

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

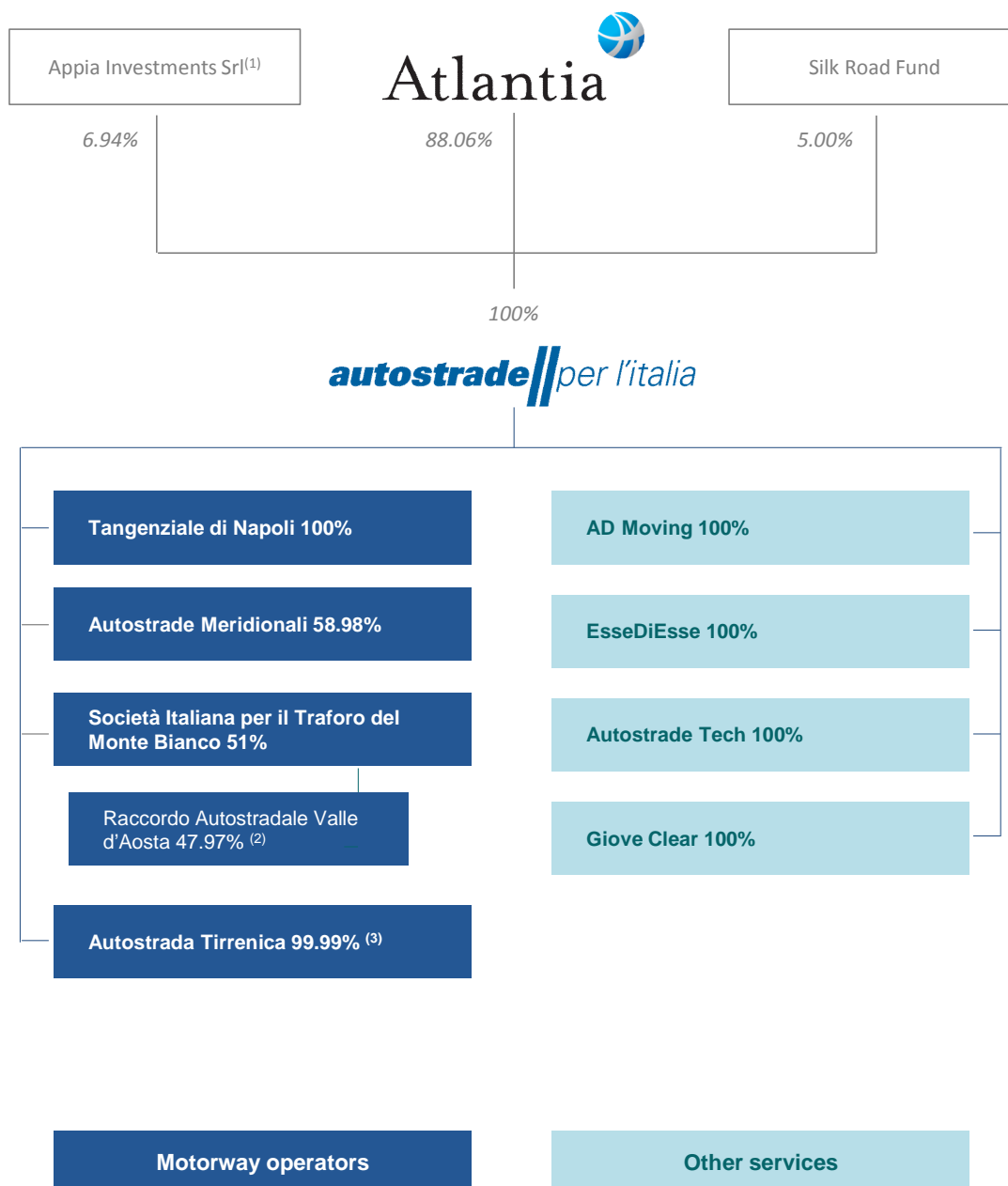
€m	2018	2017 ⁽¹⁾
Total operating revenue	4,004	3,945
Toll revenue	3,658	3,590
Other operating income	346	355
Gross operating profit (EBITDA) ⁽²⁾	1,991	2,452
Operating profit (EBIT)	1,368	1,913
Profit/(Loss) before tax from continuing operations	908	1,438
Profit for the year	622	1,042
Profit attributable 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



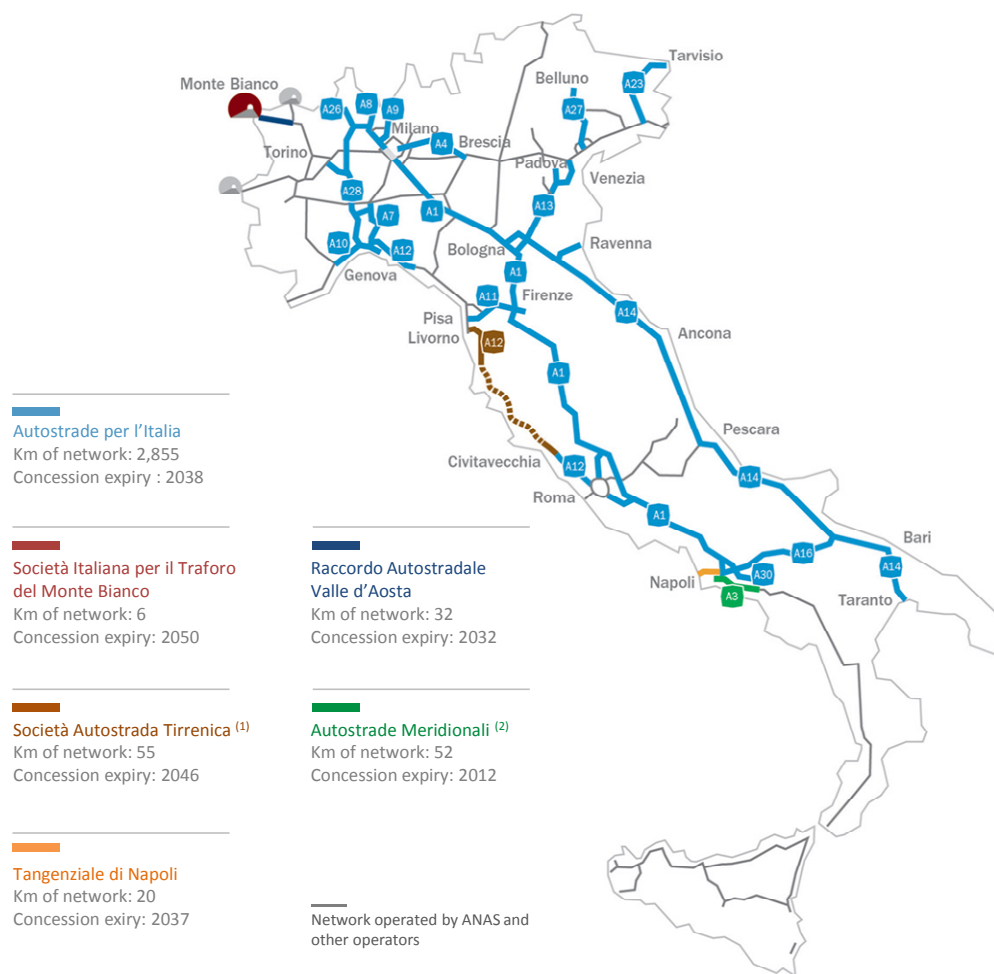
Note: The chart shows interests in the principal Autostrade per l'Italia Group companies as at 31 December 2018. The companies are described in detail in Annex 1 to the consolidated financial statements.

⁽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.

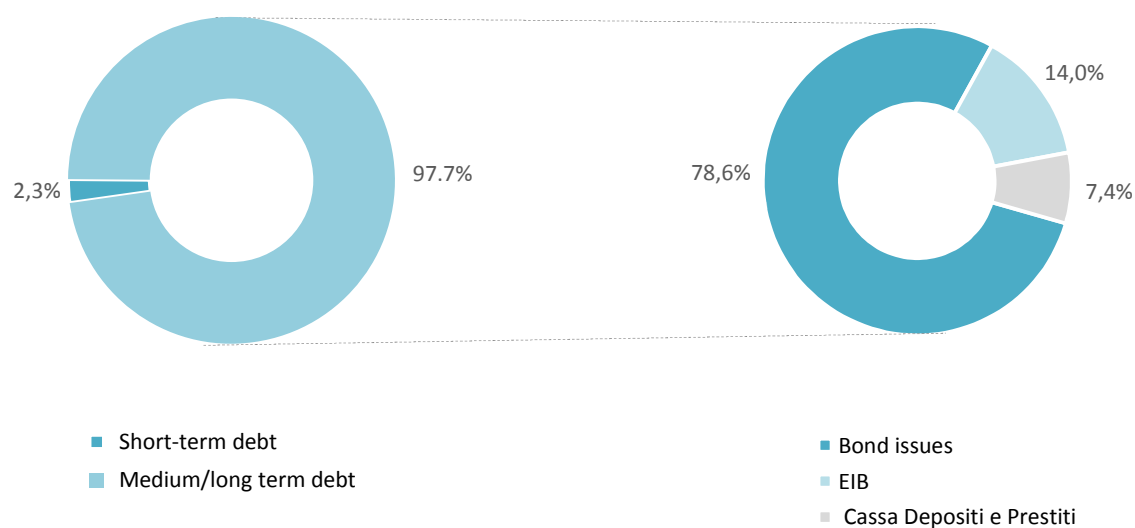
Autostrade was privatised in 1999 and IRI, the founding shareholder, was replaced by a stable group of shareholders today led by Edizione Srl.

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

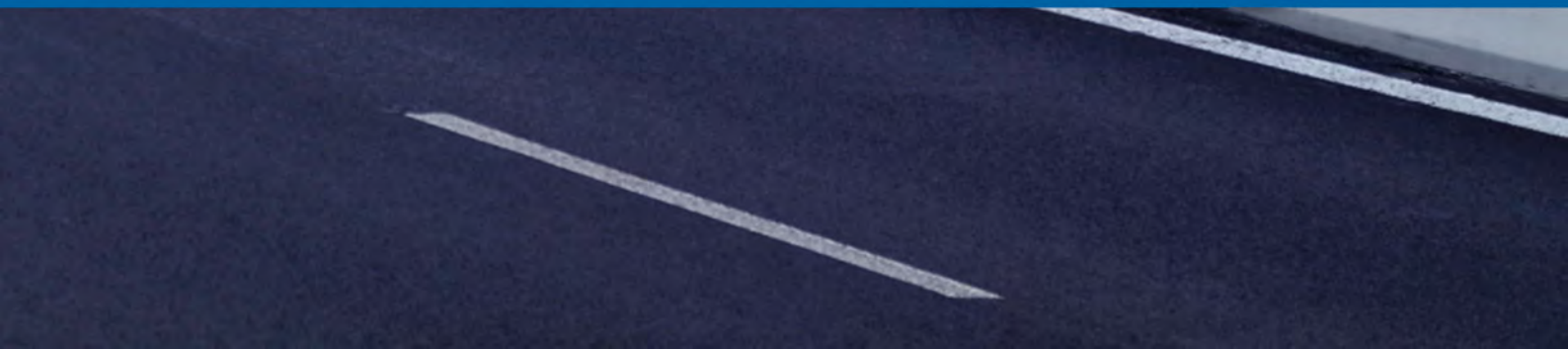
(1) From December 2016, Autostrade per l'Italia replaced Atlantia as the issuer of bonds originally issued between 2004 and 2014 under Atlantia's previous EMTN Programme. These bonds have the same ratings as Autostrade per l'Italia's €7bn EMTN programme.



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 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		57		57		
Current portion of medium/long-term borrowings		945		945		1,381		1,381		
Other current financial liabilities		-		-		3		3		
Cash and cash equivalents	(t)	-1,495			-1,495	(t)	-2,627			-2,627
Cash		-840		-840		-1,773		-1,773		
Cash equivalents		-		-		-80		-80		
Intercompany current account receivables due from related parties		655		655		-774		-774		
Current financial assets	(u)	-74			-74	(u)	-142			-142
Current financial assets deriving from government grants		-22		-22		-52		-52		
Current term deposits		-21		-21		-50		-50		
Current derivative assets		-		-		-		-		
Current portion of other medium/long-term financial assets		-29		-29		-32		-32		
Other current financial assets		-2		-2		-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				(v)	4			
Liabilities related to discontinued operations	(-w)	-				(-w)	-			
TOTAL NON-CURRENT ASSETS	(a+b+c+d-r)	18,108				(a+b+c+d-r)	18,340			
TOTAL CURRENT ASSETS	(e+f+g-t-u+v)	2,152				(e+f+g-t-u+v)	3,329			
TOTAL NON-CURRENT LIABILITIES	(-m-n-o-p+q)	14,409				(-m-n-o-p+q)	15,489			
TOTAL CURRENT LIABILITIES	(-h-i-j-k+l+s-w)	3,753				(-h-i-j-k+l+s-w)	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

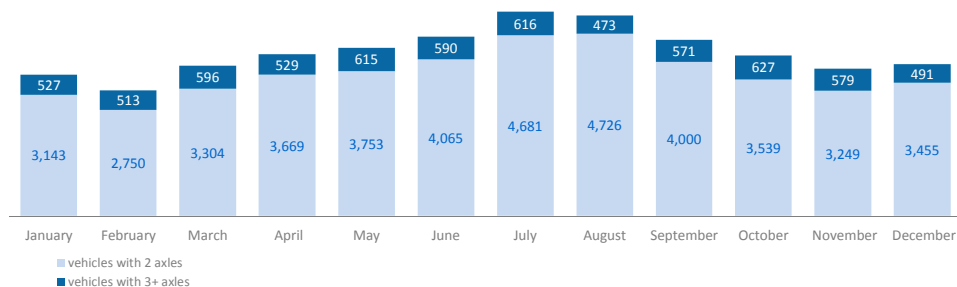
Motorway section	Vehicle per km (in millions)				ATVD 2018 *
	Vehicles with 2 axles	Vehicles with 3 or more axles	Total vehicles	% increase/ (decrease) on 2017	
A1 Milan-Naples	15,447.0	2,979.3	18,426.3	0.7	62,829
A4 Milan-Brescia	3,307.8	442.0	3,749.8	-0.3	109,875
A7 Serravalle-Genoa	521.0	82.0	602.9	-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.

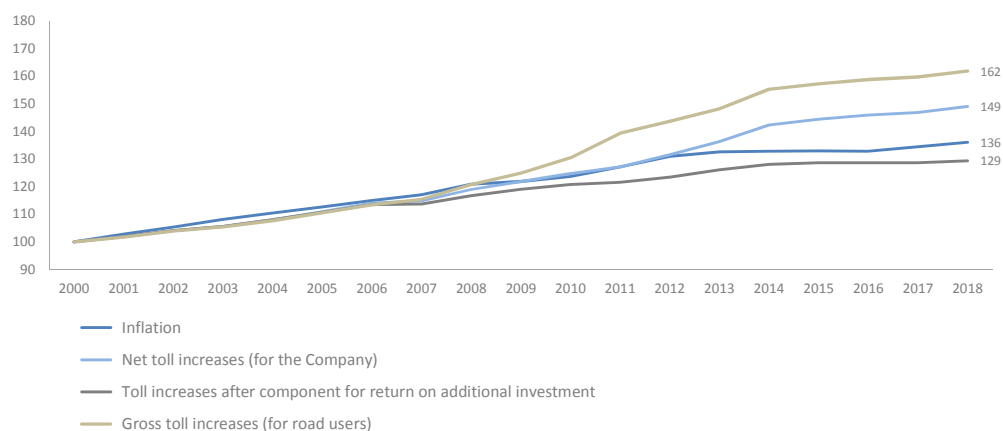
MONTHLY TRAFFIC TRENDS ON THE GROUP'S NETWORK (in millions of kilometres travelled)



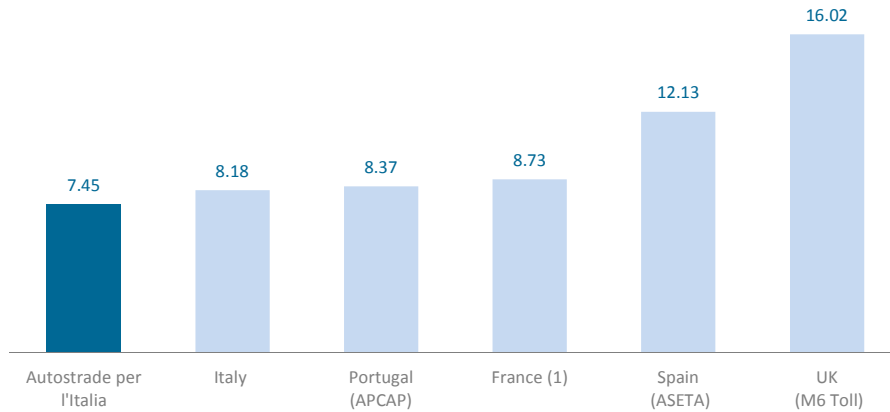
Toll increases

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)



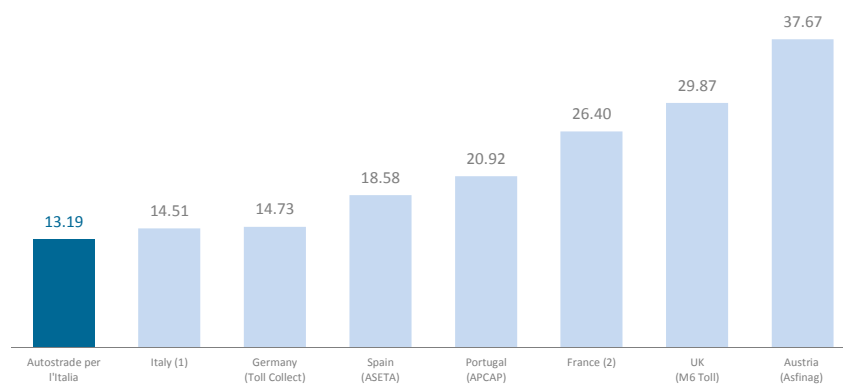
AVERAGE TOLLS FOR CARS IN EUROPE^(*) (VAT included, in € cents per km)



(*) 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.

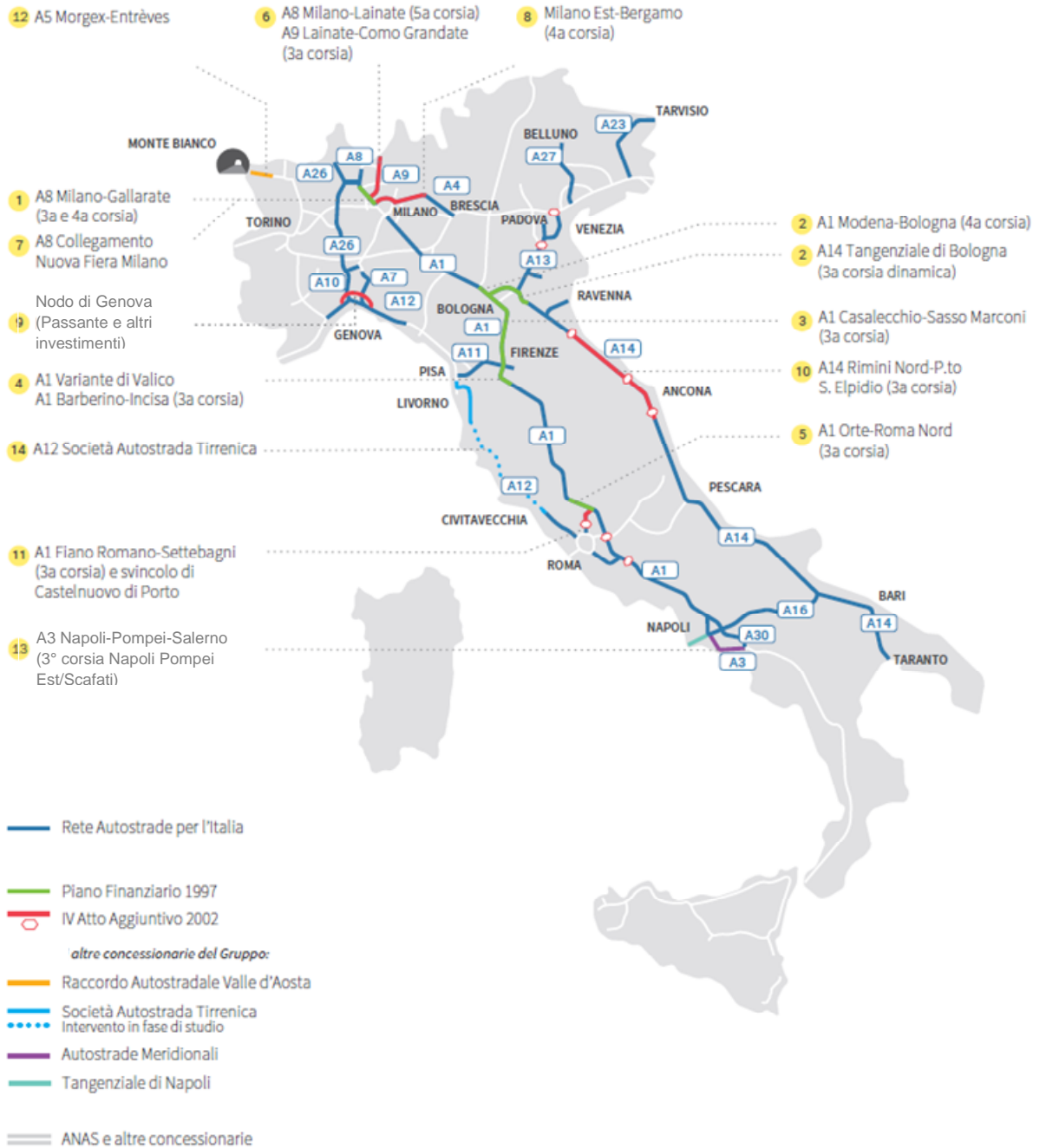
With regard to the new road and motorway system serving Genoa (the so-called "*Gronda di Genova*" or Genoa Bypass), the final design for which was approved by the Grantor in September 2017, the related detailed designs for all the 10 lots forming the project were submitted to the Ministry of Infrastructure 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-Tarquina. 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

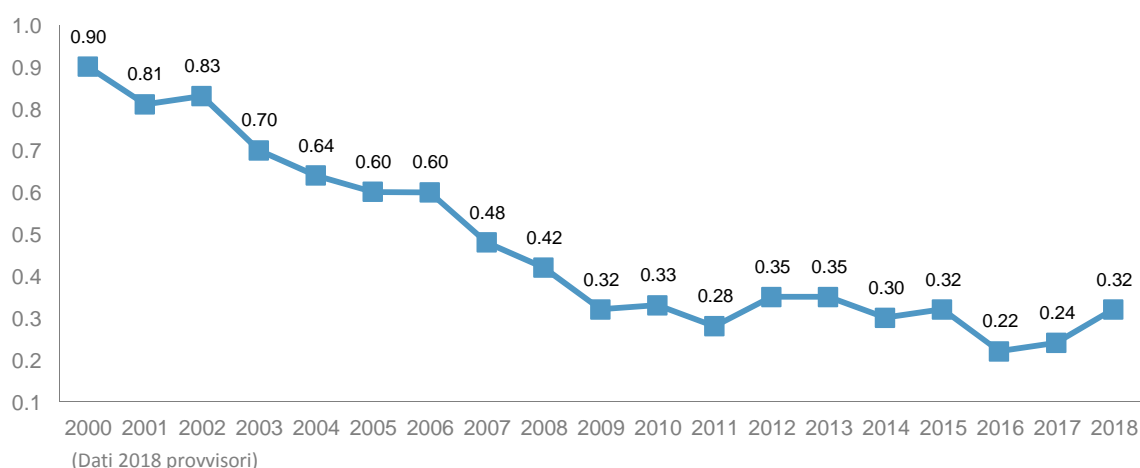
There were 14,719 accidents on the network managed by Autostrade per l'Italia and the other operators in 2018 (down 0.8% compared with 2017). The global accident rate is down to 28.8 from 29.1 in 2017, whilst the death rate is 0.32, compared with 0.24 in 2017⁽³⁾.

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.

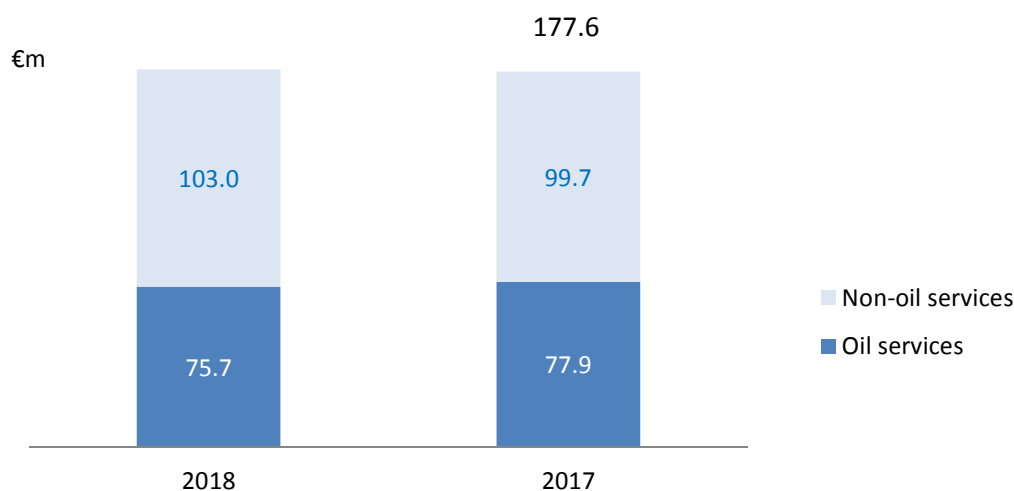
Implementation of Autostrade per l'Italia's service area upgrade programme continued in 2018 in agreement with the Grantor, and following the latter's approval of the programme at the end of 2017. The programme covers 60 service areas and involves both extensive upgrades (makeovers) and refurbishment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

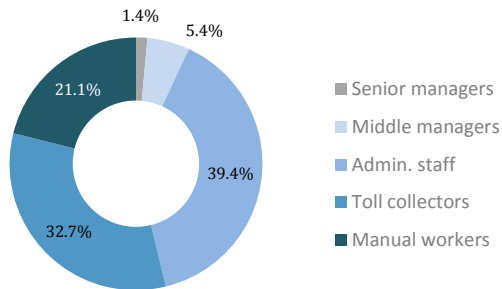
	2018 (**)	2017 (**)	Increase/(Decrease)	
			absolute	%
Senior managers	97	99	-2	-2.0%
Middle managers	369	387	-18	-4.7%
Administrative staff	2,646	2,645	1	0.0%
Manual workers	1,472	1,439	33	2.3%
Toll collectors	2,262	2,336	-74	-3.2%
Total	6,846	6,906	-60	-0.9%

(**) 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.

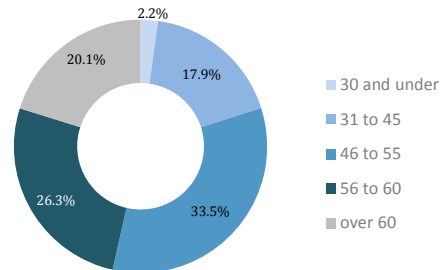
Breakdown of the Group's workforce

(permanent employees)

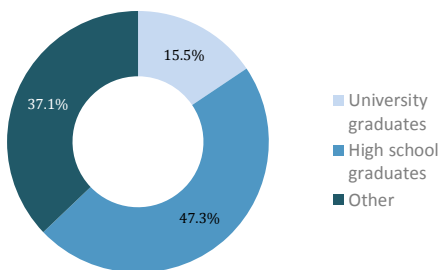
DISTRIBUTION OF PERMANENT STAFF BY CATEGORY



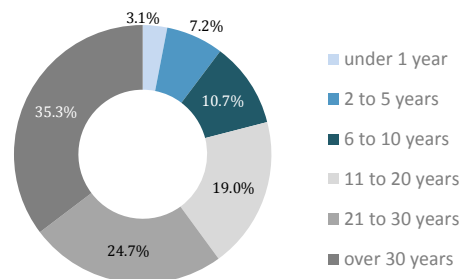
DISTRIBUTION OF PERMANENT STAFF BY AGE RANGE



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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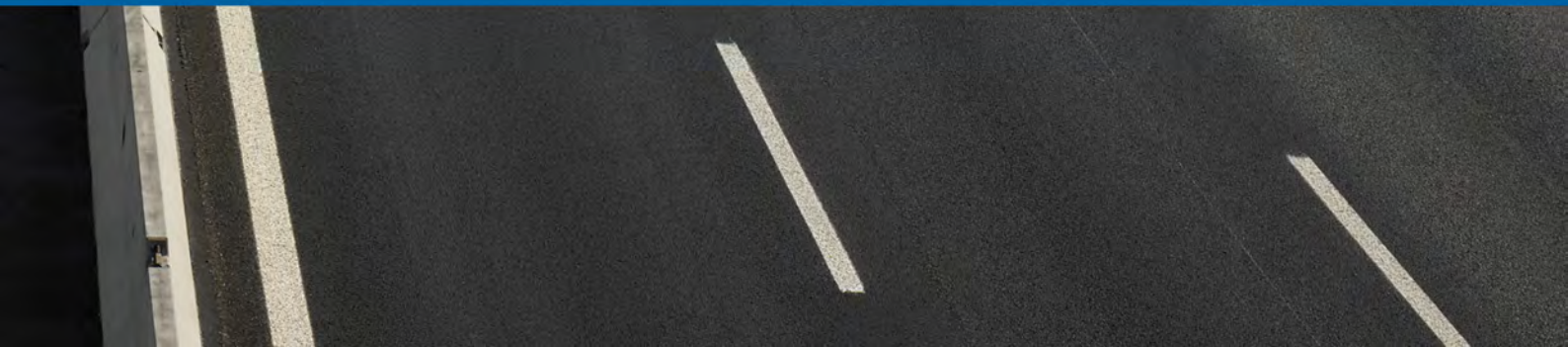


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2018 CONSOLIDATED FINANCIAL STATEMENTS



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										
Autostade per l'Italia 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	-	-	-
Autostade per l'Italia 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	-	-15,300	-	-72	-44	52	688,109	592,745	14,125	606,870
Owner transactions and other changes										
Autostade per l'Italia 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 (CCIRSs) 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		Trading and other income		Trading and other expenses		Trading and other income		Trading and other expenses	
Trade receivables	Current tax assets	Other trading assets and other assets	Assets related to discontinued operations	Total	Trade payables	Current tax liabilities	Other current liabilities	Other non-current liabilities	Liabilities related to discontinued operations	Total	Other revenue	Raw and consumable materials	Services costs	Staff costs	Other operating costs	Total	
31 December 2018																	
Sintona	-	6.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Atlanta	2.8	24.7	-	-	-	27.5	5.4	24.0	-	28.4	3.1	3.1	-	0.5	-	0.2	0.7
Total parents	2.8	31.0	-	-	27.5	33.8	5.4	24.0	-	28.4	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
Società 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	-	-	1.5	13	70.1	-	-	-	70.1	2.7	2.7	-	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
Audiogill	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	-	1.3	-	-	-	-	-	-	-
AB Concessions	0.2	-	-	-	0.2	0.2	-	-	-	0.2	0.2	-	-	-	-	-	-
Autostade dell'Atlantico	0.1	-	-	-	0.1	-	-	-	-	0.2	0.2	-	-	-	-	-	-
Autostade Holding do Sur	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-
Autostade Indian Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Autostade Indian 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	-	-	-	-	-	-
Gruppo Aeroporti di Roma	0.6	-	-	-	0.6	0.4	-	-	-	0.8	0.8	-	-	-	-	-	-
Gruppo Stareport	0.3	-	-	-	0.3	0.1	-	-	-	0.8	0.8	-	-	-	-	-	-
Società Gestion Viai	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	-	-	-	-	-	-
Altre imprese associate	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Total affiliates	67.2	-	-	-	67.2	83.6	-	-	-	83.3	119.9	2.1	12.7	-	-	0.6	15.4
SNT Lavori (in liquidation)	2.2	-	-	-	2.2	10.5	-	-	-	10.5	-	-	-	10.0	-	0.1	10.1
Totale other	2.2	-	-	-	2.2	10.5	-	-	-	10.5	-	-	-	10.0	-	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 responsabilità 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	-	124.0	278.3	24.0	16.3	1.7	320.3	124.5	12.45	2.1	342.8	23.3	1.4	349.6
31 December 2017																	
Sintona	-	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	-	33.9	-	0.3	34.2
Spea Engineering	2.2	-	-	-	2.2	73.8	-	-	-	76.0	0.8	0.8	-	21.9	-	-	21.7
Total associates	24.0	-	-	-	24.0	232.7	-	6.8	-	238.5	3.1	3.1	-	398.2	-	0.3	398.5
Audiogill	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 dell'Atlantico	0.2	-	-	-	0.2	-	-	0.2	-	0.2	0.2	-	-	-	-	-	-
Autostade Brasil	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Autostade Holding do Sur	-	-	-	-	-	-	-	0.2	-	0.2	-	-	-	-	-	-	-
Autostade Indian Infrastructure	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	-	-	-	-	-	-
Gruppo Stareport	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-
Los laços	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pavimental Polska	0.2	-	-	-	0.2	-	-	-	-	-	1.1	1.1	-	-	-	-	-
Società Gestion Viai	28.1	-	-	-	28.1	11.0	-	-	-	11.0	30.2	30.2	-	10.3	-	0.2	10.5
Telepass	0.4	-	-	-	0.4	-	-	-	-	-	2.1	2.1	-	-	-	-	-
Total affiliates	68.9	-	-	-	68.9	13.8	-	1.5	-	13.8	110.1	11.0	2.1	10.6	-	0.7	11.3
Fondo pensione ASTRI	-	-	-	-	-	-	-	6.2	-	6.2	-	-	-	15.6	-	-	15.6
Fondo pensione CAPDI	-	-	-	-	-	-	-	1.3	-	1.3	-	-	-	4.2	-	-	4.2
Total pension funds	-	-	-	-	-	-	-	7.5	-	7.5	-	-	-	19.8	-	-	19.8
Dirigenti con responsabilità 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	11.6	2.1	409.9	25.0	1.2	418.2

(1) This company was consolidated until first half of 2018.

(*) 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													
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													
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	-	-	-	-
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%	
TANGENZIALE 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	AUTOSTRADA E AEROPORTI 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 Trafforo 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 ²
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 ²
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.

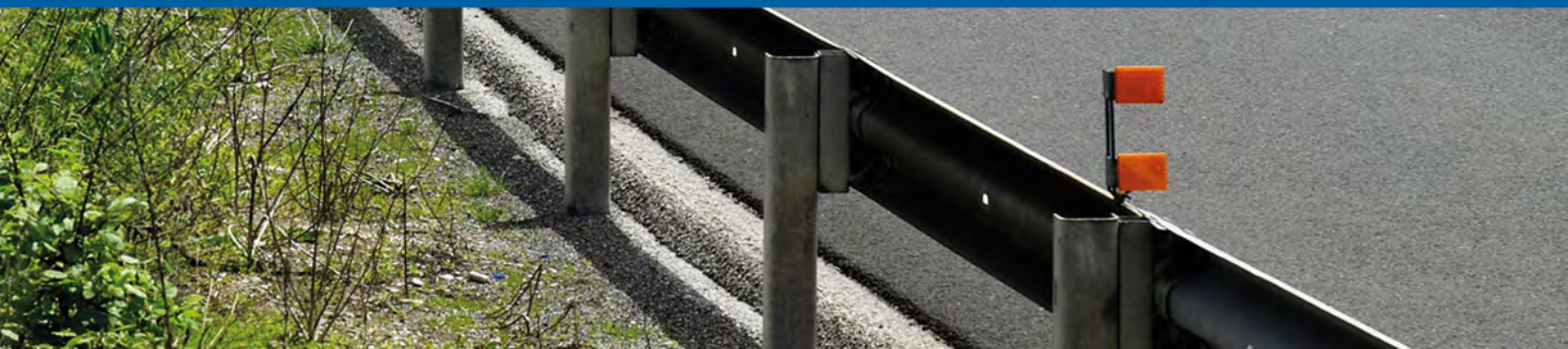
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04



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
Ecomov SAS (in liquidation) (3)	Paris (France)	-	euro -	euro -	70,00%	-	-	-	-
Società Italiana per Azioni per il Traforo del Monte Bianco pa	Pré Saint-Didier	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)									
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)									
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
									242.252

(1) The figures have been taken from the latest financial statements approved by shareholders.

(2) On 29 December 2015, Autostrada Tirrenica, following a 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:

- a) financial assets deriving from government grants include amounts payable by the Grantor, third parties or other government entities as grants payable for construction services carried out. As regards grants due from the Grantor, these grants are recognised at the time that the Grantor certifies the effective performance of the works on the A1 Milan-Naples, and relating to a number of lots included in the *Variante di Valico* and the upgrade of Florence interchange;

- b) term bank deposits relate to loans disbursed by banks as a condition precedent for the grants required by laws 662/1996, 345/1997 and 135/1997, relating to the above works on the A1 motorway mentioned in point a).

The balances on the accounts may not be withdrawn until such time as the Grantor specifically certifies the substantial completion of the works and the stage of completion;

- c) medium/long-term loans primarily include the loans granted to the subsidiaries, Autostrada Tirrenica (€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.

	CHANGES DURING THE YEAR							31 December 2018	
	31 December 2017	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
	Carrying amount						Direct	Indirect	
€000									
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
		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
Interest rate swaps		-177,583	-32,715	-41,271	-77,960	-25,637		-143,664	-25,177	-33,659	-56,475	-28,353
Expenses on cash flow hedges		15,248	-	-	-	15,248		13,718	-	-	-	13,718
Income from cash flow hedges		-	-	-	-	-		-	-	-	-	-
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.

0000	Principal trading and non-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 and other assets	Trade payables	Current tax liabilities	Other current liabilities	Revenue from contracts (income) (2)	Other income (income) (2)	Total	Revenue from contracts (costs) (2)	Other income (costs) (2)	Total (3)
2018												
31 December 2018												
Alitalia (S) (6)	2,561	18,640	21,201	5,313	22,302	-	2,146	2,146	428	-249	243	422
Siemena	-	5,702	5,702	-	-	-	-	-	-	-	-	-
Total parent	2,561	24,342	26,903	5,313	22,302	-	2,146	2,146	428	-249	243	422
AD Moving	4,776	-	4,776	15,095	-	-	4,556	4,556	3,808	468	263	3,760
Autostade Meridionali	877	-	877	15,095	-	-	6,804	6,804	9	-893	3	1,972
Autostade Tech	10,359	13	10,372	6,551	-	-	5,147	5,147	20,695	-1,220	3	19,475
Esedile Sas Società di Servizi	4,004	-	4,004	1,323	-	-	184	184	8,145	-1,016	-	7,129
Glue Clear	472	-	472	1,678	-	-	254	254	-	-157	-	-157
Raccordo Autostade e Valtellina	218	-	218	5,995	-	-	353	353	-	-426	14	312
Società Italiana per Aeronautica per il Tráfico del Monte Bianco	658	-	658	1,321	-	-	462	462	5	-1,013	79	-938
Tech Solutions Integrators	1,151	-	1,151	11,144	-	-	6	6	-	-	-	-
Tech Solutions Integrators	888	-	888	6,390	-	-	1,125	1,125	41	-345	-	-244
Other subsidiaries (1)	-	-	-	-	-	3	-	-	-	-	-	-
Total subsidiaries (4)	23,232	13	23,245	52,111	6,900	6,900	19,228	19,228	113	-35,469	-3	29,311
Spes Engineering	1,036	-	1,036	103,694	-	-	591	591	234,860	441	203	235,713
Società Infrastrutture Toscane (in liquidation)	38,017	-	38,017	67,447	-	-	641	641	82,129	2,072	98	84,299
Other associates (5)	100	-	100	-	-	-	2	2	-	-	-	-
Total associates	38,117	-	38,117	67,447	-	-	643	643	82,131	2,074	98	84,299
Aberis Group	214	-	214	70,073	-	-	1,448	1,448	-	-	-	-
Alitalia Betin Participaciones	2,049	-	2,049	3,353	-	-	1,388	1,388	722	-	-	-
Autostade del Piemonte	100	-	100	870	-	-	143	143	2,060	-162	342	3,124
Electronic Transaction Consultants Co	3,185	-	3,185	870	-	-	4,560	4,560	-	-496	-	-496
Regiojet	5,267	-	5,267	854	-	-	1,008	1,008	10,656	-1,039	251	9,722
Other affiliates (1)	12	-	12	83,606	-	-	1,682	1,682	13,592	-3,551	593	11,986
ASTI pension fund	-	-	-	4,935	-	-	909	909	14,028	-	-	14,028
CARDI pension fund	-	-	-	5,844	-	-	5,844	5,844	-	-	-	-
Key management personnel (5)	-	-	-	1,675	-	-	1,329	1,329	4,536	-	-	4,536
Total key management personnel	-	-	-	1,675	-	-	1,329	1,329	4,536	-	-	4,536
TOTAL	88,179	24,352	112,531	112,531	22,802	15,261	17,771	17,771	35,243	-2,121	463	33,298
2017												
31 December 2017												
Alitalia (S)	4,424	18,661	23,085	3,671	87,143	-	2,615	2,615	106	-1,414	214	1,796
Siemena	-	5,702	5,702	-	-	-	-	-	-	-	-	-
Total parent	4,424	24,363	28,787	3,671	87,143	-	2,615	2,615	106	-1,414	214	1,796
AD Moving	2,657	-	2,657	3,378	-	-	4,491	4,491	3,908	95	-	3,813
Autostade Meridionali	856	-	856	14,407	-	-	347	347	3,100	-	-	3,447
Autostade Tech	15,306	13	15,319	8,700	-	-	2,047	2,047	20,547	-1,113	41	19,434
Esedile Sas Società di Servizi	7,712	-	7,712	8,700	-	-	5,029	5,029	7,190	-1,045	-	6,045
Glue Clear	571	-	571	1,700	-	-	155	155	-	-	-	-
Infolia	639	-	639	865	-	-	497	497	865	-	-	865
Raccordo Autostade e Valtellina	347	-	347	4,657	-	-	354	354	-	-120	-	-120
Società Italiana per Aeronautica per il Tráfico del Monte Bianco	725	-	725	62	-	-	367	367	5	-998	99	-844
Tingenelec di Napoli	1,030	-	1,030	11,153	-	-	343	343	-	-	-	-
Tech Solutions Integrators	921	-	921	6,816	-	-	1,154	1,154	54	-365	-	-307
Other subsidiaries (1)	378	-	378	684	-	-	36	36	119	-447	-	-307
Total subsidiaries (4)	37,419	25	37,444	55,800	87,143	-	19,913	19,913	269	-33,884	-1,457	30,199
Bologna & Fiera Parking	1,025	-	1,025	-	-	-	-	-	-	-	-	-
Parental	1,476	-	1,476	156,044	-	-	6,846	6,846	10	320,287	-108	320,179
Spes Engineering	23,166	-	23,166	64,498	-	-	681	681	67,161	659	2	67,822
Società Infrastrutture Toscane (in liquidation)	4	-	4	-	-	-	13	13	-	-	-	-
Other associates (5)	-	-	-	-	-	-	-	-	-	-	-	-
Total associates	28,671	-	28,671	220,542	-	-	8,546	8,546	77	320,948	492	321,440
Alitalia Betin Participaciones	1,669	-	1,669	1,528	-	-	1,122	1,122	-	-	-	-
Autostade del Piemonte	30,081	-	30,081	1,528	-	-	1,538	1,538	70,226	2077	253	72,044
Autostade del Veneto	126	-	126	723	-	-	138	138	-	-118	-	-118
Electronic Transaction Consultants Co	2,690	-	2,690	625	-	-	645	645	1	-294	-	-293
Gruppo Aeronautica di Roma	1,086	-	1,086	10,220	-	-	4,481	4,481	10,248	-991	240	9,527
Telepass	14,415	-	14,415	13,705	-	-	1,312	1,312	2,072	-2,448	15	112
Other affiliates (1)	16	-	16	-	-	-	89	89	-	-	-	-
Total affiliates (1)	50,151	-	50,151	13,705	-	-	2,072	2,072	2,072	-2,448	15	10,880
ASTI pension fund	-	-	-	5,207	-	-	5,207	5,207	-	-	-	-
CARDI pension fund	-	-	-	6,866	-	-	6,866	6,866	-	-	-	-
Key management personnel (5)	-	-	-	2,500	-	-	2,295	2,295	2,295	-	-	2,295
Total key management personnel	-	-	-	2,500	-	-	2,295	2,295	2,295	-	-	2,295
TOTAL	111,674	24,363	136,037	233,495	87,143	17,771	97,006	97,006	463,478	-2,356	463,125	463,338

(1) This item includes balance for companies where the relevant amounts are material.
(2) "Staff costs" include cost recoveries.
(3) The total expenses for both periods do not include provisions. In 2017 for risks associated with Tech Solutions Integrators (€835 thousand) and Aurig (€830 thousand).
(4) The total also includes indirect subsidiaries.
(5) Substrate per "Italia's" key management personnel.
The expenses shown for each period, including amounts charged by Alitalia for 2017 (€2,237 thousand) and for 2017 (€2,237 thousand), include the accrued amount payable as emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of the based incentive plans based on the share of the parent, Alitalia). In addition to the information shown in the table, the financial statements also include contributions of €236 thousand paid on behalf of directors, Shareholder Auditors and other key management personnel for 2018 (€1,367 thousand) and other key management personnel for 2017 (€1,367 thousand) as at 31 December 2018 (€1,501 thousand as at 31 December 2017).
(6) The balance of current income tax liabilities include, for €28 thousand, the vesting taxes recognized in equity with respect to the entry posted in accordance with the accounting principles applied relating to "wider common control" transactions, of three years deriving from the sale of the controlling stake in Infoblu.

Principal financial transactions with related parties															
€000	Assets					Liabilities				Income		Expenses			
	Financial assets					Financial liabilities				Financial income		Financial expenses			
	Other non-current financial assets	Current financial assets deriving from government grants	Intercompany current account receivables	Current portion of medium/long-term financial assets	Other current financial assets	Total	Short term borrowings	Intercompany current account payables	Current portion of medium/long-term financial liabilities	Other current financial liabilities	Total	Other financial income (1)	Total	Other financial expenses (1)	Total
	31 December 2018					2018									
Atlantia	-	-	-	-	-	-	-	442	653	-	1,095	1,373	1,373	45,883	45,883
Total parents	-	-	-	-	-	-	-	442	653	-	1,095	1,373	1,373	45,883	45,883
AD Moving	-	-	-	-	-	10	-	249	-	-	249	4	4	-	-
Autostrade Meridiana II	-	-	-	-	-	-	-	19,886	-	-	19,886	3,800	3,800	-	-
Autostrade Tech	-	-	-	-	-	-	-	2,596	-	-	2,596	-	-	-	-
EsedilEse Società di Servizi	-	-	-	-	-	-	-	3,994	-	-	3,994	-	-	-	-
Grove Clear	-	-	-	-	-	-	-	1,844	-	-	1,844	-	-	-	-
Raccordo Autostradale Valle d'Aosta	-	-	-	-	-	-	-	4,263	-	-	4,263	-	-	-	-
Società Italiana per Azioni per il Traforo del Monte Bianco	13,112	-	-	-	-	-	-	7,613	-	-	7,613	-	-	-	-
Tangenziale di Napoli	-	-	-	-	-	-	-	938	-	-	938	-	-	-	-
Tech Solutions Integrators	-	-	2,424	-	-	-	-	337	-	-	337	13,159	13,159	-	-
Società Autostrada Trentina	218,000	-	-	-	-	218,000	-	337	-	-	337	13,159	13,159	-	-
Total subsidiaries (2)	231,112	-	2,424	8,128	10	241,674	-	41,700	-	-	41,700	18,455	18,455	-	-
Pavimental	-	-	127,356	-	-	127,356	-	-	-	-	-	801	801	-	-
Spa Engineering	-	-	1,350	-	-	1,350	-	-	-	-	-	-	-	-	-
Other associates (3)	-	-	182	-	-	182	-	-	-	-	-	-	-	-	-
Total associates	-	-	127,356	-	1,532	128,888	-	-	-	-	-	801	801	-	-
Autogrill	-	511	-	-	-	511	-	-	-	-	-	-	-	-	-
Autostrade dell'Atlantico	-	-	524,930	-	-	524,930	-	6,985	-	-	6,985	85	85	9,091	9,091
Telepass	-	511	524,930	-	-	525,441	-	6,985	-	-	6,985	85	85	9,091	9,091
Total affiliates	231,112	511	654,710	8,128	1,542	896,003	-	49,127	653	-	49,780	202,714	202,714	54,975	54,975
TOTAL	231,112	511	654,710	8,128	1,542	896,003	-	49,127	653	-	49,780	202,714	202,714	54,975	54,975
	31 December 2017					2017									
Atlantia	-	-	-	-	-	-	-	7,448	1,000,411	-	1,507,859	1,941	1,941	50,462	50,462
Total parents	-	-	-	-	-	-	-	7,448	1,000,411	-	1,507,859	1,941	1,941	50,462	50,462
AD Moving	-	-	2,459	-	-	2,459	-	-	-	-	-	7	7	-	-
Autostrade Meridiana II	-	-	2,000	-	-	2,000	-	-	-	-	-	3,767	3,767	-	-
Autostrade Tech	-	-	-	-	-	-	-	20,973	-	-	20,973	-	-	-	-
EsedilEse Società di Servizi	-	-	-	-	-	-	-	3,072	-	-	3,072	-	-	-	-
Grove Clear	-	-	-	-	-	-	-	965	-	-	965	-	-	-	-
Infoblu	-	-	-	-	-	-	-	2,710	-	-	2,710	-	-	-	-
Raccordo Autostradale Valle d'Aosta	-	-	-	-	-	-	-	4,508	-	-	4,508	-	-	-	-
Società Italiana per Azioni per il Traforo del Monte Bianco	-	-	7,761	-	-	7,761	-	5,399	-	-	5,399	1,885	1,885	-	-
Tangenziale di Napoli	21,239	-	7,427	7,702	-	36,368	-	-	-	-	-	2,846	2,846	-	-
Tech Solutions Integrators	230,000	-	-	3,380	-	233,380	-	2,996	-	-	2,996	13,794	13,794	-	-
Società Autostrada Trentina	251,239	-	-	11,082	-	262,321	-	42,971	-	-	42,971	19,453	19,453	-	-
Total subsidiaries (2)	251,239	-	12,086	7,761	-	271,086	-	42,971	-	-	42,971	19,453	19,453	-	-
Pavimental	-	-	111,146	-	-	111,146	-	-	-	-	-	843	843	-	-
Spa Engineering	-	-	-	-	-	-	-	372	-	-	372	-	-	-	-
Società Infrastrutture Toscane (in liquidazione)	-	-	-	-	-	-	-	-	3,450	-	3,450	-	-	-	-
Other associates (3)	-	-	182	-	-	182	-	-	-	-	-	-	-	-	-
Total associates	-	-	111,146	-	182	121,328	-	372	-	-	3,450	843	843	-	-
Autogrill	-	511	-	-	-	511	-	-	-	-	-	-	-	-	-
Autostrade dell'Atlantico	-	-	640,811	-	-	640,811	-	6,137	-	-	6,137	2,518	2,518	3,270	3,270
Telepass	-	511	640,811	-	-	640,811	-	6,137	-	-	6,137	2,518	2,518	3,270	3,270
Total affiliates	251,239	511	774,043	11,082	7,943	1,044,818	500,000	56,928	1,000,411	3,450	1,560,789	24,208	24,208	11,969	11,969
TOTAL	251,239	511	774,043	11,082	7,943	1,044,818	500,000	56,928	1,000,411	3,450	1,560,789	24,208	24,208	11,969	11,969

(1) The table does not include dividends from investees or reversals of impairment losses on financial assets and investments.

(2) The total also includes indirect subsidiaries.

(3) This item includes balances for companies where the relevant amount is not material.

As in 2018, no atypical or unusual transactions, having a material impact on the Company's income statement and statement of financial position, were entered into with related parties in 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	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	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	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	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	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

MOTORWAY: GENOA-VENTIMIGLIA
SECTION: A10 GENOA-SAVONA

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	-	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

MOTORWAY: A11 FLORENCE - PISA NORTH
SECTION: A11 FLORENCE-COAST

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	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

MOTORWAY: GENOA-LIVORNO-CIVITAVEC.-ROME
SECTION: A12 GENOA-SESTRI

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	-	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

MOTORWAY: GENOA-LIVORNO-CIVITAVEC.-ROME
SECTION: A12 ROME-CIVITAVECCHIA

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	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

MOTORWAY: BOLOGNA - PADUA
SECTION: A13 BOLOGNA-PADUA

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	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	900	500	8,930	4,789	57,486	27,962	85,448	
June	54,867	23,527	6,236	3,092	1,327	729	920	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	67,599	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	69,977	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	631	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.

(0000 - Italian GAAP)		AUTOTRADE PER L'ITALIA - SINGLE CONCESSION ARRANGEMENT - ART. 2												
Art. 2	PROJECT	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	Base tender price (*)	Available funding	Financial expenses	TOTAL			
	UPGRADING OF THE BOLOGNA-FLORENCE SECTION													
	Sub-section													
Ba)	Castelchio Sasso Marconi	68,106	62,042	64,610	18,263	2,559	85,432	64,610	18,352	2,559	85,521	64,610	18,352	2,559
Ab)	La Quercia	5,872,871	5,641,951	463,841	100,888	36,636	602,964	463,841	100,629	36,636	603,125	463,841	100,629	36,636
Ac)	La Quercia-Aglio (2)	2,305,185	2,352,098	2,500,250	457,425	389,853	3,387,797	2,500,250	20,316	161,877	3,653,151	2,500,250	20,316	161,877
Ad)	Aglio-Belferino	310,928	305,385	320,981	73,495	73,725	468,202	320,981	6,838	2,040	493,859	320,981	6,838	2,040
Ae)	Belferino-Florenze North	937,879	931,133	958,441	593,133	493,000	1,386,664	958,441	197,399	183,139	1,529,584	958,441	197,399	183,139
Af)	Belferino-Florenze South	608,701	597,487	616,717	321,540	8,075	660,184	616,717	182,850	6,669	805,236	616,717	182,850	6,669
Ag)	Florenze South-Isola	27,272	25,012	25,012	33,148	33,178	66,326	25,012	1,443	8,038	35,021	25,012	1,443	8,038
Ah)	Construction of the Florence access roads	1,627,111	1,598,045	1,532,875	1,143,577	277,405	2,255,197	1,532,875	292	3,726	2,292,136	1,532,875	292	3,726
Al)	Landscaping	148,943	148,731	115,156	29,884	2,051	146,301	115,156	29,546	2,051	146,753	115,156	29,546	2,051
	REMAINING INVESTMENT IN THIRD AND FOURTH LANES													
Ba1)	Biadene Marittima	641	641	1,155,156	1,094	503	1,597	1,155,156	1,094	503	1,597	1,155,156	1,094	503
Bb1)	Biadene Marittima	1,564,511	1,511,163	1,575,991	33,250	8,582	1,999,823	1,575,991	33,259	8,582	1,999,832	1,575,991	33,259	8,582
Bb2)	Rome-Orte (3)	29,642	27,826	9,015	14,934	686	24,635	9,015	15,456	686	25,157	9,015	15,456	686
Bb3)	Remaining investment in third lanes (3)	44,857	44,857	35,186	29,548	37	64,771	35,186	29,548	37	64,771	35,186	29,548	37
B)	Milan-Lakes (4)	169,158	59,393	47,754	116,839	1,383	60,776	47,754	16,699	1,383	60,776	47,754	16,699	1,383
	TOTAL			4,807,716	1,146,697	674,805	6,189,217	4,807,716	1,146,697	674,805	6,189,217	4,807,716	1,146,697	674,805
	ADDITIONAL WORKS UNDER THE IV ADDE VALORI DI 2002													
Dd1)	At - Fiano-Schiebeggia and Castelluccio di Porto junction	1,35,407	161,441	101,128	26,879	2,015	130,023	101,128	27,093	2,015	130,294	101,128	27,093	2,015
Dd2)	Milan-Bergamo	5,28,885	495,672	384,576	117,233	3,842	506,141	384,576	118,401	3,842	506,819	384,576	118,401	3,842
Dd3)	Structural repairs to Aida and Brembo bridges	11,438	9,767	9,458	1,119	180	10,757	9,458	1,127	180	10,804	9,458	1,127	180
Dd4)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd5)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd6)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd7)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd8)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd9)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd10)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd11)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd12)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd13)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd14)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd15)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd16)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd17)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd18)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd19)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd20)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd21)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd22)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd23)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd24)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd25)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd26)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd27)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd28)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd29)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd30)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd31)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd32)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd33)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd34)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd35)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd36)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd37)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd38)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd39)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd40)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd41)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd42)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd43)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd44)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd45)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd46)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd47)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd48)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd49)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54
Dd50)	At - Milan North-South	2,70,722	218,736	40,726	93,756	949	410,441	40,726	2,847	54	413,323	40,726	2,847	54

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

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.
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Valuation of the provisions for repair and replacement of Motorway Infrastructure	<p>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.</p> <p>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.</p> <p>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.</p>
Description of Key audit matters	

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.

<p>Audit Procedures Performed</p>	<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.
<p>Impairment Testing of Goodwill Description of Key audit matters</p>	<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

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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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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
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