,437 | - | - | - | - | -1,350 | - | 111,509 |
| Provisions | 1,259,540 | 812,088 | 15,430 | 311 | -8,021 | 22 | -1,350 | -328,589 | 1,749,431 |

PROVISIONS FOR EMPLOYEE BENEFITS

(non-current) - €76,145 thousand (€83,181 thousand)

(current) - €18,499 thousand (€17,905 thousand)

As at 31 December 2018, and likewise as at 31 December 2017, this item consists almost entirely of provisions for post-employment benefits to be paid to staff employed under Italian law.

The reduction of €6,442 thousand essentially reflects uses of provisions for benefits and advances paid (€8,021 thousand).

The most important actuarial assumptions used to measure post-employment benefits at 31 December 2018 are summarised below.

| Financial assumptions | |
|---|--------|
| Annual discount rate (1) | 1.13% |
| Annual inflation rate | 1.5% |
| Annual rate of increase in post-employment benefits | 2.625% |
| Annual rate of increase in real salaries | 0.65% |
| Annual turnover rate | 2.00% |
| Annual rate for advances paid | 0.75% |
| Duration (years) | 6.6 |

(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 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 for each actuarial assumption at the end of 2018, indicating the effects on the defined benefit obligation of reasonably possible changes in the actuarial assumptions used at that date.

| €000 | Sensitivity analysis as at 31 December 2018 | | | | | |
|-------------------------------------|---|--------|----------------|--------|---------------|--------|
| | 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 | 94,375 | 94,936 | 95,528 | 93,773 | 93,251 | 96,075 |

PROVISIONS FOR THE REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE
(non-current) - €851,854 thousand (€980,320 thousand)
(current) - €685,512 thousand (€140,406 thousand)

The provisions have risen compared with 31 December 2017, primarily due to:

- a) the operating change (€402,071 thousand) resulting from net operating provisions made for repair and replacement work carried out during the year. After stripping out the provisions (€397,399 thousand) relating 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 operating change is €4,672 thousand. This mainly reflects the fact that the updated estimate of necessary repair work on the motorway network was balanced by the impact of an increase in the discount rates used as at 31 December 2018, compared with 31 December 2017;
- b) financial provisions (€14,569 thousand).

PROVISIONS FOR FINES AND PENALTIES UNDER THE SINGLE CONCESSION ARRANGEMENT
(current) - €5,912 thousand (€4,306 thousand)

The value of these provisions as at 31 December 2018 consists of:

- a) the total amount of €3,752 thousand (€2,562 thousand as at 31 December 2017) 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 €2,160 thousand (€1,744 thousand as at 31 December 2017) for penalties or fines imposed in relation to snow events or disruption to traffic.

The increase of €1,606 thousand compared with 31 December 2017, primarily reflects provisions (€1,080 thousand) made for penalties imposed for non-compliance identified by the Annual Audit for 2016 and 2017 and announced by the Grantor on 28 March 2018 and 9 May 2018.

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) - €111,509 (€33,422)

These provisions relate to risks and charges deemed to be likely to occur at the end of the period. The item is up €78,087 thousand on the figure for 31 December 2017, primarily due to a combination of the following:

- a) operating provisions of €57,218 thousand made in relation to the collapse of a section of the Polcevera road bridge on 14 August 2018, as described in note 5.2, “Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa”;
- b) operating provisions of €23,974 thousand, primarily relating to a number of tax demands received regarding local taxes.

“Provisions for the universal transfer from Tech Solution Integrators”, amounting to €11,185 thousand as at 31 December 2018, 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 2018 are provided in note 9.5, “Significant legal and regulatory aspects”.

6.14 Financial liabilities

(non-current) - €10,234,761 thousand (€10,963,892 thousand)

(current) - €994,505 thousand (€1,971,680 thousand)

MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - €10,234,761 thousand (€10,963,892 thousand)

(current) - €945,378 thousand (€1,381,302 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 2018 | | | | 31 December 2017 | | | | |
|--|-------------------|------------------|-------------------|------------------------------|-----------------------------------|-------------------|------------------|-------------------|------------------------------|
| | Face value | Carrying amount | Current portion | of which Non-current portion | Maturity between 13 and 60 months | Face value | Carrying amount | Current portion | of which Non-current portion |
| Bond 2004-2022 (GBP) (1) | 750.000 | 637.230 | - | 637.230 | 637.230 | 750.000 | 663.703 | - | 663.703 |
| Bond 2004-2024 | 1.000.000 | 986.219 | - | 986.219 | - | 1.000.000 | 984.139 | - | 984.139 |
| Bond 2009-2038 (JPY) (1) | 149.176 | 204.723 | - | 204.723 | - | 149.176 | 195.537 | - | 195.537 |
| Bond 2010-2025 | 500.000 | 496.829 | - | 496.829 | - | 500.000 | 496.432 | - | 496.432 |
| Bond 2012-2019 | 593.334 | 593.154 | 593.154 | - | - | 593.334 | 591.555 | - | 591.555 |
| Bond 2012-2020 | 501.728 | 500.727 | - | 500.727 | 500.727 | 501.728 | 499.988 | - | 499.988 |
| Bond 2012-2032 | 35.000 | 35.000 | - | 35.000 | - | 35.000 | 35.000 | - | 35.000 |
| Bond 2012-2032 (Zero Coupon Bond) | 68.639 | 68.639 | - | 68.639 | - | 68.639 | 65.222 | - | 65.222 |
| Bond 2013-2021 | 594.572 | 592.017 | - | 592.017 | 592.017 | 594.572 | 590.906 | - | 590.906 |
| Bond 2013-2033 | 75.000 | 72.797 | - | 72.797 | - | 75.000 | 72.686 | - | 72.686 |
| Bond 2014-2034 | 125.000 | 123.849 | - | 123.849 | - | 125.000 | 123.793 | - | 123.793 |
| Bond 2014-2038 | 75.000 | 72.727 | - | 72.727 | - | 75.000 | 72.649 | - | 72.649 |
| Bond 2015-2021 | 480.364 | 479.179 | - | 479.179 | 479.179 | 480.364 | 478.772 | - | 478.772 |
| Bond 2015-2023 | 750.000 | 739.511 | - | 739.511 | 739.511 | 750.000 | 737.273 | - | 737.273 |
| Bond 2015-2025 | 500.000 | 497.333 | - | 497.333 | - | 500.000 | 496.971 | - | 496.971 |
| Bond 2015-2026 | 750.000 | 744.009 | - | 744.009 | - | 750.000 | 743.269 | - | 743.269 |
| Bond 2016-2027 | 600.000 | 593.631 | - | 593.631 | - | 600.000 | 592.886 | - | 592.886 |
| Bond 2017-2029 | 700.000 | 655.407 | - | 655.407 | 655.407 | 700.000 | 651.838 | - | 651.838 |
| Bond issues (2) | 8.247.813 | 8.092.981 | 593.154 | 7.499.827 | 2.948.664 | 8.244.396 | 8.092.619 | - | 8.092.619 |
| Loans from Atlantia | - | - | - | - | - | 1.000.000 | 996.256 | 996.256 | - |
| | - | - | - | - | - | 1.000.000 | 996.256 | 996.256 | - |
| European Investment Bank (EIB) | 1.484.686 | 1.484.686 | 101.933 | 1.382.753 | 412.216 | 1.583.886 | 1.583.886 | 99.200 | 1.484.686 |
| Cassa Depositi e Prestiti (3) | 783.721 | 747.158 | 22.881 | 724.277 | 91.731 | 806.977 | 796.343 | 22.861 | 773.482 |
| | 2.268.407 | 2.231.844 | 124.814 | 2.107.030 | 503.947 | 2.390.863 | 2.380.229 | 122.061 | 2.258.168 |
| ANAS (4) | 213.428 | 213.428 | 21.287 | 192.141 | 192.141 | 234.062 | 234.062 | 50.101 | 183.961 |
| | 213.428 | 213.428 | 21.287 | 192.141 | 192.141 | 234.062 | 234.062 | 50.101 | 183.961 |
| Medium/long-term borrowings (A+B+C) (2) | 2.481.835 | 2.445.272 | 146.101 | 2.299.171 | 696.088 | 3.624.925 | 3.610.547 | 1.168.418 | 2.442.129 |
| Derivative liabilities (5) | - | 435.763 | - | 435.763 | 277.051 | 158.712 | 429.144 | - | 429.144 |
| Accrued expenses on medium/long-term financial liabilities (2) | - | 206.123 | 206.123 | - | - | - | 212.884 | 212.884 | - |
| Other medium/long-term financial liabilities | - | 206.123 | 206.123 | - | - | - | 212.884 | 212.884 | - |
| Medium/long-term financial liabilities | 11.180.139 | 945.378 | 10.234.761 | 3.921.803 | 6.312.958 | 12.345.194 | 1.381.302 | 10.963.892 | |

(1) As at 31 December 2018, 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 non-hedge accounting following the issuer substitution of December 2016.

(2) These financial instruments are measured at amortised cost. The face value of the bonds denominated in sterling and yen are shown at the exchange rate of the Cross Currency Swaps hedging the bonds.

(3) As at 31 December 2018, certain of these borrowings are hedged against interest rate and currency risk with notional amounts and maturities matching those of the underlyings. These are classified as cash flow hedges in accordance with IFRS 9 and included in "Derivative liabilities".

(4) This item includes amounts payable to ANAS deriving from payment, made directly by ANAS, in relation to the funding programme to finance investment, of repayments due on the borrowings linked to the grants provided for in laws 662/1996, 135/1997 and 345/1997 and designed to finance work on infrastructure for the "Florence North - Florence South" and "Cà Nova - Aglino" sections of motoway (Variante di Valico). These borrowings will be reduced when the Grantor is approved of the release of grants, to be recognized as financial assets, in relation to the stage of completion of related work.

(5) This item includes the derivatives referred to above in notes 1 and 3 and Forward-Starting Interest Rate Swaps executed in June 2015, February 2016 and July 2018.

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

| €000 | 31 December 2018 | | 31 December 2017 | | |
|--|-------------------------------|---------------------|-------------------|---------------------|-------------------|
| | Maturity | Carrying amount (1) | Fair value (2) | Carrying amount (1) | Fair value (2) |
| Bond (issued 2004 - GBP) | 2022 | 637,230 | 588,731 | 663,703 | 677,167 |
| Bond (issued 2004) | 2024 | 986,219 | 1,114,040 | 984,139 | 1,317,250 |
| Bond (issued 2009 - JPY) | 2038 | 204,723 | 153,775 | 195,537 | 155,600 |
| Bond (issued 2010) | 2025 | 496,829 | 516,090 | 496,432 | 526,200 |
| Bond (issued 2012) | 2019 | 593,154 | 595,814 | 591,555 | 623,647 |
| Bond (issued 2012) | 2020 | 500,727 | 518,320 | 499,988 | 550,963 |
| Bond (issued 2012) | 2032 | 35,000 | 36,227 | 35,000 | 46,235 |
| Bond (issued 2012- Zero Coupon Bond) | 2032 | 68,639 | 77,861 | 65,222 | 98,302 |
| Bond (issued 2013) | 2021 | 592,017 | 598,038 | 590,906 | 645,812 |
| Bond (issued 2013) | 2033 | 72,797 | 71,423 | 72,686 | 86,101 |
| Bond (issued 2014) | 2034 | 123,849 | 123,269 | 123,793 | 138,799 |
| Bond (issued 2014) | 2038 | 72,727 | 65,216 | 72,649 | 86,640 |
| Bond (issued 2015) | 2021 | 479,179 | 457,931 | 478,772 | 497,258 |
| Bond (issued 2015) | 2023 | 739,511 | 698,640 | 737,273 | 788,760 |
| Bond (issued 2015) | 2025 | 497,333 | 437,960 | 496,971 | 528,375 |
| Bond (issued 2015) | 2026 | 744,009 | 630,210 | 743,269 | 778,478 |
| Bond (issued 2016) | 2027 | 593,631 | 505,368 | 592,886 | 623,022 |
| Bond (issued 2017) | 2029 | 655,407 | 568,687 | 651,838 | 716,639 |
| | listed fixed rate | 8,092,981 | 7,757,600 | 8,092,619 | 8,885,248 |
| Bond issues | | 8,092,981 | 7,757,600 | 8,092,619 | 8,885,248 |
| Loan from Atlantia (issued 2012) | | - | - | 996,256 | 1,035,960 |
| | fixed rate | - | - | 996,256 | 1,035,960 |
| | Loans from parents (A) | - | - | 996,256 | 1,035,960 |
| European Investment Bank (EIB) | from 2019 to 2036 | 1,484,686 | 1,522,820 | 1,583,886 | 1,830,067 |
| | fixed rate | 1,484,686 | 1,522,820 | 1,583,886 | 1,830,067 |
| Cassa Depositi e Prestiti | from 2019 to 2034 | 747,158 | 701,438 | 796,343 | 825,030 |
| | floating rate | 747,158 | 701,438 | 796,343 | 825,030 |
| | Bank borrowings (B) | 2,231,844 | 2,224,258 | 2,380,229 | 2,655,097 |
| ANAS | | 213,428 | 213,428 | 234,062 | 234,062 |
| | Other borrowings (C) | 213,428 | 213,428 | 234,062 | 234,062 |
| Medium/long-term borrowings (A+B+C) | | 2,445,272 | 2,437,686 | 3,610,547 | 3,925,119 |
| Derivative liabilities | | 435,763 | 435,763 | 429,144 | 429,144 |
| Accrued expenses on medium/long-term financial liabilities | | 206,123 | 206,123 | 212,884 | 212,884 |
| Other medium/long-term financial liabilities | | 206,123 | 206,123 | 212,884 | 212,884 |
| Medium/long-term financial liabilities | | 11,180,139 | 10,837,172 | 12,345,194 | 13,452,395 |

(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.

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 2018 | | | | 31 December 2017 | |
|----------------|-------------------|------------------------|---|--|-------------------|------------------------|
| | Face value (€000) | Carrying amount (€000) | Average interest rate applied to 31 December 2018 (1) | Effective interest rate as at 31 December 2018 | Face value (€000) | Carrying amount (€000) |
| Euro (EUR) | 9,830,472 | 9,696,300 | 3.35% | 3.53% | 10,970,145 | 10,843,926 |
| Sterling (GBP) | 750,000 | 637,230 | 5.99% | 2.20% | 750,000 | 663,703 |
| Yen (JPY) | 149,176 | 204,723 | 5.30% | 3.39% | 149,176 | 195,537 |
| Total | 10,729,648 | 10,538,253 | 3.55% | | 11,869,321 | 11,703,166 |

(1) This amount includes the effect of interest rate and currency hedges as at 31 December 2018.

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

| €000 | Carrying amount as at 31 December 2017 (1) | Repayments | First time adoption IFRS9 | Exchange rate differences and other changes | Change in exposure to ANAS | Carrying amount as at 31 December 2018 (1) |
|------------------------------------|--|-------------------|---------------------------|---|----------------------------|--|
| Bond issues | 8,092,619 | - | - | 362 | - | 8,092,981 |
| Loans from parents | 996,256 | -1,000,000 | - | 3,744 | - | - |
| Bank borrowings | 2,380,229 | -122,457 | -33,589 | 7,661 | - | 2,231,844 |
| Other borrowings (2) | 234,062 | - | - | - | -20,634 | 213,428 |
| Medium/long-term borrowings | 3,610,547 | -1,122,457 | -33,589 | 11,405 | -20,634 | 2,445,272 |
| Total | 11,703,166 | -1,122,457 | -33,589 | 11,767 | -20,634 | 10,538,253 |

(1) The value of medium/long-term financial liabilities shown in the table includes both the non-current and current portions.

(2) The decrease in payables to ANAS of €20,634 thousand against financial assets deriving from concession rights, refers to the issue by the Grantor of the certification of substantial completion of the works for construction services carried out as indicated in note no. 4 of 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) - €7,499,827 thousand (€8,092,619 thousand)

(current) - €593,154 thousand (-)

This item includes the following:

- issues in 2015, 2016 and 2017, totalling €2,969,559 thousand (€2,963,736 thousand as at 31 December 2017), 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;
- bonds issued to retail investors in 2015, totalling €739,511 thousand, and maturing in 2023 (€737,273 thousand as at 31 December 2017);
- bonds recognised following the issuer substitution carried out in December 2016, totalling €4,383,911 thousand (€4,391,610 thousand as at 31 December 2017).

The balance is broadly in line with 31 December 2017, essentially reflecting:

- amortisation, within the context of measurement at amortised cost, of a portion of the recognised fair value of the bonds denominated in sterling and yen, transferred as part of the issuer substitution completed in December 2016 (€24,564 thousand), partially offset by negative exchange differences on foreign currency liabilities (€6,187 thousand), primarily to a strengthening of the yen against the euro;
- the impact of measuring ancillary costs on certain instruments at amortised cost (€15,320 thousand);
- the capitalisation of interest (€3,417 thousand) on the Zero Coupon Bond (2012-2032).

MEDIUM/LONG-TERM BORROWING

(non-current) - €2,299,171 thousand (€2,442,129 thousand)

(current) - €146,101 thousand (€1,168,418 thousand)

The balance of this item, including both current and non-current portions as at 31 December 2018, primarily consists of bank borrowings.

The balance for 2018 is down €1,165,275 thousand compared with 31 December 2017, essentially due to:

- repayment, totalling 1,000,000 thousand, of the intercompany loan from Atlantia corresponding with the retail bond issue of 2012, maturing in 2018. This issue was not included in the issuer substitution that took place at the end of December 2016;
- repayments of bank borrowings, totalling €122,457 thousand;

- c) the adjustment, following first-time adoption of IFRS 9, resulting from the non-substantial modification of loan agreements with Cassa Depositi e Prestiti at the end of 2017. This adjustment, amounting to €33,589 thousand, before the related taxation of €8,061 thousand, has been recognised as an increase in equity as at 1 January 2018.

A number of the medium/long-term loan agreements include negative pledge provisions, in line with international practice. Under these provisions, it is not possible to create or maintain (unless required to do so by law) collateral guarantees on all or a part of any proprietary assets, with the exception of project debt. The above agreements also require compliance with certain financial covenants.

The method of selecting the variables to compute the ratios is specified in detail in the relevant loan agreements. Breach of these covenants, at the relevant measurement dates, could constitute a default event and result in the lenders calling in the loans, requiring the early repayment of principal, interest and of further sums provided for in the agreements.

The most important covenants are those relating to the loan agreements with Cassa Depositi e Prestiti that require compliance with a minimum threshold for “Operating cash flow available for Debt Service/Debt Service” (DSCR). The Company is in compliance with these covenants.

In December 2018, the Company entered into an agreement with the EIB that provides for the suspension, until March 2020, of the application of certain provisions allowing the bank to withdraw from the loan agreement and request early repayment. This follows the reduction in the Company’s ratings to below BBB and/or the Grantor’s launch of formal proceedings that may result in early termination of the Single Concession Arrangement.

DERIVATIVE LIABILITIES

(non-current) - €435,763 thousand (€429,144 thousand)
(current) - (-)

As at 31 December 2018, 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 2017, amounting to €6,619 thousand, is linked to a combination of the following:

- a) an increase of €21,583 thousand in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps present as at 31 December 2017, essentially reflecting lower interest rates as at 31 December 2018 compared with 31 December 2017;
- b) the recognition of fair value losses of €10,806 thousand on Forward-Starting Interest Rate Swaps entered into in July 2018 following the resolution approved by the Company’s Board of Directors on 11 July 2018. The swaps are designed to hedge highly likely future financial liabilities to be entered into through to 2021 in order to meet the Company’s funding requirements. The swaps have a notional value of €750,000 thousand, a duration of eight years and a weighted average interest rate of approximately 1.076%;
- c) a €25,770 thousand decrease in fair value losses, including exchange rate movements, on Cross Currency Swaps linked to foreign currency bonds (pounds sterling and Japanese yen, resulting from the change in fair value (€19,583 thousand) recognised in financial income following the issuer substitution, and positive exchange rate differences (€6,187 thousand) linked primarily to the exchange rate between the yen and the euro.

Fair value losses on Forward-Starting Interest Rate Swaps as at 31 December 2018 amount to €83,513 thousand. These swaps have a total notional value of €2,350 million, a weighted average duration of seven years and six months and a weighted average fixed rate of

approximately 1.13%. Their purpose is hedge highly likely future financial liabilities to be entered into by the Company through to 2021 in order meet its funding requirements.

Further details are provided in note 8.2, "Financial risk management".

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - (-)

(current) - €206,123 thousand (€212,884 thousand)

The balance of this item as at 31 December 2018 consists primarily of accrued interest payable on the following:

- a) bond issues (€150,077 thousand);
- b) loans obtained from banks and Atlantia (€19,568 thousand);
- c) differentials on outstanding derivatives (€35,825 thousand).

SHORT-TERM FINANCIAL LIABILITIES

€49,127 thousand (€590,378 thousand)

The composition of short-term financial liabilities is shown below.

| €000 | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Short-term borrowings | - | 530,000 |
| Intercompany current account payables due from related parties | 49,127 | 56,928 |
| Other current financial liabilities | - | 3,450 |
| Short-term financial liabilities | 49,127 | 590,378 |

The reduction in short-term financial liabilities of €541,251 thousand compared with 31 December 2017, primarily reflects the repayment of short-term borrowings in the form of cash deposits by Atlantia (totalling €500,000 thousand as at 31 December 2017).

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 2018 | of which related party transactions | 31 December 2017 | of which related party transactions |
|--|------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| Cash | | -839,632 | | -1,772,546 | |
| Cash equivalents and intercompany current account receivables due from related parties | | -654,831 | -654,710 | -854,118 | -774,043 |
| Cash and cash equivalents (A) | 6.7 | -1,494,463 | | -2,626,664 | |
| Current financial assets (B) | 6.4 | -74,275 | -9,670 | -142,806 | -19,025 |
| Current portion of medium/long-term financial liabilities | | 945,378 | 653 | 1,381,302 | 1,000,411 |
| Other borrowings | | 49,127 | 49,127 | 590,378 | 556,928 |
| Current financial liabilities (C) | | 994,505 | | 1,971,680 | |
| Current net debt (D=A+B+C) | | -574,233 | | -797,790 | |
| Bond issues | | 7,499,827 | | 8,092,619 | |
| Medium/long-term borrowings | | 2,299,171 | - | 2,442,129 | - |
| Other non-current borrowings | | 435,763 | | 429,144 | |
| Non-current financial liabilities (E) | | 10,234,761 | | 10,963,892 | |
| (Net funds) / Net debt as defined by ESMA recommendation (F=D+E) | | 9,660,528 | | 10,166,102 | |
| Non-current financial assets (G) | 6.4 | -634,241 | -231,112 | -637,782 | -251,239 |
| Net debt (H=F+G) | | 9,026,287 | | 9,528,320 | |

6.15 Net Deferred tax liabilities - €579,878 thousand (€588,609 thousand)

The following tables show deferred tax liabilities, after offsetting against deferred tax assets.

| €000 | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Deferred tax liabilities (IRES) | 1,335,260 | 1,243,563 |
| Deferred tax liabilities (IRAP) | 192,419 | 178,147 |
| Deferred tax liabilities | 1,527,679 | 1,421,710 |
| Deferred tax assets eligible for offset (IRES) | 824,448 | 725,226 |
| Deferred tax assets eligible for offset (IRAP) | 123,353 | 107,875 |
| Deferred tax assets eligible for offset | 947,801 | 833,101 |
| Net deferred tax liabilities | 579,878 | 588,609 |

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 2017 | CHANGES DURING THE YEAR | | | | | 31 December 2018 |
|---|------------------|-------------------------|-----------------|--|---------------------------------|--|------------------|
| | | Provisions | Releases | Deferred tax assets/liabilities recognised in other comprehensive income | Changes in prior year estimates | Provisions recognised in equity on first time adoption of IFRS 9 | |
| Off-balance sheet amortisation of goodwill | 1,415,925 | 98,637 | - | - | - | - | 1,514,562 |
| Financial instruments first time adoption IFRS 9 | - | - | -700 | - | - | 8,061 | 7,361 |
| Derivative assets | 4,180 | - | - | -746 | - | - | 3,434 |
| Actuarial valuation of provisions for employee benefits through | 1,600 | 701 | - | - | - | - | 2,301 |
| Other temporary differences | 5 | 16 | - | - | - | - | 21 |
| Deferred tax liabilities | 1,421,710 | 99,354 | -700 | -746 | - | 8,061 | 1,527,679 |
| Restatement of total amount subject to IFRIC 12 | 401,925 | 567 | -20,325 | - | - | - | 382,167 |
| Provisions | 382,098 | 216,364 | -84,805 | - | -8 | - | 513,649 |
| Derivative liabilities | 38,980 | - | - | 4,085 | - | - | 43,065 |
| Actuarial gains and losses on provisions for employee benefits | 3,543 | - | - | 75 | - | - | 3,618 |
| Impairment of receivables and inventories | 2,986 | 1,159 | -1,225 | - | -925 | - | 1,995 |
| Other temporary differences | 3,569 | 558 | -574 | - | -246 | - | 3,307 |
| Deferred tax assets eligible for offset | 833,101 | 218,648 | -106,929 | 4,160 | -1,179 | - | 947,801 |
| Net deferred tax liabilities | 588,609 | -119,294 | 106,229 | -4,906 | 1,179 | 8,061 | 579,878 |

As shown above, the balance as at 31 December 2018 substantially includes the following:

- deferred tax liabilities, recognised since 2003, relating to the deduction, solely for tax purposes, of goodwill amortisation;
- 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.

The balance of this item is broadly in line with 31 December 2017, primarily as a result of:

- a) the provision of deferred taxes on the above deduction, for tax purposes, of goodwill amortisation (€98,637 thousand);
- b) the net release of the accrued portion (€19,758 thousand) of deferred tax assets on the total amount deriving from application of IFRIC 12;
- c) the net provision (€131,559 thousand) of deferred tax assets on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years.

6.16 Other non-current liabilities - €27,373 thousand (€32,568 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 2018 is shown below.

| €000 | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Accrued expenses of a non-trading nature | 23,946 | 24,609 |
| Payable to staff | 3,427 | 7,441 |
| Social security contributions payable | - | 518 |
| Other non-current liabilities | 27,373 | 32,568 |

The reduction in this item compared with 31 December 2017, amounting to €5,195 thousand, primarily reflects the reclassification to short-term of a portion of the amount payable under cash-settled, share-based incentive plans for the Company's Directors and employees (€2,764 thousand).

6.17 Trading liabilities - €1,294,310 thousand (€1,306,269 thousand)

Trading liabilities primarily consist of the following.

| €000 | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Payable to operators of interconnecting motorways | 722,042 | 692,286 |
| Amounts payable to suppliers | 492,304 | 543,993 |
| Tolls in the process of settlement | 79,887 | 69,892 |
| Other trading liabilities | 77 | 98 |
| Trading liabilities | 1,294,310 | 1,306,269 |

The reduction in trading liabilities amounts to €11,959 thousand. This is primarily due to a reduction in amounts payable to suppliers, reflecting the volume of capital expenditure carried out in the final quarters of the comparative periods, partially offset by an increase in amounts payable to the operators of interconnecting motorways, essentially linked to the increase in the operators' toll revenue and in keeping with contractually agreed collection times.

The carrying amount of trading liabilities approximates fair value.

6.18 Other current liabilities - €212,166 thousand (€210,268 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 2018 is shown below.

| €000 | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Lease rentals payable | 81,263 | 91,623 |
| Payable to staff | 25,886 | 28,307 |
| Social security contributions payable | 16,866 | 18,002 |
| Taxation other than income taxes | 8,840 | 23,030 |
| Amounts payable for expropriations | 5,978 | 8,452 |
| Guarantee deposits by road users who pay by direct debit | 1,745 | 1,693 |
| Other payables | 71,588 | 39,161 |
| Other current liabilities | 212,166 | 210,268 |

The balance as at 31 December 2018 is broadly in line with 31 December 2017, primarily reflecting a combination of the following:

- a) recognition of the amount due to Società Autostrada Torino-Alessandria-Piacenza SpA and INTESA SANPAOLO SpA, totalling €27,714 thousand, following the Company's decision to exercise its pre-emption right on shares in Tangenziali Esterne di Milano SpA being sold by the two companies. This amount was paid in January 2019;
- b) a reduction of €11,500 thousand in VAT payable to the tax authorities, essentially due to settlement, in January 2018, of the amount due to the tax authorities as at 31 December 2017 (€13,440 thousand);
- c) a reduction of €10,360 thousand in concession fees 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 2017 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 - €3,369,843 thousand (€3,320,949 thousand)

Toll revenue is up €48,894 thousand on 2017. This essentially reflects:

- a) a 0.2% increase in traffic, (including the impact of the different traffic mix, the increase in toll revenue is estimated to be €17 million);
- b) application of annual toll increases for 2018 (a rise of 1.08% from 1 January), boosting toll revenue by an estimated €32 million.

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 €7 million.

Further information on points a) and b) 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 additional concession fees payable to ANAS, totalling €362,528 thousand (€359,526 thousand as at 31 December 2017), 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 - €154,167 thousand (€94,823 thousand)

An analysis of this revenue is shown below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|----------------|---------------|-------------------------|
| Revenue from construction services for which additional economic benefits are received | 147,513 | 87,530 | 59,983 |
| Revenue from construction services provided by sub-operators | 6,654 | 7,293 | -639 |
| Revenue from construction services | 154,167 | 94,823 | 59,344 |

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 up compared with 2017. This is essentially due to an increase in construction services for which additional benefits are received, totalling €59,983 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 2018, the Company carried out additional construction services for which no additional benefits are received, amounting to €360,510 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 - €285,325 thousand (€293,145 thousand)

An analysis of other operating income is provided below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|----------------|----------------|-------------------------|
| Revenue from sub-concessions at service areas | 175,555 | 174,525 | 1,030 |
| Refunds | 20,574 | 20,158 | 416 |
| Damages and compensation | 17,844 | 20,848 | -3,004 |
| Revenue from services | 17,670 | 16,814 | 856 |
| Other revenue from motorway operation | 15,878 | 17,077 | -1,199 |
| Maintenance revenue | 14,174 | 14,253 | -79 |
| Advertising revenue | 4,407 | 4,349 | 58 |
| Revenue from the sale of technology devices and services | 335 | 431 | -96 |
| Release of overprovisions | - | 3,490 | -3,490 |
| Other income | 18,888 | 21,200 | -2,312 |
| Other operating income | 285,325 | 293,145 | -7,820 |

Other operating income is down €7,820 thousand compared with 2017.

The most significant changes regard:

- a reduction of €3,004 thousand in damages and compensation from insurance companies, primarily linked to reduced payouts for accidents on the motorway network;
- the release of provisions made in 2017 that are excess to requirements (€3,490 thousand).

The breakdown of “Total revenue”, based on satisfaction of the related performance obligations, is provided below in accordance with IFRS 15.

| €000 | 2018 | | | | 2017 | | | |
|------------------------------------|-------------------------------|----------------------|-----------------------------|------------------|-------------------------------|----------------------|-----------------------------|------------------|
| | IFRS 15 At a point in time | IFRS 15 Over time | Outside scope of IFRS 15 | Total revenue | IFRS 15 At a point in time | IFRS 15 Over time | Outside scope of IFRS 15 | Total revenue |
| Net toll revenue | 3,369,843 | - | - | 3,369,843 | 3,320,949 | - | - | 3,320,949 |
| Revenue from construction services | - | 154,167 | - | 154,167 | - | 94,823 | - | 94,823 |
| Other revenue | 56,623 | - | 228,702 | 285,325 | 56,121 | - | 237,024 | 293,145 |
| Total revenue | 3,426,466 | 154,167 | 228,702 | 3,809,335 | 3,377,070 | 94,823 | 237,024 | 3,708,917 |

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 - -€105,719 thousand (-€77,731 thousand)

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

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|-----------------|----------------|-------------------------|
| Electrical and electronic materials | -19,669 | -29,058 | 9,389 |
| Lubricants and fuel | -10,170 | -9,940 | -230 |
| Construction materials | -9,012 | -8,022 | -990 |
| Other raw and consumable materials | -68,794 | -34,879 | -33,915 |
| Cost of materials | -107,645 | -81,899 | -25,746 |
| Change in inventories of raw, ancillary and consumable materials and goods for resale | 1,412 | 2,731 | -1,319 |
| Capitalised cost of raw materials | 514 | 1,437 | -923 |
| Raw and consumable materials | -105,719 | -77,731 | -27,988 |

This item shows an increase compared to 2017, primarily reflecting an increase in the cost of expropriations of land linked to investment (€31,727 thousand), primarily relating to work on the Genoa Bypass (*Gronda di Genova*).

7.5 Service costs - -€773,750 thousand (-€812,306 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 | 2018 | 2017 | Increase/ (Decrease) |
|-----------------------------------|-----------------|-----------------|-------------------------|
| Construction and similar | -487,002 | -558,091 | 71,089 |
| Professional services | -165,610 | -141,336 | -24,274 |
| Utilities | -31,179 | -31,008 | -171 |
| Transport and similar | -21,653 | -19,814 | -1,839 |
| Insurance | -11,070 | -9,749 | -1,321 |
| Advertising | -4,453 | -3,445 | -1,008 |
| Board of Statutory Auditors' fees | -254 | -196 | -58 |
| Other services | -52,529 | -48,667 | -3,862 |
| Service costs | -773,750 | -812,306 | 38,556 |

The decrease in service costs compared with 2017, amounting to €38,556 thousand, essentially reflects a combination of the following:

- a decrease in construction services, primarily relating to a reduction in resurfacing work on the motorway infrastructure operated under concession, which will be made up in the coming months after being rescheduled in response to the time needed to comply with new and more complex tender procedures;
- an increase in the cost of professional services reflecting the start-up of work on the Genoa Bypass (*Gronda di Genova*).

7.6 Staff costs - -€400,996 thousand (-€410,973 thousand)

Staff costs break down as follows.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|---|-----------------|-----------------|-------------------------|
| Wages and salaries | -284,538 | -281,068 | -3,470 |
| Social security contributions | -85,390 | -83,990 | -1,400 |
| Post-employment benefits (including payments to supplementary pension funds or to INPS) | -17,176 | -17,425 | 249 |
| Cost of share-based incentive plans | -401 | -10,987 | 10,586 |
| Directors' remuneration | -2,769 | -2,717 | -52 |
| Recovery of cost of seconded staff | 7,042 | 7,712 | -670 |
| Other staff costs | -18,772 | -22,498 | 3,726 |
| Capitalised staff costs | 1,008 | - | 1,008 |
| Staff costs | -400,996 | -410,973 | 9,977 |

Staff costs are down €9,977 thousand compared with 2017, essentially due to a reduction in the fair value of share-based incentive plans.

| Category | 2018 | 2017 | Increase/ (Decrease) |
|--------------------------|--------------|--------------|-------------------------|
| Senior managers | 86 | 85 | 1 |
| Middle managers | 289 | 305 | -16 |
| Administrative staff | 1,952 | 1,943 | 9 |
| Toll collectors | 1,907 | 1,963 | -56 |
| Manual workers | 981 | 974 | 7 |
| Average workforce | 5,215 | 5,270 | -55 |

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 share-based payments".

7.7 Other operating costs - -€554,690 thousand (-€506,275 thousand)

An analysis of other operating costs is shown below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|-----------------|-----------------|-------------------------|
| Concession fees | -445,320 | -441,624 | -3,696 |
| Lease expense | -7,331 | -6,342 | -989 |
| Grants and donations | -44,136 | -31,626 | -12,510 |
| Compensation for damages and penalties | -41,029 | -13,594 | -27,435 |
| Direct and indirect taxes | -8,930 | -9,180 | 250 |
| Other | -7,944 | -3,909 | -4,035 |
| Other costs | -102,039 | -58,309 | -43,730 |
| Other operating costs | -554,690 | -506,275 | -48,415 |

Other operating costs are up on the previous year due to:

- a) increased payments of damages and penalties (€27,435 thousand), primarily relating to compensation (€21,637 thousand) paid to victims' families and firms and businesses directly affected by the collapse of a section of the Polcevera road bridge on 14 August 2018, as described in note 5.2, "Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa";
- b) an increase in grants and donations (€12,510 thousand), primarily linked to 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, as 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 item, "Concession fees" includes the additional fee 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 provisions - -€483,114 thousand (€7,537 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 2018 essentially reflects:

- a) the negative change in provisions for the repair and replacement of motorway infrastructure (€402,071 thousand). After stripping out the provisions (€397,399 thousand) made to cover the cost of 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 €4,672 thousand. This mainly reflects the fact that the updated estimate of necessary repair work on the motorway network was balanced by the impact (€21,003 thousand) of an increase in the discount rates used as at 31 December 2018, compared with 31 December 2017;
- b) provisions for risks and charges of €81,043 thousand, previously described in note 6.13, "Provisions".

In contrast, in 2017, the operating change was essentially due to an updated estimate of repairs needed to the motorway network, given that the discount rates used as at 31 December of both comparative periods are substantially unchanged.

7.9 Use of provisions for construction services required by contract – €360,510 thousand (€406,968 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 2018, 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 reduction of €46,458 thousand compared with 2017, is broadly linked to reduced investment in the upgrade of the A1 Milan-Naples between Bologna and Florence. 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. 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 - -€571,365 thousand (-€565,347 thousand)

The increase of €6,018 thousand compared with 2017 essentially reflects an increase in amortisation of:

- a) concession rights deriving from construction services for which additional economic benefits are received, totalling €3,993 thousand;
- b) development costs, industrial patents and intellectual property rights, totalling €3,651 thousand.

7.11 (Impairment losses)/and reversals of impairment losses on current and non-current assets - -€1,467 thousand (-€1,136 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) - -€396,880 thousand (-€402,229 thousand)

Financial income - €151,248 thousand (€173,175 thousand)

Financial expenses - -€548,252 thousand (-€575,390 thousand)

Foreign exchange gains/(losses) - €124 thousand (-€14 thousand)

An analysis of financial income and expenses is shown below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|-----------------|-----------------|-------------------------|
| Dividends received from investees | 39,852 | 50,488 | -10,636 |
| Income from derivative financial instruments | 62,442 | 68,028 | -5,586 |
| Interest income | 17,210 | 19,754 | -2,544 |
| Income from measurement of financial instruments at amortised cost | 24,609 | 24,439 | 170 |
| Financial income accounted for as an increase in financial assets | 952 | 951 | 1 |
| Gains on disposal of investments | 1 | - | 1 |
| Other | 5,183 | 5,302 | -119 |
| Other financial income | 110,397 | 118,474 | -8,077 |
| Reversal of impairment losses on financial assets and investments | 999 | 4,213 | -3,214 |
| Total financial income (a) | 151,248 | 173,175 | -21,927 |
| Financial expenses from discounting of provisions for construction services required by contract and other provisions | -29,386 | -23,991 | -5,395 |
| Interest expense | -368,396 | -394,910 | 26,514 |
| Losses on derivative financial instruments | -104,700 | -117,749 | 13,049 |
| Expenses from measurement of financial instruments at amortised cost | -24,444 | -15,838 | -8,606 |
| Financial expenses accounted for as an increase in financial liabilities | -3,417 | -3,278 | -139 |
| Other | -17,909 | -19,624 | 1,715 |
| Other financial expenses | -518,866 | -551,399 | 32,533 |
| Total financial expenses (b) | -548,252 | -575,390 | 27,138 |
| Foreign exchange gains/(losses) (c) | 124 | -14 | 138 |
| Financial income/(expenses) (a+b+c) | -396,880 | -402,229 | 5,349 |

“Dividends received from investees” are down €10,636 thousand, primarily due to reduced dividends declared by Società Italiana per Azioni per il Traforo del Monte Bianco (€6,025 thousand in 2018 and €13,825 thousand in 2017).

“Reversals of impairment losses on financial assets and investments”, totalling €999 thousand, reflects the reversal of the impairment loss on the carrying amount of the investment in Bologna & Fiera Parking, whilst the figure for 2017 reflected the reversal of the impairment loss on the investment in Pavimental.

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” are up €5,395 thousand compared with 2017. The increase in these financial expenses, 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, primarily reflects the higher interest rates applied as at 31 December 2017, compared with the end of 2016.

Net other financial expenses of €408,345 thousand are down €24,594 thousand compared with the previous year (€432,939 thousand). This is essentially due to a combination of the following:

- a) financial expenses recognised in 2017 (€20,502 thousand) after the unwinding of a number of Forward-Starting Interest Rate Swaps on which fair value losses were incurred as part of the liability management transaction that took place in September 2017;
- b) interest expense and costs resulting from measurement at amortised cost recognised in 2017 (€12,867 thousand) due to the redemption of the bond issue 2010-2017 in September 2017;
- c) a reduction in interest expense resulting from the liability management transaction carried out at the end of 2017 with Cassa Depositi e Prestiti (€6,848 thousand);
- d) the ineffective portion of Forward-Starting Interest Rate Swaps in 2018 (€12,264 thousand);
- e) the increased costs resulting from measurement at amortised cost recognised in 2018 (€8,606 thousand), primarily following the adjustment, following first-time adoption of IFRS 9, resulting from the non-substantial modification of loan agreements with Cassa Depositi e Prestiti at the end of 2017 (€33,589 thousand) and recognised in equity as at 1 January 2018.

7.13 Income tax (expense)/benefit - -€264,050 thousand (-€380,293 thousand)

An analysis of income tax expense is shown below.

| €000 | 2018 | 2017 | Increase/ (Decrease) |
|--|-----------------|-----------------|-------------------------|
| IRES | -222,898 | -217,483 | -5,415 |
| IRAP | -59,614 | -56,926 | -2,688 |
| Current tax expense | -282,512 | -274,409 | -8,103 |
| Differences on current tax expense for previous years | 6,576 | 8,763 | -2,187 |
| Provisions | 218,648 | 91,874 | 126,774 |
| Releases | -106,929 | -106,381 | -548 |
| Change in prior year estimates | -1,179 | -955 | -224 |
| Deferred tax income | 110,540 | -15,462 | 126,002 |
| Provisions | -99,354 | -99,185 | -169 |
| Releases | 700 | - | 700 |
| Deferred tax expense | -98,654 | -99,185 | 531 |
| Net deferred tax expense | 11,886 | -114,647 | 126,533 |
| Income tax (expense)/benefit | -264,050 | -380,293 | 116,243 |

The reduction in income tax expense compared with 2017 essentially reflects 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, as 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 following table shows a reconciliation of the statutory rate of IRES with the effective charge in the two comparative periods.

| €000 | 2018 | | | 2017 | | |
|---|----------------|-------------|---------|----------------|-------------|--------|
| | Taxable income | Tax expense | | Taxable income | Tax expense | |
| | | Tax | Rate | | Tax | Rate |
| Profit/(loss) before tax from continuing operations | 882,462 | | | 1,348,309 | | |
| Tax expense/(benefit) at statutory rate of IRES | | 211,791 | 24.00% | | 323,594 | 24.00% |
| Temporary differences deductible in future years: | 773,326 | 185,598 | 21.03% | 323,761 | 77,703 | 5.76% |
| Provisions for the repair and replacement of motorway infrastructure | 712,596 | 171,023 | | 315,669 | 75,761 | |
| Other differences | 60,730 | 14,575 | | 8,092 | 1,942 | |
| Temporary differences taxable in subsequent years: | -354,509 | -85,082 | -9.64% | -353,806 | -84,913 | -6.30% |
| Off-balance sheet deduction of goodwill | -351,521 | -84,365 | | -351,521 | -84,365 | |
| Actuarial valuation of provisions for post-employment benefits through profit or loss | -2,920 | -701 | | -2,285 | -548 | |
| Other differences | -68 | -16 | | - | - | |
| Reversal of temporary differences arising in previous years | -369,709 | -88,729 | -10.05% | -361,509 | -86,763 | -6.43% |
| Release of provisions for the repair and replacement of motorway infrastructure | -295,096 | -70,823 | | -277,166 | -66,520 | |
| Realignment of overall balance due to application of IFRIC12 | -67,651 | -16,236 | | -67,651 | -16,236 | |
| Other differences | -6,962 | -1,670 | | -16,692 | -4,007 | |
| Permanent differences | -2,833 | -680 | -0.08% | -50,572 | -12,138 | -0.90% |
| Non-taxable dividends | -37,859 | -9,086 | | -48,351 | -11,605 | |
| Tax-exempt (reversals of impairment losses)/impairment losses on investments | -999 | -240 | | -4,213 | -1,011 | |
| Other permanent differences | 36,025 | 8,646 | | 1,992 | 478 | |
| Income assessable to IRES | 928,737 | | | 906,183 | | |
| IRES for the year | | 222,898 | 25.26% | | 217,483 | 16.13% |
| IRAP for the year | | 59,614 | 6.76% | | 56,926 | 4.22% |
| Current income tax expense | | 282,512 | 32.01% | | 274,409 | 20.35% |

7.14 Earnings 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.

| | 2018 | 2017 |
|---|--------------------|--------------------|
| Weighted average number of shares outstanding | 622,027,000 | 622,027,000 |
| Profit for the year (€000) | 618,412 | 968,016 |
| Earnings per share (€) | 0.99 | 1.56 |
| Profit from continuing operations (€000) | 618,412 | 968,016 |
| Basic earnings per share from continuing operations (€) | 0.99 | 1.56 |
| Profit/(Loss) from discontinued operations (€000) | - | - |
| Basic earnings/(losses) per share from discontinued operations (€) | - | - |

8. OTHER FINANCIAL INFORMATION

8.1 Notes to the statement of cash flows

Cash flows during 2018 resulted in a reduction of €1,124,400 thousand in cash and cash equivalents, compared with the decrease of €112,857 thousand recorded in 2017.

Cash flows from operating activities amount to €1,528,510 thousand, a reduction of €308,345 thousand compared with the figure for 2017 (€1,836,855 thousand). This is essentially due to the differing performance of movements in working capital in the two comparative periods (€336,538 thousand). This reflects:

- a) an outflow in 2018 (€112,340 thousand), essentially due to a decrease in net current tax liabilities (€63,294 thousand, excluding the current tax expense of €28 thousand recognised in equity following recognition, in accordance with the accounting standards applicable to transactions under common control, of the reserve resulting from the sale of the Company's controlling interest in Infoblu), a reduction in trading liabilities (€11,959 thousand) and an increase in trade receivables (€26,231 thousand);
- b) an inflow in 2017 (€224,198 thousand), essentially due to an increase in current tax liabilities (€104,433 thousand, after excluding current taxation recognised in equity following distribution of the special dividend in kind to the parent, Atlantia,), an increase in trading liabilities (€77,542 thousand) and a reduction in trade receivables (€74,383 thousand).

Cash used in investing activities amounts to €491,071 thousand (€151,228 thousand as at 31 December 2017). The increase of €339,843 thousand primarily reflects a combination of the following:

- a) the return of capital reserves by Autostrade dell'Atlantico in 2017 (€398,253 thousand);
- b) the acquisition (€27,714 thousand) of shares in Tangenziali Esterne di Milano SpA, as described in note 6.3, "Investments";
- c) the collection (€20,634 thousand) financial assets 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;
- d) increased repayments of outstanding borrowings by the subsidiary, Autostrada Tirrenica (€17,000 thousand);
- e) proceeds from the disposal of property, plant and equipment intangible assets and investments (€14,610 thousand), essentially relating to the return of capital (€7,262 thousand) resulting from the liquidations of Ecomouv SAS and Società Infrastrutture Toscane SpA, and the consideration received on the sale (€6,200 thousand) of a controlling interest in Infoblu to Telepass as part of the Atlantia Group's restructuring.

Net cash used for financing activities amounts to €2,161,839 thousand (€1,798,484 thousand in 2017). The increase of €363,355 thousand primarily reflects:

- a) the different performance in the two comparative periods of cash deposited by the parent, Atlantia (€1,000,000 thousand);
- b) the net balance of new bond issues, bank borrowings and loans from the parent, Atlantia, in 2018 compared with 2017 (€455,080 thousand);
- c) distribution to Atlantia, in April 2017, of a portion of the "Reserve for transactions under common control", amounting to €1,101,312 thousand;
- d) reduced dividends paid to shareholders (€246,946 thousand) following the decision of the Company's Board of Directors not to pay an interim dividend for 2018.

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 2018, the derivatives in the Company's portfolio are classified as follows in application of IFRS 9:

- a) non-hedge accounting, as regards Cross Currency Swaps;
- b) cash flow hedges, for the other hedging derivatives, consisting of Interest Rate Swaps (IRs) and Forward-Starting Interest Rate Swaps.

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 2018 is approximately six years. The average cost of medium to long-term debt for 2018 was 3,5%.

Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

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 current and highly likely future floating rate debt, the Company has entered into interest rate swaps (IRs) and Forward-Starting Interest Rate Swaps, classified as cash flow hedges. The hedging instruments and the

underlying financial liabilities have matching terms to maturity and notional amounts. Following tests of effectiveness, changes in fair value are essentially recognised in other comprehensive income, whilst an ineffective portion of €12,264 thousand has been recognised in profit or loss in 2018, linked to certain Forward-Starting Interest Rate Swaps. Interest income or expense deriving from the hedged instruments is or will be recognised simultaneously in profit or loss.

- b) fair value risk: this represents the risk of losses deriving from an unexpected change in the value a financial asset or liability following an unfavourable shift in the market interest rate curve. As at 31 December 2018, the Company has not entered into derivatives classified as fair value hedges.

As a result of cash flow hedges, 31 December 2018 100% 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.

8% 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 2018 (compared with 31 December 2017), showing the corresponding market value.

| €000 | | 31 December 2018 | | 31 December 2017 | |
|---|---------------------------------|------------------------------|------------------|------------------------------|------------------|
| 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 | -129,946 | 2,406,977 |
| | | -162,335 | 3,133,721 | -129,946 | 2,406,977 |
| Non-hedge accounting derivatives | | | | | |
| Cross Currency Swaps | Interest rate and currency risk | -273,428 | 899,176 | -299,198 | 899,176 |
| | | -273,428 | 899,176 | -299,198 | 899,176 |
| | Total | -435,763 | 4,032,897 | -429,144 | 3,306,153 |
| | of which: | | | | |
| | fair value asset | - | | - | |
| | fair value liability | -435,763 | | -429,144 | |

(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 2018 and on equity as at 31 December 2018.

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 0.10% (10 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

10 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 10 bps shift in market interest rates would have resulted in a negative impact on the income statement, totalling €2,176 thousand, and on other comprehensive income, totalling €24,121 thousand, before the related taxation;
- 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 €17,878 thousand, due to the change in fair value losses on Cross Currency Swaps in sterling (GBP) and yen (JPY), which, as noted above, have been classified as non-hedges.

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 2018 are estimated at €2,958,764 thousand, made up of:

- a) €1,445,336 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) €213,428 thousand in term deposits to part finance the execution of specific works, as described in note 6.4, "Financial assets";
- c) €1,300,000 thousand in undrawn committed lines of credit, with a weighted average residual term to maturity of approximately six years and seven months and a weighted average residual drawdown period of approximately three years, details of which are shown in the following table.

| €000 | | | 31 December 2018 | | |
|--|-------------------------|------------------------|------------------|----------------|------------------|
| Line of credit | Drawdown period expires | Final maturity | Available | Drawn | Undrawn |
| Medium/long-term committed line from Cassa Depositi e Prestiti | 31 Dec 2021 | 13 Dec 2027 | 1,100,000 | 400,000 | 700,000 |
| Revolving Line of Credit from Cassa Depositi e Prestiti | 2 Oct 2022 | 31 Dec 2022 | 600,000 | - | 600,000 |
| | | Lines of credit | 1,900,000 | 400,000 | 1,500,000 |

The following tables show the distribution of maturities for medium/long-term financial liabilities outstanding as at 31 December 2018 and 31 December 2017, excluding accrued financial expenses at those dates.

| €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 |
| Total bond issues | -8,092,981 | -9,674,654 | -854,685 | -736,379 | -2,952,223 | -5,131,367 |
| Loans from parents | | | | | | |
| Atlantia loan 2012-2018 | - | - | - | - | - | - |
| Total loans from parents (A) | - | - | - | - | - | - |
| 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 (B) | -2,231,844 | -2,850,929 | -191,117 | -204,365 | -521,972 | -1,933,475 |
| Other borrowings | | | | | | |
| ANAS | -213,428 | - | - | - | - | - |
| Total other borrowings (C) | -213,428 | - | - | - | - | - |
| Total medium/long-term borrowings (A+B+C) | -2,445,272 | -2,850,929 | -191,117 | -204,365 | -521,972 | -1,933,475 |
| Derivative liabilities (2) | | | | | | |
| Interest Rate Swaps | -162,335 | -295,714 | -34,334 | -39,754 | -109,828 | -111,798 |
| Cross Currency Swaps | -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

(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. Expected future cash flows from differentials on interest rate swaps have been projected on the basis of the interest rate fixed at the measurement date and held constant to final maturity.

| €000 | 31 December 2017 | | | | | |
|--|-------------------|-------------------------|-------------------|-----------------------|-----------------------|-------------------|
| | 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) | -663.703 | -739.662 | -35.222 | -35.222 | -669.218 | - |
| Bond 2004-2024 | -984.139 | -1.411.089 | -58.750 | -58.750 | -176.250 | -1.117.339 |
| Bond 2009-2038 (JPY) | -195.537 | -233.063 | -4.044 | -4.044 | -12.132 | -212.843 |
| Bond 2010-2025 | -496.432 | -675.000 | -21.875 | -21.875 | -65.625 | -565.625 |
| Bond 2012-2019 | -591.555 | -646.734 | -26.700 | -620.034 | - | - |
| Bond 2012-2020 | -499.988 | -567.578 | -21.950 | -21.950 | -523.678 | - |
| Bond 2012-2032 | -35.000 | -60.200 | -1.680 | -1.680 | -5.040 | -51.800 |
| Bond 2012-2032 (Zero Coupon Bond) | -65.222 | -135.000 | - | - | - | -135.000 |
| Bond 2013-2021 | -590.906 | -662.948 | -17.094 | -17.094 | -628.760 | - |
| Bond 2013-2033 | -72.686 | -120.002 | -2.813 | -2.813 | -8.438 | -105.938 |
| Bond 2014-2034 | -123.793 | -193.850 | -4.050 | -4.050 | -12.150 | -173.600 |
| Bond 2014-2038 | -72.649 | -132.099 | -2.719 | -2.719 | -8.157 | -118.504 |
| Bond 2015-2021 | -478.772 | -501.980 | -5.404 | -5.404 | -491.172 | - |
| Bond 2015-2023 retail | -737.273 | -823.127 | -12.188 | -12.188 | -36.563 | -762.188 |
| Bond 2015-2025 | -496.971 | -575.000 | -9.375 | -9.375 | -28.125 | -528.125 |
| Bond 2015-2026 | -743.269 | -868.125 | -13.125 | -13.125 | -39.375 | -802.500 |
| Bond 2016-2027 | -592.886 | -706.779 | -12.279 | -10.500 | -31.500 | -652.500 |
| Bond 2017-2029 | -651.838 | -857.500 | -13.125 | -13.125 | -39.375 | -791.875 |
| Total bond issues | -8.092.619 | -9.909.736 | -262.393 | -853.948 | -2.775.558 | -6.017.837 |
| Loans from parents | | | | | | |
| Atlantia loan 2012-2018 | -996.256 | -1.039.320 | -1.039.320 | - | - | - |
| Total loans from parents (A) | -996.256 | -1.039.320 | -1.039.320 | - | - | - |
| Bank borrowings | | | | | | |
| European Investment Bank (EIB) | -1.583.886 | -2.141.783 | -163.644 | -161.907 | -484.877 | -1.331.355 |
| Cassa Depositi e Prestiti and SACE | -796.343 | -898.804 | -29.170 | -28.802 | -84.529 | -756.303 |
| Total bank borrowings (B) | -2.380.229 | -3.040.587 | -192.814 | -190.709 | -569.406 | -2.087.658 |
| Other borrowings | | | | | | |
| ANAS | -234.062 | - | - | - | - | - |
| Total other borrowings (C) | -234.062 | - | - | - | - | - |
| Total medium/long-term borrowings (A+B+C) | -3.610.547 | -4.079.907 | -1.232.134 | -190.709 | -569.406 | -2.087.658 |
| Derivative liabilities (2) | | | | | | |
| Interest Rate Swaps | -129.946 | -321.224 | -30.728 | -32.032 | -108.416 | -150.048 |
| Cross Currency Swaps | -299.198 | -322.848 | -14.548 | -14.194 | -229.472 | -64.634 |
| Total derivative liabilities | -429.144 | -644.072 | -45.276 | -46.226 | -337.888 | -214.682 |

(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

(2) As at 31 December 2017, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2019. Expected future cash flows from differentials on interest rate swaps have been projected on the basis of the interest rate fixed at the measurement date and held constant to final maturity.

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 2018 | | | | | | 31 December 2017 | | | | | |
|--|------------------|--------------------------------|-------------------------|------------------------------|------------------------------|----------------------|------------------|--------------------------------|-------------------------|------------------------------|------------------------------|----------------------|
| | Carrying amount | Expected cash flows (1) | Within 12 months | Between 1 and 2 years | Between 3 and 5 years | After 5 years | Carrying amount | Expected cash flows (1) | Within 12 months | Between 1 and 2 years | Between 3 and 5 years | After 5 years |
| Interest rate swaps | - | - | - | - | - | - | - | - | - | - | - | - |
| Derivative assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Derivative liabilities | -162,335 | -172,355 | -31,109 | -37,625 | -84,027 | -19,594 | -129,946 | -139,477 | -30,448 | -28,985 | -60,646 | -19,398 |
| Total cash flow hedges | -162,335 | -172,355 | -31,109 | -37,625 | -84,027 | -19,594 | -129,946 | -139,477 | -30,448 | -28,985 | -60,646 | -19,398 |
| Accrued expenses on cash flow hedges | -10,020 | - | - | - | - | - | -9,531 | - | - | - | - | - |
| 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 | -139,477 | -139,477 | -30,448 | -28,985 | -60,646 | -19,398 |
| Interest rate swaps | | Expected cash flows (1) | Within 12 months | Between 1 and 2 years | Between 3 and 5 years | After 5 years | | Expected cash flows (1) | Within 12 months | Between 1 and 2 years | Between 3 and 5 years | After 5 years |
| Expenses on cash flow hedges | | -177,583 | -32,715 | -41,271 | -77,960 | -25,637 | | -143,664 | -25,177 | -33,659 | -56,475 | -28,353 |
| Income from cash flow hedges | | 15,248 | - | - | - | 15,248 | | 13,718 | - | - | - | 13,718 |
| Total income (losses) from cash flow hedges | | -162,335 | -32,715 | -41,271 | -77,960 | -10,389 | | -129,946 | -25,177 | -33,659 | -56,475 | -14,635 |

(1) Expected cash flows from swap differentials are calculated on the basis of market curves at the measurement date.

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".

9. OTHER INFORMATION

9.1 Guarantees

The Company has issued both personal and collateral guarantees. As at 31 December 2018, the Company reports the following material items:

- a) sureties issued on behalf of certain subsidiaries and associates that operate motorway infrastructure, amounting to €17,412 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 (12.51%), held through the vehicle entity, Tangenziali Esterne di Milano, have also been pledged as security to banks.

In December 2018, 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 2019. This guarantee, amounting to up to €300 million, relates to the loan of the same amount agreed with the bank in December 2015, of which €245 million has been drawn down as at 31 December 2018. This facility has been extended until 31 December 2019, with the potential for further annual extensions using the same mechanism.

9.2 Reserves

As at 31 December 2018, the Company has recognised contract reserves quantified by contractors in relation to:

- a) investing activities, totalling €852 million (€849 million as at 31 December 2017). Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in intangible assets deriving from concession rights;
- b) non-investing activities, amounting to approximately €16 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.

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 2018.

There were no non-recurring events and/or transactions in 2018.

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 2018 the Company reports net liabilities due to Atlantia of €3,662 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 €442 thousand as at 31 December 2018, as described earlier in note 6.14, "Financial liabilities".

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 2018, 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 2018, Autogrill holds:

- a) 96 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 2018, the Company's net revenue arising from its relationship with Autogrill amounted to €67,965 thousand, including €63,278 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 €1,773 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, following execution of the agreement entered into by Atlantia, ACS and Hochtief on 23 March 2018 regarding a joint investment in Abertis Infraestructuras SA, trading relations with a number of Italian operators in the Abertis group noa fall within the scope of related party transactions. The value of the trade payables shown in the table, amounting to €70,073 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 2018, 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 €218,000 thousand, maturing in September 2020;
- b) Tangenziale di Napoli, totalling €21,240 thousand, maturing 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 2018, in the previously adopted share-based incentive plans relevant to the above Directors and employees of the Company as at 31 December 2017.

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 2018, including the options and units awarded to directors and employees of the Atlantia Group and changes during 2018 (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.

| | 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 2018 | | | | | | | | | |
| - 13 May 2011 grant | 279.860 | 13 May 2014 | 14 May 2017 | 14,78 | 3,48 | 6,0 | 2,60% | 25,2% | 4,09% |
| - 14 October 2011 grant | 13.991 | 13 May 2014 | 14 May 2017 | 14,78 | (*) | (*) | (*) | (*) | (*) |
| - 14 June 2012 grant | 14.692 | 13 May 2014 | 14 May 2017 | 14,78 | (*) | (*) | (*) | (*) | (*) |
| - 8 November 2013 grant | 345.887 | 14 Jun 2015 | 14 Jun 2018 | 9,66 | 2,21 | 6,0 | 1,39% | 28,0% | 5,05% |
| - 13 May 2014 grant | 1.592.367 | 8 Nov 2016 | 9 Nov 2019 | 16,02 | 2,65 | 6,0 | 0,86% | 29,5% | 5,62% |
| - 15 June 2015 grant | 173.762 | N/A (**) | 14 May 2017 | N/A | (**) | (**) | (**) | (**) | (**) |
| - 8 November 2016 grant | 52.359 | N/A (**) | 14 Jun 2018 | N/A | (**) | (**) | (**) | (**) | (**) |
| - options exercised | 526.965 | N/A (**) | 9 Nov 2019 | N/A | (**) | (**) | (**) | (**) | (**) |
| - options lapsed | -2.442.675 | | | | | | | | |
| | -329.832 | | | | | | | | |
| Total | 227.376 | | | | | | | | |
| Changes in options in 2018 | | | | | | | | | |
| - options exercised | -130.669 | | | | | | | | |
| - options lapsed | -5.189 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 91.518 | | | | | | | | |
| 2011 SHARE GRANT PLAN | | | | | | | | | |
| Units outstanding as at 1 January 2018 | | | | | | | | | |
| - 13 May 2011 grant | 192.376 | 13 May 2014 | 14 May 2016 | N/A | 12,90 | 4,0 - 5,0 | 2,45% | 26,3% | 4,09% |
| - 14 October 2011 grant | 9.618 | 13 May 2014 | 14 May 2016 | N/A | (*) | (*) | (*) | (*) | (*) |
| - 14 June 2012 grant | 10.106 | 13 May 2014 | 14 May 2016 | N/A | (*) | (*) | (*) | (*) | (*) |
| - 8 November 2013 grant | 348.394 | 14 Jun 2015 | 15 Jun 2017 | N/A | 7,12 | 4,0 - 5,0 | 1,12% | 29,9% | 5,05% |
| - units converted into shares on 15 May 2015 | 209.420 | 8 Nov 2016 | 9 Nov 2018 | N/A | 11,87 | 4,0 - 5,0 | 0,69% | 28,5% | 5,62% |
| - units converted into shares on 16 May 2016 | -97.439 | | | | | | | | |
| - units converted into shares on 16 June 2016 | -103.197 | | | | | | | | |
| - units converted into shares on 15 June 2017 | -98.582 | | | | | | | | |
| - units converted into shares on 13 November 2017 | -136.572 | | | | | | | | |
| - units lapsed | -77.159 | | | | | | | | |
| | -159.629 | | | | | | | | |
| Total | 97.336 | | | | | | | | |
| Changes in units in 2018 | | | | | | | | | |
| - units converted into shares on 14 November 2018 | -97.336 | | | | | | | | |
| Units outstanding as at 31 December 2018 | - | | | | | | | | |

(*) 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 2018

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

- a) 17,862 of Atlantia's ordinary shares to beneficiaries in connection with the second cycle. Moreover, 6,946 phantom options awarded in 2015 were exercised (following the exercise of these options, the options awarded as part of the second cycle have lapsed);
- b) 47,591 of Atlantia's ordinary shares to beneficiaries in connection with the third cycle, whilst 58,270 phantom options awarded in 2016 were exercised.

Thus, as at 31 December 2018, taking into account lapsed options at that date, the remaining options outstanding total 91,518, including 44,722 phantom options awarded under the third cycle (the unit fair values of which, as at 31 December 2018 were measured as €2.93, in place of the unit fair values at the grant date).

2011 Share Grant 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, the 2011 Share Grant Plan entails the grant of up to 920,000 units free of charge in three annual award cycles (2011, 2012 and 2013). Each unit will grant beneficiaries the right to receive one Atlantia ordinary 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.

The units 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 the units are granted 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 Atlantia's Board of Directors. Vested units may be converted into shares, in part, after one year from the date of expiration of the vesting period and, in part, after two years from the date of expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to maintain a minimum holding). The number of convertible units will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and initial value of the shares so as to cap the realisable gain.

Changes in units in 2018

On 14 November 2018, the remaining units awarded during the third award cycle were converted (as provided for from 9 November 2018), in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 97,336 shares held by the parent as treasury shares.

As at 31 December 2018, all the units 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 2018. 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.

| | 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 2018 | | | | | | | | | |
| - 9 May 2014 grant | 1,244,647 | 9 May 2017 | 9 May 2020 | N/A (*) | 2.88 | 3,0 - 6,0 | 1.10% | 28.9% | 5.47% |
| - 8 May 2015 grant | 1,258,364 | 8 May 2018 | 8 May 2021 | N/A (*) | 2.59 | 3,0 - 6,0 | 1.01% | 25.8% | 5.32% |
| - 10 Jun 2016 grant | 1,438,790 | 10 June 2019 | 10 June 2022 | N/A (*) | 1.89 | 3,0 - 6,0 | 0.61% | 25.3% | 4.94% |
| - transfers/secondments | -304,395 | | | | | | | | |
| - options exercised | -408,903 | | | | | | | | |
| - options lapsed | -185,891 | | | | | | | | |
| Total | 3,042,612 | | | | | | | | |
| Changes in options in 2018 | | | | | | | | | |
| - options exercised | -690,627 | | | | | | | | |
| - transfers/secondments | -28,050 | | | | | | | | |
| - options lapsed | -383,508 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 1,940,427 | | | | | | | | |
| 2017 PHANTOM SHARE OPTION PLAN | | | | | | | | | |
| Options outstanding as at 1 January 2018 | | | | | | | | | |
| - 12 May 2017 grant | 808,611 | 15 June 2020 | 1 July 2023 | N/A (*) | 2.37 | 3,13 - 6,13 | 1.31% | 25.6% | 4.40% |
| - transfers/secondments | 7,369 | | | | | | | | |
| - options lapsed | -22,147 | | | | | | | | |
| Total | 793,833 | | | | | | | | |
| Changes in options in 2018 | | | | | | | | | |
| - 3 August 2018 grant | 679,671 | 15 June 2021 | 1 July 2024 | N/A (*) | 2.91 | 5.91 | 2.35% | 21.9% | 4.12% |
| - transfers/secondments | 5,362 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 1,478,866 | | | | | | | | |
| 2017 PHANTOM SHARE GRANT PLAN | | | | | | | | | |
| Options outstanding as at 1 January 2018 | | | | | | | | | |
| - 12 May 2017 grant | 71,909 | 15 June 2020 | 1 July 2023 | N/A (*) | 23.18 | 3,13 - 6,13 | 1.31% | 25.6% | 4.40% |
| - transfers/secondments | 734 | | | | | | | | |
| - options lapsed | -2,206 | | | | | | | | |
| Total | 70,437 | | | | | | | | |
| Changes in options in 2018 | | | | | | | | | |
| - 3 August 2018 grant | 67,133 | 28 October 2021 | 28 October 2024 | N/A (*) | 1.79 | 3,0-6,0 | 2.59% | 24.6% | 4.12% |
| - transfers/secondments | 609 | | | | | | | | |
| Options outstanding as at 31 December 2018 | 138,179 | | | | | | | | |

(*) 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 2018

The vesting period for the second cycle of the Plan expired on 8 May 2018. From this date until 31 December 2018 a total of 690,627 phantom options awarded under the first and second award cycles were exercised.

Thus, as at 31 December 2018, taking into account lapsed options at that date, and changes resulting from transfers and/or secondments of staff to and from other Atlantia Group companies, the remaining options outstanding total 1,940,427. The unit fair values as at 31 December 2018 of the first, second and third cycles were measured as €6.01, €1.20 and €1.34, 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 2018

On 3 August 2018, Atlantia's Board of Directors selected the beneficiaries for the second cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 11 October 2018). This resulted in the award of a total of 679,671 phantom options with a vesting period from 3 August 2018 – 15 June 2021 and an exercise period from 1 July 2021 – 1 July 2024.

As at 31 December 2018, taking into account lapsed options and transfers/secondments from/to other Atlantia Group companies, the remaining options outstanding amount to 1,478,866. The unit fair value of the options of the first and second cycles at that date was remeasured as €1.83 and €1.67, 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 2018

On 3 August 2018, Atlantia's Board of Directors selected the beneficiaries for the second cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 11 October 2018 and then by the boards of its subsidiaries). This resulted in the award of a total of 67,133 units, vesting in the period from 3 August 2018 to 15 June 2021 and exercisable in the period from 1 July 2021 to 1 July 2024. As at 31 December 2018, taking into account lapsed options and transfers/secondments from/to other Atlantia Group companies, the remaining units outstanding amount to 138,179. The unit fair value of the options of the first and second cycles was remeasured as €19.29 and €18.06, 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 2018: €18.03;
- b) Price as at 3 August 2018 (the grant date for new options or units, as described): €24.86;
- c) the weighted average price for 2018: €22.34;
- d) the weighted average price for the period 3 August 2018 – 31 December 2018: €18.54.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2018 the Company has recognised staff costs of €401 thousand, based on the accrued fair value of the options and units awarded at that date, including €110 thousand accounted for as a reduction in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2018 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 €83 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.

Toll increases with effect from 1 January 2018

The Minister of Infrastructure and Transport (the “MIT”) and Minister of the Economy and Finance (the “MEF”) issued decrees on 29 December 2017, determining toll increases with effect from 1 January 2018. Autostrade per l’Italia was to apply an overall toll increase of 1.51%, including 0.49% as the inflation-linked component, 0.64% to provide a return capital expenditure via the “X” tariff component and -0.04% to provide a return on investment via the “K” tariff component (the shortfall in the increase awarded for 2017 was recouped almost in full for both these components) and 0.43% to recover the reduction in revenue earned in the period from June 2014 to 2017 as a result of the discounted tolls for frequent motorway users, introduced by the Memorandum of Understanding entered into with the MIT. Regarding the shortfall in the increase with respect to the requested amount, equal to 0.01% (relating to the “X” component), the Grantor, following submission of additional documentation by Autostrade per l’Italia on 12 March 2018, deemed that the request was largely warranted, and therefore to be taken into account when determining the toll increase for 2019. Application of the remaining amounts was suspended, pending an update of the financial plan.

Toll increases with effect from 1 January 2019

The MIT and MEF issued decrees on 31 December 2018, determining toll increases with effect from 1 January 2019. In Autostrade per l’Italia’s case, based on a willingness expressed by the Company itself, the decision was taken to leave the tolls in force as at 31 December 2018 unchanged for a period of six months. These tolls already included the component of 0.43% designed to recover the reduction in revenue resulting from the discounting of tolls for frequent motorway users, which ceased to be effective on 31 December 2018. The tolls applied to road users will thus increase by 0.81% from 1 July 2019, unless otherwise agreed by the Grantor and the Company. 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 and, to this end, has accessed the documentation relating to the review conducted by the Grantor.

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

The II Addendum to Autostrade per l’Italia’s Single Concession Arrangement was digitally signed on 22 February 2018. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the investment commitments of the Single Concession Arrangement, and caps the maximum cost to be covered by Autostrade per l’Italia at approximately €158 million, including around €2 million already incurred for design work, and the remaining €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure.

This amount, which will be paid to ANAS on a stage of completion basis and in terms of a specific agreement to be entered into, will be recovered by Autostrade per l’Italia via the “K” toll component.

The Addendum came into effect with approval by decree 128 of 16 March 2018 issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and registered by the Court of Auditors on 31 May 2018.

Five-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 will subsequently be formalised as an addendum to the current Arrangement.

Consultation with the Transport Regulator

The Transport Regulator (ART) issued a determination on 20 February 2019, initiating a consultation designed to establish a tariff regime using a consistently applied method based on a price cap mechanism. Rather than establishing the criteria solely to be used in determining the productivity indicator, as provided for in Law Decree 109 of 28 September 2018, converted into Law 130 of 16 November 2018, the regulator's determination proposes to modify the entire tariff regime for motorway concession arrangements, introducing new criteria for determining the components of tolls. The determination also envisages the application of this new regime not only to motorway operators for which the five-year regulatory period expired after the entry into force of Law Decree 109/2018, and for which the related update has yet to be finalised, but also to operators, such as Autostrade per l'Italia, whose regulatory period expired before the entry into force of the above Law Decree and for which the five-yearly review of the financial plan is still in progress.

The deadline for submitting observations is 29 March 2019 and the procedure is scheduled to be completed by 28 June 2019. The Company is considering what legal action to take in order to protect its interests.

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. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l'Italia has modified the design for the project in full compliance with the principles set out in the agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure.

Work then began on the environmental impact assessment in January 2017 and was completed with the EIA order of 31 March 2018. On 21 March 2018, Autostrade per l'Italia requested the Ministry of Infrastructure and Transport to convene the Services Conference, which was then scheduled for 13 September 2018. Following a series of specific meetings with the Ministry, it became necessary to conduct a technical analysis of the proposed design solution. As a result, the Ministry decided to postpone the Services Conference to a later date. At this time, talks are underway with the Ministry with a view to assessing the potential for alternatives to the design to be submitted to the Services Conference.

Decision of the European Commission regarding the extension of Autostrade per l'Italia's concession

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

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

The Italian government has yet to follow up on the European Commission's decision.

[New legislation concerning tenders and concessions](#)

The 2018 Budget Law – Law 205 of 27 December 2017 - has amended art. 177 of the Public Contracts Code. The new article requires motorway operators holding a concession not awarded in the form of project financing, or by public tender in accordance with EU law, to award 60% of any contracts for works, services or goods by public tender, instead of the 80% generally applied. On 2 August 2018, ANAC (the *Autorità Nazionale Anti Corruzione*, Italy's National Anti-Corruption Authority) published its interpretation guidelines for art. 177 in the Official Gazette. Autostrade per l'Italia and AISCAT have lodged legal challenges contesting the new legislation.

[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. This approved the Restructuring Plan for motorway services areas and the competitive tender procedure for the award of concessions at service areas. 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.

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

[Criminal proceedings](#)

With regard to the accident that occurred on 28 July 2013, a total of twelve employees and former employees of the Company were committed for trial in 2016 charged with being accessories to culpable multiple manslaughter and criminal negligence.

At the hearing held on 9 May 2016, the judge committed all the accused for trial before a single judge at the Court of Avellino.

Evidence began to be heard during the hearing of 28 October 2016, with the final hearing held on 11 January 2019, when the judgement was read.

Specifically, the court found 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 court fixed a term of 90 days for the court to file its reasons for the judgement.

To date, almost all of the civil parties whose entry of appearance in the criminal trial was admitted had previously been paid compensation and had, therefore, withdrawn their actions

following payment of their claims by Autostrade per l'Italia's insurance provider under the existing general liability policy.

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. Following the combination of the various proceedings, judgement is thus pending before the Civil Court of Avellino in relation to: (i) the original action brought by Reale Mutua Assicurazioni, the company that insured the coach, in order to make the maximum claim payable available to the damaged parties, including Autostrade per l'Italia (€6 million), (ii) subsequent claims, submitted as counterclaims or on an individual basis, by a number of damaged parties, including claims against Autostrade per l'Italia. Subject to the permission of the court, Autostrade per l'Italia intends to refer claimants to its insurance provider (Swiss Re International), with a view to being indemnified against any claims should it lose the case.

Preliminary hearings before the civil court were held between 20 October 2016 and 12 July 2018.

At the hearing of 18 January 2018, the court reserved judgement.

Investigation by the Public Prosecutor's Office in Prato of a fatal accident to a worker employed by Pavimental

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

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

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

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

At the end of the related hearing, during which the companies' Organisational, Management and Control Models were examined, the case against the companies was dismissed. The case then proceeded with the focus solely on the charges against the natural persons involved.

The next hearing has been scheduled for 15 April 2019 to hear the witnesses for the prosecution.

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

In response to repeated claims made by Mr. Alessandro Patanè and the companies linked to him, in 2013, Autostrade per l'Italia and Autostrade Tech served a writ on Mr. Patanè before the Court of Rome, with the aim of having the claims examined and declared groundless based on ownership of the software used in the SICVe system.

On appearing before the court, Mr. Patanè filed a counterclaim, in which he claimed compensation for the damages allegedly suffered.

The Court of Rome issued judgement 120/2019, declaring Mr. Patanè's counterclaim to be inadmissible as it had been filed late, and ruling that the claim for fraud forming part of the same legal action was also inadmissible.

The court also rejected the writ served by Autostrade per l'Italia and Autostrade Tech, with the aim of having the court reject the claims for damages brought by the other party, as there was insufficient evidence to prove ownership of the software.

Autostrade per l'Italia and Autostrade Tech have appealed this judgement before the Court of Appeal in Rome.

Proceedings involving Autostrade per l'Italia and Craft Srl

Initial proceedings before the Supreme Court

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

Court of Appeal judgement

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

The Court also ordered Autostrade per l'Italia to remove and destroy all existing equipment installed on the motorways it operates that is in violation of Craft's patent (prohibiting its future sale or use), and imposing a civil penalty of €500 to be paid by Autostrade per l'Italia for every day it fails to comply with the above order.

The Court also rejected Craft's claim for economic damages and its claim for the return of any profits as, in the Court's opinion, the Tutor system does generate earnings for the road operator, even in terms of cost savings.

There was no award of non-economic damages as there is no proof that the infringement has damaged Craft's image.

New proceedings before the Supreme Court

Autostrade per l'Italia has appealed judgement no. 2275/2018 handed down by the Court of Appeal in Rome before the Supreme Court, believing it to be unlawful, and requesting suspensive relief before the Court of Appeal of Rome and requesting an *ex parte* decision by the court.

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

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

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

The judges ruled that there were no grounds to pass the case on to the public prosecutor in relation to Craft's claim that the Company had infringed its patent, given that the various judgements had so far failed to agree and that the appeal was pending before the Supreme Court.

Faced with the need to comply with the judgement, the SICVE software used in Autostrade per l'Italia's systems was uninstalled, subject to independent certification of compliance. Based on the needs of the traffic police, a new system for conducting the speed checks required by the Highway Code, called SICVe-PM, has been made available to the traffic police.

Action brought to correct the judgement of the Court of Appeal in Rome

On 5 September 2018, CRAFT filed a further motion before with Court of Appeal in pursuant to art. 288 of the code of civil procedure, requesting that the Court's judgement no. 2275/2018 be corrected in respect of the ruling that imposed a civil penalty of €500 to be paid by Autostrade per l'Italia for every day it failed to comply with the judgement, without specifying that the fine, according to CRAFT, referred to "any system covered by the claims brought by Craft regarding its patent and, therefore, any dual system using "speed cameras on entry" / "speed cameras on exit" recording one carriageway or a section of motorway in one direction regardless of the number of lanes per carriageway in that section". This motion was rejected on 9 October 2018.

Executive proceedings

On 9 November 2018, CRAFT notified the company of two injunctions executing judgement no. 2275/2018 issued by the Court of Appeal in Rome, relating to the part imposing a civil fine of €500 to be paid by Autostrade per l'Italia for every day it failed to comply with the judgement and to the part ordering the Company to remove and destroy the equipment.

The Company responded to the first injunction by appealing for relief, which was turned down by court order on 13 February 2019. The Company will appeal this decision.

In the meantime, CRAFT has notified the Company that is has obtained seizure orders for a number of the Company's current accounts with several banks. The hearing to distribute the sums involved has been scheduled for 4 April 2019.

The Company has contested the injunctions, including the seizure orders, and the related preliminary hearing is due to be held on 4 April 2019.

With regard to the second injunction, CRAFT has filed an appeal before the Court of Appeal in Rome pursuant to art. 124 of the code of Industrial property Code (Corrective measures and civil fines), initiating the process of verifying compliance with the obligations resulting from the judgement handed down by the Court of Appeal in Rome on 10 April 2018. The preliminary hearing is scheduled for 12 March 2019.

Claim for damages from the Ministry of Environment

A criminal case (initiated in 2007) pending before the Court of Florence involves two employees who at the time of the events were managers at Autostrade per l'Italia and another 18 people from contractors, who are accused of violating environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico*. The process of hearing depositions was completed on 30 October 2017.

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

The deadline for filing the court's reasons for the judgements has been further extended and there are no further developments to report.

Investigation by the Public Prosecutor's Office in Vasto of the fatal motorway accident of 21 September 2013

Following the motorway accident of 21 September 2013 at km 450 of the A14, operated by Autostrade per l'Italia, in which several people were killed, the Public Prosecutor's Office in Vasto has launched a criminal investigation, initially against persons unknown. On 23 March

2015, the Chief Executive Officer and, later, further two executives of the Company received notice of completion of the investigation, containing a formal notification of charges. The charges relate to negligent cooperation resulting in reckless manslaughter. The Public Prosecutor, following initiatives taken by the defence counsel, has requested that the case be brought to court.

The court began to hear evidence on 25 October 2018.

At this latter hearing, the court declared the accused to be not guilty of the charges brought pursuant to art. 530, paragraph 1 of the code of criminal procedure.

[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. Autostrade per l'Italia's legal representative was subsequently sent a notice of investigation issued by the Public Prosecutor's Office in Ancona. The investigation regards the alleged offence provided for in articles 25-*septies*, paragraphs 2 and 3, 6 and 7 of Legislative Decree 231/2001 (Art. 25-*septies* "Culpable homicide and negligent injury or grievous bodily harm resulting from breaches of occupational health and safety regulations"; art. 6 "Senior management and the entity's organisational models"; art. 7 "Subordinates and the entity's organisational models") regarding the offences provided for in art. 589, paragraph 2 of the penal code ("Culpable homicide resulting from breaches of occupational health and safety regulations") and art. 590, paragraph 3 of the penal code ("Culpable injury resulting from breaches of occupational accident prevention").

In connection with this event, a number of Autostrade per l'Italia's managers and employees are under investigation pursuant to articles 113, 434, paragraph 2 and 449 of the penal code ("accessory to culpable collapse"), 113 and 589, last paragraph of the penal code ("accessory to culpable multiple manslaughter"), 113 and 590, paragraph 3 of the penal code ("accessory to culpable multiple injury").

In September 2018, the technical experts appointed by the Public Prosecutor's Office filed their reports.

On 14 December 2018, the prosecutors filed notice of completion of their preliminary investigation and requested that the case against Autostrade per l'Italia SpA's three managers be dismissed.

[Tax disputes regarding ground tax and ground rent \(TOSAP and COSAP\)](#)

In 2018, 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 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.

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 in Genoa collapsed on 14 August 2018, resulting in the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report.

Procedure initiated by the Grantor

On 16 August 2018, the Ministry of Infrastructure and Transport sent Autostrade per l'Italia a letter of complaint before conducting any form of prior investigation into the causes of the collapse or who was responsible. The letter alleged that the Company had committed serious breaches of its contractual obligations regarding routine and extraordinary maintenance and of its obligation to ensure that the road was in good working condition. As a result, the Ministry declared that it was appropriate "to activate the procedures provided for in articles 8, 9 and 9 bis of the Concession Arrangement".

In its response dated 31 August 2018, and in the subsequent letter dated 13 September 2018, Autostrade per l'Italia presented its counterarguments, rejecting the accusation that it had failed to meet its contractual obligations and, in addition, asserting that any decision by the Ministry to activate the procedures provided for in articles 8, 9 and 9 bis of the Concession Arrangement was inadmissible and without effect.

The Inspection Committee appointed by the Ministry of Infrastructure and Transport then published its report on the collapse of a section of the Polcevera road bridge on 25 September 2018. A subsequent letter from Autostrade per l'Italia, dated 5 October 2018, highlighted a number of concerns regarding both procedural aspects and the merits of the Committee's conclusions.

Subsequently, in a letter dated 20 December 2018, the Ministry of Infrastructure and Transport added further to its letter of complaint and, in accordance with the procedure required under the arrangement, requested the company to provide further counterarguments, specifically in relation to information on aspects regarding the system used to monitor infrastructure and the potential causes of the collapse. The latter gave the Company 120 days to respond.

The Company believes, in part based on the opinion of leading experts, that communications with the Grantor do not qualify as the initial act in the procedure leading to termination of the concession, in accordance with art. 9 of the Single Concession Arrangement.

Law Decree 109 of 2018

In parallel with the above, Law Decree 109 was published on 28 September 2018 and later converted into Law 130 of 16 November 2018. The legislation contains a range of urgent measures for the city of Genoa and provides for:

- a) the appointment of a Special Commissioner to oversee the reconstruction, who may act in derogation of the law other than criminal law, save for the binding restrictions imposed by membership of the European Union;
- b) a requirement for the operator, "as the entity responsible for ensuring that the infrastructure operated under concession was safe and fit for purpose, and therefore as the entity responsible for the events", within 30 days of receipt of the Special Commissioner's request, to pay the sum necessary for the reconstruction in the amount to be provisionally determined by the Commissioner, without prejudice to any subsequent findings regarding liability for the event;
- c) the exclusion of the Company and its subsidiaries and associates from involvement in the reconstruction;

- d) the assignment to the Commissioner responsibility for the sections of motorway linked to the road bridge A10 whose operation will be affected by work on the reconstruction and which the operator is obligated to hand over to the Commissioner.

Legal challenges brought by the Company before Liguria Regional Administrative court

The Company has brought an action before Liguria Regional Administrative Court challenging the legislation contained in Law Decree 109 of 2018 and subsequent implementing measures, without applying for injunctive relief, the Cabinet Office Decree of 4 October 2018 appointing the Special Commissioner, and certain implementing decrees issued by the Commissioner relating to demolition and reconstruction of the bridge and the connected activities, contesting their legality, including from a constitutional viewpoint.

The hearing of 27 February 2019 has been rescheduled for 22 May 2019.

At the same time, Autostrade per l'Italia, in its acknowledged role as the operator, has handed over the sums requested by the Special Commissioner in order to fund the purchase of homes and business premises, and payments on account to the firms contracted to carry out the demolition and reconstruction and project management. The Company has also committed to making available the remaining sums requested by the Special Commissioner as the work progresses.

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 9 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. The action also regards a further 12 employees and managers at SPEA Engineering, the Atlantia Group company contracted to monitor the state of the infrastructure, and the Ministry of Infrastructure and Transport, 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").

With specific regard to the last two offences, 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".

Subsequently, on 12 September 2018, the preliminary investigating magistrate (*Giudice per le Indagini Preliminari*) requested a pre-trial hearing to appoint experts to prepare a report on conditions at the disaster scene, to assess the state of repair and maintenance of the infrastructure that did not collapse and of the parts of the road bridge that did collapse and have yet to be removed, and to identify and reach agreement with the relevant authorities on procedures for the removal of debris and for demolition, so as to preserve the evidence needed for the purposes of the investigation.

The work of the experts began on 2 October 2018 and is still in progress.

At the hearing held on 8 February 2019, the preliminary investigating magistrate upheld the request from the counsel defending Autostrade per l'Italia's personnel to discuss the translated versions of the expert reports prepared by the specially appointed laboratories with the other parties.

At the hearing of 15 February 2019, the preliminary investigating magistrate appointed an interpreter to translate the above expert reports and counsel for the defendants appointed their own technical consultants.

Finally, the preliminary investigating magistrate has scheduled a hearing for 27 March 2019 in order to discuss the expert reports and for 8 April 2019 to receive an update on the work carried out by the experts.

9.7 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 | | |
|--|---------------------------|--|
| Supplying authority | Amount received collected | Description |
| Anas SpA or Ministry of Infrastructure and Transport | 20.634 | Release of a share of term deposits essentially relate to loans disbursed by banks as a condition precedent for the grants financing the new construction required by laws 662/1996, 345/1997 and 135/1997 - IFRIC 12 construction services for which no additional economic benefits are received |
| Rete Ferroviaria Italiana SpA | 1.209 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| Ferrovie Nord Milano SpA | 102 | Fourth free-flow lane Firenze-S.S. Giovanni L1 - IFRIC 12 construction services for which no additional economic benefits are received |
| Municipality of Cesena | 396 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| Municipality of Vittorio Veneto | 31 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| Municipality of Forlì | 60 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| Municipality of Sestri Levante | 65 | Grants for the installation of noise barriers - IFRIC 12 construction services for which no additional economic benefits are received |
| | 22.497 | |

9.8 Events after 31 December 2018

Redemption of bonds by Autostrade per l'Italia

In February 2019, the Company redeemed bonds with a par value of €593,334 thousand and paying coupon interest of 4.5%. The bonds, guaranteed by Atlantia, were issued by the parent in February 2012 and transferred to Autostrade per l'Italia as part of the issuer substitution with effect from December 2016.

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 SpA | |
| KEY INDICATORS FROM THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017 | |
| (€000) | |
| STATEMENT OF FINANCIAL POSITION | |
| Non-current assets | 10,355,336 |
| Current assets | 4,234,279 |
| Total assets | 14,589,615 |
| Equity | 11,502,862 |
| <i>of which issued capital</i> | 825,784 |
| Non-current liabilities | 1,751,665 |
| Current liabilities | 1,335,088 |
| Total liabilities and equity | 14,589,615 |
| INCOME STATEMENT | |
| Operating revenue | 2,876 |
| Operating costs | -55,038 |
| Operating loss | -52,162 |
| Profit for the year | 2,722,310 |

11. PROPOSED APPROPRIATION OF PROFIT FOR THE YEAR FOR AUTOSTRADE PER L'ITALIA SPA'S ANNUAL GENERAL MEETING

With regard to the proposal to put before the Annual General Meeting of shareholders ("AGM") regarding distribution of profit for the year, taking into account:

- a) the text of article 44.1 of the Articles of Association, stating that: «[...] The remaining profit for the year shall be distributed to shareholders in proportion to their interests, to the maximum extent permitted by law, provided that the distribution is in keeping with the requirements of the Single Concession Arrangement, and with the financial covenants contained in the loan agreements to which the Company is party»;
- b) the text of article 25.2 (d) of the Articles of Association, stating that: «decisions relating to the following matters may be validly taken, both in first and second call, provided that the votes in favour making up the majority required by law also include the votes of the non-controlling shareholders who individually hold, at the date of the relevant General Meeting, at least five per cent (5%) of the Company's issued capital (with the exception of the instances provided for in article 33.6) below: [...] (d) the distribution of dividends in derogation of the dividend policy established in article 44 below [...]»;
- c) the text of articles 33.3 (f) and 47.2 of the Articles of Association, stating that, with regard to proposals to the General Meeting concerning one of the matters listed in article 25.2, the Board of Directors shall validly adopt resolutions with the majorities required by law, provided that these majorities include the favourable votes of the Directors nominated by the non-controlling shareholders;
- d) that the distribution to shareholders of profit for the year to the maximum extent permitted is in keeping with the requirements of the Single Concession Arrangement, and with the financial covenants contained in the loan agreements to which the Company is party;
- e) that the legal reserve has reached the level required by the Italian Civil Code, equal to one fifth of the issued capital;
- f) that, despite this, considering the situation resulting from the partial collapse of the Polcevera road bridge, it has been decided not to propose distribution of the remaining profit for the year to the maximum extent permitted by law,

the Board of Directors has unanimously approved, with the favourable votes of the Directors nominated by non-controlling shareholders, the following detailed proposal for submission to the AGM, which must be approved by the AGM called for 18 April 2019, according to the majorities required by article 25.2 of the Articles of Association. As a result, the Board proposes to pay a dividend totalling €311,013,500.00 from profit for the year of €618,412,392.67.

Dear Shareholders,

In conclusion, we invite you:

- a) to approve the financial statements as at and for the year ended 31 December 2018, which report profit of €618,412,392.67, having taken note of the accompanying documents;
- b) to appropriate the €618,412,392.67 in profit for the year as follows:
 - 1) €311,013,500.00 to pay a dividend of €0.50 per share, payable to holders of each of the 622,027,000 dividend-bearing shares with a par value of €1.00 in issue;
 - 2) the remaining €307,398,892.67 to retained earnings;
- c) to establish the dividend payment date as 15 May 2019.

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 | | 175 |
| Certification | Parent Company's auditor | (1) | 17 |
| Other services | Parent Company's auditor | (2) | 33 |
| Total | | | 225 |

(1) Activity related to the potential issue of an opinion for the distribution of an interim dividend.

(2) Signature of consolidated and 770 tax forms, comfort letter on offering circular 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 Autostrade 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.

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | Total | | |
|-------------|---|------------------|------------------|----------------|----------------|----------------|----------------|---------------|------------------|----------------|-------------------|------------------|-------------------|-------------|---------|
| | Toll class | | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall | |
| January | 2,159,868 | 422,338 | 246,147 | 46,963 | 47,225 | 8,115 | 35,111 | 7,269 | 341,183 | 76,949 | 2,829,534 | 561,634 | 3,391,168 | | |
| February | 1,861,164 | 358,950 | 239,244 | 45,422 | 45,949 | 7,949 | 34,643 | 7,156 | 330,452 | 76,913 | 2,511,452 | 496,390 | 3,007,842 | | |
| March | 2,233,282 | 426,407 | 290,364 | 55,734 | 55,517 | 9,661 | 40,624 | 8,303 | 382,451 | 86,676 | 3,002,238 | 586,781 | 3,589,019 | | |
| April | 2,490,066 | 507,398 | 291,466 | 58,303 | 53,318 | 9,700 | 35,468 | 7,406 | 334,346 | 76,781 | 3,204,664 | 659,588 | 3,864,252 | | |
| May | 2,528,554 | 508,745 | 331,323 | 66,804 | 62,490 | 11,996 | 41,798 | 8,813 | 390,067 | 88,097 | 3,354,232 | 684,455 | 4,038,687 | | |
| June | 2,759,415 | 576,565 | 323,038 | 65,695 | 60,696 | 11,915 | 40,049 | 8,416 | 372,108 | 84,004 | 3,555,306 | 746,595 | 4,301,901 | | |
| July | 3,205,112 | 689,650 | 335,599 | 67,802 | 66,737 | 13,550 | 40,740 | 8,449 | 385,953 | 86,744 | 4,034,141 | 866,195 | 4,900,336 | | |
| August | 3,330,074 | 717,591 | 276,671 | 58,685 | 54,474 | 11,877 | 28,502 | 5,959 | 290,306 | 68,649 | 3,980,027 | 862,761 | 4,842,788 | | |
| September | 2,756,549 | 556,809 | 315,993 | 62,715 | 59,145 | 11,743 | 38,885 | 7,933 | 360,499 | 81,473 | 3,531,071 | 720,673 | 4,251,744 | | |
| October | 2,402,771 | 443,819 | 320,480 | 60,698 | 60,392 | 10,841 | 43,782 | 8,785 | 401,136 | 89,343 | 3,228,561 | 613,486 | 3,842,047 | | |
| November | 2,235,127 | 403,609 | 285,960 | 52,702 | 52,735 | 9,142 | 40,699 | 8,119 | 373,672 | 83,190 | 2,988,193 | 556,762 | 3,544,955 | | |
| December | 2,401,227 | 455,131 | 256,922 | 48,738 | 46,300 | 8,082 | 34,246 | 6,750 | 315,585 | 69,889 | 3,054,280 | 588,590 | 3,642,870 | | |
| YEAR | 30,363,209 | 6,067,012 | 3,513,207 | 690,261 | 664,978 | 124,571 | 454,547 | 93,358 | 4,277,758 | 968,708 | 39,273,699 | 7,943,910 | 47,217,609 | | |

MOTORWAY: MILAN - NAPLES
SECTION: A1 MILAN-BOLOGNA

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | Total | | |
|-------------|---|------------|----------------|------------|----------------|------------|---------------|------------|----------------|------------|------------------|------------|------------------|-------------|---------|
| | Toll class | | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall | |
| January | 297,722 | - | 36,040 | - | 8,135 | - | 7,488 | - | 65,704 | - | 415,089 | - | 415,089 | | |
| February | 266,904 | - | 36,231 | - | 7,996 | - | 7,367 | - | 64,182 | - | 382,680 | - | 382,680 | | |
| March | 322,550 | - | 43,504 | - | 9,439 | - | 8,403 | - | 72,790 | - | 456,686 | - | 456,686 | | |
| April | 363,618 | - | 44,047 | - | 9,067 | - | 7,406 | - | 64,497 | - | 488,635 | - | 488,635 | | |
| May | 379,244 | - | 49,390 | - | 10,623 | - | 8,702 | - | 75,381 | - | 523,340 | - | 523,340 | | |
| June | 416,230 | - | 47,641 | - | 10,307 | - | 8,260 | - | 71,157 | - | 553,595 | - | 553,595 | | |
| July | 475,833 | - | 48,619 | - | 11,496 | - | 8,403 | - | 73,654 | - | 618,005 | - | 618,005 | | |
| August | 473,135 | - | 39,175 | - | 9,310 | - | 5,975 | - | 54,806 | - | 582,401 | - | 582,401 | | |
| September | 414,563 | - | 48,972 | - | 10,151 | - | 8,171 | - | 69,027 | - | 550,884 | - | 550,884 | | |
| October | 353,215 | - | 47,993 | - | 10,266 | - | 9,254 | - | 77,664 | - | 498,392 | - | 498,392 | | |
| November | 332,584 | - | 43,168 | - | 8,975 | - | 8,763 | - | 72,058 | - | 465,548 | - | 465,548 | | |
| December | 336,765 | - | 37,591 | - | 7,660 | - | 7,348 | - | 60,408 | - | 449,772 | - | 449,772 | | |
| YEAR | 4,432,363 | - | 522,371 | - | 113,425 | - | 95,540 | - | 821,328 | - | 5,985,027 | - | 5,985,027 | | |

MOTORWAY: MILAN - NAPLES
SECTION: A1 BOLOGNA-FLORENCE

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | Total | | |
|-------------|---|------------------|-------------|----------------|-------------|---------------|-------------|---------------|-------------|----------------|--------------|------------------|------------------|-------------|---------|
| | Toll class | | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall | |
| January | 102 | 93,144 | 12 | 12,239 | 2 | 2,524 | 1 | 2,981 | 6 | 24,235 | 123 | 135,123 | 135,246 | | |
| February | 88 | 76,190 | 11 | 11,701 | 2 | 2,527 | 1 | 2,893 | 6 | 24,315 | 108 | 117,626 | 117,734 | | |
| March | 97 | 93,250 | 12 | 14,418 | 2 | 3,032 | 1 | 3,382 | 7 | 27,748 | 119 | 141,830 | 141,949 | | |
| April | 102 | 107,779 | 12 | 15,576 | 2 | 3,062 | 1 | 2,876 | 6 | 24,012 | 123 | 153,305 | 153,428 | | |
| May | 106 | 107,825 | 14 | 17,345 | 2 | 3,692 | 1 | 3,484 | 7 | 28,083 | 130 | 160,429 | 160,559 | | |
| June | 109 | 119,202 | 14 | 17,008 | 2 | 3,541 | 1 | 3,333 | 7 | 26,734 | 133 | 169,818 | 169,951 | | |
| July | 111 | 137,008 | 14 | 16,732 | 2 | 3,895 | 1 | 3,344 | 7 | 27,342 | 135 | 188,321 | 188,456 | | |
| August | 83 | 150,774 | 10 | 14,495 | 2 | 3,198 | 1 | 2,319 | 5 | 20,252 | 101 | 191,038 | 191,139 | | |
| September | 102 | 121,880 | 13 | 17,056 | 2 | 3,572 | 1 | 3,294 | 6 | 25,384 | 124 | 171,186 | 171,310 | | |
| October | 105 | 103,113 | 14 | 16,684 | 2 | 3,417 | 1 | 3,604 | 7 | 28,470 | 129 | 155,288 | 155,417 | | |
| November | 103 | 94,970 | 12 | 14,170 | 2 | 2,836 | 1 | 3,401 | 6 | 26,602 | 124 | 141,979 | 142,103 | | |
| December | 102 | 105,640 | 11 | 12,828 | 2 | 2,490 | 1 | 2,857 | 5 | 22,684 | 121 | 146,499 | 146,620 | | |
| YEAR | 1,210 | 1,310,775 | 149 | 180,252 | 24 | 37,786 | 12 | 37,768 | 75 | 305,861 | 1,470 | 1,872,442 | 1,873,912 | | |

MOTORWAY: MILAN - NAPLES
SECTION: A1 FLORENCE-ROME

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | Total | | |
|-------------|---|------------|----------------|------------|---------------|------------|---------------|------------|----------------|------------|------------------|------------|------------------|-------------|---------|
| | Toll class | | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall | |
| January | 271,835 | - | 32,367 | - | 5,907 | - | 6,747 | - | 55,549 | - | 372,405 | - | 372,405 | | |
| February | 221,955 | - | 31,229 | - | 5,828 | - | 6,700 | - | 54,381 | - | 320,093 | - | 320,093 | | |
| March | 270,415 | - | 37,892 | - | 7,118 | - | 7,847 | - | 62,928 | - | 386,200 | - | 386,200 | | |
| April | 304,429 | - | 39,259 | - | 7,040 | - | 6,762 | - | 54,274 | - | 411,764 | - | 411,764 | | |
| May | 299,921 | - | 44,019 | - | 8,053 | - | 7,968 | - | 63,441 | - | 423,402 | - | 423,402 | | |
| June | 313,525 | - | 41,955 | - | 7,486 | - | 7,746 | - | 60,879 | - | 431,591 | - | 431,591 | | |
| July | 359,563 | - | 42,728 | - | 8,279 | - | 7,663 | - | 61,496 | - | 479,729 | - | 479,729 | | |
| August | 427,384 | - | 36,176 | - | 7,075 | - | 5,389 | - | 46,992 | - | 523,016 | - | 523,016 | | |
| September | 328,981 | - | 41,150 | - | 7,578 | - | 7,604 | - | 57,343 | - | 442,656 | - | 442,656 | | |
| October | 292,971 | - | 43,077 | - | 7,825 | - | 8,288 | - | 63,663 | - | 415,824 | - | 415,824 | | |
| November | 271,796 | - | 37,716 | - | 6,670 | - | 7,859 | - | 60,714 | - | 384,755 | - | 384,755 | | |
| December | 318,336 | - | 35,004 | - | 6,047 | - | 6,809 | - | 52,772 | - | 418,968 | - | 418,968 | | |
| YEAR | 3,681,111 | - | 462,572 | - | 84,906 | - | 87,382 | - | 694,432 | - | 5,010,403 | - | 5,010,403 | | |

MOTORWAY: MILAN - NAPLES
SECTION: A1 FIANO-SAN CESAREO

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | Total | | |
|-------------|---|----------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|----------------|----------------|-------------|---------|
| | Toll class | | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall | |
| January | 15,884 | 13,367 | 2,246 | 1,761 | 556 | 360 | 494 | 267 | 5,279 | 2,577 | 24,459 | 18,332 | 42,791 | | |
| February | 11,592 | 10,417 | 2,083 | 1,620 | 522 | 332 | 498 | 266 | 5,084 | 2,474 | 19,779 | 15,109 | 34,888 | | |
| March | 15,318 | 13,460 | 2,656 | 2,035 | 639 | 404 | 584 | 310 | 5,929 | 2,876 | 25,126 | 19,085 | 44,211 | | |
| April | 18,250 | 14,982 | 2,710 | 1,995 | 595 | 374 | 502 | 266 | 5,071 | 2,484 | 27,128 | 20,101 | 47,229 | | |
| May | 17,384 | 14,913 | 3,007 | 2,270 | 673 | 426 | 590 | 312 | 5,920 | 2,888 | 27,574 | 20,809 | 48,383 | | |
| June | 18,958 | 15,794 | 2,883 | 2,167 | 628 | 406 | 569 | 304 | 5,669 | 2,757 | 28,707 | 21,428 | 50,135 | | |
| July | 23,144 | 18,444 | 2,936 | 2,244 | 682 | 432 | 569 | 303 | 5,722 | 2,778 | 33,053 | 24,201 | 57,254 | | |
| August | 33,118 | 21,251 | 2,559 | 1,846 | 588 | 378 | 394 | 214 | 4,361 | 2,117 | 41,020 | 25,806 | 66,826 | | |
| September | 20,759 | 16,527 | 2,825 | 2,106 | 634 | 401 | 568 | 301 | 5,363 | 2,585 | 30,149 | 21,920 | 52,069 | | |
| October | 16,916 | 14,587 | 2,943 | 2,229 | 674 | 420 | 626 | 330 | 5,910 | 2,866 | 27,069 | 20,432 | 47,501 | | |
| November | 15,623 | 13,650 | 2,656 | 2,020 | 616 | 388 | 597 | 316 | 5,657 | 2,748 | 25,149 | 19,122 | 44,271 | | |
| December | 19,847 | 15,813 | 2,539 | 1,877 | 575 | 366 | 523 | 274 | 5,000 | 2,431 | 28,484 | 20,761 | 49,245 | | |
| YEAR | 226,793 | 183,205 | 32,043 | 24,170 | 7,382 | 4,687 | 6,514 | 3,463 | 64,965 | 31,581 | 337,697 | 247,106 | 584,803 | | |

| TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | | |
|---|------------------|-------------|----------------|-------------|---------------|-------------|---------------|-------------|----------------|-------------|------------------|-------------|------------------|
| 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 | 278,163 | - | 29,114 | - | 5,184 | - | 3,891 | - | 36,230 | - | 352,582 | - | 352,582 |
| February | 224,134 | - | 26,861 | - | 4,914 | - | 3,868 | - | 34,829 | - | 294,606 | - | 294,606 |
| March | 280,484 | - | 33,243 | - | 5,894 | - | 4,471 | - | 40,691 | - | 364,783 | - | 364,783 |
| April | 304,273 | - | 32,714 | - | 5,586 | - | 3,789 | - | 35,268 | - | 381,630 | - | 381,630 |
| May | 303,599 | - | 37,291 | - | 6,354 | - | 4,540 | - | 40,956 | - | 392,740 | - | 392,740 |
| June | 324,835 | - | 35,926 | - | 6,023 | - | 4,411 | - | 39,443 | - | 410,638 | - | 410,638 |
| July | 373,470 | - | 37,366 | - | 6,475 | - | 4,523 | - | 40,545 | - | 462,379 | - | 462,379 |
| August | 416,900 | - | 31,331 | - | 5,689 | - | 3,124 | - | 32,331 | - | 489,375 | - | 489,375 |
| September | 331,967 | - | 34,822 | - | 6,031 | - | 4,307 | - | 38,001 | - | 415,128 | - | 415,128 |
| October | 294,919 | - | 36,544 | - | 6,297 | - | 4,863 | - | 41,077 | - | 383,700 | - | 383,700 |
| November | 277,959 | - | 32,723 | - | 5,633 | - | 4,483 | - | 38,415 | - | 359,213 | - | 359,213 |
| December | 324,340 | - | 30,753 | - | 5,241 | - | 3,894 | - | 34,214 | - | 398,442 | - | 398,442 |
| YEAR | 3,735,043 | - | 398,688 | - | 69,321 | - | 50,164 | - | 452,000 | - | 4,705,216 | - | 4,705,216 |

MOTORWAY: TURIN - TRIESTE
SECTION: A4 MILAN-BRESCIA

YEAR: 2018

| TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | | |
|---|------------------|-------------|----------------|-------------|---------------|-------------|---------------|-------------|----------------|-------------|------------------|-------------|------------------|
| 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 | 220,425 | - | 29,402 | - | 4,717 | - | 2,293 | - | 28,503 | - | 285,340 | - | 285,340 |
| February | 210,808 | - | 30,131 | - | 4,929 | - | 2,381 | - | 28,856 | - | 277,105 | - | 277,105 |
| March | 232,128 | - | 34,457 | - | 5,593 | - | 2,707 | - | 31,710 | - | 306,595 | - | 306,595 |
| April | 248,099 | - | 33,084 | - | 5,191 | - | 2,412 | - | 27,789 | - | 316,575 | - | 316,575 |
| May | 252,601 | - | 37,149 | - | 5,955 | - | 2,793 | - | 32,070 | - | 330,568 | - | 330,568 |
| June | 253,379 | - | 35,455 | - | 5,835 | - | 2,665 | - | 30,603 | - | 327,937 | - | 327,937 |
| July | 274,699 | - | 36,861 | - | 6,437 | - | 2,790 | - | 31,461 | - | 352,248 | - | 352,248 |
| August | 237,571 | - | 27,273 | - | 4,520 | - | 1,808 | - | 20,810 | - | 291,982 | - | 291,982 |
| September | 256,839 | - | 34,468 | - | 5,617 | - | 2,528 | - | 29,159 | - | 328,611 | - | 328,611 |
| October | 249,003 | - | 37,088 | - | 5,959 | - | 2,929 | - | 32,950 | - | 327,929 | - | 327,929 |
| November | 229,708 | - | 33,314 | - | 5,149 | - | 2,667 | - | 30,113 | - | 300,951 | - | 300,951 |
| December | 236,025 | - | 29,334 | - | 4,256 | - | 2,164 | - | 24,052 | - | 295,831 | - | 295,831 |
| YEAR | 2,901,285 | - | 398,016 | - | 64,158 | - | 30,137 | - | 348,076 | - | 3,741,672 | - | 3,741,672 |

MOTORWAY: MILAN - SERRAVALLE - GENOA
SECTION: A7 SERRAVALLE-GENOA

YEAR: 2018

| TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | | |
|---|------------|----------------|------------|---------------|------------|--------------|------------|--------------|------------|---------------|------------|----------------|----------------|
| 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 | - | 33,329 | - | 3,253 | - | 582 | - | 474 | - | 5,387 | - | 43,025 | 43,025 |
| February | - | 29,470 | - | 3,206 | - | 581 | - | 466 | - | 5,445 | - | 39,168 | 39,168 |
| March | - | 33,493 | - | 3,745 | - | 659 | - | 515 | - | 5,823 | - | 44,235 | 44,235 |
| April | - | 40,895 | - | 3,802 | - | 636 | - | 472 | - | 5,350 | - | 51,155 | 51,155 |
| May | - | 40,479 | - | 4,374 | - | 758 | - | 568 | - | 6,058 | - | 52,237 | 52,237 |
| June | - | 44,844 | - | 4,239 | - | 753 | - | 538 | - | 5,846 | - | 56,220 | 56,220 |
| July | - | 50,071 | - | 4,313 | - | 797 | - | 538 | - | 6,058 | - | 61,777 | 61,777 |
| August | - | 43,742 | - | 3,583 | - | 701 | - | 383 | - | 4,861 | - | 53,270 | 53,270 |
| September | - | 46,364 | - | 4,336 | - | 754 | - | 506 | - | 5,516 | - | 57,476 | 57,476 |
| October | - | 38,097 | - | 4,240 | - | 768 | - | 592 | - | 6,479 | - | 50,176 | 50,176 |
| November | - | 34,897 | - | 3,712 | - | 632 | - | 540 | - | 5,932 | - | 45,713 | 45,713 |
| December | - | 35,840 | - | 3,354 | - | 568 | - | 440 | - | 5,101 | - | 45,303 | 45,303 |
| YEAR | - | 471,521 | - | 46,157 | - | 8,189 | - | 6,032 | - | 67,856 | - | 599,755 | 599,755 |

MOTORWAY: MILAN - LAKES
SECTION: A8/A9 MILAN-LAKES

YEAR: 2018

| TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | | |
|---|------------------|----------------|----------------|---------------|---------------|--------------|---------------|-------------|---------------|--------------|------------------|----------------|------------------|
| 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 | 156,070 | 9,523 | 13,775 | 597 | 1,819 | 83 | 918 | 62 | 7,890 | 523 | 180,472 | 10,788 | 191,260 |
| February | 148,560 | 8,787 | 14,115 | 608 | 1,871 | 87 | 936 | 66 | 7,999 | 531 | 173,481 | 10,079 | 183,560 |
| March | 168,762 | 10,291 | 16,397 | 769 | 2,275 | 130 | 1,099 | 80 | 8,819 | 576 | 197,352 | 11,846 | 209,198 |
| April | 175,023 | 11,622 | 15,909 | 841 | 2,181 | 151 | 1,010 | 77 | 7,805 | 528 | 201,928 | 13,219 | 215,147 |
| May | 185,374 | 12,335 | 18,211 | 993 | 2,629 | 198 | 1,154 | 83 | 8,838 | 562 | 216,206 | 14,171 | 230,377 |
| June | 183,682 | 12,418 | 17,505 | 969 | 2,575 | 207 | 1,097 | 77 | 8,490 | 555 | 213,349 | 14,226 | 227,575 |
| July | 199,179 | 14,779 | 18,225 | 1,041 | 3,043 | 281 | 1,183 | 87 | 8,941 | 583 | 230,571 | 16,771 | 247,342 |
| August | 153,803 | 12,404 | 13,130 | 865 | 2,271 | 254 | 807 | 65 | 6,096 | 406 | 176,107 | 13,994 | 190,101 |
| September | 183,508 | 12,658 | 17,565 | 1,027 | 2,453 | 212 | 1,037 | 77 | 7,902 | 522 | 212,465 | 14,496 | 226,961 |
| October | 182,810 | 11,717 | 18,115 | 947 | 2,457 | 165 | 1,191 | 83 | 9,177 | 600 | 213,750 | 13,512 | 227,262 |
| November | 166,583 | 9,990 | 15,925 | 706 | 1,973 | 102 | 1,049 | 70 | 8,339 | 558 | 193,869 | 11,426 | 205,295 |
| December | 163,930 | 10,401 | 13,323 | 639 | 1,577 | 84 | 778 | 58 | 6,462 | 441 | 186,070 | 11,623 | 197,693 |
| YEAR | 2,067,284 | 136,925 | 192,195 | 10,002 | 27,124 | 1,954 | 12,259 | 885 | 96,758 | 6,385 | 2,395,620 | 156,151 | 2,551,771 |

MOTORWAY: A08/A26
SECTION: A8/A26 GALLARATE-GATTICO SPUR

YEAR: 2018

| TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | | | |
|---|----------------|----------------|---------------|---------------|--------------|--------------|--------------|-------------|---------------|--------------|----------------|----------------|----------------|
| 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 | 22,524 | 8,502 | 2,132 | 824 | 319 | 118 | 112 | 48 | 1,221 | 513 | 26,308 | 10,005 | 36,313 |
| February | 21,380 | 7,892 | 2,239 | 862 | 338 | 127 | 127 | 53 | 1,269 | 550 | 25,353 | 9,484 | 34,837 |
| March | 24,250 | 8,940 | 2,612 | 1,026 | 396 | 150 | 145 | 61 | 1,422 | 608 | 28,825 | 10,785 | 39,610 |
| April | 27,937 | 10,728 | 2,551 | 1,024 | 370 | 143 | 136 | 58 | 1,267 | 547 | 32,261 | 12,500 | 44,761 |
| May | 27,545 | 10,246 | 2,946 | 1,172 | 444 | 171 | 161 | 67 | 1,486 | 643 | 32,582 | 12,299 | 44,881 |
| June | 29,728 | 11,290 | 2,933 | 1,175 | 441 | 170 | 151 | 62 | 1,447 | 620 | 34,700 | 13,317 | 48,017 |
| July | 32,610 | 12,830 | 3,007 | 1,214 | 475 | 186 | 156 | 67 | 1,465 | 636 | 37,713 | 14,933 | 52,646 |
| August | 26,892 | 11,446 | 2,025 | 852 | 293 | 114 | 94 | 41 | 921 | 406 | 30,225 | 12,859 | 43,084 |
| September | 28,418 | 11,156 | 2,721 | 1,102 | 403 | 158 | 140 | 58 | 1,316 | 569 | 32,998 | 13,043 | 46,041 |
| October | 26,744 | 10,044 | 2,845 | 1,122 | 416 | 162 | 162 | 70 | 1,530 | 656 | 31,697 | 12,054 | 43,751 |
| November | 23,704 | 8,756 | 2,499 | 966 | 356 | 136 | 138 | 58 | 1,360 | 584 | 28,057 | 10,500 | 38,557 |
| December | 25,347 | 9,681 | 2,206 | 857 | 287 | 110 | 113 | 48 | 1,104 | 475 | 29,057 | 11,171 | 40,228 |
| YEAR | 317,079 | 121,511 | 30,716 | 12,196 | 4,538 | 1,745 | 1,635 | 691 | 15,808 | 6,807 | 369,776 | 142,950 | 512,726 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|----------------|-------------|---------------|-------------|--------------|-------------|--------------|-------------|---------------|-------------|----------------|----------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | - | 47,402 | - | 4,419 | - | 564 | - | 500 | - | 6,470 | - | 59,355 | 59,355 |
| February | - | 42,274 | - | 4,404 | - | 559 | - | 507 | - | 6,598 | - | 54,342 | 54,342 |
| March | - | 48,777 | - | 5,396 | - | 671 | - | 554 | - | 7,336 | - | 62,734 | 62,734 |
| April | - | 58,124 | - | 5,622 | - | 685 | - | 531 | - | 6,717 | - | 71,679 | 71,679 |
| May | - | 58,688 | - | 6,420 | - | 807 | - | 637 | - | 7,541 | - | 74,093 | 74,093 |
| June | - | 66,238 | - | 6,220 | - | 821 | - | 576 | - | 6,955 | - | 80,810 | 80,810 |
| July | - | 78,792 | - | 6,418 | - | 918 | - | 568 | - | 7,119 | - | 93,815 | 93,815 |
| August | - | 71,069 | - | 5,248 | - | 803 | - | 410 | - | 5,116 | - | 82,646 | 82,646 |
| September | - | 52,731 | - | 5,107 | - | 715 | - | 488 | - | 6,107 | - | 65,148 | 65,148 |
| October | - | 41,619 | - | 5,044 | - | 664 | - | 524 | - | 7,045 | - | 54,896 | 54,896 |
| November | - | 38,199 | - | 4,391 | - | 556 | - | 472 | - | 6,557 | - | 50,175 | 50,175 |
| December | - | 43,548 | - | 4,152 | - | 502 | - | 390 | - | 5,341 | - | 53,933 | 53,933 |
| YEAR | - | 647,461 | - | 62,841 | - | 8,265 | - | 6,157 | - | 78,902 | - | 803,626 | 803,626 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|------------|----------------|------------|---------------|------------|--------------|------------|---------------|------------|------------------|--------------|------------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | 93,577 | 72 | 9,591 | 11 | 1,334 | 2 | 646 | 1 | 6,755 | 6 | 111,903 | 92 | 111,995 |
| February | 83,996 | 63 | 9,340 | 9 | 1,311 | 2 | 615 | 1 | 6,514 | 6 | 101,776 | 81 | 101,857 |
| March | 96,183 | 73 | 11,135 | 11 | 1,591 | 3 | 706 | 1 | 7,336 | 6 | 116,951 | 94 | 117,045 |
| April | 108,512 | 78 | 11,395 | 11 | 1,582 | 2 | 655 | 1 | 6,616 | 5 | 128,760 | 97 | 128,857 |
| May | 110,200 | 78 | 13,239 | 12 | 1,892 | 2 | 758 | 1 | 7,674 | 6 | 133,763 | 99 | 133,862 |
| June | 118,797 | 87 | 12,765 | 13 | 1,784 | 2 | 721 | 1 | 7,213 | 6 | 141,280 | 109 | 141,389 |
| July | 131,806 | 82 | 12,883 | 12 | 1,832 | 2 | 745 | 1 | 7,528 | 6 | 154,794 | 103 | 154,897 |
| August | 118,362 | 62 | 10,260 | 9 | 1,474 | 2 | 517 | 1 | 5,767 | 5 | 136,380 | 79 | 136,459 |
| September | 112,543 | 78 | 11,888 | 11 | 1,713 | 2 | 698 | 1 | 6,966 | 6 | 133,808 | 98 | 133,906 |
| October | 104,297 | 80 | 12,508 | 12 | 1,739 | 2 | 782 | 1 | 7,775 | 6 | 127,101 | 101 | 127,202 |
| November | 97,267 | 76 | 10,933 | 10 | 1,419 | 2 | 704 | 1 | 7,206 | 6 | 117,529 | 95 | 117,624 |
| December | 97,049 | 80 | 9,665 | 10 | 1,220 | 2 | 595 | 1 | 6,014 | 5 | 114,543 | 98 | 114,641 |
| YEAR | 1,272,589 | 909 | 135,602 | 131 | 18,891 | 25 | 8,142 | 12 | 83,364 | 69 | 1,518,588 | 1,146 | 1,519,734 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|----------------|-------------|---------------|-------------|--------------|-------------|--------------|-------------|---------------|-------------|----------------|----------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | - | 52,138 | - | 5,063 | - | 535 | - | 421 | - | 3,435 | - | 61,592 | 61,592 |
| February | - | 46,162 | - | 4,894 | - | 535 | - | 386 | - | 3,405 | - | 55,382 | 55,382 |
| March | - | 52,869 | - | 5,800 | - | 633 | - | 442 | - | 3,862 | - | 63,606 | 63,606 |
| April | - | 62,094 | - | 6,121 | - | 662 | - | 403 | - | 3,374 | - | 72,654 | 72,654 |
| May | - | 63,132 | - | 6,964 | - | 787 | - | 483 | - | 3,924 | - | 75,290 | 75,290 |
| June | - | 67,291 | - | 6,681 | - | 775 | - | 459 | - | 3,733 | - | 78,939 | 78,939 |
| July | - | 76,592 | - | 6,951 | - | 852 | - | 457 | - | 3,866 | - | 88,718 | 88,718 |
| August | - | 70,604 | - | 5,768 | - | 737 | - | 276 | - | 2,873 | - | 80,258 | 80,258 |
| September | - | 59,295 | - | 5,723 | - | 671 | - | 395 | - | 3,391 | - | 69,475 | 69,475 |
| October | - | 50,940 | - | 5,816 | - | 682 | - | 439 | - | 3,826 | - | 61,703 | 61,703 |
| November | - | 48,236 | - | 5,202 | - | 567 | - | 427 | - | 3,653 | - | 58,085 | 58,085 |
| December | - | 50,600 | - | 4,868 | - | 509 | - | 375 | - | 2,982 | - | 59,334 | 59,334 |
| YEAR | - | 699,953 | - | 69,851 | - | 7,945 | - | 4,963 | - | 42,324 | - | 825,036 | 825,036 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|------------|---------------|------------|--------------|------------|--------------|------------|---------------|------------|----------------|-------------|----------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | 36,017 | - | 2,822 | - | 383 | - | 392 | - | 2,324 | - | 41,938 | - | 41,938 |
| February | 30,999 | - | 2,634 | - | 366 | - | 373 | - | 2,286 | - | 36,658 | - | 36,658 |
| March | 38,096 | - | 3,343 | - | 468 | - | 448 | - | 2,701 | - | 45,056 | - | 45,056 |
| April | 46,527 | - | 3,899 | - | 449 | - | 398 | - | 2,411 | - | 53,684 | - | 53,684 |
| May | 46,644 | - | 4,798 | - | 545 | - | 494 | - | 2,712 | - | 55,193 | - | 55,193 |
| June | 56,657 | - | 4,820 | - | 556 | - | 461 | - | 2,635 | - | 65,129 | - | 65,129 |
| July | 68,435 | - | 5,001 | - | 580 | - | 469 | - | 2,871 | - | 77,356 | - | 77,356 |
| August | 65,557 | - | 4,390 | - | 534 | - | 281 | - | 2,562 | - | 73,324 | - | 73,324 |
| September | 50,623 | - | 4,266 | - | 492 | - | 349 | - | 2,536 | - | 58,266 | - | 58,266 |
| October | 41,129 | - | 4,348 | - | 492 | - | 440 | - | 2,717 | - | 49,126 | - | 49,126 |
| November | 36,725 | - | 3,365 | - | 450 | - | 381 | - | 2,640 | - | 43,561 | - | 43,561 |
| December | 39,292 | - | 2,954 | - | 414 | - | 299 | - | 2,158 | - | 45,117 | - | 45,117 |
| YEAR | 556,701 | - | 46,640 | - | 5,729 | - | 4,785 | - | 30,553 | - | 644,408 | - | 644,408 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|------------|----------------|------------|---------------|------------|---------------|------------|----------------|------------|------------------|-------------|------------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | 109,984 | - | 14,230 | - | 2,779 | - | 1,874 | - | 20,459 | - | 149,326 | - | 149,326 |
| February | 99,616 | - | 14,192 | - | 2,813 | - | 1,886 | - | 20,084 | - | 138,591 | - | 138,591 |
| March | 115,646 | - | 17,141 | - | 3,336 | - | 2,123 | - | 23,050 | - | 161,296 | - | 161,296 |
| April | 126,235 | - | 17,433 | - | 3,246 | - | 1,914 | - | 20,346 | - | 169,174 | - | 169,174 |
| May | 128,087 | - | 19,514 | - | 3,762 | - | 2,286 | - | 24,007 | - | 177,656 | - | 177,656 |
| June | 139,160 | - | 19,232 | - | 3,636 | - | 2,194 | - | 22,741 | - | 186,963 | - | 186,963 |
| July | 152,150 | - | 19,744 | - | 3,955 | - | 2,308 | - | 24,105 | - | 202,262 | - | 202,262 |
| August | 147,122 | - | 16,682 | - | 3,146 | - | 1,645 | - | 18,645 | - | 187,240 | - | 187,240 |
| September | 140,859 | - | 18,768 | - | 3,610 | - | 2,187 | - | 22,448 | - | 187,872 | - | 187,872 |
| October | 127,798 | - | 19,127 | - | 3,732 | - | 2,471 | - | 25,017 | - | 178,145 | - | 178,145 |
| November | 117,551 | - | 16,894 | - | 3,205 | - | 2,257 | - | 22,661 | - | 162,568 | - | 162,568 |
| December | 116,473 | - | 14,766 | - | 2,809 | - | 1,875 | - | 18,903 | - | 154,826 | - | 154,826 |
| YEAR | 1,520,681 | - | 207,723 | - | 40,029 | - | 25,020 | - | 262,466 | - | 2,055,919 | - | 2,055,919 |

MOTORWAY: BOLOGNA - TARANTO
SECTION: A14 RAVENNA SPUR

YEAR: 2018

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | Total | | |
|-------------|---|------------|---------------|------------|--------------|------------|--------------|------------|---------------|------------|----------------|------------|----------------|---------|
| | Toll class | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall |
| January | 9,131 | - | 860 | - | 154 | - | 87 | - | 2,182 | - | 12,414 | - | 12,414 | |
| February | 8,239 | - | 827 | - | 145 | - | 92 | - | 2,104 | - | 11,407 | - | 11,407 | |
| March | 9,903 | - | 1,041 | - | 178 | - | 102 | - | 2,443 | - | 13,667 | - | 13,667 | |
| April | 13,384 | - | 1,139 | - | 176 | - | 95 | - | 2,241 | - | 17,035 | - | 17,035 | |
| May | 13,491 | - | 1,289 | - | 213 | - | 107 | - | 2,512 | - | 17,612 | - | 17,612 | |
| June | 16,537 | - | 1,317 | - | 211 | - | 104 | - | 2,263 | - | 20,432 | - | 20,432 | |
| July | 18,568 | - | 1,388 | - | 235 | - | 102 | - | 2,347 | - | 22,640 | - | 22,640 | |
| August | 15,446 | - | 1,109 | - | 178 | - | 72 | - | 1,538 | - | 18,343 | - | 18,343 | |
| September | 13,852 | - | 1,239 | - | 194 | - | 98 | - | 2,122 | - | 17,505 | - | 17,505 | |
| October | 10,852 | - | 1,196 | - | 212 | - | 106 | - | 2,535 | - | 14,901 | - | 14,901 | |
| November | 10,060 | - | 1,065 | - | 191 | - | 107 | - | 2,358 | - | 13,781 | - | 13,781 | |
| December | 9,774 | - | 919 | - | 164 | - | 80 | - | 1,748 | - | 12,685 | - | 12,685 | |
| YEAR | 149,237 | - | 13,389 | - | 2,251 | - | 1,152 | - | 26,393 | - | 192,422 | - | 192,422 | |

MOTORWAY: BOLOGNA - TARANTO
SECTION: A14 BOLOGNA-ANCONA

YEAR: 2018

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | Total | | |
|-------------|---|------------|----------------|------------|----------------|------------|---------------|------------|----------------|------------|------------------|------------|------------------|---------|
| | Toll class | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall |
| January | 285,485 | - | 32,121 | - | 7,299 | - | 4,642 | - | 52,936 | - | 382,483 | - | 382,483 | |
| February | 231,027 | - | 29,879 | - | 6,841 | - | 4,401 | - | 49,374 | - | 321,522 | - | 321,522 | |
| March | 288,931 | - | 37,987 | - | 8,647 | - | 5,402 | - | 59,326 | - | 400,293 | - | 400,293 | |
| April | 342,341 | - | 39,138 | - | 8,377 | - | 4,728 | - | 52,055 | - | 446,639 | - | 446,639 | |
| May | 347,032 | - | 44,546 | - | 9,857 | - | 5,534 | - | 61,161 | - | 468,130 | - | 468,130 | |
| June | 412,519 | - | 44,454 | - | 9,848 | - | 5,270 | - | 58,024 | - | 530,115 | - | 530,115 | |
| July | 495,822 | - | 46,900 | - | 10,800 | - | 5,387 | - | 61,067 | - | 619,976 | - | 619,976 | |
| August | 521,614 | - | 39,925 | - | 8,663 | - | 3,813 | - | 44,975 | - | 618,990 | - | 618,990 | |
| September | 391,447 | - | 43,525 | - | 9,355 | - | 5,141 | - | 57,224 | - | 506,692 | - | 506,692 | |
| October | 309,975 | - | 41,375 | - | 9,415 | - | 5,773 | - | 63,591 | - | 430,129 | - | 430,129 | |
| November | 292,526 | - | 37,523 | - | 8,283 | - | 5,277 | - | 58,910 | - | 402,519 | - | 402,519 | |
| December | 305,949 | - | 33,178 | - | 7,143 | - | 4,381 | - | 48,676 | - | 399,327 | - | 399,327 | |
| YEAR | 4,224,668 | - | 470,551 | - | 104,528 | - | 59,749 | - | 667,319 | - | 5,526,815 | - | 5,526,815 | |

MOTORWAY: BOLOGNA - TARANTO
SECTION: A14 ANCONA-PESCARA

YEAR: 2018

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | Total | | |
|-------------|---|------------|----------------|------------|---------------|------------|---------------|------------|----------------|------------|------------------|------------|------------------|---------|
| | Toll class | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall |
| January | 102,501 | - | 12,172 | - | 2,741 | - | 1,860 | - | 18,976 | - | 138,250 | - | 138,250 | |
| February | 81,683 | - | 11,315 | - | 2,477 | - | 1,729 | - | 17,451 | - | 114,655 | - | 114,655 | |
| March | 105,809 | - | 14,457 | - | 3,208 | - | 2,198 | - | 21,672 | - | 147,344 | - | 147,344 | |
| April | 118,262 | - | 14,251 | - | 3,037 | - | 1,860 | - | 18,626 | - | 156,036 | - | 156,036 | |
| May | 117,704 | - | 16,264 | - | 3,678 | - | 2,189 | - | 21,835 | - | 161,670 | - | 161,670 | |
| June | 134,441 | - | 16,578 | - | 3,568 | - | 2,040 | - | 20,933 | - | 177,560 | - | 177,560 | |
| July | 171,047 | - | 17,956 | - | 3,782 | - | 2,064 | - | 21,976 | - | 216,825 | - | 216,825 | |
| August | 196,475 | - | 15,653 | - | 3,128 | - | 1,455 | - | 16,756 | - | 233,467 | - | 233,467 | |
| September | 132,402 | - | 15,418 | - | 3,289 | - | 1,968 | - | 20,643 | - | 173,720 | - | 173,720 | |
| October | 110,374 | - | 15,371 | - | 3,453 | - | 2,208 | - | 22,792 | - | 154,198 | - | 154,198 | |
| November | 104,046 | - | 14,049 | - | 3,100 | - | 2,057 | - | 21,104 | - | 144,356 | - | 144,356 | |
| December | 113,572 | - | 12,881 | - | 2,777 | - | 1,709 | - | 17,794 | - | 148,733 | - | 148,733 | |
| YEAR | 1,488,316 | - | 176,365 | - | 38,238 | - | 23,337 | - | 240,558 | - | 1,966,814 | - | 1,966,814 | |

MOTORWAY: BOLOGNA - TARANTO
SECTION: A14 PESCARA-LANCIANO

YEAR: 2018

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | Total | | |
|-------------|---|----------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|----------------|----------------|---------|
| | Toll class | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall |
| January | 8,709 | 19,402 | 1,122 | 2,298 | 256 | 495 | 197 | 368 | 1,956 | 3,608 | 12,240 | 26,171 | 38,411 | |
| February | 6,713 | 15,147 | 1,052 | 2,137 | 236 | 456 | 185 | 344 | 1,821 | 3,388 | 10,007 | 21,472 | 31,479 | |
| March | 8,690 | 19,729 | 1,308 | 2,674 | 299 | 578 | 231 | 432 | 2,203 | 4,060 | 12,731 | 27,473 | 40,204 | |
| April | 9,849 | 21,915 | 1,280 | 2,621 | 282 | 550 | 195 | 362 | 1,892 | 3,489 | 13,498 | 28,937 | 42,435 | |
| May | 9,843 | 21,442 | 1,502 | 3,016 | 336 | 639 | 227 | 422 | 2,221 | 4,083 | 14,129 | 29,602 | 43,731 | |
| June | 11,550 | 24,908 | 1,530 | 3,098 | 319 | 607 | 212 | 403 | 2,141 | 3,945 | 15,752 | 32,961 | 48,713 | |
| July | 15,281 | 32,890 | 1,646 | 3,383 | 343 | 668 | 220 | 426 | 2,230 | 4,112 | 19,720 | 41,479 | 61,199 | |
| August | 19,491 | 41,929 | 1,530 | 3,229 | 300 | 608 | 150 | 276 | 1,717 | 3,150 | 23,188 | 49,192 | 72,380 | |
| September | 11,954 | 26,105 | 1,460 | 2,992 | 312 | 610 | 210 | 386 | 2,124 | 3,918 | 16,060 | 34,011 | 50,071 | |
| October | 9,084 | 20,109 | 1,405 | 2,870 | 317 | 614 | 231 | 428 | 2,325 | 4,249 | 13,362 | 28,270 | 41,632 | |
| November | 8,627 | 19,069 | 1,283 | 2,617 | 287 | 563 | 215 | 398 | 2,160 | 3,974 | 12,572 | 26,621 | 39,193 | |
| December | 9,801 | 22,024 | 1,179 | 2,405 | 262 | 507 | 176 | 330 | 1,840 | 3,388 | 13,258 | 28,654 | 41,912 | |
| YEAR | 129,592 | 284,669 | 16,297 | 33,340 | 3,549 | 6,895 | 2,449 | 4,575 | 24,630 | 45,364 | 176,517 | 374,843 | 551,360 | |

MOTORWAY: BOLOGNA - TARANTO
SECTION: A14 LANCIANO-CANOSA

YEAR: 2018

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | Total | | |
|-------------|---|----------------|---------------|---------------|---------------|--------------|---------------|--------------|----------------|---------------|----------------|----------------|------------------|---------|
| | Toll class | | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | Low ground | High ground | Overall |
| January | 36,752 | 17,198 | 4,065 | 2,198 | 1,016 | 584 | 754 | 421 | 7,941 | 4,221 | 50,528 | 24,622 | 75,150 | |
| February | 26,325 | 12,871 | 3,830 | 2,050 | 926 | 545 | 743 | 409 | 7,419 | 3,975 | 39,243 | 19,850 | 59,093 | |
| March | 34,774 | 16,952 | 4,845 | 2,570 | 1,170 | 679 | 948 | 505 | 8,949 | 4,765 | 50,686 | 25,471 | 76,157 | |
| April | 41,842 | 19,360 | 5,024 | 2,581 | 1,159 | 652 | 763 | 427 | 7,543 | 4,078 | 56,331 | 27,098 | 83,429 | |
| May | 40,512 | 18,937 | 5,806 | 2,967 | 1,318 | 769 | 920 | 500 | 8,930 | 4,789 | 57,486 | 27,962 | 85,448 | |
| June | 54,867 | 23,527 | 6,236 | 3,092 | 1,327 | 729 | 900 | 485 | 8,781 | 4,644 | 72,111 | 32,477 | 104,588 | |
| July | 81,156 | 32,495 | 6,925 | 3,380 | 1,469 | 795 | 916 | 483 | 9,302 | 4,843 | 99,768 | 41,996 | 141,764 | |
| August | 117,872 | 44,068 | 7,148 | 3,290 | 1,407 | 727 | 632 | 333 | 7,431 | 3,820 | 134,490 | 52,238 | 186,728 | |
| September | 59,521 | 24,946 | 6,178 | 2,986 | 1,320 | 724 | 852 | 443 | 9,081 | 4,693 | 76,952 | 33,792 | 110,744 | |
| October | 37,472 | 17,691 | 5,473 | 2,793 | 1,241 | 723 | 962 | 499 | 9,740 | 5,024 | 54,888 | 26,730 | 81,618 | |
| November | 34,786 | 16,758 | 4,827 | 2,511 | 1,120 | 664 | 926 | 474 | 9,201 | 4,695 | 50,860 | 25,102 | 75,962 | |
| December | 45,766 | 20,314 | 4,732 | 2,334 | 1,108 | 610 | 785 | 397 | 8,054 | 4,043 | 60,445 | 27,698 | 88,143 | |
| YEAR | 611,645 | 265,117 | 65,089 | 32,752 | 14,581 | 8,201 | 10,101 | 5,376 | 102,372 | 53,590 | 803,788 | 365,036 | 1,168,824 | |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|------------|---------------|------------|---------------|------------|--------------|------------|---------------|------------|----------------|-------------|----------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | 35,302 | - | 3,899 | - | 807 | - | 512 | - | 4,454 | - | 44,974 | - | 44,974 |
| February | 28,910 | - | 3,657 | - | 716 | - | 475 | - | 4,292 | - | 38,050 | - | 38,050 |
| March | 35,787 | - | 4,577 | - | 897 | - | 600 | - | 5,006 | - | 46,867 | - | 46,867 |
| April | 40,513 | - | 4,506 | - | 853 | - | 496 | - | 4,161 | - | 50,529 | - | 50,529 |
| May | 40,905 | - | 5,237 | - | 962 | - | 600 | - | 5,005 | - | 52,709 | - | 52,709 |
| June | 51,816 | - | 5,349 | - | 981 | - | 601 | - | 4,990 | - | 63,737 | - | 63,737 |
| July | 70,998 | - | 5,710 | - | 1,072 | - | 583 | - | 5,329 | - | 83,692 | - | 83,692 |
| August | 94,829 | - | 5,631 | - | 1,004 | - | 400 | - | 4,253 | - | 106,117 | - | 106,117 |
| September | 54,655 | - | 5,275 | - | 963 | - | 541 | - | 4,862 | - | 66,296 | - | 66,296 |
| October | 39,052 | - | 5,056 | - | 977 | - | 605 | - | 5,330 | - | 51,020 | - | 51,020 |
| November | 36,271 | - | 4,656 | - | 878 | - | 560 | - | 5,019 | - | 47,384 | - | 47,384 |
| December | 42,609 | - | 4,385 | - | 851 | - | 496 | - | 4,449 | - | 52,790 | - | 52,790 |
| YEAR | 571,647 | - | 57,938 | - | 10,961 | - | 6,469 | - | 57,150 | - | 704,165 | - | 704,165 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|----------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|----------------|----------------|------------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | 38,761 | 39,512 | 3,884 | 5,169 | 793 | 1,012 | 338 | 441 | 3,000 | 5,865 | 46,776 | 51,999 | 98,775 |
| February | 33,832 | 33,054 | 3,661 | 4,799 | 734 | 924 | 361 | 447 | 2,985 | 5,644 | 41,573 | 44,868 | 86,441 |
| March | 41,404 | 41,467 | 4,507 | 6,020 | 874 | 1,138 | 424 | 534 | 3,448 | 5,663 | 50,657 | 55,722 | 106,379 |
| April | 43,154 | 46,010 | 4,185 | 5,947 | 784 | 1,077 | 360 | 477 | 2,912 | 5,664 | 51,395 | 59,175 | 110,570 |
| May | 44,049 | 46,257 | 4,781 | 6,817 | 903 | 1,244 | 418 | 553 | 3,384 | 6,531 | 53,535 | 61,402 | 114,937 |
| June | 45,130 | 49,434 | 4,529 | 6,452 | 864 | 1,194 | 416 | 560 | 3,239 | 6,273 | 54,178 | 63,913 | 118,091 |
| July | 49,817 | 56,679 | 4,604 | 6,546 | 898 | 1,283 | 405 | 559 | 3,478 | 7,143 | 59,202 | 72,210 | 131,412 |
| August | 49,968 | 66,708 | 3,770 | 5,694 | 757 | 1,111 | 295 | 408 | 2,890 | 8,762 | 57,680 | 82,683 | 140,363 |
| September | 45,277 | 50,973 | 4,445 | 6,392 | 901 | 1,297 | 396 | 520 | 3,415 | 8,177 | 54,434 | 67,359 | 121,793 |
| October | 43,436 | 45,533 | 4,841 | 6,954 | 985 | 1,425 | 478 | 604 | 3,759 | 6,839 | 53,499 | 61,355 | 114,854 |
| November | 40,471 | 42,723 | 4,464 | 6,374 | 896 | 1,255 | 455 | 538 | 3,562 | 6,518 | 49,848 | 57,408 | 107,256 |
| December | 42,701 | 46,846 | 4,076 | 5,814 | 809 | 1,089 | 370 | 441 | 2,971 | 5,414 | 50,927 | 59,604 | 110,531 |
| YEAR | 518,000 | 565,196 | 51,747 | 72,978 | 10,198 | 14,049 | 4,716 | 6,082 | 39,043 | 79,393 | 623,704 | 737,698 | 1,361,402 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|----------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|----------------|----------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | 13,846 | 8,729 | 1,566 | 1,321 | 180 | 129 | 236 | 275 | 3,885 | 5,594 | 19,713 | 16,048 | 35,761 |
| February | 11,479 | 6,758 | 1,510 | 1,316 | 188 | 141 | 245 | 300 | 3,964 | 5,750 | 17,386 | 14,265 | 31,651 |
| March | 12,783 | 8,168 | 1,869 | 1,712 | 253 | 218 | 278 | 340 | 4,283 | 6,203 | 19,466 | 16,641 | 36,107 |
| April | 14,327 | 10,526 | 1,979 | 1,955 | 315 | 330 | 272 | 339 | 3,866 | 5,662 | 20,759 | 18,812 | 39,571 |
| May | 20,512 | 18,327 | 2,925 | 2,996 | 726 | 875 | 331 | 405 | 4,310 | 6,154 | 28,804 | 28,757 | 57,561 |
| June | 23,218 | 21,676 | 2,918 | 3,039 | 832 | 1,055 | 320 | 403 | 4,268 | 6,171 | 31,556 | 32,344 | 63,900 |
| July | 30,053 | 29,880 | 3,212 | 3,348 | 1,163 | 1,507 | 347 | 439 | 4,309 | 6,281 | 39,084 | 41,455 | 80,539 |
| August | 31,996 | 32,273 | 3,152 | 3,417 | 1,176 | 1,553 | 278 | 354 | 3,396 | 4,928 | 39,998 | 42,525 | 82,523 |
| September | 23,794 | 22,057 | 2,994 | 3,159 | 794 | 990 | 296 | 373 | 3,952 | 5,783 | 31,830 | 32,362 | 64,192 |
| October | 13,173 | 8,794 | 2,095 | 1,915 | 323 | 304 | 296 | 364 | 4,538 | 6,603 | 20,425 | 17,980 | 38,405 |
| November | 10,927 | 6,658 | 1,669 | 1,436 | 226 | 182 | 258 | 315 | 4,177 | 6,083 | 17,257 | 14,674 | 31,931 |
| December | 13,705 | 8,942 | 1,566 | 1,361 | 191 | 155 | 225 | 252 | 3,354 | 4,765 | 19,041 | 15,475 | 34,516 |
| YEAR | 219,813 | 182,788 | 27,455 | 26,975 | 6,367 | 7,439 | 3,382 | 4,159 | 48,302 | 69,972 | 305,319 | 291,338 | 596,657 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|----------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|----------------|-------------|------------------|------------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | - | 47,017 | - | 4,856 | - | 791 | - | 873 | - | 13,135 | - | 66,672 | 66,672 |
| February | - | 40,351 | - | 4,795 | - | 768 | - | 864 | - | 13,282 | - | 60,060 | 60,060 |
| March | - | 48,482 | - | 6,007 | - | 933 | - | 966 | - | 14,536 | - | 71,014 | 71,014 |
| April | - | 69,157 | - | 6,799 | - | 959 | - | 945 | - | 13,288 | - | 91,148 | 91,148 |
| May | - | 64,463 | - | 7,518 | - | 1,115 | - | 1,091 | - | 14,911 | - | 89,098 | 89,098 |
| June | - | 81,809 | - | 7,350 | - | 1,113 | - | 1,020 | - | 13,884 | - | 105,176 | 105,176 |
| July | - | 101,666 | - | 7,688 | - | 1,319 | - | 970 | - | 14,021 | - | 125,664 | 125,664 |
| August | - | 100,443 | - | 6,576 | - | 1,221 | - | 728 | - | 10,594 | - | 119,562 | 119,562 |
| September | - | 72,166 | - | 6,695 | - | 1,124 | - | 909 | - | 13,061 | - | 93,955 | 93,955 |
| October | - | 49,416 | - | 6,215 | - | 1,018 | - | 1,044 | - | 14,745 | - | 72,438 | 72,438 |
| November | - | 42,064 | - | 5,152 | - | 837 | - | 924 | - | 13,499 | - | 62,476 | 62,476 |
| December | - | 49,507 | - | 4,939 | - | 753 | - | 747 | - | 11,456 | - | 67,402 | 67,402 |
| YEAR | - | 766,541 | - | 74,680 | - | 11,951 | - | 11,081 | - | 160,412 | - | 1,024,665 | 1,024,665 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | Total | | |
|-------------|---|----------------|---------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|----------------|----------------|------------------|
| | Toll class | | | | | | | | | | Low ground | High ground | Overall |
| | 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 | 40,996 | 13,491 | 4,739 | 1,411 | 791 | 186 | 526 | 75 | 6,002 | 869 | 53,054 | 16,032 | 69,086 |
| February | 38,132 | 12,456 | 4,876 | 1,465 | 818 | 205 | 546 | 89 | 6,022 | 1,008 | 50,394 | 15,223 | 65,617 |
| March | 43,985 | 13,936 | 5,930 | 1,779 | 958 | 248 | 613 | 103 | 6,746 | 1,071 | 58,250 | 17,137 | 75,387 |
| April | 53,005 | 17,809 | 6,139 | 1,869 | 927 | 244 | 586 | 96 | 5,923 | 995 | 66,580 | 21,013 | 87,593 |
| May | 52,254 | 16,751 | 7,079 | 2,171 | 1,096 | 295 | 670 | 112 | 6,866 | 1,191 | 67,965 | 20,520 | 88,485 |
| June | 57,327 | 19,154 | 6,911 | 2,205 | 1,073 | 298 | 613 | 104 | 6,549 | 1,177 | 72,473 | 22,938 | 95,411 |
| July | 67,285 | 23,154 | 7,094 | 2,247 | 1,186 | 329 | 615 | 110 | 6,825 | 1,196 | 83,005 | 27,036 | 110,041 |
| August | 60,700 | 22,442 | 5,300 | 1,757 | 864 | 225 | 411 | 78 | 4,656 | 813 | 71,931 | 25,315 | 97,246 |
| September | 54,691 | 19,496 | 6,405 | 2,093 | 1,022 | 285 | 558 | 97 | 6,189 | 1,096 | 68,865 | 23,067 | 91,932 |
| October | 48,020 | 16,660 | 6,627 | 2,025 | 1,066 | 281 | 649 | 116 | 7,225 | 1,214 | 63,587 | 20,296 | 83,883 |
| November | 42,163 | 13,695 | 5,733 | 1,698 | 934 | 231 | 573 | 96 | 6,606 | 1,069 | 56,009 | 16,789 | 72,798 |
| December | 45,569 | 15,902 | 5,233 | 1,557 | 806 | 181 | 488 | 71 | 5,737 | 814 | 57,833 | 18,525 | 76,358 |
| YEAR | 604,127 | 204,946 | 72,066 | 22,277 | 11,541 | 3,008 | 6,866 | 1,147 | 75,346 | 12,513 | 769,946 | 243,891 | 1,013,837 |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | Total | | |
|-------------|---|----------------|---------------|---------------|--------------|--------------|--------------|-------------|---------------|--------------|----------------|----------------|----------------|--|
| | Toll class | | | | | | | | | | | | | |
| | 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 | Low ground | High ground | Overall | |
| January | 36,623 | 19,512 | 3,799 | 1,543 | 606 | 150 | 313 | 62 | 3,166 | 511 | 44,507 | 21,778 | 66,285 | |
| February | 34,657 | 17,058 | 3,929 | 1,556 | 650 | 160 | 323 | 65 | 3,218 | 542 | 42,777 | 19,381 | 62,158 | |
| March | 37,290 | 16,520 | 4,493 | 1,682 | 734 | 185 | 360 | 78 | 3,613 | 643 | 46,490 | 19,108 | 65,598 | |
| April | 37,414 | 16,319 | 4,231 | 1,539 | 663 | 173 | 329 | 76 | 3,300 | 588 | 45,937 | 18,695 | 64,632 | |
| May | 37,814 | 14,872 | 4,761 | 1,769 | 796 | 218 | 392 | 95 | 3,892 | 733 | 47,655 | 17,687 | 65,342 | |
| June | 38,989 | 18,893 | 4,766 | 1,987 | 772 | 244 | 371 | 91 | 3,561 | 704 | 48,459 | 21,919 | 70,378 | |
| July | 43,415 | 24,288 | 5,121 | 2,285 | 833 | 286 | 380 | 97 | 3,800 | 760 | 53,549 | 27,716 | 81,265 | |
| August | 41,134 | 28,376 | 3,957 | 2,056 | 588 | 245 | 264 | 73 | 2,706 | 546 | 48,649 | 31,296 | 79,945 | |
| September | 40,965 | 20,377 | 4,608 | 1,930 | 735 | 228 | 357 | 85 | 3,633 | 665 | 50,298 | 23,285 | 73,583 | |
| October | 39,666 | 15,419 | 4,967 | 1,832 | 800 | 196 | 404 | 87 | 4,005 | 721 | 49,842 | 18,255 | 68,097 | |
| November | 36,885 | 13,868 | 4,541 | 1,737 | 727 | 191 | 380 | 89 | 3,685 | 712 | 46,218 | 16,597 | 62,815 | |
| December | 38,951 | 19,993 | 4,070 | 1,743 | 602 | 156 | 307 | 69 | 2,965 | 549 | 46,895 | 22,510 | 69,405 | |
| YEAR | 463,803 | 225,495 | 53,243 | 21,659 | 8,506 | 2,432 | 4,180 | 967 | 41,544 | 7,674 | 571,276 | 258,227 | 829,503 | |

| Month | TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled) | | | | | | | | | | | Total | | |
|-------------|---|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|----------------|-------------|----------------|--|
| | Toll class | | | | | | | | | | | | | |
| | 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 | Low ground | High ground | Overall | |
| January | 49,459 | - | 6,189 | - | 1,447 | - | 790 | - | 6,765 | - | 64,650 | - | 64,650 | |
| February | 40,135 | - | 5,642 | - | 1,328 | - | 791 | - | 6,312 | - | 54,208 | - | 54,208 | |
| March | 49,997 | - | 6,958 | - | 1,548 | - | 916 | - | 7,379 | - | 66,798 | - | 66,798 | |
| April | 52,970 | - | 6,581 | - | 1,436 | - | 799 | - | 6,477 | - | 68,263 | - | 68,263 | |
| May | 53,733 | - | 7,555 | - | 1,673 | - | 963 | - | 7,459 | - | 71,383 | - | 71,383 | |
| June | 57,961 | - | 7,321 | - | 1,628 | - | 926 | - | 7,075 | - | 74,911 | - | 74,911 | |
| July | 70,670 | - | 7,659 | - | 1,700 | - | 911 | - | 7,495 | - | 88,435 | - | 88,435 | |
| August | 80,622 | - | 6,485 | - | 1,507 | - | 697 | - | 6,692 | - | 96,003 | - | 96,003 | |
| September | 58,829 | - | 6,988 | - | 1,576 | - | 878 | - | 7,187 | - | 75,458 | - | 75,458 | |
| October | 51,760 | - | 7,472 | - | 1,744 | - | 1,063 | - | 7,809 | - | 69,848 | - | 69,848 | |
| November | 48,762 | - | 6,945 | - | 1,645 | - | 992 | - | 7,721 | - | 66,065 | - | 66,065 | |
| December | 55,324 | - | 6,557 | - | 1,499 | - | 830 | - | 6,905 | - | 71,115 | - | 71,115 | |
| YEAR | 670,222 | - | 82,352 | - | 18,731 | - | 10,556 | - | 85,276 | - | 867,137 | - | 867,137 | |

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 2018.

| | | Contractually agreed amounts (9) | | | | 2018 | | | | Completed as at 31 December 2018 | | | |
|--|--|----------------------------------|------|------------------------------------|-----------|-----------------------|---------|-------------------|----------|----------------------------------|--------|--------|--------|
| | | Gross approved amount (10) | | Net amount as per Arrangement (11) | | Base tender price (*) | | Available funding | | Financial expenses | | TOTAL | |
| Art. 2 | PROJECT | TOTAL | | TOTAL | | | | | | | | | |
| UPGRADE OF THE BOLOGNA-FLORENCE SECTION | | | | | | | | | | | | | |
| Ab1 | Casalecchio Sasso Marconi | 68,106 | | 62,002 | 18,363 | 2,559 | 88 | 18,363 | 2,559 | 88 | 88 | 88 | 88 |
| Ab2 | La Quercia | 3,948,871 | (12) | 3,564,561 | 100,688 | 38,636 | 141 | 100,688 | 38,636 | 141 | 141 | 141 | 141 |
| Ac3 | La Quercia-Aglio (2) | 2,305,185 | (12) | 2,192,028 | 2,500,250 | 497,425 | 20,316 | 161,877 | 36,501 | 161,877 | 36,501 | 36,501 | 36,501 |
| Ad1 | Aglio-Belferino | 3,10,928 | (12) | 3,05,885 | 320,981 | 73,495 | 2,040 | 6,838 | 181,399 | 181,399 | 2,040 | 2,040 | 2,040 |
| Ad2 | Belferino-Florence North | 937,879 | | 837,805 | 931,133 | 45,100 | 19,594 | 19,594 | 438,664 | 438,664 | 19,594 | 19,594 | 19,594 |
| Ad3 | Belferino-Florence South | 668,701 | | 668,701 | 321,111 | 8,075 | 6,669 | 6,669 | 12,820 | 12,820 | 6,669 | 6,669 | 6,669 |
| Ad4 | Florence South-Isola | 27,272 | | 25,012 | 25,012 | 33,178 | 1,443 | 1,443 | 8,038 | 8,038 | 1,443 | 1,443 | 1,443 |
| Ad5 | Construction of the Florence access roads | 1,62,711 | (13) | 298,045 | 53,875 | 143,577 | 292 | 292 | 1,43,577 | 1,43,577 | 292 | 292 | 292 |
| Ad6 | Landscaping | | | | 4,307,716 | 1,146,697 | 674,805 | 1,62,941 | 52,805 | 1,62,941 | 52,805 | 52,805 | 52,805 |
| | TOTAL | | | | | | | | | | | | |
| Ba1) | Bologna-Marecino | 148,943 | | 148,731 | 115,156 | 39,804 | 52 | 39,804 | 2,051 | 39,804 | 2,051 | 2,051 | 2,051 |
| Ba2) | Bologna-Marecino | 641 | | 641 | 1,094 | 503 | | 1,094 | 503 | 1,094 | 503 | 503 | 503 |
| Bb3) | Rome-Orte (3) | 1,56,451 | | 1,51,163 | 33,250 | 8,582 | 8 | 33,250 | 8,582 | 33,250 | 8,582 | 8,582 | 8,582 |
| Bb4) | Remaining investment in third lanes (3) | 29,642 | | 27,826 | 9,015 | 14,934 | 686 | 24,635 | 686 | 24,635 | 686 | 686 | 686 |
| Bb5) | Milan-Lakes (4) | 44,857 | | 44,857 | 35,186 | 29,548 | 37 | 64,771 | 37 | 64,771 | 37 | 37 | 37 |
| Bb6) | Bologna-Long Road (5) | 1,69,158 | | 59,933 | 47,754 | 11,639 | 1,383 | 60,776 | 1,383 | 60,776 | 1,383 | 1,383 | 1,383 |
| | TOTAL | | | | | | | | | | | | |
| Dd1) | AI1 - Fiano-Schiebeggia and Castelluccio di Porto junction | 1,25,407 | | 1,61,441 | 101,128 | 26,879 | 2,015 | 130,023 | 58 | 213 | 2,015 | 2,015 | 2,015 |
| Dd2) | Milan-Bergamo | 5,28,885 | | 4,95,672 | 3,845,576 | 1,17,233 | 3,842 | 5,06,141 | 3,842 | 5,06,141 | 3,842 | 3,842 | 3,842 |
| Dd3) | Structural repairs to Aida and Brembo bridges | 11,438 | | 9,787 | 9,458 | 1,119 | 180 | 10,757 | 180 | 10,757 | 180 | 180 | 180 |
| Dd4) | AI2 - Milan-North-South | 2,70,722 | | 2,18,726 | 40,726 | 93,126 | 2,847 | 4,193 | 54 | 4,193 | 54 | 54 | 54 |
| Dd5) | AI3 - Milan-North-South | 2,70,722 | | 2,18,726 | 40,726 | 93,126 | 2,847 | 4,193 | 54 | 4,193 | 54 | 54 | 54 |
| Dd6) | AI4 - Lot 1 Bormio North-Clivio | 5,20,416 | | 4,95,364 | 363,488 | 82,587 | 5,975 | 452,029 | 3,677 | 1,652 | 5,975 | 5,975 | 5,975 |
| Dd7) | AI4 - Lot 2 Clivio-Castello | 5,20,416 | | 5,20,416 | 359,108 | 84,913 | 8,209 | 452,230 | 11,151 | 6,652 | 8,209 | 8,209 | 8,209 |
| Dd8) | AI4 - Lot 3 Fano-Santigallia | 3,62,150 | | 342,133 | 234,244 | 87,517 | 2,871 | 324,632 | 79 | 1,911 | 2,871 | 2,871 | 2,871 |
| Dd9) | AI4 - Lot 4 Santigallia-Ancona North and Marina di Monte Marecino junction | 4,78,597 | | 418,623 | 65,800 | 39,051 | 414,106 | 5,444 | 1,494 | 6,937 | 39,051 | 39,051 | 39,051 |
| Dd10) | AI4 - Lot 5 Ancona North-Ancona South (6) | 3,98,076 | | 3,67,551 | 2,88,643 | 52,719 | 21,300 | 3,43,662 | 411 | 513 | 21,300 | 21,300 | 21,300 |
| Dd11) | AI4 - Lot 6 Ancona South-P.S. Epilodio, Phase 1 | 1,59,819 | | 1,34,358 | 109,153 | 25,665 | 8,599 | 143,415 | 26,665 | 8,599 | 26,665 | 26,665 | 26,665 |
| Dd12) | AI4 - Lot 6 Ancona South-P.S. Epilodio, Phase 2 and Porto S. Epilodio junction | 1,79,278 | | 1,63,818 | 115,316 | 26,273 | 2,270 | 143,859 | 1,034 | 254 | 2,270 | 2,270 | 2,270 |
| Dd13) | AI4 - Lot 7 P.S. Epilodio-Pedaso, Phase 1 | | | | 1,58 | 1,58 | | | | | | | |
| Dd14) | AI4 - Lot 7 P.S. Epilodio-Pedaso, Phase 2 | | | | 1,58 | 1,58 | | | | | | | |
| Dd15) | Genoa-bypass (8) | 4,755,205 | | 3,187,015 | 19,290 | 2,388 | 11,050 | 32,698 | 19,290 | 2,388 | 11,050 | 11,050 | 11,050 |
| Dd16) | San Benigno Interchange | 74,502 | | 75,740 | 13,731 | 10,422 | 3,647 | 64,248 | 3,133 | 67,561 | 3,133 | 3,133 | 3,133 |
| Dd17) | Milan Exhibition Centre | 91,334 | | 86,298 | 78,582 | 7,578 | 86,160 | 7,578 | 86,160 | 7,578 | 86,160 | 86,160 | 86,160 |
| Dd18) | AI5 - Milan North-South | 39,194 | | 39,194 | 24,226 | 6,702 | 87 | 31,298 | 87 | 31,298 | 87 | 87 | 87 |
| Dd19) | Brescia Industrial Estate junction and A13-A4 link at KM 101+093 | 19,851 | | 15,691 | 10,728 | 2,727 | 1,371 | 13,455 | 27 | 27 | 1,371 | 1,371 | 1,371 |
| Dd20) | Rubbione junction | 4,429 | | 4,008 | 2,147 | 1,862 | 0 | 4,009 | 0 | 4,009 | 0 | 0 | 0 |
| Dd21) | Villa Marzana Junction | 17,384 | | 16,604 | 9,158 | 7,479 | 0 | 16,637 | 9,158 | 7,479 | 0 | 0 | 0 |
| Dd22) | Ferrentino Junction | 13,389 | | 12,906 | 535 | 488 | 283 | 1,315 | 283 | 1,315 | 283 | 283 | 283 |
| Dd23) | Turner Safety Park | 3,974,739 | (13) | 2,045,850 | 148,706 | 4,184 | 3,488 | 8,108 | 3,488 | 8,108 | 3,488 | 3,488 | 3,488 |
| | TOTAL | | | | | | | | | | | | |
| OTHER SPECIFIC PROJECTS REQUIRED UNDER ART. 2 | | | | | | | | | | | | | |
| C1) | Upgrade of service areas and related facilities | | | | | | | | | | | | |
| C1a) | Bogliasco West Service Area | 3,552 | | 3,475 | 1,706 | 1,747 | 101 | 1,747 | 1,747 | 101 | 101 | 101 | 101 |
| C1b) | Pinetore East Service Area | 2,821 | | 2,738 | 1,338 | 408 | 11 | 1,338 | 408 | 11 | 11 | 11 | 11 |
| C1c) | Trivulzio West Service Area | 2,821 | | 2,738 | 1,338 | 408 | 11 | 1,338 | 408 | 11 | 11 | 11 | 11 |
| C1d) | Torino West Service Area | 5,041 | | 4,936 | 2,697 | 1,754 | 7 | 2,697 | 1,760 | 2,697 | 7 | 7 | 7 |
| C1e) | Nicola West Service Area | 5,916 | | 5,916 | 3,556 | 1,250 | 189 | 3,556 | 1,438 | 3,556 | 189 | 189 | 189 |
| C1f) | S. Zenone East Service Area | 8,796 | | 8,796 | 242 | 874 | 1 | 1,116 | 68 | 1,116 | 1 | 1 | 1 |
| C1g) | S. Zenone West Service Area | 3,668 | | 3,567 | 2,81 | 2,81 | 0 | 2,81 | 281 | 281 | 0 | 0 | 0 |
| C1h) | Castello East Service Area | 2,420 | | 2,420 | 2,409 | 2,409 | 107 | 2,409 | 2,409 | 107 | 107 | 107 | 107 |
| C1i) | S. Martino East Service Area | | | | 2,611 | 2,225 | 0 | 2,225 | 225 | 2,225 | 0 | 0 | 0 |
| C1j) | S. Martino West Service Area | | | | 2,611 | 2,225 | 0 | 2,225 | 225 | 2,225 | 0 | 0 | 0 |
| C1k) | Uscigliano West Service Area | 2,047 | | 2,047 | 2,446 | 463 | 178 | 2,009 | 463 | 2,009 | 178 | 178 | 178 |
| C1l) | La Macchia West Service Area | | | | 350 | 350 | 0 | 350 | 350 | 0 | 0 | 0 | 0 |
| C1m) | Lambro South Service Area | 3,715 | | 3,715 | 1,789 | 1,492 | 1,789 | 1,492 | 1,789 | 1,492 | 1,789 | 1,492 | 1,492 |
| C1n) | Valtrompia North Service Area | 1,723 | | 1,723 | 1,335 | 1,25 | 1,335 | 1,25 | 1,335 | 1,25 | 1,335 | 1,25 | 1,25 |
| C1o) | Sebino North Service Area | | | | 1,720 | 40 | 449 | 489 | 40 | 489 | 40 | 40 | 40 |
| C1p) | Sebino-South Service Area | 601 | | 601 | 3,301 | 250 | 790 | 980 | 60 | 980 | 5 | 5 | 5 |
| C1q) | Forore East Service Area | 1,442 | | 1,442 | 359 | 359 | 57 | 359 | 359 | 57 | 57 | 57 | 57 |
| C1r) | Forore West Service Area | | | | 1,246 | 1,246 | 0 | 1,246 | 1,246 | 0 | 0 | 0 | 0 |
| C1s) | Po West Service Area | 3,001 | | 3,001 | 1,791 | 435 | 2 | 2,246 | 435 | 2,246 | 2 | 2 | 2 |
| C1t) | San Pelagio East Service Area | | | | 522 | 246 | 203 | 203 | 246 | 203 | 0 | 0 | 0 |
| C1u) | San Pelagio West Service Area | | | | 1,940 | 203 | 0 | 1,940 | 203 | 0 | 0 | 0 | 0 |
| C1v) | Metarolo West Service Area | 5,720 | | 5,720 | 1,356 | 645 | 34 | 1,356 | 645 | 34 | 34 | 34 | 34 |
| C1w) | Castello East Service Area | 1,997 | | 1,997 | 1,428 | 312 | 29 | 1,428 | 312 | 29 | 29 | 29 | 29 |
| C1x) | Castello West Service Area | 5,727 | | 5,727 | 8,631 | 5,226 | 4,729 | 9,955 | 5,226 | 4,729 | 9,955 | 9,955 | 9,955 |
| C1y) | Sinterno East Service Area | | | | 2,314 | 207 | 207 | 207 | 207 | 207 | 0 | 0 | 0 |
| C1z) | Sinterno West Service Area | 5,912 | | 5,912 | 4,871 | 1,706 | 204 | 204 | 1,706 | 204 | 204 | 204 | 204 |
| C2a) | La Poppa East Service Area | | | | 718 | 151 | 151 | 151 | 151 | 151 | 0 | 0 | 0 |
| C2b) | Bozzano West Service Area | | | | 718 | 151 | 151 | 151 | 151 | 151 | 0 | 0 | 0 |
| C2c) | Montefelero East Service Area | | | | 2,213 | 389 | 389 | 389 | 389 | 389 | 0 | 0 | 0 |
| C2d) | Chienti West Service Area | | | | 1,701 | 365 | 365 | 365 | 365 | 365 | 0 | 0 | 0 |
| | TOTAL | | | | | | | | | | | | |

Annex 4

Subsidiaries and associates accounted for using the equity method as at 31 December 2017
(art. 3, point 1.1 of the 2007 Single Concession Arrangement)

| €000 | | | |
|---|--|--------------------|--|
| NAME | MEASUREMENT (ART. 2426, para. 1, 4(1) OF ITALIAN CIVIL CODE) | CARRYING AMOUNT | DIFFERENCE BETWEEN MEASUREMENT PURSUANT TO ART 2426, PARA. 1, 4(1) OF ITALIAN CIVIL CODE AND CARRYING AMOUNT |
| | (A) | (B) | (A-B) |
| Investments in subsidiaries | | | |
| Società Autostrada Tirrenica pa | 106,197 | 90,605 | 15,592 |
| Tangenziale di Napoli SpA | 183,753 | 54,509 | 129,244 |
| Autostrade Meridionali SpA | 98,096 | 15,024 | 83,072 |
| Autostrade Tech SpA | 51,851 | 5,593 | 46,258 |
| Ecomouv SAS (in liquidation) | - | - | - |
| Società Italiana per Azioni per il Traforo del Monte Bianco | 107,826 | 2,318 | 105,508 |
| AD Moving SpA | 949 | 830 | 119 |
| EssediEsse Società di Servizi SpA | 1,286 | 501 | 785 |
| Giove Clear Srl | 1,987 | 20 | 1,967 |
| Tech Solutions Integrators SAS | -16,058 | - | -16,058 |
| | 535,887 | 169,400 | 366,487 |
| Investments in associates | | | |
| Tangenziali Esterne di Milano SpA | 59,736 | 59,706 | 30 |
| Pavimental SpA | 3,607 | 6,810 | -3,203 |
| Società Infrastrutture Toscane SpA (in liquidation) | - | - | - |
| Pedemontana Veneta SpA (in liquidation) | 1,675 | 1,935 | -260 |
| Spea Engineering SpA | 15,544 | 1,784 | 13,760 |
| Bologna & Fiera Parking SpA | 544 | 999 | -455 |
| Consorzio Autostrade Italiane Energia | 29 | 29 | - |
| | 617,022 | 240,663 | 376,359 |

(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".

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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 Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Autostrade per l'Italia SpA's financial reporting, having taken account of the provisions of art. 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective application of the administrative and accounting procedures adopted in preparation of the consolidated financial statements during 2018.
2. The administrative and accounting procedures adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2018 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Autostrade per l'Italia SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level.
3. We also attest that
 - 3.1 the 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.

6 March 2019

Giancarlo Guenzi
Manager responsible for
financial reporting

Roberto Tomasi
Chief Executive Officer

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

2. The administrative and accounting procedures adopted in preparation of the separate financial statements as at and for the year ended 31 December 2018 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Autostrade per l'Italia SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level.

3. We also attest that
 - 3.1 the separate 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.
 - 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, together with a description of the principal risks and uncertainties to which it is exposed.

6 March 2019

Roberto Tomasi
Chief Executive Officer

Giancarlo Guenzi
Manager responsible for
financial reporting

Report of the Board of Statutory Auditors

To the Annual general Meeting of Autostrade per l'Italia SpA's shareholders
(pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph two of the Italian Civil Code)

Dear Shareholders,

The members of the Board of Statutory Auditors of Autostrade per l'Italia SpA (the "Company") 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 2018, 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 16 meetings and participated in all the 18 meetings held by the Board of Directors.

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 and Statutory 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.

Based on the information received and the outcome of the checks conducted by the Board of Statutory Auditors, it has emerged that the most significant 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 in 2018 essentially relate to:

- a) the sale to Telepass SpA, in the first half of 2018, of the 75% interest in Infoblu for a consideration equal to the fair value of the above investment estimated by an independent expert; and
- b) redemption, in February 2019, of bonds with a residual par value of €593,334 thousand and paying coupon interest of 4.5%, guaranteed by Atlantia SpA, issued in February 2012

and transferred by this company to Autostrade per l'Italia as part of the issuer substitution effective in December 2016.

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 2018, of atypical and/or unusual transactions with third or related parties (including Group companies). Information on the main intra-group and other related party transactions carried out in 2018, 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 auditors 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;
- 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 the Atlantia Group's Internal Audit department, which provides services to the Company, by examining corporate documents and by analysing the results of the work carried out by the independent auditors;
- 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 recently 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 auditors, Deloitte & Touche SpA ("Deloitte & Touche") issued the additional report required by art. 11 of the European Regulation on 27 March 2019, 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 auditors, 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 2018, 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 27 March 2019, 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.

Oversight of the financial reporting process

The Board of Statutory Auditors has verified the existence of regulations and procedures governing the process of preparing and publishing financial information. In this regard, the report on operations includes section 2.8 "Corporate governance", 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 received information on the process that enables the manager responsible for financial reporting and the Chief Executive Officer to issue the attestations required by art. 154-bis of the CFA.

In this regard, on 6 March 2019, 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.

In order to monitor and improve the effectiveness and efficiency of the internal control and risk management system, Autostrade per l'Italia therefore depends on the Group Internal Audit department set up by the parent, Atlantia SpA.

On 13 February 2018, Autostrade per l'Italia's Board of Directors approved the 2018 Audit Plan.

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.

During his periodic meetings with the Head of Atlantia's Group 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. The Board of Statutory Auditors also 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 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 Italian 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 2018, 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 231/2001 (after "Model 231"), 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 2018, 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:

- a) 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
- b) Autostrade per l'Italia is also under investigation pursuant to art. 25-septies of Legislative Decree 231/2001.

On 12 September 2018, the preliminary investigating magistrate (Giudice per le Indagini Preliminari) requested a pre-trial hearing to appoint experts to prepare a report on conditions at the disaster scene, to assess the state of repair and maintenance of the infrastructure that did not collapse and of the parts of the road bridge that did collapse and have yet to be removed, and to identify and reach agreement with the relevant authorities on procedures for the removal of debris and for demolition, so as to preserve the evidence needed for the purposes of the investigation.

The preliminary investigating magistrate has scheduled a hearing for 27 March 2019 in order to discuss the expert reports and for 8 April 2019 to receive an update on the work carried out by the experts.

Finally, it should be noted that:

- a) on 10 May 2018, Autostrade per l'Italia's Board of Directors defined the Company's risk appetite, setting the acceptable level of risk.
- b) with effect from 9 November 2017, has applied the Atlantia Group's anti-corruption policy, supplementing 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;

- c) 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, updated in 2016, 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; and
 - d) the Company has aligned its data protection policy with the new EU general data Protection Regulation and verified the related controls.
- 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, Board of Statutory Auditors 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:
 - a) the favourable opinion, pursuant to art 2389, paragraph 3 of the Italian Civil Code, on the MBO bonuses for 2018;
 - b) the favourable opinion, pursuant to art 2389, paragraph 3 of the Italian Civil Code, on the MBO bonuses for 2017;
 - c) the favourable opinion, pursuant to art 2389, paragraph 3 of the Italian Civil Code, on the LTI 2017 plan – second award cycle.
 - Returning to the tragic collapse of 14 August 2018, on 16 August 2018, the Ministry of Infrastructure and Transport sent Autostrade per l'Italia a letter of complaint, alleging that the Company had committed serious breaches of its contractual obligations regarding routine and extraordinary maintenance. In its response dated 31 August 2018, and in the subsequent letter dated 13 September 2018, Autostrade per l'Italia presented its counterarguments. The Inspection Committee appointed by the Ministry of Infrastructure and Transport then published its report on the collapse of a section of the Polcevera road bridge on 25 September 2018. In response, the Company raised a number of initial concerns. In a letter dated 20 December 2018, the Ministry of Infrastructure and Transport added further to its letter of complaint and, in accordance with the procedure required under the arrangement, requested the company to provide further counterarguments, specifically in relation to information on aspects regarding the system used to monitor infrastructure and the potential causes of the collapse.
- In parallel with the above, Law Decree 109 was published on 28 September 2018 and later converted into Law 130 of 16 November 2018. The legislation contains a range of urgent measures for the city of Genoa and provides for: (i) the appointment of a Special Commissioner to oversee the reconstruction, who may act in derogation of the law other than criminal law, save for the binding restrictions imposed by membership of the European Union; (ii) a requirement for the operator, "as the entity responsible for ensuring that the infrastructure operated under concession was safe and fit for purpose, and therefore as the entity responsible for the events", within 30 days of receipt of the Special Commissioner's

request, to pay the sum necessary for the reconstruction in the amount to be provisionally determined by the Commissioner, without prejudice to any subsequent findings regarding liability for the event; (iii) the exclusion of the Company and its subsidiaries and associates from involvement in the reconstruction; and (iv) the assignment to the Commissioner responsibility for the sections of motorway linked to the A10 road bridge whose operation will be affected by work on the reconstruction and which the operator is obligated to hand over to the Commissioner.

The Company has brought an action before Liguria Regional Administrative Court challenging the legislation and subsequent implementing measures. At the same time, the Company put in place an extraordinary monitoring programme for the infrastructure along its network. In addition, in its role as the operator, the Company has handed over the sums requested by the Special Commissioner in order to fund the purchase of homes and business premises, and payments on account to the firms contracted to carry out the demolition and reconstruction and project management. The Company has also committed to making available the remaining sums requested by the Special Commissioner as the work progresses.

In this context, in carrying out our audit activities, the Board has:

- a) obtained and examined all the legal opinions received by the Company in support of its decisions. To the findings of opinions regarding compensation payable (to third parties) and on the issue of the concession, the Board notes that such issues must be viewed within the context of the total uncertainty surrounding the causes and any secondary causes of the tragic events of 14 August 2018;
- b) looked closely at the content of the Single Concession Arrangement signed by ANAS and ASPI, with particular regard to how it deals with compliance with obligations under the arrangement;
- c) requested the Group's Internal Audit department to conduct two specific audits, namely: (i) the "Audit of the assessment and validation procedures used in evaluating the surveillance system and structural checks requested of CESI, with regard to the Polcevera road bridge", and (ii) the "Audit of compliance with the obligations under the concession arrangement, regarding maintenance of the Polcevera road bridge focusing on the last 10 years (2008-2018)", obtaining the related outcome;
- d) analysed and conducted an in-depth examination of the risk management system;
- e) analysed and monitored Autostrade per l'Italia's new organisational structure, involving the appointment of a General manager, reporting directly to the Chief executive Officer, and the related responsibilities, verifying, among other things, the Company's surveillance and maintenance of Autostrade per l'Italia's motorway network;
- f) analysed and examined the insurance coverage of the Company also taking into account the aforementioned event and the related issues examined in the aforementioned legal opinions;
- g) 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.

- we have examined the financial statements as at and for the year ended 31 December 2018, with regard to which we state the following:
 - a) as stated in the notes to the consolidated financial statements as at and for the year ended 31 December 2018, the financial statements have been prepared on the assumption that the Parent Company and the consolidated companies are going

concerns, and 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 38/2015, relating to the preparation of financial statements, have also been taken into account;

- b) as noted in the introduction to section 2.2 “Group financial review”, the consolidated financial statements for the year ended 31 December 2018 have been prepared in compliance with the international financial reporting standards (IFRS) endorsed by the European Commission and in effect as at 31 December 2018. With regard to the new IFRS in effect, the following standards were applied for the first time from 1 January 2018: IFRS 15 - Revenue from Contracts with Customers, which did not have any impact on the operating results or financial position for the year; and IFRS 9 - Financial Instruments, which, on the other hand, resulted in an increase of €26 million in consolidated equity;
- c) the scope of consolidation as at 31 December 2018 has not undergone any material changes with respect to 31 December 2017;
- d) 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;
- e) 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;
- f) we verified compliance with the laws governing preparation of the report on operations and have no particular observations to make in this regard;
- g) 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. 2433, paragraph 4 of the Italian Civil Code;
- h) 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;
- i) we note that the report on operations includes a section entitled “Significant regulatory aspects”, in which the Directors provide information on certain events in 2018, including reference to their potential implications for the future. In particular, full information is provided about:
 - Toll increases for 2018;
 - Toll increases for 2019;
 - II Addendum to Autostrade per l’Italia’s Single Concession Arrangement;
 - The five-yearly update of Autostrade per l’Italia’s financial plan;
 - Consultation with the Transport Regulator;
 - Agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna;
 - Addendum to Tangenziale di Napoli’s Single Concession Arrangement;
 - Award of the concession for the A3 Naples – Pompei – Salerno motorway;
 - Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa (Procedure initiated by the Grantor – law Decree 109 of 2018 - Legal challenges brought by the Company before Liguria Regional Administrative court - Investigation by the Public Prosecutor’s Office in Genoa).

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 2018 taking into account the latest estimates of the costs directly linked to the collapse, without prejudicing any determination of liability. In particular, as specified in detail in the Company's financial statements, the event has resulted in reduced toll revenue, expenses and provisions linked to (i) the cost of demolition and reconstruction of the road bridge (with related costs for expropriations and compensation payable to people, businesses and firms directly affected by the collapse), (ii) compensation payable to victims' families and to the injured, (iii) legal expenses and (iv) financial help to enable the purchase of basic necessities. This has resulted in an overall after-tax impact on profit for the year of approximately €370 million (€365 million, without taking into account the net effect of the decision to exempt road users in the Genoa area from the payment of tolls). These amounts prudently do not take into account the positive impact of any eventual insurance proceeds. We note that the report on operations includes a section, "Outlook and risks or uncertainties", in which the Directors state that they expect to record a broadly stable operating performance in 2019 compared with the previous year (excluding non-recurring items linked to the collapse of the Polcevera road bridge).

The Directors, moreover, reminding readers that the potential risks of the letter of complaint sent to Autostrade per l'Italia by the Ministry of Infrastructure and Transport on 16 August 2018, alleging serious breaches of the Company's contractual obligations in relation to the collapse of the Polcevera road bridge, should be taken into account.

On 27 March 2019, the independent auditors issued their 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 2018 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 2018 and have been prepared in compliance with the related statutory requirements.

The Board notes that, as described in the report on operations, Autostrade per l'Italia SpA's Directors have elected to apply the exemption granted by art. 6, paragraph 2 of Legislative Decree 254 of 30 December 2016 and have not prepared a non-financial statement.

In the light of the above, we invite the Annual General Meeting to approve the Annual Report for the year ended 31 December 2018, as prepared by the Directors, and Directors' proposal for the appropriation of profit for the year.

Finally, the Board of Statutory Auditors reminds the Meeting that the term of office of the Board of Directors expires with approval of the financial statements for the year ended 31 December 2018. You are thus invited to elect a new Board of Directors.

Roma, 27 March 2019

Board of Statutory Auditors
The Chairman
Giandomenico Genta

Independent Auditor's Report



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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, 2018, 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, 2018, 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") 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.

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.

Events of August 14 relating to the collapse of a section of the Polcevera road bridge in Genoa – Regulatory Framework

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|--|---|
| Description of the Key Audit Matter | On August 14, 2018, a section of the Polcevera road bridge (the "Road Bridge") collapsed in Genoa, on the A10 motorway operated under concession by Autostrade per l'Italia S.p.A. ("ASPI" or the "Operator"), causing the deaths of 43 people. |
|--|---|

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The causes of this tragic event (the "Event") and the related responsibilities are currently under inspection by the investigatory authorities.

In response to the Event, on August 16, 2018, the Ministry of Infrastructure and Transport (the "MIT or "Grantor") sent to ASPI a letter of complaint relating to serious breaches of its contractual obligations regarding routine and extraordinary maintenance, as well as to its obligation, as laid down in the Single Concession Arrangement (the "Concession").

ASPI, in its response dated August 31, 2018, and in the subsequent letter dated September 13, 2018, presented its counterarguments, rejecting the accusation that it had failed to meet its contractual obligations.

Subsequently, in a letter dated December 20, 2018, the Ministry of Infrastructure and Transport added further to its letter of complaint of August 16, 2018, giving ASPI 120 days from receipt of the letter to provide further counterarguments, specifically in relation to information on aspects regarding the system used to monitor infrastructure and the potential causes of the collapse.

ASPI believes, in part based on the opinion of leading experts, that communications with the Grantor do not qualify as the initial act in the procedure leading to termination of the concession, in accordance with Article 9 of the Concession.

Considering the significance of the Event and the potential effects on the regulatory regime, in the event of any changes to the Concession granted to ASPI, we have considered this issue as a key matter to the audit report on the consolidated financial statements of the ASPI Group as at December 31, 2018.

Note 10.7 to the consolidated financial statements, the Introduction and the section, "Outlook and risks or uncertainties", in the report on operations provide information relating to the aspects indicated above.

Audit procedures performed

As part of our audit we have, among other things, carried out the following procedures, also with the support of our legal experts:

- acquisition and analysis of the correspondence between MIT and ASPI concerning the Event;
- analysis of deliberations and reports provided by the Board of Directors of ASPI and Atlantia about the Event;
- examination of the opinions of the legal consultants engaged by ASPI with reference to an evaluation of the Operator's position within the Concession Framework;
- acquisition and analysis of Law Decree 109 of September 28, 2018, as amended and converted into Law 130 of November 16, 2018 (the "Genoa Decree"), along with the correspondence between the Operator and the Atlantia Group with the Special Commissioner and the CONSOB (*Commissione Nazionale per la Società e la Borsa*);
- meetings and discussions with the management of the Operator and Atlantia S.p.A. and the supervisory bodies with regard to the aspects in the previous points;
- analysis of subsequent events until the date of this report;

- analysis of the disclosures provided in the notes to the consolidated financial statements and in the report on operations.

Events of August 14 relating to the collapse of a section of the Polcevera road bridge in Genoa – Accounting effects

Description of the Key Audit Matter

With regards to the collapse of a section of the Polcevera road bridge ("Road Bridge"), the Group carried out detailed analysis in order to assess the related effects on the financial statements. For the purposes of these decisions, the Directors have also taken into account the provisions of the "Genoa Decree", as well as the measures taken by the Special Commissioner ("Commissioner") appointed following the issue of this decree and have made use of specific technical-legal opinions and the opinion of an independent expert to support the overall accounting approach.

At the end of the analyses carried out, the Group recognized costs and provisions totalling €502 million, gross of taxation equal to €137 million, with a negative effect on net profit for the year of €365 million.

These effects derive from the estimation and determination of so-called "direct damages" linked to the Event as a direct and immediate consequence of the Road Bridge collapse. With regard to the "indirect damages", the Directors did not recognize any financial or economic effects, based on the assessment that ASPI is not currently identified as being responsible for the event by any final court or out-of-court ruling. From an accounting point of view, the conditions set forth in IAS 37 have not been met for the recognition of provisions.

In particular, the economic effects resulting from the Event have led to the adjustment of the "Provisions for the repair and replacement of motorway infrastructure", totalling €397 million. This is equal to the charges estimated by the Commissioner in the communication addressed to ASPI on December 21, 2018 for the purchase civil and commercial buildings (provisionally determined as €115 million), for the sum necessary to compensate firms for any equipment, machinery and materials lost or the transfer of their businesses to another location (€44 million) and for the demolition, design and reconstruction of the bridge (provisionally determined at €238 million, net of VAT). ASPI also paid the amounts requested by the Commissioner for the payment of the expropriations necessary for the demolition and reconstruction (€115 million) and for the start of demolition and reconstruction activities (€46 million), given that, based on the provisions of the Genoa Decree, the Commissioner has awarded the contract for the demolition and reconstruction operations to companies outside the Autostrade per l'Italia Group, requesting ASPI to pay the amounts necessary for these activities.

The Group also recognized €57 million in "Provisions for risks and charges" as an estimate mainly of the compensation still to be paid to the family members of the victims of the Event, and to charge the costs incurred for €48 million during the year, mainly related to the restoration of the local road network, to the purchase of basic necessities during 2018 and to the compensation already paid to some heirs of the victims of the Event.

In consideration of the significance of the Event that occurred and the significance of the effects, we considered this issue a key matter in the audit

of the consolidated financial statements of ASPI Group as at December 31, 2018.

Notes 6.1 and 7.14 to the consolidated financial statements provide disclosures relating to the aforementioned matters.

Audit procedures performed

As part of our audit we have, among other things, carried out the following procedures, also with the support of our legal experts:

- analysis of deliberations and reports provided by the Board of Directors of ASPI and Atlantia about the Event;
- examination of the opinions issued by the legal consultants engaged by ASPI with reference to the assessment of the company's position with respect to civil liability for "direct" and / or "indirect" damages resulting from the Event;
- obtaining and analysing corporate documentation in order to understand the valuation process used by the management of ASPI in estimating the liabilities recorded in the financial statements and in evaluating the potential liabilities;
- verification of the methods adopted by management for the purposes of estimating the charges recorded in the "Provisions for the repair and replacement of motorway infrastructure" and in the "Provisions for risks and charges";
- examination of the opinion of the independent expert appointed by ASPI to support the accounting treatment adopted in the financial statements;
- acquisition and analysis of the "Genoa Decree" as well as the correspondence between the Operator and the Atlantia Group with the Special Commissioner and with CONSOB (*Commissione Nazionale per la Società e la Borsa*);
- meetings and discussions with the management of the Operator and of Atlantia S.p.A. and with the supervisory bodies regarding the aspects referred to in the previous points;
- analysis of the subsequent events until the date of this report;
- analysis of the disclosures provided in the notes to the consolidated financial statements and in the Annual 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, 2018 include "provisions for the repair and replacement of motorway infrastructure", amounting to €1,714 million, and "Provisions for the renewal of motorway infrastructure" of €65 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.

The provision for the repair and replacement of motorway infrastructure increased during the year by €422 million, mainly due to the effect of

provisions of €397 million made following the collapse of a section of the Polcevera Road Bridge, as described above.

ASPI also appointed external consultants to carry out analysis of the state of maintenance of the main infrastructure operated under concession, the results of which were then compared with those of the analyses conducted by the 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, 2018.

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 and, with reference to ASPI, testing of their operating effectiveness;
- 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;
- 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 2018;
- 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, 2018 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 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 a key audit matter for the consolidated financial statements of the ASPI Group as at December 31, 2018.

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.
- 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;
- 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;
- 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, 2018, 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, 2018 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, 2018 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
Fabio Pompei
Partner

Rome, Italy
March 27, 2019

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), which comprise the statement of financial position as at December 31, 2018, 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, 2018, 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.

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.

14th August 2018 event concerning the collapse of a section of the Polcevera "Road Bridge" in Genoa – regulatory framework

Description of the

Key audit matter

On August 14, 2018, a section of the Polcevera road bridge (the "Road Bridge") collapsed in Genoa, on the A10 motorway operated under concession by Autostrade per l'Italia S.p.A. ("ASPI" or the "Operator"), causing the deaths of 43 people.

The causes of this tragic event (the "Event") and the related responsibilities are currently under inspection by the investigatory authorities.

In response to the Event, on August 16, 2018, the Ministry of Infrastructure and Transport (the "MIT or "Grantor") sent to ASPI a letter of complaint relating to serious breaches of its contractual obligations regarding routine and extraordinary maintenance, as well as to its obligation, as laid down in the Single Concession Arrangement (the "Concession").

ASPI, in its response dated August 31, 2018, and in the subsequent letter dated September 13, 2018, presented its counterarguments, rejecting the accusation that it had failed to meet its contractual obligations.

Subsequently, in a letter dated December 20, 2018, the Ministry of Infrastructure and Transport added further to its letter of complaint of August 16, 2018, giving ASPI 120 days from receipt of the letter to provide further counterarguments, specifically in relation to information on aspects regarding the system used to monitor infrastructure and the potential causes of the collapse.

ASPI believes, in part based on the opinion of leading experts, that communications with the Grantor do not qualify as the initial act in the procedure leading to termination of the concession, in accordance with Article 9 of the Concession.

Considering the significance of the Event and the potential effects on the regulatory regime, in the event of any changes to the Concession granted to ASPI, we have considered this issue as a key matter to the audit report on the financial statements of ASPI as at December 31, 2018.

Note 9.5 to the financial statements, the Introduction and the section, "Outlook and risks or uncertainties", in the report on operations provide information relating to the aspects indicated above.

Audit procedures performed:

As part of our audit we have, among other things, carried out the following procedures, also with the support of our legal experts:

- acquisition and analysis of the correspondence between MIT and ASPI concerning the Event;
- analysis of deliberations and reports provided by the Board of Directors of ASPI and Atlantia about the Event;
- examination of the opinions of the legal consultants engaged by ASPI with reference to an evaluation of the Operator's position within the Concession Framework.
- acquisition and analysis of Law Decree 109 of September 28, 2018, as amended and converted into Law 130 of November 16, 2018 (the "Genoa Decree"), along with the correspondence between the Operator and the Atlantia Group with the Special Commissioner and the CONSOB (*Commissione Nazionale per la Società e la Borsa*);
- meetings and discussions with the management of the Operator and Atlantia S.p.A. and the supervisory bodies with regard to the aspects in the previous points;
- analysis of subsequent events until the date of this report;
- analysis of the disclosures provided in the notes to the financial statements and in the report on operations.

14th August 2018 event concerning the collapse of a section of the Polcevera "Road Bridge" in Genoa – Accounting effects**Description of Key audit matters**

With regards to the collapse of a section of the Polcevera road bridge ("Road Bridge"), the Company carried out detailed analysis in order to assess the related effects on the financial statements. For the purposes of these decisions, the Directors have also taken into account the provisions of the "Genoa Decree", as well as the measures taken by the Special Commissioner ("Commissioner") appointed following the issue of this decree and have made use of specific technical-legal opinions and the opinion of an independent expert to support the overall accounting approach.

At the end of the analyses carried out, the Company recognized costs and provisions totalling €502 million, gross of taxation equal to €137 million, with a negative effect on net profit for the year of €365 million.

These effects derive from the estimation and determination of so-called "direct damages" linked to the Event as a direct and immediate consequence of the Road Bridge collapse. With regard to the "indirect damages", the Directors did not recognize any financial or economic effects, based on the assessment that ASPI is not currently identified as being responsible for the event by any final court or out-of-court ruling. From an accounting point of view, the conditions set forth in IAS 37 have not been met for the recognition of provisions.

In particular, the economic effects resulting from the Event have led to the adjustment of the "Provisions for the repair and replacement of motorway infrastructure", totalling €397 million. This is equal to the charges estimated by the Commissioner in the communication addressed to ASPI on December 21, 2018 for the purchase civil and commercial buildings (provisionally determined as €115 million), for the sum necessary to compensate firms for any equipment, machinery and materials lost or the transfer of their businesses to another location (€44 million) and for the demolition, design and reconstruction of the bridge (provisionally determined at €238 million, net of VAT). ASPI also paid the amounts requested by the Commissioner for the payment of the expropriations necessary for the demolition and reconstruction (€115 million) and for the start of demolition and reconstruction activities (€46 million), given that, based on the provisions of the Genoa Decree, the Commissioner has awarded the contract for the demolition and reconstruction operations to companies outside the Autostrade per l'Italia Group, requesting ASPI to pay the amounts necessary for these activities.

ASPI also recognized €57 million in "Provisions for risks and charges" as an estimate mainly of the compensation still to be paid to the family members of the victims of the Event, and to charge the costs incurred for €48 million during the year, mainly related to the restoration of the local road network, to the purchase of basic necessities during 2018 and to the compensation already paid to some heirs of the victims of the Event.

In consideration of the significance of the Event that occurred and the significance of the effects, we considered this issue a key matter in the audit of the financial statements of ASPI as at December 31, 2018.

Notes 5.2 and 6.13 to the financial statements provide disclosures relating to the aforementioned matters.

| | |
|-----------------------------------|--|
| Audit Procedures Performed | <p>As part of our audit we have, among other things, carried out the following procedures, also with the support of our legal experts:</p> <ul style="list-style-type: none"> • analysis of deliberations and reports provided by the Board of Directors of ASPI and Atlantia about the Event; • examination of the opinions issued by the legal consultants engaged by ASPI with reference to the assessment of the company's position with respect to civil liability for "direct" and / or "indirect" damages resulting from the Event; • obtaining and analysing corporate documentation in order to understand the valuation process used by the management of ASPI in estimating the liabilities recorded in the financial statements and in evaluating the potential liabilities; • verification of the methods adopted by management for the purposes of estimating the charges recorded in the "Provisions for the repair and replacement of motorway infrastructure" and in the "Provisions for risks and charges"; • examination of the opinion of the independent expert appointed by ASPI to support the accounting treatment adopted in the financial statements; • acquisition and analysis of the "Genoa Decree" as well as the correspondence between the Operator and the Atlantia Group with the Special Commissioner and with CONSOB (<i>Commissione Nazionale per la Società e la Borsa</i>); • meetings and discussions with the management of the Operator and of Atlantia S.p.A. and with the supervisory bodies regarding the aspects referred to in the previous points; • analysis of the subsequent events until the date of this report; • analysis of the disclosures provided in the notes to the financial statements and in the Annual Report. |
|-----------------------------------|--|

Valuation of the provisions for repair and replacement of Motorway Infrastructure

Description of Key audit matters The financial statements as at December 31, 2018 include "provisions for the repair and replacement of motorway infrastructure", totalling €1,537 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 €416 million, mainly due to the provision of €397 million made following the collapse of a section of the Polcevera Road Bridge, as described above.

ASPI also appointed external consultants to carry out analyses of the state of maintenance of the main infrastructure operated under concession, the results of which were then compared with those of the analysis conducted by ASPI'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, 2018.

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 | <p>As part of our audit, among other things, we carried out the following procedures:</p> <ul style="list-style-type: none"> • 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, testing their operating effectiveness; • 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; • 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 2018; • assessing 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 Key audit matters | <p>Goodwill amounts to €6,111 million in the financial statements as at December 31, 2018 and is allocated entirely to the single cash-generating unit ("CGU") represented by the concession rights attributable to the Company.</p> |

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 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, 2018.

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;
- 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;
- 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;
- 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, 2018, 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, 2018 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, 2018 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
Fabio Pompei
Partner

Rome, Italy
March 27, 2019

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



06



**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 companies' most recent approved financial statements. The companies' reporting date is 31 December of each year, unless otherwise indicated. Autostrade Meridionali presents financial statements prepared in accordance with international financial reporting standards, whereas the other companies' financial statements are prepared in accordance with local accounting standards generally accepted in their countries.

Subsidiaries

Società Autostrada Tirrenica Pa

| €000 | FINANCIAL POSITION | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|---|-----------------------|------------------|------------------|
| Non-current assets | | 356,486 | 347,588 |
| <i>of which non-current investments</i> | | 52 | 52 |
| Current assets | | 12,530 | 29,691 |
| Other assets | | 123 | 193 |
| Total assets | | 369,139 | 377,472 |
| Equity | | 81,298 | 81,552 |
| <i>of which issued capital</i> | | 24,461 | 24,461 |
| Provisions and post-employment benefits | | 8,705 | 7,711 |
| Payables | | 268,767 | 272,752 |
| Other liabilities | | 10,369 | 15,457 |
| Total equity and liabilities | | 369,139 | 377,472 |
| €000 | RESULTS OF OPERATIONS | 2018 | 2017 |
| Value of production | | 42,068 | 42,881 |
| Costs of production | | -28,570 | -28,580 |
| Operating profit/(loss) | | 13,498 | 14,301 |
| Profit/(Loss) for the year | | -254 | -185 |

Tangenziale di Napoli SpA

| €000 | FINANCIAL POSITION | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|---|-----------------------|------------------|------------------|
| Non-current assets | | 249,794 | 257,478 |
| <i>of which non-current investments</i> | | 2 | 2 |
| Current assets | | 26,433 | 28,995 |
| Other assets | | 290 | 321 |
| Total assets | | 276,517 | 286,794 |
| Equity | | 197,241 | 192,212 |
| <i>of which issued capital</i> | | 108,077 | 108,077 |
| Provisions and post-employment benefits | | 33,946 | 33,588 |
| Payables | | 44,699 | 60,351 |
| Other liabilities | | 631 | 643 |
| Total equity and liabilities | | 276,517 | 286,794 |
| €000 | RESULTS OF OPERATIONS | 2018 | 2017 |
| Value of production | | 74,050 | 70,712 |
| Costs of production | | -56,098 | -57,742 |
| Operating profit/(loss) | | 17,952 | 12,970 |
| Profit/(Loss) for the year | | 11,312 | 7,610 |

Autostrade Meridionali SpA

| €000 | FINANCIAL POSITION | 31 DECEMBER 2017 | 31 DECEMBER 2016 |
|-------------------------------------|--------------------|------------------|------------------|
| Non-current assets | | 17,813 | 19,454 |
| Current assets | | 445,621 | 429,610 |
| Total assets | | 463,434 | 449,064 |
| Equity | | 150,139 | 133,045 |
| <i>of which issued capital</i> | | <i>9,056</i> | <i>9,056</i> |
| Non-current liabilities | | 15,297 | 19,675 |
| Current liabilities | | 297,998 | 296,344 |
| Total equity and liabilities | | 463,434 | 449,064 |

| €000 | RESULTS OF OPERATIONS | 2017 | 2016 |
|-----------------------------------|-----------------------|---------------|---------------|
| Operating revenue | | 93,224 | 85,220 |
| Operating costs | | -59,254 | -55,846 |
| Operating profit/(loss) | | 33,970 | 29,374 |
| Profit/(Loss) for the year | | 19,643 | 15,088 |

Autostrade Tech SpA

| €000 | FINANCIAL POSITION | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|---|--------------------|------------------|------------------|
| Non-current assets | | 5,127 | 2,481 |
| <i>of which non-current investments</i> | | <i>29</i> | <i>29</i> |
| Current assets | | 76,695 | 96,782 |
| Other assets | | 291 | 764 |
| Total assets | | 82,113 | 100,027 |
| Equity | | 51,962 | 69,806 |
| <i>of which issued capital</i> | | <i>1,120</i> | <i>1,120</i> |
| Provisions and post-employment benefits | | 1,396 | 1,526 |
| Payables | | 28,512 | 27,657 |
| Other liabilities | | 243 | 1,038 |
| Total equity and liabilities | | 82,113 | 100,027 |

| €000 | RESULTS OF OPERATIONS | 2018 | 2017 |
|-----------------------------------|-----------------------|--------------|--------------|
| Value of production | | 67,148 | 59,832 |
| Costs of production | | -60,113 | -51,227 |
| Operating profit/(loss) | | 7,035 | 8,605 |
| Profit/(Loss) for the year | | 4,640 | 5,888 |

Società Italiana per azioni per il Traforo del Monte Bianco

| €000 | FINANCIAL POSITION | 31 DECEMBER 2017 | 31 DECEMBER 2016 |
|---|--------------------|------------------|------------------|
| Non-current assets | | 233,733 | 236,165 |
| <i>of which non-current investments</i> | | <i>165,752</i> | <i>167,752</i> |
| Current assets | | 232,791 | 197,683 |
| Other assets | | 660 | 1,226 |
| Total assets | | 467,184 | 435,074 |
| Equity | | 232,499 | 292,809 |
| <i>of which issued capital</i> | | <i>198,749</i> | <i>198,749</i> |
| Provisions and post-employment benefits | | 95,772 | 79,239 |
| Payables | | 138,730 | 62,847 |
| Other liabilities | | 183 | 179 |
| Total equity and liabilities | | 467,184 | 435,074 |

| €000 | RESULTS OF OPERATIONS | 2017 | 2016 |
|-----------------------------------|-----------------------|---------------|---------------|
| Value of production | | 69,434 | 64,674 |
| Costs of production | | -52,102 | -43,981 |
| Operating profit/(loss) | | 17,332 | 20,693 |
| Profit/(Loss) for the year | | 12,451 | 12,634 |

Ad Moving SpA

| €000 | FINANCIAL POSITION | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|---|-----------------------|------------------|------------------|
| Non-current assets | | 929 | 1,047 |
| <i>of which non-current investments</i> | | - | - |
| Current assets | | 5,909 | 6,131 |
| Other assets | | 16 | 14 |
| Total assets | | 6,854 | 7,192 |
| Equity | | 1,020 | 971 |
| <i>of which issued capital</i> | | 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 | -7,198 |
| Operating profit/(loss) | | 73 | 62 |
| Profit/(Loss) for the year | | 49 | 34 |

EsseDiEsse Società di Servizi SpA

| €000 | FINANCIAL POSITION | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|---|-----------------------|------------------|------------------|
| Non-current assets | | 394 | 403 |
| <i>of which non-current investments</i> | | - | - |
| Current assets | | 11,942 | 15,661 |
| Other assets | | 181 | 175 |
| Total assets | | 12,517 | 16,239 |
| Equity | | 1,706 | 1,476 |
| <i>of which issued capital</i> | | 500 | 500 |
| Provisions and post-employment benefits | | 3,984 | 4,440 |
| Payables | | 6,383 | 9,879 |
| Other liabilities | | 444 | 444 |
| Total equity and liabilities | | 12,517 | 16,239 |
| €000 | RESULTS OF OPERATIONS | 2018 | 2017 |
| Value of production | | 28,808 | 27,966 |
| Costs of production | | 27,226 | -26,708 |
| Operating profit/(loss) | | 1,583 | 1,258 |
| Profit/(Loss) for the year | | 1,106 | 876 |

Giove Clear Srl

| €000 | FINANCIAL POSITION | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|---|-----------------------|------------------|------------------|
| Non-current assets | | 239 | 267 |
| <i>of which non-current investments</i> | | - | - |
| Current assets | | 5,598 | 4,998 |
| Other assets | | 24 | 19 |
| Total assets | | 5,861 | 5,284 |
| Equity | | 2,113 | 1,941 |
| <i>of which issued capital</i> | | 10 | 10 |
| Provisions and post-employment benefits | | 1,441 | 1,181 |
| Payables | | 2,052 | 1,936 |
| 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 | -11,682 |
| Operating profit/(loss) | | 613 | 589 |
| Profit/(Loss) for the year | | 325 | 306 |

Tech solutions Integrators SAS

| €000 | FINANCIAL POSITION | 31 DECEMBER 2017 | 31 DECEMBER 2016 |
|---|--------------------|------------------|------------------|
| Unpaid called-up capital | | - | - |
| Non-current assets | | - | - |
| <i>of which non-current investments</i> | | - | - |
| Current assets | | 2,968 | 3,065 |
| Total assets | | 2,968 | 3,065 |
| Equity | | -16,058 | -16,110 |
| <i>of which issued capital</i> | | 2,000 | 2,000 |
| Provisions and post-employment benefits | | 50 | 5,530 |
| Payables | | 18,976 | 13,645 |
| Total equity and liabilities | | 2,968 | 3,065 |

| €000 | RESULTS OF OPERATIONS | 2017 | 2016 |
|-----------------------------------|-----------------------|-----------|---------------|
| Operating revenue | | 698 | 600 |
| Operating costs | | -698 | -643 |
| Operating profit/(loss) | | - | -43 |
| Profit/(Loss) for the year | | 51 | -5,381 |

Associates

Tangenziali Esterne di Milano SpA

| €000 | FINANCIAL POSITION | 31 DECEMBER 2017 | 31 DECEMBER 2016 |
|---|--------------------|------------------|------------------|
| Non-current assets | | 221,643 | 221,647 |
| <i>of which non-current investments</i> | | 221,643 | 221,643 |
| Current assets | | 11,175 | 11,776 |
| Other assets | | 14 | 11 |
| Total assets | | 232,832 | 233,434 |
| Equity | | 232,631 | 233,281 |
| <i>of which issued capital</i> | | 220,345 | 220,345 |
| Provisions and post-employment benefits | | 24 | 17 |
| Payables | | 177 | 136 |
| Other liabilities | | - | - |
| Total equity and liabilities | | 232,832 | 233,434 |

| €000 | RESULTS OF OPERATIONS | 2017 | 2017 |
|-----------------------------------|-----------------------|-------------|-------------|
| Value of production | | 118 | 137 |
| Costs of production | | -770 | -805 |
| Operating profit/(loss) | | -652 | -668 |
| Profit/(Loss) for the year | | -651 | -668 |

Pavimental SpA

| €000 | FINANCIAL POSITION | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|---|--------------------|------------------|------------------|
| Non-current assets | | 85,325 | 101,623 |
| <i>of which non-current investments</i> | | 5,392 | 5,392 |
| Current assets | | 257,270 | 279,922 |
| Other assets | | 4,523 | 5,990 |
| Total assets | | 347,118 | 387,535 |
| Equity | | 15,011 | 31,477 |
| <i>of which issued capital</i> | | 10,116 | 10,116 |
| Provisions and post-employment benefits | | 12,608 | 12,823 |
| Payables | | 319,385 | 343,093 |
| Other liabilities | | 114 | 142 |
| Total equity and liabilities | | 347,118 | 387,535 |

| €000 | RESULTS OF OPERATIONS | 2018 | 2017 |
|-----------------------------------|-----------------------|----------------|---------------|
| Value of production | | 297,978 | 397,388 |
| Costs of production | | -318,361 | -371,862 |
| Operating profit/(loss) | | -20,383 | 25,526 |
| Profit/(Loss) for the year | | -16,205 | 15,794 |

Pedemontana Veneta SpA (in liquidation)

| €000 | FINANCIAL POSITION | 31 DECEMBER 2017 | 31 DECEMBER 2016 |
|---|--------------------|------------------|------------------|
| Non-current assets | | - | - |
| <i>of which non-current investments</i> | | - | - |
| Current assets | | 9,312 | 9,258 |
| Other assets | | - | - |
| Total assets | | 9,312 | 9,258 |
| Equity | | 5,609 | 5,723 |
| <i>of which issued capital</i> | | 6,000 | 6,000 |
| Provisions and post-employment benefits | | 103 | 149 |
| Payables | | 3,600 | 3,386 |
| Other liabilities | | - | - |
| Total equity and liabilities | | 9,312 | 9,258 |

| €000 | RESULTS OF OPERATIONS | 2017 | 2016 |
|-----------------------------------|-----------------------|-------------|-------------|
| Value of production | | - | 3 |
| Costs of production | | -88 | -87 |
| Operating profit/(loss) | | -88 | -84 |
| Profit/(Loss) for the year | | -114 | -110 |

Spea Engineering SpA

| €000 | FINANCIAL POSITION | 31 DECEMBER 2018 | 31 DECEMBER 2017 |
|---|--------------------|------------------|------------------|
| Non-current assets | | 7,942 | 7,689 |
| <i>of which non-current investments</i> | | 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 |
| <i>of which issued capital</i> | | 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 DECEMBER 2017 | 31 DECEMBER 2016 |
|---|--------------------|------------------|------------------|
| Non-current assets | | 44,211 | 45,626 |
| <i>of which non-current investments</i> | | - | - |
| Current assets | | 16,311 | 14,123 |
| Other assets | | 240 | 5 |
| Total assets | | 60,762 | 59,754 |
| Equity | | -521 | 614 |
| <i>of which issued capital</i> | | 2,715 | 2,715 |
| Provisions and post-employment benefits | | 2,034 | 2,907 |
| Payables | | 52,478 | 51,133 |
| Other liabilities | | 6,771 | 5,100 |
| Total equity and liabilities | | 60,762 | 59,754 |

| €000 | RESULTS OF OPERATIONS | 2017 | 2016 |
|-----------------------------------|-----------------------|---------------|--------------|
| Value of production | | 1,931 | 2,534 |
| Costs of production | | -2,390 | -2,843 |
| Operating profit/(loss) | | -459 | -309 |
| Profit/(Loss) for the year | | -1,800 | 1,587 |

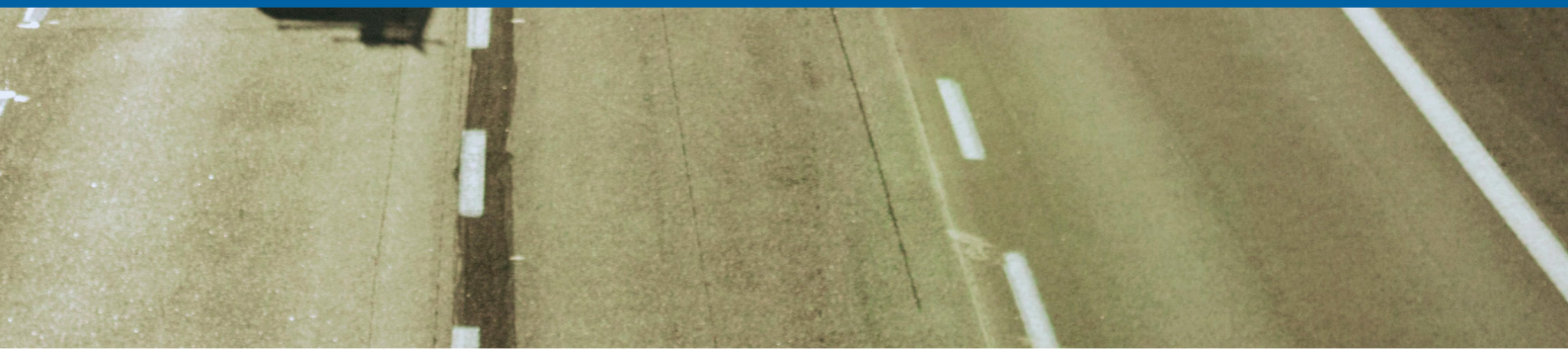
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07



SHAREHOLDERS' RESOLUTIONS



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Shareholders' resolutions

The Ordinary Shareholders' Meeting of Autostrade per l'Italia S.p.A., held in Rome, at Via Antonio Nibby, 20 on 18 April 2019 in single call, in order to resolve on the following

AGENDA

1. Financial statement of the financial year ended 31 December 2018. Report of the Board of Directors, the Board of Auditors and the auditing firm. Allocation of the financial year's net profits. Presentation of the consolidated financial statement as of 31 December 2018. Related and consequent discussions.
2. Appointment of the Board of Directors and its Chairman for the financial years 2019 – 2020 - 2021, following determination of the number of members; determination of the related remuneration.

On the point 1) of the agenda, the Shareholders' Meeting resolved:

- to approve the financial statement for the year ended 31 December 2018 which indicates a profit of 618,412,392.67 Euros for the financial year;
- to allocate the profit for the year, amounting to 618,412,392.67 Euros:
 1. to the distribution of dividends to a total of 311,013,500.00 Euros, equal to 0.50 Euros for each of the 622,027,000 shares, with a nominal value of 1.00 Euro each, all having regular dividend rights;
 2. to retained earnings, the remaining share of €307,398,892.67;
- to set the date for payment of the dividend at 15 May 2019.

On the point 2) of the agenda, the Shareholders' Meeting resolved:

- to set the number of the members of the Boards of Directors at 11;
- to appoint, for the financial years 2019-2020-2021 and until the approval of the financial statements as at 31 December 2021, as members of the Board of Directors the following: Mr Giuliano Mari, Mr Roberto Tomasi, Mr Michelangelo Damasco, Mr Giancarlo Guenzi, Mr Amedeo Gagliardi, Mr Giuseppe Angiolini, Mr Massimo Bianchi, Mr Roberto Pistorelli, Mr Antonino Turicchi, Mr Cristoph Holzer, Mr Hongcheng Li;
- to appoint Mr Giuliano Mari as Chairman of the Board of Directors;
- to set, pursuant to Article 2389, paragraph 1 of the Italian Civil Code, the annual remuneration of the members of the Board of Directors at 35,000.00 Euros for each Director, in addition to an attendance fee of 250.00 Euros per meeting;
- to set, as regards the Committee for Works, the annual remuneration at 40,000 Euros gross (including the attendance fee) for the Chairman of the Committee and at 30,000 Euros gross (including the attendance fee) for each Director – other than the Chairman of the Board of Directors and the Chief Executive Officer, who are members by right – appointed as member of the Committee.

Legal information and contacts

Registered Office and Operational Headquarters

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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

Media Relations

e-mail: ufficiostampa@autostrade.it

Investor Relations

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autostrade // per l'italia
La passione di muovere il Paese