



ANNUAL
REPORT
2016

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1.

Introduction

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1.1 Consolidated financial highlights ^(*)

€m	2016	2015 ⁽¹⁾
Operating revenue	3,799	3,666
Toll revenue	3,483	3,323
Other operating income and contract revenue	316	343
Gross operating profit (EBITDA)	2,384	2,238
Operating profit (EBIT)	1,717	1,734
Profit/(Loss) before tax from continuing operations	847	1,128
Profit for the year	930	1,129
Profit attributable to owners of the parent	817	1,013
Operating cash flow ⁽²⁾	2,063	1,824
Adjusted operating cash flow ⁽²⁾	2,102	1,857
Capital expenditure ⁽³⁾	931	1,151

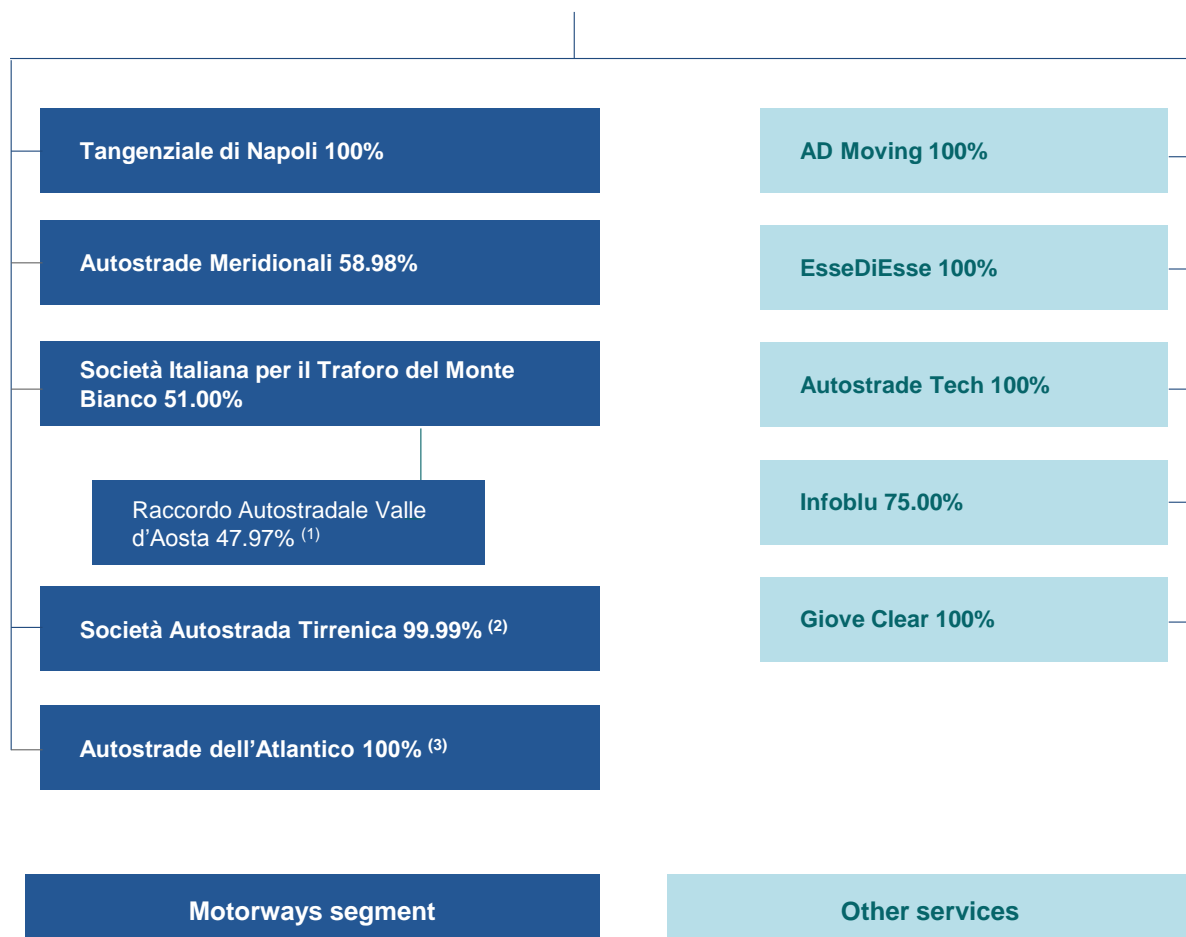
€m	31 December 2016	31 December 2015
Equity	6,118	4,560
Equity attributable to owners of the parent	4,369	3,000
Net debt ⁽³⁾	8,694	10,342
Adjusted net debt ⁽³⁾	9,840	11,445

(*) 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 2016". 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) In application of IFRS 5, the contributions of Telepass, Stalexport Autostrady, Autostrade dell'Atlantico ("ADA") and the related subsidiaries to the Group's operating results for the two comparative periods have been classified in "Profit/Loss) from discontinued operations", following the Group restructuring described in detail in note 6 "Corporate actions" in the consolidated financial statements for the year ended 31 December 2016. As a result, the income statement for 2015 presents a number of reclassifications with respect to the amounts published in the Annual Report for 2015.
- (2) Includes the contributions of Telepass, Stalexport Autostrady, ADA and the related subsidiaries for the two comparative periods.
- (3) Reported and adjusted net debt includes the contribution of ADA and the related subsidiaries, whose assets and liabilities as at 31 December 2016 are classified in assets and liabilities held for sale, in accordance with IFRS 5.

1.2 Structure of the Autostrade per l'Italia Group

autostrade // per l'italia ^(*)









(*) The chart shows interests in the principal Autostrade per l'Italia Group companies as at 31 December 31 December 2016.

The Autostrade per l'Italia's investments as at 31 December 2016 are described in Annex 1 to the consolidated financial statements.

- (1) The percentage shown refers to the interest in terms of the total number of shares in issue, whilst the interest in ordinary voting shares is 58.00%.
- (2) The percentage of interest in share capital refers to the interest in terms of the total number of shares in issue.
- (3) In January 2007, a General Meeting of Autostrade per l'Italia's shareholders approved the transfer of Autostrade dell'Atlantico (the holding company that controls the Group's Chilean and Brazilian investees) from Autostrade per l'Italia to Atlantia, with effect from 1 March 2017.

1.3 The Group's motorway operators



MOTORWAY OPERATORS	KM	CONCESSION EXPIRY
 Autostrade per l'Italia	2,855	2038
 Società Italiana per il Traforo del Monte Bianco	6	2050
 Raccordo Autostradale Valle d'Aosta	32	2032
 Autostrada Tirrenica ⁽¹⁾	55	2038
 Autostrade Meridionali ⁽²⁾	52	2012
 Tangenziale di Napoli	20	2037
Total	3,020	

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

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

1.4 Corporate bodies

BOARD OF DIRECTORS IN OFFICE FOR 2016

CHAIRMAN	Fabio CERCHIAI
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CHIEF EXECUTIVE OFFICER	Giovanni CASTELLUCCI
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DIRECTORS	Giuseppe ANGIOLINI Massimo BIANCHI Roberto PISTORELLI Roberto TOMASI Antonino TURICCHI
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SECRETARY	Antonio SANNA
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BOARD OF STATUTORY AUDITORS FOR THE THREE-YEAR PERIOD 2015 – 2016 – 2017

CHAIRMAN	Antonio MASTRAPASQUA
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AUDITORS	Giandomenico GENTA Antonio PARENTE
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ALTERNATE AUDITORS	Mario VENEZIA Francesco Mariano BONIFACIO
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INDEPENDENT AUDITORS FOR THE PERIOD 2012 – 2020

Deloitte & Touche SpA

1.5 Profile

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 of that year 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 (a holding company controlled by the Benetton family).

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

Autostrade per l'Italia and the Group's other Italian motorway operators are in the process of implementing a programme designed to upgrade and modernise approximately 1,100 km of the Italian motorway network, entailing total capital expenditure of approximately €25 billion, of which almost €11 billion already carried out. The aim of the programme is to bring motorway capacity into line with growing traffic volumes and changing needs in relation to safety standards and service quality. This makes Autostrade per l'Italia the country's biggest private investor.





2.

Report on
operations

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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), and which are mandatory in order to meet regulatory reporting requirements or for accounts published after 3 July 2016, the basis used in preparing the APIs published by the Autostrade per l’Italia Group is described below.

The APIs shown in this Annual Report are deemed relevant to an assessment of the operating performance with regard to the performances of the Group as a whole and of individual consolidated companies. In addition, the APIs provide an improved basis for comparison of the results over time, even if they are not a replacement for or an alternative to the results published on a reported basis in accordance with international financial reporting standards (IAS/IFRS) presented in section 3 “Consolidated financial statements as at and for the year ended 31 December 2016: financial statements and notes”.

With regard to the APIs, Autostrade per l’Italia presents the following 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”. These statements are different from those required under IAS/IFRS, included in the consolidated and separate financial statements as at and for the year ended 31 December 2016. In addition to amounts from the income statement and statement of financial position prepared under IAS/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 reported financial statements”, included in the “Group financial review” and the “Financial review for Autostrade per l’Italia” presents the reconciliation of the reclassified financial statements with the corresponding reported financial statements (prepared under IAS/IFRS), included in the same section.

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

- a) **“Gross operating profit (EBITDA)”** is the synthetic indicator of earnings from operations, calculated by deducting operating costs, with the exception of amortisation, depreciation, impairment losses and reversals of impairment losses, the operating change in provisions and other adjustments, from operating revenue;
- b) **“Operating profit (EBIT)”** is the indicator that measures the return on invested capital, calculated by deducting amortisation, depreciation, impairment losses and reversals of impairment losses, the operating change in provisions and other adjustments 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 statement, whilst being included in revenues in the income statement in the consolidated financial statements, on a reported basis;
- 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 consolidated financial statements as at and for the year ended 31 December 2016 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 + 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 +/- portion of net deferred tax assets/liabilities recognised in profit or loss.

A number of APIs, calculated as above, are also presented after applying certain adjustments in order to provide a consistent basis for comparison over time or in application of a different accounting treatment deemed more effective in representing the financial performance of specific activities carried out by the Group. These adjustments to the APIs fall within the following two categories:

- a) “**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, and calculated by excluding, where present, the impact of: (i) changes in the scope of consolidation; (ii) changes in exchange rates on the value of assets and liabilities denominated in functional currencies other than the euro; and (iii) events and/or transactions not strictly connected with operating activities that have an appreciable influence on amounts for at least one of the two comparative periods. The reconciliation of the like-for-like indicators and the corresponding amounts in the reclassified financial statements is provided in the section, “Like-for-like changes”, in the “Group financial review”, in addition to details of the adjustments made;
- b) “**Adjusted consolidated results of operations and financial position**”, which present adjusted amounts for consolidated gross operating profit (EBITDA), operating cash flow and net debt. These amounts are adjusted by stripping out, from the reported amounts in the reclassified consolidated financial statements, the impact of application of the “financial model”, introduced by IFRIC 12, by the Group’s operators that have adopted this model. Details of the adjustments made and the reconciliation with the corresponding reported amounts are provided in the section, “Adjusted consolidated results of operations and financial position and reconciliation with reported consolidated amounts”, included in the “Group financial review”.

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 2016, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified consolidated statement of financial position, compared with the corresponding amounts as at 31 December 2015, and the reconciliation of Autostrade per l'Italia's equity and profit for 2016 with the corresponding consolidated amounts for the Autostrade per l'Italia Group.

The accounting standards applied during preparation of the consolidated accounts for 2016 are consistent with those adopted for the consolidated financial statements for the year ended 31 December 2015, in that the new standards and interpretations that have come into effect since 1 January 2016 have not had a material impact on the consolidated accounts.

A restructuring of the Atlantia Group began in 2016. This involved the transfer, to Atlantia, of Autostrade per l'Italia's investment in Telepass and Stalexport Autostrady (completed at the end of the year) and the transfer, in the form of a special dividend in kind payable to the parent, of its interests in Autostrade dell'Atlantico (the sub-holding company that controls the Group's Chilean and Brazilian motorway businesses and holds a controlling interest in Electronic Transaction Consultants) and Autostrade Indian Infrastructure Development Private Limited. The above transaction has resulted in the following:

- a) deconsolidation of the assets and liabilities of Telepass, Stalexport Autostrady and the related subsidiaries as at 31 December 2016;
- b) classification, in application of IFRS 5, of the contributions of Telepass, Stalexport Autostrady, Autostrade dell'Atlantico ("ADA") and the related subsidiaries to the Group's operating results for the two comparative periods in "Profit/Loss) from discontinued operations". As a result, the income statement for 2015 presents a number of reclassifications with respect to the amounts published in the Annual Report for 2015;
- c) recognition, in application of IFRS 5, of the assets and liabilities of Autostrade Indian Infrastructure Development Private Limited, Autostrade dell'Atlantico and the related subsidiaries in the specific items for assets and liabilities held for sale in the statement of financial position as at 31 December 2016.

More details about the restructuring are provided in note 6 "Corporate actions" in section 3 "Consolidated financial statements as at and for the year ended 31 December 2016: financial statements and notes".

With regard to non-recurring transactions, on 22 December 2016, the process of issuer substitution was completed. This has resulted in Autostrade per l'Italia taking Atlantia's place as the issuer of bonds subscribed by institutional investors and in the related hedging derivatives entered into by the latter, with a significant impact on the Autostrade per l'Italia Group's operating results and financial position. More details are provided in note 8.17 "Material non-recurring transactions" in section 3 "Consolidated financial statements as at and for the year ended 31 December 2016:

financial statements and notes”, which also provides information on the impact of the non-recurring transactions that took place in 2015.

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

Finally, the reclassified financial statements included and analysed below have not been audited. The reconciliation with the corresponding consolidated financial statements on a reported basis is provided in the section “Reconciliation of the reclassified and reported financial statements”.

Like-for-like changes

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

- a) from consolidated amounts for 2016:
 - 1) the contribution of Autostrada Tirrenica (SAT) for the first nine months of 2016, as this represents a change in the scope of consolidation compared with 2015, following the company’s consolidation from September 2015;
 - 2) the difference between foreign currency amounts for 2016 for companies with functional currencies other than the euro, converted at average exchange rates for the period, and the matching amounts converted using average exchange rates for 2015;
 - 3) the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group’s liabilities;
 - 4) net financial expenses and the related taxation linked to the issuer substitution, involving the transfer of bonds from Atlantia to Autostrade per l’Italia and partial early repayment of medium/long-term loans from the parent, Atlantia;
 - 5) reversal of the impairment loss on the investment in Lusoponte;
 - 6) the net change in deferred taxation linked to certain Chilean companies, following a merger of a number of such companies in 2016, full implementation of the Chilean tax reforms that came into effect in 2016 and revisions of estimates;

- b) from consolidated amounts for 2015:
 - 1) the income recognised by Tangenziale di Napoli following settlement of a legal dispute arising in previous years, including after-tax interest accrued since initiation of the dispute;
 - 2) the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group’s liabilities;
 - 3) the overall impact, including the related taxation, of the partial early repayment of certain medium/long-term loans from the parent, Atlantia, maturing in 2016, 2017 and 2019;
 - 4) the overall benefit linked to reassessment of deferred taxation by the Italian companies, following the reduction in the IRES rate introduced by the 2016 Stability Law with effect from 1 January 2017.

The following table shows the reconciliation, for 2015 and 2016, of 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 the comparative periods and the corresponding amounts presented in the reclassified consolidated income statement.

€M	Gross operating profit (EBITDA)	Profit for the year	Profit for the year attributable to owners of the parent	Operating cash flow
Amounts for 2016 (A)	2,384	930	817	2,063
Adjustment for non like-for-like items in 2016				
Changes in the scope of consolidation (SAT)	20	1	1	11
Change in discount rate applied to provisions	-	-59	-56	1
Non-recurring financial transactions	-	-237	-237	71
Reversal of impairment losses on investments	-	25	25	-
Change in deferred tax related to Chilean activities	-	64	68	-
Exchange rate movements	-	-7	-4	-12
Sub-total (B)	20	-213	-203	71
Like-for-like amounts for 2016 (C) = (A)-(B)	2,364	1,143	1,020	1,992
Amounts for 2015 (D)	2,238	1,129	1,013	1,824
Adjustment for non like-for-like items in 2015				
Result of a judicial proceeding for Tangenziale di Napoli	4	9	9	9
Change in discount rate applied to provisions	-	45	42	-
Partial early repayment of loans to Atlantia	-	-91	-91	-91
Change in the IRES tax rate (2016 Stability Law)	-	64	70	-
Sub-total (E)	4	27	30	-82
Like-for-like amounts for 2015 (F) = (D)-(E)	2,234	1,102	983	1,906
Change on like-for-like amounts (G) = (C)-(F)	130	41	37	86

Consolidated results of operations

“**Operating revenue**” for 2016 amounts to €3,799 million, marking an increase of €133 million (4%) on 2015 (€3,666 million).

“**Toll revenue**” of €3,483 million is up €160 million (5%) on 2015 (€3,323 million), primarily reflecting the following main factors:

- a 3.2% increase in traffic on the Italian network, accounting for an increase in toll revenue of approximately €97 million (including the impact of the different traffic mix and the extra day in February 2016);
- application of annual toll increases (essentially a 1.09% increase applied by Autostrade per l’Italia with effect from 1 January 2016), boosting toll revenue by an estimated €30 million;
- the contribution of SAT, amounting to €30 million.

“**Other operating income and contract revenue**” amounts to €316 million, down €27 million (8%) on 2015 (€343 million). The change reflects a reduction in Autostrade per l’Italia’s service area royalties, linked to the discounts granted to operators at areas where concessions have been renewed, the contingent assets recognised by Tangenziale di Napoli in 2015, following settlement of a legal dispute arising in previous years, and refunds obtained in 2015 by Autostrade Meridionali as a result of work on the third lane of the motorway carried out at the expense of contractors, in addition to reduced activity at Autostrade Tech. These items were only partially offset by SAT’s contribution and an increase in other operating income at

Autostrade per l'Italia, primarily linked to the release of provisions considered excess to requirements and proceeds from damages received.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (*)

€m	2016	2015	Increase/(Decrease)	
			Absolute	%
Toll revenue	3,483	3,323	160	5
Contract revenue	-	1	-1	n.s.
Other operating income	316	342	-26	-8
Total operating revenue	3,799	3,666	133	4
Cost of materials and external services	-461	-510	49	-10
Concession fees	-454	-437	-17	4
Gross staff costs	-522	-500	-22	4
Capitalised staff costs	22	19	3	16
Total net operating costs	-1,415	-1,428	13	-1
Gross operating profit (EBITDA)	2,384	2,238	146	7
Amortisation, depreciation, impairment losses and reversals of impairment losses	-579	-540	-39	7
Operating change in provisions and other adjustments	-88	36	-124	n.s.
Operating profit (EBIT)	1,717	1,734	-17	-1
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-47	-45	-2	4
Other financial income/(expenses)	-821	-595	-226	38
Capitalised financial expenses on intangible assets deriving from concession rights	6	29	-23	-79
Share of profit/(loss) of investees accounted for using the equity method	-8	5	-13	n.s.
Profit/(Loss) before tax from continuing operations	847	1,128	-281	-25
Income tax (expense)/benefit	-319	-322	3	-1
Profit/(Loss) from continuing operations	528	806	-278	-34
Profit/(Loss) from discontinued operations	402	323	79	24
Profit for the year	930	1,129	-199	-18
(Profit)/Loss attributable to non-controlling interests	113	116	-3	-3
(Profit)/Loss attributable to owners of the parent	817	1,013	-196	-19

	2016	2015	Increase/ (Decrease)
Basic earnings per share attributable to the owners of the parent (€)	1.31	1.63	-0.32
<i>of which:</i>			
- from continuing operations	0.84	1.29	-0.45
- from discontinued operations	0.47	0.34	0.13
Diluted earnings per share attributable to the owners of the parent (€)	1.31	1.63	-0.32
<i>of which:</i>			
- from continuing operations	0.84	1.29	-0.45
- from discontinued operations	0.47	0.34	0.13

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

“Net operating costs” of €1,415 million are down €13 million on 2015 (€1,428 million).

The **“Cost of materials and external services”** amounts to €461 million, down €49 million on 2015 (€510 million), primarily due to a combination of the following:

- a) lower costs incurred by Autostrade per l’Italia due to a different scheduling of maintenance work on the network and reduced snowfall in the two comparative periods, corporate advertising, linked to the issue of bonds to retail investors in 2015, and insurance deductibles for accidents on the motorway network;
- b) reduced operating costs incurred by Autostrade Tech, linked to a decrease in turnover;
- c) the increase in costs contributed by SAT, consolidated from September 2015.

“Concession fees” of €454 million are up €17 million (4%) on 2015 (€437 million), primarily in line with the increase in toll revenue at the motorway operators.

“Staff costs”, after deducting capitalised expenses, amount to €500 million (€481 million in 2015) and are up €19 million (4%).

“Staff costs” of €522 million are up €22 million (4%) compared with 2015 (€500 million), essentially reflecting a combination of the following:

- a) an increase in the average unit cost (up 3.6%), primarily due to contract renewals;
- b) an increase of 40 in the average workforce (up 0.6%), primarily reflecting SAT’s contribution (an average of 60), partly offset by a freeze on the recruitment of toll collectors at Autostrade per l’Italia, Tangenziale di Napoli and Autostrade Meridionali, and an increase in personnel at Giove Clear following the expansion of operations.

“Gross operating profit” (EBITDA) of €2,384 million is up €146 million (7%) compared with 2015 (€2,238 million). On a like-for-like basis, gross operating profit is up €130 million (6%).

“Amortisation, depreciation, impairment losses and reversals of impairment losses” amount to €579 million (€540 million in 2015) and are up €39 million (7%), essentially due to increased amortisation of construction services for which additional economic benefits are received at Autostrade per l’Italia, following the increase in tolls approved by the grantor and the entry into operation of lots 0, 4 and 5 of the A14 Bologna-Taranto and lot 1 of the fifth lane of the A8 Milan - Lakes.

The **“Operating change in provisions and other adjustments”** shows an expense of €88 million, compared with income of €36 million in 2015. This marks a reduction of €124 million, primarily due to the different performance of provisions for the repair and replacement of motorway infrastructure, which in 2016 reflect charges of €77 million following an adjustment to the present value of the provisions to reflect the significant decline in the related interest rates. In 2015, discounting of the provisions resulted in income of €61 million due to the increase in the matching interest rate.

“Operating profit” (EBIT) of €1,717 million is down €17 million (1%) compared with 2015 (€1,734 million). Compared with the improvement in EBITDA, this reduction of operating profit essentially reflects the negative impact of the above discounting of provisions for the repair and replacement of motorway infrastructure.

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” amount to €47 million, in line with the figure for 2015 (€45 million).

“Net other financial expenses” of €821 million are up €226 million on 2015 (€595 million). This reflects a combination of the following:

- a) an increase in non-recurring financial expenses (€308 million) in 2016, following the above issuer substitution carried out by Atlantia and Autostrade per l'Italia and reflecting reclassification of the cash flow hedge reserve to profit or loss resulting from the winding up of Interest Rate Swaps entered into with Atlantia (€201 million), and recognition of the fair value of foreign currency bond issues previously attributable to Atlantia, as well as the corresponding Cross Currency Swaps used as hedges (amounting to a total of €107 million);
- b) the reduction in non-recurring financial expenses following partial early repayment of loans from the parent, Atlantia, matching bonds issued by the latter and also subject to a partial buyback, completed prior to the above issuer substitution (amounting to €19 million in 2016, compared with €125 million in 2015);
- c) income recognised in 2015 by Tangenziale di Napoli (€8 million), linked to settlement of a legal dispute arising in previous years;
- d) the increase in financial expenses contributed by SAT, consolidated from September 2015 (€12 million).

After stripping out these items, net financial expenses are up €4 million on 2015.

“Capitalised financial expenses”, amounting to €6 million, are down €23 million compared with 2015 (€29 million), primarily following completion of work on certain sections of the A14 Bologna-Taranto and the A8 Milan-Lakes by Autostrade per l'Italia.

The **“Share of the (profit)/loss of investees accounted for using the equity method”** amounts to a loss of €8 million, compared with a profit of €5 million in 2015, essentially relating to the loss incurred by Pavimental.

Total **income tax expense** of €319 million is down €3 million compared with 2015 (€322 million). This is proportionately lower than the change in profit before tax, essentially reflecting the reduction, in 2015, of deferred tax liabilities linked to approval of the 2016 Stability Law (Law 2018/2015), amounting to €64 million.

“Profit from continuing operations” amounts to €528 million, down €278 million (34%) on 2015 (€806 million).

The Group reports a **“Profit from discontinued operations”** of €402 million, up €79 million on 2015 (€323 million). This reflects the contributions of Telepass, Stalexport Autostrade, Autostrade dell'Atlantico and the related subsidiaries in the two comparative periods, following the restructuring of the Atlantia Group described above. The increase is also due to the reduction in tax expense incurred by the Group's Chilean companies, reflecting the tax benefits linked to the merger completed in 2016, and full implementation of the Chilean tax reforms that came into effect in 2016 and revisions of estimates, totalling €64 million.

“Profit for the year”, amounting to €930 million, is down €199 million (18%) on 2015 (€1,129 million). On a like-for-like basis, profit for the year is up €41 million (4%) compared with 2015.

“Profit for the period attributable to owners of the parent”, amounting to €817 million, is down €196 million (19%) on 2015 (€1,013 million). On a like-for-like basis, the figure is up €37 million.

“Profit for the year attributable to non-controlling interests”, amounting to €113 million, is down €3 million on 2015 (€116 million) .

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€m		2016	2015
Profit for the year	(A)	930	1,129
Fair value gains/(losses) on cash flow hedges		-72	22
Tax effect of fair value gains/(losses) on cash flow hedges		-32	-15
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		349	-314
Gains/(Losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		4	-7
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	(B)	247	-314
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	(C)	-2	3
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	198	7
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the year	(E)	-	-3
Total other comprehensive income/(loss) for the year	(F=B+C+D+E)	443	-307
<i>of which attributable to discontinued operations</i>		352	-315
Comprehensive income for the year	(A+F)	1,373	822
<i>Of which attributable to owners of the parent</i>		1,085	861
<i>Of which attributable to non-controlling interests</i>		288	-39

For 2016, “**Other comprehensive income for the year**”, after the related taxation, amounts to €443 million (a loss of €307 million in 2015). This essentially reflects a combination of the following:

- a) gains on the translation of assets and liabilities denominated in functional currencies other than the euro, totalling €347 million, reflecting significant increases in the value of the Brazilian real and Chilean peso against the euro as at 31 December 2016 compared with 31 December 2015; 2015, on the other hand, saw a fall in the value of the Brazilian real against the euro;
- b) reclassifications of other components of comprehensive income to profit or loss for the year, amounting to €198 million, essentially linked to the reclassification to “Net other financial expenses” of the cash flow hedge reserves linked to the issuer substitution, totalling €201 million;
- c) an increase in fair value losses on cash flow hedges, after the related taxation, totalling €72 million, primarily due to reductions in the interest rates applied to hedging instruments; in 2015, there was a reduction in fair value losses on cash flow hedges, amounting to €22 million, reflecting an increase in interest rates;

- d) the tax effect on the fair value measurement of cash flow hedges, representing a loss of €32 million in 2016, reflecting the reversal of deferred tax assets, totalling €50 million, linked to the events in point b) above, partially offset by the recognition of deferred tax assets of €18 million linked to the increase in fair value losses on cash flow hedge, as described in point c).

Consolidated financial position

As at 31 December 2016, **“Non-current non-financial assets”** of €19,024 million are down €3,032 million on the figure for 31 December 2015 (€22,056 million).

“Property, plant and equipment” of €86 million is down €46 million on the figure for 2015 (€132 million), primarily due to the above deconsolidation of the Stalexport group and of Telepass.

“Intangible assets” total €18,750 million (€21,637 million as at 31 December 2015) and essentially consist of intangible assets deriving from the Group’s concession rights, amounting to €12,620 million (€15,449 million as at 31 December 2015), 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 €2,887 million in intangible assets is primarily due to a combination of the following:

- a) the reclassification of intangible assets as at 31 December 2016 (€3,160 million), primarily relating to overseas motorway assets, to **“Non-financial assets held for sale or related to discontinued operations”**, reflecting the above restructuring;
- b) amortisation for the year (€706 million);
- c) deconsolidation of the Stalexport group and of Telepass at the end of December 2016 (€182 million);
- d) an increase in intangible assets deriving from concession rights due to an increase in the present value on completion of investment in construction services for which no additional benefits are received (€392 million);
- e) the effect of currency translation differences recognised at the end of the period on the concession rights of overseas operators (an total increase of €416 million), essentially due to a strengthening of the Brazilian real and the Chilean peso against the euro as at 31 December 2016, compared with the end of 2015;
- f) investment in construction services for which additional economic benefits are received (€308 million).

“Investments”, totalling €61 million, are down €47 million on the figure for 2015 (€108 million). This is essentially due to the reclassification of investments in the overseas operators, Lusoponte and Rodovias do Tietè, to “Non-financial assets held for sale or related to discontinued operations”, following the transfer of the sub-holding, Autostrade dell’Atlantico, to the parent, Atlantia. This transaction was completed in 2017 in the form of a special dividend in kind.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

€m	31 December 2016	31 December 2015	Increase/ (Decrease)
Non-current non-financial assets			
Property, plant and equipment	86	132	-46
Intangible assets	18,750	21,637	-2,887
Investments	61	108	-47
Deferred tax assets	119	168	-49
Other non-current assets	8	11	-3
Total non-current financial assets (A)	19,024	22,056	-3,032
Working capital			
Trading assets	575	1,145	-570
Current tax assets	69	46	23
Other current assets	83	184	-101
Non-financial assets held for sale or related to discontinued operations	3,576	6	3,570
Current portion of provisions for construction services required by contract	-521	-459	-62
Current provisions	-232	-285	53
Trading liabilities	-1,255	-1,466	211
Current tax liabilities	-4	-34	30
Other current liabilities	-304	-369	65
Non-financial liabilities related to discontinued operations	-1,234	-6	-1,228
Total working capital (B)	753	-1,238	1,991
Gross invested capital (C=A+B)	19,777	20,818	-1,041
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-3,165	-3,369	204
Non-current provisions	-1,298	-1,267	-31
Deferred tax liabilities	-471	-1,189	718
Other non-current liabilities	-31	-91	60
Total non-current non-financial liabilities (D)	-4,965	-5,916	951
NET INVESTED CAPITAL (E=C+D)	14,812	14,902	-90
Equity			
Equity attributable to owners of the parent	4,369	3,000	1,369
Equity attributable to non-controlling interests	1,749	1,560	189
Total equity (F)	6,118	4,560	1,558
Net debt			
Non-current net debt			
Non-current financial liabilities	12,022	13,442	-1,420
Bond issues	8,005	3,308	4,697
Medium/long-term borrowings	3,537	9,739	-6,202
Non-current derivative liabilities	480	369	111
Other non-current financial liabilities	-	26	-26
Non-current financial assets	-396	-1,775	1,379
Non-current financial assets deriving from concession rights	-	-766	766
Non-current financial assets deriving from government grants	-190	-256	66
Non-current term deposits	-186	-325	139
Other non-current financial assets	-20	-428	408
Total non-current net debt (G)	11,626	11,667	-41
Current net debt			
Current financial liabilities	3,131	2,282	849
Short-term borrowings	244	645	-401
Current derivative liabilities	3	-	3
Intercompany current account payables due to related parties	206	14	192
Current portion of medium/long-term borrowings	915	1,623	-708
Financial liabilities related to discontinued operations	1,763	-	1,763
Cash and cash equivalents	-3,625	-2,826	-799
Cash	-2,541	-2,003	-538
Cash equivalents	-200	-707	507
Intercompany current account receivables due from related parties	-483	-77	-406
Cash and cash equivalents related to discontinued operations	-401	-39	-362
Current financial assets	-2,438	-781	-1,657
Current financial assets deriving from concession rights	-398	-436	38
Current financial assets deriving from government grants	-50	-75	25
Current term deposits	-49	-211	162
Current portion of medium/long-term financial assets	-3	-42	39
Other current financial assets	-8	-17	9
Financial assets held for sale or related to discontinued operations	-1,930	-	-1,930
Total current net debt (H)	-2,932	-1,325	-1,607
Total net debt (I=G+H) ⁽¹⁾	8,694	10,342	-1,648
NET DEBT AND EQUITY (L=F+I)	14,812	14,902	-90

(*) The reconciliation with the reported amounts in the consolidated interim financial statements is provided in the section, "Reconciliation of the reclassified and reported 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 €119 million are down €49 million on the figure for 31 December 2015 (€168 million), primarily due to deconsolidation of the Stalexport group and of Telepass.

“Working capital” has a positive balance of €753 million, marking an increase of €1,991 million compared with a negative balance of €1,238 million as at 31 December 2015. The principal changes during the period reflect a combination of the following:

- a) an increase due to the reclassification of amounts attributable to ADA and the related subsidiaries as at 31 December 2016, totalling €2,342 million, to net non-financial assets and liabilities related to discontinued operations, consisting primarily of concession rights and the corresponding deferred tax liabilities recognised on allocation of the Group’s Chilean and Brazilian operators;
- b) a reduction due to the deconsolidation, at the end of December 2016, of Telepass and Stalexport, accounting for a change of €314 million.

“Non-current non-financial liabilities”, totalling €4,965 million, are down €951 million on the figure for 31 December 2015 (€5,916 million). The change primarily reflects:

- a) a reduction of €204 million in the non-current portion of provisions for construction services required by contract, primarily reflecting the reclassification of the current portion, totalling €546 million, and deconsolidation of the Stalexport group (€68 million), only partially offset by an updated estimate of the present value on completion of investment in construction services yet to be carried out (€392 million);
- b) a reduction in deferred tax liabilities, totalling €718 million, primarily linked to the reclassification, as at 31 December 2016, of the deferred tax liabilities attributable to the Chilean and Brazilian operations, as previously noted, to “Non-financial liabilities related to discontinued operations”.

As a result, **“Net invested capital”**, totalling €14,812 million, is down €90 million on the figure for 31 December 2015 (€14,902 million).

“Equity” amounts to €6,118 million (€4,560 million as at 31 December 2015).

“Equity attributable to owners of the parent”, totalling €4,369 million, is up €1,369 million compared with the figure as at 31 December 2015 (€3,000 million). This reflects a combination of the following:

- a) the deconsolidation of Telepass and of the Stalexport group (totalling €1,054 million), in accordance with the accounting treatment described in note 3 “Accounting standards and policies applied” in the “Consolidated financial statements as at and for the year ended 31 December 2016: financial statements and notes” with regard to transactions under common control;
- b) comprehensive income for the year of €1,087 million;
- c) payment of the final dividend for 2015 (€470 million) and of the interim dividend for 2016 (€305 million).

“Equity attributable to non-controlling interests” of €1,749 million is up €189 million on the figure as at 31 December 2015 (€1,560 million). This is due to comprehensive income for the period attributable to non-controlling interests (€286 million), reflecting the significant increase in the value of the Brazilian real and the Chilean peso against the euro, partially offset by deconsolidation of the Stalexport group (€73 million) and by dividends declared by a number of Group companies that are not wholly owned subsidiaries, totalling €18 million.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€m	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS	
	Issued capital	Cash flow hedge reserve	Net investment hedge reserve	Reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro	Reserve for translation of investments accounted for using the equity method denominated in functional currencies other than the euro	Other reserves and retained earnings	Profit/(Loss) for period after interim dividend			Total
Balance as at 31 December 2014	622	-103	-36	-214	-2	2,204	332	2,803	1,623	4,426
Comprehensive income for the year	-	9	-	-160	-3	2	1,013	861	-39	822
<u>Owner transactions and other changes</u>										
Austrade per l'Italia SpA's final dividend (€0.539 per share)	-	-	-	-	-	-	-335	-335	-	-335
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	-3	3	-	-	-
Austrade per l'Italia SpA's interim dividend (€0.539 per share)	-	-	-	-	-	-	-335	-335	-	-335
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-24	-24
Share-based incentive plans	-	-	-	-	-	4	-	4	-	4
Change in scope of consolidation, other minor changes and reclassifications	-	-	-	-	-	2	-	2	-	2
Balance as at 31 December 2015	622	-94	-36	-374	-5	2,209	678	3,000	1,560	4,560
Comprehensive income for the year	-	-63	-	177	2	154	817	1,087	286	1,373
<u>Owner transactions and other changes</u>										
Austrade per l'Italia SpA's final dividend (€0.756 per share)	-	-	-	-	-	-	-470	-470	-	-470
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	207	-207	-	-	-
Austrade per l'Italia SpA's interim dividend (€0.490 per share)	-	-	-	-	-	-	-305	-305	-	-305
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-18	-18
Share-based incentive plans	-	-	-	-	-	3	-	3	-	3
Increase due to transactions under common control	-	2	-	12	-	1,040	-	1,054	-	1,054
Change in scope of consolidation, return of capital to non-controlling shareholders and other minor changes	-	-	-	-	-	-	-	-	-79	-79
Balance as at 31 December 2016	622	-155	-36	-185	-3	3,613	513	4,369	1,749	6,118

RECONCILIATION OF AUTO TRADE PER L'ITALIA'S EQUITY AND PROFIT WITH THE CORRESPONDING CONSOLIDATED AMOUNTS

€m	Equity as at 31 December 2016	Profit for 2016
Amounts in financial statements of Auto trade per l'Italia	3,605	619
Recognition in consolidated financial statements of equity and profit/(loss) for the year of investments less non-controlling interests	4,008	420
Elimination of carrying amount of consolidated investments	-3,616	-
Elimination of impairment losses on consolidated investments less reversals	41	11
Elimination of intercompany dividends	-	-250
Elimination of after-tax intercompany profits	-32	-
Measurement of investments at fair value and using the equity method less dividends received	-11	-11
Other consolidation adjustments (*)	374	28
Consolidated carrying amounts (attributable to owners of the parent)	4,369	817
Consolidated carrying amounts (attributable to non-controlling interests)	1,749	113
Carrying amounts in consolidated financial statements	6,118	930

(*) Other consolidation adjustments essentially include the different amounts, in the consolidated financial statements, for gains and/or losses on the sale of investments with respect to the corresponding amounts included in the reporting packages of consolidated companies, and 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 2016 amounts to €8,694 million, marking a reduction of €1,648 million compared with 31 December 2015 (€10,342 million).

"Non-current net debt", totalling €11,626 million, is down €41 million on the figure for 31 December 2015 (€11,667 million). The change partly reflects the previously mentioned issuer substitution, which has resulted in the recognition of additional debt totalling €107 million, linked to the difference between the fair value of the foreign currency bonds transferred and the matching extinguished loans from Atlantia (€178 million), partially offset by the reduction in fair value losses on derivative financial instruments (€71 million) linked to the transfer of cross currency swaps and the concomitant unwinding of the matching derivatives entered into with the parent. After stripping out this change, non-current net debt is down €148 million, reflecting the following components:

- a) a reduction of €1,527 million in non-current financial liabilities, essentially reflecting a combination of the following:
 - 1) the reclassification of non-current financial liabilities as at 31 December 2016, essentially attributable to the overseas motorway activities controlled by ADA, to "Non-financial liabilities related to discontinued operations" (€1,167 million), following the restructuring described in the introduction;
 - 2) the reclassification to short-term of bonds and other borrowings maturing in 2017, amounting to €828 million;
 - 3) partial early repayment of a portion of the loans from Atlantia maturing in 2017, 2019 and 2020, amounting to €220 million;
 - 4) the issue, in November 2016, of new bonds to institutional investors as part of the €7 billion Euro Medium Term Note Programme launched in October 2014, amounting to €591 million (with a total par value of €600 million, paying coupon interest of 1.75% and maturing in February 2027);
 - 5) an increase in the amount payable to ANAS, totalling €57 million, reflecting the Grantor's direct payment, under the programme for financing the investment provided for in the Concession Arrangement (in accordance with the provisions of laws 662/1996, 345/1997 and 135/1997), of instalments due on bank loans disbursed to the Company;

- b) a reduction in other non-current financial assets, totalling €1,379 million, primarily relating to reclassification of the contribution of ADA and the related subsidiaries to “Financial assets held for sale or related to discontinued operations” (€1,646 million), partially offset by the increase resulting from the change in exchange rates resulting from the significant increase in the value of the Brazilian real and the Chilean peso against the euro (€226 million);

It should be noted that, as at 31 December 2016, the item “Non-current derivative liabilities” includes the balance of the new Forward-Starting Interest Rate Swaps (€8 million), entered into with a number of banks in February 2016, having a total notional value of €900 million, with varying 8-year durations. The hedges are subject to a weighted average fixed rate of 0.97% and are associated with highly likely future financial liabilities entered into through to 2019 in order to meet funding requirements.

“Current net funds” of €2,932 million are up €1,607 million on the figure for 31 December 2015 (€1,325 million) and consist of:

- a) “Cash and cash equivalents” of €3,625 million, up €799 million on 31 December 2015 (€2,826 million). The change reflects the proceeds from the transfer of the investments in Telepass and Stalexport to Atlantia at the end of December 2016, totalling €1,291 million;
- b) “Current financial liabilities” of €3,131 million, up €849 million as a result of a combination of the following:
 - 1) an increase in “Financial liabilities related to discontinued operations” (€1,763 million), reflecting reclassification of the contribution from the Group’s overseas businesses;
 - 2) a reduction in the current portion of medium/long-term financial liabilities (€708 million), essentially following repayments during the year (€1,244 million), the reclassification of amounts to “Financial liabilities related to discontinued operations” (€394 million) and reclassifications of loans and bond issues to be repaid in the following 12 months (€875 million). These reclassifications include the bonds maturing in September 2017, totalling €505 million;
 - 3) a reduction in short-term borrowings of €401 million, partially offset by a €192 million decrease in intercompany current account payables due to related parties.
- c) “Current financial assets” of €2,438 million, up €1,657 million on the figure for 31 December 2015 (€781 million), essentially due to an increase in “Financial assets held for sale or related to discontinued operations” (€1,930 million), partially offset by a reduction in term deposits used for debt servicing (€162 million) and the current portion of medium/long-term assets (€39 million).

As at 31 December 2016, net funds attributable to discontinued operations amount to €568 million and essentially include the contribution of ADA and the related subsidiaries, transferred to the parent, Atlantia, as described in the introduction.

The residual weighted average term to maturity of the Group’s interest bearing debt is six years and three months as at 31 December 2016. 90% of the Group’s interest bearing debt is fixed rate. 18% of the Group’s debt is denominated in currencies other than the euro, corresponding to the proportion of debt denominated in the local currency of the country in which the relevant Group company operates. As a result, the Group’s net debt is not exposed to currency risk.

The average cost of the Group's medium/long-term borrowings in 2016 was 4.6% (reflecting the combined effect of 3.9% for the companies operating in Italy, 6.9% for the Chilean companies and 15.9% for the Brazilian companies).

As at 31 December 2016, project debt attributable to specific overseas companies amounts to €1,658 million (€1,561 million as at 31 December 2015).

As at 31 December 2016, the Group has cash reserves of €5,510 million, consisting of:

- a) €3,420 million in investments and cash maturing in the short term, after Autostrade per l'Italia's net short-term debt to the parent, Atlantia, essentially relating to Autostrade per l'Italia's role as a provider of centralised treasury management;
- b) €235 million in term deposits allocated primarily to part finance the execution of specific construction services on the motorways operated under concession;
- c) €1,855 million in undrawn committed lines of credit.

As at 31 December 2016, the Group has lines of credit with a weighted average residual term to maturity of approximately seven years and eight months and a weighted average residual drawdown period of approximately three years.

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 €9,090 million as at 31 December 2016, compared with €12,117 million as at 31 December 2015.

Consolidated cash flow

"Net cash from operating activities" amounts to €1,848 million for 2016, marking a reduction of €142 million on 2015 (€1,990 million). This reflects the following:

- a) an increase of €239 million in operating cash flow compared with 2015, primarily due to an increase in cash from operating activities (EBITDA) and a reduction in cash used to pay current tax expense and financial expenses. In 2015, operating cash flow reflected the financial expenses incurred as a result of the non-recurring financial transactions carried out. On a like-for-like basis, operating cash flow is €1,992 million, up €86 million (5%) on the figure for 2015;
- b) the differing performance of movements in operating capital and non-financial assets and liabilities in the two comparative periods (amounting to an outflow of €215 million in 2016 and an inflow of €166 million in 2015). Cash flows for 2015 benefitted from the collection of compensation paid by the French government, following early termination of the "EcoTaxe" project in March 2015.

"Cash used for investment in non-financial assets", totalling €682 million, is up €1,982 million on the figure of €1,300 million used in 2015, primarily reflecting a combination of the following:

- a) the inflow generated in 2016 as a result of the impact of the transfer of the investments in Telepass and Stalexport, totalling €1,537 million, including proceeds totalling €1,291 million and the deconsolidation of the companies' net debt, amounting to €246 million;
- b) cash of €274 million used in 2015 for the acquisition of a controlling interest in SAT, completed in September 2015, including the outflow to fund the purchase of a controlling interest (€84 million) and the net debt contributed by this company (€190 million);
- c) a reduction of €170 million in cash used for capital expenditure, after the related government grants, primarily due to the entry into service of a number of lots on the

A14 and A8 and completion, in December 2015, of the main lots included in the *Variante di Valico*.

“**Net equity cash outflows**” amount to €799 million in 2016 (€694 million in 2015), essentially due to dividends declared by Autostrade per l’Italia and payable to the parent, Atlantia, amounting to €775 million (€670 million in 2015) by other Group companies for payment to non-controlling shareholders, totalling €18 million (€24 million in 2015).

Net debt was also increased by €83 million in 2016, as a result of accounting for foreign currency bonds at fair value (€107 million), linked to the above issuer substitution; in contrast, in 2015, net debt decreased (by a total of €55 million) due to a reduction in fair value losses on derivative financial instruments, resulting from rising interest rates during the previous year.

The overall impact of the above cash flows has resulted in an overall reduction in net debt of €1,648 million in 2016 (€51 million in 2015).

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT ^(*)

€m	2016	2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	930	1,129
Adjusted by:		
Amortisation and depreciation	742	709
Operating change in provisions	78	-24
Financial expenses from discounting of provisions for construction services required by contract and other provisions	61	52
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or fair value	-22	-
Share of (profit)/loss of investees accounted for using the equity method	13	9
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	-26	1
(Gain)/Loss on sale of non-current assets	-	1
Net change in deferred tax (assets)/liabilities through profit or loss	56	-12
Other non-cash costs (income)	231	-41
Operating cash flow	2,063	1,824
Change in operating capital	-224	96
Other changes in non-financial assets and liabilities	9	70
Net cash generated from/(used in) operating activities (A)	1,848	1,990
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-844	-1,074
Purchases of property, plant and equipment	-47	-44
Purchases of other intangible assets	-40	-33
Capital expenditure	-931	-1,151
Government grants related to assets held under concession	6	56
Increase in financial assets deriving from concession rights (related to capital expenditure)	76	95
Purchases of investments	-	-8
Purchases of consolidated companies, including net debt assumed	-	-274
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	5	2
Proceeds from sale of consolidated companies, including net debt transferred	1,537	-
Net change in other non-current assets	-11	-20
Net cash from/(used in) investment in non-financial assets (B)	682	-1,300
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared by Group companies	-793	-694
Return of capital to non-controlling shareholders	-6	-
Net equity cash inflows/(outflows) (C)	-799	-694
Increase/(Decrease) in cash and cash equivalents during year (A+B+C)	1,731	-4
Change in fair value of hedging derivatives	-72	29
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	61	36
Change in financial liabilities arising from issuer substitution	-107	-
Effect of foreign exchange rate movements on net debt and other changes	35	-10
Other changes in net debt (D)	-83	55
Increase in net debt for year (A+B+C+D)	1,648	51
Net debt at beginning of year	-10,342	-10,393
Net debt at end of year	-8,694	-10,342

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

Reconciliation of the reclassified and reported financial statements

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

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE RECLASSIFIED INCOME STATEMENT

€m	2016					
	Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items						
Toll revenue			3,483			3,483
Revenue from construction services			245			
<i>Revenue from construction services - government grants and cost of materials and external services</i>	(a)	221				
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>	(b)	7				
<i>Revenue from construction services: capitalised financial expenses</i>	(c)	6				
<i>Revenue from construction services provided by sub-operators</i>	(d)	11				
Contract revenue			-			-
Other revenue	(e)		305			305
Other operating income				(e+d)		316
				(d)	11	
			4,033			3,799
TOTAL OPERATING REVENUE						
Raw and consumable materials			-66			-66
Service costs			-990			-990
Gain/(Loss) on sale of elements of property, plant and equipment			-			-
Other operating costs			-509			-509
Concession fees	(r)		-454			-454
Lease expense			-4			-4
Other			-51			-51
				(h)	429	
				(a)	221	
				(r)		-461
				(r)		-454
COST OF MATERIALS AND EXTERNAL SERVICES						
CONCESSION FEES						
Staff costs	(f+g)		-522			-522
GROSS STAFF COSTS				(f)		-522
<i>Capitalised staff costs for non-concession-related activities</i>				(g)		-
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>				(i)	15	
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>				(b)	7	
CAPITALISED STAFF COSTS						22
TOTAL NET OPERATING COSTS						-1,415
GROSS OPERATING PROFIT (EBITDA)						2,384
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						
Operating change in provisions			-86			-86
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			-85			-85
Other provisions			-1			-1
				(l)	-2	
			444			444
				(h)	429	
				(i)	15	
			-579			-579
Amortisation and depreciation	(j)		-22			-22
Depreciation of property, plant and equipment			-542			-542
Amortisation of intangible assets deriving from concession rights			-15			-15
Amortisation of other intangible assets			-2			-2
(Impairment losses)/Reversals of impairment losses	(k)		-			-
<i>(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets</i>						
<i>(Impairment losses)/Reversals of impairment losses on current assets</i>	(l)		-2			-2
				(j+k)		-579
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES						
TOTAL COSTS			-2,310			-2,310
OPERATING PROFIT/(LOSS)			1,723			1,723
OPERATING PROFIT/(LOSS) (EBIT)						1,717
Financial income			22			22
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants			-			-
Dividends received from investees	(m)		2			2
Other financial income	(n)		20			20
Financial expenses			-890			-890
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-47			-47
Other financial expenses	(o)		-843			-843
Foreign exchange gains/(losses)	(p)		-			-
Other financial expenses, after other financial income				(m+n+o+p)		-821
Capitalised financial expenses on intangible assets deriving from concession rights				(c)		6
FINANCIAL INCOME/(EXPENSES)			-868			-868
Share of (profit)/loss of investees accounted for using the equity method			-8			-8
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			847			847
Income tax (expense)/benefit			-319			-319
Current tax expense			-219			-219
Differences on tax expense for previous years			3			3
Deferred tax income and expense			-103			-103
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			528			528
Profit/(Loss) from discontinued operations			402			402
PROFIT FOR THE YEAR			930			930
of which:						
Profit attributable to owners of the parent			817			817
Profit attributable to non-controlling interests			113			113

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE RECLASSIFIED INCOME STATEMENT

€m	2015					
	Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items						
Toll revenue			3,323			3,323
Revenue from construction services			426			
<i>Revenue from construction services - government grants and cost of materials and external services</i>						
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>	(a)	382				
<i>Revenue from construction services: capitalised financial expenses</i>	(b)	9				
<i>Revenue from construction services provided by sub-operators</i>	(c)	29				
Contract revenue			1			1
Other revenue	(e)		336			
Other operating income				(e+d)		342
<i>Revenue from construction services provided by sub-operators</i>				(d)	6	
Total revenue			4,086			3,666
TOTAL OPERATING REVENUE						3,666
Raw and consumable materials			-80		-80	
Service costs			-1,217		-1,217	
Gain/(Loss) on sale of elements of property, plant and equipment			-		-	
Other operating costs			-519			
Concession fees	(r)		-437			
Lease expense			-3		-3	
Other			-79		-79	
<i>Use of provisions for construction services required by contract</i>				(h)	487	
<i>Revenue from construction services: government grants and capitalised cost of materials and external services</i>				(a)	382	
COST OF MATERIALS AND EXTERNAL SERVICES						-510
CONCESSION FEES				(r)		-437
Staff costs	(f+g)		-500			
GROSS STAFF COSTS				(f)		-500
<i>Capitalised staff costs for non-concession-related activities</i>				(g)	-	
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>				(i)	10	
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>				(b)	9	
CAPITALISED STAFF COSTS						19
TOTAL NET OPERATING COSTS						-1,428
GROSS OPERATING PROFIT (EBITDA)						2,238
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						36
Operating change in provisions			42			
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			44		44	
Other provisions			-2		-2	
<i>(Impairment losses)/Reversals of impairment losses on current assets</i>				(l)	-6	
Use of provisions for construction services required by contract			497			
<i>Use of provisions for construction services required by contract</i>	(h)	487				
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>	(i)	10				
Amortisation and depreciation			-540			
Depreciation of property, plant and equipment			-22			
Amortisation of intangible assets deriving from concession rights			-504			
Amortisation of other intangible assets			-14			
(Impairment losses)/Reversals of impairment losses			-6			
<i>(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets</i>	(k)					
<i>(Impairment losses)/Reversals of impairment losses on current assets</i>	(l)	-6				
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(j+k)		-540
TOTAL COSTS			-2,323			
OPERATING PROFIT/(LOSS)			1,763			
OPERATING PROFIT/(LOSS) (EBIT)						1,734
Financial income			51			
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants			-			
Dividends received from investees			-			
Other financial income	(m)		51			
Financial expenses	(n)		-691			
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-45			-45
Other financial expenses	(o)		-646			
Foreign exchange gains/(losses)	(p)		-			
Other financial expenses, after other financial income				(m+n+o+p)		-595
Capitalised financial expenses on intangible assets deriving from concession rights				(c)		29
FINANCIAL INCOME/(EXPENSES)			-640			
Share of (profit)/loss of investees accounted for using the equity method			5			5
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			1,128			1,128
Income tax (expense)/benefit			-322			-322
Current tax expense			-265			
Differences on tax expense for previous years			2			
Deferred tax income and expense			-59			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			806			806
Profit/(Loss) from discontinued operations			323			323
PROFIT FOR THE YEAR			1,129			1,129
of which:						
Profit attributable to owners of the parent			1,013			1,013
Profit attributable to non-controlling interests			116			116

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

€m	31 December 2016					31 December 2015				
	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)	86			86	(a)	132			132
Intangible assets	(b)	18,750			18,750	(b)	21,637			21,637
Investments	(c)	61			61	(c)	108			108
Deferred tax assets	(d)	119			119	(d)	168			168
Other non-current assets	(e)	8			8	(e)	11			11
Total non-current non-financial assets (A)					19,024					22,056
Working capital										
Trading assets	(f)	575			575	(f)	1,145			1,145
Current tax assets	(g)	69			69	(g)	46			46
Other current assets	(h)	83			83	(h)	184			184
Non-financial assets held for sale or related to discontinued operations				(w)	3,576				(w)	6
Current portion of provisions for construction services required by contract	(i)	-521			-521	(i)	-459			-459
Current provisions	(j)	-232			-232	(j)	-285			-285
Trading liabilities	(k)	-1,255			-1,255	(k)	-1,466			-1,466
Current tax liabilities	(l)	-4			-4	(l)	-34			-34
Other current liabilities	(m)	-304			-304	(m)	-369			-369
Non-financial liabilities related to discontinued operations				(x)	-1,234				(x)	-6
Total working capital (B)					753					-1,238
Gross invested capital (C=A+B)					19,777					20,818
Non-current non-financial liabilities										
Non-current portion of provisions for construction services required by contract	(n)	-3,165			-3,165	(n)	-3,369			-3,369
Non-current provisions	(o)	-1,298			-1,298	(o)	-1,267			-1,267
Deferred tax liabilities	(p)	-471			-471	(p)	-1,189			-1,189
Other non-current liabilities	(q)	-31			-31	(q)	-91			-91
Total non-current non-financial liabilities (D)					-4,965					-5,916
NET INVESTED CAPITAL (E=C+D)					14,812					14,902
Total equity (F)		6,118			6,118		4,560			4,560
Net debt										
Non-current net debt										
Non-current financial liabilities	(r)	12,022			12,022	(r)	13,442			13,442
Non-current financial assets	(s)	-396			-396	(s)	-1,775			-1,775
Total non-current net debt (G)					11,626					11,667
Current net debt										
Current financial liabilities	(t)	1,368			3,131	(t)	2,282			2,282
Bank overdrafts repayable on demand		-			-		-			-
Short-term borrowings		244		244			645		645	
Current derivative liabilities		3		3			-		-	
Intercompany current account payables due to related parties		206		206			14		14	
Current portion of medium/long-term borrowings		915		915			1,623		1,623	
Current financial liabilities related to discontinued operations				(aa)	1,763				(aa)	-
Cash and cash equivalents	(u)	-3,224			-3,625	(u)	-2,787			-2,826
Cash		-2,541		-2,541			-2,003		-2,003	
Cash equivalents		-200		-200			-707		-707	
Intercompany current account receivables due from related parties		-483		-483			-77		-77	
Cash and cash equivalents related to discontinued operations				(y)	-401				(y)	-39
Current financial assets	(v)	-508			-2,438	(v)	-781			-781
Current financial assets deriving from concession rights		-398		-398			-436		-436	
Current financial assets deriving from government grants		-50		-50			-75		-75	
Current term deposits		-49		-49			-211		-211	
Current derivative assets		-		-			-		-	
Current portion of other medium/long-term financial assets		-3		-3			-42		-42	
Other current financial assets		-8		-8			-17		-17	
Financial assets held for sale or related to discontinued operations				(z)	-1,930				(z)	-
Total current net debt (H)					-2,932					-1,325
Total net debt (I=G+H)					8,694					10,342
NET DEBT AND EQUITY (I=F+I)					14,812					14,902
Assets held for sale or related to discontinued operations	(-y-z+w)	5,907				(-y-z+w)	45			
Liabilities related to discontinued operations	(-x+aa)	2,997				(-x+aa)	6			
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e-s)	19,420				(a+b+c+d+e-s)	23,831			
TOTAL CURRENT ASSETS	(f+g+h-u-v-y-z+w)	10,366				(f+g+h-u-v-y-z+w)	4,988			
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)	16,987				(-n-o-p-q+r)	19,358			
TOTAL CURRENT LIABILITIES	(-i+j-k-l-m+t-x+aa)	6,681				(-i+j-k-l-m+t-x+aa)	4,901			

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

€m	2016		2015	
	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 year		930	930	1,129
Adjusted by:				
Amortisation and depreciation		742	742	709
Operating change in provisions		78	78	-24
Financial expenses from discounting of provisions for construction services required by contract and other provisions		61	61	52
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or fair value		-22	-22	-
Share of (profit)/loss of investees accounted for using the equity method		13	13	9
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		-26	-26	1
(Gains)/Losses on sale of non-current assets		-	-	1
Net change in deferred tax (assets)/liabilities through profit or loss		56	56	-12
Other non-cash costs (income)		231	231	-41
Operating cash flow			2,063	1,824
Change in operating capital	(a)		-224	96
Other changes in non-financial assets and liabilities	(b)		9	70
Change in working capital and other changes	(a+b)	-215		166
Net cash generated from/(used in) operating activities (A)		1,848	1,848	1,990
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS				
Investment in assets held under concession		-844	-844	-1,074
Purchases of property, plant and equipment		-47	-47	-44
Purchases of other intangible assets		-40	-40	-33
Capital expenditure			-931	-1,151
Government grants related to assets held under concession		6	6	56
Increase in financial assets deriving from concession rights (related to capital expenditure)		76	76	95
Purchase of investments		-	-	-8
Cost of acquisitions	(c)	-	-	-84
Cash and cash equivalents acquired	(d)	-	-	12
Net financial liabilities assumed, excluding cash and cash equivalents acquired	(e)	-	-	-202
Purchase of consolidated companies, net of cash acquired	(c+d)	-	-	-72
Purchase of consolidated companies, including net debt assumed	(c+d+e)	-	-	-274
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		5	5	2
Price collected from disposal of consolidated companies	(f)	1,291	1,291	-
Net debt transferred following disposal of consolidated companies	(g)	-	246	-
Cash arising from disposal of consolidated companies	(h)	361	-	-
Cash transferred following disposal of consolidated companies	(i)	-97	-	-
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	(f+g)	-	1,537	-
Proceeds from sale of consolidated companies, after cash and cash equivalents transferred	(f+h+i)	1,555	-	-
Net change in other non-current assets		-11	-11	-20
Net change in current and non-current financial assets	(j)	-76	-	106
Net cash from/(used in) investment in non-financial assets (B)	(k)		682	-1,300
Net cash generated from/(used in) investing activities (C)	(k-e+h+i+j)	624		-992
NET EQUITY CASH INFLOWS/(OUTFLOWS)				
Dividends declared by Group companies	(l)		-793	-694
Dividends paid	(m)	-784		-694
Return of capital to non-controlling shareholders		-6	-6	-
Net equity cash inflows/(outflows) (D)			-799	-694
Net cash generated during year (A+B+D)			1,731	-4
Repayment of loans from parent		-1,101		-1,351
Issuance of bonds		654		2,758
Increase in medium/long term borrowings (excluding finance lease liabilities)		5		250
Bond redemptions		-91		-148
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-253		-358
Net change in other current and non-current financial liabilities		-323		-74
Net cash generated from/(used in) financing activities (E)		-1,899		383
Change in fair value of hedging derivatives	(n)		-72	29
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	(o)		61	36
Change in financial liabilities arising from issuer substitution	(p)		-107	-
Effect of foreign exchange rate movements on net debt and other changes	(q)		35	-10
Other changes in net debt (F)			-83	55
Net effect of foreign exchange rate movements on net cash and cash equivalents (G)		34		-36
Decrease in net debt for year (A+B+D+F)			1,648	51
Net debt at beginning of year			-10,342	-10,393
Net debt at end of year			-8,694	-10,342
Increase/(Decrease) in cash and cash equivalents during year (A+C+E+G)		607		1,345
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,812		1,467
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		3,419		2,812

Notes:

- a) the "Change in operating capital" shows the change in trade-related items directly linked to the Group's ordinary activities (in particular: inventories, trading assets and trading liabilities);
- b) 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) "Cost of acquisitions" shows the cost incurred for investments in consolidated companies;
- d) "Cash and cash equivalents acquired" includes the cash acquired as a result of the acquisition of companies;
- e) the "Net financial liabilities assumed, excluding cash and cash equivalents acquired" include the net debt assumed as a result of the acquisition of companies;
- f) this item refers to the price collected as a result of disposal of the investments in Telepass and Stalexport;
- g) this item includes the net debt of Telepass and Stalexport at the date of transfer of the related investments;
- h) this item refers to cash and cash equivalents arising from the deconsolidation of Telepass and Stalexport;
- i) this item includes the cash and cash equivalents held by Telepass and Stalexport at the date of transfer of the related investments;
- j) 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;
- k) "Net cash from/(used in) investment in non-financial assets" excludes changes in the financial assets and liabilities referred to in notes e), g) and j) that do not have an impact on net debt;
- l) "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;
- m) "Dividends paid" refer to amounts effectively paid during the reporting period;
- n) 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;
- o) 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 7.4 and the financial liabilities are described in note 7.15 in the consolidated financial statements;
- p) the "Change in financial liabilities due to the issuer substitution" reflects the impact of the issuer substitution, described in the introduction, on the change in net debt;
- q) this item essentially 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.

Adjusted consolidated results of operations and financial position and reconciliation with reported consolidated amounts

The following section presents a number of (“adjusted”) alternative performance indicators, calculated by stripping out, from the corresponding reported amounts in the reclassified consolidated statement of financial position and the statement of changes in consolidated net debt, the impact of application of the “financial model”, introduced by IFRIC 12, by the Group’s operators who have adopted this model. The following statement presents adjustments to operating cash flow and net debt deriving from the specific nature of concession arrangements entered into with the grantors of the concessions held by certain Chilean operators, under which the operators have an unconditional right to receive contractually guaranteed cash payments regardless of the extent to which the public uses the service. This right is accounted for in “financial assets deriving from concession rights” in the statement of financial position. The adjusted alternative performance indicators are presented with the sole aim of enabling analysts and the rating agencies to assess the Group’s results of operations and financial position using the basis of presentation normally adopted by them.

The contribution to profit or loss of Telepass, Stalexport Autostrady, ADA and the related subsidiaries for the two comparative periods is, in application of IFRS 5, classified in “Profit/Loss) from discontinued operations”. This reflects the restructuring of the Atlantia Group described in detail in note 6 “Corporate actions” in the consolidated financial statements as at and for the year ended 31 December 2016. As a result, the adjusted amounts shown below only present the adjustments applied to operating cash flow and net debt.

The adjustments applied to the alternative performance indicators based on reported amounts regard:

- a) the increase in operating cash flow linked to revenue to take account of the reduction (following collection) in financial assets accounted for in the statement of financial position, as a result of guaranteed minimum toll revenue, included in “Financial assets held for sale and related to discontinued operations”;
- b) the increase in operating cash flow linked to the portion of government grants accrued in relation to motorway maintenance and accounted for, in the statement of financial position, as a reduction in financial assets deriving from grants for investment in motorway infrastructure and attributable to the Chilean operator, Los Lagos, included in “Financial assets held for sale and related to discontinued operations”;
- c) the increase in operating cash flow linked to the accrued portion of government grants collected (in previous years) in relation to investment in motorway infrastructure and accounted for, in the statement of financial position, as a reduction in financial assets deriving from grants for investment in motorway infrastructure, included in “Financial assets held for sale and related to discontinued operations”;
- d) the impact on operating cash flow as a result of reversal of financial income deriving from the discounting to present value of financial assets deriving from concession rights (relating to guaranteed minimum revenue) and government grants for motorway maintenance, accounted for in “Profit/(Loss) from discontinued operations”;
- e) the elimination of financial assets recognised, in the statement of financial position, in application of the “financial model” introduced by IFRIC 12 (takeover rights, guaranteed minimum revenue and government grants for motorway maintenance).

RECONCILIATION OF ADJUSTED AND REPORTED CONSOLIDATED AMOUNTS

€m	2016	2015
	Operating cash flow	Operating cash flow
Reported amounts	2,063	1,824
Increase in revenue for guaranteed minimum revenue	74	70
Grants for motorway maintenance	16	15
Grants for investment in motorway infrastructure	1	1
Reversal of financial income deriving from discounting of financial assets deriving from concession rights (guaranteed minimums)	-45	-46
Reversal of financial income deriving from discounting of financial assets deriving from government grants for motorway maintenance	-7	-7
Total adjustments	39	33
Adjusted amounts	2,102	1,857

€m	Net debt as at 31 December 2016	Net debt as at 31 December 2015
Reported amounts	8,694	10,342
Reversal of financial assets deriving from takeover rights	398	403
Reversal of financial assets deriving from guaranteed minimum revenue	656	610
Reversal of financial assets deriving from grants for motorway maintenance	92	90
Total adjustments	1,146	1,103
Adjusted amounts	9,840	11,445

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 2016, 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 2016, compared with comparative amounts as at 31 December 2015.

The accounting standards applied during preparation of the accounts for the year ended 31 December 2016 are consistent with those adopted for the financial statements for the year ended 31 December 2015, in that the amendments to existing standards that have come into effect since 1 January 2016 have not had a material impact on the accounts.

A restructuring of the Atlantia Group began in 2016. This has involved the transfer, to Atlantia, of Autostrade per l'Italia's investment in Telepass and Stalexport Autostrady (completed at the end of the year) and the transfer, in the form of a special dividend in kind payable to the parent, of its interests in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development Private Limited.

Therefore, as required by IFRS 5 “Non-current assets held for sale and discontinued operations”, income in the form of dividends declared by the above companies in both comparative periods, after the related taxation, has been presented in “Dividends, after the related taxation, from discontinued operations”. As a result, amounts in the income statement for 2015 reflect reclassification of the above dividends and the related taxation, compared with the amounts published in the Annual Report for 2015.

Further details of the restructuring are provided in note 5.1 “Restructuring of the Atlantia Group” in the section “Financial statements as at and for the year ended 31 December 2016”.

With regard to non-recurring transactions, on 22 December 2016, the process of issuer substitution was completed. This has resulted in Autostrade per l'Italia taking Atlantia's place as the issuer of bonds subscribed by institutional investors and in the related hedging derivatives entered into by the latter, with a significant impact on the Autostrade per l'Italia's and operating results and financial position. More details are provided in note 7.17 “Material non-recurring transactions” in the section “Financial statements as at and for the year ended 31 December 2016: financial statements and notes”, which also provides information on the impact of the non-recurring transactions that took place in 2015.

The Company did not enter into non-recurring, atypical or unusual transactions during 2016, either with third or related parties.

The reclassified financial statements presented and analysed below have not been audited. The reconciliation with the corresponding financial statements on a reported basis is provided in the “Reconciliation of the reclassified and reported financial statements”.

Results of operations

“**Operating revenue**” for 2016 amounts to €3,527 million, marking an increase of €122 million (4%) compared with 2015 (€3,405 million).

It should be noted that toll revenue includes 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

“**Toll revenue**” of €3,222 million is up €124 million (4%) on 2015 (€3,098 million).

After stripping out the above toll increases, the improvement is €113 million, primarily reflecting:

- a) a 3.1% increase in traffic, which benefitted from the extra day in February 2016 (a leap year), accounting for an increase of 0.3% (including the impact of the different traffic mix, the increase in toll revenue is estimated to be €91 million);
- b) application of annual toll increases for 2016 (a rise of 1.09% from 1 January), boosting toll revenue by an estimated €30 million.

“**Other operating income**” amounts to €305 million, in line with 2015. This reflects a reduction in Autostrade per l’Italia’s service area royalties, linked to the discounts granted to operators at areas where concessions have been renewed, substantially offset by other revenue linked to the release of provisions considered excess to requirements and proceeds from damages received.

“**Net operating costs**”, amounting to €1,284 million, are down €7 million on the previous year (€1,291 million). After stripping out the above additional concession fees payable, net operating costs are down €18 million (2%).

The “**Cost of materials and external services**” amounts to €463 million, down €32 million on 2015 (€495 million). This is primarily due to a different scheduling of maintenance work on the network and reduced snowfall in the two comparative periods, and a reduction in insurance deductibles for accidents on the motorway network and in corporate advertising (linked to the issue of bonds to retail investors in 2015).

“**Concession fees**” amount to €431 million, up approximately €13 million on 2015 (€418 million). This item includes the above addition in the concession fees payable, amounting to €349 million in 2016 (€338 million in the previous year).

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

RECLASSIFIED INCOME STATEMENT (*)

€m	2016	2015	INCREASE/ (DECREASE)	
			ABSOLUTE	%
Toll revenue	3,222	3,098	124	4
Other operating income	305	307	-2	-1
Total operating revenue	3,527	3,405	122	4
Cost of materials and external services	-463	-495	32	-6
Concession fees	-431	-418	-13	3
Gross staff costs	-410	-396	-14	4
Capitalised staff costs	20	18	2	11
Total net operating costs	-1,284	-1,291	7	-1
Gross operating profit (EBITDA)	2,243	2,114	129	6
Amortisation, depreciation, impairment losses and reversals of impairment losses	-540	-511	-29	6
Operating change in provisions and other adjustments	-64	47	-111	n.s.
Operating profit (EBIT)	1,639	1,650	-11	-1
Dividends received from investees	27	17	10	59
Reversals of impairment losses/(Impairment losses) on investments	-13	6	-19	n.s.
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-45	-43	-2	5
Other financial income/(expenses)	-799	-593	-206	35
Capitalised financial expenses on intangible assets deriving from concession rights	2	26	-24	-92
Profit/(Loss) before tax from continuing operations	811	1,063	-252	-24
Income tax (expense)/benefit	-296	-288	-8	3
Profit/(Loss) from continuing operations	515	775	-260	-34
Dividends, after the related taxation, from discontinued operations	104	180	-76	-42
Profit for the year	619	955	-336	-35

	2016	2015	INCREASE/ (DECREASE)
Earnings per share (€)	1.00	1.54	-0.54
<i>of which:</i>			
- from continuing operations	0.83	1.25	-0.42
- from discontinued operations	0.17	0.29	-0.12
Diluted earnings per share (€)	1.00	1.54	-0.54
<i>of which:</i>			
- from continuing operations	0.83	1.25	-0.42
- from discontinued operations	0.17	0.29	-0.12

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

Staff costs, after deducting capitalised expenses, amount to €390 million, up €12 million on the previous year.

Before deducting capitalised expenses, staff costs amount to €410 million (€396 million in 2015). The increase of 3.5% reflects:

- a) an increase in the average unit cost (up 3.7%), primarily due to contract renewals;
- b) a reduction in the average workforce of 10 (0.2%), primarily linked to a freeze on the recruitment of toll collectors, partly offset by recruitment for certain specific units.

“Gross operating profit” (EBITDA) of €2,243 million is up €129 million (6%) on 2015 (€2,114 million).

“Operating profit” (EBIT) of €1,639 million is down €11 million (1%) compared with 2015 (€1,650 million).

Compared with the improvement in EBITDA, the reduction in EBIT primarily reflects:

- a) the negative impact of the “Operating change in provisions and other adjustments”, primarily due to the different impact of discounting provisions for the repair and replacement of motorway infrastructure to present value (charges of €60 million in 2016 following an adjustment to the present value of the provisions to reflect the decline in the interest rate used, income of €54 million in 2015 due to the increase in the matching interest rate);
- b) increased amortisation (up €29 million), primarily relating to construction services for which additional economic benefits are received (€26 million), essentially following the increase in tolls approved by the grantor and the entry into operation of lots 0, 4 and 5 of the A14 Bologna-Taranto and lot 1 of the fifth lane of the A8 Milan - Lakes.

“Dividends received from investees”, totalling €27 million, are up €10 million on the previous year (€17 million), due to an increase in dividends declared by Ecomouv (€5 million), Autostrade Tech (€3 million) and Spea Engineering (€2 million).

“Impairment losses/Reversals of impairment losses on investments” consist of impairment losses on the investments in Pavimental (€7 million), AD Moving (€3 million) and other minor investees (€3 million). In 2015, the reversal of impairment losses (€6 million) was linked to reversal of the impairment loss on the investment in Tech Solution Integrators.

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” amount to €45 million, broadly in line with the figure for 2015 (€43 million).

“Net other financial expenses” of €799 million are up €206 million on 2015 (€593 million).

This increase essentially reflects a combination of the non-recurring financial expenses incurred in the comparative periods, as follows:

- a) the expenses recognised in 2016 following the issuer substitution (as described in the introduction), totalling €308 million and reflecting recognition of the fair value of foreign currency bond issues (€178 million) and of Cross Currency Swaps (€130 million);
- b) the reduction in financial expenses (€106 million) following partial early repayment of loans from the parent, Atlantia, matching bonds issued by the latter and also subject to

a partial buyback, completed prior to the above issuer substitution (amounting to €19 million in 2016, compared with €125 million in 2015).

After stripping out these items, net financial expenses are broadly in line with 2015.

“Capitalised financial expenses”, amounting to €2 million, are down €24 million on the figure for 2015 (€26 million), following the previously noted entry into service of certain sections of the A14 and A8.

After stripping out the positive impact, in 2015, of reassessment of deferred taxation in response to the reduction in the IRES (corporation tax) rate from 2017, introduced by the 2016 Stability Law (Law 208/2015), totalling €72 million, **“Income tax expense”** is down €64 million on 2015, reflecting the reduction in pre-tax profit, above all as a result of the cost of the issuer substitution.

“Dividends, after the related taxation, from discontinued operations” (€104 million in 2016, €180 million in 2015) include, in both comparative periods, the dividends declared by Autostrade dell’Atlantico and Telepass. The reduction primarily reflects the reduced dividends declared by Autostrade dell’Atlantico (€50 million in 2016 and €130 million in 2015).

“Profit for the year” thus amounts to €619 million, down €336 million on 2015 (€955 million), primarily due to the cost of the issuer substitution and a reduction in dividend income in 2016.

STATEMENT OF COMPREHENSIVE INCOME

€m		2016	2015
Profit for the year	(A)	619	955
	<i>of which from discontinued operations</i>	<i>104</i>	<i>180</i>
Fair value gains/(losses) on cash flow hedges		-74	21
Tax effect of fair value gains/(losses) on cash flow hedges		18	-15
Deferred tax effect of issuer substitution of cash flow hedges		-50	-
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	(B)	-106	6
Gains/(losses) from actuarial valuations of provisions for employee benefits		-2	4
Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits		1	-1
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	(C)	-1	3
Reclassification of the cash flow hedge reserve arising from issuer substitution		201	-
Other reclassifications of the cash flow hedge reserve to profit or loss for the year		-3	-2
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	198	-2
Total other comprehensive income/(loss) for the year	(E=B+C+D)	91	7
Comprehensive income for the year	(A+E)	710	962

“Total other comprehensive income for the year” amounts to €91 million in 2016, primarily reflecting a combination of the following:

- a) the release of the cash flow hedge reserve, following the unwinding of derivatives as a result of the issuer substitution, recognising a loss in profit or loss of €201 million (this loss in profit or loss is fully offset by income of the same amount resulting from extinguishment of the matching derivatives entered into with Atlantia);
- b) the reversal of deferred tax assets, amounting to €50 million, linked to point a);
- c) the after-tax reduction in the fair value of the Forward-Starting Interest Rate Swaps entered into in June 2015 and February 2016, relating to the reduction in interest rates between 31 December 2016 and 31 December 2015 (€56 million).

Total other comprehensive income for 2015 amounted to €7 million, primarily reflecting the impact of falling interest rates on existing derivatives at that time and the recognition of actuarial gains on provisions for employee benefits.

Financial position

As at 31 December 2016, “**Non-current non-financial assets**” of €18,161 million are down €1,202 million on the figure for 31 December 2015 (€19,363 million).

This item primarily refers to “**Intangible assets**” of €17,862 million (€17,751 million as at 31 December 2015), essentially represented by:

- a) concession rights totalling €11,734 million (€11,625 million as at 31 December 2015);
- 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 2016, have confirmed recoverability of the above carrying amount with respect to the estimated value in use.

The increase in intangible assets compared with 31 December 2015, totalling €111 million, is essentially due to a combination of the following:

- a) an increase in the value of concession rights deriving from construction services for which no additional economic benefits are received, following an increase in the estimated value of such services through to the end of the concession term (€415 million);
- b) investment in construction services for which additional economic benefits are received (€190 million);
- c) amortisation for the year (€519 million).

As at 31 December 2016, “**Investments**” amount to €221 million, down €1,315 million compared with 31 December 2015 (€1,536 million), primarily due to:

- a) the reclassification to “Investments held for sale or for distribution to shareholders or related to discontinued operations” of the investments in Autostrade dell’Atlantico (€1,152 million) and Autostrade Indian Infrastructure Development (€1 million), in accordance with the information provided in the introduction;
- b) the transfer to Atlantia of a 61.2% interest in Stalexport Autostrady (a carrying amount of €105 million) and of a 96.15% interest in Telepass (a carrying amount of €26 million), as described in the introduction, for considerations of €1,104 million and €143 million, respectively;
- c) the return of capital by Ecomouv (€15 million) and Società Infrastrutture Toscane (€4 million);
- d) impairment losses on the above investments.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION (*)

€m	31 December 2016	31 December 2015	INCREASE/ (DECREASE)
Non-current non-financial assets			
Property, plant and equipment	78	76	2
Intangible assets	17,862	17,751	111
Investments	221	1,536	-1,315
Total non-current non-financial assets (A)	18,161	19,363	-1,202
Working capital			
Trading assets	537	509	28
Current tax assets	55	31	24
Other current assets	63	122	-59
Investments held for sale or for distribution to shareholders or related to discontinued operations	1,158	4	1,154
Current portion of provisions for construction services required by contract	-522	-429	-93
Current provisions	-188	-189	1
Trading liabilities	-1,229	-1,291	62
Current tax liabilities	-3	-	-3
Other current liabilities	-219	-213	-6
Total working capital (B)	-348	-1,456	1,108
Gross invested capital (C=A+B)	17,813	17,907	-94
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-3,165	-3,265	100
Non-current provisions	-1,084	-1,013	-71
Deferred tax liabilities	-461	-320	-141
Other non-current liabilities	-30	-33	3
Total non-current non-financial liabilities (D)	-4,740	-4,631	-109
NET INVESTED CAPITAL (E=C+D)	13,073	13,276	-203
Issued capital	622	622	-
Reserves and retained earnings	2,669	1,324	1,345
Profit/(Loss) for the year after interim dividends	314	620	-306
Total equity (F)	3,605	2,566	1,039
Net debt			
Non-current net debt			
Non-current financial liabilities	11,994	12,076	-82
Bond issues	8,005	2,617	5,388
Medium/long-term borrowings	3,509	9,106	-5,597
Non-current derivative liabilities	480	353	127
Non-current financial assets	-642	-595	-47
Non-current financial assets deriving from government grants	-186	-176	-10
Non-current term deposits	-186	-176	-10
Other non-current financial assets	-270	-243	-27
Total non-current net debt (G)	11,352	11,481	-129
Current net debt			
Current financial liabilities	1,156	1,781	-625
Short-term borrowings	-	400	-400
Current derivative liabilities	2	-	2
Intercompany current account payables due to related parties	242	74	168
Current portion of medium/long-term borrowings	912	1,307	-395
Cash and cash equivalents	-2,924	-2,422	-502
Cash	-2,238	-1,708	-530
Cash equivalents	-200	-340	140
Intercompany current account receivables due from related parties	-486	-374	-112
Current financial assets	-116	-130	14
Current financial assets deriving from government grants	-51	-60	9
Current term deposits	-48	-58	10
Current derivative assets	-2	-	-2
Current portion of medium/long-term financial assets	-14	-11	-3
Other current financial assets	-1	-1	-
Total current net debt (H)	-1,884	-771	-1,113
Total net debt (I=G+H)	9,468	10,710	-1,242
NET DEBT AND EQUITY (L=F+I)	13,073	13,276	-203

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

As at 31 December 2016, “**Working capital**” has a negative balance of €348 million, registering an improvement of €1,108 million compared with the negative balance of €1,456 million as at 31 December 2015, essentially due to the above reclassification of investments.

The following should, in any event, be noted:

- a) an increase of €93 million in the current portion of provisions for construction services required by contract, linked to expected investment in construction services for which no additional benefits are received in 2017;
- b) a reduction of €59 million in other current assets, resulting from recognition as investment, via an agreed settlement, of amounts paid to a number of suppliers, in June 2014, for work on the upgrade of the cross-Appennine section of motorway between Sasso Marconi and Barberino del Mugello;
- c) a reduction of €62 million in trading liabilities, primarily due to amounts payable to suppliers in relation to investment.

“**Non-current non-financial liabilities**”, totalling €4,740 million (€4,631 million as at 31 December 2015), are up €109 million, primarily due to the combined effect of the following:

- a) an increase of €141 million in net deferred tax liabilities, primarily as a result of the combined effect of the recognition of deferred tax liabilities due to the deduction, solely for tax purposes, of the amortisation of goodwill (€99 million) and the change in deferred tax liabilities on cash flow hedges recognised in other comprehensive income (€32 million);
- b) an increase of €71 million in the non-current portion of other provisions, primarily following adjustment of the present value of provisions for the repair and replacement of motorway infrastructure operated under concession, reflecting a reduction in the discount rates used as at 31 December 2016, compared with the rates used as at 31 December 2015;
- c) a reduction of €100 million in the non-current portion of provisions for construction services required by contract, primarily reflecting reclassification of the current portion, totalling €537 million, and an updated estimate of the present value on completion of investment in construction services yet to be carried out (€415 million).

As a result, “**Net invested capital**” amounts to €13,073 million (€13,276 million as at 31 December 2015).

“**Equity**” of €3,605 million is up €1,039 million on 31 December 2015 (€2,566 million), primarily due to:

- a) recognition of the reserves, after the related taxation, resulting from the disposal of Telepass and Stalexport (totalling €1,101 million), in accordance with the accounting treatment for transactions under common control;
- b) comprehensive income for the year (€710 million);
- c) payment of the final dividend for 2015 (€470 million) and of the interim dividend for 2016 (€305 million).

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 dividends	Total equity
		Share premium reserve	Legal reserve	Cash flow hedge reserve	Other reserves and retained earnings			
Balance as at 31 December 2014	622	216	124	-252	1,185	1,273	374	2,269
Comprehensive income for the year	-	-	-	4	3	7	955	962
Owner transactions and other changes								
Final dividend (€0.539 per share)	-	-	-	-	-	-	-335	-335
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	39	39	-39	-
Interim dividend (€0.539 per share)	-	-	-	-	-	-	-335	-335
Share-based incentive plans	-	-	-	-	5	5	-	5
Balance as at 31 December 2015	622	216	124	-248	1,232	1,324	620	2,566
Comprehensive income for the year	-	-	-	92	-1	91	619	710
Owner transactions and other changes								
Final dividend (€0.756 per share)	-	-	-	-	-	-	-470	-470
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	150	150	-150	-
Interim dividend (€0.490 per share)	-	-	-	-	-	-	-305	-305
Share-based incentive plans	-	-	-	-	3	3	-	3
Recognition of reserves, after related taxation, arising from disposal of investments (transactions under common control)	-	-	-	-	1,101	1,101	-	1,101
Balance as at 31 December 2016	622	216	124	-156	2,485	2,669	314	3,605

“**Net debt**” as at 31 December 2016 amounts to €9,468 million, down €1,242 million on the figure for 31 December 2015 (€10,710 million).

“**Non-current net debt**” of €11,352 million is down €129 million compared with 31 December 2015.

The change partly reflects the previously mentioned issuer substitution, which has resulted in the recognition of additional debt totalling €107 million, linked to the difference between the fair value of the foreign currency bonds transferred and the matching extinguished loans from Atlantia (€178 million), partially offset by the reduction in fair value losses on derivative financial instruments (€71 million) linked to the transfer of cross currency swaps and the concomitant unwinding of the matching derivatives entered into with the parent. After stripping out this change, non-current net debt is down €236 million, reflecting the following components:

- 1) the reclassification to short-term of bonds and other borrowings maturing in 2017, amounting to €657 million, which includes the remaining bond with a par value of €505 million maturing in September 2017;
- 2) partial early repayment, prior to the issuer substitution, of the loans from Atlantia maturing in 2017, 2019 and 2020, amounting to €220 million;
- 3) the issue, in November 2016, of new bonds to institutional investors as part of the €7 billion Euro Medium Term Note Programme launched in October 2014, with a par value of €600 million, paying coupon interest of 1.75% and maturing in February 2027);
- 4) an increase in the amount payable to ANAS, totalling €57 million, reflecting the Grantor’s direct payment, under the programme for financing the investment provided for in the Concession Arrangement (in accordance with the provisions of laws 662/1996, 345/1997 and 135/1997), of instalments due on bank loans disbursed to the Company. These liabilities will be reduced, on receipt of specific permission from the Grantor, by offsetting against the financial assets deriving from government grants accrued as the related construction services are performed.

Finally, the increase in “Bond issues” and the reduction in “Medium/long-term borrowings” are almost entirely due to the issuer substitution, which has transferred bond issues from Atlantia to Autostrade per l’Italia.

As at 31 December 2016, “**Current net funds**” amount to €1,884 million (€771 million as at 31 December 2015) and consist of:

- a) cash and cash equivalents of €2,924 million, up €502 million partly due to the proceeds from the transfer of investments to Atlantia at the end of December 2016;
- b) current financial liabilities of €1,156 million, down €625 million, essentially following:
 - 1) repayment, in May 2016, and prior to the issuer substitution, of the loan from Atlantia maturing in 2009 (€880 million);
 - 2) a reduction in short-term intercompany borrowings, essentially from Atlantia, amounting to €232 million;
 - 3) reclassification of the bonds maturing in September 2017, totalling €505 million;
- c) current financial assets (€116 million), substantially in line with 31 December 2015 (€130 million).

Until the effective date of the issuer substitution on 21 December 2016, the loans that the Company had obtained from Atlantia were subject to the same terms as the bonds issued by

Atlantia, plus a margin to take account of operating costs. Following the issuer substitution, the Company recognised, in addition to euro-denominated bond issues, two foreign currency bonds (sterling and yen) and the related cross currency swaps designed to hedge both interest rate and currency risks.

As at 31 December 2016, therefore, 7% of the Company's debt is denominated in currencies other than the euro (sterling and the yen). Taking into the account the above cross currency Swaps, the percentage of foreign currency debt exposed to currency risk amounts to zero.

Atlantia has issued a parent company guarantee on behalf of Autostrade per l'Italia in favour of the holders of the bonds involved in the issuer substitution. The holders of the public bonds will benefit from this guarantee until maturity, whilst the private bondholders will benefit until September 2025.

The residual weighted average term to maturity of the Company's interest bearing debt is six years and six months as at 31 December 2016. 98% of the interest bearing debt is fixed rate. The average cost of the Company's medium/long-term borrowings in 2016 was 3.9%.

As at 31 December 2016, the Company has cash reserves (cash, term deposits and undrawn committed lines of credit) of €4,716 million, consisting of:

- a) €2,682 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) €234 million in term deposits allocated primarily to part finance the execution of specific construction services;
- c) €1,800 million in undrawn committed lines of credit. The Company has lines of credit with a weighted average residual term to maturity of approximately eight years and a weighted average residual drawdown period of approximately three years.

Cash flow

“**Net cash from operating activities**” amounts to €1,604 million, up €50 million on the figure for 2015 (€1,554 million), primarily due to:

- a) an increase of €173 million in operating cash flow, mainly due to an increase in cash from operating activities (EBITDA) and a reduction in cash used to pay current tax expense;
- b) the outflow of €123 million generated by the change in operating capital and other non-financial assets and liabilities, essentially relating to investment.

“**Cash used for investment in non-financial assets**”, totalling €595 million and essentially benefitting, with respect to the figure for 2015 (€931 million) from:

- a) the proceeds, in 2016, from the disposal of two investments to Atlantia (in the comparative period, the acquisition of control of Autostrada Tirrenica had involved an outflow of €85 million);
- b) a €177 million reduction in investment in assets held under concession, after the related government grants, broadly following the entry into service of a number of lots on the A14 and A8 and completion, in December 2015, of the main lots included in the *Variante di Valico*.

“**Net equity cash outflows**” amount to €775 million and regard payment of the final dividend for 2015 and of the interim dividend for 2016. This sum is up €105 million on 2015 (dividends paid of €670 million).

Net debt was also negatively influenced as follows:

- a) €107 million, reflecting the change in the financial liabilities involved in the issuer substitution, as described above;
- b) €74 million, reflecting the change, before the related taxation, in the fair value of derivative financial instruments recognised in the statement of comprehensive income (a positive effect of €19 million in 2015).

The above cash flows have, therefore, resulted in an **overall decrease in net debt** of €1,242 million, compared with an increase of €28 million in 2015.

STATEMENT OF CHANGES IN NET DEBT (*)

€m	2016	2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	619	955
Adjusted by:		
Amortisation and depreciation	540	511
Operating change in provisions	63	-48
Financial expenses from discounting of provisions for construction services required by contract and other provisions	45	43
Impairment losses/(Reversal of impairment losses) on investments	13	-6
(Impairment losses)/Reversal of impairment losses on current and non-current assets	2	-
Net change in deferred tax (assets)/liabilities through profit or loss	108	58
Other non-cash costs (income)	293	-3
Operating cash flow	1,683	1,510
Change in operating capital	-89	92
Other changes in non-financial assets and liabilities	10	-48
Net cash generated from/(used in) operating activities (A)	1,604	1,554
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-635	-870
Purchases of property, plant and equipment	-22	-22
Purchases of other intangible assets	-15	-12
Capital expenditure	-672	-904
Government grants related to assets held under concession	1	56
Purchases of investments	-	-85
Proceeds from sales of property, plant and equipment, intangible assets and investments	1,266	2
Net cash from/(used in) investment in non-financial assets [b]	595	-931
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared	-775	-670
Net equity cash inflows/(outflows) [c]	-775	-670
Increase/(Decrease) in cash and cash equivalents during year [a+b+c]	1,424	-47
Change in fair value of hedging derivatives	-74	19
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	-1	-
Change in financial liabilities arising from issuer substitution	-107	-
Other changes in net debt [d]	-182	19
Decrease/(Increase) in net debt for year [a+b+c+d]	1,242	-28
Net debt at beginning of year	-10,710	-10,682
Net debt at end of year	-9,468	-10,710

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

Reconciliation of the reclassified and reported 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 reported financial statements are included below.

RECONCILIATION OF THE INCOME STATEMENT WITH THE RECLASSIFIED INCOME STATEMENT

€m	2016					
	Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items						
Toll revenue			3,222			3,222
Revenue from construction services			202			202
<i>Revenue from construction services - government grants and cost of materials and external services</i>	(a)	184				
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>	(b)	5				
<i>Revenue from construction services: capitalised financial expenses</i>	(c)	2				
<i>Revenue from construction services provided by sub-operators</i>	(d)	11				
Contract revenue			-			-
Other revenue	(e)		294			294
Other operating income				(e+d)		305
<i>Revenue from construction services provided by sub-operators</i>				(d)	11	
Total revenue			3,718			3,527
TOTAL OPERATING REVENUE						3,527
Raw and consumable materials			-74			-74
Service costs			-948			-948
Gain/(Loss) on sale of elements of property, plant and equipment			-			-
Other operating costs			-485			-485
Concession fees	(r)		-431			-431
Lease expense			-6			-6
Other			-48			-48
<i>Use of provisions for construction services required by contract</i>				(h)	429	
<i>Revenue from construction services: government grants and capitalised cost of materials and external services</i>				(a)	184	
COST OF MATERIALS AND EXTERNAL SERVICES						-463
CONCESSION FEES				(r)		-431
Staff costs	(f+g)		-410			-410
GROSS STAFF COSTS				(f)		-410
<i>Capitalised staff costs for non-concession-related activities</i>				(g)		-
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>				(i)	15	
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>				(b)	5	
CAPITALISED STAFF COSTS						20
TOTAL NET OPERATING COSTS						-1,284
GROSS OPERATING PROFIT (EBITDA)						2,243
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						-64
Operating change in provisions			-63			-63
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			-60			-60
Other provisions			-3			-3
<i>(Impairment losses)/Reversals of impairment losses on current assets</i>				(l)	-1	
Use of provisions for construction services required by contract			444			444
<i>Use of provisions for construction services required by contract</i>	(h)	429				
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>	(i)	15				
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>	(j)		-540			-540
Amortisation and depreciation			-20			-20
Depreciation of property, plant and equipment			-			-
Depreciation of investment property			-			-
Amortisation of intangible assets deriving from concession rights			-506			-506
Amortisation of other intangible assets			-13			-13
(Impairment losses)/Reversals of impairment losses			-1			-1
<i>(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets</i>	(k)		-			-
<i>(Impairment losses)/Reversals of impairment losses on current assets</i>	(l)		-1			-1
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(j+k)		-540
TOTAL COSTS			-2,077			-2,077
OPERATING PROFIT/(LOSS)			1,641			1,641
OPERATING PROFIT/(LOSS) (EBIT)						1,639
Financial income			77			77
Reversal of impairment losses on financial assets and investments	(m)		-			-
Dividends received from investees			27			27
Other financial income	(n)		50			50
Financial expenses			-907			-907
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-45			-45
Impairment losses on financial assets and investments	(o)		-13	(m+o)		-13
Other financial expenses	(p)		-849			-849
Foreign exchange gains/(losses)	(q)		-			-
Other financial expenses, after other financial income				(n+p+q)		-799
Capitalised financial expenses on intangible assets deriving from concession rights				(c)		2
FINANCIAL INCOME/(EXPENSES)			-830			-830
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			811			811
Income tax (expense)/benefit			-296			-296
Current tax expense			-190			-190
Differences on tax expense for previous years			3			3
Deferred tax income and expense			-109			-109
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			515			515
Dividends, after the related taxation, from discontinued operations			104			104
PROFIT FOR THE YEAR			619			619

RECONCILIATION OF THE INCOME STATEMENT WITH THE RECLASSIFIED INCOME STATEMENT

€m	2015					
	Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items						
Toll revenue			3,098			3,098
Revenue from construction services			382			
<i>Revenue from construction services - government grants and cost of materials and external services</i>	(a)	340				
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>	(b)	9				
<i>Revenue from construction services: capitalised financial expenses</i>	(c)	26				
<i>Revenue from construction services provided by sub-operators</i>	(d)	7				
Contract revenue			-			-
Other revenue	(e)		300			
Other operating income				(e+d)		307
<i>Revenue from construction services provided by sub-operators</i>				(d)	7	
Total revenue			3,780			3,405
TOTAL OPERATING REVENUE						3,405
Raw and consumable materials			-73			-73
Service costs			-1,173			-1,173
Gain/(Loss) on sale of elements of property, plant and equipment			-			-
Other operating costs			-494			-494
Concession fees	(r)		-418			-418
Lease expense			-6			-6
Other			-70			-70
<i>Use of provisions for construction services required by contract</i>				(h)	487	
<i>Revenue from construction services: government grants and capitalised cost of materials and external services</i>				(a)	340	
COST OF MATERIALS AND EXTERNAL SERVICES						-495
CONCESSION FEES				(r)		-418
Staff costs	(f+g)		-396			-396
GROSS STAFF COSTS				(f)		-396
<i>Capitalised staff costs for non-concession-related activities</i>				(g)	-	
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>				(i)	9	
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>				(b)	9	
CAPITALISED STAFF COSTS						18
TOTAL NET OPERATING COSTS						-1,291
GROSS OPERATING PROFIT (EBITDA)						2,114
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						47
Operating change in provisions			51			51
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			54			54
Other provisions			-3			-3
<i>(Impairment losses)/Reversals of impairment losses on current assets</i>				(l)	-4	
Use of provisions for construction services required by contract	(h)	487	496			496
<i>Use of provisions for construction services required by contract</i>	(j)	9				9
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>	(i)		-511			-511
Amortisation and depreciation			-20			-20
Depreciation of property, plant and equipment			-			-
Depreciation of investment property			-479			-479
Amortisation of intangible assets deriving from concession rights			-12			-12
Amortisation of other intangible assets			-4			-4
(Impairment losses)/Reversals of impairment losses	(k)	-				
<i>(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets</i>	(l)	-4				-4
<i>(Impairment losses)/Reversals of impairment losses on current assets</i>						
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(j+k)		-511
TOTAL COSTS			-2,104			-2,104
OPERATING PROFIT/(LOSS)			1,676			1,676
OPERATING PROFIT/(LOSS) (EBIT)						1,650
Financial income			90			90
Reversal of impairment losses on financial assets and investments	(m)		6			6
Dividends received from investees			17			17
Other financial income	(n)		67			67
Financial expenses			-703			-703
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-43			-43
Adjustments to value of financial assets and investments	(o)		-	(m+o)		6
Other financial expenses	(p)		-660			-660
Foreign exchange gains/(losses)	(q)		-			-
Other financial expenses, after other financial income				(n+p+q)		-593
Capitalised financial expenses on intangible assets deriving from concession rights				(c)		26
FINANCIAL INCOME/(EXPENSES)			-613			-613
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			1,063			1,063
Income tax (expense)/benefit			-288			-288
Current tax expense			-232			-232
Differences on tax expense for previous years			2			2
Deferred tax income and expense			-58			-58
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			775			775
Dividends, after the related taxation, from discontinued operations			180			180
PROFIT FOR THE YEAR			955			955

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

Em	31 December 2016					31 December 2015				
	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)	78			78	(a)	76			76
Intangible assets	(b)	17,862			17,862	(b)	17,751			17,751
Investments	(c)	221			221	(c)	1,536			1,536
Other non-current assets	(d)	-			-	(d)	-			-
Total non-current non-financial assets (A)					18,161					19,363
Working capital										
Trading assets	(e)	537			537	(f)	509			509
Current tax assets	(f)	55			55	(g)	31			31
Other current assets	(g)	63			63	(h)	122			122
Investments held for sale or for distribution to shareholders or related to discontinued operations				(v)	1,158				(v)	4
Current portion of provisions for construction services required by contract	(h)	-522			-522	(h)	-429			-429
Current provisions	(i)	-188			-188	(i)	-189			-189
Trading liabilities	(j)	-1,229			-1,229	(j)	-1,291			-1,291
Current tax liabilities	(k)	-3			-3	(k)	-			-
Other current liabilities	(l)	-219			-219	(l)	-213			-213
Non-financial liabilities related to discontinued operations				(w)	-				(w)	-
Total working capital (B)					-348					-1,456
Gross invested capital (C=A+B)					17,813					17,907
Non-current non-financial liabilities										
Non-current portion of provisions for construction services required by contract	(m)	-3,165			-3,165	(m)	-3,265			-3,265
Non-current provisions	(n)	-1,084			-1,084	(n)	-1,013			-1,013
Deferred tax liabilities	(a)	-461			-461	(a)	-320			-320
Other non-current liabilities	(p)	-30			-30	(p)	-33			-33
Total non-current non-financial liabilities (D)					-4,740					-4,631
NET INVESTED CAPITAL (E=C+D)					13,073					13,276
Total equity (F)		3,605			3,605		2,566			2,566
Net debt										
Non-current net debt										
Non-current financial liabilities	(q)	11,994			11,994	(q)	12,076			12,076
Non-current financial assets	(r)	-642			-642	(r)	-595			-595
Total non-current net debt (G)					11,352					11,481
Current net debt										
Current financial liabilities	(s)	1,156			1,156	(s)	1,781			1,781
Bank overdrafts repayable on demand		-			-		-			-
Short-term borrowings		-			-	400	-		400	-
Current derivative liabilities		2		2			-			-
Intercompany current account payables due to related parties		242		242		74			74	
Current portion of medium/long-term borrowings		912		912		1,307			1,307	
Cash and cash equivalents	(t)	-2,924			-2,924	(t)	-2,422			-2,422
Cash		-2,238		-2,238		-1,708			-1,708	
Cash equivalents		-200		-200		-340			-340	
Intercompany current account receivables due from related parties		-486		-486		-374			-374	
Current financial assets	(u)	-116			-116	(u)	-130			-130
Current financial assets deriving from government grants		-51		-51		-60			-60	
Current term deposits		-48		-48		-58			-58	
Current derivative assets		-2		-2		-			-	
Current portion of other medium/long-term financial assets		-14		-14		-11			-11	
Other current financial assets		-1		-1		-1			-1	
Total current net debt (H)					-1,884					-771
Total net debt (I=G+H)					9,468					10,710
NET DEBT AND EQUITY (L=F+I)					13,073					13,276
Investments held for sale or for distribution to shareholders or related to discontinued operations	(v)	1,158				(v)	4			
Liabilities related to discontinued operations	(-w)	-				(-w)	-			
TOTAL NON-CURRENT ASSETS	(a+b+c+d-r)	18,803				(a+b+c+d-r)	19,958			
TOTAL CURRENT ASSETS	(e+f+g-t-u+v)	4,853				(e+f+g-t-u+v)	3,218			
TOTAL NON-CURRENT LIABILITIES	(-m-n-o-p+q)	16,734				(-m-n-o-p+q)	16,707			
TOTAL CURRENT LIABILITIES	(-h-i-j-k-l+s-w)	3,317				(-h-i-j-k-l+s-w)	3,903			

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

€m	Note	2016		2015	
		Statement of cash flows	Changes in net debt	Statement of cash flows	Changes in net debt
Reconciliation of items					
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the year		619	619	955	955
Adjusted by:					
Amortisation and depreciation		540	540	511	511
Operating change in provisions		63	63	-48	-48
Financial expenses from discounting of provisions for construction services required by contract and other provisions		45	45	43	43
Impairment losses/(Reversal of impairment losses) on investments		13	13	-6	-6
Impairment losses/(Reversal of impairment losses) on current and non-current assets		2	2	-	-
Net change in deferred tax (assets)/liabilities through profit or loss		108	108	58	58
Other non-cash costs (income)		293	293	-3	-3
Operating cash flow			1,683		1,510
Change in operating capital	(a)		-89		92
Other changes in non-financial assets and liabilities	(b)		10		-48
Change in working capital and other changes	(a+b)		-79		44
Net cash generated from/(used in) operating activities (A)		1,604	1,604	1,554	1,554
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-635	-635	-870	-870
Purchases of property, plant and equipment		-22	-22	-22	-22
Purchases of other intangible assets		-15	-15	-12	-12
Capital expenditure			-672		-904
Government grants related to assets held under concession		1	1	56	56
Purchase of investments		-	-	-85	-85
Proceeds from sales of property, plant and equipment, intangible assets and investments		1,266	1,266	2	2
Net change in current and non-current financial assets	(c)		-35		15
Net cash from/(used in) investment in non-financial assets (B)	(d)		595		-931
Net cash generated from/(used in) investing activities (C)	(d-c)	560		-916	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Dividends declared	(e)		-775		-670
Dividends paid	(f)		-775		-670
Net equity cash inflows/(outflows) (D)			-775		-670
Net cash generated during year (A+B+D)			1,424		-47
Repayment of loans from parent		-1,100		-1,351	
Issuance of bonds		591		2,616	
Increase in medium/long term borrowings (excluding finance lease liabilities)		-		249	
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-135		-290	
Net change in other current and non-current financial liabilities		-411		143	
Net cash generated from/(used in) financing activities (E)		-1,830		697	
Change in fair value of hedging derivatives	(g)		-74		19
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	(h)		-1		-
Change in financial liabilities arising from issuer substitution	(i)		-107		-
Other changes in net debt (F)			-182		19
Decrease in net debt for year (A+B+D+F)			1,242		-28
Net debt at beginning of year			-10,710		-10,682
Net debt at end of year			-9,468		-10,710
Increase/(Decrease) in cash and cash equivalents during year (A+C+E+G)		334		1,335	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,348		1,013	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		2,682		2,348	

Notes:

- 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);
- 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);
- 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;
- "Net cash from/(used in) 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;
- "Dividends declared" regard the portion of dividends declared by the Company, regardless of the period of payment;
- "Dividends paid" refer to amounts effectively paid during the reporting period;
- 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;
- 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;
- the "Change in financial liabilities due to the issuer substitution" reflects the impact of the issuer substitution, described in the introduction, on the change in net debt.

2.4 Key performance indicators for Group companies ^(*)

€m	OPERATING REVENUE ⁽¹⁾			
	2016	2015	Increase/ (Decrease)	
			Absolute	%
Autostrade per l'Italia	3,527	3,405	122	4%
Autostrade Meridionali	85	85	-	n/s
Tangenziale di Napoli	71	75	-4	-5%
Società Italiana per il Traforo del Monte Bianco	57	58	-1	-2%
Società Autostrada Tirrenica ⁽²⁾	38	7	31	n/s
Essediese	27	27	-	n/s
Raccordo Autostradale Valle d'Aosta	19	19	-	n/s
Giove Clear	12	11	1	9%
Ad Moving	8	8	-	n/s
Autostrade Tech	60	65	-5	-8%
Infoblu	6	6	-	n/s
Consolidation adjustments	-111	-100	-11	11%
TOTAL	3,799	3,666	133	4%
COMPANIES DISPOSED OF AND COMPANIES HELD FOR SALE	-	-	-	n/s
Consolidation adjustments	-	-	-	n/s
TOTAL AUTOSTRADE PER L'ITALIA GROUP	3,799	3,666	133	4%

(*) Key performance indicators for companies sold and those held for sale, as part of the Atlantia Group's restructuring, as described in the "Group financial review", have been excluded from the above schedule.

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

(2) This company has been consolidated by the Group from September 2015.

EBITDA ⁽¹⁾				CAPITAL EXPENDITURE ⁽¹⁾			
2016	2015	Increase/ (Decrease)		2016	2015	Increase/ (Decrease)	
		Absolute	%			Absolute	%
2,243	2,114	129	n/s	672	904	-232	-26%
32	29	3	10%	-	7	-7	n/s
28	31	-3	-10%	13	16	-3	-19%
38	38	-	n/s	2	2	-	n/s
22	3	19	n/s	28	14	14	n/s
2	2	-	n/s	-	-	-	n/s
7	7	-	n/s	1	7	-6	-86%
1	1	-	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
9	11	-2	-18%	1	1	-	n/s
2	2	-	n/s	1	1	-	n/s
-	-	-	n/s	-	-	-	n/s
2,384	2,238	146	7%	718	952	-234	-25%
-	-	-	n/s	213	199	14	7%
-	-	-	n/s	-	-	-	n/s
2,384	2,238	146	7%	931	1,151	-220	-19%

2.5 Group operating review

Traffic

Traffic on the Group's Italian network in 2016 (measured in kilometres travelled) is up 3.2% on the previous year.

The number of kilometres travelled by vehicles with 2 axles is up 3.1%, with the figure for those with 3 or more axles up 4.1%.

After adjusting for the leap-year effect, the increase in kilometres travelled is 2.9%.

TRAFFIC ON THE NETWORK OPERATED UNDER CONCESSION IN ITALY IN 2016

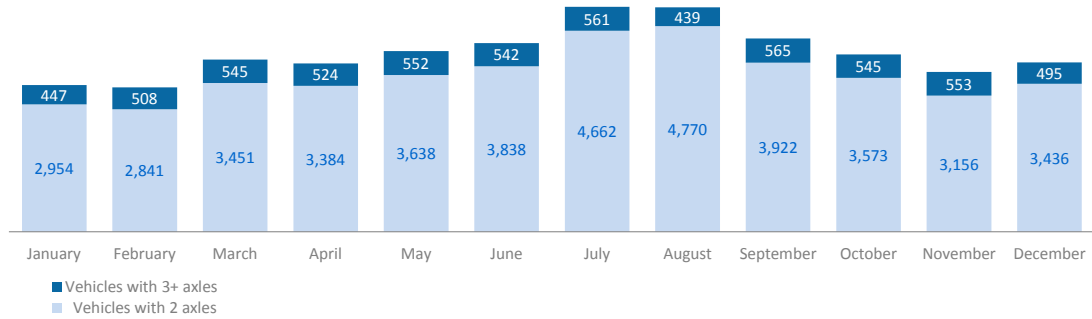
Motorway	Vehicles*km (millions)			% increase/ (decrease) on 2015	ATVD ⁽¹⁾ 2016
	Vehicles with 2 axles	Vehicles with 3 or more axles	Total vehicles		
A1 Milan-Naples	15,147	2,716	17,863	4.0	60,742
A4 Milan-Brescia	3,275	417	3,692	0.7	107,895
A7 Serravalle-Genoa	524	77	601	1.0	32,858
A8/A9 Milan-Lakes	2,360	140	2,500	3.1	87,914
A8/26 spur	470	29	499	1.8	56,758
A10 Genoa-Savona	793	89	882	2.2	52,973
A11 Florence-Coast	1,408	104	1,512	2.7	50,571
A12 Genoa-Sestri	812	55	867	2.1	48,617
A12 Rome-Civitavecchia	606	40	646	2.6	27,016
A13 Bologna-Padua	1,697	293	1,990	2.4	42,722
A14 Bologna-Taranto	8,760	1,460	10,220	3.5	35,734
A16 Naples-Canosa	1,226	144	1,370	0.9	21,724
A23 Udine-Tarvisio	457	119	576	3.6	15,548
A26 Genoa Voltri- Gravellona Toce	1,786	274	2,060	1.9	22,982
A27 Venice-Belluno	676	52	728	4.1	24,205
A30 Caserta-Salerno	738	103	841	4.8	41,552
Mestre Interchange	41	6	47	2.3	-
TOTAL AUTOSTRADE PER L'ITALIA	40,776	6,118	46,894	3.1	44,884
Autostrade Meridionali	1,622	35	1,657	4.6	87,704
Tangenziale di Napoli	855	77	932	1.6	126,089
Autostrada Tirrenica ⁽²⁾	271	24	295	10.1	18,478
Raccordo Autostradale Valle d'Aosta	93	19	112	4.4	9,559
Società italiana per il Traforo del Monte Bianco	8	3	11	1.3	5,278
TOTAL ITALIAN OPERATORS	43,625	6,276	49,901	3.2	45,329

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

(2) The 15-km Civitavecchia –Tarquinia section was opened to traffic at the end of March 2016 (the increase on a like-for-like kilometre basis is approximately 3.0%).

MONTHLY TRAFFIC TRENDS ON THE NETWORK OPERATED UNDER CONCESSION IN ITALY IN 2016

(millions of km travelled)

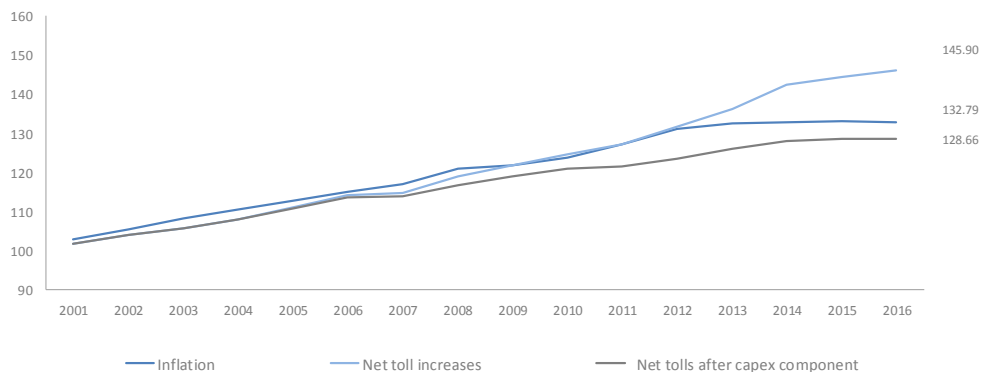


Toll increases

Autostrade per l'Italia applied an annual toll increase of 1.09% from 1 January 2016. This was determined on the basis of the following components: 0.00% for inflation; 0.97% to provide a return capital expenditure via the "X" tariff component; and 0.12% to provide a return on investment via the "K" tariff component.

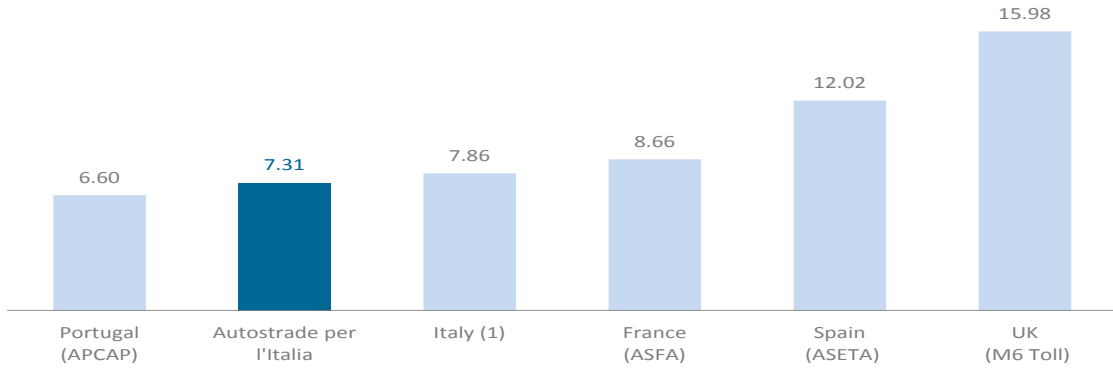
Information on the toll increases applied by the Group's other Italian motorway operators is provided in the section, "Significant regulatory aspects".

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



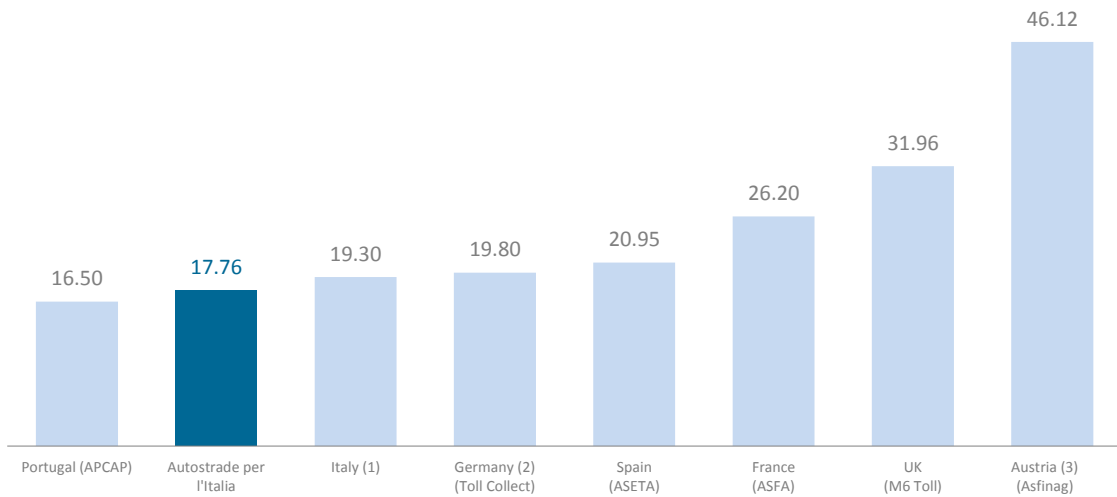
Source for inflation: ISTAT consumer price index for Italy as a whole (including tobacco products).

AVERAGE TOLLS FOR CARS IN EUROPE VAT included (2016 in € cents per km)



Source: APCAP, ASETA, ASFA, M6 Toll, ASECAP.
(1) Source: AISCAT.

AVERAGE TOLLS FOR HEAVY VEHICLES IN EUROPE VAT included (2016 in € cents per km)



Source: APCAP, ASETA, ASFA, Toll Collect, Asfinag, M6 Toll, ASECAP.

(1) Source: AISCAT.

(2) Tolls in Germany are differentiated by vehicle emission class: those shown are for emission class "euro 3".

(3) Tolls in Austria are differentiated by vehicle emission class and by number of axles: those shown are based on the average tolls for the category with 4 or more axles.

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 €15.7 billion. Projects with a value of €9.4 billion have been completed as at 31 December 2016, 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.

AUTOSTRADE PER L'ITALIA	Total km	Km opened to traffic	€bn totals ⁽¹⁾	€bn completed
Agreement of 1997	233	199	7.1	5.8
IV Addendum 2002	270	233	8.6	3.6
Single Arrangement 2007	325	-	5.0	0.0
Other projects Agreement of 1997	-	-	2.0	0.4
Total	828	432	22.7	9.8
SUBSIDIARIES	Total km	Km opened to traffic	€bn totals ⁽¹⁾	€bn completed
Raccordo Autostradale Valle d'Aosta	12	12	0.4	0.4
Autostrade Meridionali	20	20	0.5	0.5
Autostrada Tirrenica	205	19	1.4	0.2
Total	237	51	2.4	1.2
TOTAL GROUP	1,066	484	25.1	11.0

(1) Total cost of carrying out the works, as assessed at 31 December 2016, 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".

Autostrade Meridionali and Raccordo Autostradale Valle d'Aosta have, in contrast, 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 (at an estimated cost of €1.2 billion) is, on the other hand, subject to fulfilment of the technical and financial conditions to be verified jointly by the grantor and Autostrada Tirrenica, and execution of an addendum to the Concession Arrangement, 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 €718 million in 2016.

CAPITAL EXPENDITURE 2016

(€m)	2016	2015
Autostrade per l'Italia - projects in Agreement of 1997	305	370
Autostrade per l'Italia - projects in IV Addendum of 2002	169	268
Investment in major works by other operators	27	28
Other capital expenditure and capitalised costs (staff, maintenance and other)	176	250
Total investment in infrastructure operated under concession	677	916
Investment in other intangible assets	17	14
Investment in property, plant and equipment	24	22
Total investment in motorways	718	952

Work on completion of the *Variante di Valico*, opened to traffic in December 2015, continued in 2016, with the construction of works not having an impact on operation of the new infrastructure. In particular, work on the Firenzuola-Mugello toll station on the A1, opened in January 2017, was completed.

Work proceeded on widening the A1 between Barberino and Florence North to three lanes, with approximately 2.5 km of third lane opened to traffic in December 2016 (in both directions).

The reduction compared with 2015, relating to works envisaged in the Agreement of 1997 (a decline of €65 million) is primarily due to the decreased volume of work on the carriageways of the *Variante di Valico*, completed and opened to traffic in 2015.

With regard to Autostrade per l'Italia's IV Addendum of 2002, work on widening the A14 from Rimini to Porto Sant'Elpidio was also completed, with the opening of 17 km between the Ancona North and Ancona South toll stations taking place in July 2016. The entire section of 154.7 km along the Adriatic coast is now open to traffic.

The reduction of €99 million compared with 2015 is largely due to the impact of the completion of work on the Senigallia-Ancona North section, which was opened to traffic in December 2015, and to a reduction in the volume of work carried out on a fifth lane for the A8 between Milan and Lainate.

Investment in major works by the Group's other Italian operators amounted to €27 million in 2016. This relates to the investment carried out by Autostrada Tirrenica, which invested in completion of the Civitavecchia - Tarquinia South section and in the final designs for the widening of other parts of the motorway.

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

The following tables 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.

The estimated value of each project includes the overall cost (before any government grants) of the works, as assessed at the end of December 2016.

The final cost of the works is subject to change based on the effective future stage of completion of the works. In spite of the Group's determination to push ahead with design work and organisation of the projects, there may continue to be delays in completion of works, with the following implications:

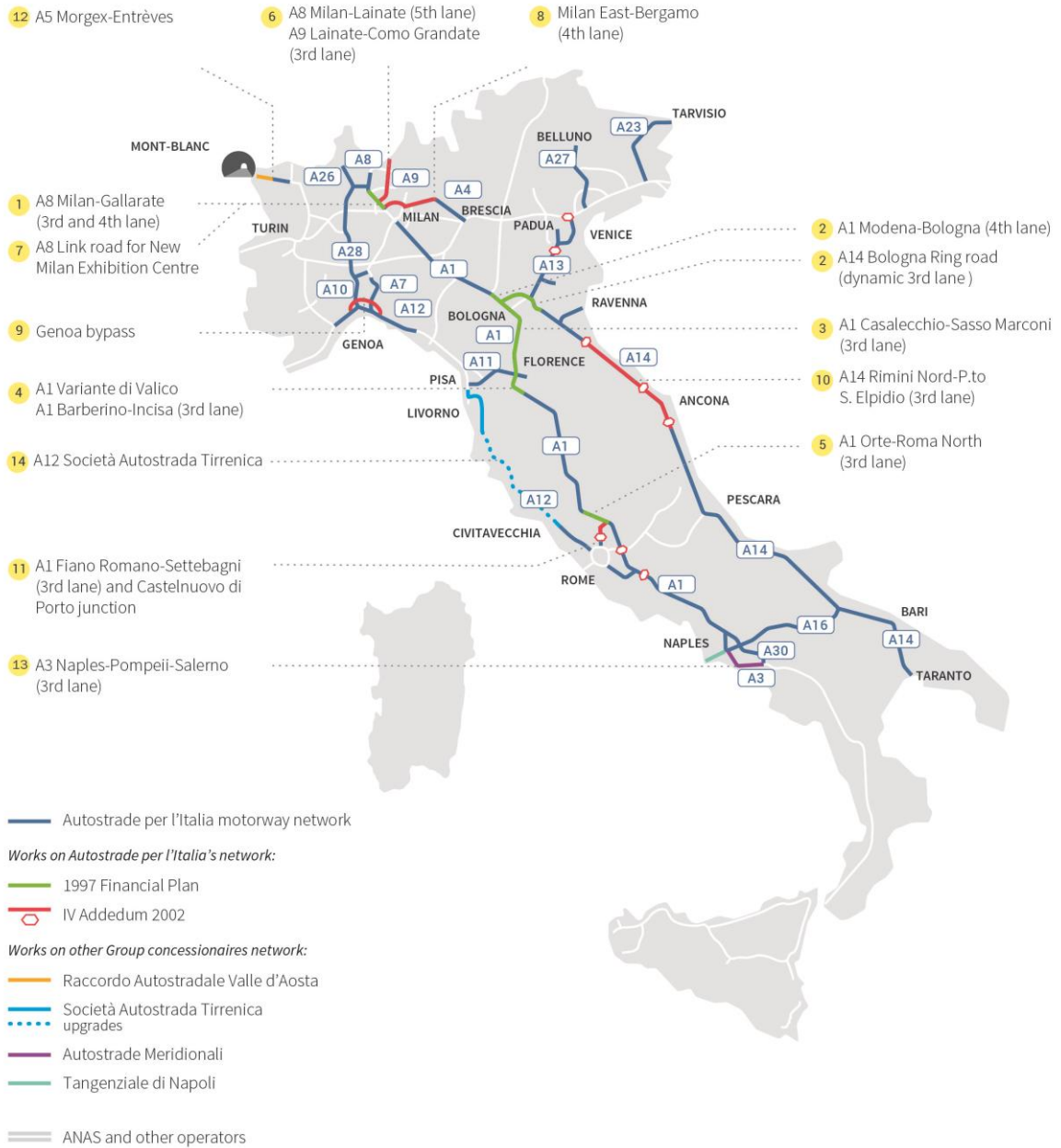
- the impossibility of making a reasonable estimate of the date of completion and entry into service of the various works, especially those where the related contracts have yet to be awarded;
- potential cost overruns due to disputes and eventual changes to designs.

In 2009, Autostrade per l'Italia's Board of Directors set up a body known as the "Committee responsible for the Completion of 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.

The Committee met on 7 occasions in 2016.

PLANNED INVESTMENT IN THE ITALIAN NETWORK



PLANNED UPGRADES AND MODERNISATION OF THE NETWORK OPERATED UNDER CONCESSION

			STATUS AS AT 31 DECEMBER 2016	KM COVERED BY PROJECT (KM)	VALUE OF PROJECT(a) (€M)	KM OPENED TO TRAFFIC AS AT 31 DECEMBER 2016 (KM)	STAGE OF COMPLETION AS AT 31 DECEMBER 2016(b) (€M)
Autostrade per l'Italia: Arrangement of 1997							
1	A8	3rd and 4th lanes Milan-Gallarate	Completed	28.7	65	28.7	65
2	A1	4th lane Modena-Bologna	Completed (1)	31.6	180	31.6	146
2	A14	3rd lane Bologna Ring Road	Completed (2)	13.7	59	13.7	59
3	A1	3rd lane Casalecchio - Sasso Marconi	Completed	4.1	83	4.1	83
4	A1	Variante di Valico	Completed/in progress (3)	58.7	4,317	58.7	4,117
4	A1	3rd lane Barberino - Incisa	Work in progress/completed (4)	58.5	2,170	24.4	1,099
5	A1	3rd lane Orte - Rome North	Completed	37.8	193	37.8	192
		Other projects	Work in progress/completed		28	n/a	24
Total projects under Arrangement of 1997				233.1	7,095	199.0	5,785
Projects included in IV Addendum of 2002							
11	A1	3rd lane Fiano R. - Settebagni and Castelnuovo di Porto junction	Completed	15.9	130	15.9	127
8	A4	4th lane Milan East - Bergamo	Completed	33.6	514	33.6	512
6	A8	5th lane Milan - Lainate	Work in progress (5)	4.4	197	2.2	55
6	A9	3rd lane Lainate - Como Grandate	Completed	23.2	345	23.2	308
10	A14	3rd lane Rimini North - Porto Sant'Elpidio	Completed (6)	154.7	2,523	154.7	2,202
9	A7/A10/A12	Genoa Bypass	Final design undergoing approval (7)	34.8	4,408	-	82
7	A8	Link road for New Milan Exhibition Centre	Completed	3.8	86	3.8	86
		Other projects	Work in progress/completed (8)		356	n/a	220
Total projects under IV Addendum of 2002				270.4	8,559	233.4	3,592
Other Group motorway operators							
12	A5	RAV new Morgex- Entreves section	Completed	12.4	430	12.4	422
13	A3	Autostrade Meridionali, 3rd lane Naples-Pompei East/Scafati (c)	Work in progress/completed	20.0	545	20.0	541
14	A12	Autostrada Tirrenica	Work in progress/to be approved (9)	204.8	1,422	19.0	240
Total projects of other operators				237.2	2,397	51.4	1,203
Total Investment in major works				740.7	18,051	484	10,580

(a) Total cost of carrying out the works, as assessed at 31 December 2016, 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) Planned widening on Autostrade Meridionali's network regards 24.5 km, including 4.5 km already open to traffic over duration of Arrangement of 1972-1992. 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".

(3) The Variante di Valico opened to traffic on 23 December 2015. Work is continuing on off carriageway works, landscaping and completion of the new Rioveggio junction.

(4) Work on the Barberino-Florence North section is in progress as at December 2016, with 2.5 km of third lane opened to traffic between the Florence North junction and the southern end of the Boscaccio tunnel; approximately 21.9 km of third lane between Florence North and Florence South has been opened to traffic; the executive design for lot 2 of the Florence South-Incisa section is awaiting approval, whilst work on lot 1 is in progress.

(5) Work is nearing completion on lot 1 and the tender procedure for lot 2 is in progress.

(6) All 154.7 km of third lane is open to traffic between Rimini North and Porto Sant'Elpidio, in addition to the new junctions at Montemarignano, Porto Sant'Elpidio and Senigallia..

(7) The portion of investment completed relates to other authorised works

(8) The tender procedure is underway for the Maddaloni junction; work is in progress on the Tunnel Safety Plan and on the A4/A13 interchange; work has been completed on the Villamarzana, Ferentino, Guidonia, Rubicone and Padua Industrial Park junctions.

(9) Work is in progress on external roads for lot 6A. Work on the section from San Pietro in Palazzi to Tarquinia South is dependent on approval of a new Addendum.

Investment in major works by Autostrade per l'Italia – 1997 Agreement

At the end of 2016, following the opening to traffic of the *Variante di Valico*, a key component of Autostrade per l'Italia's investment programme, in December 2015, approximately 82% of the works envisaged in the 1997 Agreement have been completed and all the authorisation processes for work on the upgrade of the A1 between Bologna and Florence have been completed.

The final cost of the works (based on contracts in progress and final and executive designs awaiting authorisation) today amounts to approximately €7.1 billion. Of this, works with a value of approximately €5.8 billion have been completed, a figure that is higher than the cost of the works estimated in 2007. 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 currently stands at €3.5 billion.

Investment in major works by Autostrade per l'Italia – IV Addendum 2002¹

As at 31 December 2016, around 50% of the works have been authorised, with approximately 85% of these works completed. With the opening to traffic of the last 17 km of third lane on the A14 between Ancona North and Ancona South, work on widening the A14 from Rimini to Porto Sant'Elpidio has been completed.

The remaining 50% of the works awaiting authorisation mainly regard the Genoa Interchange, representing the most important project included in the IV Addendum, from both a technical and financial viewpoint.

The project 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, effectively doubling capacity.

To take account of accumulated delays in the approval process, the revised Financial Plan of 2013 has amended the schedule for carrying out the works and the estimated total cost, increasing it to €3.3 billion.

The final design was completed in 2016, resulting in an estimated final cost of approximately €4.4 billion, and is currently awaiting approval from the Grantor.

The investments included in the IV Addendum are associated with specific toll increases linked to validation of the individual works and based on the stage of completion.

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 design 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, have been identified as priority. In

¹ 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.

agreement with the Grantor, the approval process for the EIA and the Services Conference has begun, with the aim of including the projects in the next five-yearly review of Autostrade per l'Italia's investment programme.

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 has completed the preliminary design for an upgrade of the motorway system and ring road serving Bologna. The design has been subject to a public consultation process, which came to an end in October 2016. The resulting final memorandum, dated 16 December 2016, set out a series of improvements and additions that have been reflected in the final design. The environmental assessment is expected to be completed in 2017 and work should start by the end of the year. The cost of the project is currently estimated to be €690 million.

In addition, the new Valsamoggia junction on the A1 between Modena and Bologna was opened on 8 November 2016.

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 2015 (excluding work at service areas) was €410 million. €374 million of this was spent by Autostrade per l'Italia.

Total expenditure in 2016 (not including maintenance staff costs) is made up of the following:

- maintenance costs of €283 million;
- €127 million spent on safety and traffic management (including capitalised maintenance costs).

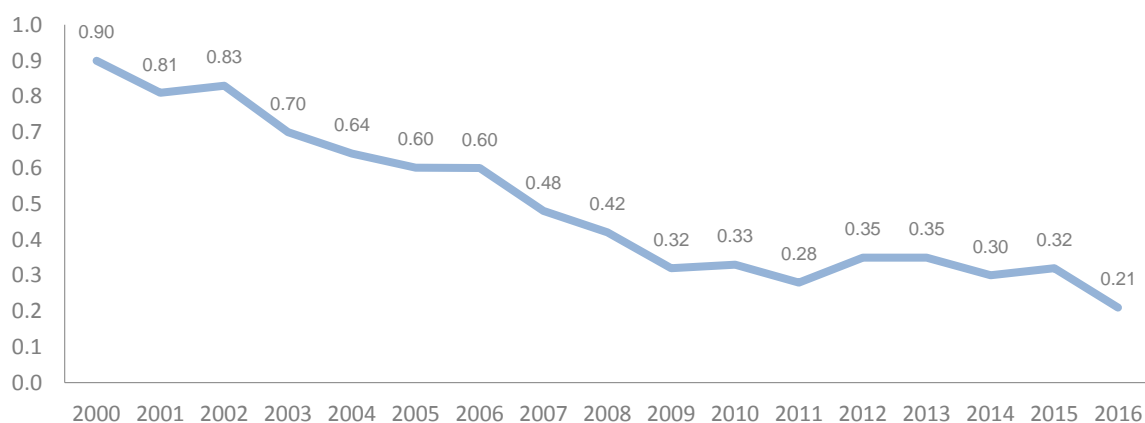
Safety and maintenance

There were 14,578 accidents on the network managed by Autostrade per l'Italia and the other operators in 2016 (down 4.5% compared with 2015). The global accident rate is down to 29.2 from 31.6 in 2015, whilst the death rate is 0.21, compared with 0.32 in 2015.

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

	2000	2015	2016
Global accident rate (number of accidents per 100 km travelled)	60.6	31.6	29.2
Accident rate on carriageways	-	27.4	25.0
Casualty rate (number of accidents per 100 km travelled)	15.8	8.3	7.7
Fatal accident rate (number of accidents per 100 km travelled)	0.71	0.28	0.19
Death rate (number of deaths per 100 km travelled)	0.90	0.32	0.21

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



The number of accidents at accident blackspots was also down in 2016, falling 14.9% compared with 2015. 170 specific initiatives were implemented during the year, to add to the almost 2,000 such initiatives carried out since 2002, since when accidents at these points on the network have fallen by approximately 84%.

The improvement was also achieved thanks to deployment of the “Tutor” system for measuring average speeds (as at 31 December 2016, the system was in use on over 2,500 km or approximately 40% of the roads operated by Autostrade per l’Italia and the Group’s other Italian motorway operators), in addition to the continual improvement of quality standards and specific infrastructure and operational measures. These include the introduction of a new system for road works signs 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 departments 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, during 2016 there were over 48 major projects entailing structural maintenance. Works were carried out on repairs to bridges and viaducts on all the motorways in Liguria, on Apennine sections of the A1 and A16 and along the central sections of the motorway that runs down the Adriatic coast. Works were also carried out on a number of tunnels on the A10 and A16. Finally, works were carried out on motorways in Liguria, on the Apennine sections of the A1 and on the A16 and A14.

Other work on safety improvements related to the continuing upgrade of further roadside barriers on a total of approximately 43 km of motorway.

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.

RESURFACED PAVEMENT ON AUTOSTRADE PER L'ITALIA'S NETWORK

	2000	2015	2016
square metres (x 1,000)	11,256	7,659	7,561
of which square metres with draining pavement (x 1,000)	2,319	4,932	4,963
total cubic metres (x 1,000)	586	376	371
Total percentage of Autostrade per l'Italia's network surfaced with draining pavement	18.9%	83.9%	83.6%

As always, Autostrade per l'Italia ran numerous initiatives and campaigns in 2016 to promote safety:

- the plan for managing peak-time traffic during the summer of 2016, 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 and at the Hi-Point information desks at service areas;
- 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;
- the "Angolo della Prevenzione" initiative run in collaboration with the Italian Red Cross, and aimed at making lorry drivers aware of the importance of health prevention in guaranteeing road safety, involving the offer of free medical examinations at service areas, with the support of Red Cross medical staff.

Traffic management

The Total Delay²¹ on the network managed by Autostrade per l'Italia in 2016 amounted to approximately 4.6 million hours, an increase of 2.2% compared with 2015, but still proportionately less than the increase in traffic over the year (up 3.1%).

The Total Delay Work, a sub-index of Total Delay, which measures disruption caused by roadworks on motorways, recorded a figure of approximately 228,000 hours, in line with the figure for the previous year.

² 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.

The principal steps taken to improve traffic flow in the presence of roadworks were:

- a prior assessment of the impact on traffic of each roadwork in order to best plan the work to be carried out in terms of period of the year and the 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.

In terms of information, the following took place in 2016:

- the agreement with the radio broadcaster, RTL, continued alongside the existing partnership with RAI Isoradio, with the broadcast of 28 live bulletins a day from Autostrade per l'Italia's Traffic Operations centre over the radio and in radiovision, and news on serious disruptions still available in FM;
- the number of Variable Message Panels providing traffic information was further increased; at the end of 2016 there were 1,798 panels on Autostrade per l'Italia's network;
- a total of 247,157 calls were made to the traffic information centre, with a total of 99.9% answered;
- as at 31 December 2016, 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.

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

	2000	2015	2016
Number of variable message panels	384	1,681	1,798
% of traffic covered by service on entry	n/av	99	99
% of traffic on motorway covered by service	n/av	99	99
% of network on which ISORADIO and RTL can be received	n/av	75	75
% of calls answered by call centre	n/av	99	99

Toll collection and payment systems

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

Method of payment	Number of transactions 2016	%	Number of transactions 2015	%	Increase/ (decrease) 2016/2015 (%)
MANUAL CASH PAYMENTS	115,789,017	15.4%	119,126,121	16.2%	-2.8%
Automated cash	77,673,138	10.3%	72,539,178	9.9%	7.1%
VIACard direct debit	21,416,327	2.8%	21,971,655	3.0%	-2.5%
Telepass	454,793,271	60.3%	439,935,484	59.9%	3.4%
Prepaid cards	11,497,936	1.5%	11,998,756	1.6%	-4.2%
Credit cards	41,472,683	5.5%	36,645,016	5.0%	13.2%
FASTpay	26,536,401	3.5%	28,116,063	3.8%	-5.6%
TOTAL AUTOMATED PAYMENTS	633,389,756	84.0%	611,206,152	83.2%	3.6%
Other (unpaid tolls, strikes, evasion)	4,436,214	0.6%	4,328,442	0.6%	2.5%
GRAND TOTAL	753,614,987	100.0%	734,660,715	100.0%	2.6%

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

Method of payment	Number of transactions 2016	%	Number of transactions 2015	%	Increase/ (decrease) 2016/2015 (%)
MANUAL CASH PAYMENTS	152,198,683	16.7%	155,966,464	17.6%	-2.4%
Automated cash	104,551,116	11.4%	96,122,245	10.8%	8.8%
VIACard direct debit	24,048,914	2.6%	24,610,511	2.8%	-2.3%
Telepass	540,420,449	59.2%	520,843,666	58.7%	3.8%
Prepaid cards	13,163,001	1.4%	13,806,269	1.6%	-4.7%
Credit cards	44,814,051	4.9%	39,293,279	4.4%	14.1%
FASTpay	28,491,781	3.1%	30,127,388	3.4%	-5.4%
TOTAL AUTOMATED PAYMENTS	755,489,312	82.7%	724,803,358	81.8%	4.2%
Other (unpaid tolls, strikes, evasion)	5,805,182	0.6%	5,789,989	0.7%	0.3%
GRAND TOTAL	913,493,177	100.0%	886,559,811	100.0%	3.0%

(*) Excluding the Mont 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 (including Autostrada Tirrenica), 205 of which are on motorways operated by Autostrada per l'Italia.

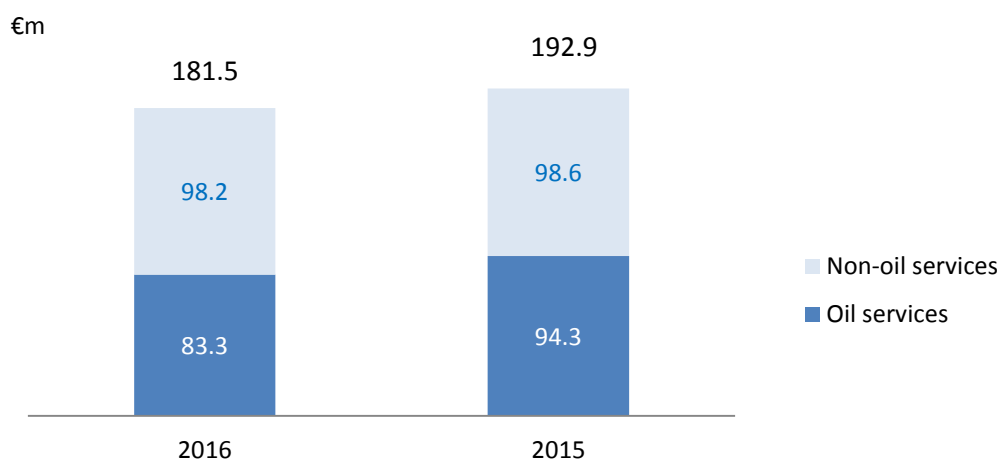
As part of the plan to upgrade the Autostrada per l'Italia's service areas, work continued at the Cantagallo West, Lucignano West and Metauro West areas, whilst the tender process for completion of the Arno West is in progress and the design for completion of Teano West has been submitted to the Grantor. In addition to increased capacity and the wider range of goods and services on offer, the plan has also resulted in improvements to the quality of service provided.

111 oil service, 26 food service and 37 combined service concessions were renewed by Autostrade per l'Italia in 2016.

Recurring royalties received from sub-operators on the network managed by Autostrade per l'Italia in 2016 totalled €177.6 million, marking a reduction of 5.4% compared with 2015 (€187.8 million), essentially reflecting increased discounts applied in 2016 when concessions were renewed. The biggest impact was on oil service royalties.

Recurring royalties received from sub-operators at service areas on the networks operated by Autostrade per l'Italia and its subsidiaries amount to €181.5 million for 2016, marking a reduction of €11.4 million (5.9%) compared with 2015.

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



In 2016, the subsidiary, AD Moving SpA, earned revenue of approximately €8 million (down 8% on 2015) from the management and marketing of advertising space at service areas and road travel information along the motorways. This reflects the continuing downturn in the advertising market, which has been in decline since 2008, and a reduction in the fees charged to all food service providers, following negotiations with the related trade body (AIGRIM), conducted jointly with Autostrade per l'Italia.

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 after 1 January 2013, in accordance with the terms and conditions of the existing arrangement, and to implement safety measures on the motorway.

Total operating revenue for 2016 amounts to €85 million, in line with the previous year.

Revenue reflects the previously mentioned addition to the concession fee to be paid to the Grantor (€10 million in 2016 and 2015), with a matching amount recognised in operating costs. Net toll revenue of €82 million is up €3 million on 2015, reflecting traffic growth in 2016 (up 4.6%). Other operating income is down €3 million, essentially due to the recognition of income in the form of refunds resulting from work on the third lane of the motorway carried out at the expense of contractors.

EBITDA of €32 million is up €3 million compared with 2015.

Tangenziale di Napoli

Total operating revenue of €71 million for 2016 is down €4 million on 2015.

Revenue reflects the previously mentioned addition to the concession fee to be paid to the Grantor (€5 million in 2016 and 2015), with a matching amount recognised in operating costs.

Net toll revenue of €66 million is up €1 million on 2015, reflecting traffic growth in 2016 (up 1.6%).

Other operating income is down €5 million on 2015, reflecting lower royalties from service areas (€1 million) and a reduction in extraordinary income (€4 million), which in the previous year regarded income linked to the settlement of a legal dispute regarding expropriations.

EBITDA of €28 million is down €3 million on 2015, reflecting a combination of the following:

- lower non-recurring income (down €5 million), partially offset by an increase in toll revenue (up €1 million);
- lower operating costs after concession fees (down €1 million), primarily linked to a different scheduling of maintenance work and other operating cost efficiencies.

Modernisation and upgrade of the motorway continued in 2016, with work amounting to €13 million carried out. This regarded the new Hospital Area toll station, earthquake proofing, the waste water treatment system, tunnel equipment and the upgrade of the Capodimonte toll station.

Società Italiana per Azioni per il Traforo del Monte Bianco

Total operating revenue amounts to €57 million for 2016, down €1 million on 2015. Toll revenue of €57 million is slightly down due to closures needed in order to set up and test the Centralised Technical Management system, designed to improve safety and the operation of Tunnel systems. The closures resulted in a reduction of -0.27% in heavy traffic, partially offset, in terms of revenue, by a 1.99% increase in light vehicles.

EBITDA of €38 million is in line with the previous year.

Capital expenditure of approximately €2 million in 2016 regarded ongoing work on the upgrades required for the Centralised Technical Management system.

Raccordo Autostradale Valle d'Aosta

Total operating revenue of €19 million for 2016 is in line with 2015, consisting mainly of toll revenue that benefitted from overall traffic growth (up 4.4%) on a like-for-like toll basis.

EBITDA of €7 million is in line with the previous year, despite increased maintenance for winter operations.

Autostrada Tirrenica

Autostrade Tirrenica, which was consolidated from 30 September 2015, registered total operating revenue of €38 million in 2016, broadly in line with the previous year. Toll revenue of €36 million for 2016 is up €3 million compared with 2015. In the absence of toll increases in 2016, the improvement is due to overall traffic growth with respect to the previous year (up 10.1%). This reflects the opening to traffic of the new Civitavecchia – Tarquinia section at the end of March 2016. The increase, based on a like-for-like length of motorway, is around 3%.

EBITDA of €22 million for 2016 is up approximately €2 million on 2015.

Capital expenditure in 2016 amounted to €27 million, marking a reduction of €48 million compared with 2015. This follows the completion and opening to traffic of the above Civitavecchia-Tarquinia South section, covering around 15 km.

Autostrade Tech

Autostrade Tech is a provider of Intelligent Transportation Systems, operating in Italy and overseas. It supplies systems used for tolling, traffic management and information, urban access controls, car parks and speed checks. Operating revenue of €60 million in 2016 is down €5 million compared with 2015. The reduction reflects a decline in sales of tolling and Tutor speed check systems. EBITDA of €9 million for 2016 is down €2 million on 2015.

2.6 Innovation, research and development

The Group's innovation, research and development activities aim to offer innovative, technologically advanced solutions designed to improve service quality 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 2016, some of which were co-financed at EU and national level.

Regarding research and development activities in the motorway sector, projects reaching the application stage include the development of new functions for the MyWay and MyTruck applications.

The main activities under way in 2016 include:

- the development of an integrated platform for motorway management with virtual sensors;
- the development of innovative systems for monitoring traffic conditions in tunnels based on average journey times and calculation of queue waiting times recorded by sensors installed in the vehicle;
- the trial of new technical solutions aimed at improving visibility and safety when mobile roadworks are present;
- the study of innovative technical solutions as part of the noise abatement plan;
- design and construction of new prototypes for the management of free-flow toll systems (channelled and multi-lane), as well as new in-vehicle satellite devices.

EU-funded projects underway include:

- Regional European Electronic Toll Service (REETS), regarding implementation of a Regional European Electronic Toll Service, set up by Directive 2004/527EC and Decision 750/2009/750/EC;
- MOBINET, aimed at creating an e-marketplace in the Intelligent Transport Systems sector.

Group companies' total expenditure on innovation, research and development in 2016 amounts to €8 million. This sum represents the total amount spent by the Group on research and development, including operating costs and investment in staff and the related expenses.

2.7 Workforce

As at 31 December 2016, the Autostrade per l'Italia Group employs 7,124 staff on permanent contracts and 343 temporary staff, making a total workforce of 7,467 (down 44 compared with the 7,511 of 2015, representing a 0.6% decrease).

The change in permanent staff (down 116) is primarily due to:

- a slowdown in recruitment of toll collectors, partly offset by recruitment for certain specific units at Italian motorway operators (down 105);
- a reduction of 12 staff at Giove Clear, due to various types of termination (voluntary resignations, staff reaching retirement age, dismissals).

The change in temporary staff at 31 December 2016 (up 72) is primarily due to:

- the higher number of seasonal toll collectors required, primarily at Autostrade per l'Italia (up 44);
- recruitment of Giove Clear staff (up 28), due to expansion of operations and greater use of fixed-term contracts.

The average workforce (including agency staff) is up from 7,027 in 2015 to 7,068 in 2016, marking an increase of 41 on average (up 0.6%). This increase primarily reflects:

- the consolidation of Autostrada Tirrenica (up 60 on average) from 30 September 2015;
- the expansion of Giove Clear's operations (up 10 on average);
- a slowdown in recruitment of toll collectors, partly offset by recruitment for certain specific units (up 23 on average).

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

PERMANENT STAFF

	31 December 2016	31 December 2015	Increase/(Decrease)	
			absolute	%
Senior managers	105	108	-3	-2.8%
Middle managers	405	412	-7	-1.7%
Administrative staff	2,770	2,747	23	0.8%
Manual workers	1,432	1,454	-22	-1.5%
Toll collectors	2,412	2,519	-107	-4.2%
Total	7,124	7,240	-116	-1.6%

TEMPORARY STAFF

	31 December 2016	31 December 2015	Increase/(Decrease)	
			absolute	%
Senior managers	1	1	-	0.0%
Middle managers	-	-	-	n.a.
Administrative staff	22	23	-1	-4.3%
Manual workers	156	126	30	23.8%
Toll collectors	164	121	43	35.5%
Total	343	271	72	26.6%

AVERAGE WORKFORCE (*)

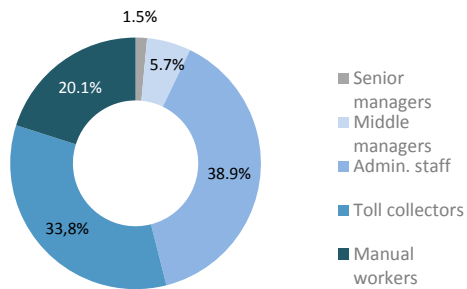
	2016	2015	Increase/(Decrease)	
			absolute	%
Senior managers	109	111	-2	-1.8%
Middle managers	406	411	-5	-1.2%
Administrative staff	2,706	2,661	45	1.7%
Manual workers	1,430	1,396	34	2.4%
Toll collectors	2,417	2,448	-31	-1.3%
Total	7,068	7,027	41	0.6%

(*) includes agency staff

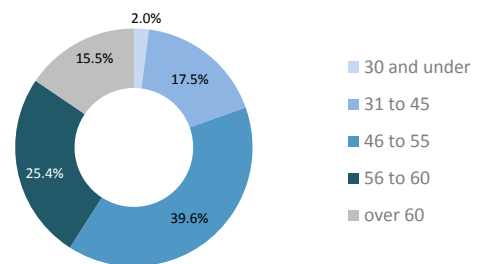
Breakdown of the Group's workforce

(permanent employees)

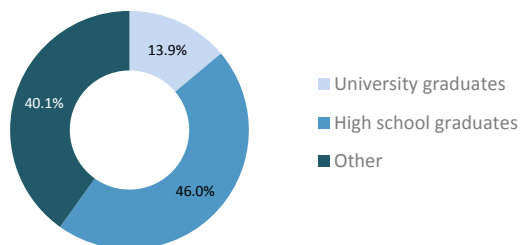
DISTRIBUTION OF PERMANENT STAFF BY CATEGORY



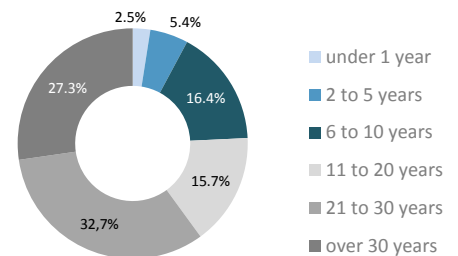
DISTRIBUTION OF PERMANENT STAFF BY AGE RANGE



DISTRIBUTION OF PERMANENT STAFF BY EDUCATIONAL QUALIFICATION



DISTRIBUTION OF PERMANENT STAFF BY LENGTH OF SERVICE



Staff management and development

The process of identifying and 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 tools and channels used to find candidates are the "Atlantia per la Conoscenza" programme, managed by the parent, Atlantia, the Company's own database and the online recruiting database. Junior staff are selected after an assessment, involving individual and group tests aimed at gauging attitude and ability.

Head hunters and social network platforms are used to recruit senior staff, in order to find the best possible candidates. The selection process involves assessment of both motivational and managerial aspects, and of technical and professional aspects.

The Autostrade per l'Italia Group has always been committed to enhancing and developing the know-how available to the Group, through training programmes designed to promote professional development and the achievement of business targets. In 2016, training continued to focus primarily on improving the quality of the services provided, and on developing know-how within the Group. One step in this direction saw the launch of a specialised training course aimed at building an internal Academy to meet the training needs of the various professional fields within the Group.

The training courses organised primarily related to the following areas:

- improving customer communication
- support for change management processes and enhancement of know-how within the Group
- management training
- training in corporate responsibility and on the organisation, management and control model

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:

- Performance Management: a process forming an integrated part of the overall business strategy, with the aim of boosting the Group's performance
- Development Programmes: with the aim of getting the most out of personnel and ensuring their professional development

In 2016, the Group's commitment to corporate welfare, paying attention to people and their well-being, continued. Key areas of intervention include:

- **Health Care** - initiatives designed to promote the health and wellbeing of personnel and corporate wellness programmes aimed at raising awareness and improving lifestyles
- **Family Care** - initiatives for the families and children of employees in order to improve work-life balance
- **People Care** - engagement and time-saving initiatives to foster a sense of belonging to the Group
- **Elder Care** - Initiatives and services to provide support for care and assistance of elderly or disabled family members

For the sixth year running, Autostrade per l'Italia was awarded Top Employers certification, which goes to companies that achieve the highest standards relating to staff working conditions, in terms of HR management and strategy policies.

Details of remuneration policies are provided in Atlantia's Remuneration Report for 2016 (as approved by the Board of Directors on 10 March 2017) and in the information circulars for the various equity plans, prepared pursuant to art. 84-bis, paragraph 1 of the Regulations for Issuers and available for inspection on the parent's website at <http://www.atlantia.it/it/corporate-governance/remunerazione.html>

Workplace health and safety

Training and refresher courses on health and safety in the workplace are organised by the Autostrade per l'Italia Group, taking into account the requirements of Legislative Decree 81/2008, the agreement between central government and regional authorities dated 21 December 2011 and additional regulations governing such matters. In 2016, refresher courses were provided to all Group personnel, via the use of e-learning, and training was also given to all newly hired personnel, apprentices or those on work experience schemes, as well as to all staff who have changed role, resulting in exposure to a different set of workplace risks. The content and duration of the training programmes differs based on the shared needs of each group of trainees. Training is arranged for personnel who use new machinery and/or equipment or how have operational responsibilities requiring specific skills, such as those who work on the motorways. Finally, in accordance with the OHSAS 18001 international standard, activities continued aimed at extending application of the Workplace Health and Safety Organisation and Management Model to all Group companies. The Model defines the responsibilities, processes, procedures, staff, means and tools for implementing the Group's Safety Policy to prevent accidents.

Organisation

As in previous years, the organisational activities of the Autostrade per l'Italia Group in 2016 focused on improving service quality, via the constant monitoring of pre-defined quality indicators and the implementation of specific projects.

The following key projects and actions were implemented by the Autostrade per l'Italia Group's companies:

- the corporate restructuring of the Group, with the transfer of Telepass to the holding company, Atlantia
- the incorporation of Telepass Pay, a company wholly owned by Telepass, aimed at issuing and managing electronic money tools and other mobile payment services to supplement the current Telepass offering
- the lease of the Contact Centre business unit by Autostrade per l'Italia to Telepass, with the aim of incorporating pre- and post-sales services within the Company, which was completed on 1 January 2017
- the organisational review of Autostrade Meridionali and Tangenziale di Napoli, entailing elimination of the role of General Manager and reorganisation of organisational structures reporting to their respective CEOs
- the restructuring of Autostrade per l'Italia's business units and corporate departments
- improvement of core processes
- organisational assessments and impacts relating to adoption of the new Code for Tenders

Industrial relations

The Group reached a number of agreements with the labour unions in 2016, some regarding the requirements of the existing national collective labour contract regarding second-level collective bargaining.

The most important regard:

- renewal of the relevant national collective labour contract (motorways and tunnels), regarding both pay and conditions (welfare, supplementary pensions, bilateral entity, change of job description, holidays and various types of leave, etc.)
- the productivity bonus
- improvement of customer service quality, with special attention given to operational sectors, such as the Contact Centre and Centralised Network Monitoring
- the lease of the Contact Centre business unit

2.8 Corporate governance

This section also represents the corporate governance report 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.

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 has adopted a traditional type system of management and control, in which assigns executive responsibility to the Board of Directors and responsibility for supervision to the Board of Statutory Auditors. The overall governance and organisational structures are in keeping with the 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.

The General Meeting of shareholders is the body whose resolutions represent the corporate interest. The General Meeting, in ordinary or extraordinary session, deliberates on matters falling within its purview in accordance with the law and the Articles of Association. In particular, the Ordinary General Meeting 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 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.

The Board of Statutory Auditors is the Company’s supervisory body and has three serving members and two alternates. 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.

Responsibility for auditing the accounts is assigned to the Independent Auditors elected by General Meeting of shareholders.

Based on the provisions of art. 32 of the Articles of Association, the Chairman and Chief Executive Officer represent the Company.

In implementation of the provisions of Legislative Decree 231 of 8 June 2001, as amended, (“Legislative Decree 231/2001”), the Company has adopted an Organisational Model in compliance with Legislative Decree 231/2001 (the “Organisational, Management and Control Model”), which includes the code of ethics applied by the Group of companies headed by Atlantia, which forms an integral part of the Organisational, Management and Control Model (the “Code of Ethics”). The Company has also set up a Supervisory Board.

(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*.

The provisions of the Articles of Association form an integral part of the rules included in Autostrade per l'Italia's governance system.

The Corporate Governance system was implemented with the adoption of principles and procedures governing the activities of the various organisational and operational bodies. These principles and procedures are subject to constant supervision and revision in order to effectively respond to changes in the regulatory framework and in the operating environment.

Autostrade per l'Italia's issued capital is wholly owned by Atlantia SpA, a company listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA. The Company is managed and coordinated by Atlantia in accordance with articles 2497 et seq. of the Italian Civil Code. Autostrade per l'Italia manages and coordinates the operators and industrial companies it controls.

2.8.1 Internal control and risk management system

2.8.1.1 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 2017 on 16 February 2017.

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.

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

2.8.1.2.1 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 truthfulness², accuracy³, reliability⁴ and punctuality⁵ in accordance with the regulations governing their preparation.

In particular, Autostrade per l'Italia benefits from the activities carried out, at the level of the Atlantia Group, by the parent, Atlantia, within the context of the laws and regulations applicable to it.

The planning, implementation and maintenance of this system, and its regular assessment, are informed by international best practices and compliant with the "CoSo Report III", which is the internationally recognised framework of reference for the implementation, analysis and assessment of the internal control and risk management system. In particular, the CoSo Report III (published by the Committee of Sponsoring Organizations of the Treadway Commission) 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.

In common with the Atlantia Group, 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, by the parent, Atlantia, of regulations for the application of the reference

⁽²⁾ Truthfulness (of disclosures): disclosures must be correct and comply with generally accepted accounting principles and with their applicable statutory and regulatory requirements.

⁽³⁾ 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.

⁽⁴⁾ 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.

⁽⁵⁾ Punctuality (of disclosures): disclosures must comply with the deadlines for publication.

accounting standards, such as 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 Atlantia’s guidelines are applicable to the above.

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

2.8.1.2.2 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. Autostrade per l’Italia uses the same process as the parent, Atlantia, which is broken 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.

2.8.1.2.3 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 on the Financial and Accounting Compliance 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.

Lastly, 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 2016, the Board of Directors confirmed the appointment of Giancarlo Guenzi as Manager Responsible for Financial Reporting.

In 2016, the internal control and risk management system, previously introduced to meet the statutory requirements to which the parent, Atlantia, is subject, was revised from an administrative and accounting viewpoint, 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.

2.8.1.2.5 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.

2.8.1.2.6 Supervisory Board

Autostrade per l'Italia has set up a Supervisory Board. The Board was appointed by the Board of Directors on 10 July 2015, for the period from 1 July 2015 to 30 June 2018.

During 2016, the Supervisory Board met on 13 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.

2.8.1.2.7 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. In the second

half of 2015 and the first half of 2016, the Company continued its analysis and adjustment of its organisational, management and control tools to meet the requirements of Legislative Decree 231/01. This was done to ensure that its Organisational, Management and Control Model keeps pace with regulatory developments and organisational changes during the year. In particular, the competent departments (Corporate Governance and Compliance, Legal Affairs and Central Human Resources) revised the map of areas at risk, taking into account the organisational and corporate changes that had taken place since the Model was previously revised, and the new offences introduced in the first half of 2015 (self-money laundering and environmental crimes, introduced by Law 68 of 22 May 2015, and false accounting, introduced by Law 69 of 27 May 2015). The Board of Directors approved the revision of the Organisational Model at a meeting on 9 June 2016.

2.8.2 Procedure for Market Announcements

At a meeting on 8 July 2016, in order to comply with the provisions of Regulation (EU) no. 596/2014 (more commonly known as the "Market Abuse Regulation" or "MAR Regulation"), the Company's Board of Directors approved the Internal Dealing Code of Conduct which governs 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 and/or persons closely associated with them, as well as relative reporting to the Company, CONSOB and the market.

At the same meeting on 8 July 2016, in order to implement the provisions of the MAR Regulation, the Board of Directors also 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" (articles 115-*bis* of the CFA and 152-*bis*-152-*quinquies* Regulations for Issuers).

2.9 Sustainability

The pillars of Autostrade per l'Italia's sustainability strategy include the safety of infrastructures, ongoing improvement of customer service quality, operational excellence through the development of innovative technologies, protecting health and safety at work, safeguarding the environment, dialogue with communities and enhancement of the areas the network passes through, as well as enhancement of people, who are at the centre of all Group activities.

In pursuing this aim, 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 2016, on the network operated by Autostrade per l'Italia and its Italian subsidiaries, a substantial reduction in accident and fatal accident rates was registered¹. Specifically, the accident rate fell from 32.5 to 29.67, while the fatal accident rate fell from 0.32 to 0.21. Such significant results reward the Group's constant efforts and the initiatives undertaken over the years, including deployment of the "Tutor" system for measuring average speeds, continual improvements in network standards, and the information campaigns designed to raise safety awareness among road users. In addition, Autostrade per l'Italia deploys a series of instruments, systems and devices to provide traffic information and a widespread network of Information Centres, operating 24 hours a day, 7 days a week, throughout Italy. All incidents with an impact on road conditions are registered by the information system and reported in real time via the various communication channels (Variable Message Panels, radio channels, the internet, satellite navigation systems, etc.) under the supervision of the Multimedia Centre in Rome, which operates round the clock.

Particular attention is given to road network management during emergency events, such as snowfall, for which Autostrade per l'Italia has developed a complex operational model that is continuously improved.

Despite traffic growth, improvements in management of the network have enabled stabilisation of delays caused by traffic queues and tailbacks, which are measured by the Total Delay indicator². The overall Total Delay for the network managed by Autostrade per l'Italia in 2016 is approximately 4.58 million hours, up 2.2% on the figure for 2015, proportionally less than the increase in traffic.

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

In 2016, Autostrade per l'Italia's Customer Satisfaction Index (CSI) was based on a sample of 2,918 "frequent travellers", namely customers who use motorways at least once a month: commuters, truck drivers and traders.

⁽¹⁾ Calculated respectively as the number of accidents and fatal accidents per 100 million kilometres travelled.

⁽²⁾ Total Delay measures the difference between the average transit time for a section of the network in the period under review and the average time under normal traffic flow conditions at a specific average speed typical of the section in question. This difference is then multiplied by the number of vehicles in transit, thereby obtaining the total delay for all customers using the section in question.

Customer satisfaction (Autostrade per l'Italia)	2014	2015	2016
SAFETY			
% of satisfied customers (score > or equal to 7-scale 1:10)	68.8	73.6	77.2
Overall score (average score on a scale 1:10)	7.13	7.3	7.36
TRAFFIC INFORMATION			
% of satisfied customers (score > or equal to 7-scale 1:10)	74.7	75.4	77.9
Overall score (average score on a scale 1:10)	7.16	7.24	7.28
TOLLGATES			
% of satisfied customers (score > or equal to 7-scale 1:10)	79.9	81.2	82.1
Overall score (average score on a scale 1:10)	7.32	7.41	7.4
PAYMENT SYSTEMS			
% of satisfied customers (score > or equal to 7-scale 1:10)	88.2	87.4	90.1
Overall score (average score on a scale 1:10)	8.18	8.06	8.21
ROAD CONDITIONS			
% of satisfied customers (score > or equal to 7-scale 1:10)	63.1	58.0	59.6
Overall score (average score on a scale 1:10)	6.73	6.67	6.66
SERVICE AREAS			
% of satisfied customers (score > or equal to 7-scale 1:10)	70.0	73.4	75.6
Overall score (average score on a scale 1:10)	6.97	7.07	7.16
Total CSI	7.18	7.19	7.24

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, if possible going beyond legally required standards.

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.

Water consumption registered a 6% increase compared with 2015, with total consumption of around 961 thousand cubic metres.

The increase is primarily due to a substantial leak discovered in the firefighting network set up at the Bologna interchange, along the free-flow third lane of the A14 motorway, used by firefighters. Washing of side walls in tunnels by internal staff and the production of chloride solutions used during the winter also increased.

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 2016 the Group consumed a total of 1,094 TJoules, including electricity, natural gas, LPG, diesel and petrol. The figure is in line with consumption during the previous year, and reflects a reduction in the use of fuel oil/diesel due to energy saving projects and management of the Company's vehicle fleet, offset by an increase in electricity consumption as a result of the entry into service of the Variante di Valico at the end of 2015.

Regarding greenhouse gas emissions, in 2016 the Group's CO₂ equivalent emissions (CO₂ eq), totalled approximately 90 thousand tonnes, which was also in line with 2015.

In terms of renewable energy, by the end of 2016, Autostrade per l'Italia's photovoltaic plant installation plan had achieved the following results:

- installed photovoltaic capacity: over 10.7 MW;
- 157 plants installed and in operation;
- estimated energy production: approximately 11,450 MWh a year, including 40% consumed on site by the Company;
- estimated CO₂ saved once fully operational: approximately 3,700 tonnes a year.

Moreover, taking into account the Group subsidiaries' new photovoltaic installations, electricity generated from renewable sources amounted to 11,600 MWh in 2016.

As part of its energy saving programme, the initiatives carried out on external lighting systems during the period 2008-2016 resulted in energy savings of 23,000 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.

Regarding air conditioning, during 2016 programmes continued regarding the installation of solar thermal plants to produce hot domestic water at the maintenance facilities and the highway police station, as well as the "diesel-free" project, which provides for decommissioning of diesel power at 48 thermal power stations, primarily by using heat pumps and converting from diesel to LPG. Once fully operational, this project will enable annual saving of over 300 thousand litres of diesel. These air conditioning initiatives, together with replacement of plant and equipment with more efficient solutions, resulted in total annual energy savings in 2016 of 1,539 MWh in terms of electricity, and of over 50 thousand litres of diesel and around 12 thousand cubic metres of natural gas.

⁽³⁾ In terms of global warming, the amount of emissions of all greenhouse gases is measured in terms of CO₂ equivalent (CO₂eq), based on defined conversion tables.

In the methane gas tri-generation sector, Autostrade per l'Italia started operating two plants at the head office building in Rome and at the Data Processing Centre in Florence in 2016. These initiatives are aimed at maximising energy saving by installing systems capable of producing electricity, thermal energy and cool air at the same time. The systems will be used for air conditioning during the summer and at the Data Processing Centre.

Waste

The total amount of waste produced in 2016 amounted to around 35 thousand tonnes, of which around 63% was recovered or recycled.

The rise with respect to 2015 partly derives from an increase in waste disposal due to non-recurrent maintenance activities in 2016, including the pruning of tall trees which is carried out every years, as well as replacement of central and lateral Jersey safety barriers, and partly to reclamation works in external Company-owned areas, following illegal dumping registered primarily in the so-called "fires area" in Campania.

Key environmental indicators ⁽¹⁾	2015	2016	2015/2016 (%)
Water consumption (m ³)	906,362	960,578	6%
Energy consumption by type (MWh eq)	1,096	1,094	0%
Diesel	348	304	-13%
Natural gas	46	62	35%
Petrol	2	2	0%
Electricity	696	722	4%
Other	4	4	0%
CO2 emissions (t)	90,635	90,585	0%
Direct emissions ⁽²⁾	28,111	25,712	-9%
Indirect emissions from electricity consumption	62,524	64,873	4%
CO2 emissions due to traffic congestion - total delay (t)	18,981	19,481	3%
Waste produced (t)	26,159	35,162	34%
% of waste recycled /recovered	47	63	34%

⁽¹⁾ These figures differ from the amounts published in the 2015 Annual Report as the parameters have been adjusted to reflect the new Group structure at 31.12.2016

⁽²⁾ Emissions deriving from the use of fuels.

Government and the community

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.

A good example of such stakeholder engagement was the public discussion on the Bologna Bypass, held between July and October 2016, during which the preliminary project to upgrade Bologna's motorway system and ring road was presented to the general public, including evaluation of all the proposals and suggestions made by citizens.

In the context of policies focused on local areas, a growing role is played by actions to enhance local excellence, carried out via the “Sei in un paese meraviglioso” (You're in a wonderful country) project ⁴.

Also noteworthy are the Group's humanitarian, scientific, cultural, sporting and social initiatives, whether implemented independently or in collaboration with national and international entities and bodies. The aim is go beyond the traditional philanthropic approach and contribute towards making investments for the community, with a focus on spreading responsible behaviours and cultural growth.

⁽⁴⁾ For more information on the “Sei in un paese meraviglioso” project, go to: <http://www.autostrade.it/sei-in-un-paese-meraviglioso>

Suppliers

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

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

The 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.

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 2016

From 1 January 2016, Autostrade per l'Italia applied an annual toll increase of 1.09%, corresponding to the sum of the following components: 0.00% for inflation; 0.97% to provide a return capital expenditure via the "X" tariff component; and 0.12 to provide a return on investment via the "K" tariff component.

The toll increases to be applied by Tangenziale di Napoli, Raccordo Autostradale Valle d'Aosta and Autostrada Tirrenica with effect from 1 January 2016 were provisionally suspended, whilst awaiting approval of the operators' revised financial plans. The toll increases will be finalised by the interministerial decree approving the related addenda revising the financial plans, subject to the right of the operators to recoup any toll increases on the basis of the revised financial plans. The above companies have challenged the decision to suspend the toll increases for 2016. With regard to the challenge brought by Raccordo Autostradale Valle d'Aosta, Valle D'Aosta Regional Administrative Court sentence no. 45, published on 12 October 2016, upheld the company's challenge, cancelling the suspension and requiring the ministries to accede to the toll increase within 60 days of receipt of notification of the sentence, eventually basing the increase on the indicators contained in the existing Economic and Financial Planning document that has yet to be updated.

Autostrade Meridionali was denied the right to apply any toll increase, in view of the fact that its concession expired on 31 December 2012. Autostrade Meridionali has brought a legal challenge contesting the above decision, in line with the approach adopted in previous years (see the following paragraph).

Based on bilateral agreements between Italy and France, Traforo del Monte Bianco applied an increase of 0.02%, in compliance with the relevant Intergovernmental Committee resolution. This was determined on the basis of inflation (the average rate for Italy and France).

Toll increases with effect from 1 January 2017

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued the related decrees on 30 December 2016, determining that:

- a) Autostrade per l'Italia was to apply a toll increase of 0.64%, compared with the 0.77% requested. The reason given for the reduction with respect to the requested percentage (equal to 0.13%) was that additional documentation was required in respect of the "X" and "K" tariff components. Once these documents have been submitted, the Grantor will decide whether or not to allow the company to recover the shortfall through subsequent toll increases. In this regard, having had access to the paperwork relating to the Grantor's determination, Autostrade per l'Italia is in the process of preparing further additional documentation for submission to the Grantor;

- b) Raccordo Autostradale Valle d'Aosta and Autostrada Tirrenica were to apply an increase based on the target inflation rate (0.90%), whilst determining that any over or under recoveries, including those for previous years, will be assessed following revision of the operators' financial plans. The companies thus challenged the related decree before the Regional Administrative Court.
- c) Tangenziale di Napoli was to apply a toll increase of 1.76%, thus lower than the requested increase, and that any over or under recoveries, including those for previous years, will be assessed following revision of the operator's financial plans. The company thus challenged the related decree before the Regional Administrative Court.
- d) Autostrade Meridionali, as in previous years, did not have the right to apply any toll increase, in view of the fact that its concession expired on 31 December 2012. Autostrade Meridionali has brought a legal challenge contesting the above decision, in line with the approach adopted in previous years (for 2014 and 2015, the courts found in the company's favour, whilst the challenge relating to 2016 is still pending).

As regards Traforo del Monte Bianco, which operates under a different regulatory regime, on 2 December 2016, the Intergovernmental Committee for the Mont Blanc Tunnel gave to go-ahead for a toll increase of 0.06%, representing the average of the inflation rates registered in Italy (-0.07%) and France (+0.2%).

Extension of discount plan for frequent motorway users

As happened in 2016, the Minister of Infrastructure and Transport, in a letter dated 22 December 2016, asked AISCAT and the motorway operators participating in the discount plan, to extend the plan through to the end of 2017. On 28 December 2016, AISCAT announced the agreement of all the participating operators "provided that the terms of the Memorandum of Understanding continue to apply, and specifically the provisions regarding the recovery of lost revenue which, in accordance with the above agreement, the operators must be able to recover by 2018 in accordance with the previously agreed procedures".

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

On 15 April 2016, Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and the Municipality of Bologna signed an agreement for the upgrade of the existing motorway system/ring road interchange serving the city of Bologna. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l'Italia has modified the design for the project in full compliance with the principles set out in the agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure. The environmental assessment is expected to be completed in 2017 and, following receipt of all the necessary consents, work should start during the year.

Addendum to Autostrada Tirrenica's Single Concession Arrangement

In response to observations from the European Commission regarding, among other things, extension of the concession to 2046, on 14 October 2014 the Grantor sent Autostrada Tirrenica a draft addendum envisaging extension of the concession to 2043, completion of work on the

Civitavecchia–Tarquinia section, and eventual completion of the motorway (in sections, if necessary) to be put out to tender.

Completion of the motorway is subject to fulfilment of the technical and financial conditions to be verified jointly by the grantor and the operator and execution of an addendum to the Concession Arrangement, with a viable financial plan attached.

Subsequently, on 13 May 2015, a memorandum of understanding was signed by the Grantor, Tuscany Regional Authority, Lazio Regional Authority, Autostrade per l'Italia and Autostrada Tirrenica with an attached draft addendum which, whilst maintaining the duration of the concession until 2043, a viable financial plan for the Civitavecchia–Tarquinia section and the obligation to put all the works out to tender. The memorandum also provides for further commitments regarding the design of the Tarquinia–Ansedonia and Ansedonia–Grosseto South sections and of the improvements to the existing dual carriageway (the *SS. 1 Variante Aurelia*) between Grosseto South and San Pietro in Palazzi, retaining the current layout of the road.

Performance of the above construction work is subject to positive outcomes of studies of the technical/design, financial and administrative feasibility to be conducted jointly by the Grantor and Autostrada Tirrenica and execution of an addendum with a viable financial plan.

Subsequently, after further discussions between the Grantor and the European Commission, at the Grantor's request, Autostrada Tirrenica submitted further versions of a financial plan, initially assuming an expiry date of 31 December 2040 and then one of 31 December 2038. In this latter regard, on 21 October 2016, the company submitted a letter of commitment, by which the company, subject to execution of an addendum governing completion of the road, has undertaken to award all the contracts for work on completion of the Civitavecchia – San Pietro in Palazzi section of motorway by public tender. The company has also agreed to accept the inclusion, in a new addendum, of a provision reducing the concession term to 2038.

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

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

[New legislation concerning tenders and concessions](#)

Enabling Act 11/2016 regarding tenders and concessions, designed to apply the relevant EU directives and reform the regulations governing public contracts, was published in the Official Gazette of 29 January 2016. Legislative Decree 50/2016, named "Implementation of directives 2014/23/EU, 2014/24/EU and 2014/25/EU on the award of concessions, public tenders and tender procedures for the providers of water, energy, transport and postal services, and reform of the existing legislation regarding the public procurement of works, services and goods", was published in the Official Gazette of 19 April 2016.

Art. 177 of the new legislation, for which ANAC (the *Autorità Nazionale Anti Corruzione*, Italy's National Anti-Corruption Authority) is in the process of issuing interpretation guidelines, with regard to the "award of concessions", has confirmed that public or private entities, not operating in the so-called excluded sectors, and who hold an existing concession at the date of entry into force of the legislation not awarded in the form of project financing or by public tender in accordance with EU law, have an obligation to award 80% of the related contracts for works, services or goods, with a value of over €150 thousand, by public tender. The legislation also establishes that the remaining part (equal to 20%) may, in the case of private entities, be contracted out to direct or indirect subsidiaries or associates.

The new legislation came into force on 20 April 2016. There will be a transitional period to enable operators to comply with the new legislation and this will last for 24 months from the date of entry into force.

Annual checks on compliance with the above limit of 80% are to be conducted by the competent authorities and ANAC. Any instances of non-compliance must be rectified within the following year. In the event of repeated failures to comply over a period of two consecutive years, the penalties of 10% of the total value of the works, services or goods that should have been purchased by public tender may be applied.

Recognition of final price reductions for work on the third lane of the Barberino-Incisa section of motorway

With regard to the widening to three lanes of the section of the A1 between Barberino del Mugello and Florence North, operated by Autostrade per l'Italia and included among construction services with no additional economic benefits, in previous years the company had requested the Ministry of Infrastructure and Transport to make a final decision on the price reductions to be applied in the related construction contracts awarded to Pavimental for lots 0, 1 and 2. At 31 December 2016, work on lot 0 has been completed, whilst work on lots 1 and 2 is in progress.

On completing its assessment, in November 2016, the Ministry notified the final price reductions to Autostrade per l'Italia. These are far higher than those previously applied on a provisional basis. Autostrade per l'Italia has, therefore, informed Pavimental of the application of the price reductions decided on by the Ministry. This has resulted in an adjustment of the amount spent on works already carried out and a revised estimate of the cost of the works in progress. Correspondingly, Pavimental recognised a reduction in its value of production for 2016 and has made provision for losses at completion with regard to the lots still to be completed.

Chile

From January 2016, the operators controlled by Grupo Costanera applied the following annual toll increases, calculated under the terms of the related concession arrangements:

- 7.6% for Costanera Norte, Vespucio Sur and Nororiente, reflecting a combination of the increase linked to inflation in 2015 (+3.9%) and a further increase of 3.5%;
- 5.5% for AMB, reflecting a combination of the increase linked to inflation in 2015 (+3.9%) and a further increase of 1.5%;
- 3.9% for Litoral Central, linked to inflation in 2015 (+3.9%).

From January 2016, the tolls applied by Los Lagos have risen 2.3%, reflecting a combination of the increase linked to inflation in 2015 (+3.9%) and a further increase in the form of a bonus relating to safety improvements in 2016 (up 2.4%), less the bonus for safety improvements awarded in 2015, equal to 4.0%.

Brazil

Triangulo do Sol and Colinas increased their tolls by 4.11% from 1 July 2015, based on the rate of general price inflation in the period between June 2014 and May 2015, as provided for in the respective concession arrangements.

Triangulo do Sol and Colinas increased their tolls by 9.32% from 1 July 2016, based on the rate of consumer price inflation in the period between June 2015 and May 2016, as provided for in the respective concession arrangements. This reflects the fact that this figure was lower than the rate of general price inflation in the period between June 2015 and May 2016 (11.09%). The difference will be compensated for in accordance with the related concession arrangements.

From 24 June 2015, the tolls applied by the operator, Rodovia MG050, rose by 8.17%, based on the rate of consumer price inflation in the period between May 2014 and April 2015, as provided for in the related concession arrangement.

In June 2016, Rodovia MG050 had not proceeded to apply the annual inflation-linked toll increase permitted by its concession arrangement. This was because, pending negotiations aimed at ensuring that the concession arrangement is financially viable, the grantor, SETOP, had requested the prior conclusion of the negotiations. Given the extended nature of the talks, Rodovia MG050 notified the grantor of its decision to apply the annual toll increase from 17 January 2017. In response to a formal notice from the grantor, reiterating its request not to proceed with the toll increase, Rodovia MG050 obtained a precautionary injunction on 30 January 2017, authorising it to raise tolls with immediate effect. Rodovia MG050 thus applied the increase from 1 February 2017, raising its tolls by 9.28%, based on the rate of consumer price inflation in the period between May 2015 and April 2016, as provided for in the related concession arrangement. The delay in authorising the toll increase, with respect to the contractually established date of 13 June 2016, will be subject to compensation in accordance with the concession arrangement. The grantor has appealed the precautionary injunction.

Rodovia MG050's toll revenue was negatively affected by the suspension of charges for the suspended axles of heavy vehicles introduced by federal law 13103/2015, which came into effect on 17 April 2015. The loss of revenue resulting from the entry into effect of the above legislation will be subject to compensation in accordance with the concession arrangement.

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 financial statements.

Liability management initiatives

As part of its liability management strategy, which aims to optimise maturities and the existing cost of debt, on 24 November 2016, Autostrade per l'Italia initiated a partial buyback of bonds issued by the parent, Atlantia, maturing in 2017, 2019 and 2020, having an upstream guarantee provided by Autostrade per l'Italia. The proceeds from the bond issues were for use by Autostrade per l'Italia as a result of intercompany loans.

On 2 December, following the closure of each offer, acceptances with a par value of €147.9 million had been validly submitted, in accordance with the terms of the Tender Offer Memorandum. Following the transaction, Autostrade per l'Italia has repaid a part of the intercompany loans from Atlantia and effected a pro rata reduction in the guarantees issued to Atlantia's bondholders.

In addition, on 24 November, Autostrade per l'Italia launched a new €600 million bond issue, maturing in 2027, as part of its €7 billion Euro Medium Term Note Programme. The new bonds pay a fixed coupon of 1.75%, payable in February each year, with the first payment due in February 2018.

The rating agencies, Moody's, Standard & Poor's and Fitch Ratings, have assigned the new bond issue credit ratings of Baa1, BBB+ and A-, respectively.

Issuer substitution

Autostrade per l'Italia's replacement of Atlantia as the issuer of bonds formerly issued as part of the parent's €10 billion Euro Medium Term Note Programme became effective on 22 December 2016.

The intercompany loans granted to Autostrade per l'Italia on the same terms as the bonds issued by Atlantia, plus a margin to take account of operating costs, were extinguished as a result of the issuer substitution.

With the signature of a supplemental trust deed and of supplemental agency agreements for the related series of private and public placements, Autostrade per l'Italia has assumed the role of issuer of the above bonds. In addition to the euro denominated bonds issued to institutional investors, two foreign currency bonds issued in sterling and yen, and the related interest rate and foreign currency hedges, have also been transferred.

The bonds benefit from a new guarantee from Atlantia through to maturity and, in any event, not beyond the term to maturity of the last tranche of the bonds resulting from the public placement (September 2025).

Autostrade per l'Italia remains the guarantor for Atlantia's retail bonds maturing in November 2018, which were not covered by the issuer substitution.

Restructuring of the Atlantia Group

In October 2016, Atlantia announced a plan to restructure the Group, which has seen Autostrade per l'Italia assume the role of operating parent that controls a group focusing solely on motorway concessions in Italy. This has involved the following transactions:

- the transfer to Atlantia of a 100% interest in Telepass (96.15% held by Autostrade per l'Italia and 3.85% by Autostrade Tech) and of Autostrade per l'Italia's 61.2% interest in Stalexport Autostrady, completed at the end of December 2016;
- the transfer to Atlantia of Autostrade dell'Atlantico Srl (the holding company that controls the Group's Chilean and Brazilian motorway businesses and ETC in the USA), with effect from March 2017, and of Autostrade Indian Infrastructure Development, via distribution of a special dividend in kind approved by a General Meeting of Autostrade per l'Italia's shareholders.

2.13 Events after 31 December 2016

Distribution of a special dividend in kind

On 25 January 2017, a General Meeting of Autostrade per l'Italia's shareholders approved the distribution of a special dividend in kind to the parent, Atlantia. This will involve use of available equity reserves and will take the form of the transfer of the Company's entire investments in Autostrade dell'Atlantico (with effect from 1 March 2017) and in Autostrade Indian Infrastructure Development Private Limited.

Distribution of the dividend, via the transfer of the investments, is part of the Atlantia Group's planned restructuring which, through the demerger of Autostrade per l'Italia's overseas businesses and the intragroup transfer of investments completed at the end of 2016, aims to assign Autostrade per l'Italia the role of operating parent that controls a group focusing on motorway concessions in Italy.

Accident on the A14 Bologna-Taranto

During work on the widening of the A14 between Ancora South and Porto Sant'Elpidio to three lanes, a motorway bridge (no. 167) close to Camerano collapsed. Work was in progress in order to raise the level of the bridge, in order to maintain its height with respect to the raised level of the motorway following its widening to three lanes.

Autostrade per l'Italia's technicians are in the process of obtaining the necessary information in order to reconstruct the events and, to this end, have requested the contractors who designed and carried the works to provide a detailed report on what happened.

As noted above, the above work is included in the planned widening of the A14 motorway between Rimini North and Porto Sant'Elpidio and regards the Ancona South-Porto Sant'Elpidio sub-section between kilometre 230+973 and kilometre 271+273.

The work forms part of the completion of Lot 6B for which Autostrade per l'Italia has awarded the contract to Pavimental. The contract for raising the height of the motorway bridge was awarded by Pavimental to the sub-contractor, De.L.A.Be.Ch.

2.14 Outlook and risks or uncertainties

Traffic using the Group's Italian network is expected to grow. Work on upgrading the network operated under concession will continue in 2017, whilst approval of the final design prior to the start-up of construction of the Genoa Bypass is awaited. Overall, we expect to see growth in the Group's earnings and improvements in key performance indicators in 2017.

2.15 Proposed resolutions for the Annual General Meeting of Autostrade per l'Italia SpA's shareholders

Dear Shareholders,

In conclusion, we invite you:

- a) to discuss and approve the Board of Directors' report on operations and the financial statements as at and for the year ended 31 December 2016, which report profit of €619,121,457.69;
- b) to appropriate the €314,328,227.69 in profit for the year remaining, after payment of the interim dividend of €304,793,230.00 (equal to €0.490 per share) in 2016, as follows:
 - 1) €314,123,635.00 to pay a final dividend of €0.505 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 €204,592.69 to retained earnings;
- c) to establish the dividend payment date as 18 May 2017.

In a separate Agenda item, you will also be asked to approve the distribution of a portion of the available reserves, amounting to €1,101,311,641.27, from the "Reserve for transactions under common control".

For the Board of Directors

The Chairman





3.

Consolidated
financial
statements
as at and for
the year
ended 31
December
2016



Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	31 December 2016	of which related party	31 December 2015	of which related party
ASSETS					
Non-current assets					
Property, plant and equipment	7.1	85,878		131,978	
Property, plant and equipment		83,862		125,529	
Property, plant and equipment held under finance leases		-		2,951	
Investment property		2,016		3,498	
Intangible assets	7.2	18,750,244		21,637,197	
Intangible assets deriving from concession rights		12,620,116		15,449,258	
Goodwill and other intangible assets with indefinite lives		6,111,237		6,111,330	
Other intangible assets		18,891		76,609	
Investments	7.3	61,044		108,292	
Investments accounted for at cost or fair value		33,920		51,747	
Investments accounted for using the equity method		27,124		56,545	
Non-current financial assets	7.4	395,767		1,774,790	
Non-current financial assets deriving from concession rights		-		766,499	
Non-current financial assets deriving from government grants		189,985		255,662	
Non-current term deposits		185,696		324,894	
Other non-current financial assets		20,086	-	427,735	15,631
Deferred tax assets	7.5	118,522		167,804	
Other non-current assets	7.6	8,189		11,301	
Total non-current assets		19,419,644		23,831,362	
Current assets					
Trading assets	7.7	574,739		1,145,347	
Inventories		48,561		47,475	
Contract work in progress		4,204		2,696	
Trade receivables		521,974	103,112	1,095,176	61,933
Cash and cash equivalents	7.8	3,223,793		2,786,098	
Cash		2,540,743		2,002,557	
Cash equivalents		200,080		706,714	
Intercompany current account receivables due from related parties		482,970	482,970	76,827	76,827
Current financial assets	7.4	508,333		781,914	
Current financial assets deriving from concession rights		398,270		435,511	
Current financial assets deriving from government grants		50,476		74,627	
Current term deposits		48,913		211,318	
Current derivative assets		-		36	
Current portion of medium/long-term financial assets		3,423		42,081	
Other current financial assets		7,251		18,341	
Current tax assets	7.9	69,025	65,174	46,299	20,930
Other current assets	7.10	82,518		183,489	
Assets held for sale and related to discontinued operations	7.11	5,907,657	26,340	44,985	-
Total current assets		10,366,065		4,988,132	
TOTAL ASSETS		29,785,709		28,819,494	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	31 December 2016	of which related party	31 December 2015	of which related party
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent		4,368,352		2,999,735	
Issued capital		622,027		622,027	
Reserves and retained earnings		3,233,873		1,700,600	
Profit/(Loss) for the year net of interim dividends		512,452		677,108	
Equity attributable to non-controlling interests		1,749,310		1,559,981	
Issued capital and reserves		1,649,674		1,444,160	
Profit/(Loss) for the year net of interim dividends		99,636		115,821	
Total equity	7.12	6,117,662		4,559,716	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	7.13	3,165,177		3,369,243	
Non-current provisions	7.14	1,298,255		1,267,465	
Non-current provisions for employee benefits		107,382		119,946	
Non-current provisions for repair and replacement of motorway infrastructure		1,169,196		1,114,906	
Other non-current provisions		21,677		32,613	
Non-current financial liabilities	7.15	12,022,227		13,441,751	
Bond issues		8,005,130		3,307,882	
Medium/long-term borrowings		3,536,650	992,320	9,738,968	6,495,414
Non-current derivative liabilities		480,447	-	368,545	216,123
Other non-current financial liabilities		-		26,356	
Deferred tax liabilities	7.5	470,947		1,188,774	
Other non-current liabilities	7.16	30,823		90,659	
Total non-current liabilities		16,987,429		19,357,892	
Current liabilities					
Trading liabilities	7.17	1,254,817		1,466,126	
Trade payables		1,254,817	223,053	1,466,126	265,045
Current portion of provisions for construction services required by contract	7.13	521,454		458,737	
Current provisions	7.14	231,790		284,597	
Current provisions for employee benefits		24,332		21,609	
Current provisions for repair and replacement of motorway infrastructure		164,779		217,101	
Other current provisions		42,679		45,887	
Current financial liabilities	7.15	1,368,390		2,281,967	
Bank overdrafts repayable on demand		-		31	
Short-term borrowings		244,480	-	645,353	400,000
Current derivative liabilities		2,997		-	
Intercompany current account payables due to related parties		205,768	205,768	13,522	13,522
Current portion of medium/long-term financial liabilities		915,001	4,344	1,622,928	1,083,340
Other current financial liabilities		144		133	
Current tax liabilities	7.9	4,270	665	34,074	9,001
Other current liabilities	7.18	303,074	10,089	370,186	41,469
Liabilities related to discontinued operations	7.11	2,996,823	7,433	6,199	-
Total current liabilities		6,680,618		4,901,886	
TOTAL LIABILITIES		23,668,047		24,259,778	
TOTAL EQUITY AND LIABILITIES		29,785,709		28,819,494	

CONSOLIDATED INCOME STATEMENT

€000	Note	2016	of which related party transactions	2015	of which related party transactions
REVENUE					
Toll revenue	8.1	3,482,401		3,322,944	
Revenue from construction services	8.2	244,001		426,390	
Contract revenue	8.3	24		772	
Other operating income	8.4	305,293	73,005	335,724	77,264
TOTAL REVENUE		4,031,719		4,085,830	
COSTS					
Raw and consumable materials	8.5	-65,729		-80,146	
Service costs	8.6	-989,861	-333,187	-1,216,336	-442,694
Gain/(Loss) on sale of elements of property, plant and equipment		394		153	
Staff costs	8.7	-521,502	-26,839	-500,576	-29,694
Other operating costs	8.8	-510,242		-519,183	
Concession fees		-454,424		-437,444	
Lease expense		-4,265		-2,927	
Other		-51,553		-78,812	
Operating change in provisions	8.9	-85,716		42,662	
Provisions/ (Uses of provisions) for repair and replacement of motorway infrastructure		-84,585		44,433	
Provisions/ (Uses of provisions)		-1,131		-1,771	
Use of provisions for construction services required by contract	8.10	444,366		496,527	
Amortisation and depreciation		-579,235		-540,033	
Depreciation of property, plant and equipment		-21,996		-21,873	
Amortisation of intangible assets deriving from concession rights		-542,038		-503,816	
Amortisation of other intangible assets		-15,201		-14,344	
(Impairment losses)/Reversals of impairment losses	8.11	-1,682		-6,059	
TOTAL COSTS		-2,309,207		-2,322,991	
OPERATING PROFIT/(LOSS)		1,722,512		1,762,839	
FINANCIAL INCOME					
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants		-		-	
Dividends received from investees		2,295		-	
Other financial income		20,153	13,486	51,661	36,408
Financial expenses		-890,258		-691,011	
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-46,768		-44,930	
Other financial expenses		-843,490	-345,890	-646,081	-516,969
of which non-recurring	8.17	-327,215		-125,486	
Foreign exchange gains/(losses)		-120		-228	
FINANCIAL INCOME/(EXPENSES)	8.12	-867,930		-639,578	
Share of (profit)/loss of investees accounted for using the equity method	8.13	-7,733		4,534	
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		846,849		1,127,795	
Income tax (expense)/benefit					
Current tax expense	8.14	-318,788		-321,969	
Differences on current tax expense for previous years		-219,097		-265,057	
Deferred tax income and expense		3,193		1,846	
		-102,884		-58,758	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		528,061		805,826	
Profit/(Loss) from discontinued operations	8.15	402,314		322,730	
PROFIT FOR THE YEAR		930,375		1,128,556	
<i>of which:</i>					
Profit attributable to owners of the parent		817,245		1,012,381	
Profit attributable to non-controlling interests		113,130		116,175	
€					
		2016		2015	
Basic earnings per share attributable to owners of the parent					
of which:	8.16	1.31		1.63	
- continuing operations		0.84		1.29	
- discontinued operations		0.47		0.34	
Diluted earnings per share attributable to owners of the parent					
of which:	8.16	1.31		1.63	
- continuing operations		0.84		1.29	
- discontinued operations		0.47		0.34	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000		2016	2015
Profit for the year	(A)	930,375	1,128,556
Fair value gains/(losses) on cash flow hedges		-72,354	22,008
Tax effect of fair value gains/(losses) on cash flow hedges		-32,224	-14,877
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		347,515	-314,438
Gains/(Losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		3,860	-6,878
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	(B)	246,797	-314,185
Gains/(losses) from actuarial valuations of provisions for employee benefits		-2,459	4,895
Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits		587	-1,339
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	(C)	-1,872	3,556
Reclassification of the cash flow hedge reserve arising from issuer substitution		200,909	-
Other reclassifications of the cash flow hedge reserve		-2,865	6,766
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	198,044	6,766
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the year	(E)	-	-2,808
Total other comprehensive income/(loss) for the year	(F=B+C+D+E)	442,969	-306,671
<i>of which attributable to discontinued operations</i>		352,223	-314,563
Comprehensive income for the year	(A+F)	1,373,344	821,885
<i>Of which attributable to owners of the parent</i>		1,086,500	861,015
<i>Of which attributable to non-controlling interests</i>		286,844	-39,130

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 period after interim dividend			Total
Balance as at 31 December 2014	622,027	-102,696	-36,400	-213,443	-1,805	2,202,775	332,482	2,802,940	1,622,922	4,425,862
Comprehensive income for the year	-	9,060	-	-160,506	-3,443	3,523	1,012,381	861,015	-39,130	821,885
<u>Owner transactions and other changes</u>										
Austotrade per Italia SpA's final dividend (€0.539 per share)	-	-	-	-	-	-	-335,273	-335,273	-	-335,273
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	-2,791	2,791	-	-	-
Austotrade per Italia SpA's interim dividend (€0.539 per share)	-	-	-	-	-	-	-335,273	-335,273	-	-335,273
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-23,811	-23,811
Share-based incentive plans	-	-	-	-	-	4,773	-	4,773	24	4,797
Change in scope of consolidation, other minor changes and reclassifications	-	-71	-	197	-309	1,736	-	1,553	-24	1,529
Balance as at 31 December 2015	622,027	-93,707	-36,400	-373,752	-5,557	2,210,016	677,108	2,999,735	1,559,981	4,559,716
Comprehensive income for the year	-	-62,748	-	176,101	1,905	153,997	817,245	1,086,500	286,844	1,373,344
<u>Owner transactions and other changes</u>										
Austotrade per Italia SpA's final dividend (€0.756 per share)	-	-	-	-	-	-	-470,252	-470,252	-	-470,252
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	206,856	-206,856	-	-	-
Austotrade per Italia SpA's interim dividend (€0.490 per share)	-	-	-	-	-	-	-304,793	-304,793	-	-304,793
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-18,422	-18,422
Share-based incentive plans	-	-	-	-	-	2,942	-	2,942	37	2,979
Increase due to transactions under common control	-	1,565	-	12,513	-	1,040,099	-	1,054,177	-	1,054,177
Change in scope of consolidation, return of capital to non-controlling shareholders and other minor changes	-	-	-	-	-	43	-	43	-79,130	-79,087
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

CONSOLIDATED STATEMENT OF CASH FLOWS

€000	Note	2016	of which related party transactions	2015	of which related party transactions
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the year		930,375		1,128,556	
Adjusted by:					
Amortisation and depreciation		741,921		708,547	
Operating change in provisions		77,862		-23,961	
Financial expenses from discounting of provisions for construction services required by contract and other provisions		61,339		52,234	
Impairments/(Reversal of impairment losses) on non-current financial assets and investments accounted for at cost or fair value		-21,992		-	
Share of (profit)/loss of investees accounted for using the equity method		12,814		8,749	
Impairment losses/(Reversal of impairment losses) and adjustments of non-current assets		-26,479		1,341	
(Gain)/Loss on sale of non-current assets		-391		963	
Net change in deferred tax (assets)/liabilities through profit or loss		55,720		-12,302	
Other non-cash costs (income)		231,499		-40,109	
Change in working capital and other changes		-215,139	-142,101	165,652	13,341
Net cash generated from/(used in) operating activities [a]	9.1	1,847,529		1,989,670	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	7.2	-844,111		-1,074,370	
Purchases of property, plant and equipment	7.1	-46,945		-43,768	
Purchases of intangible assets	7.2	-39,817		-33,453	
Government grants related to assets held under concession		6,291		56,021	
Increase in financial assets deriving from concession rights (related to capital expenditure)		76,079		95,120	
Purchases of investments		-		-7,690	
Purchase of consolidated investments, net of cash and cash equivalents acquired		-		-71,996	
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		4,619		1,879	
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred		1,554,717	1,554,717	-	-
Net change in other non-current assets		-9,860		-18,847	
Net change in current and non-current financial assets		-75,822		105,072	
Net cash generated from/(used in) investing activities [b]	9.1	625,151		-992,032	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Dividends paid		-784,451		-694,344	
Contributions from non-controlling shareholders		-		24	
Return of capital to non-controlling shareholders		-6,316		-	
Repayment of loans from parent		-1,100,572	-1,100,572	-1,351,250	-1,351,250
Issuance of bonds	7.15	654,385		2,758,388	
Increase in medium/long term borrowings (excluding finance lease liabilities)		4,859		250,508	
Bond redemptions	7.15	-90,730		-147,902	
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-253,381		-358,360	
Payment of finance lease liabilities		-378		-381	
Net change in other current and non-current financial liabilities		-321,989	-664,206	-73,816	98,177
Net cash generated from/(used in) financing activities [c]	9.1	-1,898,573		382,867	
Net effect of foreign exchange rate movements on net cash and cash equivalents [d]		33,868		-35,912	
Increase/(Decrease) in cash and cash equivalents [a+b+c+d]	9.1	607,975		1,344,593	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,811,566		1,466,973	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		3,419,541		2,811,566	

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€000	Note	2016	2015
Income taxes paid		355,573	374,162
Interest and other financial income collected		41,107	88,850
Interest expense and other financial expenses paid		685,248	772,756
Dividends received	8.12	2,295	2,975
Foreign exchange gains collected		64	96
Foreign exchange losses incurred		52	79

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€000	Note	2016	2015
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,811,566	1,466,973
Cash and cash equivalents	7.8	2,786,098	1,631,687
Bank overdrafts repayable on demand	7.15	-31	-17
Intercompany current account payables due to related parties	7.15	-13,522	-213,319
Cash and cash equivalents related to discontinued operations	7.11	39,021	48,622
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		3,419,541	2,811,566
Cash and cash equivalents	7.8	3,223,793	2,786,098
Bank overdrafts repayable on demand	7.15	-	-31
Intercompany current account payables due to related parties	7.15	-205,768	-13,522
Cash and cash equivalents related to discontinued operations	7.11	401,516	39,021

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.

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.

100% 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 2016 were approved by the Company's Board of Directors at its meeting of 10 March 2017.

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements as at and for the year ended 31 December 2016 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. 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.

In this regard, it should be noted that an issuer substitution was completed in 2016. This has resulted in Autostrade per l’Italia taking Atlantia’s place as the issuer of certain bonds entered into by the latter, with a significant impact on the Group’s operating results and financial position. More details are provided in note 8.17 “Material non-recurring transactions” in section 3 “Consolidated financial statements as at and for the year ended 31 December 2016: financial statements and notes”, which also provides information on the impact of the non-recurring transactions that took place in 2015. Otherwise, no atypical or unusual transactions, having a material impact on the Group’s income statement and statement of financial position, were entered into during the period, either with third or related parties. The consolidated financial statements therefore show the principal amounts relating to the related party and non-recurring transactions that took place during the reporting period.

Amounts in the Company’s 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. In this regard, as described in detail in note 6, a restructuring of the Atlantia Group began in 2016. This involved the transfer, to Atlantia, of Autostrade per l’Italia’s investments in Telepass and Stalexport Autostrady. In addition, on 25 January 2017, a General Meeting of Autostrade per l’Italia’s shareholders approved the distribution of a special dividend in kind to the parent, Atlantia. This will involve use of available equity reserves and will take the form of the transfer of the Company’s entire investments in Autostrade dell’Atlantico (“ADA”, the sub-holding company that controls the Group’s Chilean and Brazilian motorway businesses and holds a controlling interest in Electronic Transaction Consultants) with effect from 1 March 2017 and Autostrade Indian Infrastructure Development (“AID”). As a result, in application of IFRS 5, the contributions of Telepass, Stalexport Autostrady, Autostrade dell’Atlantico and the related subsidiaries to the consolidated operating results for the comparative period in 2015 have been classified in “Profit/Loss) from discontinued operations”, rather than in each item of the income statement attributable to continuing operations. Details of the amounts included in “Profit/Loss) from discontinued operations” are provided in note 8.15.

The impact of the above corporate actions on operating segment disclosures is described in note 10.1 “Operating and geographical segments”.

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 2016. These accounting standards and policies are consistent with those applied in preparation of the consolidated financial statements for the previous year, as no new standards, interpretations, or amendments to existing standards became effective in 2016 having a material effect on the Autostrade per l'Italia Group's consolidated financial statements.

The following amendments to existing standards and interpretations were applicable from 2016:

- a) IFRS 11 – Joint Arrangements. The amendment has clarified the method of accounting for acquisitions of an interest in a joint operation that constitutes or contains a business, as defined by IFRS 3, requiring application of the provisions of this latter standard;
- b) IFRS 7 – Financial Instruments: Disclosures. The amendments to the standard clarify that when a financial asset is transferred, but at the same time service arrangements are entered into, resulting in an interest in the asset's future performance, it is, in any event, necessary to provide the disclosures required by the standard;
- c) IAS 19 – Employee Benefits. The amendments clarify that the rate used to discount post-employment benefit obligations (whether financial or non-financial) must be determined with reference to market returns, at the reporting date, on high-quality corporate bonds denominated in the same currency as the benefits to be paid;
- d) IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets. The amendments introduce the presumption that a revenue-based method of depreciation or amortisation for an asset or group of assets is not appropriate. This is because the IASB believes that revenue generated by an asset or group of assets, represented by an item of property, plant and equipment or an intangible asset, generally reflects factors not directly linked to consumption of the economic benefits embodied in the asset. The above presumption may only be overcome in limited circumstances, when it can be demonstrated that revenue and the consumption of economic benefits of the item of property, plant or equipment or intangible asset are highly correlated, or when the item of property, plant or equipment or intangible asset is expressed as a measure of revenue that can be obtained from the asset (such as, for example, in the case of concession rights giving rise to receipt of a determinate amount of revenue).

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 2016 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 note on "Construction contracts and services in progress") 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 2016 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/or 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.

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.

Goodwill is initially measured as the positive difference between 1) 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 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 non-controlling interests is included in the carrying amount of the relevant investments.

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 unconsolidated subsidiaries and other companies, which qualify as available-for-sale financial instruments as defined by IAS 39, 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 and hence in a specific equity reserve. On realisation or recognition of an impairment loss in the income statement, the accumulated gains and losses in that reserve are reclassified to the income statement.

Impairment losses, identified as described below in the note on "Impairment of assets and reversals (impairment testing)", are reversed to other comprehensive income in the event the circumstances giving rise to the impairment cease to exist.

When fair value cannot be reliably determined, investments, classified as available-for-sale, are measured at cost less any impairment losses. In this case impairment losses may not be reversed.

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 other than owner transactions, which are recognised directly in comprehensive income attributable to owners of the parent.

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.

Construction contracts and services in progress

Construction contracts are accounted for on the basis of a contract's 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 based on the ratio of costs incurred to total estimated costs. Contract revenue is allocated to the individual reporting periods in proportion to the stage of contract completion. Any positive or negative difference between contract revenue and any advance payments received is recognised in assets or liabilities, taking account of any impairments, in order to reflect the risks linked to the inability to recover the value of work performed on behalf of customers.

In addition to contract payments, contract revenue includes variations, price reviews and claims to the extent that they can be reliably determined.

Expected losses are recognised immediately in profit or loss, regardless of the stage of contract completion.

Revenue from construction and/or upgrade services provided to the Grantor and relating to the concessions held by certain Group companies, are recognised on a percentage of completion basis. Construction and/or upgrade service revenues, representing the consideration for services provided, are measured at fair value, calculated on the basis of the total costs incurred (consisting primarily of the cost of materials and external services, relevant employee benefits and 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 (in that they represent the fair value of the services). The double entry of construction and /or upgrade service revenue is represented by financial assets deriving from concession rights and/or grants, or by intangible assets deriving from concession rights, as explained in the relevant note.

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.

Receivables and payables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowance for bad debts. The amount of the allowance is based on the present value of expected future cash flows. These cash flows take account of expected collection times, estimated realisable value, any guarantees received, and the expected costs of recovering 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.

Payables are initially recognised at cost, which corresponds to the fair value of the liability, after any directly attributable transaction costs. After initial recognition, payables are recognised at amortised cost, using the effective interest method.

Trade receivables and payables, which are subject to normal commercial terms and conditions, are not discounted to present value.

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 and ranges between 80% and 125%.

Changes in the fair value of cash flow hedges hedging assets and liabilities (including those that are pending and highly likely to arise in the future) are recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Changes in the value of fair value hedged assets or liabilities are recognised in profit or loss for the period. Analogously, the hedged assets and liabilities are restated at fair value through profit or loss.

Since derivative contracts deemed net investment hedges in accordance with IAS 39, because they were concluded to hedge the risk of unfavourable movements in the exchange rates used to translate net investments in foreign operations, are treated as cash flow hedges, the effective portion of fair value gains or losses on the derivatives is recognised in other comprehensive income, thus offsetting changes in the foreign currency translation reserve for net investments in foreign operations. Accumulated fair value gains and losses, recognised in the net investment hedge reserve, are reclassified from comprehensive income to profit or loss on the disposal or partial disposal of the foreign operation.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised in profit or loss.

Other financial assets and liabilities

Other financial assets that Group companies intend and are able to hold to maturity and other financial liabilities are recognised at the fair value of the purchase consideration at the settlement date, with assets being increased and liabilities being reduced by transaction costs directly attributable to the purchase of the assets or issuance of the liabilities. After initial recognition, financial assets are measured at amortised cost using the original effective interest method.

Financial assets and liabilities are derecognised when, following their sale or settlement, the Group is no longer involved in their management and has transferred all risks and rewards of ownership.

Financial assets held for trading are recognised and measured at fair value through profit or loss. Other categories of financial asset classified as available-for-sale financial instruments are recognised and measured at fair value through comprehensive income and, consequently, in a specific equity reserve. The financial instruments in these categories have, to date, never been reclassified.

Financial assets also include the following receivables arising from assets held under concession:

- a) "takeover rights", being the amount that will be unconditionally paid by an incoming operator on termination of the concession;
- b) the present value of minimum toll revenue guaranteed by the Grantor, representing an unconditional right to receive cash payments for construction services performed, regardless of the extent to which the public uses the service;
- c) amounts due from public entities as grants or similar compensation relating to the construction of infrastructure (construction and/or upgrade services).

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. 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.

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. 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 work, based on the previously described criteria used for “construction contracts and services in progress”, which also include the construction and/or upgrade services provided to grantors, in application of IFRIC 12. 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;
- 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.

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 "Construction contracts and services work in progress".

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.

The Parent Company, Atlantia SpA, has again operated a tax consolidation arrangement for 2016, 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 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. 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 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 Group’s consolidated financial statements.

Name of document	Effective date of IASB document	Date of EU endorsement
New accounting standards and interpretations		
IFRS 9 – Financial Instruments	1 January 2018	November 2016
IFRS 15 – Revenue from Contracts with Customers	1 January 2018	September 2016
IFRS 16 – Leases	1 January 2019	Not endorsed
Amendments to existing standards and interpretations		
Amendments to IAS 7 – Statement of Cash Flows	1 January 2017	Not endorsed
Amendments to IAS 12 – Income Taxes	1 January 2017	Not endorsed
Amendments to IFRS 2 – Share-based Payment	1 January 2018	Not endorsed
Annual Improvements to IFRSs: 2014 – 2016	1 January 2017 - 2018	Not endorsed

IFRS 9 – Financial Instruments

In July 2014, the IASB published the final version of IFRS 9, the standard created to replace the existing IAS 39 for the classification and measurement of financial instruments.

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

Classification and measurement

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

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

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

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

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

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

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

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

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

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

Impairment

IFRS 9 has defined a new impairment model for financial assets, with the objective of providing the users of financial statements with more useful information about an entity's expected losses. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected losses recognised at each reporting date to reflect changes in the credit risk of the financial instruments. It is, therefore, no longer necessary to wait for evidence of a trigger event before testing for impairment and recognition of a credit loss.

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

Hedge accounting

The most important changes introduced by IFRS 9 regard:

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

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaces the previous IAS 18, in addition to IAS 11, regarding contract work, and the related interpretations, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

IFRS 15 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 new standard provides an overall framework for identifying the timing and amount of revenue to be recognised in the financial statements. Under the new standard, the entity must analyse the contract and the related accounting effects using the following steps:

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

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

In addition, in recognising revenue, the standard stresses the need to assess the likelihood of obtaining/collecting the economic benefits linked to the proceeds. In the case of contract work in progress, currently governed by IAS 11, the new standard introduces the requirement to recognise revenue taking into account the effect of discounting to present value resulting from the deferral of collections over time.

If it is not possible to retrospectively apply the new standard, a modified approach can be used upon first-time adoption. Under this approach, the effects of application of the new standard must be recognised in opening equity at the beginning of the reporting period of first-time adoption.

IFRS 16 – Leases

On 13 January 2016, the IASB published the final version of the new accounting standard regarding the accounting treatment for finance leases. This new standard replaces IAS 17, IFRIC 4, SIC 15 and SIC 27, and its adoption, subject to endorsement by the European Union, is required from 1 January 2019. Earlier application is permitted if IFRS 15 – Revenue from Contracts with Customers has been applied.

The new accounting standard provides a single lessee accounting model for both operating and finance leases. IFRS 16 requires the lessee to recognise the leased assets in its statement of financial position, with the assets recognised and classified as a right-of-use asset (thus, in intangible assets), regardless of the nature of the leased asset, to be amortised over the life of the right. On initial recognition, the lessee recognises the right-of-use asset and the related lease liability, based on the present value of the minimum lease payments payable over the lease term. IFRS 16 also clarifies that a lessor, with regard to contracts that contain a lease component, must separate the lease components (to which IFRS 16 applies) from the non-lease components, to which other IFRS are applicable.

Application of the new method of presentation is not required, in terms of significance for the lessee, when the lease term is 12 months or less or the underlying asset has a low value.

In terms of the lessor, the alternative accounting models for finance or operating leases continue to be substantially applicable, depending on the nature of the contract, as currently governed by IAS 17. As a result, it will be necessary to recognise the receivable (if a finance lease) or the fixed asset (if an operating lease).

Amendments to IAS 7 – Statement of Cash Flows

On 29 January 2016, the IASB published a number of amendments to IAS 7, with the aim of introducing a requirement to provide a specific disclosure enabling the users of financial statements to assess changes in liabilities arising from financing activities.

For this purpose, the entity must disclose the following changes in liabilities arising from financing activities:

- a) changes from financing cash flows;
- b) changes arising from the acquisition or loss of control of a subsidiary or another business;
- c) the effect of changes in foreign exchange rates;
- d) changes in fair value;
- e) other changes.

Amendments to IAS 12 – Income Taxes

On 19 January 2016, the IASB amended IAS 12 by issuing the document “Recognition of Deferred Tax Assets for Unrealised Losses”, which aims to clarify how to account for deferred tax assets on debt instruments measured at fair value.

The amendment clarifies the following aspects:

- a) unrealised losses on debt instruments accounted for at fair value, but whose tax base is based on cost, give rise to a deductible temporary difference regardless of whether or not the debt instrument’s holder expects to recover the carrying amount of the asset through its sale or use;
- b) the carrying amount of an asset does not limit the estimation of probably future taxable profit;
- c) the estimation of probably future taxable profit must be performed regardless of any potential tax deductions resulting from the reversal of deductible temporary differences;
- d) a deferred tax asset must be measured in combination with other deferred tax assets. However, when the applicable tax law limits the use of tax losses to offset a specific taxable profit, the deductible temporary difference may be measured in solely combination with other deductible temporary differences of the same type.

Amendments to IFRS 2 – Share-based Payment

On 20 June 2016, the IASB published a number of amendments to IFRS 2 in order to clarify the method of accounting for cash-settled share-based payments linked to performance indicators, the classification of share-based payments settled net of tax withholdings and the method of accounting in the event of modification of share-based payment transactions from cash-settled to equity-settled.

Annual Improvements to IFRSs: 2014 – 2016

On 8 December 2016, the IASB published its “Annual Improvements to IFRSs: 2014 – 2016 cycle”. The principal amendments that could be relevant to the Group regard IFRS 12 – Disclosure of Interest in Other Entities. The document clarifies the scope of the standard, specifying that the disclosures required by the standard, with the exception of those in paragraphs B10-B16, also apply to investments in other entities held for sale, held for distribution or as discontinued operations in accordance with IFRS 5.

The effect of the future application of newly issued standards and interpretations, as well as all revisions and amendments to existing standards, is currently being evaluated by the Company. The impact cannot currently be reasonably estimated.

Above all, with reference to IFRS 15, the Group is assessing the applicability of the new standard to the various types of existing contracts, and the potential operational and accounting effects. The assessment has examined the applicability of the new standard to the concession arrangements to which Group companies are party, and to the sub-concessions granted for motorway services areas and the related retail space, which represent the most significant component of consolidated revenue.

The evaluations carried out so far have led to the view that the Group’s concession arrangements do not fall within the scope of application of IFRS 15. As a result, the current methods of presentation, previously described in these notes, are not expected to change, including the treatment of toll revenue, revenue from construction services and the above sub-concession arrangements.

As a result, based on the analyses and evaluations conducted so far, the adoption of IFRS 15 is not expected to have a material impact on the Autostrade per l’Italia Group’s consolidated financial statements.

The Group has also begun an assessment of the potential impact of application of the new accounting standards, IFRS 9 and IFRS 16. The assessment is at a preliminary stage.

With regard to IFRS 9, the principal types of financial asset held by that Group that might be potentially affected are trade receivables due from customers and financial assets deriving from concession rights.

As regards the potential impact of the introduction of IFRS 16, the Group is not a party to significant lease arrangements as a lessee, and it is not believed that the new standard will have a material impact in relation to arrangements in which the Group is the lessor. These are primarily represented by sub-concession arrangements involving the lease of space used by retailers and food service providers along the motorways and at the airports operated under concession.

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".

Italian motorways

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.

Information on regulatory matters affecting the motorway concessions held by the Group's Italian companies is provided in note 10.7 "Significant legal and regulatory aspects". There are, in any event, no changes to report regarding the concession arrangements to which the Group's Italian companies are party, given the fact that the process of revising the financial plans of Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli 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 €9.8 billion already completed as at 31 December 2016 (€9.2 billion as at 31 December 2015). The investment programme, which forms part of the Company's financial plan, updated to December 2013, essentially regards 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".

Overseas motorways

Brazil

The concessions held by the Group's Brazilian companies envisage a series of obligations relating to investment, maintenance and operation of the sections of motorway covered by the concession arrangements, in return for the right to charge motorway users a toll, revised annually on the basis of inflation.

The following should be noted with regard to operators' investment commitments:

- a) Triangulo do Sol has residual investment commitments, under its concession arrangement, of approximately 70 million reais (equal to €20 million at the closing exchange rate at the end of 2016);
- b) Rodovias das Colinas is currently engaged in widening the existing sections, with the remaining amount to be invested totalling approximately 121 million Brazilian reais (equal to €35 million at the closing exchange rate at the end of 2016). In parallel, the operator is negotiating an addendum with the Grantor relating to a new project with a value of approximately 124 million Brazilian reais (equal to €36 million at the closing exchange rate at the end of 2016) in return for a consideration to be received by the operator;
- c) Rodovia MG050 is currently carrying out work designed to upgrade the section of motorway. The remaining value of the works to be carried out is approximately 832 million Brazilian reais (equal to €242 million at the closing exchange rate at the end of 2016). This sum includes new works covered by an addendum that is being finalised with the Grantor, which has revised the related investment programme.

On expiry, all the motorway assets covered by the concessions must be returned to the Grantor in a good state of repair.

Chile

The concessions held by the Group's Chilean companies envisage a series of obligations relating to investment, maintenance and operation of the sections of motorway covered by the concession arrangements, in return for the right to charge motorway users a toll. In certain cases, the tolls are subject to a guaranteed minimum level of revenue by the Grantor. These tolls are revised annually on the basis of inflation and, in certain cases, other parameters represented by unconditional increases (3.5% for the concessions held by Costanera Norte, Vespucio Sur and Nororiente, 1.5% for AMB) or factors linked to accident rates (Los Lagos).

On expiry, all the motorway assets covered by the concessions must be returned to the Grantor in a good state of repair. The concessions held by Nororiente and AMB expire on reaching specific thresholds for revenue discounted to present value (using a discount rate defined in the related concession arrangement) and, in any event, not beyond a certain date.

The addendum named "Programma Santiago Centro Oriente" (or "CC7"), signed by the operator, Costanera Norte, and the Grantor, covers seven projects designed to eliminate the principal bottlenecks on the section operated under concession. The total value of the work to be carried out is around 256 billion Chilean pesos (€349 million¹). Approximately 74% of the work was completed at the end of 2016. The addendum has introduced a mechanism for compensating the operator for the cost of investment in the project. This will be in the form of additional revenue generated by new tollgates under a revenue-sharing arrangement with the Grantor, potential payments from the Grantor and/or extension of the concession term in order to guarantee an unconditional return on the investment.

¹ Amounts for previous years converted using the average exchange rate for the relevant year; the amounts for 2017 and future years have been converted using the average exchange rate for 2016.

In 2016, the operator, Nororiente began work on doubling the Chamisero tunnel at an estimated cost of approximately 29 billion Chilean pesos (equal to €41 million at the closing exchange rate at the end of 2016).

Finally, the operator, AMB, has plans in place for the construction of the remaining 8-km section of the motorway covered by its concession at an estimated cost of approximately 22 billion Chilean pesos (equal to €31 million at the closing exchange rate at the end of 2016). Subject to receiving the necessary consents, work is expected to begin in 2017.

Country	Operator	Section of motorway	Kilometres in service	Expiry date
ITALIAN MOTORWAYS				
Italy	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 – Gravellona 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
OVERSEAS MOTORWAYS				
Brazil	Triangulo do Sol Auto-Estradas	SP 310 Rodovia Washington Luis	442.0	18 Jul 2021
		SP326 Rodovia Brigadeiro Faria Lima		
		SP333 Rodovia Carlos Tonani, Nemesio Cadetti e Laurentino Mascari		
	Rodovias das Colinas	SP075 - Itu/Campinas	307.0	1 Jul 2028
		SP127- Rio Claro/Tatuí		
		SP280 - Itu/Tatuí		
		SP300 – Jundiaí/Tietê		
	Concessionaria da Rodovia MG050	SPI-102/300		
		MG-050	372.0	12 Jun 2032
		BR-265		
		BR-491		
Chile	Sociedad Concesionaria de Los Lagos	Rio Bueno - Puerto Montt (Chile)	135.0	20 Sep 2023
	Sociedad Concesionaria Litoral Central	Nuevo Camino Costero: Cartagena Algarrobo	80.6	11 Nov 2031
		Camino Algarrobo - Casablanca (Ruta F-90)		
		Camino Costero Interior (Ruta F-962-G)		
	Sociedad Concesionaria Vespucio Sur	Ruta 78 - General Velásquez	23.5	6 Dec 2032
		General Velásquez - Ruta 5 Sur		
		Ruta 5 Sur - Nuevo Acceso Sur a Santiago		
	Nuevo Acceso Sur a Santiago - Av. Vicuna Mackenna			
	Sociedad Concesionaria Costanera Norte	Av. Vicuna Mackenna - Av. Grecia	43.0	30 Jun 2033
		Puente La Dehesa - Puente Centenario		
		Puente Centenario - Vivaceta		
	Sociedad Concesionaria Autopista Nororiental ⁽²⁾	Vivaceta - A. Vespucio	21.5	7 Jan 2044
		Estoril - Puente Lo Saldes		
	Sociedad Concesionaria Autopista Nororiental ⁽²⁾	Sector Oriente: Enlace Centenario - Enlace Av. Del Valle	10.0	2022
		Sector Poniente: Enlace Av. Del Valle - Enlace Ruta 5 Norte		
	Sociedad Concesionaria AMB ⁽³⁾	Tramo A		

(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.

(2) Estimated date: the concession will expire when the net present value of the revenues received, discounted to the start date of the concession at the real rate of 9.5%, reaches the threshold established in the arrangement and, in any event, no later than 2044.

(3) Estimated date: the concession will expire when the net present value of the revenues received, discounted to the start date of the concession at the real rate of 9.0%, reaches the threshold established in the arrangement and, in any event, no later than 2048.

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 as a result of its direct or indirect ownership of a majority of the voting power of the relevant entities (including potential voting rights resulting from currently exercisable options), or because, as a result of other events or circumstances that (regardless of its percentage interest in the entity) mean it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of 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	2016		2015	
	Spot exchange rate 31 December	Average exchange rate	Spot exchange rate 31 December	Average exchange rate
Euro/US Dollar	1.054	1.107	1.089	1.110
Euro/Polish Zloty	4.410	4.363	4.264	4.184
Euro/Chilean Peso	704.945	748.477	772.713	726.406
Euro/Brazilian Real	3.431	3.856	4.312	3.700
Euro/Indian Rupee	71.594	74.372	72.022	71.196

The scope of consolidation at 31 December 2016 differs from the scope used in the previous year due to the deconsolidation, from this date, of Telepass and Stalexport Autostrady and the related subsidiaries, following the transfer of these investments from Autostrade per l'Italia to Atlantia, as described in more detail in note 6.1. In addition, the consolidated income statement for 2016 benefitted from the full-year contribution of Autostrada Tirrenica (SAT), which was consolidated from September 2015.

6. Corporate actions

6.1 Restructuring of the Atlantia Group

On 19 October 2016, Atlantia announced a restructuring of its group that would result in an organisation with operations in the following operating segments: Italian motorways, overseas motorways, Italian airports, overseas airports and other activities.

In this regard, at the end of December 2016 (following the resolution passed by Atlantia's board of directors on 15 December 2016), Autostrade per l'Italia's investments in the following companies were transferred to Atlantia:

- a) Telepass, previously owned by Autostrade per l'Italia (96.15% of the issued capital) and Autostrade Tech (3.85%);
- b) Stalexport Autostrady, previously 61.2% owned by Autostrade per l'Italia.

These transactions were carried out on the basis of prices based on the estimated pro rata fair value of the above investments, computed by an independent expert, and amounting to €1,148 million and €143 million, respectively.

To complete the restructuring, on 15 December 2016, Autostrade per l'Italia's Board of Directors voted to propose that the General Meeting of shareholders approve the distribution to Atlantia of a special dividend in kind, via the transfer of the Autostrade per l'Italia's entire interests in Autostrade dell'Atlantico (the sub-holding company that controls the Group's Chilean and Brazilian motorway businesses and holds a controlling interest in Electronic Transaction Consultants) and Autostrade Indian Infrastructure Development. On 25 January 2017, the General Meeting of Autostrade per l'Italia's shareholders approved the above proposal, as described in note 10.8.

These transactions are classifiable as transactions under common control. As a result, in accordance with the accounting standard adopted by the Company and described in note 3 above, taking into account that the transactions merely represent a restructuring of the 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 established consideration, amounting to €1,054 million, has been recognised in Autostrade per l'Italia's consolidated equity, after taking into account the related taxation.

In addition, in the case of Stalexport Autostrady and its subsidiaries, the impact of changes in the "Reserve for translation differences on translation of assets and liabilities of consolidated

companies denominated in functional currencies other than the euro” and in the “Cash flow hedge reserve” generated by these companies was, in previous years, recognised in comprehensive income (and, therefore, in equity).

Generally, on losing control of a company and the net assets transferred, IFRS 10 requires the parent (in this specific case, Autostrade per l'Italia) to reclassify the reserves previously recognised in comprehensive income to profit or loss. Paragraphs 10.25 and B.98C of IFRS 10, however, grant the option of reclassifying the reserves directly to “retained earnings” if permitted by other IFRSs. Based on the effective substance of the above transactions (representing, as noted above, a mere restructuring of the Group) and the procedure followed, involving direct recognition in equity of the difference between the carrying amount of the assets and liabilities transferred and the related consideration (as a transaction under common control entered into with Atlantia, as sole shareholder, it is subject to a specific accounting treatment and, therefore, not required to generate an impact on profit or loss for the year), the provisions of above paragraphs 10.25 and B.98C of IFRS 10 have been applied. As a result, the previously mentioned reserves have been reclassified directly to “retained earnings”, without recognition through profit or loss.

6.2 Merger of Chilean subsidiaries

On 15 November 2016, the merger of Sociedad Concesionaria Vespucio Sur, a wholly owned subsidiary of the acquirer, was merged with and into the Chilean sub-holding company, Sociedad Concesionaria Autopista Nueva Vespucio Sur (a wholly owned subsidiary of the Chilean company, Grupo Costanera). The merger, completed following receipt of the necessary clearance, aims to simplify the corporate structure and shorten the chain of control. Following the transaction, Grupo Costanera thus exercises direct control over all the Group’s Chilean operators, with the exception of Sociedad Concesionaria de Los Lagos.

As this transaction has taken place within the Group, the gains arising from the transaction in the separate financial statements of Sociedad Concesionaria Autopista Nueva Vespucio Sur (which will, in future, assume the acquiree’s name) are tax deductible, providing an estimated tax benefit of approximately €94 million as at 31 December 2016. The Group’s consolidated income statement for 2016 reflects an upward adjustment of €12 million of the estimated benefit, as the related amount was already accounted for in 2012, when the Group acquired control of Sociedad Concesionaria Vespucio Sur.

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 2016. Comparative amounts as at 31 December 2015 are shown in brackets. As described in note 6, "Corporate actions", the statements of changes in assets and liabilities show the reclassification of assets and liabilities attributable to AID and ADA and the related subsidiaries as at 31 December 2016, presented, in accordance with IFRS 5, on the basis of their nature (financial or non-financial), to items relating to assets and liabilities related to discontinued operations. Changes in assets and liabilities also include the values of the assets and liabilities of Stalexport Autostrady, the related subsidiaries and Telepass until the date of their respective deconsolidation.

Details of amounts in the consolidated statement of financial position deriving from related party transactions are provided in note 10.5.

7.1 Property, plant and equipment - €85,878 thousand (€131,978 thousand)

As at 31 December 2015, property, plant and equipment amounts to €85,878 thousand, compared with a carrying amount of €131,978 thousand as at 31 December 2015.

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 2016			31 December 2015		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	322,921	-239,059	83,862	447,088	-321,559	125,529
Property, plant and equipment held under finance leases	-	-	-	3,286	-335	2,951
Investment property	5,387	-3,371	2,016	12,558	-9,060	3,498
Total property, plant and equipment	328,308	-242,430	85,878	462,932	-330,954	131,978

The following table shows amounts at the beginning and end of the period for the different categories of asset, and the related changes in 2016.

€000	Carrying amount as at 31 December 2015	CHANGES DURING THE YEAR								Carrying amount as at 31 December 2016
		Additions	Depreciation	Impairments	Disposals	Currency translation differences	Reclassifications and other adjustments	net reclassifications to assets related to discontinued operations	Changes in scope of consolidation	
Property, plant and equipment										
Land	3,275	127	-	-	-	46	8	-566	-	2,890
Buildings	28,059	1,078	-1,714	-	-5	-98	1,261	-72	-2,866	25,643
Plant and machinery	2,351	278	-504	-	-1	96	6	-1,035	-	1,191
Industrial and business equipment	40,344	15,119	-16,235	-	-224	187	5,629	-5,456	-6,002	33,362
Other assets	41,972	25,160	-16,869	-770	1	316	245	-4,970	-29,561	15,524
Property, plant and equipment under construction and advance payments	9,528	5,183	-	-	-25	-32	-7,685	-	-1,717	5,252
Total	125,529	46,945	-35,322	-770	-254	515	-536	-12,099	-40,146	83,862
Property, plant and equipment held under finance leases										
Equipment held under finance leases	2,951	-	-150	-	-	276	-	-3,074	-3	-
Total	2,951	-	-150	-	-	276	-	-3,074	-3	-
Investment property										
Land	166	-	-	-	-	-	-8	-	-	158
Buildings	3,332	-	-496	-	-	-32	54	-	-1,000	1,858
Total	3,498	-	-496	-	-	-32	46	-	-1,000	2,016
Total property, plant and equipment	131,978	46,945	-35,968	-770	-254	759	-490	-15,173	-41,149	85,878

The reduction in the carrying amount of property, plant and equipment with respect to 31 December 2015, amounting to €46,100 thousand, primarily reflects a combination of the following:

- the deconsolidation of the Stalexport group and of Telepass following the disposal of these companies, resulting in a reduction of €41,149 thousand;
- depreciation for the year of €35,968 thousand;
- the reclassification of amounts as at 31 December 2016, totalling €15,173 thousand, to "Assets held for sale or related to discontinued operations";
- capital expenditure during the year of €46,945 thousand.

Investment property of €2,016 thousand as at 31 December 2016 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 €8.7 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 2016.

Finally, as at 31 December 2016, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2 Intangible assets - €18,750,244 thousand (€21,637,197 thousand)

This item consists of:

- b) intangible assets deriving from concession rights, totalling €12,620,116 thousand (€15,449,258 thousand as at 31 December 2015), and regarding the following categories:
 - 1) rights acquired from third parties (€105,343 thousand), essentially reflecting the fair value of concession rights recognised following acquisitions of Italian motorway operators in previous years;
 - 2) rights recognised as a result of the performance of construction services for which no additional economic benefits are received, totalling €8,384,670 thousand;
 - 3) rights deriving from construction services for which additional economic benefits are received, totalling €4,024,358 thousand;
 - 4) rights deriving from construction services carried out by service area operators, totalling €105,745 thousand, represented by assets that were handed over free of charge to the Group's operators on expiry of the related sub-concessions;
- c) goodwill and other intangible assets with indefinite lives, totalling €6,111,237 thousand and broadly unchanged with respect to the previous year;
- d) other intangible assets of €18,891 thousand (€76,609 thousand as at 31 December 2015).

€000	31 December 2016				31 December 2015			
	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount
Intangible assets deriving from concession rights	18,538,958	-5,724,094	-194,748	12,620,116	21,529,284	-5,885,279	-194,747	15,449,258
Goodwill and other intangible assets with indefinite lives	6,111,237	-	-	6,111,237	6,130,782	-	-19,452	6,111,330
Other intangible assets	241,218	-222,327	-	18,891	369,705	-289,297	-3,799	76,609
Intangible assets	24,891,413	-5,946,421	-194,748	18,750,244	28,029,771	-6,174,576	-217,998	21,637,197

Intangible assets recorded a net decrease of €2,886,953 thousand in 2016, primarily due to a combination of the following:

- a) the reclassification of intangible assets, totalling €3,159,604 thousand as at 31 December 2016 (primarily relating to overseas motorway operations), to "Assets held for sale or related to discontinued operations", as a result of the above restructuring described in note 6 "Corporate actions";
- b) amortisation for the year, totalling €705,954 thousand;
- c) the reduction due to deconsolidations, essentially of the Stalexport group, totalling €181,654 thousand;
- d) the increase in the net value of the concession held by the overseas companies as a result of currency translation differences at the end of the year, accounting for a rise of €415,893 thousand, essentially due to a strengthening of the Brazilian real and Chilean peso against the euro as at 31 December 2016, compared with the end of 2015;
- e) the increase in intangible assets deriving from concession rights, following a revision of the present value on completion of investment in construction services for which no additional benefits are received, resulting in an increase of €391,851 thousand;

- f) investment in construction services for which additional economic benefits are received, totalling €307,943 thousand;
- g) investment in other intangible assets, totalling €39,817 thousand.

The following table shows intangible assets at the beginning and end of the period and changes during 2016 in the different categories of intangible asset.

€000	Carrying amount as at 31 December 2015	CHANGES DURING THE YEAR								Carrying amount as at 31 December 2016
		Additions due to completion of construction services, purchases and capitalisations	Additions free of charge	Amortisation	Changes due to revised present value of contractual obligations	Currency translation differences	Reclassifications and other adjustments	Reclassifications to assets related to discontinued operations	Change in scope of consolidation	
Intangible assets deriving from concession rights										
Acquired concession rights	2,160,594	-	-	-101,009	-	277,426	-	-2,152,304	-79,364	105,343
Concession rights accruing from construction services for which no additional economic benefits are received	8,440,514	-	-	-368,997	391,851	1,874	10,151	-15,282	-75,441	8,384,670
Concession rights accruing from construction services for which additional economic benefits are received	4,748,603	307,943	-	-207,875	-	127,620	-16,654	-917,998	-17,281	4,024,358
Concession rights accruing from construction services provided by sub-operators	99,547	-	11,002	-4,804	-	-	-	-	-	105,745
Total	15,449,258	307,943	11,002	-682,685	391,851	406,920	-6,503	-3,085,584	-172,086	12,620,116
Goodwill and other intangible assets with indefinite lives										
Goodwill	6,111,298	-	-	-	-	-	-	-	-64	6,111,234
Trademarks	32	-	-	-	-	1	-	-5	-25	3
Total	6,111,330	-	-	-	-	1	-	-5	-89	6,111,237
Other intangible assets										
Development costs	10,669	12,592	-	-10,930	-	8	-	-265	-3,101	8,973
Industrial patents and intellectual property rights	7,903	7,263	-	-6,949	-	455	29	-2,188	-104	6,409
Concessions and licenses	4,458	45	-	-834	-	259	289	-3,190	-816	211
Other	27,373	4,764	-	-4,556	-	7,025	-35	-34,485	-86	-
Intangible assets under development and advance payments	26,206	15,153	-	-	-	1,225	-27	-33,887	-5,372	3,298
Total	76,609	39,817	-	-23,269	-	8,972	256	-74,015	-9,479	18,891
Intangible assets	21,637,197	347,760	11,002	-705,954	391,851	415,893	-6,247	-3,159,604	-181,654	18,750,244

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

In 2016, the Group invested a total of €844,111 thousand in assets held under concession (€1,074,370 thousand in 2015). In accordance with IFRIC 12 and as described in note 3, 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”). The following analysis shows the various components of investment in assets held under concession effected through construction services, as also reported in the consolidated statement of cash flows.

€000	Note	2016	2015	Increase/ (Decrease)
Use of provisions for construction services required by contract for which no additional economic benefits are received	7.13	454,735	504,872	-50,137
Increase in intangible concession rights accruing from completed construction services for which additional economic benefits are received		307,943	441,646	-133,703
Increase in financial assets deriving from motorway construction services	7.4	81,101	87,895	-6,794
Revenue from government grants for construction services for which no additional economic benefits are received	8.2	332	39,957	-39,625
Investment in assets held under concession		844,111	1,074,370	-230,259

Research and development expenditure of approximately €0.7 million has been recognised in the consolidated income statement for 2016. These activities are carried out in order to improve infrastructure, the services offered, safety levels and environmental protection and in relation to the internal development of software and IT systems.

"Goodwill and other intangible assets with indefinite lives" of €6,111,234 thousand. The balance primarily consists of the carrying amount of goodwill (impairment tested at least once a year rather than amortised), including €6,111,201 thousand 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 Parent Company's IFRS transition date.

With regard to the recoverability of the intangible assets belonging to the Group's other motorway operators, CGUs showing evidence of a potential impairment have been tested for impairment, in addition to the CGU represented by Autostrade per l'Italia, to which the above goodwill is allocated in full.

In terms of the methodology used in impairment testing, the following should be noted:

- a) as explained in note 3, 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 motorway operators tested for impairment (listed below), with the exception of Autostrade Meridionali and Raccordo Autostradale Valle d'Aosta (which are dealt with below), value in use was estimated on the basis of the long-term plans drawn up by the respective companies, containing traffic, investment, revenue and cost projections for the full term of the related concessions, as previously described in note 4. The use of long-term plans covering the entirety of the respective concession terms is deemed more appropriate than the approach provisionally suggested by IAS 36 (namely, a limited explicit projection period and the estimated terminal value), given the intrinsic nature of the motorway concession arrangements, above all with regard to the regulations governing the sector and the predetermined duration of the arrangements;
- c) in the case of AD Moving, which essentially provides support services to the Group's Italian motorway 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 it provides its services, that is until 2038, without estimating the terminal value.

The following table shows the key assumptions forming the basis for the long-term plans of the CGUs represented by the Group's motorway operators to be tested for impairment, prepared on the basis of the regulatory mechanisms included in the specific concession arrangements. The recoverable value of the CGUs is estimated on the basis of these assumptions (rate of traffic growth, rate of toll increases and discount rate used, the latter determined on the basis of the requirements of IAS 36).

	Traffic growth rate (CAGR)	Average annual toll increase ^(*)	Discount rate (after-tax WACC)
Autostrade per l'Italia	1.24%	2.53%	5.14%
Rodovia Das Colinas (Brazil)	3.70%	4.90%	11.04%
Triangulo do Sol Auto-Estradas (Brazil)	3.00%	6.00%	11.04%
Concessionaria da Rodovia MG050 (Brazil)	5.20%	5.50%	11.04%

(*) in Autostrade per l'Italia's case, this includes an average annual toll increase of 1.34% based on implementation of the investment programme, in addition to annual toll increases designed to take account of inflation (1.19%).

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. A discount rate of 5.14% was used for AD Moving.

The impairment tests confirmed that the assets accounted for in the financial statements and allocated to the above CGUs, which in Autostrade per l'Italia's case also includes the value of goodwill, are fully recoverable.

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% (for the motorway operators). 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 per l'Italia, taking into account the importance of this CGU and in view of the lengthy period of time over which the projected cash flows are generated and the fact that the discount rate, determined in accordance with the criteria established in IAS 36, is influenced by the particular state of the financial markets (with extremely low interest rates, partly as a result of the ECB's expansionary monetary policies and very low levels of inflation in Europe), a sensitivity analysis was also performed applying a rate that is more representative of the Company's medium/long-term WACC, estimated in an interval of 6.3% - 6.4%. The results of these analyses have, in any event, confirmed that the assets allocated to the CGU are fully recoverable.

In the case of the CGU represented by Raccordo Autostradale Valle d'Aosta, this company's intangible assets deriving from concession rights were written down in previous years by €193,843 thousand, before the related deferred taxation.

In 2015, the company submitted a proposal for a further addendum to its Single Concession Arrangement of 2009 to the Grantor. This envisages, among other things, a grant related to income throughout the concession term, and is based on the financial compensation mechanism provided for in the existing arrangement, maintaining the same returns as under this arrangement. The addendum will be examined by the Interministerial Economic Planning Committee ("CIPE") and a decision is awaited. Should the addendum not be approved, the company could activate the clause contained in art. 9 *bis* of the existing Single Concession Arrangement, which provides for termination of the concession arrangement and payment to the company of the value of any unamortised assets, in addition to compensation for lost earnings.

In view of the uncertainty surrounding the regulatory framework that is still in the process of being finalised, with the various alternatives permitting the company to recoup its net capital invested, the related value in use was not redetermined.

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.

7.3 Investments - €61,044 thousand (€108,292 thousand)

As at 31 December 2016, this item is down €47,248 thousand, primarily due to a combination of the following:

- the reduction following the reclassification of amounts at the end of the year for the investments in the overseas operators, Lusoponte and Rodovias do Tietè, amounting to €39,853 thousand and €16,484 thousand, respectively, to "Assets held for sale or related to discontinued operations", reflecting the transfer of the investment in the sub-holding company, Autostrade dell'Atlantico, that owns these companies to the parent, Atlantia, as described in note 6, "Corporate actions";
- net revaluations through profit or loss, amounting to €21,992 thousand, primarily regarding the reversal of the entire impairment loss of €24,514 thousand on the carrying amount of the investment in the Portuguese motorway operator, Lusoponte, following a new estimate of the recoverable amount by an independent expert, as part of the process of moving the registered domicile of the parent, Autostrade Portugal, to Italy, completed on 24 June 2016. The Dividend Discount Method (DDM), based on discounting projected future dividend flows, based on the company's long-term business plan, to present value, was used in order to determine the recoverable amount. The plan is based on projected traffic growth, investment, revenue and costs through to the end of Lusoponte's concession term;
- recognition of the Group's share of the results of investments measured using the equity method, resulting in a loss of €8,954 thousand and primarily attributable to the loss reported by Pavimental;
- a reduction in the carrying amount of the investment in Società Infrastrutture Toscane, following the return of capital, amounting to €3,680 thousand, resulting from the current liquidation process.

The following table shows carrying amounts at the beginning and end of the period, grouped by category, and changes in investments in 2016.

€000	31 December 2015 Opening balance	CHANGES DURING THE YEAR					Change in scope of consolidation and other changes	31 December 2016 Closing balance
		Return of capital	Revaluations (Impairments) through profit or loss	Measurement using equity method		Net reclassifications to assets related to discontinued operations		
				Profit or loss	Other comprehensive income			
Investments accounted for at cost or fair value	51,747	-	21,992	-	-	-39,853	33	33,919
Investments accounted for using the equity method:								
- associates	37,847	-3,680	-	-7,690	-50	-3	-299	26,125
- joint ventures	18,698	-	-	-5,124	3,910	-16,484	-	1,000
Investments	108,292	-3,680	21,992	-12,814	3,860	-56,340	-266	61,044

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 2016 were not available, the above information was supplemented and, where necessary, restated in accordance with Group accounting policies.

The following table shows an analysis of the Group's principal investments as at 31 December 2016, including the Group's percentage interest and the relevant carrying amount, net of unpaid, called-up issued capital, and showing the original cost and any accumulated revaluations and impairments at the end of the period. 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 2016				31 December 2015			
	% interest	Cost	Revaluations/ (Impairments)	Carrying amount	% interest	Cost	Revaluations/ (Impairments)	Carrying amount
Investments accounted for at cost or fair value								
Tangenziali Esterne di Milano	13.67%	36,034	-4,012	32,022	13.67%	36,034	-1,490	34,544
Lusoponte	-	-	-	-	17.21%	39,852	-24,513	15,339
Tangenziale Esterna	0.25%	1,162	-	1,162	0.25%	1,162	-	1,162
Uirnet	1.51%	427	-	427	1.51%	427	-	427
Veneto Strade	5.00%	258	-	258	5.00%	258	-	258
Other smaller investments	-	50	-	50	-	614	-597	17
				33,919				51,747
Investments accounted for using the equity method:								
- associates								
Spea Engineering	20.00%	1,576	17,129	18,705	20.00%	1,576	15,872	17,448
Pavimental	20.00%	9,505	-6,944	2,561	20.00%	9,505	1,868	11,373
Società Infrastrutture Toscane (in liquidation)	46.00%	3,220	-251	2,969	46.00%	6,900	-182	6,718
Pedemontana Veneta (in liquidation)	29.77%	1,935	-109	1,826	29.77%	1,935	-96	1,839
Bologna & Fiera Parking	36.81%	5,557	-5,557	-	36.81%	5,557	-5,411	146
Other smaller investments	-	64	-	64	-	2,068	-1,745	323
- joint ventures								
Rodovia do Tietè	-	-	-	-	50.00%	53,903	-36,205	17,698
Geie del Traforo del Monte Bianco	50.00%	1,000	-	1,000	50.00%	1,000	-	1,000
				27,125				56,545
				61,044				108,292
				Investments				Investments

Annex 1 provides a list of the Group's investments as at 31 December 2016.

7.4 Financial assets

(non-current) €395,767 thousand (€1,774,790 thousand)
(current) €508,333 thousand (€781,914 thousand)

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

€000	Note	31 December 2016			31 December 2015		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Takeover rights		398,270	398,270	-	403,293	403,293	-
Guaranteed minimums		-	-	-	610,454	32,218	578,236
Other concession rights		-	-	-	188,263	-	188,263
Financial assets deriving from concession rights	(1)	398,270	398,270	-	1,202,010	435,511	766,499
Financial assets deriving from government grants related to construction services	(1)	240,461	50,476	189,985	330,289	74,627	255,662
Term deposits	(2)	234,609	48,913	185,696	536,212	211,318	324,894
Derivative assets	(3)	1,131	1,131	-	35,200	35,200	-
Other medium/long-term financial assets	(4)	22,378	2,292	20,086	434,616	6,881	427,735
Other medium/long-term financial assets		23,509	3,423	20,086	469,816	42,081	427,735
Current derivative assets	(3)	-	-	-	36	36	-
Other current financial assets	(4)	7,251	7,251	-	18,341	18,341	-
Total		904,100	508,333	395,767	2,556,704	781,914	1,774,790

(1) These assets include financial instruments primarily classified as "loans and receivables" under IAS 39. The carrying amount is equal to fair value.

(2) These assets have been classified as "available-for-sale" financial instruments and in level 2 of the fair value hierarchy. The carrying amount is equal to fair value.

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

The following table shows changes in Financial assets deriving from concession rights during the year:

Migliaia di euro	Valore di bilancio al 31/12/2015	VARIAZIONI DELL'ESERCIZIO						Valore di bilancio al 31/12/2016
		Incrementi da attualizzazione	Incrementi per opere realizzate	Decrementi per incassi	Differenze cambio	Riclassifiche in attività concesse ad attività operative cessate	Riclassifiche e altre variazioni	
Diritti di subentro	403.293	-	-	-	-	-	-5.023	398.270
Pedaggi minimi garantiti	610.454	45.280	-	74.334	75.595	-656.995	-	-
Altri diritti concessori finanziari	188.263	15.159	81.101	-	31.084	-316.688	1.081	-
Diritti concessori finanziari	1.202.010	60.439	81.101	74.334	106.679	-973.683	-3.942	398.270

In general, the above table shows significant reductions in all the individual items, reflecting the reclassification to assets held for sale of the concession rights of the overseas companies involved in the restructuring described in note 6, "Corporate actions".

Financial assets deriving from concession rights include takeover rights attributable to Autostrade Meridionali (€398,270 thousand as at 31 December 2016), 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..

Financial assets deriving from government grants to finance infrastructure works 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. This item is down €89,828 thousand compared with 31 December 2015, essentially following the reclassification to assets

held for sale of the grants attributable to the overseas companies (€92,437 thousand), partially offset by accrued grants receivable by the Group's Italian operators (€6,291 thousand).

Term deposits, totalling €234,609 thousand, essentially relate to loans disbursed by banks as a condition precedent for the grants financing the new construction required by laws 662/1996, 345/1997 and 135/1997, relating to the *Variante di Valico* and the upgrade of the motorway interchange serving Florence.

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

No evidence of impairment was found in 2016 for any of the financial assets reported in the financial statements.

7.5 Deferred tax assets and deferred tax liabilities

Deferred tax assets - €118,522 thousand (€167,804 thousand)

Deferred tax liabilities - €470,947 thousand (€1,188,774 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 2016	31 December 2015
Deferred tax assets	999,677	1,438,786
Deferred tax liabilities eligible for offset	-881,155	-1,270,982
Deferred tax assets less deferred tax liabilities eligible for offset	118,522	167,804
Deferred tax liabilities not eligible for offset	-470,947	-1,188,774
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-352,425	-1,020,970

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.

CHANGES DURING THE YEAR

€000	31 December 2015	Provisions	Releases	Provisions (releases) on other components of comprehensive income	Change in prior year estimates	Reclassifications to assets related to discontinued operations	Translation differences and other changes	Change in scope of consolidation	31 December 2016
Deferred tax assets on:									
Restatement of total amount subject to IFRIC 12 by Autostrade per l'Italia	445,524	904	-23,333	-	-	-	-	-	423,095
Provisions	429,635	110,208	-90,500	55	-7,776	-6,205	950	-3,498	432,869
Tax losses eligible to be carried forward	120,330	3,030	-32,091	-	-23,388	-73,235	6,329	-462	513
Impairments and depreciation of non-current assets	100,879	4,898	-2,298	-	-2	-82,447	18,311	-321	39,020
Losses on hedging derivatives	93,325	446	-826	-33,006	421	-7,425	1,318	1,342	55,595
Impairment of receivables and inventories	26,547	12,219	-4,644	-	-352	-30,641	2,998	-1,105	5,022
Other temporary differences	222,546	33,546	-22,992	500	1,434	-171,702	16,697	-36,466	43,563
Total	1,438,786	165,251	-176,684	-32,451	-29,663	-371,655	46,603	-40,510	999,677
Deferred tax liabilities on:									
Off-balance sheet amortisation of goodwill	-1,218,651	-98,637	-	-	-	-1,793	-	-	-1,319,081
Difference between carrying amounts and fair values of assets and liabilities acquired through business combinations	-764,454	-	26,938	-	68,752	757,059	-85,064	-3,231	-
Financial assets deriving from concession rights and government grants	-217,169	-839	4,910	-	-675	231,676	-18,112	-	-209
Other temporary differences	-259,482	-28,719	14,838	814	-1,195	236,071	-29,288	34,129	-32,812
Total	-2,459,756	-128,195	46,686	814	66,882	1,223,013	-132,444	30,898	-1,352,102
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-1,020,970	37,056	-129,998	-31,637	37,219	851,358	-85,841	-9,612	-352,425

The balance of net deferred tax liabilities, totalling €352,425 thousand as at 31 December 2016, primarily consists of the following:

- a) deferred tax liabilities recognised from 2003 as a result of the deduction, solely for tax purposes, of the amortisation of goodwill recognised by Autostrade per l'Italia, totalling €1,319,081 thousand;
- b) the residual balance of Autostrade per l'Italia's deferred tax assets accounted for as a result of recognition of the impact on taxation of the carrying amounts accounted for in application of IFRIC 12 and to be released on a straight-line basis over the concession term, amounting to €423,095 thousand;
- c) deferred tax assets on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years, totalling €432,869 thousand.

The reduction of €668,545 thousand in net deferred tax liabilities primarily reflects a combination of the following:

- a) the net reclassification to the relevant items in net assets related to discontinued operations, amounting to €851,358 thousand, essentially regarding deferred tax liabilities on the gains recognised following the fair value measurement of assets acquired as a result of business combinations attributable to the Chilean and Brazilian motorway operators, following the corporate restructuring described in note 6, "Corporate actions";
- b) the provision of deferred taxes on the above deduction, solely for tax purposes, of amortisation of the goodwill formerly recognised by Autostrade per l'Italia (€110,208 thousand);
- c) the impact of translation differences and other changes, which have increased net deferred tax liabilities by €85,841 thousand, essentially reflecting the increase in the value of the Brazilian real and the Chilean peso against the euro as at 31 December 2016 with respect to the end of 2015.

7.6 Other non-current assets - €8,189 thousand (€11,301 thousand)

This essentially relates to refundable VAT due to Autostrade Tirrenica.

7.7 Trading assets – €574,739 thousand (€1,145,347 thousand)

As at 31 December 2016, trading assets include:

- a) inventories of €48,561 thousand (€47,475 thousand as at 31 December 2015), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of plant;
- b) contract work in progress of €4,204 thousand (€2,696 thousand as at 31 December 2015);
- c) trade receivables of €521,974 thousand (€1,095,176 thousand as at 31 December 2015), consisting of the following items.

€000	31 December 2016	31 December 2015
Trade receivables due from:		
Motorway users	253,790	860,091
Sub-operators at motorway service areas	122,001	103,309
Sundry customers	130,571	238,531
Gross trade receivables	506,362	1,201,931
Allowance for bad debts	29,151	170,801
Other trading assets	44,763	64,046
Net trade receivables	521,974	1,095,176

Trade receivables, after the allowance for bad debts, are down €573,202 thousand, essentially due to the change in the scope of consolidation.

The following table shows an ageing schedule for trade receivables.

€000	Total receivables as at 31 December 2016	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	506,362	433,357	8,876	15,134	48,995

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 2016, 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 2015	Additions	Uses	Change in scope of consolidation	Reclassifications and other changes	Reclassifications to assets related to discontinued operations	31 December 2016
Allowance for bad debts	170,801	53,840	-44,539	-3,356	7,269	-154,864	29,151

The carrying amount of trade receivables approximates to fair value.

7.8 Cash and cash equivalents – €3,223,793 thousand (€2,786,098 thousand)

This item includes cash in hand and investments maturing within the short term. The item is up €437,695 thousand compared with 31 December 2015. This partially reflects the proceeds from disposal of the investments in Telepass and Stalexport Autostrady in December 2016.

Detailed explanations of the cash flows resulting in the increase in the Group's cash in 2016 are contained in note 9.1, "Notes to the consolidated statement of cash flows".

7.9 Current tax assets and liabilities

Current tax assets - €69,025 thousand (€46,299 thousand)

Current tax liabilities - €4,270 thousand (€34,074 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 2016	31 December 2015	31 December 2016	31 December 2015
IRES	67,779	23,401	747	8,667
IRAP	1,073	17,864	3,523	-30
Taxes attributable to foreign operations	173	5,034	-	25,437
	69,025	46,299	4,270	34,074

As at 31 December 2016, the Group reports net current tax assets of €64,755 thousand, up €52,530 thousand (€12,225 thousand as at 31 December 2015). This substantially reflects the fact that payments on account for IRES made during the year are higher than the amount of tax due as at 31 December 2016.

7.10 Other current assets - €82,518 thousand (€183,489 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 2016	31 December 2015	Increase/ (Decrease)
Receivable from public entities	9,112	21,757	-12,645
Tax credits other than for income tax	16,620	28,292	-11,672
Receivables due from end users and insurance companies for damages	19,430	23,937	-4,507
Accrued income of a non-trading nature	500	3,742	-3,242
Amounts due from staff	1,806	2,084	-278
Receivables from social security institutions	509	982	-473
Payments on account to suppliers and other current assets	39,604	130,986	-91,382
Gross other current assets	87,581	211,780	-124,199
Allowance for bad debts	-5,063	-28,291	23,228
Other current assets	82,518	183,489	-100,971

The balance is down €100,971 thousand compared with 31 December 2015, primarily due to reductions in payments on account to suppliers and in other current assets, reflecting a combination of the following:

- recognition of construction services for which no additional economic benefits are received as capital expenditure, reflecting amounts paid to certain suppliers in June 2014 for work on the upgrade of the Apennine section of motorway between Sasso Marconi and Barberino del Mugello (€60,000 thousand);

- b) the reclassification, totalling €41,840 thousand, of amounts as at 31 December 2016 relating to overseas motorway operations to “Assets held for sale or related to discontinued operations”.

The allowance for bad debts, totalling €5,063 thousand as at 31 December 2016 (€28,291 thousand as at 31 December 2015), entirely 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. The reduction compared with 2015, amounting to €23,228 thousand, essentially reflects the deconsolidation of the Stalexport group.

7.11 Assets held for sale or related to discontinued operations - €5,907,657 thousand (€44,985 thousand)

Liabilities related to discontinued operations – €2,996,823 thousand (€6,199 thousand)

As described in note 6, “Corporate actions”, following the restructuring of the Atlantia Group, the assets and liabilities of AID, ADA and the related subsidiaries as at 31 December 2016 have been reclassified to items relating to assets and liabilities related to discontinued operations, details of which are shown below by nature (trading, financial or otherwise).

€000	31 December 2016	31 December 2015	Increase/ (Decrease)
Non-current non-financial assets	3,277,931	4,271	3,273,660
-Property, plant and equipment	15,173	-	15,173
-Intangible assets	3,159,605	-	3,159,605
-Deferred tax assets	27,048	-	27,048
-Investments	60,613	4,271	56,342
-Other non-current assets	15,492	-	15,492
Current non-financial assets	298,431	1,680	296,751
-Trading assets	238,812	7	238,805
-Other current non-financial assets	59,619	1,673	57,946
Non-current financial assets	1,646,229	-	1,646,229
Current financial assets	685,066	39,034	646,032
-Cash and cash equivalents	401,516	39,021	362,495
-Other current financial assets	283,550	13	283,537
Total assets held for sale or related to discontinued operations	5,907,657	44,985	5,862,672
Non-current non-financial liabilities	1,011,469	-	1,011,469
-Non-current provisions	74,130	-	74,130
-Deferred tax liabilities	878,406	-	878,406
-Other non-current liabilities	58,933	-	58,933
Trading liabilities and other current non-financial liabilities	222,700	5,768	216,932
Non-current financial liabilities	1,344,138	-	1,344,138
Current financial liabilities	418,516	431	418,085
Total liabilities related to discontinued operations	2,996,823	6,199	2,990,624

Net assets held for sale or related to discontinued operations, amounting to €2,910,834 thousand as at 31 December 2016, include:

- a) intangible assets of €3,159,605, essentially regarding the carrying amounts of concession rights (€3,085,584 thousand) recognised following the acquisitions of Chilean and Brazilian motorway operators in previous years ;
- b) non-current and current financial assets, totalling €2,331,295 thousand, essentially relating to:
 - 1) the present value of the financial asset deriving from the concession right relating to the minimum revenue guaranteed by the Grantor under the arrangements entered into by certain of the Group's Chilean operators (€656,995 thousand);
 - 2) the receivable due to AB Concessoes from Infra Bertin Empreendimentos (€562,305 thousand);
 - 3) cash and cash equivalents essentially attributable to the Chilean and Brazilian motorway operators (€401,516 thousand);
 - 4) other financial assets deriving from concession rights held by the Chilean operator, Costanera Norte (€316,688 thousand). In particular, this item regards the financial assets due to Costanera Norte as a result of carrying out the motorway investment programme named *Santiago Centro Oriente* ("CC7");
 - 5) financial assets deriving from government grants, including amounts receivable from grantors or other public entities as grants accruing as a result of construction and maintenance of assets held under concession (€92,437 thousand);
- c) non-current financial liabilities, totalling €1,344,138 thousand, essentially regarding bonds issued in previous year by the Chilean and Brazilian motorway operators (totalling €784,216 thousand) and the non-current portion of medium/long-term borrowings (€531,245 thousand);
- d) deferred tax liabilities, totalling €878,406 thousand, primarily on gains recognised following the fair value measurement of assets acquired with business combinations, as referred to in point a).

7.12 Equity - €6,117,662 thousand (€4,559,716 thousand)

The issued capital of the Parent Company, Autostrade per l'Italia SpA, as at 31 December 2016 is fully subscribed and paid and consists of 622,027,000 ordinary shares of a par value of €1 each, amounting to a total of €622,027 thousand. This figure did not undergo any changes compared with 31 December 2015.

Equity attributable to owners of the parent, totalling €4,368,352 thousand, is up €1,368,617 thousand compared with 31 December 2015. The most important changes during the period are shown in detail in the statement of changes in consolidated equity. These regard:

- a) the increase deriving from the disposal of the investments in and resulting deconsolidation of Telepass and the Stalexport group (totalling €1,054,177 thousand), in accordance with the accounting treatment described in note 3 "Accounting standards and policies applied" for transactions under common control;
- b) comprehensive income for 2016, totalling €1,086,500 thousand, consisting of profit for the year (€817,245 thousand) and other comprehensive income (€269,255 thousand), due primarily to the following:
 - 1) an increase (€176,101 thousand) in the foreign currency translation reserve for assets and liabilities of consolidated companies denominated in functional currencies other than the euro, reflecting significant increases in the value of the Brazilian real and the Chilean peso against the euro;
 - 2) an increase in other reserves (€153,997 thousand), primarily due to the reclassification to profit or loss of the cash flow hedge reserves linked to the issuer substitution (amounting to €200,909 thousand) after the related taxation (€49,535 thousand), as described in detail in note 8.17, "Material non-recurring transactions";

- 3) an increase in fair value losses (€62,748 thousand) on cash flow hedges (reflecting the fall in interest rates as at 31 December 2016, compared with 31 December 2015);
- c) the dividends declared by Autostrade per l'Italia, amounting to €470,252 thousand, and including the final dividend for 2015 and the interim dividend for 2016, totalling €304,793 thousand.

Equity attributable to non-controlling interests of €1,749,310 thousand is up €189,329 thousand compared with 31 December 2015 (€1,559,981 thousand), essentially reflecting comprehensive income for the year attributable to non-controlling interests, amounting to €286,844 thousand, essentially due to significant increases in the value of the Brazilian real and Chilean peso against the euro, partially offset by the impact of deconsolidation of the Stalexport group (€72,814 thousand) and dividends declared by a number of Group companies that are not wholly owned subsidiaries (totalling €18,100 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) €3,165,177 thousand (€3,369,243 thousand)

(current) €521,454 thousand (€458,737 thousand)

Provisions for construction services required by contract represent the present value of motorway infrastructure construction and/or upgrade services that certain of the Group's operators, particularly Autostrade per l'Italia, are 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 2016, showing the non-current and current portions.

€000	31 December 2015			CHANGES DURING THE YEAR					31 December 2016			
	Carrying amount	non-current portion	current portion	Changes due to revised present value of obligations	Financial provisions	Uses to finance works	Currency translation differences, reclassifications and other changes	Change in scope of consolidation	Reclassifications to assets related to discontinued operations	Carrying amount	non-current portion	current portion
Provisions for construction services required by contract	3,827,980	3,369,243	458,737	391,851	27,813	-454,735	-1,703	-79,941	-24,634	3,686,631	3,165,177	521,454

The reduction in these provisions amounts to €141,349 thousand and primarily reflects a combination of the following:

- a) the use of provisions for construction services for which no additional economic benefits are received performed in 2016 (€454,735 thousand, net of the related government grants);
- b) deconsolidation of the Stalexport group, accounting for €79,941 thousand;
- c) an increase following a revision of the present value of future construction services, with a matching increase in intangible assets deriving from concession rights, totalling €391,851 thousand (including €58,378 thousand due to the impact of movements in the current and future interest rates used as at 31 December 2016, compared with those used as at 31 December 2015).

7.14 Provisions

(non-current) - €1,298,255 thousand (€1,267,465 thousand)

(current) - €231,790 thousand (€284,597 thousand)

As at 31 December 2016, provisions amount to €1,530,045 thousand (€1,552,062 thousand as at 31 December 2015). The following table shows details of provisions by type, showing the non-current and current portions.

€000	31 December 2016			31 December 2015		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	131,714	107,382	24,332	141,555	119,946	21,609
Provisions for repair and replacement of motorway infrastructure	1,333,975	1,169,196	164,779	1,332,007	1,114,906	217,101
Other provisions	64,356	21,677	42,679	78,500	32,613	45,887
Total provisions	1,530,045	1,298,255	231,790	1,552,062	1,267,465	284,597

The following table shows provisions at the beginning and end of the period and changes in 2016.

€000	31 December 2015	CHANGES DURING THE YEAR							31 December 2016
	Carrying amount	Operating provisions	Financial provisions	Uses	Deferred actuarial gains/(losses) recognised in comprehensive income	Currency translation differences, reclassifications and other changes	Reclassifications to assets related to discontinued operations	Change in scope of consolidation	Carrying amount
Provisions for employee benefits									
Post-employment benefits	139,426	910	1,777	-11,528	2,459	558	-22	-1,866	131,714
Other employee benefits	2,129	318	8	-753	-	28	-943	-787	-
Total	141,555	1,228	1,785	-12,281	2,459	586	-965	-2,653	131,714
Provisions for repair and replacement of motorway infrastructure									
Provisions for repair and replacement of motorway infrastructure	1,332,007	432,761	31,741	-365,963	-	15,683	-94,092	-18,162	1,333,975
Other provisions									
Provisions for impairments exceeding carrying amounts of investments	10	-	-	-	-	-	-	-	10
Provisions for disputes, liabilities and sundry charges	78,490	6,976	-10	-5,015	-	-4,171	-11,723	-201	64,346
Total	78,500	6,976	-10	-5,015	-	-4,171	-11,723	-201	64,356
Total provisions	1,552,062	440,965	33,516	-383,259	2,459	12,098	-106,780	-21,016	1,530,045

PROVISIONS FOR EMPLOYEE BENEFITS (non-current) - €107,382 thousand (€119,946 thousand) (current) - €24,332 thousand (€21,609 thousand)

As at 31 December 2016, this item consists almost entirely of provisions for post-employment benefits to be paid to staff employed under Italian law. The reduction of €9,841 thousand primarily reflects uses of provisions for benefits and advances paid. The actuarial model used to measure provisions for post-employment benefits is based on both demographic and economic assumptions.

The most important actuarial assumptions used to measure post-employment benefits at 31 December 2016 are summarised below.

Financial assumptions	
Annual discount rate(*)	0.86%
Annual inflation rate	1.50%
Annual rate of increase in post-employment benefits	2.65%
Annual rate of increase in real salaries	0.65%
Annual turnover rate	from 0.5% to 3%
Duration (years)	from 7.3 to 17.6

(*) The annual discount rate used to determine the present value of the obligation was determined, in accordance with paragraph 83 of IAS 19, with reference to the average yield curve taken from the Iboxx Corporate AA index on the valuation date for durations of 7-10 years, reflecting the overall duration of the relevant provisions.

Demographic assumptions	
Mortality	Government General Accounting Office projections
Disability	INPS tables by age and sex
Retirement age	Mandatory state pension retirement age

The following table shows a sensitivity analysis of provisions for post-employment benefits at the end of the year based on assumed changes in the individual rates used in the actuarial assumptions.

Sensitivity analysis as at 31 December 2016						
€000	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	135,904	137,271	138,042	135,097	134,223	138,963

PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE (non-current) - €1,169,196 thousand (€1,114,906 thousand) (current) - €164,779 thousand (€217,101 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 €1,968 thousand on 31 December 2015, reflecting a combination of the following:

- operating provisions of €432,761 thousand, which significantly reflect the decrease in the rate used as at 31 December 2016 to discount future commitments, with respect to the rate used as at 31 December 2015;
- financial provisions for the year of €31,741 thousand;
- uses (€365,963 thousand) in connection with repairs and replacements carried out during the period;
- the reclassification, amounting to €94,092 thousand, of amounts as at 31 December 2016 relating to the Chilean and Brazilian companies to "Liabilities related to discontinued operations".

OTHER PROVISIONS

(non-current) - €21,677 thousand (€32,613 thousand)
(current) - €42,679 thousand (€45,887 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 down €14,144 thousand, essentially due to the reclassification of €11,723 thousand in amounts attributable to the overseas motorway operations, as at 31 December 2016, to "Liabilities related to discontinued operations".

Further information on developments in the principal disputes outstanding as at 31 December 2016 is provided in note 10.7, "Significant legal and regulatory aspects".

7.15 Financial liabilities

(non-current) €12,022,227 thousand (€13,441,751 thousand)
(current) €1,368,390 thousand (€2,281,967 thousand)

MEDIUM/LONG-TERM FINANCIAL ASSETS

(non-current) €12,022,227 thousand (€13,441,751 thousand)
(current) €915,001 thousand (€1,622,928 thousand)

As at 31 December 2016, medium/long-term financial liabilities amount to €12,937,228 thousand. These liabilities essentially consist of bonds issued by Autostrade per l'Italia since 2015, the bonds involved in the Issuer Substitution, described in note 8.17, "Material non-recurring transactions", and bank borrowings.

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

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

€000	Note	31 December 2016						31 December 2015			
		Face value	Carrying amount	Term				Face value	Carrying amount	Current portion	Non-current portion
				Current portion	Non-current portion	between 13 and 60 months	after 60 months				
Bond issues	(1)(2)(3)	8,569,297	8,510,077	504,947	8,005,130	2,677,610	5,327,520	3,513,658	3,511,386	203,504	3,307,882
Bank borrowings		2,552,676	2,541,534	161,398	2,380,136	522,175	1,857,961	3,300,071	3,297,747	191,569	3,106,178
Other borrowings		1,215,747	1,208,067	51,553	1,156,514	1,156,514	-	7,627,653	7,575,621	942,831	6,632,790
<i>of which due to Atlantia</i>		1,000,000	992,320	-	992,320	992,320	-	7,378,146	882,732	6,495,414	-
Medium/long-term borrowings	(1)(3)	3,768,423	3,749,601	212,951	3,536,650	1,678,689	1,857,961	10,927,724	10,873,368	1,134,400	9,738,968
Derivative liabilities	(4)		480,447	-	480,447	273,569	206,878		368,545	-	368,545
<i>of which due to Atlantia</i>			480,447	-	480,447	-	-		216,123	-	216,123
Accrued expenses on medium/long-term financial liabilities (2)			197,103	197,103	-	-	-		279,681	279,681	-
Other financial liabilities			-	-	-	-	-		31,699	5,343	26,356
Other medium/long-term financial liabilities			197,103	197,103	-	-	-		311,380	285,024	26,356
Total			12,937,228	915,001	12,022,227	4,629,868	7,392,359		15,064,679	1,622,928	13,441,751

(1) The par value of the bond issues hedged by Cross Currency Swaps and IPCA x CDI Swaps is shown at the hedged notional value.

(2) Financial instruments classified as financial liabilities measured at amortised cost in accordance with IAS 39.

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

(4) Financial instruments classified as hedging derivatives in accordance with IAS 39 and in level 2 of the fair value hierarchy.

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

€000	Note	Maturity	31 December 2016		31 December 2015	
			Carrying amount (1)	Fair value (2)	Carrying amount (1)	Fair value (2)
Bond issues						
- listed fixed rate		from 2017 to 2038	8,510,077	9,539,112	3,049,344	3,133,003
- unlisted fixed rate			-	-	-	-
- listed floating rate			-	-	339,574	359,540
- unlisted floating rate			-	-	122,468	124,848
			8,510,077	9,539,112	3,511,386	3,617,391
Bank borrowings						
- fixed rate		from 2021 to 2036	1,673,123	1,976,107	1,843,116	2,141,115
- floating rate	(3)	from 2021 to 2034 2017	819,091 49,320	865,992 49,320	1,348,407 106,224	1,404,379 106,224
			2,541,534	2,891,419	3,297,747	3,651,718
Other borrowings						
- fixed rate		2018	992,320	1,071,347	6,634,882	7,870,774
- floating rate			-	-	748,877	771,251
- non-interest bearing	(4)	from 2019 to 2020	215,747	215,747	191,862	191,862
			1,208,067	1,287,094	7,575,621	8,833,887
<i>of which due to Atlantia</i>			992,320	1,074,794	7,378,146	8,636,418
Medium/long-term borrowings			3,749,601	4,178,513	10,873,368	12,485,605
Derivative liabilities			480,447	480,447	368,545	368,545
<i>of which due to Atlantia</i>			-	-	216,123	216,123
Accrued expenses on medium/long-term financial liabilities			197,103	197,103	279,681	279,681
Other financial liabilities			-	-	31,699	31,699
Other medium/long-term financial liabilities			197,103	197,103	311,380	311,380
Total			12,937,228	14,395,175	15,064,679	16,782,921

(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 refers to 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 - Aglio" sections of motorway (Variante di Valico). The borrowings are to be repaid by ANAS.

(4) As at 31 December 2016, this item primarily includes Autostrade per l'Italia's borrowings and the amount repayable to the Central Guarantee Fund contributed by SAT following the acquisition of control in 2015. As at 31 December 2015, this item also included the borrowing of the operator, Stalexport Autostrada Malopolska, transferred to Atlantia in December 2016.

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 2016				31 December 2015	
	Face value	Carrying amount	Average interest rate applied to 31 December 2016 (1)	Effective interest rate as at 31 December 2016	Face value	Carrying amount
Euro (EUR)	11,438,544	11,342,439	3.87%	3.62%	12,905,263	12,814,408
Sterling (GBP)	750,000	706,194	5.99%	6.26%	-	-
Yen (JPY)	149,176	211,045	5.30%	5.48%	-	-
Chilean peso (CLP) / Unidad de fomento (UF)	-	-	6.88%	6.78%	980,482	1,012,924
Brazilian real (BRL)	-	-	15.86%	15.81%	452,699	462,040
Polish zloty (PLN)	-	-	7.41%	5.30%	97,126	89,570
US dollar (USD)	-	-	5.25%	5.25%	5,812	5,812
Total	12,337,720	12,259,678	4.58%		14,441,382	14,384,754

(1) This figure includes the impact of interest rate hedges.

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 2015	New borrowings	Repayments	Issuer substitution	Reclassification to liabilities related to discontinued operations	Currency translation differences	Other changes	Carrying amount as at 31 December 2016
Bond issues	3,511,386	654,385	-90,730	5,308,316	-1,062,521	163,980	25,261	8,510,077
Bank borrowings	3,297,747	4,329	-201,722	-	-588,683	55,571	-25,708	2,541,534
Other borrowings	7,575,621	530	-1,169,697	-5,288,866	-7,056	-864	98,399	1,208,067
Medium/long-term borrowings	10,873,368	4,859	-1,371,419	-5,288,866	-595,739	54,707	72,691	3,749,601
Total	14,384,754	659,244	-1,462,149	19,450	-1,658,260	218,687	97,952	12,259,678

The Group uses derivative financial instruments to hedge certain current and highly likely future financial liabilities, including Interest Rate Swaps (IRSs) and Índice Nacional de Preços ao Consumidor Amplo (IPCA) x Certificado de Depósito Interfinanceiro (CDI) Swaps, which, in accordance with IAS 39, are classifiable as cash flow hedges or fair value hedges. The fair value of the hedging instruments as at 31 December 2016 is recognised in “Derivative liabilities” and in liabilities related to assets held for sale. More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Group, is contained in note 9.2 “Financial risk management”.

BOND ISSUES

(non-current) €8,005,130 thousand (€3,307,882 thousand)
(current) €504,947 thousand (€203,504 thousand)

This item consists of bonds issued by Autostrade per l'Italia, including €5,297,078 resulting from the issuer substitution carried out in December 2016 by Atlantia and Autostrade per l'Italia, €2,477,921 thousand 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) and €735,078 thousand issued to retail investors.

As at 31 December 2016, the balance is up €4,998,691 thousand compared with 31 December 2015, essentially as a result of the issuer substitution described in 8.17, “Material non-recurring transactions”, and a new issue by Autostrade per l'Italia, in November 2016, of bonds to institutional investors with a par value of €600,000 thousand (paying coupon interest of 1.75% and maturing in February 2027), as part of its €7 billion Euro Medium Term Note Programme. These new bonds have a carrying amount of €591,455 thousand.

MEDIUM/LONG-TERM BORROWINGS

(non-current) €3,536,650 thousand (€9,738,968 thousand)
(current) €212,951 thousand (€1,134,400 thousand)

The balance of this item, including both current and non-current portions, consists of other borrowings (with a carrying amount of €1,208,067 thousand). These essentially include medium/long-term loans to Autostrade per l'Italia from Atlantia (with a carrying amount of €992,320 thousand), replicating the bonds issued by the latter and guaranteed by Autostrade per l'Italia, and bank borrowings (€2,541,534 thousand).

The reduction of €7,123,767 thousand in medium/long-term borrowings compared with 31 December 2015 essentially reflects:

- a) extinguishment of loans from Atlantia following the issuer substitution, totalling €5,282,866 thousand, as described in note 8.17, "Material non-recurring transactions";
- b) repayments during 2016, totalling €1,371,419 thousand, including repayment of the loan from Atlantia, with a face value of €880,472 thousand, on 6 May 2016);
- c) partial early repayment (prior to the issuer substitution) of the loans from Atlantia maturing in 2017, 2019 and 2020, amounting to €220,100 thousand;
- d) an increase due to the effect of exchange rate movements, amounting to €54,707 thousand, reflecting rises in the value of the Chilean peso and Brazilian real against the euro;
- e) the reclassification of liabilities related to assets held for sale, totalling €595,739 thousand.

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

The most important covenants are those relating to the loan agreements with Cassa Depositi e Prestiti (totalling €819,091 thousand as at 31 December 2016) 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.

DERIVATIVE LIABILITIES

(non-current) - €480,477 thousand (€368,545 thousand)
(current) - - (-)

This item represents fair value losses on outstanding derivatives as at 31 December 2016, classified as cash flow hedges in relation to the hedged risk, as required by IAS 39. It includes fair value losses on Interest Rate Swaps (€196,234 thousand) entered into by Autostrade per l'Italia to hedge interest rate risk on non-current financial liabilities, classified as cash flow hedges. These include fair value losses on Forward-Starting Interest Rate Swaps, entered into in February 2016 and having a total notional value of €900 million and varying 8-year durations, and subject to a weighted average fixed rate of 0.97%. These derivatives are associated with highly likely future financial liabilities entered into through to 2019 in order to meet the funding requirements of Group companies.

The item also includes fair value losses (€281,904 thousand as at 31 December 2016) on Cross Currency Swaps in sterling and yen transferred to Autostrade per l'Italia as a result of the issuer substitution, which, as a result of the events described in note 8.17, "Material non-recurring transactions", do not qualify for classification as cash flow hedges under IAS 39.

As at 31 December 2016, the Group also has a number of non-hedge accounting derivatives, including derivatives embedded in certain of Autostrade per l'Italia's medium/long-term

borrowings. These have a total notional value of €200,000 thousand and the related fair value losses amount to €2,309 thousand.

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

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES
 (non-current) - (€26,356 thousand)
 (current) €197,103 thousand (€285,024 thousand)

The balance of this item, including the current and non-current portions, is down €114,277 thousand. This is essentially due to a reduction in accrued expenses payable (€82,578 thousand), following repayment of the loan from Atlantia, with a face value of €880,472 thousand, on 6 May 2016, and partial early repayment of the loans from Atlantia to Autostrade per l'Italia maturing in 2017, 2019 and 2020, amounting to a face value of €220,100 thousand.

SHORT-TERM FINANCIAL LIABILITIES - €453,389 thousand (€659,039 thousand)

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

€000	31 December 2016	31 December 2015
Bank overdrafts repayable on demand	-	31
Short-term borrowings	244,480	645,353
<i>of which due to Atlantia</i>	-	400,000
Current derivative liabilities ⁽¹⁾	2,997	-
Intercompany current account payables due to related parties	205,768	13,522
<i>of which due to Atlantia</i>	205,540	13,329
Other current financial liabilities	144	133
Short-term financial liabilities	453,389	659,039

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

This item is down €205,650 thousand following a reduction in short-term borrowings from Atlantia (€400,000 thousand) as at 31 December 2015, partially offset by an increase in intercompany current account payables due to the parent (€192,245 thousand).

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

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

€m	31 December 2016	of which related party transactions	31 December 2015	of which related party transactions
Cash	-2,541		-2,003	
Cash equivalents (and intercompany current account receivables due from related parties)	-683	-483	-784	-77
Cash and cash equivalents related to discontinued operations	-401		-39	
Cash and cash equivalents (A)	-3,625		-2,826	
Current financial assets⁽¹⁾ (B)	-2,438		-781	
Bank overdrafts repayable on demand	-		-	
Current portion of medium/long-term financial liabilities	915	4	1,623	1083
Other financial liabilities	453	206	659	44
Financial liabilities related to discontinued operations	1,763		-	
Current financial assets (C)	3,131		2,282	
Current net debt (D=A+B+C)	-2,932		-1,325	
Medium/long-term borrowings	3,537	992	9,739	6,495
Bond issues	8,005		3,308	
Other non-current borrowings	480	-	395	26
Non-current financial liabilities (E)	12,022		13,442	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)	9,090		12,117	
Non-current financial assets (G)	-396		-1,775	-16
Net debt (H=F+G)	8,694		10,342	

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

7.16 Other non-current liabilities - €30,823 thousand (€90,659 thousand)

An analysis of other non-current liabilities is shown below.

€000	31 December 2016	31 December 2015
Accrued expenses of a non-trading nature	25,120	38,791
Liabilities deriving from contractual obligations	-	26,933
Amounts payable to grantors	-	13,681
Taxation other than income taxes	-	2,954
Payable to staff	5,224	6,708
Other payables	479	1,592
Other non-current liabilities	30,823	90,659

The reduction of €59,836 thousand in 2016 is essentially linked to the reclassification of €58,933 thousand to “Liabilities related to discontinued operations” as at 31 December 2016.

7.17 Trading liabilities - €1,254,817 thousand (€1,466,126 thousand)

An analysis of trading liabilities is shown below.

€000	31 December 2016	31 December 2015
Amounts payable to suppliers	540,707	745,982
Payable to operators of interconnecting motorways	623,180	619,621
Tolls in the process of settlement	90,642	94,110
Accrued expenses, deferred income and other trading liabilities	288	6,413
Trading liabilities	1,254,817	1,466,126

Trading liabilities, totalling €1,254,817 thousand, are down €211,309 thousand compared with 31 December 2015 (€1,466,126 thousand). This partly reflects the reclassification of €82,057 thousand to “Liabilities related to discontinued operations” as at 31 December 2016 and a reduction following deconsolidation of Telepass and the Stalexport group, amounting to €58,414 thousand. After stripping out these amounts, trading liabilities are down €70,838 thousand, primarily reflecting a reduction in amounts payable to suppliers as a result of the performance of capital expenditure in the second half of 2016, compared with the same period of the previous year.

The carrying amount of trading liabilities approximates to fair value.

7.18 Other current liabilities - €303,074 thousand (€370,186 thousand)

An analysis of other current liabilities is shown below.

€000	31 December 2016	31 December 2015
Taxation other than income taxes	30,083	17,340
Payable to staff	35,886	34,915
Guarantee deposits from users who pay by direct debit	-	47,464
Concession fees payable	100,566	84,654
Social security contributions payable	25,569	22,823
Amounts payable for expropriations	11,747	16,514
Amounts payable to public entities	15	14,462
Group VAT payable to Atlantia	-	25,781
Other payables	99,208	106,233
Other current liabilities	303,074	370,186

The balance as at 31 December 2016 marks a decrease of €67,112 thousand compared with 31 December 2015, primarily reflecting a combination of the following:

- a) a reduction of €47,464 thousand in guarantee deposits from users who pay by direct debit, following the deconsolidation of Telepass;
- b) a reduction of €25,781 thousand in VAT payable to the parent, Atlantia, paid in January 2016, reflecting participation in the Group arrangement since 2015;
- c) a reduction of €14,447 thousand in amounts payable to public entities, linked essentially to the reclassification of amounts to “Liabilities related to discontinued operations” as at 31 December 2016;
- d) an increase in concession fees payable of €15,912 thousand, reflecting the rise in toll revenue in 2016.

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 2015 shown in brackets.

The contributions of Telepass, Stalexport Autostrady, ADA and the related subsidiaries to the Group’s income statements for the two comparative periods have, in application of IFRS 5, been classified in “Profit/(Loss) from discontinued operations”. This follows the restructuring of the Atlantia Group described in detail in note 6, “Corporate actions”. As a result, the income statement for 2016 presents a number of reclassifications with respect to the amounts published in the consolidated financial statements as at and for the year ended 31 December 2015, included in the Annual Report for 2015.

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

8.1 Toll revenue - €3,482,401 thousand (€3,322,944 thousand)

Toll revenue of €3,482,401 thousand is up €159,457 thousand (5%) on 2015 (€3,322,944 thousand), primarily due to the following:

- a 3.2% increase in traffic on the Italian network, accounting for an increase in toll revenue of approximately €97 million (including the impact of the different traffic mix and the extra day in February 2016);
- application of annual toll increases (essentially a 1.09% increase applied by Autostrade per l’Italia with effect from 1 January 2016), boosting toll revenue by an estimated €30 million;
- the full-year contribution of SAT, amounting to €30 million, consolidated from September 2015.

8.2 Revenue from construction services - €244,001 thousand (€426,390 thousand)

An analysis of this revenue is shown below.

€000	2016	2015	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	232,667	379,856	-147,189
Revenue from construction services: government grants for services for which no additional economic benefits are received	332	39,957	-39,625
Revenue from construction services provided by sub-operators	11,002	6,577	4,425
Revenue from construction services	244,001	426,390	-182,389

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. The consideration is based on the operating costs and financial expenses incurred (the latter solely in relation to investment in assets held under concession).

Revenue from construction services is down €182,389 thousand compared with 2015, reflecting a combination of the following:

- a decrease of €147,189 thousand in construction services for which additional benefits are received, essentially reflecting reduced services performed by Autostrade per l’Italia in 2016;
- a reduction in grants to fund construction services for which no additional benefits are received, amounting to €39,625 thousand, essentially due to having reached the cap on grants (€234,062 thousand) recognised by the Grantor when certifying the effective performance of the works and relating to a number of lots included in the *Variante di Valico* and the upgrade of Florence interchange.

In 2016, the Company carried out additional construction services for which no additional benefits are received, amounting to €454,735 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 8.10. Details of total investment in assets held under concession during the year are provided in note 7.2, above.

8.3 Contract revenue - €24 thousand (€772 thousand)

Contract revenue amounts to €24 thousand in 2016.

8.4 Other operating income - €305,293 thousand (€335,724 thousand)

An analysis of other operating income is provided below.

€000	2016	2015	Increase/ (Decrease)
Revenue from sub-concessions	181,478	191,552	-10,074
Revenue from Telepass and Viacard fees	540	463	77
Maintenance revenue	14,711	14,495	216
Other revenue from motorway operation	19,220	18,218	1,002
Revenue from the sale of technology devices and services	13,067	28,612	-15,545
Refunds	19,466	21,121	-1,655
Damages and compensation	16,791	12,808	3,983
Advertising revenue	2,876	3,867	-991
Other income	37,144	44,588	-7,444
Other operating income	305,293	335,724	-30,431

Other operating income of €305,293 thousand is down €30,431 thousand compared with 2015, primarily reflecting:

- a) a reduction of €15,545 thousand in sales of equipment and technology services, essentially reflecting a reduction in work carried out for external customers by Autostrade Tech;
- b) a €10,074 thousand reduction in revenue from sub-concessions, primarily reflecting the impact of discounts applied to service area royalties under agreements with a number of sub-operators (above all oil service providers).

8.5 Raw and consumable materials - -€65,729 thousand (-€80,146 thousand)

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

€000	2016	2015	Increase/ (Decrease)
Construction materials	-8,797	-6,573	-2,224
Electrical and electronic materials	-11,598	-30,083	18,485
Lubricants and fuel	-9,408	-10,329	921
Other raw and consumable materials	-42,086	-35,225	-6,861
Cost of materials	-71,889	-82,210	10,321
Change in inventories of raw, ancillary and consumable materials and goods for resale	4,966	1,709	3,257
Capitalised cost of raw materials	1,194	355	839
Raw and consumable materials	-65,729	-80,146	14,417

The reduction of €14,417 thousand primarily reflects a decrease in the cost of electrical and electronic materials (€18,485 thousand), due to a reduction in the volume of work carried out by Autostrade Tech for external customers.

8.6 Service costs - -€989,861 thousand (-€1,216,336 thousand)

An analysis of service costs is provided below.

€000	2016	2015	Increase/ (Decrease)
Construction and similar	-736,215	-959,627	223,412
Professional services	-127,008	-124,727	-2,281
Transport and similar	-15,162	-17,575	2,413
Utilities	-37,645	-35,955	-1,690
Insurance	-9,895	-17,368	7,473
Statutory Auditors' fees	-620	-605	-15
Other services	-63,316	-60,479	-2,837
Service costs	-989,861	-1,216,336	226,475

The decrease in service costs, amounting to €226,475 thousand, essentially reflects a reduction in construction services (totalling €223,412 thousand), linked substantially to the lower volume of investment in assets held under concession.

8.7 Staff costs - -€521,502 thousand (-€500,576 thousand)

Staff costs break down as follows.

€000	2016	2015	Increase/ (Decrease)
Wages and salaries	-353,966	-345,105	-8,861
Social security contributions	-107,411	-103,156	-4,255
Payments to supplementary pension funds, INPS and post-employment benefits	-24,280	-21,160	-3,120
Directors' remuneration	-3,483	-3,945	462
Other staff costs	-32,362	-27,210	-5,152
Staff costs	-521,502	-500,576	-20,926

Staff costs of €521,502 thousand are up €20,926 thousand compared with 2015 (€500,576 thousand), essentially due to:

- an increase in the average unit cost (up 3.6%), primarily due to contract renewals;
- an increase of 41 in the average workforce (up 0.6%), primarily reflecting SAT's contribution (an average of 60), partly offset by a freeze on the recruitment of toll collectors at Autostrade per l'Italia, Tangenziale di Napoli and Autostrade Meridionali, and an increase in personnel at Giove Clear following the expansion of operations.

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

Workforce	2016 ^(*)	2015 ^(*)	Increase/ (Decrease)
Senior managers	109	111	-2
Middle managers and administrative staff	3,112	3,072	40
Toll collectors	2,417	2,448	-31
Manual workers	1,430	1,396	34
Total	7,068	7,027	41

(*) The figures for both comparative periods exclude the staff employed by companies whose income and costs are classified in "Profit/(Loss) from discontinued operations", as described in note 8.15.

Information on equity-settled and cash-settled share-based incentive plans for certain Directors and employees of Group companies is provided in note 9.4, "Disclosures regarding share-based payments".

8.8 Other operating costs - -€510,242 thousand (-€519,183 thousand)

An analysis of other operating costs is shown below.

€000	2016	2015	Increase/ (Decrease)
Concession fees	-454,424	-437,444	-16,980
Lease expense	-4,265	-2,927	-1,338
Grants and donations	-22,136	-33,879	11,743
Direct and indirect taxes	-9,601	-9,540	-61
Other	-19,816	-35,393	15,577
Other costs	-51,553	-78,812	27,259
Other operating costs	-510,242	-519,183	8,941

The reduction in other operating costs, amounting to €8,941 thousand, primarily reflects a combination of the following:

- a decrease in compensation and penalties (€15,577 thousand), essentially reflecting the impact of the contract reserves paid to contractors in relation to the opening to traffic of the *Variante di Valico* in 2015;
- a reduction in grants and donations (€11,743 thousand), reflecting the increased costs incurred in 2015 for work on the upgrade of infrastructure operated by public entities, as part of construction services relating to assets held under concession;
- an increase in concession fees (€16,980 thousand), linked to the rise in toll revenue in 2016.

8.9 Operating change in provisions - -€85,716 thousand (€42,662 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 negative impact of this item in 2016, totalling €85,716 thousand, is essentially consists of the change in the present value of provisions for the repair and replacement of the Group's motorway infrastructure, due to an increase in the discount rate applied at 31 December 2016, compared with the rate applied at 31 December 2015. The positive impact of €42,662 thousand in 2015 benefitted from an opposite movement in the interest rates applied.

8.10 Use of provisions for construction services required by contract - -€444,366 thousand (-€496,527 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). 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 €52,161 thousand is broadly linked to reduced investment in the upgrade of the A1 Milan-Naples between Bologna and Florence, following the completion of work in preparation for the opening of the *Variante di Valico* in 2015.

8.11 (Impairment losses) and reversals of impairment losses - -€1,682 thousand (-€6,059 thousand)

The balance for 2016 consists of the impairment of trade receivables arising in past years, reflecting the risk of partial non-collection. The figure for 2015, amounting to €6,059 thousand, also included the impairment (€5,801 thousand) of short-term financial assets deriving from concession rights, in keeping with a revised estimate of the value of the takeover right due to Autostrade Meridionali under the relevant concession arrangement. This company continues to operate the related motorway under the extension of the arrangement described in note 4, "Concessions".

8.12 Financial income/(expenses) - -€867,930 thousand (-€639,578 thousand)

Financial income €22,448 thousand (€51,661 thousand)

Financial expenses -€890,528 thousand (-€691,011 thousand)

Foreign exchange gains/(losses) -€120 thousand (-€228 thousand)

An analysis of financial income and expenses is shown below.

€000	2016	2015	Increase/ (Decrease)
Financial income accounted for as an increase in financial assets deriving from concession rights	-	-	-
Dividends received from investees	2,295	-	2,295
Financial income accounted for as an increase in financial assets	958	497	461
Income from derivative financial instruments	8,639	11,528	-2,889
Interest and fees receivable on bank and post office deposits	4,653	6,419	-1,766
Other financial income	5,903	33,217	-27,314
Other financial income	20,153	51,661	-31,508
Total financial income (a)	22,448	51,661	-29,213
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-46,768	-44,930	-1,838
Interest on medium/long-term borrowings	-370,630	-438,606	67,976
Losses on derivative financial instruments	-71,911	-57,388	-14,523
Interest on bonds	-61,091	-19,786	-41,305
Interest expense accounted for as an increase in financial liabilities	-78	-	-78
Impairment losses on investments measured at cost or fair value and non-current financial assets	-2,522	-	-2,522
Interest and fees payable on bank and post office deposits	-1,795	-1,968	173
Other financial expenses	-335,463	-128,333	-207,130
of which non-recurring	-327,215	-125,486	-
Other financial expenses	-843,490	-646,081	-197,409
Total financial expenses (b)	-890,258	-691,011	-199,247
Foreign exchange gains	11,070	21	11,049
Foreign exchange losses	-11,190	-249	-10,941
Foreign exchange gains/(losses) (c)	-120	-228	108
Financial income/(expenses) (a+b+c)	-867,930	-639,578	-228,352

Net other financial expenses of €823,337 thousand are up €228,917 thousand compared with 31 December 2015 (€594,420 thousand). The change reflects a combination of the following:

- non-recurring financial expenses of €307,780 thousand recognised in 2016 following the above issuer substitution described in note 8.17, "Material non-recurring transactions".;
- the reduction in non-recurring financial expenses following partial early repayment of loans from the parent, Atlantia to Autostrade per l'Italia, completed prior to the above issuer substitution (amounting to €19,435 thousand in 2016, compared with €125,486 thousand in 2015);
- the increase in financial expenses contributed by SAT, consolidated from 30 September 2015 (€10,874 thousand);
- a reduction in income contributed by Tangenziale di Napoli (€7,901 thousand).

8.13 Share of profit/(loss) of investees accounted for using the equity method - -€7,733 thousand (€4,534 thousand)

The “Share of (profit)/loss of investees accounted for using the equity method” amounts to a loss of €7,733 thousand for 2016, essentially relating to the loss incurred by Pavimental (€8,730 thousand).

8.14 Income tax expense - -€318,788 thousand (-€321,969 thousand)

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

€000	2016	2015	Increase/ (Decrease)
IRES	-161,433	-210,407	48,974
IRAP	-61,411	-57,960	-3,451
Income taxes attributable to foreign operations	-	-	-
Current tax benefit of tax loss carry-forwards	3,747	3,310	437
Current tax expense	-219,097	-265,057	45,960
Recovery of previous years' income taxes	3,268	2,269	999
Previous years' income taxes	-75	-423	348
Differences on current tax expense for previous years	3,193	1,846	1,347
Provisions	118,303	108,133	10,170
Releases	-113,811	-118,409	4,598
Changes in prior year estimates	-9,512	-96,239	86,727
Deferred tax income	-5,020	-106,515	101,495
Provisions	-99,649	-112,488	12,839
Releases	1,810	470	1,340
Changes in prior year estimates	-25	159,775	-159,800
Deferred tax expense	-97,864	47,757	-145,621
Deferred tax income/(expense)	-102,884	-58,758	-44,126
Income tax (expense)/benefit	-318,788	-321,969	3,181

Income tax expense for 2016 amounts to €318,788 thousand, down €3,181 thousand on 2015 (€321,969 thousand). This is proportionately lower than the change in profit before tax, essentially due to the fact that 2015 benefitted from recognition of a tax benefit of €63,675 thousand resulting from approval of the 2016 Stability Law (Law 2018/2015).

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	2016			2015		
	Taxable income	Tax	Tax rate	Taxable income	Tax	Tax rate
Pre-tax profit/(loss) from continuing operations	846,849			1,127,795		
IRES tax expense computed using statutory rate applied by Parent Company		232,883	27.5%		310,144	27.5%
Temporary differences deductible in future years	411,160	99,909	11.8%	385,677	93,324	8.3%
Temporary differences taxable in future years	-357,658	-85,315	-10.1%	-408,385	-98,025	-8.7%
Reversal of prior year temporary differences	-339,291	-93,616	-11.1%	-359,919	-99,307	-8.8%
Permanent differences	15,268	3,825	0.5%	8,120	961	0.1%
Irap		61,411			57,960	
Total		219,097	25.87%		265,057	23.50%

8.15 Profit/(Loss) from discontinued operations - €402,314 thousand (€322,730 thousand)

In application of IFRS 5, as a result of the restructuring of the Group's overseas businesses described in note 6, "Corporate actions", the contributions of Telepass, Stalexport Autostrady and Autostrade dell'Atlantico and the related subsidiaries to the consolidated income statement for 2015 have been reclassified to "Profit/(Loss) from discontinued operations", rather than in each item of the income statement attributable to continuing operations.

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

€000	2016	2015	Increase/ (Decrease)
Operating income	995,501	954,640	40,861
Operating costs	-601,747	-637,268	35,521
Financial income	370,737	318,572	52,165
Financial expenses	-307,475	-292,917	-14,558
Tax benefit/(expense)	-52,974	-9,989	-42,985
Contribution to net profit of discontinued operations	404,042	333,038	71,004
Share of profit/(loss) of investees accounted for using the equity method	-5,081	-13,283	8,202
Other net profit/(loss) from discontinued operations	3,353	2,975	378
Profit/(Loss) from discontinued operations	402,314	322,730	79,584

The contribution of ADA and the related subsidiaries, including the Chilean and Brazilian companies, to this item amounts to €284,110 thousand in 2016 (€234,527 thousand in 2015).

8.16 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 financial instruments issued by the Parent Company, diluted earnings per share coincides with the figure for basic earnings per share.

	2016	2015
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 year attributable to the Group (€000)	817,245	1,012,381
Earnings per share (€)	1.31	1.63
Profit from continuing operations attributable to owners of the parent (€000)	522,118	801,278
Basic earnings per share from continuing operations (€)	0.84	1.29
Profit/(Loss) from discontinued operations attributable to owners of the parent (€000)	295,127	211,103
Basic earnings/(losses) per share from discontinued operations (€)	0.47	0.34

8.17 Material non-recurring transactions

On 31 August 2016, Atlantia and Autostrade per l'Italia announced the Dublin and Luxembourg stock exchanges that their respective boards of directors had approved the transfer to Autostrade per l'Italia of bonds issued by Atlantia under its EMTN Programme. The bonds were issued on behalf of Autostrade per l'Italia, to which Atlantia had proceeded to transfer the funds raised as a result of the bond issues, in the form of intercompany loans substantially replicating the same terms, conditions and maturities applicable to the bonds issued by Atlantia. The bond issues were secured by an upstream guarantee provided by Autostrade per l'Italia in relation to Atlantia's EMTN Programme.

In addition, Autostrade per l'Italia has replaced Atlantia as the counterparty in Cross Currency Swaps hedging the interest rate and currency risks associated with the above bonds denominated in sterling and yen.

On 22 December 2016, Autostrade per l'Italia and Atlantia completed the process of issuer substitution, which thus became effective.

With specific reference to the substitution of intercompany loans and Interest Rate Swaps with foreign currency bonds (in sterling and yen) and the related Cross Currency Swaps, the Company has recognised non-recurring financial expenses of €307,780 thousand. This reflects a combination of the following:

- a) the cost connected with recognition of the fair value at the transfer date of the foreign currency bonds (in sterling and yen), amounting to €178,288 thousand;
- b) recognition of fair value losses, including accumulated foreign exchange movements, on Cross Currency Swaps, totalling €129,492 thousand;
- c) the full offset in the income statement of the income generated by the unwinding of intercompany cash flow hedges with fair value losses (€200,909 thousand) and the cost resulting from reversal of the cash flow hedge reserve (€200,909 thousand after the related taxation).

In relation to the financial expenses referred to in points a) and b), the Group has recognised a reduction its income tax expense of €84,640 thousand.

As regards point c), the tax effect linked to the unwinding of the cash flow hedge reserve has been reversed, with a contra entry in net deferred tax liabilities (the value of which was €49,535 thousand).

In addition, in relation to the overall costs recognised in 2016 in connection with the above non-recurring transaction, Autostrade per l'Italia will in future years, on the natural maturity date for the foreign currency bonds, incur lower financial expenses resulting from measurement of the bonds at their amortised cost with respect to the nominal interest rates payable on the bonds. Furthermore, future changes in the fair value of the Cross Currency Swaps which, as reported in note 5.2, do not meet the requirements of IAS 39 for designation as cash flow hedges, will be recognised in profit or loss as financial expenses and income.

Finally, partial early repayment of loans granted by the parent, Atlantia prior to the issuer substitution took place in 2016 as part of the Company's liability management strategy, initiated in 2015. The face value of the loans repaid was €220,100 thousand and the borrowings matured in 2017, 2019 and 2020. This resulted in the recognition of financial expenses of €19,435 thousand, before the related taxation of €5,345 thousand. Early repayments of borrowings in 2015 amounted to a face value of €1,351,250 thousand, with the borrowings maturing in 2016, 2017, 2019 and 2020 and granted by the parent, Atlantia. This resulted in the recognition of financial expenses of €125,486 thousand, before the related taxation of €34,509 thousand..

9. Other financial information

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flow in 2016, compared with 2015, is analysed below. The consolidated statement of cash flows is included in the “Consolidated financial statements”.

Cash flows during 2016 resulted in an increase of €607,975 thousand in cash and cash equivalents (€1,344,593 thousand in 2015).

Cash flows from operating activities amount to €1,847,529 thousand in 2016, down €142,141 thousand compared with 2015 (€1,989,670 thousand). This reflects:

- a) an increase of €238,650 thousand in operating cash flow;
- b) the different performance of changes in working capital and other changes in the two comparative periods (an outflow of €215,139 thousand in 2016 and an inflow of €165,652 thousand in 2015). Cash flows for 2015 benefitted from the collection of compensation paid by the French government, following early termination of the “EcoTaxe” project in March 2015.

Cash from investing activities amounts to €625,151 thousand, marking an increase of €1,617,183 thousand compared with the outflow of €992,032 thousand in 2015, primarily reflecting a combination of the following:

- a) the inflow generated in 2016 as a result of the impact of the transfer of the investments in Telepass and Stalexport Autostrady, totalling €1,554,717 thousand, included in net cash and cash equivalents transferred;
- b) a reduction of €180,529 thousand in cash used for capital expenditure, after the related government grants;
- c) cash of used in 2015 for the acquisition of a controlling interest in SAT, completed in September 2015, totalling €71,674 thousand;
- d) a reduction in current and non-current financial assets, totalling €180,894 thousand, primarily linked to collection of compensation paid in 2015 by the French government, following early termination of the “EcoTaxe” project.

Net cash used for financing activities amounts to €1,898,573 thousand in 2016, compared with an inflow of €382,867 thousand in 2015. This primarily reflects the above repayments of medium/long-term borrowings from the parent, Atlantia (totalling €1,100,572 thousand) and dividends paid during the year (€784,451 thousand).

The following table shows net cash flows generated from discontinued operations, including the contributions of the French companies (Ecomouv, Ecomouv D&B and Tech Solutions Integrators), Telepass, Stalexport, ADA and the related subsidiaries in the two periods. These cash flows are included in the consolidated statement of cash flows under operating, investing and financing activities.

CASH FLOWS FROM DISCONTINUED OPERATIONS

€m	2016	2015
Net cash generated from/(used in) operating activities	302	96
Net cash generated from/(used in) investing activities	-308	247
Net cash generated from/(used in) financing activities	-94	-280

9.2 Financial risk management

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

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

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

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

Market risk

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

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

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

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

The Group's hedges outstanding as at 31 December 2016 are classified, in accordance with IAS 39, either as cash flow or fair value hedges, depending on the type of risk hedged. Fair value measurement of derivative financial instruments is dealt with in note 3. Amounts in currencies other than the euro are converted using closing exchange rates published by the European Central Bank.

As at 31 December 2016, 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 €445,000 thousand and fair value losses of €2,814 thousand.

The residual average term to maturity of the Group's debt as at 31 December 2016 is six years and three months. The average cost of medium to long-term debt for 2016 was 4.6% (3.9% for the companies operating in Italy, 6.9% for the Chilean companies and 15.8% for the Brazilian companies). Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

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

- a) cash flow risk: linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce the amount of floating rate debt, the Group has entered into interest rate swaps (IRSs), classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Following tests of effectiveness, changes in fair value are recognised in other comprehensive income. The tests conducted revealed the presence of an ineffective portion (€164 thousand),

accounted for in profit or loss as at 31 December 2016, deriving primarily from the new Forward-Starting IRSs, entered into in 2016 and having a total notional value of €900 million, a duration of 8 years and a weighted average fixed rate of 0.97%, entered into to hedge highly likely future financial liabilities to be assumed through to 2019 in order to meet the Autostrade per l'Italia's expected financing requirements. Interest income or expense deriving from the hedged instruments is recognised simultaneously in profit or loss. In addition, following the issue of bonds with a par value of €600,000 thousand, the derivatives entered into in 2015 for pre-hedging purposes have been unwound. At the date on which these derivatives were unwound, fair value losses amounted to €31,980 thousand. €3,600 thousand of this amount was recognised in financial expenses, corresponding to the accrued losses realised at the date on which the hedges were unwound, whilst €28,380 thousand was recognised in the cash flow hedge reserve. The reserve will be released to other comprehensive income in future years in correspondence with the interest cash flows relating to the bond issue, in keeping with the nature of these instruments as cash flow hedges. The cost of this bond, including the impact of the hedges, is thus 2.38%.

- 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 2016, the Group reports transactions classifiable as fair value hedges in accordance with IAS 39, regarding the previously mentioned new IPCA Linked Swaps entered into by the Brazilian companies, Triangulo do Sol and Colinas, with the aim of converting the real IPCA rate bonds issued in 2013 to a floating CDI rate. Changes in the fair value of these instruments are recognised in profit or loss and are offset by matching changes in the fair value of the underlying liabilities.

As a result of cash flow hedges, 90% of interest bearing debt is fixed rate.

Currency risk

Currency risk can result in the following types of exposure:

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

The 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 Parent Company's functional currency. This risk relates to the issuer substitution, as described in note 8.17, "Material non-recurring transactions". In this regard, following the above issuer substitution, the Group is party to Cross Currency Swaps (CCIRs) linked to the bonds denominated in sterling (GBP) and yen (JPY). Whilst, from an operational viewpoint, these derivatives hedge the bonds' exposure to currency risk, they do not meet all the requirements for classification as hedges under IAS 39. As a result they are classified, from an accounting point of view, as non-hedge accounting.

18% of the Group's debt is denominated in currencies other than the euro, based on the proportion of debt denominated in the local currency of the country in which the relevant Group company operates. 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 2016 (compared with 31 December 2015) and shows the corresponding market and notional values of the hedged financial asset or liability.

€000	Type	Purpose of hedge	31 December 2016		31 December 2015	
			Fair value asset/(liability)	Notional amount	Fair value asset/(liability)	Notional amount
Cash flow hedges⁽¹⁾						
	Interest Rate Swaps	Tassi di interesse	-196,234	3,130,233	-356,084	3,632,107
	Total		-196,234	3,130,233	-356,084	3,632,107
Fair value hedges⁽²⁾						
	IPCA x CDI Swaps		-6,012 ⁽²⁾	172,187	-12,461	154,954
	Total		-6,012	172,187	-12,461	154,954
Non-hedge accounting derivatives						
	Cross Currency Swaps	Tasso di cambio e di interesse	-281,904	899,176		
	Derivatives embedded in loans	Tassi di interesse	-2,814	445,000		
	FX Forwards	Tassi di cambio	-2,492 ⁽³⁾	35,548	36 ⁽²⁾	35,914
	Total		-287,210	1,379,724	36	35,914
	Total derivatives		-489,456	4,682,144	-368,509	3,822,975
	of which:					
	fair value (asset)		-		36	
	fair value (liability)		-489,456		-368,545	

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

(2) The fair value as at 31 December 2016 is classified in liabilities held for sale.

(3) The fair value of these derivatives is classified in short-term assets and liabilities.

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 2016 and on equity as at 31 December 2016.

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:

- a) 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 €3,914 thousand, and on other comprehensive income, totalling €24,680 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 consolidated income statement, totalling €39,515 thousand, and on other comprehensive income, totalling €262,664 thousand, due to the adverse effect on the overseas companies' after-tax results and changes in the foreign currency translation reserves.

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 2016, project debt allocated to specific overseas companies amounts to €1,658 million. At the same date the Group has cash reserves of €5,510 million, consisting of:

- a) €3,420 million in cash and/or investments maturing in the short term, after net short-term payables due to the parent, Atlantia from Autostrade per l'Italia, essentially in relation to the latter's role as a provider of centralised treasury services;
- b) €235 million in term deposits allocated primarily to part finance the execution of specific construction services;

- c) €1,855 million in undrawn committed lines of credit. The Group has lines of credit with a weighted average residual term to maturity of approximately eight years and a weighted average residual drawdown period of approximately three years.

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

€000		31 December 2016					
Borrower	Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn	
Autostrade per l'Italia	Medium/long-term committed EIB line 2013 "Environment and Motorway Safety"	31 Dec 2017	15 Sept 2037	300	100	200	
Autostrade per l'Italia	Medium/long-term committed EIB line 2010 "Upgrade A14 B"	31 Dec 2017	31 Dec 2036	200	-	200	
Autostrade per l'Italia	Medium/long-term committed EIB line 2013 "Florence Bologna IV B"	31 Dec 2017	15 Sept 2038	250	150	100	
Autostrade per l'Italia	Medium/long-term committed CDP/SACE line	23 Sept 2020	23 Dec 2024	1,000	200	800	
Autostrade per l'Italia	Medium/long-term committed CDP A1 2012 line	21 Nov 2020	20 Dec 2021	700	200	500	
Autostrade Meridionali	Short-term loan from Banco di Napoli	31 Dec 2017	31 Dec 2017	300	245	55	
				Line of credit	2,750	895	1,855

The following schedule shows the distribution of maturities for financial liabilities outstanding as at 31 December 2016 and 31 December 2015.

The amounts shown in the following 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 2016					
	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)	9,572,598	-10,395,051	-1,160,616	-422,986	-3,811,989	-4,999,460
Medium/long-term borrowings						
Total bank borrowings	3,130,217	-3,973,140	-282,159	-316,996	-1,067,237	-2,306,748
Total other borrowings	1,217,340	-1,078,640	-39,320	-1,039,320	-	-
of which due to Atlanta	992,320	-1,078,640	-39,320	-1,039,320	-	-
Total medium/long-term borrowings (B)	4,347,557	-5,051,780	-321,479	-1,356,316	-1,067,237	-2,306,748
Total non-derivative financial liabilities (C)=(A)+(B)	13,920,155	-15,446,831	-1,482,095	-1,779,302	-4,879,226	-7,306,208
Derivatives (2) (3)						
Interest rate swaps (4)	196,234	-375,693	-27,076	-38,115	-113,032	-197,470
Cross Currency Swaps	281,904	-286,736	-12,640	-12,890	-37,882	-223,324
IPCA x CDI Swaps (4) (5)	6,012	70,079	-4,076	2,086	30,592	41,477
Total derivatives	484,150	-592,350	-43,792	-48,919	-120,322	-379,317

(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. The balance includes the fair value of and flows relating to liabilities classified as held for sale as at 31 December 2016.

(2) As at 31 December 2016, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2019.

(3) Expected future cash flows from differentials on derivatives have been projected on the basis of the exchange rate fixed at the measurement date.

(4) Future cash flows relating to differentials on interest rate swaps (IRS) and IPCA x CDI Swaps have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.

(5) This fair value as at 31 December 2016 is classified in liabilities held for sale.

(€000)	31 December 2015					
	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)	3,511,386	-4,247,641	-298,828	-188,794	-533,487	-3,226,532
Medium/long-term borrowings						
Total bank borrowings	3,297,747	-4,230,486	-249,397	-299,687	-877,141	-2,804,261
Total other borrowings	7,575,621	-9,372,705	-1,198,817	-861,781	-3,052,595	-4,259,512
of which due to <i>Atlantia</i>	7,378,146	-9,320,425	-1,198,817	-861,781	-3,000,315	-4,259,512
Total medium/long-term borrowings (B)	10,873,368	-13,603,191	-1,448,214	-1,161,468	-3,929,736	-7,063,773
Total non-derivative financial liabilities (C)=(A)+(B)	14,384,754	-17,850,832	-1,747,042	-1,350,262	-4,463,223	-10,290,305
Derivatives (2) (3)						
Interest rate swaps (4)	356,084	-614,933	-61,324	-70,601	-239,672	-243,336
IPCA x CDI Swaps (4)	12,461	52,020	-7,833	-3,779	15,760	47,872
Total derivatives	368,545	-562,913	-69,157	-74,380	-223,912	-195,464

(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 2015, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2017.

(3) Expected future cash flows from differentials on derivatives have been projected on the basis of the exchange rate fixed at the measurement date.

(4) Future cash flows relating to differentials on interest rate swaps (IRS) and IPCA x CDI Swaps have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.

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 2016						31 December 2015					
	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	-196,234	-203,496	-26,668	-36,334	-97,354	-43,140	-356,084	-381,928	-69,037	-67,833	-170,135	-74,923
Total cash flow hedges	-196,234	-203,496	-26,668	-36,334	-97,354	-43,140	-356,084	-381,928	-69,037	-67,833	-170,135	-74,923
Accrued expenses on cash flow hedges	-7,262	-	-	-	-	-	-25,844	-	-	-	-	-
Total cash flow hedge derivative assets/liabilities	-203,496	-203,496	-26,668	-36,334	-97,354	-43,140	-381,928	-381,928	-69,037	-67,833	-170,135	-74,923
€000												
		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												
Income from cash flow hedges		11,767	-	-	-	11,767	5,986	-	-	-	-	5,986
Losses on cash flow hedges		-208,001	-26,131	-35,619	-100,244	-46,007	-362,070	-47,395	-68,087	-169,747	-76,841	-76,841
Total income (losses) from cash flow hedges		-196,234	-26,131	-35,619	-100,244	-34,240	-356,084	-47,395	-68,087	-169,747	-70,855	

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

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

Operating segments

Until 31 December 2015, the Group provided segment information in accordance with IFRS 8. The composition of the Autostrade per l'Italia Group's operating segments included "Italian motorways", "Overseas motorways" and "Other activities" (including the production and operation of free-flow tolling systems, traffic and transport management systems, and public information and electronic payment systems).

Following the above restructuring of the Atlantia Group (described in note 6, "Corporate actions"), the contribution of the companies belonging to the "Overseas motorways" segment has been classified in discontinued operations. Therefore, as specifically provided for in IFRS 5, it is no longer obligatory to provide IFRS 8 compliant information for this operating segment. As a result, taking into account the absence of any further operating segments, other than the "Italian motorways" segment, that exceed the materiality threshold established by IFRS 8, with effect from these consolidated financial statements, the Autostrade per l'Italia Group no longer presents segment information.

Geographical information

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 (*)	
	2016	2015	31 December 2016	31 December 2015
Italy	4,024	4,080	18,905	18,819
Poland	3	1	-	206
France	2	2	-	-
Portugal	-	-	-	15
Sub-total Europe	4,029	4,083	18,905	19,040
Brazil	-	-	-	1,022
Chile	3	3	-	1,799
USA	-	-	-	28
Total	4,032	4,086	18,905	21,889

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

10.2 Disclosure of non-controlling interests in consolidated companies

As required by IFRS 12, a list of the principal consolidated companies with non-controlling interests as at 31 December 2016 (with the relevant comparatives as at 31 December 2015) is provided below. The complete list of the Group's investments as at 31 December 2016 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 2016		31 December 2015	
		Group interest	Non-controlling interests	Group interest	Non-controlling interests
<i>Italian motorways</i>					
Autostrade Meridionali SpA	Italy	58.98%	41.02%	58.98%	41.02%
Società Italya per Azioni per il Traforo del Monte Bianco SpA	Italy	51.00%	49.00%	51.00%	49.00%
Raccordo Autostradale Valle d'Aosta SpA	Italy	24.46%	75.54%	24.46%	75.54%
Autostrada Tirrenica	Italy	99.99%	0.01%	n.a.	n.a.
<i>Overseas motorways</i>					
AB Concessões SA	Brazil	50.00%	50.00%	50.00%	50.00%
Concessionária da Rodovia MG 050 SA	Brazil	50.00%	50.00%	50.00%	50.00%
Rodovia das Colinas SA	Brazil	50.00%	50.00%	50.00%	50.00%
Triangulo do Sol Auto-Estradas SA	Brazil	50.00%	50.00%	50.00%	50.00%
Grupo Costanera SA	Chile	50.01%	49.99%	50.01%	49.99%
Sociedad concesionaria AMB SA	Chile	50.01%	49.99%	50.01%	49.99%
Sociedad concesionaria Costanera Norte SA	Chile	50.01%	49.99%	50.01%	49.99%
Sociedad concesionaria Litoral Central SA	Chile	50.01%	49.99%	50.01%	49.99%
Sociedad Gestion Vial SA	Chile	50.01%	49.99%	50.01%	49.99%
Sociedad Operacion y Logistica de Infraestructuras SA	Chile	50.01%	49.99%	50.01%	49.99%
Sociedad concesionaria Autopista Nororiental SA	Chile	50.01%	49.99%	50.01%	49.99%
Sociedad concesionaria Autopista Nueva Vespucio Sur SA	Chile	50.01%	49.99%	50.01%	49.99%
<i>Other activities</i>					
Ecomouv' SAS.	France	70.00%	30.00%	70.00%	30.00%
Electronic Transactions Consultants Co.	USA	64.46%	35.54%	64.46%	35.54%
Infoblu SpA	Italy	75.00%	25.00%	75.00%	25.00%

The 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, are as follows:

- a) the Brazilian sub-holding, AB Concessões, and its subsidiaries;
- b) the Chilean sub-holding, Grupo Costanera, and its direct and indirect subsidiaries.

Non-controlling interests in these sub-groups of companies are deemed material based on their contribution to the Autostrade per l'Italia Group's consolidated amounts. In addition, the non-controlling interest in AB Concessões is held by a sole shareholder (a Bertin group company), whilst the non-controlling interest in Grupo Costanera (equal to 49.99%), is held by the Canadian pension fund, Canada Pension Plan Investment Board.

The key financial indicators presented in the following table thus include amounts for the above companies and their respective subsidiaries, extracted, unless otherwise indicated, from the reporting packages prepared by these companies for the purposes of Autostrade per l'Italia's consolidated financial statements, in addition to the accounting effects of acquisitions (fair value adjustments of the net assets acquired).

€m	AB Concessoes and direct subsidiaries		Grupo Costanera and direct and indirect subsidiaries	
	2016	2015	2016	2015
Revenues ⁽¹⁾	314	327	287	280
Profit for the year ⁽²⁾	40	76	125	124
Profit/(Loss) for the year attributable to non-controlling interests⁽²⁾	20	38	63	62
Net cash generated from operating activities ⁽²⁾	52	89	185	181
Net cash used in investing activities ⁽²⁾	-86	-121	-103	-33
Net cash generated from/(used in) financing activities ⁽²⁾	10	7	-40	-23
Effect of exchange rate movements on cash and cash equivalents ⁽¹⁾	11	-22	23	-12
Increase/(Decrease) in cash and cash equivalents⁽²⁾	-13	-47	65	113
Dividends paid to non-controlling shareholders	-	16	-	-

€m	AB Concessoes and direct subsidiaries		Grupo Costanera and direct and indirect subsidiaries	
	2016	2015	2016	2015
Non-current assets	2,412	1,911	3,224	2,922
Current assets	162	126	663	697
Total assets (A)	2,574	2,037	3,887	3,619
Non-current liabilities	1,199	1,013	1,805	1,686
Current liabilities	470	324	173	313
Total liabilities (B)	1,669	1,337	1,978	1,999
Net assets	905	700	1,909	1,620
Net assets attributable to non-controlling interests	454	351	969	823

(1) This item includes toll revenue, revenue from construction services, contract revenue and other operating income, classified in "Profit/(Loss) from discontinued operations".

(2) The amounts shown contribute to the Group's consolidated amounts and, therefore, include the impact of any consolidation adjustments.

Following the restructuring of the Atlantia Group described in note 6, "Corporate actions", the investment in Autostrade dell'Atlantico, which, among others, controls the Brazilian sub-holding company, AB Concessoes, and the Chilean sub-holding company, Grupo Costanera, will be transferred in full to Atlantia in 2017. As a result, this company's contribution to revenue for 2016 and the comparative period is not shown, whilst its assets and liabilities as at 31 December 2016 are included in "Assets held for sale or related to discontinued operations" and "Liabilities related to discontinued operations".

10.3 Guarantees

The Group has certain personal guarantees in issue to third parties as at 31 December 2016. These include, listed by importance:

- guarantees issued by Autostrade per l'Italia securing the bonds issued by Atlantia, amounting to a total of €1,200,000 thousand and representing 120% of par value, in return for which Autostrade per l'Italia receives intragroup loans with the same terms to maturity and a face value of €1,000,000 thousand as at 31 December 2016;
- bank guarantees provided by Tangenziale di Napoli (€27,322 thousand) to the Ministry of Infrastructure and Transport, as required by the covenants in the relevant concession arrangement;
- guarantees issued by the Brazilian, Chilean and Polish operators securing project financing in the form of either bank loans or bonds.

As at 31 December 2016, the shares of certain of the Group's overseas operators (Rodovias das Colinas, Concessionaria da Rodovias MG050, Triangulo do Sol, Sociedad Concesionaria Costanera

Norte, Sociedad Concesionaria de Los Lagos, Sociedad Concesionaria Autopista Nororiental, Sociedad Concesionaria Litoral Central and Sociedad Concesionaria Vespucio Sur) have also been pledged to the respective providers of project financing to the same companies, as have shares in Pune Solapur Expressways, Lusoponte, Tangenziale Esterna and Bologna & Fiera Parking.

10.4 Reserves

As at 31 December 2016, Group companies have recognised contract reserves quantified by contractors amounting to approximately €1,132 million (approximately €1,993 million as at 31 December 2015). This is down €861 million, essentially as a result of the out-of-court settlement reached with Autostrade per l'Italia's contractors in relation to work on lots 6 and 7 of the Variante di Valico, resulting in payment by the Company of an amount that was significantly lower than the original claim.

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.

Reserves have also been recognised in relation to works not connected to investment (work for external parties and maintenance), amounting to approximately €43 million. The estimated future cost is covered by provisions for disputes accounted for in the consolidated financial statements as at and for the year ended 31 December 2016.

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 trading transactions with related parties																		
	Assets			Liabilities				Income											
	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	Assets related to discontinued operations	Total	Trade payables	Current tax liabilities	Other current liabilities	Other non-current liabilities	Liabilities related to discontinued operations	Total	Revenue from construction services and other income	Total	Raw and consumable materials	Service costs	Staff costs	Other operating costs	Total	
	31 December 2016												2016						
Edizione	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
Sirtonia	-	7.2	-	-	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Atlantia	3.9	58.0	0.2	2.5	64.6	3.8	0.7	-	-	7.3	11.8	2.4	2.4	0.6	-	-	-	0.2	0.6
Total parents	3.9	65.2	0.2	2.5	71.8	3.8	0.7	-	-	7.3	11.8	2.4	2.4	0.6	-	-	-	0.2	0.7
Bologna and Fiera Parking	1.1	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pavimental	1.0	-	-	-	1.0	126.2	-	-	-	-	-	0.9	0.9	-	-	-	-	0.4	266.1
Spea Engineering	26.1	-	-	-	26.1	80.6	-	-	-	0.1	80.7	0.8	0.8	66.1	0.9	-	-	0.9	67.0
Total associates	28.2	-	-	-	28.2	206.8	-	-	-	0.1	206.9	1.7	1.7	331.9	0.8	-	-	0.4	333.1
Rodovias do Tietê	-	-	-	23.6	23.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totale Joint Venture	-	-	-	23.6	23.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Augepelli	36.9	-	-	-	36.9	3.9	-	-	-	-	3.9	70.8	70.8	0.1	0.4	-	-	-	0.5
Aeroporti di Roma group	1.2	-	-	-	1.2	0.3	-	-	-	-	0.3	0.4	0.4	-	-	-	-	0.5	-
Stal export group(*)	2.6	-	-	-	2.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pavimental Polska	-	-	-	-	-	0.2	-	-	-	-	0.2	-	-	-	-	-	-	-	0.3
Pune Solapur Expressways Private	-	-	-	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telepass(*)	30.3	-	-	-	30.3	8.1	-	-	-	-	8.1	-	-	-	-	-	-	-	-
Total affiliates	71.0	-	-	0.2	71.2	12.5	-	-	-	-	12.5	71.2	71.2	0.1	0.7	-	-	0.5	0.3
ASTRI pension fund	-	-	-	-	-	-	-	5.2	-	-	5.2	-	-	-	-	-	-	13.7	13.7
CAPIDI pension fund	-	-	-	-	-	-	-	2.3	-	-	2.3	-	-	-	-	-	-	3.8	3.8
Total pension funds	-	-	-	-	-	-	-	7.5	-	-	7.5	-	-	-	-	-	-	17.5	17.5
Key management personnel	-	-	-	-	-	-	-	2.6	-	-	2.6	-	-	-	-	-	-	-	-
Key management personnel (1)	-	-	-	-	-	-	-	2.6	-	-	2.6	-	-	-	-	-	-	-	-
Total key management personnel (1)	-	-	-	-	-	-	-	2.6	-	-	2.6	-	-	-	-	-	-	-	-
TOTAL	103.1	65.2	0.2	26.3	194.8	223.1	0.7	10.1	2.0	7.4	243.3	75.3	75.3	333.2	26.8	-	-	9.2	360.8
	31 December 2015												2015						
Sirtonia	-	7.1	-	-	7.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Atlantia	3.1	13.8	-	-	16.9	2.9	9.0	26.9	-	-	38.8	2.9	2.9	0.8	2.6	-	-	0.1	3.5
Total parents	3.1	20.9	-	-	24.0	2.9	9.0	26.9	-	-	38.8	2.9	2.9	0.8	2.6	-	-	0.1	3.5
Buero Centrum	-	-	-	-	-	-	-	-	-	-	-	1.6	1.6	-	-	-	-	-	0.1
Bologna and Fiera Parking	-	-	-	-	-	0.1	-	-	-	-	0.1	0.1	0.1	0.7	-	-	-	-	0.7
Pavimental	1.1	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spea Engineering	1.0	-	-	-	1.0	176.4	-	5.7	-	-	182.1	1.3	1.3	367.8	-	-	-	0.3	368.1
Other Associates	19.0	-	-	-	19.0	80.9	-	-	-	-	80.9	0.9	0.9	72.4	0.9	-	-	-	73.3
Total associates	21.1	-	-	-	21.1	257.4	-	5.7	-	-	263.1	4.0	4.0	441.0	0.9	-	-	0.3	442.2
Augepelli	36.8	-	-	-	36.8	3.9	-	-	-	-	3.9	72.2	72.2	0.4	0.5	-	-	0.3	1.2
Aeroporti di Roma group	0.6	-	-	-	0.6	-	-	-	-	-	0.2	0.7	0.7	-	-	-	-	0.2	0.2
Pavimental Polska	-	-	-	-	-	0.6	-	-	-	-	0.6	-	-	-	-	-	-	-	0.2
Pune Solapur Expressways Private	0.3	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total affiliates	37.7	-	-	-	37.7	4.7	-	-	-	-	4.7	72.9	72.9	0.4	0.9	-	-	0.3	1.6
ASTRI pension fund	-	-	-	-	-	-	-	4.1	-	-	4.1	-	-	-	-	-	-	13.4	13.4
CAPIDI pension fund	-	-	-	-	-	-	-	1.0	-	-	1.0	-	-	-	-	-	-	2.0	2.0
Total pension funds	-	-	-	-	-	-	-	5.1	-	-	5.1	-	-	-	-	-	-	15.4	15.4
Key management personnel	-	-	-	-	-	-	-	3.7	-	-	3.7	-	-	-	-	-	-	-	10.8
Total key management personnel (1)	-	-	-	-	-	-	-	3.7	-	-	3.7	-	-	-	-	-	-	-	10.8
TOTAL	61.9	20.9	-	-	82.8	265.0	9.0	41.4	-	-	315.4	79.8	79.8	0.4	442.7	29.7	-	0.7	473.5

(*) These companies were consolidated until the end of December 2016.

(**) This company was consolidated from September 2015.

(1) Autostrade per l'Italia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel as a whole. Expenses for each period include emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans) for Autostrade per l'Italia staff and staff of the relevant subsidiaries and associates. In addition to the information shown in the table, the consolidated financial statements also include contributions of €1.7 million paid on behalf of Directors, Statutory Auditors and other key management personnel and the related liabilities of €1.3 million.

Principal financial transactions with related parties																		
Assets						Liabilities			Income			Expenses						
€m	Financial assets						Financial liabilities						Financial income			Financial expenses		
	Other non-current financial assets	Current financial assets deriving from government grants	Intercompany current receivables	Other current financial assets	Total	Medium/long-term borrowings	Non-current derivative liabilities	Short-term borrowings	Intercompany current account payables	Current portion of medium/long-term financial liabilities	Total	Other financial income	Total	Other financial expenses	Total			
	31 December 2016															2015		
Atlantia (1)	-	-	-	-	-	992.3	-	-	205.6	4.3	1,202.2	12.3	12.3	345.9	345.9			
Total parents	-	-	-	-	-	992.3	-	-	205.6	4.3	1,202.2	12.3	12.3	345.9	345.9			
Pavimental	-	-	121.7	-	121.7	-	-	-	-	-	-	0.7	0.7	-	-			
Pedemontana Veneta (in liquidation)	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-			
Spea Engineering	-	-	-	-	-	-	-	-	0.2	-	0.2	2.3	2.3	-	-			
Total associates	-	-	121.7	0.1	121.8	-	-	-	0.2	-	0.2	3.0	3.0	-	-			
Autogrill	-	0.5	-	-	0.5	-	-	-	-	-	-	0.5	0.5	-	-			
Telepass (*)	-	-	361.3	-	361.3	-	-	-	-	-	-	-	-	-	-			
Total affiliates	-	0.5	361.3	-	361.8	-	-	-	-	-	-	-	-	-	-			
TOTAL	-	0.5	483.0	0.1	483.6	992.3	-	-	205.8	4.3	1,202.4	15.8	15.8	345.9	345.9			
	31 December 2015															2015		
Atlantia (1)	-	-	-	-	-	6,495.4	216.1	400.0	13.3	1,083.3	8,208.1	25.1	25.1	517.0	517.0			
Total parents	-	-	-	-	-	6,495.4	216.1	400.0	13.3	1,083.3	8,208.1	25.1	25.1	517.0	517.0			
Società Autostrada Tirrenica (**)	-	-	-	-	-	-	-	-	-	-	-	6.6	6.6	-	-			
Pavimental	-	-	76.8	-	76.8	-	-	-	-	-	-	1.3	1.3	-	-			
Spea Engineering	-	-	-	-	-	-	-	-	0.2	-	0.2	-	-	-	-			
Other associates	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-			
Total associates	-	-	76.8	0.1	76.9	-	-	-	0.2	-	0.2	7.9	7.9	-	-			
Rodovias do Tietê	15.6	-	-	-	15.6	-	-	-	-	-	-	2.4	2.4	-	-			
Total joint ventures	15.6	-	-	-	15.6	-	-	-	-	-	-	2.4	2.4	-	-			
Autogrill	-	0.5	-	-	0.5	-	-	-	-	-	-	0.9	0.9	-	-			
Aeroporti di Roma group	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-			
Total affiliates	-	0.5	-	-	0.5	-	-	-	-	-	-	1.0	1.0	-	-			
TOTAL	15.6	0.5	76.8	0.1	93.0	6,495.4	216.1	400.0	13.5	1,083.3	8,208.3	36.4	36.4	517.0	517.0			

(*) These companies were consolidated until the end of December 2016.

(**) This company was consolidated from September 2015.

(§) The changes in "Medium/long-term borrowings" and "Non-current derivative liabilities" as at 31 December 2016 essentially reflect the issuer substitution. The reduction in the current portion of medium/long-term borrowings is, on the other hand, due to repayment of the loan from Atlantia in May 2016.

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

With regard to trading relations, Autostrade per l'Italia provides administrative, financial and tax services to Atlantia.

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 2016 the Group has recognised tax liabilities and assets due to and from Atlantia of €58 million and €0.7 million, respectively.

As at 31 December 2016, the Group reports tax assets due from the parent, Sintonia (which in 2012 absorbed Schemaventotto), totalling €7.2 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 2016, financial liabilities (including the current portion) repayable to Atlantia, and linked to medium/long-term loans to the Company from Atlantia, amount to €1,202.2 million, down €7,005.9 million compared with 31 December 2015 (€8,208.1 million). The decline primarily reflects the issuer substitution described in note 7.15, "Financial liabilities". 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 €205.6 million as at 31 December 2016.

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

The Group reports trading liabilities payable to the affiliates, Pavimental and Spea. As at 31 December 2016, trade payables due to these companies total €126.2 million and €80.7 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 €266.2 million payable to Pavimental in return for the above services provided.

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 2016, Autogrill holds 106 food service concessions for service areas along the Group's motorway network. In 2016, the Group earned revenue of approximately €70.8 million on transactions with Autogrill, including €61 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 2016, trading assets receivable from Autogrill amount to €36.9 million.

Transactions of a financial nature as at 31 December 2016 include, as part of the Autostrade per l'Italia's provision of centralised treasury services for the Atlantia Group, intercompany current account receivables of €121.7 million due from Pavimental.

10.6 Disclosures regarding share-based payments

There were no changes, during 2016, in the share-based incentive plans already adopted by the Group as at 31 December 2015 and originally approved by the Annual General Meetings of Atlantia's shareholders held on 20 April 2011 (later amended by subsequent Annual General Meetings) and 16 April 2014.

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 2015, including the options and units awarded to directors and employees of the Atlantia Group and changes during 2015 (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 2016									
- 14 May 2011 grant	279,860	13 May 2014	14 May 2017	14.78	3.48	6.0	2.60%	25.2%	4.09%
- 14 October 2011 grant	13,991	13 May 2014	14 May 2017	14.78	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	14,692	13 May 2014	14 May 2017	14.78	(*)	(*)	(*)	(*)	(*)
	345,887	14 Jun 2015	14 Jun 2018	9.66	2.21	6.0	1.39%	28.0%	5.05%
- 8 November 2013 grant	1,592,367	8 Nov 2016	9 Nov 2019	16.02	2.65	6.0	0.86%	29.5%	5.62%
- 13 May 2014 grant	173,762	N/A (**)	14 May 2017	N/A	(**)	(**)	(**)	(**)	(**)
- 15 June 2015 grant	52,359	N/A (**)	14 Jun 2018	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-669,287								
- options lapsed	-185,729								
Total	1,617,902								
Changes in options in 2016									
- 8 November 2016 grant	526,965	N/A (**)	9 Nov 2019	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-312,172								
- options lapsed	-93,381								
Options outstanding as at 31 December 2016	1,739,314								
2011 SHARE GRANT PLAN									
Units outstanding as at 1 January 2016									
- 13 May 2011 grant	192,376	13 May 2014	14 May 2016	N/A	12.90	4,0 - 5,0	2.45%	26.3%	4.09%
- 14 October 2011 grant	9,618	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	10,106	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
	348,394	14 Jun 2015	15 Jun 2017	N/A	7.12	4,0 - 5,0	1.12%	29.9%	5.05%
- 8 November 2013 grant	209,420	8 Nov 2016	9 Nov 2018	N/A	11.87	4,0 - 5,0	0.69%	28.5%	5.62%
- units converted into shares on 15 May 2015	-97,439								
- units lapsed	-48,382								
Total	624,093								
Changes in units in 2016									
- units converted into shares on 16 May 2016	-103,197								
- units converted into shares on 16 Jun 2016	-98,582								
- units lapsed	-8,277								
	-7,461								
Units outstanding as at 31 December 2016	406,576								
MBO SHARE OPTION PLAN									
Units outstanding as at 1 January 2016									
- 14 May 2012 grant	96,282	14 May 2015	14 May 2015	N/A	13.81	3.0	0.53%	27.2%	4.55%
- 14 June 2012 grant	4,814	14 May 2015	14 May 2015	N/A	(*)	(*)	(*)	(*)	(*)
- 2 May 2013 grant	41,077	2 May 2016	2 May 2016	N/A	17.49	3.0	0.18%	27.8%	5.38%
- 8 May 2013 grant	49,446	8 May 2016	8 May 2016	N/A	18.42	3.0	0.20%	27.8%	5.38%
- 12 May 2014 grant	61,627	12 May 2017	12 May 2017	N/A	25.07	3.0	0.34%	28.2%	5.47%
- units converted into shares on 15 May 2015	-101,096								
Total	152,150								
Changes in units in 2016									
- units converted into shares on 3 May 2016	-41,077								
- units converted into shares on 9 May 2016	-49,446								
Units outstanding as at 31 December 2016	61,627								

(*) Options and units awarded as a result of Atlantia’s bonus issues which, 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 which could lead to the assignment of some additional units 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 2016

The vesting period for the third award cycle expired on 8 November 2016. In accordance with the Terms and Conditions of this plan, following confirmation of effective achievement of the related performance hurdles, the final value of the shares (the arithmetic mean of the share price in the fifteen days prior to the vesting date) was determined as well as the additional options resulting from dividends paid during the vesting period. On 4 March 2016, Atlantia's Board of Directors, exercising the authority provided for in the Plan Terms and Conditions, awarded the plan beneficiaries, in place of these additional options, a matching amount of phantom options in such a way that, on exercising the awarded options, the beneficiaries receive a gross amount in cash, determined with a calculation method which allow the beneficiaries to receive a net amount equal to what would have been received if they had exercised the additional options (resulting in the award of shares in Atlantia and payment of the exercise price) and sold the underlying shares in the market. On expiry of the vesting period, this resulted in the award of a total of 526,965 phantom options for the third cycle of the plan. For the reasons given above, the options awarded do not constitute an additional benefit with respect to the benefits established in the Plan Terms and Conditions.

During 2016, 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:

- d) 83,507 of Atlantia's ordinary shares to beneficiaries in connection with the second cycle, the vesting period for which expired on 14 June 2015; moreover, 30,639 phantom options awarded in 2015 were exercised;

- e) 198,026 of Atlantia's ordinary shares to beneficiaries in connection with the third cycle, the vesting period for which expired on 8 November 2016, whilst no phantom options awarded in 2016 were exercised.

Thus, as at 31 December 2016, taking into account lapsed options at that date, the remaining options outstanding total 1,739,314, including 548,685 phantom options awarded under the second and third cycles (the unit fair values of which, as at 31 December 2016, were measured as €16.93 and €7.87, 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 2016

The vesting period for the third award cycle expired on 8 November 2016. In accordance with the Terms and Conditions of this plan, following confirmation of effective achievement of the related performance hurdles, the units previously awarded vested: these units may be converted into Atlantia's ordinary shares from 8 November 2017.

In addition, with regard to the first award cycle, the vesting period for which expired on 13 May 2014, on 16 May 2016 vested units were converted, in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 103,197 shares held by the Company as treasury shares. The first award cycle for this Plan has thus expired.

In addition, in accordance with the Plan Terms and Conditions, on 16 June 2016 a portion of the vested units granted to the beneficiaries of the second award cycle (the vesting period for which expired on 14 June 2015) was converted into Atlantia's ordinary shares, with beneficiaries receiving 98,582 shares held by the Company as treasury shares. The remaining units will be converted into Atlantia's ordinary shares from 15 June 2017.

As at 31 December 2016, taking into account lapsed units at that date, the remaining units outstanding total 406,576.

MBO Share Grant Plan

Description

As approved by the Annual General Meetings of Atlantia's shareholders on 20 April 2011 and amended by the Annual General Meetings of 30 April 2013 and 16 April 2014, the MBO Share Grant Plan, serving as part payment of the annual bonus for the achievement of objectives assigned to each beneficiary under the Management by Objectives (MBO) plan adopted by the Atlantia Group in 2011, 2012 and 2013, entails the grant of up to 340,000 units free of charge annually for three years (2012, 2013 and 2014). Each unit will grant beneficiaries the right to receive one ordinary share in Atlantia SpA held in treasury.

The units granted (the number of which is based on the unit price of the company's shares at the time of payment of the bonus, and on the size of the bonus effectively awarded on the basis of achievement of the assigned objectives) will vest in accordance with the Plan terms and conditions, on expiration of the vesting period (three years from the date of payment of the annual bonus to beneficiaries, following confirmation that the objectives assigned have been achieved). Vested units will be converted into a maximum number of shares on 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), on the basis of a mathematical algorithm that takes account, among other things, of the current value and initial value of the shares, plus any dividends paid during the vesting period, so as to cap the realisable gain.

Changes in the units in 2016

The vesting period for the MBO Plan units awarded in relation to the objectives for 2012 expired on 2 and 8 May 2016. In accordance with the Terms and Conditions of this plan, all the units awarded thus vested, resulting in their conversion into Atlantia's ordinary shares and the allocation to beneficiaries of 90,523 shares held by the Company as treasury shares.

In addition, on 4 March 2016, Atlantia's Board of Directors, exercising the authority provided for in the Plan Terms and Conditions, awarded the plan beneficiaries a gross amount in cash in place of the additional units to be awarded as a result of the payment of dividends during the vesting period. This amount is computed in such a way as to enable beneficiaries to receive a net amount equal to what they would have received in case they had been awarded a number of Atlantia shares equal to the additional units and sold these shares in the market.

As at 31 December 2016, the remaining units outstanding total 61,627.

The following table shows the main aspects of the "2014 Phantom Share Option Plan", unlike the other plans settled entirely in cash. 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 2016. 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 2016									
- 9 May 2014 grant	1,566,736	9 May 2017	9 May 2020	N/A (*)	2.88	3,0 - 6,0	1.10%	28.9%	5.47%
- deconsolidation of companies	-125,222								
- 8 May 2015 grant	1,436,941	8 May 2018	8 May 2021	N/A (*)	2.59	3,0 - 6,0	1.01%	25.8%	5.32%
- transfers/secondments	-6,668								
- options lapsed	-149,849								
Total	2,721,938								
Changes in options in 2016									
- 10 Jun 2016 grant	1,617,292	10 Jun 2019	10 Jun 2022	N/A (*)	1.89	3,0 - 6,0	0.61%	25.3%	4.94%
- transfers/secondments	24,193								
- options lapsed	-1,364								
Options outstanding as at 31 December 2016	4,362,059								

(*) Given that this is a cash bonus plan, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan does not require an exercise price. However, the Terms and Conditions of this specific plan 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 2016

On 10 June 2016, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the plan in question, subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 8 July 2016. This resulted in the award of a total of 1,617,292 phantom options with a vesting period that expires on 10 June 2019 and an exercise period, on achievement of the relevant hurdles, from 11 June 2019 to 10 June 2022.

Thus, as at 31 December 2016, taking into account lapsed options at that date, and changes resulting from transfers and/or secondments of staff to and from other Autostrade per l'Italia Group companies, the remaining options outstanding total 4,362,059, including 1,275,973 phantom options awarded under the first cycle, 1,468,794 phantom options awarded under the second cycle and 1,617,292 phantom options awarded under the third cycle (the unit fair values of which as at 31 December 2016 were measured as €4.39, €1.99 and €1.99, 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:

- price as at 31 December 2016: €22.31;

- b) price as at 10 June 2016 (the grant date for new options or units, as described): €23.00;
- c) the weighted average price for 2016: €22.70;
- d) the weighted average price for the period 10 June 2016 – 31 December 2016: €21.96.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2015 the Group has recognised staff costs of €7,296 thousand, based on the accrued fair value of the options and units awarded at that date, including €2,980 thousand accounted for as an increase in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2015 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. Current disputes are unlikely to give rise to significant charges for Group companies, in addition to the provisions already accounted for in the consolidated financial statements as at and for the year ended 31 December 2016.

Italian motorways

Toll increases with effect from 1 January 2017

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued the related decrees on 30 December 2016, determining that:

- a) Autostrade per l'Italia was to apply a toll increase of 0.64%, compared with the 0.77% requested. The reason given for the reduction with respect to the requested percentage (equal to 0.13%) was that additional documentation was required in respect of the "X" and "K" tariff components. Once these documents have been submitted, the Grantor will decide whether or not to allow the company to recover the shortfall through subsequent toll increases. In this regard, having had access to the paperwork relating to the Grantor's determination, Autostrade per l'Italia is in the process of preparing further additional documentation for submission to the Grantor;
- b) Raccordo Autostradale Valle d'Aosta and Autostrada Tirrenica were to apply an increase based on the target inflation rate (0.90%), whilst determining that any over or under recoveries, including those for previous years, will be assessed following revision of the operators' financial plans. The companies thus challenged the related decree before the Regional Administrative Court.
- c) Tangenziale di Napoli was to apply a toll increase of 1.76%, thus lower than the requested increase, and that any over or under recoveries, including those for previous years, will be assessed following revision of the operator's financial plans. The company thus challenged the related decree before the Regional Administrative Court.
- d) Autostrade Meridionali, as in previous years, did not have the right to apply any toll increase, in view of the fact that its concession expired on 31 December 2012. Autostrade Meridionali has brought a legal challenge contesting the above decision, in line with the approach adopted in previous years (for 2014 and 2015, the courts found in the company's favour, whilst the challenge relating to 2016 is still pending).

As regards Traforo del Monte Bianco, which operates under a different regulatory regime, on 2 December 2016, the Intergovernmental Committee for the Mont Blanc Tunnel gave to go-ahead for a toll increase of 0.06%, representing the average of the inflation rates registered in Italy (-0.07%) and France (+0.2%).

Extension of discount plan for frequent motorway users

As happened in 2016, the Minister of Infrastructure and Transport, in a letter dated 22 December 2016, asked AISCAT and the motorway operators participating in the discount plan, to extend the plan through to the end of 2017. On 28 December 2016, AISCAT announced the agreement of all the participating operators “provided that the terms of the Memorandum of Understanding continue to apply, and specifically the provisions regarding the recovery of lost revenue which, in accordance with the above agreement, the operators must be able to recover by 2018 in accordance with the previously agreed procedures”.

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

On 15 April 2016, Autostrade per l’Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and the Municipality of Bologna signed an agreement for the upgrade of the existing motorway system/ring road interchange serving the city of Bologna. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l’Italia has modified the design for the project in full compliance with the principles set out in the agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure. The environmental assessment is expected to be completed in 2017 and, following receipt of all the necessary consents, work should start during the year.

Addendum to Autostrada Tirrenica’s Single Concession Arrangement

In response to observations from the European Commission regarding, among other things, extension of the concession to 2046, on 14 October 2014 the Grantor sent Autostrada Tirrenica a draft addendum envisaging extension of the concession to 2043, completion of work on the Civitavecchia–Tarquinia section, and eventual completion of the motorway (in sections, if necessary) to be put out to tender.

Completion of the motorway is subject to fulfilment of the technical and financial conditions to be verified jointly by the grantor and the operator and execution of an addendum to the Concession Arrangement, with a viable financial plan attached.

Subsequently, on 13 May 2015, a memorandum of understanding was signed by the Grantor, Tuscany Regional Authority, Lazio Regional Authority, Autostrade per l’Italia and Autostrada Tirrenica with an attached draft addendum which, whilst maintaining the duration of the concession until 2043, a viable financial plan for the Civitavecchia–Tarquinia section and the obligation to put all the works out to tender. The memorandum also provides for further commitments regarding the design of the Tarquinia–Ansedonia and Ansedonia–Grosseto South sections and of the improvements to the existing dual carriageway (the *SS. 1 Variante Aurelia*) between Grosseto South and San Pietro in Palazzi, retaining the current layout of the road.

Performance of the above construction work is subject to positive outcomes of studies of the technical/design, financial and administrative feasibility to be conducted jointly by the Grantor and Autostrada Tirrenica and execution of an addendum with a viable financial plan.

Subsequently, after further discussions between the Grantor and the European Commission, at the Grantor’s request, Autostrada Tirrenica submitted further versions of a financial plan, initially assuming an expiry date of 31 December 2040 and then one of 31 December 2038. In this latter regard, on 21 October 2016, the company submitted a letter of commitment, by which the company, subject to execution of an addendum governing completion of the road, has undertaken to award all the contracts for work on completion of the Civitavecchia – San Pietro in

Palazzi section of motorway by public tender. The company has also agreed to accept the inclusion, in a new addendum, of a provision reducing the concession term to 2038.

Challenge brought by Autostrade Meridionali contesting the Grantor's failure to respond to the company's request for a financial plan for the concession period 2013 -2015

In relation to Autostrade Meridionali's request for adoption of a viable financial plan for the period following expiry of the Concession for the period 2013-2015, and the company's legal challenge contesting the Grantor's failure to respond, the Council of State published its judgement on 30 November 2016, turning down the Grantor's appeal and confirming the judgement at first instance, which upheld Autostrade Meridionali's challenge and ordered the Grantor to respond to Autostrade Meridionali's request by adopting a viable financial plan.

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

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

Brebemi intersection

With regard to Brebemi's plan to build an intersection linking the A35 (operated under concession by Brebemi) and the A4 (operated under concession by Autostrade per l'Italia), Autostrade per l'Italia has filed a number of legal challenges. In addition to the challenges contesting Lombardy Regional Authority determination X/4026 of 11 September 2015, which expressed a favourable opinion on the final design for the intersection, and Interministerial Economic Planning Committee ("CIPE") resolution 60 of 2015, relating to the review of Brebemi's financial plan and the 3rd Addendum to the CAL-Brebemi Agreement, on 7 December 2016, Autostrade per l'Italia submitted additional arguments against CIPE resolution 18 of 2016, regarding the public interest in the A35 intersection, and CIPE resolution 19 of 2016, concerning approval of the final design for the intersection. All the above cases are pending.

New legislation concerning tenders and concessions

Enabling Act 11/2016 regarding tenders and concessions, designed to apply the relevant EU directives and reform the regulations governing public contracts, was published in the Official Gazette of 29 January 2016. Legislative Decree 50/2016, named "Implementation of directives 2014/23/EU, 2014/24/EU and 2014/25/EU on the award of concessions, public tenders and tender procedures for the providers of water, energy, transport and postal services, and reform of the existing legislation regarding the public procurement of works, services and goods", was published in the Official Gazette of 19 April 2016.

Art. 177 of the new legislation, for which ANAC (the *Autorità Nazionale Anti Corruzione*, Italy's National Anti-Corruption Authority) is in the process of issuing interpretation guidelines, with regard to the "award of concessions", has confirmed that public or private entities, not operating in the so-called excluded sectors, and who hold an existing concession at the date of entry into force of the legislation not awarded in the form of project financing or by public tender in accordance with EU law, have an obligation to award 80% of the related contracts for works, services or goods, with a value of over €150 thousand, by public tender. The legislation also

establishes that the remaining part (equal to 20%) may, in the case of private entities, be contracted out to direct or indirect subsidiaries or associates.

The new legislation came into force on 20 April 2016. There will be a transitional period to enable operators to comply with the new legislation and this will last for 24 months from the date of entry into force.

Annual checks on compliance with the above limit of 80% are to be conducted by the competent authorities and ANAC. Any instances of non-compliance must be rectified within the following year. In the event of repeated failures to comply over a period of two consecutive years, the penalties of 10% of the total value of the works, services or goods that should have been purchased by public tender may be applied.

Recognition of final price reductions for work on the third lane of the Barberino-Incisa section of motorway

With regard to the widening to three lanes of the section of the A1 between Barberino del Mugello and Florence North, operated by Autostrade per l'Italia and included among construction services with no additional economic benefits, in previous years the company had requested the Ministry of Infrastructure and Transport to make a final decision on the price reductions to be applied in the related construction contracts awarded to Pavimental for lots 0, 1 and 2. At 31 December 2016, work on lot 0 has been completed, whilst work on lots 1 and 2 is in progress.

On completing its assessment, in November 2016, the Ministry notified the final price reductions to Autostrade per l'Italia. These are far higher than those previously applied on a provisional basis. Autostrade per l'Italia has, therefore, informed Pavimental of the application of the price reductions decided on by the Ministry. This has resulted in an adjustment of the amount spent on works already carried out and a revised estimate of the cost of the works in progress.

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

The legal challenges brought before Lazio Regional Administrative Court by a number of oil and food service providers, and by individual operators, with the aim of contesting the decree issued by the Ministry of Infrastructure and Transport and the Ministry for Economic Development on 7 August 2015, approving the Restructuring Plan for motorway services areas, and the competitive tender procedure for the award of concessions at service areas, proceeded in 2016. Most of the related hearings on the merits were held and to date a total of 17 judgements have been published, none of which have upheld the challenges brought. The current situation is summarised below.

With regard to the challenges brought before Lazio Regional Administrative Court by Unione Petrolifera (UP), a number of oil service providers (Total Erg and Kuwait Petroleum Italia and Api.IP) and certain service area operators, with the aim of obtaining the cancellation of the above decree of 7 August 2015 and all other related or connected acts, judgements are awaited with respect to only 2 challenges brought by individual operators, whilst the hearing on the merits relating to a further challenge brought by an individual operator is scheduled for 5 July 2017.

As regards the 21 challenges contesting the competitive tender procedures for the award of oil service concessions, brought before Lazio Regional Administrative Court, publication of the sentence is awaited in the case of Totalerg, whilst in all the other instances the court found in Autostrade per l'Italia's favour.

7 judgements that did not uphold the challenges brought by TotalErg and an operator have been published. All the other challenges, brought by Totalerg and Eni, have been withdrawn by the plaintiffs and publication of the Regional Administrative Court's judgements is awaited.

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 Naples-Canosa motorway on 28 July 2013

On 28 July 2013, there was an accident, involving a coach travelling along the Naples-bound carriageway (at km 32+700) of the Acqualonga viaduct on the A16 Naples-Canosa motorway, operated by Autostrade per l'Italia. At the beginning of 2015, all those under investigation, including the Chief Executive Officer, received notice of completion of the preliminary investigation. Including executives, former managers and former employees, twelve of Autostrade per l'Italia's employees are under investigation.

On completion of the investigations, the Public Prosecutors requested the indictment of all the defendants.

During the initial preliminary hearings, the court admitted the entry of appearance of approximately a hundred civil parties and ordered the citation of Autostrade per l'Italia and Reale Mutua (the company that insured the coach) as liable in civil law.

At subsequent hearings, the Public Prosecutors and the remaining civil parties concluded their briefs requesting the indictment of all the defendants, whilst the defence attorneys for the defendants and the civil parties requested their acquittal.

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, with the hearing scheduled for 28 September 2016.

At the first full hearing, held on 28 September 2016, the court reserved judgement on the preliminary concerns raised by the defence counsels, regarding the right of the civil parties to be present during the hearing and the Public Prosecutor's request to include the independent experts' report, prepared at the time of the preliminary investigation, in the court records, even before the experts had been heard by the court.

At the hearing of 28 October 2016, the court ruled on the above concerns, allowing inclusion of the independent experts' report previously prepared by the Public Prosecutor's Office, but restricting its use, in this first part of the trial, to the defendants who, at the time of the unrepeatable expert assessments, had received the related notice. The court then refused the right of a further 12 claimants to file claims because too late, and excluded the only association to have brought a civil action in that it had only been established after the event.

At the end of the hearing, the court adjourned the case until 9 November 2016, when the first witnesses to be called by the Public Prosecutor will give their testimony.

At the hearing of 9 November 2016, the court ruled on the admissibility of inclusion of the independent experts' report previously prepared by the Public Prosecutor's Office and the Public Prosecutor's examination of the witnesses began.

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

At the hearing held on 10 March 2017, the experts appointed by the Public Prosecutor's Office testified. At the next hearing, scheduled for 31 March 2017, the final prosecution's final witness will be heard and examination of the witnesses for the will begin, a process that will continue during further hearings scheduled for 12 and 21 April 2017.

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

In addition to the criminal proceedings, a number of civil actions have been brought and were recently combined by the Civil Court of Avellino. Following the combination of the various

proceedings, judgement is thus pending before the Civil Court of Avellino in relation to: (i) the original action brought by Reale Mutua Assicurazioni, the company that insured the coach, in order to make the maximum claim payable available to the damaged parties, including Autostrade per l'Italia (€6 million), (ii) subsequent claims, submitted as counterclaims or on an individual basis, by a number of damaged parties, including claims against Autostrade per l'Italia. Subject to the permission of the court, Autostrade per l'Italia intends to refer claimants to its insurance provider (Swiss Re International), with a view to being indemnified against any claims should it lose the case.

At the latest hearing on 9 June 2016, the court reserved judgement on the defence briefs submitted by the parties.

At the hearing of 20 October 2016, after ruling on the above defence briefs, admitting some of the requests for a preliminary motion set out in the briefs, the court, in accepting the specific requests made by certain parties appearing before the court, appointed an independent expert to assess the psychological trauma caused to the above parties by the loss of close members of their families.

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

Autostrade per l'Italia has appointed its own experts.

The experts began their investigation on 15 November 2016 and this is still ongoing.

The hearing of 20 December 2016 set the dates for future hearings and decided on the request for written testimony from a number of parties.

The court-appointed experts are, in this initial stage, examining the state of the coach and witness statements. This process is still in progress.

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 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. A similar charge has also been brought against, among others, Autostrade per l'Italia's Project Manager. Both Pavimental and Autostrade per l'Italia have received notification that they are under investigation as juridical persons, pursuant to Legislative Decree 231/2001. During the preliminary investigations, the defence counsel requested the appointment of experts to reconstruct the dynamics of the fatal accident. 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, to be heard before a local court, with the preliminary hearing held on 23 November 2016. This was then adjourned until 7 February 2017, when the civil parties appeared before the court and it was requested that the accused be summoned to appear.

Hearings have already been scheduled for 26 April 2017, to assess requests for shortened proceedings and the settlement of civil claims for damages, this avoiding the need to summons the parties liable in civil law, and for 5 July 2017 to begin discussion of the case.

Investigation by the Public Prosecutor's Office in Florence of the state of New Jersey barriers installed on the section of motorway between Barberino and Roncobilaccio

On 23 May 2014, the Public Prosecutor's Office in Florence issued an order requiring Autostrade per l'Italia to hand over certain documentation, following receipt, on 14 May 2015, of a report from Traffic Police investigators in Florence noting the state of disrepair of the New Jersey

barriers on the section of motorway between Barberino and Roncobilaccio. The report alleges negligence on the part of unknown persons, as defined by art. 355, paragraph 2.3 of the penal code (breach of public supply contracts concerning “goods or works designed to protect against danger or accidents to the public”).

At the same time, the Prosecutor’s Office ordered the seizure of the New Jersey barriers located along the right side of the carriageways between Barberino and Roncobilaccio, on ten viaducts, ordering Autostrade per l’Italia to take steps to ensure safety on the relevant sections of motorway. This seizure was executed on 28 May 2014. In June 2014, Autostrade per l’Italia’s IV Section Department handed over the requested documents to the Police. The documentation concerns the maintenance work carried out over the years on the safety barriers installed on the above section of motorway. In October 2014, addresses for service were formally nominated for a former General Manager and an executive of Autostrade per l’Italia, both under investigation in relation to the crime defined in art. 355 of the penal code. In addition, at the end of November 2014, experts appointed by the Public Prosecutor’s Office, together with experts appointed by Autostrade per l’Italia, carried out a series of sample tests on the barriers installed on the above motorway section to establish their state of repair. Following the experts’ tests, the barriers were released from seizure. At the date of approval of this document, preliminary investigations are still in progress, given that the Public Prosecutor’s Office has yet to take a final decision.

Autostrade per l’Italia -Autostrade Tech against Alessandro Patanè and companies linked to him and appeals brought before the Civil Court of Rome and the Court of Latina in accordance with art. 700 of the Code of Civil Procedure

With regard to the writ served on Mr. Alessandro Patanè and the companies linked to him by Autostrade per l’Italia and Autostrade Tech, the hearing originally scheduled at the Civil Court of Rome for 9 November 2016 was postponed until 16 November 2016. At the hearing, having noted the withdrawal of Mr. Patanè’s defence counsel, the court adjourned the proceedings until 30 March 2017, in order to enable the defendant to appoint a new counsel.

As regards the appeal filed before the Civil Court of Latina, notified to the companies on 28 April 2016, contesting the same court’s judgement throwing out the appeal in accordance with art. 700 of the Code of Civil Procedure, on 22 July 2016, the court rejected the appeal and ordered the appellants to pay the related legal expenses, amounting to €5,000.00 for each appellee.

Proceedings before the Supreme Court - Autostrade per l’Italia versus Craft Srl

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

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

Claim for damages from the Ministry of the Environment

A criminal case (initiated in 2007 pending before the Court of Florence involves two of Autostrade per l’Italia’s managers and another 18 people from contractors, who are accused of violating environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico*. Between February 2016 and May 2016, all the witnesses

and experts called to give evidence by the defence were heard. On conclusion, the court declared the hearing of 19 July 2016 to be the last occasion for the submission of documents.

At the hearings held on 5 and 12 December 2016, the defendants wishing to file a deposition were heard.

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

Further hearings have been scheduled for 20 and 27 March 2017 for the final depositions of the person civilly liable and the counsel defending Autostrade per l'Italia's personnel.

Hearings have also been scheduled for 14 April and 15 and 22 May 2017 to hear the final depositions from counsel defending the other parties.

Investigation by the Public Prosecutor's Office in Vasto of the fatal motorway accident of 21 September 2013

Following the motorway accident of 21 September 2013 at km 450 of the A14, operated by Autostrade per l'Italia, in which several people were killed, the Public Prosecutor's Office in Vasto has launched a criminal investigation, initially against persons unknown. On 23 March 2015, the Chief Executive Officer and, later, further two executives of the Company received notice of completion of the investigation, containing a formal notification of charges. The charges relate to negligent cooperation resulting in reckless manslaughter. The Public Prosecutor, following initiatives taken by the defence counsel, has requested that the case be brought to court. Due to irregularities in the writs of summons sent to the defendants, the preliminary hearing was adjourned until 1 March 2016. At this hearing, in view of the request for an alternative procedure (an "accelerated trial") from the defence counsel representing the owner of the vehicle, the court adjourned the hearing until 17 May 2016. At the end of the last hearing, the court committed all the defendants for trial on 12 October 2016 before a single judge at the Court of Vasto. This hearing was adjourned until 24 November 2016 in order to for a new judge to be appointed.

At the hearing of 24 November 2016, the parties requested leave to present their evidence to the court. At the hearing held on 23 February 2017, the court began to hear the witnesses for the prosecution, who will continue to give evidence at the next hearing scheduled for 18 May 2017.

Investigation by the Public Prosecutor's Office in Savona of the fatal accident suffered by an employee of a sub-contractor on 5 February 2016

Following the above fatal accident, Autostrade per l'Italia received notice of completion of the investigation from the Public Prosecutor's Office in Savona, containing charges relating to articles 25-septies, paragraphs 2, 6 and 7 of Legislative Decree 231/2001, in respect of the violation of art. 589, paragraph 2 of the criminal code ("reckless homicide, involving violation of occupational health and safety regulations").

The charges relate to the death, on 5 February 2016, of an employee of S. Guglielmo, a sub-contractor working for Pavimental at kilometre 24+400 of the A10 motorway. The person concerned was working as a security guard at the site at which Autostrade per l'Italia had previously contracted noise abatement work along the A10 Genoa-Savona, from kilometre 24+000 to kilometre 38+300.

Autostrade per l'Italia's Project Manager is one of the persons charged with the above violation.

Overseas motorways

Chile

From January 2016, the operators controlled by Grupo Costanera applied the following annual toll increases, calculated under the terms of the related concession arrangements:

- a) 7.6% for Costanera Norte, Vespucio Sur and Nororiental, reflecting a combination of the increase linked to inflation in 2015 (+3.9%) and a further increase of 3.5%;
- b) 5.5% for AMB, reflecting a combination of the increase linked to inflation in 2015 (+3.9%) and a further increase of 1.5%;

c) 3.9% for Litoral Central, linked to inflation in 2015 (+3.9%).

From January 2016, the tolls applied by Los Lagos have risen 2.3%, reflecting a combination of the increase linked to inflation in 2015 (+3.9%) and a further increase in the form of a bonus relating to safety improvements in 2016 (up 2.4%), less the bonus for safety improvements awarded in 2015, equal to 4.0%.

Brazil

Triangulo do Sol and Colinas increased their tolls by 4.11% from 1 July 2015, based on the rate of general price inflation in the period between June 2014 and May 2015, as provided for in the respective concession arrangements.

Triangulo do Sol and Colinas increased their tolls by 9.32% from 1 July 2016, based on the rate of consumer price inflation in the period between June 2015 and May 2016, as provided for in the respective concession arrangements. This reflects the fact that this figure was lower than the rate of general price inflation in the period between June 2015 and May 2016 (11.09%). The difference will be compensated for in accordance with the related concession arrangements.

From 24 June 2015, the tolls applied by the operator, Rodovia MG050, rose by 8.17%, based on the rate of consumer price inflation in the period between May 2014 and April 2015, as provided for in the related concession arrangement.

In June 2016, Rodovia MG050 had not proceeded to apply the annual inflation-linked toll increase permitted by its concession arrangement. This was because, pending negotiations aimed at ensuring that the concession arrangement is financially viable, the grantor, SETOP, had requested the prior conclusion of the negotiations. Given the extended nature of the talks, Rodovia MG050 notified the grantor of its decision to apply the annual toll increase from 17 January 2017. In response to a formal notice from the grantor, reiterating its request not to proceed with the toll increase, Rodovia MG050 obtained a precautionary injunction on 30 January 2017, authorising it to raise tolls with immediate effect. Rodovia MG050 thus applied the increase from 1 February 2017, raising its tolls by 9.28%, based on the rate of consumer price inflation in the period between May 2015 and April 2016, as provided for in the related concession arrangement. The delay in authorising the toll increase, with respect to the contractually established date of 13 June 2016, will be subject to compensation in accordance with the concession arrangement. The grantor has appealed the precautionary injunction.

Rodovia MG050's toll revenue was negatively affected by the suspension of charges for the suspended axles of heavy vehicles introduced by federal law 13103/2015, which came into effect on 17 April 2015. The loss of revenue resulting from the entry into effect of the above legislation will be subject to compensation in accordance with the concession arrangement.

Other activities

Electronic Transaction Consultants (ETC)

Following the withholding of payment by the Miami-Dade Expressway Authority ("MDX") for the on site and office system management and maintenance services provided by ETC, and after a failed attempt at mediation as required by the service contract, on 28 November 2012 ETC petitioned the Miami Dade County Court in Florida to order MDX to settle unpaid claims amounting to over US\$30 million and damages for breach of contract. In December 2012, MDX, in turn, notified ETC of its decision to terminate the service contract and sue for compensation for alleged damages of US\$26 million for breach of contract by ETC.

In August 2013, ETC and MDX agreed a settlement covering the services rendered by ETC during the "disentanglement" phase, which ended on 22 November 2013. MDX has duly paid the sum due. In December 2015, the court case, during which the parties presented their respective arguments and the various experts and witnesses were heard, came to an end. During 2016, the court asked the parties to make numerous attempts at finding a settlement, none of which has resulted in a positive outcome. In accepting a requested filed by the opposing party in October 2016, the court reopened the pre-trial phase solely with regard to certain aspects of the pending

action. At the end of this stage, and prior to the judgement at first instance, expected for the end of 2016, the judge openly expressed a willingness to uphold most of ETC's claims. In 2016, MDX requested removal of the judge which, having been turned down at first instance, was upheld by the Florida Court of Appeal in 2017.

At this time, ETC is waiting for a new judge to be appointed, which may mean a reopening of the case, including the pre-trial phase. As a result, it is not at this time clear how long it will take to conclude the trial and what the outcome may be.

10.8 Events after 31 December 2016

Distribution of a special dividend in kind

On 25 January 2017, a General Meeting of Autostrade per l'Italia's shareholders approved the distribution of a special dividend in kind to the parent, Atlantia. This will involve use of available equity reserves and will take the form of the transfer of the Company's entire investments in Autostrade dell'Atlantico (with effect from 1 March 2017) and in Autostrade Indian Infrastructure Development Private Limited.

Distribution of the dividend, via the transfer of the investments, is part of the Atlantia Group's planned restructuring which, through the demerger of Autostrade per l'Italia's overseas businesses and the intragroup transfer of investments completed at the end of 2016, aims to assign Autostrade per l'Italia the role of operating parent that controls a group focusing on motorway concessions in Italy.

Accident on the A14 Bologna-Taranto

During work on the widening of the A14 between Ancora South and Porto Sant'Elpidio to three lanes, a motorway bridge (no. 167) close to Camerano collapsed. Work was in progress in order to raise the level of the bridge, in order to maintain its height with respect to the raised level of the motorway following its widening to three lanes.

Autostrade per l'Italia's technicians are in the process of obtaining the necessary information in order to reconstruct the events and, to this end, have requested the contractors who designed and carried the works to provide a detailed report on what happened.

As noted above, the above work is included in the planned widening of the A14 motorway between Rimini North and Porto Sant'Elpidio and regards the Ancona South-Porto Sant'Elpidio sub-section between kilometre 230+973 and kilometre 271+273.

The work forms part of the completion of Lot 6B for which Autostrade per l'Italia has awarded the contract to Pavimental. The contract for raising the height of the motorway bridge was awarded by Pavimental to the sub-contractor, De.L.A.Be.Ch.

Annexes to the consolidated financial statements

Annex 1 - The Autostrade per l'Italia Group's scope of consolidation and investments as at 31 December 2016

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 2016

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2016	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2015	OVERALL GROUP INTEREST (%)	NOTE
PARENT COMPANY								
AUTOSTRADE PER L'ITALIA SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	62,277,000				
SUBSIDIARIES CONSOLIDATED ON A LINE-IN-LINE BASIS								
AB CONCESSIONS SA	SAO PAULO (BRAZIL)	HOLDING COMPANY	BRAZILIAN REAL	738,652,989	Autostroads Concessões e Participações Brasil Limitada	50.00%	50.00%	(1)
AD MOVING SPA	ROME	ADVERTISING SERVICES	EURO	1,000,000	Autostrade per l'Italia SPA	100%	100%	
AUTOSTRADE CONCESSIONS E PARTICIPACOES BRASIL LIMITADA	SAO PAULO (BRAZIL)	HOLDING COMPANY	BRAZILIAN REAL	729,590,863	Autostrade Portugal - Concessões de Infraestruturas SA Autostrade dell'Atlantico Srl	25.00% 41.14%		
AUTOSTRADE DELL'ATLANTICO Srl	ROME	HOLDING COMPANY	EURO	1,000,000	Autostrade Holding do Sur SA Autostrade per l'Italia SPA	33.86% 100%	100%	
AUTOSTRADE HOLDING DO SUR SA	SANTIAGO (CHILE)	HOLDING COMPANY	CHILEAN PESO	51,416,805,692	Autostrade dell'Atlantico Srl	99.99%	100%	
AUTOSTRADE INDIAN INFRASTRUCTURE DEVELOPMENT PRIVATE LIMITED	MUMBAI - MAHARASHTRA (INDIA)	HOLDING COMPANY	INDIAN RUPEE	500,000	Autostrade per l'Italia SPA SPA Engineering SPA	0.01% 99.99%	100%	
AUTOSTRADE MERIDIONAL SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	9,956,200	Autostrade per l'Italia SPA	58.88%	58.88%	(2)
AUTOSTRADE PORTUGAL SRL	ROME	HOLDING COMPANY	EURO	30,000,000	Autostrade per l'Italia SPA Autostrade dell'Atlantico Srl	100% 100%	100%	
AUTOSTRADE TECH SPA	ROME	INFORMATION SYSTEMS AND EQUIPMENT FOR THE CONTROL AND AUTOMATION OF TRAFFIC AND ROAD SAFETY	EURO	1,120,000	Autostrade per l'Italia SPA	100%	100%	

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUNDS AS AT 31 DECEMBER 2016	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUNDS AS AT 31 DECEMBER 2015	OVERALL GROUP INTEREST (%)	NOTE
CONCESSIONARIA DA RODOVIA MG850 SA	SAO PAULO (BRAZIL)	MOTORWAY OPERATION AND CONSTRUCTION	BRAZILIAN REAL	238,525,350	AB Concessões SA	100%	50.00%	
DANNI HOLDING GMBH	VIENNA (AUSTRIA)	ACQUISITION AND MANAGEMENT OF INVESTMENTS	EURO	10,000	Autostrade Tech SpA	100%	100%	
ECONOMY SAS	PARIS (FRANCE)	FINANCING/DESIGN/CONSTRUCTION/OPERATION OF EQUIPMENT REQUIRED FOR ECO-TAXE	EURO	6,000,000	Autostrade per l'Italia SpA	70.00%	70.00%	
ELECTRONIC TRANSACTION CONSULTANTS Co.	RICHARDSON (TEXAS - USA)	MANAGEMENT OF AUTOMATED TOLLING SERVICES	US DOLLAR	16,264	Autostrade dell'Atlantico Srl	64.46%	64.46%	
ESSEDESSE SOCIETA DI SERVIZI SpA	ROME	GENERAL AND ADMINISTRATIVE SERVICES	EURO	500,000	Autostrade per l'Italia SpA	100%	100%	
GIOVE CLEAR Srl	ROME	CLEANING SERVICES	EURO	10,000	Autostrade per l'Italia SpA	100%	100%	
GRUPO COSTANERA SPA	SANTIAGO (CHILE)	HOLDING COMPANY	CHILEAN PESO	465,298,430,418	Autostrade dell'Atlantico Srl	50.01%	50.01%	
INFOBLU SPA	ROME	TRAFFIC INFORMATION	EURO	5,160,000	Autostrade per l'Italia SpA	75.00%	75.00%	
RACCORDO AUTOSTRADALE VALLE D'AOSTA SPA	AOSTA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	343,805,000	Società Italiana per Azioni per il Traloro del Monte Bianco	47.97%	24.46%	(3)
RODOVIA DAS COIJMAS SA	SAO PAULO (BRAZIL)	MOTORWAY OPERATION AND CONSTRUCTION	BRAZILIAN REAL	226,146,401	AB Concessões SA	100%	50.00%	
SOCIEDAD CONCESIONARIA AMB SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	5,875,178,700	Grupo Costanera SpA Sociedad Gestion Vial SA	99.98% 0.02%	50.01%	
SOCIEDAD CONCESIONARIA AUTOPISTA NORDIENTE SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	22,738,904,654	Grupo Costanera SpA Sociedad Gestion Vial SA	99.90% 0.10%	50.01%	
SOCIEDAD CONCESIONARIA AUTOPISTA NUEVA VESPUCCIO SUR SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	166,967,672,229	Grupo Costanera SpA Sociedad Gestion Vial SA	99.9998% 0.000008%	50.01%	
SOCIEDAD CONCESIONARIA COSTANERA NORTE SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	58,859,766,519	Grupo Costanera SpA Sociedad Gestion Vial SA	99.99804% 0.0019196%	50.01%	
SOCIEDAD CONCESIONARIA DE LOS LAGOS SA	LIANQUIHUE (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	53,602,284,081	Autostrade Holding Do Sur SA Autostrade dell'Atlantico Srl	99.96238% 0.03762%	100%	

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2016	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2015	OVERALL GROUP INTEREST (%)	NOTE
SOCIEDAD CONCESIONARIA LITORAL CENTRAL SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	18,368,224,675	Grupo Costanera SPA Sociedad Gestion Vial SA	99.99% 0.01%	50.01%	
SOCIEDAD GESTION VIAL SA	SANTIAGO (CHILE)	CONSTRUCTION AND MAINTENANCE OF ROADS AND TRAFFIC SERVICES	CHILEAN PESO	397,237,788	Grupo Costanera SPA Sociedad Operación y Logística de Infraestructuras SA	99.99% 0.01%	50.01%	
SOCIEDAD OPERACION Y LOGISTICA DE INFRAESTRUCTURAS SA	SANTIAGO (CHILE)	CONCESSION CONSTRUCTION AND SERVICES	CHILEAN PESO	11,736,819	Grupo Costanera SPA Sociedad Gestion Vial SA	99.99% 0.01%	50.01%	
SOCIETÀ AUTOSTRADA TIRRENICA p.A.	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	24,460,800	Autostrade per l'Italia SPA	99.99%	99.99%	(4)
SOCIETÀ ITALIANA PER AZIONI PER IL TRAFICO DEL MONTE BIANCO	PRE' SAINT DIDIER (ACOSTA)	MONT BLANC TUNNEL OPERATION AND CONSTRUCTION	EURO	198,749,200	Autostrade per l'Italia SPA	51.00%	51.00%	
SOLUCIONA CONSERVACAO RODOVIARIA LDA	MATAO (BRAZIL)	MOTORWAY MAINTENANCE	BRAZILIAN REAL	500,000	AB Concessões SA	100%	50.00%	
TANGENZIALE DI NAPLES SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	108,077,490	Autostrade per l'Italia SPA	100%	100%	
TECH SOLUTIONS INTEGRATORS SAS.	PARIS (FRANCE)	CONSTRUCTION, INSTALLATION AND MAINTENANCE OF ELECTRONIC TOLLING SYSTEMS	EURO	2,000,000	Autostrade per l'Italia SPA	100%	100%	
TRIANGULO DO SOL AUTO-ESTRADAS SA	MATAO (BRAZIL)	ROAD OPERATION AND CONSTRUCTION	BRAZILIAN REAL	71,000,000	AB Concessões SA	100%	50.00%	

(1) The Atlantia Group holds 50% plus one share in the companies and exercises control on the base of partnership and governance agreements.

(2) The company is listed on Borsa Italiana SpA's Expand market.

(3) The issued capital is made up of 6284,350,000 in ordinary shares and 659,455,000 in preference shares. The percentage interest is calculated with reference to all shares in issue, whereas the 50.00% of voting rights is calculated with reference to ordinary voting shares.

(4) On 29 December 2015, Autostrade Interest, following authorisation by the general meeting of shareholders held on the same date, purchased 30,000 own shares from non-voting shareholders. Autostrade per l'Italia's interests in Autostrade per l'Italia's interest, equal to 99.99% as at 31 December 2015 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.99%).

% INTEREST IN SHARE CAPITAL/
CONSORTIUM FUND AS AT 31
DECEMBER 2016

HELD BY

SHARE CAPITAL/ CONSORTIUM
FUND AS AT 31 DECEMBER 2016

CURRENCY

BUSINESS

REGISTERED OFFICE

NAME

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates

PAVIMENTAL SpA	ROME	MOTORWAY AND AIRPORT CONSTRUCTION AND MAINTENANCE	EURO	10,116,462	Autostrade per l'Italia SpA	20.00%
SPEA ENGINEERING SPA	ROME	INTEGRATED TECHNICAL ENGINEERING SERVICES	EURO	6,966,000	Autostrade per l'Italia SpA	20.00%
BOLOGNA & FIERA PARKING SPA	BOLOGNA	DESIGN, CONSTRUCTION AND MANAGEMENT OF MULTI-LEVEL PUBLIC CAR PARKS	EURO	2,715,200	Autostrade per l'Italia SpA	36.81%
PEDEMONTANA VENETA SPA (IN LIQUIDATION)	VERONA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	6,000,000	Autostrade per l'Italia SpA	29.77%
SOCIETA' INFRASTRUTTURE TOSCANE SPA (IN LIQUIDATION)	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	15,000,000	Autostrade per l'Italia SpA	46.00%

Joint ventures

A&T ROAD CONSTRUCTION MANAGEMENT AND OPERATION PRIVATE LIMITED	PUNE - MAHARASHTRA (INDIA)	OPERATION AND MAINTENANCE, DESIGN AND PROJECT MANAGEMENT	INDIAN RUPEE	100,000	Autostrade Indian Infrastructure Development Private Limited	50.00%
CONCESSIONÁRIA RODOVIAS DO TIETÉ SA	SAO PAULO (BRAZIL)	MOTORWAY OPERATION AND CONSTRUCTION	BRAZILIAN REAL	303,578,476	AB Concessões SA	50.00%
GEIE DEL TRAFORO DEL MONTE BIANCO	COURMAYEUR (ADSTA)	MAINTENANCE AND OPERATION OF MONT BLANC TUNNEL	EURO	2,000,000	Società Italiana per Azioni per il Traforo del Monte Bianco	50.00%

% INTEREST IN SHARE CAPITAL/
CONSORTIUM FUND AS AT 31
DECEMBER 2016

HELD BY

SHARE CAPITAL/ CONSORTIUM
FUND AS AT 31 DECEMBER 2016

CURRENCY

BUSINESS

REGISTERED OFFICE

NAME

INVESTMENTS ACCOUNTED FOR AT COST OR FAIR VALUE

Other investments

CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI SpA	LIVORNO	DISTRIBUTION CENTRE	EURO	11,756,695	Società Autostrada Tirrenica p.A.	0.43%
LUSOPONTE - CONCESSIONARIA PARA A TRAVESSIA DO TEJO	SA MONTIJO (PORTUGAL)	MOTORWAY OPERATION	EURO	25,000,000	Autostrade Portugal - Concessionários de Infraestruturas SA	17.21%
TANGENZIALE ESTERNA SpA	MILAN	MOTORWAY OPERATION AND CONSTRUCTION	EURO	464,945,000	Autostrade per l'Italia SpA	0.25%
TANGENZIALI ESTERNE DI MILAN SpA	MILAN	CONSTRUCTION AND OPERATION OF MILAN RING ROAD	EURO	220,344,608	Autostrade per l'Italia SpA	13.67%
UIRNET SpA	ROMA	OPERATION OF NATIONAL LOGISTICS NETWORK	EURO	1,061,000	Autostrade per l'Italia SpA	1.51%
VENETO STRADE SpA	VENICE	CONSTRUCTION AND MAINTENANCE OF ROADS AND TRAFFIC SERVICES	EURO	5,163,200	Autostrade per l'Italia SpA	5.00%

% INTEREST IN SHARE CAPITAL/
CONSORTIUM FUNDS AS AT 31
DECEMBER 2016

SHARE CAPITAL/
CONSORTIUM FUNDS AS AT
31 DECEMBER 2016

HELD BY

REGISTERED OFFICE

BUSINESS

CURRENCY

NAME

CONSORTIA

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUNDS AS AT 31 DECEMBER 2016	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUNDS AS AT 31 DECEMBER 2016
CONSORCIO ANHANGUERA NORTE	RIBERA0 PRETO (BRAZIL)	CONSTRUCTION CONSORTIUM	BRAZILIAN REAL	-	Autostrade Concessoes e Participacoes Brasil	13.13%
CONSORZIO AUTOSTRADE ITALIANE ENERGIA	ROME	ELECTRICITY PROCUREMENT	EURO	113,949	Autostrade per l'Italia SpA Tangenziale di Napoli SpA Società Italiana per Azioni per il Traforo del Monte Bianco Raccordo Autostradale Valle d'Aosta SpA Società Autostrada Tirrenica p.A. Autostrade Meridionali SpA	27.30% 2.00% 1.90% 1.10% 0.30% 0.90%
CONSORZIO MIDRA	FLORENCE	SCIENTIFIC RESEARCH FOR DEVICE BASED TECHNOLOGIES	EURO	73,989	Autostrade Tech SpA	33.33%
COSTRUZIONI IMPIANTI AUTOSTRADALI SCARL	ROME	CONSTRUCTION OF PUBLIC WORKS AND INFRASTRUCTURE	EURO	10,000	Autostrade Tech SpA	20.00%
IDROELETTRICA S.C.R.L.	CHATILLON (AOSTA)	SELF-PRODUCTION OF ELECTRICITY	EURO	50,000	Raccordo Autostradale Valle d'Aosta SpA	0.10%
SAT LAVORI S.C.A.R.L.	ROME	CONSTRUCTION CONSORTIUM	EURO	100,000	Società Autostrada Tirrenica p.A.	1.00%
STRADA DEI PARCHI SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	48,114,240	Autostrade per l'Italia SpA	2.00%

INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS

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 SpA

Type of service	Provider of service	Note	Fees ²
Audit	Parent Company's auditor		240
Certification	Parent Company's auditor	(1)	23
Other services	Parent Company's auditor	(2)	33
Other services	Associate of Parent Company's auditor	(3)	27
Total			323

Subsidiaries

Type of service	Provider of service	Note	Fees ²
Audit	Parent Company's auditor		169
Audit	Associate of Parent Company's auditor		376
Other services	Parent Company's auditor	(4)	55
Other services	Associate of Parent Company's auditor	(5)	42
Total subsidiaries			642

Total Autostrade per l'Italia SpA Group	965
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(1) Opinion on payment of the interim dividends.

(2) Signature of consolidated and 770 tax forms, agreed upon procedures for data and accounting information and comfort letters for the tenders in which the Group has participated.

(3) Checks on income tax applied to employees and obligations as withholding agent.

(4) Signature of consolidated and 770 tax forms and agreed upon procedures for data and accounting information.

(5) Agreed upon procedures for data and accounting information and services relating to the internal control system.



4.

Separate
financial
statements
as at and for
the year
ended 31
December
2016



Financial statements

STATEMENT OF FINANCIAL POSITION (1)

€	31 December 2016	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	78,097,239	76,065,271
Property, plant and equipment	71,079,959	68,547,748
Investment property	7,017,280	7,517,523
Intangible assets	17,862,076,769	17,750,951,065
Intangible assets deriving from concession rights	11,733,951,688	11,624,796,469
Goodwill and other intangible assets with indefinite lives	6,111,200,204	6,111,200,484
Other intangible assets	16,924,877	14,954,112
Investments	220,605,373	1,535,861,597
Other non-current financial assets	642,655,047	595,188,130
Non-current financial assets deriving from government grants	185,646,126	175,984,110
Non-current term deposits	185,646,125	176,316,092
Other non-current financial assets	271,362,796	242,887,928
Other non-current assets	269,082	269,082
Total non-current assets	18,803,703,510	19,958,335,145
Current assets		
Trading assets	536,990,167	509,063,001
Inventories	43,668,161	38,918,989
Contract work in progress	4,204,491	4,204,491
Trade receivables	489,117,515	465,939,521
Cash and cash equivalents	2,924,421,407	2,422,343,027
Cash	2,238,192,228	1,708,380,905
Cash equivalents	200,079,895	340,074,290
Intercompany current account receivables due from related parties	486,149,284	373,887,832
Current financial assets	115,507,767	129,926,891
Current financial assets deriving from government grants	50,476,105	59,855,351
Current term deposits	48,415,443	57,745,476
Current derivative assets	2,491,965	36,032
Current portion of medium/long-term financial assets	13,570,449	11,459,947
Other current financial assets	553,805	830,085
Current tax assets	55,415,527	31,469,291
Other current assets	62,609,228	121,149,009
Investment held for sale or for distribution to shareholders or as discontinued operations	1,157,594,257	4,271,004
Total current assets	4,852,538,353	3,218,222,223
TOTAL ASSETS	23,656,241,863	23,176,557,368

(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 2016	31 December 2015
EQUITY AND LIABILITIES		
Equity		
Issued capital	622,027,000	622,027,000
Reserves and retained earnings	2,668,758,341	1,323,901,324
Profit/(Loss) for the year after interim dividends	314,328,228	619,680,175
Total equity	3,605,113,569	2,565,608,499
Non-current liabilities		
Non-current portion of provisions for construction services required by contract	3,165,176,330	3,264,523,400
Non-current provisions	1,084,436,544	1,013,062,714
Non-current provisions for employee benefits	90,486,199	100,129,094
Non-current provisions for repair and replacement of motorway infrastructure	993,950,345	912,933,620
Non-current financial liabilities	11,994,359,819	12,076,225,010
Bond issues	8,005,129,577	2,617,531,413
Medium/long-term borrowings	3,508,783,392	9,105,890,054
Non-current derivative liabilities	480,446,850	352,803,543
Net deferred tax liabilities	460,062,310	320,326,827
Other non-current liabilities	30,344,196	32,695,495
Total non-current liabilities	16,734,379,199	16,706,833,446
Current liabilities		
Trading liabilities	1,228,726,796	1,290,700,668
Trade payables	1,228,726,796	1,290,700,668
Current portion of provisions for construction services required by contract	521,453,600	428,783,410
Current provisions	188,413,659	188,700,192
Current provisions for employee benefits	17,862,738	13,965,062
Current provisions for repair and replacement of motorway infrastructure	129,268,215	129,368,873
Current provisions for the risk of fines and penalties under the Single Concession Arrangement	3,178,106	3,139,546
Other current provisions	38,104,600	42,226,711
Current financial liabilities	1,156,167,367	1,781,542,553
Bank overdrafts repayable on demand	234	374
Short-term borrowings	-	400,000,369
Current derivative liabilities	2,491,965	36,032
Intercompany current account payables due to related parties	241,828,169	73,840,754
Current portion of medium/long-term financial liabilities	911,846,999	1,307,644,587
Other current financial liabilities	-	20,437
Current tax liabilities	3,360,023	-
Other current liabilities	218,627,650	214,388,600
Non-current liabilities related to discontinued operations	-	-
Total current liabilities	3,316,749,095	3,904,115,423
TOTAL LIABILITIES	20,051,128,294	20,610,948,869
TOTAL EQUITY AND LIABILITIES	23,656,241,863	23,176,557,368

INCOME STATEMENT (2)

€	2016	2015
REVENUE		
Toll revenue	3,222,348,951	3,097,669,506
Revenue from construction services	201,566,012	380,073,505
Contract revenue	-	507,610
Other operating income	293,623,106	300,399,630
TOTAL REVENUE	3,717,538,069	3,778,650,251
COSTS		
Raw and consumable materials	-74,183,284	-72,825,383
Service costs	-947,938,091	-1,172,604,076
Gain/(loss) on sale of property, plant and equipment	398,619	188,850
Staff costs	-409,689,776	-395,885,113
Other operating costs	-485,477,541	-493,599,105
Concession fees	-431,523,583	-417,576,775
Lease expense	-6,060,327	-5,672,174
Other	-47,893,631	-70,350,156
Operating change in provisions	-62,807,806	51,387,145
Provisions/ (Uses of provisions) for repair and replacement of motorway infrastructure	-59,757,326	53,955,117
Provisions/ (Uses of provisions)	-3,050,480	-2,567,972
Use of provisions for construction services required by contract	444,365,408	496,527,482
Amortisation and depreciation	-539,720,895	-511,190,035
Depreciation of property, plant and equipment	-19,867,094	-19,624,656
Depreciation of investment property	-373,459	-389,372
Amortisation of intangible assets deriving from concession rights	-506,286,096	-478,808,288
Amortisation of other intangible assets	-13,194,246	-12,367,719
(Impairment losses)/Reversals of impairment losses	-1,318,534	-4,127,878
TOTAL COSTS	-2,076,371,900	-2,102,128,113
OPERATING PROFIT/(LOSS)	1,641,166,169	1,676,522,138
Financial income	76,544,926	90,276,655
Dividends received from investees	27,091,250	17,025,899
Reversal of impairment losses on financial assets and investments	-	5,696,991
Other financial income	49,453,676	67,553,765
Financial expenses	-906,691,568	-703,786,237
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-44,952,793	-43,295,983
Impairment losses on financial assets and investments	-13,463,308	-
Other financial expenses	-848,275,467	-660,490,254
Foreign exchange gains/(losses)	8,578	-45,214
FINANCIAL INCOME/(EXPENSES)	-830,138,064	-613,554,796
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	811,028,105	1,062,967,342
Income tax (expense)/benefit	-295,467,762	-287,870,486
Current tax expense	-190,182,972	-231,549,454
Differences on current tax expense for previous years	2,922,922	1,888,920
Deferred tax income and expense	-108,207,712	-58,209,952
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	515,560,343	775,096,856
Profit/(Loss) from discontinued operations	103,561,115	179,855,872
PROFIT FOR THE YEAR	619,121,458	954,952,728

(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 notes 9.3 and 7.17.

STATEMENT OF CASH FLOWS (3)

€	2016	2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	619,121,458	954,952,728
Adjusted by:		
Amortisation and depreciation	539,720,895	511,190,035
Operating change in provisions	63,068,060	-48,494,727
Financial expenses from discounting of provisions for construction services required by contract	44,952,793	43,295,983
Impairments/(Reversal of impairment losses) on non-current financial assets and investments	13,463,308	-5,696,991
Impairments/(Reversal of impairment losses) on current and non-current assets	1,318,534	-
(Gain)/Loss on sale of non-current assets	-398,619	-861,743
Net change in deferred tax (assets)/liabilities through profit or loss	108,207,712	58,209,952
Other non-cash costs (income)	293,111,698	-2,564,911
Change in working capital and other changes	-78,994,687	43,030,772
Net cash generated from/(used in) operating activities [a]	1,603,571,152	1,553,061,098
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Investment in assets held under concession	-634,928,997	-870,023,499
Purchases of property, plant & equipment	-22,383,992	-21,688,970
Purchases of other intangible assets	-15,164,730	-12,318,135
Government grants related to assets held under concession	1,540,641	56,021,431
Purchase of investments	-	-84,518,888
Proceeds from sales of property, plant and equipment, intangible assets and investments	1,265,979,660	2,309,884
Net change in current and non-current financial assets	-34,954,925	15,312,852
Net cash generated from/(used in) investing activities [b]	560,087,657	-914,905,325
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Dividends paid	-775,045,642	-670,545,106
Repayment of loans from parent	-1,100,572,000	-1,351,250,000
Issuance of bonds	591,097,614	2,616,113,575
Increase in medium/long term borrowings	-	249,000,000
Repayments of medium/long term borrowings	-134,544,935	-289,541,265
Net change in other current and non-current financial liabilities	-410,502,741	143,118,426
Net cash generated from/(used in) financing activities [c]	-1,829,567,704	696,895,630
Increase/ (decrease) in cash and cash equivalents [a+b+c]	334,091,105	1,335,051,403
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,348,501,899	1,013,450,496
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	2,682,593,004	2,348,501,899

(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 2016	of which related party transactions	31 December 2015	of which related party transactions
ASSETS					
Non-current assets					
Property, plant and equipment	6.1	78,097		76,065	
Property, plant and equipment		71,080		68,547	
Investment property		7,017		7,518	
Intangible assets	6.2	17,862,077		17,750,951	
Intangible assets deriving from concession rights		11,733,952		11,624,796	
Goodwill and other intangible assets with indefinite lives		6,111,201		6,111,201	
Other intangible assets		16,924		14,954	
Investments	6.3	220,605		1,535,862	
Other non-current financial assets	6.4	642,655		595,188	
Non-current financial assets deriving from government grants		185,646		175,984	
Non-current term deposits		185,646		176,316	
Other non-current financial assets		271,363	253,941	242,888	226,240
Other non-current assets	6.5	269		269	
Total non-current assets		18,803,703		19,958,335	
Current assets					
Trading assets	6.6	536,990		509,063	
Inventories		43,668		38,919	
Contract work in progress		4,204		4,204	
Trade receivables		489,118	118,629	465,940	100,728
Cash and cash equivalents	6.7	2,924,421		2,422,343	
Cash		2,238,192		1,708,381	
Cash equivalents		200,080		340,074	
Intercompany current account receivables due from related parties		486,149	486,149	373,888	373,888
Current financial assets	6.4	115,508		129,927	
Current financial assets deriving from government grants		50,476		59,855	
Current term deposits		48,416		57,746	
Current derivative assets		2,492		36	
Current portion of medium/long-term financial assets		13,570	10,921	11,460	9,862
Other current financial assets		554		830	121
Current tax assets	6.8	55,416	55,416	31,470	16,864
Other current assets	6.9	62,609		121,149	
Investment held for sale or for distribution to shareholders or as discontinued operations	6.10	1,157,594		4,271	
Total current assets		4,852,538		3,218,223	
TOTAL ASSETS		23,656,241		23,176,558	

STATEMENT OF FINANCIAL POSITION

€000	Note	31 December 2016	of which related party transactions	31 December 2015	of which related party transactions
EQUITY AND LIABILITIES					
Equity					
Issued capital		622,027		622,027	
Reserves and retained earnings		2,668,760		1,323,901	
Profit/(Loss) for the year after interim dividends		314,328		619,680	
Total equity	6.11	3,605,115		2,565,608	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	6.12	3,165,177		3,264,523	
Non-current provisions	6.13	1,084,436		1,013,063	
Non-current provisions for employee benefits		90,486		100,130	
Non-current provisions for repair and replacement of motorway infrastructure		993,950		912,933	
Non-current financial liabilities	6.14	11,994,360		12,076,225	
Bond issues		8,005,130		2,617,531	
Medium/long-term borrowings		3,508,783	992,320	9,105,890	6,495,414
Non-current derivative liabilities		480,447	-	352,804	216,123
Net deferred tax liabilities	6.15	460,065		320,330	
Other non-current liabilities	6.16	30,344		32,695	
Total non-current liabilities		16,734,382		16,706,836	
Current liabilities					
Trading liabilities	6.17	1,228,727		1,290,701	
Trade payables		1,228,727	255,917	1,290,701	288,606
Current portion of provisions for construction services required by contract	6.12	521,454		428,783	
Current provisions	6.13	188,413		188,700	
Current provisions for employee benefits		17,863		13,965	
Current provisions for repair and replacement of motorway infrastructure		129,268		129,369	
Current provisions for the risk of fines and penalties under the Single Concession Arrangement		3,178		3,140	
Other current provisions		38,104	10,330	42,226	5,804
Current financial liabilities	6.14	1,156,167		1,781,542	
Short-term borrowings		-	-	400,000	400,000
Current derivative liabilities		2,492		36	
Intercompany current account payables due to related parties		241,828	241,828	73,841	73,841
Current portion of medium/long-term financial liabilities		911,847	4,344	1,307,645	1,077,381
Other current financial liabilities		-		20	
Current tax liabilities	6.8	3,356		-	
Other current liabilities	6.18	218,627	10,558	214,388	38,099
Non-current liabilities related to discontinued operations	6.10	-		-	
Total current liabilities		3,316,744		3,904,114	
TOTAL LIABILITIES		20,051,126		20,610,950	
TOTAL EQUITY AND LIABILITIES		23,656,241		23,176,558	

INCOME STATEMENT

€000	Note	2016	of which related party transactions	2015	of which related party transactions
REVENUE					
Toll revenue	7.1	3,222,349		3,097,669	
Revenue from construction services	7.2	201,566		380,074	2,487
Contract revenue	7.3	-		507	
Other operating income	7.4	293,624	95,903	300,400	100,731
TOTAL REVENUE		3,717,539		3,778,650	
COSTS					
Raw and consumable materials	7.5	-74,183		-72,825	
Service costs	7.6	-947,938	-373,484	-1,172,604	-471,354
Gain/(loss) on sale of property, plant and equipment		399		189	
Staff costs	7.7	-409,690	-16,076	-395,885	-18,126
Other operating costs	7.8	-485,478		-493,599	
Concession fees		-431,524		-417,577	
Lease expense		-6,060		-5,672	
Other		-47,894		-70,350	
Operating change in provisions	7.9	-62,807		51,387	
Provisions/ (Uses of provisions) for repair and replacement of motorway infrastructure		-59,757		53,955	
Provisions/ (Uses of provisions)		-3,050	-4,526	-2,568	-5,804
Use of provisions for construction services required by contract	7.10	444,365		496,527	
Amortisation and depreciation	7.11	-539,722		-511,190	
Depreciation of property, plant and equipment		-19,868		-19,625	
Depreciation of investment property		-374		-390	
Amortisation of intangible assets deriving from concession rights		-506,286		-478,808	
Amortisation of other intangible assets		-13,194		-12,367	
(Impairment losses)/Reversals of impairment losses	7.12	-1,319		-4,128	
TOTAL COSTS		-2,076,373		-2,102,128	
OPERATING PROFIT/(LOSS)		1,641,166		1,676,522	
Financial income					
Dividends received from investees		76,545		90,277	
Reversal of impairment losses on financial assets and investments		27,091		17,027	
Other financial income		-	-	5,697	5,697
Financial expenses		49,454	33,479	67,553	48,425
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-906,691		-703,786	
Impairment losses on financial assets and investments		-44,954		-43,296	
Other financial expenses		-13,463	-10,941	-	-
of which non-recurring	7.17	-848,274	-663,603	-660,490	-526,178
Foreign exchange gains/(losses)		-327,215	-327,215	-125,486	-125,486
		8		-45	
FINANCIAL INCOME/(EXPENSES)	7.13	-830,138		-613,554	
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		811,028		1,062,968	
Income tax (expense)/benefit					
Current tax expense	7.14	-295,468		-287,871	
Differences on current tax expense for previous years		-190,183		-231,551	
Deferred tax income and expense		2,923		1,889	
		-108,208		-58,209	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		515,560		775,097	
Profit/(Loss) from discontinued operations	7.15	103,561		179,856	
PROFIT FOR THE YEAR		619,121		954,953	
€					
Basic earnings per share					
of which:	7.16	1.00		1.54	
from continuing operations		0.83		1.25	
from discontinued operations		0.17		0.29	
Diluted earnings per share					
of which:	7.16	1.00		1.54	
from continuing operations		0.83		1.25	
from discontinued operations		0.17		0.29	

STATEMENT OF COMPREHENSIVE INCOME

€000	Note	2016	2015
Profit for the year	(A)	619,121	954,953
<i>of which from discontinued operations</i>		103,561	179,856
Fair value gains/(losses) on cash flow hedges	6.11	-73,522	20,916
Tax effect of fair value gains/(losses) on cash flow hedges		17,534	-14,670
Deferred tax effect of issuer substitution of cash flow hedges		-49,535	-
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	(B)	-105,523	6,246
Gains/(losses) from actuarial valuations of provisions for employee benefits		-1,978	4,443
Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits		474	-1,221
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	(C)	-1,504	3,222
Reclassification of the cash flow hedge reserve arising from issuer substitution	6.11	200,909	-
Other reclassifications of the cash flow hedge reserve to profit or loss for the year		-2,865	-1,660
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	198,044	-1,660
Total other comprehensive income/(loss) for the year	(E=B+C+D)	91,017	7,808
Comprehensive income for the year	(A+E)	710,138	962,761

STATEMENT OF CHANGES IN EQUITY

€000	Issued capital	Other 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 2014	622,027	216,070	124,406	-251,999	1,184,193	1,272,670	373,857	2,268,554
Comprehensive income for the year	-	-	-	4,586	3,222	7,808	954,953	962,761
<u>Owner transactions and other changes</u>								
Final dividend (€0.539 per share)	-	-	-	-	-	-	-335,273	-335,273
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	38,584	38,584	-38,584	-
Interim dividend (€0.539 per share)	-	-	-	-	-	-	-335,273	-335,273
Share-based incentive plans	-	-	-	-	4,839	4,839	-	4,839
Balance as at 31 December 2015	622,027	216,070	124,406	-247,413	1,230,838	1,323,901	619,680	2,565,608
Comprehensive income for the year	-	-	-	92,521	-1,504	91,017	619,121	710,138
<u>Owner transactions and other changes</u>								
Final dividend (€0.756 per share)	-	-	-	-	-	-	-470,252	-470,252
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	149,428	149,428	-149,428	-
Interim dividend (€0.490 per share)	-	-	-	-	-	-	-304,793	-304,793
Share-based incentive plans	-	-	-	-	3,102	3,102	-	3,102
Recognition of reserves, after related taxation, arising from disposal of investments (transactions under common control)	-	-	-	-	1,101,312	1,101,312	-	1,101,312
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

STATEMENT OF CASH FLOWS

€000	Note	2016	of which related party transactions	2015	of which related party transactions
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the year		619,121		954,953	
Adjusted by:					
Amortisation and depreciation	7.11	539,722		511,190	
Operating change in provisions		63,066	4,526	-48,493	10,548
Financial expenses from discounting of provisions for construction services required by contract	7.13	44,954		43,296	
Impairments/(Reversal of impairment losses) on non-current financial assets and investments	7.13	13,463	10,941	-5,697	-5,697
Impairments/(Reversal of impairment losses) on current and non-current assets		1,319		-	
(Gain)/Loss on sale of non-current assets		-399		-861	
Net change in deferred tax (assets)/liabilities through profit or loss	7.14	108,208		58,209	
Other non-cash costs (income)		293,111	-	-2,565	-2,487
Change in working capital and other changes		-78,995	-117,686	43,029	10,749
Net cash generated from/(used in) operating activities [a]	8.1	1,603,570		1,553,061	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	6.2	-634,929		-870,024	
Purchases of property, plant & equipment	6.1	-22,385		-21,689	
Purchases of other intangible assets	6.2	-15,164		-12,318	
Government grants related to assets held under concession		1,541		56,021	
Purchase of investments		-	-	-84,519	-84,262
Proceeds from sales of property, plant and equipment, intangible assets and investments		1,265,980	1,265,470	2,310	1,721
Net change in current and non-current financial assets		-34,955	-31,280	15,314	14,594
Net cash generated from/(used in) investing activities [b]	8.1	560,088		-914,905	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Dividends paid	6.11	-775,045		-670,546	
Repayment of loans from parent	6.14	-1,100,572	-1,100,572	-1,351,250	-1,351,250
Issuance of bonds	6.14	591,098		2,616,113	
Increase in medium/long term borrowings		-		249,000	
Repayments of medium/long term borrowings	6.14	-134,545		-289,541	
Net change in other current and non-current financial liabilities		-410,503	-586,749	143,118	83,101
Net cash generated from/(used in) financing activities [c]	8.1	-1,829,567		696,894	
Increase/ (decrease) in cash and cash equivalents [a+b+c]	8.1	334,091		1,335,050	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,348,502		1,013,452	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		2,682,593		2,348,502	

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€000		2016	2015
Income taxes paid(refunded)		224,712	268,792
Interest income and other financial income collected		40,003	76,470
Interest expense and other financial expenses paid		589,420	681,834
Dividends received	7.13/7.15	132,096	207,390
Foreign exchange gains collected		57	13
Foreign exchange losses incurred		49	57

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€000		2016	2015
Net cash and cash equivalents at beginning of year		2,348,502	1,013,452
Cash and cash equivalents	6.7	2,422,343	1,265,207
Bank overdrafts repayable on demand		-	-14
Intercompany current account payables due to related parties	6.14	-73,841	-251,741
Net cash and cash equivalents at end of year		2,682,593	2,348,502
Cash and cash equivalents	6.7	2,924,421	2,422,343
Bank overdrafts repayable on demand		-	-
Intercompany current account payables due to related parties	6.14	-241,828	-73,841

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.

100% 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 Valori 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. Sintonia SpA, which is in turn a subsidiary of Edizione Srl, does not exercise management and coordination of Atlantia.

These separate financial statements as at and for the year ended 31 December 2016 were approved by the Company's Board of Directors at its meeting of 10 March 2017.

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 2016 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. 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.

An issuer substitution was completed in 2016. This has resulted in Autostrade per l’Italia taking Atlantia’s place as the issuer of certain bonds entered into by the latter, with a significant impact on the operating results and financial position. More details are provided in note 5.2, “Issuer substitution” and note 7.17, “Material non-recurring transactions” (in the latter case, also providing information on the impact of the non-recurring transactions that took place in 2015).

Otherwise, no atypical or unusual transactions, having a material impact on the Company’s income statement and statement of financial position, were entered into during the period, either with third or related parties.

Amounts in the statement of financial position, the income statement and the statement of cash flows are shown in euros, whilst amounts in the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and these notes are shown in thousands of euros, unless otherwise indicated. With regard CONSOB Resolution 15519 of 27 July 2006 relating to the format for financial statements, a specific supplementary statement of financial position, income statement and statement of cash flows, with amounts in thousands of euros, showing material related party transactions, has been included.

The euro is both the Company’s functional currency and its presentation currency.

Each item in the financial statements is compared with the corresponding amount for the previous year. In this regard, as described in detail in note 5.1, a restructuring of the Atlantia Group began in 2016. This involved the transfer, to Atlantia, of investments previously held by Autostrade per l’Italia in Telepass and Stalexport Autostrady (completed at the end of the year) and the transfer, in the form of a special dividend in kind payable to the parent, of its interests in Autostrade dell’Atlantico (the sub-holding company that controls the Group’s Chilean and Brazilian motorway businesses and holds a controlling interest in Electronic Transaction Consultants) and Autostrade Indian Infrastructure Development. As a result, in application of IFRS 5 “Non-current assets held for sale and discontinued operations”, income from dividends declared by these companies are presented, after the related taxation, in “Dividends, after the related taxation, from discontinued operations”. As a result, amounts relating to the above dividend and the related taxation in 2015 have been reclassified with respect to the information provided in the Annual Report for 2015.

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 2016. These accounting standards and policies are consistent with those applied in preparation of the financial statements for the previous year, as no new standards, interpretations, or amendments to existing standards became effective in 2016 having a material effect on the Company’s financial statements.

The following amendments to existing standards and interpretations were applicable from 2016:

- a) IFRS 11 – Joint Arrangements. The amendment has clarified the method of accounting for acquisitions of an interest in a joint operation that constitutes or contains a business, as defined by IFRS 3, requiring application of the provisions of this latter standard;
- b) IFRS 7 – Financial Instruments: Disclosures. The amendments to the standard clarify that when a financial asset is transferred, but at the same time service arrangements are entered into, resulting in an interest in the asset's future performance, it is, in any event, necessary to provide the disclosures required by the standard;
- c) IAS 19 – Employee Benefits. The amendments clarify that the rate used to discount post-employment benefit obligations (whether financial or non-financial) must be determined with reference to market returns, at the reporting date, on high-quality corporate bonds denominated in the same currency as the benefits to be paid;
- d) IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets. The amendments introduce the presumption that a revenue-based method of depreciation or amortisation for an asset or group of assets is not appropriate. This is because the IASB believes that revenue generated by an asset or group of assets, represented by an item of property, plant and equipment or an intangible asset, generally reflects factors not directly linked to consumption of the economic benefits embodied in the asset. The above presumption may only be overcome in limited circumstances, when it can be demonstrated that revenue and the consumption of economic benefits of the item of property, plant or equipment or intangible asset are highly correlated, or when the item of property, plant or equipment or intangible asset is expressed as a measure of revenue that can be obtained from the asset (such as, for example, in the case of concession rights giving rise to receipt of a determinate amount of revenue);
- e) IAS 27 – Investments. The changes made introduce, alongside the measurement methods already permitted in separate financial statements (at cost or fair value), the option of measuring investments in subsidiaries, associates and joint ventures using the equity method.

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 2016 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 note on "Construction contracts and services in progress") less finance-related amounts, consisting 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 in 2016 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 (4.35% for concessions whose amortisation commenced from 2016).
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.

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. 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.

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.

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 available-for-sale financial instruments, as defined by IAS 39, 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 and hence in a specific equity reserve. On realisation or recognition of an impairment loss in the income statement, the accumulated gains and losses in that reserve are taken to the income statement.

Impairment losses, identified as described in the note on “Impairment of assets and reversals (impairment testing)”, are reversed through comprehensive income if the circumstances that resulted in the loss no longer exist. When fair value cannot be reliably determined, investments classified as available-for-sale are measured at cost less any impairment losses. In this case impairment losses may not be reversed.

Acquisitions or disposals of companies and/or business units between companies belonging to the Atlantia 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 intragroup 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.

Until the previous year, on the other hand, the chosen treatment for this type of transaction made sole reference to confirmation of the consideration based on the fair value of the investment. The change to the chosen accounting treatment, which has had no impact on equity (given that the no such transaction has occurred since the Company

adopted IFRS for the preparation of its financial statements), has been adopted to better represent the substance of such transactions, taking into account recent, existing accounting theory and interpretation.

Construction contracts and services in progress

Construction contracts are accounted for 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 based on the ratio of costs incurred to total estimated costs. Contract revenue is allocated to the individual reporting periods in proportion to the stage of contract completion. Any positive or negative difference between contract revenue and any advance payments received is recognised in assets or liabilities, taking account of any impairment of the value of the completed work, in order to reflect the risks linked to the inability to recover the value of work performed on behalf of customers.

In addition to contract payments, contract revenue includes changes in contract work, price reviews and claims to the extent that they can be measured reliably.

Expected losses are recognised immediately in profit or loss regardless of the stage of contract completion.

Revenue from construction and/or upgrade services provided to the Grantor and relating to the concessions held by certain Group companies, are recognised on a percentage of completion basis. Construction and/or upgrade service revenues, representing the consideration for services provided, are measured at fair value, calculated on the basis of the total costs incurred (consisting primarily of the cost of materials and external services, relevant employee benefits and financial expenses, and the latter only in the case of construction and/or upgrade services for which the operator receives additional economic benefits). The double entry of construction and /or upgrade service revenue is represented by financial assets deriving from concession rights and/or grants, or by intangible assets deriving from concession rights, as explained in the relevant note.

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.

Receivables and payables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowance for bad debts. The amount of the allowance is based on the present value of expected future cash flows. These cash flows take account of expected collection times, estimated realisable value, any guarantees received, and the expected costs of recovering 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.

Payables are initially recognised at cost, which corresponds to the fair value of the liability, after any directly attributable transaction costs. After initial recognition, payables are recognised at amortised cost, using the effective interest method.

Trade receivables and payables, which are subject to normal commercial terms and conditions, are not discounted to present value.

Cash and cash equivalents

Cash and cash equivalents are recognised at face value and include highly liquid demand or very short-term instruments of excellent quality which are subject to an insignificant risk of changes in value.

Derivative financial instruments

All derivative financial instruments are recognised at fair value at the end of the year.

As required by IAS 39, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically assessed effectiveness of the hedge is high and ranges between 80% and 125%.

Changes in the fair value of cash flow hedges hedging assets and liabilities (including those that are pending and highly likely to arise in the future) are recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Changes in the value of fair value hedged assets or liabilities are recognised in profit or loss for the period. Analogously, the hedged assets and liabilities are restated at fair value through profit or loss.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised in profit or loss.

Other financial assets and liabilities

Other financial assets that the Company intends and is able to hold to maturity and other financial liabilities are recognised at the fair value of the purchase consideration at the settlement date, with assets being increased and liabilities being reduced by transaction costs directly attributable to the purchase of the assets or issuance of the liabilities. After initial recognition, financial assets and liabilities are measured at amortised cost using the original effective interest method.

Financial assets and liabilities are derecognised when, following their sale or settlement, the Group is no longer involved in their management and has transferred all risks and rewards of ownership.

Financial assets held for trading are recognised and measured at fair value through profit or loss. Other categories of financial asset classified as available-for-sale financial instruments are recognised and measured at fair value through comprehensive income and, consequently, in a specific equity reserve. The financial instruments in these categories have never been reclassified.

Financial assets also include amounts due from public entities as grants or similar compensation relating to the construction of infrastructure (construction and/or upgrade services).

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 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. 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.

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. 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 work, based on the previously described criteria used for "construction contracts and services in progress", which also include the construction and/or upgrade services provided to the Grantor, in application of IFRIC 12. When 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;
- 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.

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 "Construction contracts and services work in progress".

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.

The parent, Atlantia SpA, operates a tax consolidation arrangement in which Autostrade per l'Italia participates. Relations between the 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 the liability is settled, with any changes recognised in profit or loss. If the beneficiaries are the directors or employees of subsidiaries, 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. 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. 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

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 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 in 2016, 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 9 – Financial Instruments	1 January 2018	November 2016
IFRS 15 – Revenue from Contracts with Customers	1 January 2018	September 2016
IFRS 16 – Leases	1 January 2019	Not endorsed
Amendments to existing standards and interpretations		
Amendments to IAS 7 – Statement of Cash Flows	1 January 2017	Not endorsed
Amendments to IAS 12 – Income Taxes	1 January 2017	Not endorsed
Amendments to IFRS 2 – Share-based Payment	1 January 2018	Not endorsed
Annual Improvements to IFRSs: 2014 – 2016	1 January 2017 - 2018	Not endorsed

IFRS 9 – Financial Instruments

In July 2014, the IASB published the final version of IFRS 9, the standard created to replace the existing IAS 39 for the classification and measurement of financial instruments.

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

Classification and measurement

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

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

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

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

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

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

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

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

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

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

Impairment

IFRS 9 has defined a new impairment model for financial assets, with the objective of providing the users of financial statements with more useful information about an entity's expected losses. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected losses recognised at each reporting date to reflect changes in the credit risk of the financial instruments. It is, therefore, no longer necessary to wait for evidence of a trigger event before testing for impairment and recognition of a credit loss.

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

Hedge accounting

The most important changes introduced by IFRS 9 regard:

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

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaces the previous IAS 18, in addition to IAS 11, regarding contract work, and the related interpretations, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

IFRS 15 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 new standard provides an overall framework for identifying the timing and amount of revenue to be recognised in the financial statements. Under the new standard, the entity must analyse the contract and the related accounting effects using the following steps:

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

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

In addition, in recognising revenue, the standard stresses the need to assess the likelihood of obtaining/collecting the economic benefits linked to the proceeds. In the case of contract work in progress, currently governed by IAS 11, the new standard introduces the requirement to recognise revenue taking into account the effect of discounting to present value resulting from the deferral of collections over time.

If it is not possible to retrospectively apply the new standard, a modified approach can be used upon first-time adoption. Under this approach, the effects of application of the new standard must be recognised in opening equity at the beginning of the reporting period of first-time adoption.

IFRS 16 – Leases

On 13 January 2016, the IASB published the final version of the new accounting standard regarding the accounting treatment for finance leases. This new standard replaces IAS 17, IFRIC 4, SIC 15 and SIC 27, and its adoption, subject to endorsement by the European Union, is required from 1 January 2019. Earlier application is permitted if IFRS 15 – Revenue from Contracts with Customers has been applied.

The new accounting standard provides a single lessee accounting model for both operating and finance leases. IFRS 16 requires the lessee to recognise the leased assets in its statement of financial position, with the assets recognised and classified as a right-of-use asset (thus, in intangible assets), regardless of the nature of the leased asset, to be amortised over the life of

the right. On initial recognition, the lessee recognises the right-of-use asset and the related lease liability, based on the present value of the minimum lease payments payable over the lease term. IFRS 16 also clarifies that a lessor, with regard to contracts that contain a lease component, must separate the lease components (to which IFRS 16 applies) from the non-lease components, to which other IFRS are applicable.

Application of the new method of presentation is not required, in terms of significance for the lessee, when the lease term is 12 months or less or the underlying asset has a low value.

In terms of the lessor, the alternative accounting models for finance or operating leases continue to be substantially applicable, depending on the nature of the contract, as currently governed by IAS 17. As a result, it will be necessary to recognise the receivable (if a finance lease) or the fixed asset (if an operating lease).

Amendments to IAS 7 – Statement of Cash Flows

On 29 January 2016, the IASB published a number of amendments to IAS 7, with the aim of introducing a requirement to provide a specific disclosure enabling the users of financial statements to assess changes in liabilities arising from financing activities.

For this purpose, the entity must disclose the following changes in liabilities arising from financing activities:

- a) changes from financing cash flows;
- b) changes arising from the acquisition or loss of control of a subsidiary or another business;
- c) the effect of changes in foreign exchange rates;
- d) changes in fair value;
- e) other changes.

Amendments to IAS 12 – Income Taxes

On 19 January 2016, the IASB amended IAS 12 by issuing the document “Recognition of Deferred Tax Assets for Unrealised Losses”, which aims to clarify how to account for deferred tax assets on debt instruments measured at fair value.

The amendment clarifies the following aspects:

- a) unrealised losses on debt instruments accounted for at fair value, but whose tax base is based on cost, give rise to a deductible temporary difference regardless of whether or not the debt instrument’s holder expects to recover the carrying amount of the asset through its sale or use;
- b) the carrying amount of an asset does not limit the estimation of probably future taxable profit;
- c) the estimation of probably future taxable profit must be performed regardless of any potential tax deductions resulting from the reversal of deductible temporary differences;
- d) a deferred tax asset must be measured in combination with other deferred tax assets. However, when the applicable tax law limits the use of tax losses to offset a specific taxable profit, the deductible temporary difference may be measured in solely combination with other deductible temporary differences of the same type.

Amendments to IFRS 2 – Share-based Payment

On 20 June 2016, the IASB published a number of amendments to IFRS 2 in order to clarify the method of accounting for cash-settled share-based payments linked to performance indicators, the classification of share-based payments settled net of tax withholdings and the method of accounting in the event of modification of share-based payment transactions from cash-settled to equity-settled.

Annual Improvements to IFRSs: 2014 – 2016

On 8 December 2016, the IASB published its “Annual Improvements to IFRSs: 2014 – 2016 cycle”.

The principal amendments that could be relevant to the Group regard IFRS 12 – Disclosure of Interest in Other Entities. The document clarifies the scope of the standard, specifying that the disclosures required by the standard, with the exception of those in paragraphs B10-B16, also apply to investments in other entities held for sale, held for distribution or as discontinued operations in accordance with IFRS 5.

The effect of the future application of newly issued standards and interpretations, as well as all revisions and amendments to existing standards, is currently being evaluated by the Company. The impact cannot currently be reasonably estimated.

Above all, with reference to IFRS 15, the Company is assessing the applicability of the new standard to the various types of existing contracts, and the potential operational and accounting effects.

The assessment has examined the applicability of the new standard to the Company's concession arrangement, and to the sub-concessions granted for motorway services areas and the related retail space, which represent the most significant component of revenue.

The evaluations carried out so far have led to the view that the Company's concession arrangement does not fall within the scope of application of IFRS 15. As a result, the current methods of presentation, previously described in these notes, are not expected to change, including the treatment of toll revenue, revenue from construction services and the above sub-concession arrangements.

As a result, based on the analyses and evaluations conducted so far, the adoption of IFRS 15 is not expected to have a material impact on the Company's financial statements.

The Company has also begun an assessment of the potential impact of application of the new accounting standards, IFRS 9 and IFRS 16. The assessment is at a preliminary stage.

With regard to IFRS 9, the principal types of financial asset held by that Company that might be potentially affected are trade receivables due from customers, financial assets deriving from government grants to finance construction services and medium/long-term loans to subsidiaries.

As regards the potential impact of the introduction of IFRS 16, the Company is not a party to significant lease arrangements as a lessee, and it is not believed that the new standard will have a material impact in relation to arrangements in which the Group is the lessor. These are primarily represented by sub-concession arrangements involving the lease of space used by retailers and food service providers along the motorways and at the airports operated under concession.

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.

On 10 December 2015, the II Addendum to the Single Concession Arrangement, which has added the Casalecchio - Northbound interchange to the Company's investment commitments, was signed. The road will form part of the ordinary road network and is to be built by ANAS, with financing to be provided by the Company up to a maximum of €157,875 thousand, including around €2,275 thousand already incurred as at 31 December 2015 to cover the cost of design. The Addendum will be effective once the Minister of Infrastructure and Transport and Minister of the Economy and Finance have issued the relevant decree and it has been registered with the Court of Auditors.

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) worth approximately €18 billion, including approximately €9.8 billion already completed as at 31 December 2016 (€9.2 billion as at 31 December 2015). The investment programme, which forms part of the Company's financial plan, updated to December 2013, essentially regards the upgrade of existing motorways.

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 2016.

Section of motorway	Kilometres in service
A1 Milan – Naples (*)	803.5
A4 Milan – Brescia	93.5
A7 Genoa – Serravalle	50.0
A8/9 Milan – lakes	77.7
A8 / A26 link road	24.0
A10 Genoa – Savona	45.5
A11 Florence – Pisa North	81.7
A12 Genoa – Sestri Levante	48.7
A12 Rome – Civitavecchia	65.4
A13 Bologna – Padua	127.3
A14 Bologna – Taranto	781.4
A16 Naples – Canosa	172.3
A23 Udine – Tarvisio	101.2
A26 Genoa – Gravelona Toce	244.9
A27 Mestre – Belluno	82.2
A30 Caserta – Salerno	55.3
Total	2,854.6

(*) including 32 km upgraded through doubling of capacity via construction of new carriageway (*Variante di Valico*).

5. CORPORATE ACTIONS AND FINANCIAL TRANSACTIONS DURING THE YEAR

5.1 Restructuring of the Atlantia Group

On 19 October 2016, Atlantia announced a restructuring that would result in an organisation with operations in the following operating segments: Italian motorways, overseas motorways, Italian airports, overseas airports and other activities.

For this purpose, following the Board of Directors' resolution of 15 December 2016, Autostrade per l'Italia's investments in the following companies were transferred to Atlantia at the end of December 2016:

- a) the 96.15% interest in Telepass;
- b) the 61.2% interest in Stalexport Autostrady.

These transactions were carried out on the basis of prices based on the estimated fair value of the above investments, computed by an independent expert, and amounting to €1,104 million and €143 million, respectively.

In addition, on 15 December 2016, Autostrade per l'Italia's Board of Directors voted to propose that the General Meeting of shareholders approve the distribution to Atlantia of a special dividend in kind, via the transfer of the entire interests in Autostrade dell'Atlantico (the sub-holding company that controls the Group's Chilean and Brazilian motorway businesses and holds a controlling interest in Electronic Transaction Consultants) and Autostrade Indian Infrastructure Development. On 25 January 2017, the General Meeting of Autostrade per l'Italia's shareholders approved the above proposal, which took effect from 1 March 2017 in the case of Autostrade dell'Atlantico, as described in note 9.6 "Events after 31 December 2016".

Both the above transactions are classifiable as transactions under common control and merely represent a restructuring within 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.

In particular, with regard to the transfers of the investments in Telepass and Stalexport Autostrady, in accordance with the accounting standard chosen by the Company in previous years and described in note 3 above, the difference between the established consideration and the carrying amount of the investments, amounting to a net amount of €1,101 million, has been recognised in equity, having taken into account the related taxation, as described in note 6.11, "Equity".

As a result of these transactions, in application of IFRS 5, the following has also taken place:

- a) reclassification, in both comparative periods, of income from dividends declared by the companies involved in the above transactions, after the related taxation, to "Dividends, after the related taxation, from discontinued operations". As a result, amounts in the income statement for 2015 reflect the reclassification of these dividends and the related taxation with respect to the amounts published in the Annual Report for 2015;
- b) reclassification, as at 31 December 2016, of the investments in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development to "Investments held for sale or for distribution to shareholders or related to discontinued operations".

5.2 Issuer substitution

On 31 August 2016, Atlantia and Autostrade per l'Italia announced the Dublin and Luxembourg stock exchanges that their respective boards of directors had approved the transfer to Autostrade per l'Italia of bonds issued by Atlantia under its EMTN Programme. The bonds were issued on behalf of Autostrade per l'Italia, to which Atlantia had proceeded to transfer the funds raised as a result of the bond issues, in the form of intercompany loans substantially replicating the same terms, conditions and maturities applicable to the bonds issued by

Atlantia. The bond issues were secured by an upstream guarantee provided by Autostrade per l'Italia.

The transaction did not include the retail bonds issued by Atlantia in 2012 and maturing in 2018.

The transaction was completed and became effective on 22 December 2016, via an issuer substitution which, under Italian law, consisted in the transfer of debt to Autostrade per l'Italia and the accompanying issue, by Atlantia, of a parent company guarantee to the holders of the bonds and on behalf of Autostrade per l'Italia. The holders of the public bonds will benefit from this guarantee until maturity, whilst the private bondholders will benefit until September 2025. As a result, the Company has replaced Atlantia as the issuer of the following bonds (amounts refer to the remaining par values as at the transaction date):

- a) Senior Guaranteed Notes maturing 18 September 2017 (€506 million);
- b) Senior Notes maturing 8 February 2019 (€674 million);
- c) Senior Guaranteed Notes maturing 16 March 2020 (€619 million);
- d) Senior Guaranteed Notes maturing 26 February 2021 (€750 million);
- e) Notes maturing 9 June 2022 (GBP500 million);
- f) Notes maturing 9 June 2024 (€1 billion);
- g) Senior Guaranteed Notes maturing 16 September 2025 (€500 million);
- h) Zero Coupon Senior Guaranteed Notes maturing 2 April 2032 (€62 million);
- i) Senior Notes maturing 9 June 2032 (€35 million);
- j) Senior Notes maturing 9 June 2033 (€75 million);
- k) Senior Notes maturing 10 June 2034 (€125 million);
- l) Notes maturing 10 December 2038 (20 billion yen);
- m) Senior Notes maturing 9 June 2038 (€75 million).

In addition, Autostrade per l'Italia has replaced Atlantia as the counterparty in Cross Currency Swaps hedging the interest rate and currency risks associated with the bonds denominated in sterling and yen (indicated above).

From an accounting point of view, the novation to Autostrade per l'Italia of derivatives hedging interest rate and currency risks originally entered into by Atlantia does not meet the subjective requirements of IAS 39 for the continuation of hedge accounting. As a result, with regard to the loans granted to the Company by Atlantia, by which the parent transferred the proceeds from the bond issues denominated in sterling and yen, replaced with foreign currency bonds, in accordance with paragraphs 40 and AG62 of IAS 39, the novations and substitutions constitute a substantial modification to the financial liabilities previously attributable to Autostrade per l'Italia.

In the case of replacement of the loans obtained by Autostrade per l'Italia from Atlantia with euro-denominated bonds, the above requirements relating to non-substantial modification of existing financial instruments, as defined in paragraphs 40 and AG62 of IAS 39, have been met. As a result, the amounts already recognised in Autostrade per l'Italia's financial statements have been maintained.

As a result of the above, Autostrade per l'Italia has proceeded with:

- a) extinguishment of the borrowings from Atlantia (the amount of which, at the transfer date, was €5,289 million);
- b) extinguishment of the Interest Rate Swaps entered into with Atlantia hedging the floating rate loan from the parent (fair value losses on which, at the date of extinguishment, amounted to €201 million, with a matching amount taken to equity, before the related taxation);

- c) recognition of the fair value, at the transfer date, of the above bonds denominated in sterling and yen (the value of which, also including foreign exchange gains of €142 million, amounts to €929 million net of associated costs);
- d) recognition, at the transfer date, of the euro-denominated bonds (the value of which amounts to €4,379 million net of associated costs);
- e) recognition of the above Cross Currency Swaps entered into with banks (fair value losses on which, including foreign exchange gains of €142 million, amounted to €272 million);
- f) reversal of the taxation linked to extinguishment of the equity reserve indicated in point b), with a matching entry in net deferred tax liabilities (amounting to €50 million);
- g) payment to Atlantia of an adjustment of €17 million;
- h) recognition, as financial expenses in 2016, of the differential between the above amounts, totalling €308 million, resulting in a tax asset of €85 million, as indicated in note 7.17, "Material non-recurring transactions".

Compared with the total cost of the above non-recurring financial transaction in 2016, the Company will in future years, on the natural maturity date for the foreign currency bonds, incur lower financial expenses resulting from measurement of the bonds at their amortised cost with respect to the nominal interest rates payable on the bonds. Furthermore, future changes in the fair value of the Cross Currency Swaps which, as noted above, do not meet the requirements of IAS 39 for designation as cash flow hedges, will be recognised in profit or loss as financial expenses and income.

6. 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 2016. Comparative amounts as at 31 December 2015 are shown in brackets.

Details of amounts in the consolidated statement of financial position deriving from related party transactions are provided in note 9.3, "Related party transactions".

6.1 Property, plant and equipment - €78,097 thousand (€76,065 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 2016			31 December 2015		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	272,436	-201,356	71,080	253,852	-185,305	68,547
Investment property	16,847	-9,830	7,017	17,045	-9,527	7,518
Total property, plant and equipment	289,283	-211,186	78,097	270,897	-194,832	76,065

The balance of property, plant and equipment is broadly in line with 31 December 2015, given that capital expenditure (€22,385 thousand) was almost entirely offset by depreciation (€20,242 thousand), as shown in the following table.

€000	Carrying amount as at 31 December 2015	CHANGES DURING THE YEAR					Carrying amount as at 31 December 2016
		Additions: purchases and capitalisations	Assets entering service	Disposals	Reclassifications	Additions (Accumulated depreciation)	
Land	1,133	-	-	-	8	-	1,141
Buildings	17,357	1,030	1,142	-	119	-1,172	18,476
Industrial and business equipment	30,938	10,050	4,877	-3,950	-	-13,951	31,805
Other assets	11,654	7,524	-	-49	-	-4,745	14,431
Property, plant and equipment under construction and advance payments	7,465	3,781	-6,019	-	-	-	5,227
Property, plant and equipment	68,547	22,385	-	-3,999	127	-19,868	71,080
Land	411	-	-	-	-8	-	403
Buildings	7,107	-	-	-	-119	-374	6,614
Investment property	7,518	-	-	-	-127	-374	7,017
Total property, plant and equipment	76,065	22,385	-	-3,999	-	-20,242	78,097

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 €23,045 thousand, 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 €1,903 thousand in 2016, compared with direct maintenance and management costs of €2,315 thousand.

There were no significant changes in the expected useful lives of these assets during 2016.

Finally, as at 31 December 2016, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

6.2 Intangible assets - €17,862,077 thousand (€17,750,951 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 2016			31 December 2015		
	Cost	Accumulated amortisation	Carrying amount	Cost	Accumulated amortisation	Carrying amount
Intangible assets deriving from concession rights	16,643,614	-4,909,662	11,733,952	16,028,172	-4,403,376	11,624,796
Goodwill and other intangible assets with indefinite lives	6,111,201	-	6,111,201	6,111,201	-	6,111,201
Other intangible assets	216,817	-199,893	16,924	201,653	-186,699	14,954
Intangible assets	22,971,632	-5,109,555	17,862,077	22,341,026	-4,590,075	17,750,951

Intangible assets deriving from concession rights regard the following categories:

- rights recognised as a result of the commitment to perform construction services for which no additional economic benefits are received, totalling €8,384,667 thousand (€8,331,540 thousand as at 31 December 2015);
- rights deriving from construction services for which additional economic benefits are received, totalling €3,244,438 thousand (€3,194,646 thousand as at 31 December 2015);
- rights deriving from construction services carried out by motorway service area operators, totalling €104,847 thousand (€98,610 thousand as at 31 December 2015).

Goodwill, totalling €6,111,201 thousand, 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, Atlantia's IFRS transition date.

The increase in intangible assets during the year, amounting to €111,126 thousand and shown in detail in the following table, essentially reflects the combined effect of the following changes in concession rights:

- a revision of the present value on completion of investment in construction services for which no additional benefits are received (€415,417 thousand);
- investment in construction services for which additional economic benefits are received (€190,232 thousand);
- amortisation for the year (€506,286 thousand).

More details of the impact of point a), with a matching entry in provisions for construction services required by contract, is provided in note 6.12, "Provisions for construction services required by contract".

€000	Carrying amount as at 31 December 2015	CHANGES DURING THE YEAR						Carrying amount as at 31 December 2016
		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	Depreciation	
Concession rights accruing from construction services for which no additional economic benefits are received	8,331,540	-	-	415,417	-	-51	-362,239	8,384,667
Concession rights accruing from construction services for which additional economic benefits are received	3,194,646	-	-	-	190,232	-1,158	-139,282	3,244,438
Concession rights accruing from construction services provided by sub-operators	98,610	-	11,002	-	-	-	-4,765	104,847
Intangible assets deriving from concession rights	11,624,796	-	11,002	415,417	190,232	-1,209	-506,286	11,733,952
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	7,045	8,229	-	-	-	-	-7,381	7,893
Industrial patents and intellectual property rights	5,232	6,149	-	-	-	-	-5,670	5,711
Concessions and licenses	742	38	-	-	-	-	-143	637
Intangible assets under development and advance payments	1,935	748	-	-	-	-	-	2,683
Other intangible assets	14,954	15,164	-	-	-	-	-13,194	16,924
Intangible assets	17,750,951	15,164	11,002	415,417	190,232	-1,209	-519,480	17,862,077

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 consolidated statement of cash flows.

€000	Note	2016	2015	Increase/ (Decrease)
Use of provisions for construction services required by contract for which no additional economic benefits are received	6.12 / 7.10	444,365	496,527	-52,162
Revenue from government grants for construction services for which no additional economic benefits are received	6.12 / 7.2	332	39,957	-39,625
Increase in intangible concession rights accruing from completed construction services for which additional economic benefits are received	7.2	190,232	333,540	-143,308
Investment in assets held under concession		634,929	870,024	-235,095

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. 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.

In particular the long-term plan used for the test has been prepared on the basis of the following assumptions:

- a) a CAGR for traffic of 1.24%;
- b) an average annual toll increase, linked to inflation, of 1.19%, which is 70% lower than the target inflation rate (2.00% between 2019 and 2022) for the medium term indicated in the update to the Italian government's Economic and Finance Document for 2016;
- c) an average annual increase in the return on investment to be carried out of 1.34%. In this regard, a portion of this toll increase is not recognised if the planned investment is not carried out; in this case, the other economic and financial effects of not carrying out such investment would, instead, be taken into account.

The projected after-tax cash flows in the long-term plan were discounted to present value using the post-tax rate of 5.14% (6.14% in 2015), determined on the basis of the requirements of IAS 36.

The impairment tests confirmed that the carrying amounts of goodwill and the concession rights accounted for as at 31 December 2016 are fully recoverable.

In view of the lengthy period of time over which the projected cash flows are generated and the fact that the discount rate, determined in accordance with the criteria established in IAS 36, is influenced by the particular state of the financial markets (with extremely low interest rates, partly as a result of the ECB's expansionary monetary policies and very low levels of inflation in Europe), a sensitivity analysis was also performed applying a rate that is more representative of the Company's projected medium/long-term WACC, estimated in an interval of 6.3% - 6.4%. In addition, sensitivity analyses were conducted on the recoverable values, 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.

Finally, in 2016, research and development expenditure of approximately €438 thousand (€631 thousand in 2015) 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 - €220,605 thousand (€1,535,862 thousand)

The net reduction of €1,315,257 thousand, compared with 31 December 2015, is almost entirely due to the accounting impact of the restructuring referred to in note 5.1, “Restructuring of the Atlantia Group”. This regards:

- a) €1,153,323 thousand, relating to the reclassification to “Investments held for sale or for distribution to shareholders or related to discontinued operations” of the total carrying amounts of the investments in Autostrade dell’Atlantico and Autostrade Indian Infrastructure Development;
- b) €130,406 thousand, relating to the disposal, at the end of 2016, of the controlling interests in Telepass and Stalexport Autostrady (having carrying amounts of €25,564 thousand and €104,842 thousand, respectively, and transferred for considerations of €1,103,802 thousand and €143,270 thousand). The disposals were carried out on the basis of expert appraisals of the economic value of the companies, conducted by independent experts.

Further changes resulted from the return of capital by Ecomouv, amounting to €14,717 thousand, and impairment losses on the investments in Pavimental and AD Moving, amounting to €10,265 thousand, as described below.

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 2016 (net of any unpaid, called-up issued capital).

	31 December 2015				Cost				Impairments			31 December 2016		
	Cost	Accumulated (Impairments)	Carrying amount	Reductions due to returns of capital and liquidation of companies	Increases related to share-based incentive plans	Reductions due to disposal of investment	Reclassification in readiness for distribution to shareholders	(Additions)/ Reductions	Reclassification in readiness for distribution to shareholders	Cost	Accumulated (Impairments)	Carrying amount		
€000														
Società Autostrada Tirrenica p.a.	90,605	-	90,605	-	-	-	-	-	90,605	-	90,605			
Tangenziale di Napoli SpA	54,506	-	54,506	-	4	-	-	-	54,510	-	54,510			
Autostrade Meridionali SpA	14,938	-	14,938	-	93	-	-	-	15,031	-	15,031			
Autostrade Tech SpA	6,680	-1,236	5,444	-	86	-	-	-	6,766	-1,236	5,530			
Ecomouv SAs	18,917	-	18,917	-14,717	-	-	-	-	4,200	-	4,200			
Infoblu SpA	3,875	-	3,875	-	-	-	-	-	3,875	-	3,875			
Società Italiana per Azioni per il Traforo del Monte Bianco p.A.	2,318	-	2,318	-	-	-	-	-	2,318	-	2,318			
AD Moving SpA	3,995	-	3,995	-	-	-	-	-3,165	3,995	-3,165	830			
EsseelEsse Società di Servizi SpA	501	-	501	-	-	-	-	-	501	-	501			
Glove Clear Srl	20	-	20	-	-	-	-	-	20	-	20			
Autostrade Indian Infrastructure Development Private Limited	486	-	486	-	-	-	-486	-	-	-	-			
Tech Solutions Integrators SAs	2,000	-2,000	0	-	-	-	-	-	2,000	-2,000	-			
Autostrade dell'Atlantico Srl	1,166,496	-13,659	1,152,837	-	-	-1,166,496	-	13,659	-	-	-			
Sea Export Autostrady SA	104,842	-	104,842	-	-	-104,842	-	-	-	-	-			
Telepass SpA	25,485	-	25,485	-	79	-25,564	-	-	-	-	-			
Investments in subsidiaries (A)	1,495,664	-16,895	1,478,769	-14,717	262	-130,406	-1,166,982	-3,165	13,659	-6,401	177,420			
Società Infrastrutture Toscane SpA (in liquidation)	6,900	-158	6,742	-3,680	-	-	-	-	3,220	-158	3,062			
Pavimental SpA	9,621	-	9,621	-	40	-	-	-	9,661	-7,100	2,561			
Pedemontana Veneta SpA (in liquidation)	1,935	-	1,935	-	-	-	-	-7,100	1,935	-	1,935			
Spea Engineering SpA	1,729	-	1,729	-	30	-	-	-	1,759	-	1,759			
Consorzio Autostrade Italiane Energia	29	-	29	-	-	-	-	-	29	-	29			
Bologna & Fiera Parking SpA	999	-323	676	-	-	-	-	-676	999	-999	-			
Investments in associates (B)	21,213	-481	20,732	-3,680	70	-	-	-7,776	17,603	-8,257	9,346			
Tangenziale Esterne di Milano SpA	34,514	-	34,514	-	-	-	-	-2,522	34,514	-2,522	31,992			
Tangenziale Esterna SpA	1,163	-	1,163	-	-	-	-	-	1,163	-	1,163			
Ulrinet SpA	426	-	426	-	-	-	-	-	426	-	426			
Veneto Strade SpA	258	-	258	-	-	-	-	-	258	-	258			
Investments in other companies (C)	36,361	-	36,361	-	-	-	-	-2,522	36,361	-2,522	33,839			
Investments (A+B+C)	1,553,238	-17,376	1,535,862	-18,397	332	-130,406	-1,166,982	-13,463	13,659	-17,180	220,605			

Name	Registered office	Number of shares/units	Par value	Capital/ Consortium fund	Interest (%)	Number of shares/units held	Profit/(Loss) for 2016 (€000) (1)	Equity as at 31 December 2016 (€000) (1)	Carrying amount as at 31 December 2016 (€000)
Società Autostrada Tirrenica p.a.	Rome	163,072,000	euro 0.15	euro 24,460,800	99.99% (2)	162,953,999	1,035	81,737	90,605
Tangenziale di Napoli SpA	Napoli	20,945,250	euro 5.16	euro 108,077,490	100.00%	20,945,250	11,125	190,257	54,510
Autostrade Meridionali SpA	Napoli	4,375,000	euro 2.07	euro 9,056,250	58.98%	2,580,500	15,088	133,045	15,031
Autostrade Tech SpA	Rome	1,120,000	euro 1.00	euro 1,120,000	100.00%	1,120,000	49,756	88,815	5,530
Ecomouv SAS.	Paris (France)	300,000	euro 20.00	euro 6,000,000	70.00%	210,000	- (3)	37,570	4,200
Infoblu SpA	Rome	1,000,000	euro 5.16	euro 5,160,000	75.00%	750,000	852	6,269	3,875
Società Italiana per Azioni per il Traforo del Monte Bianco	Pré Saint Didier	3,848,000	euro 51.65	euro 198,749,200	51.00%	1,962,480	12,634	292,809	2,318
AD Moving SpA	Rome	1,000,000	euro 1.00	euro 1,000,000	100.00%	1,000,000	-58	937	830
EssediEsse Società di Servizi SpA	Rome	500,000	euro 1.00	euro 500,000	100.00%	500,000	935	1,535	501
Giove Clear Srl	Rome	10,000	euro 1.00	euro 10,000	100.00%	10,000	496	2,131	20
Tech Solutions Integrators SAS.	Paris (France)	2,000,000	euro 1.00	euro 2,000,000	100.00%	2,000,000	- (4)	-10,729 (4)	-
Investments in subsidiaries (A)									
177,420									
Società Infrastrutture Toscane SpA (in liquidazione)	Rome	30,000,000	euro 0.50	euro 15,000,000	46.00%	13,800,000	-100 (5)	14,657 (5)	3,062
Pavimental SpA	Rome	77,818,865	euro 0.13	euro 10,116,452	20.00%	15,563,773	-33,707	15,394	2,561
Pedemontana Veneta SpA (in liquidazione)	Verona	12,000	euro 500.00	euro 6,000,000	29.77%	3,573	-7 (6)	5,833 (6)	1,935
Spea Engineering SpA	Rome	1,350,000	euro 5.16	euro 6,966,000	20.00%	270,000	17,734	93,628	1,759
Consorzio Autostrade Italiane Energia	Rome	-	euro -	euro 113,949	27.30%	-	- (3)	114 (3)	29
Bologna & Fiera Parking SpA	Bologna	2,715,200	euro 1.00	euro 2,715,200	36.81%	999,440	-1,672 (3)	1,043 (3)	-
Investments in associates (B)									
9,346									
Tangenziali Esterne di Milano SpA	Milan	293,792,811	euro 0.75	euro 220,344,608	13.67%	40,174,660	-2,309 (3)	233,949 (3)	31,992
Tangenziale Esterna SpA	Milan	464,945,000	euro 1.00	euro 464,945,000	0.25%	1,162,363	-21,300 (3)	433,713 (3)	1,163
Uirnet SpA	Rome	1,061	euro 1,000.00	euro 1,061,000	1.51%	16	18 (3)	5,107 (3)	426
Veneto Strade SpA	Venice	5,163,200	euro 1.00	euro 5,163,200	5.00%	258,160	118 (3)	6,868 (3)	258
Investments in other companies (C)									
33,839									
Investments (A+B+C)									
220,605									

(1) The figures have been taken from the latest financial statements approved by the boards of directors of each company.

(2) On December 29, 2015 Autostrada Tirrenica bought, according to the shareholders approval of the same date, n. 109,600 treasury shares from minority shareholders. The percentage of interests of the Company is, therefore, equal to 99.99% at 31 December 2016 (compared to 99.93% calculated based on the ratio of the shares held by the Company and the total shares of the subsidiary).

(3) Latest financial statements approved (31 December 2015).

(4) Against the investment at 31 December 2016, is registered a provision for risk amounted to 10,330 €/000 in relation to what is stated in note. 6.13

"Provisions" which reference is made.

(5) The figures have been taken from the interim liquidation financial statements as at 31 December 2015, approved on 14 April 2016.

(6) The figures have been taken from the interim liquidation financial statements as at 31 December 2015, approved on 30 June 2016.

With regard to the recoverability of the carrying amounts of investments as at 31 December 2016, the investments in AD Moving and Pavimental were tested for impairment, given that there was an indication of a possible impairment.

In terms of the method used in carrying out the impairment tests for these two companies, 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 2038 for AD Moving and 2044 for Pavimental), without estimating the terminal value.

The discount rate used in the impairment tests for both AD Moving and Pavimental was 5.14%, 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 confirmed the need to recognise impairments of the investment in AD Moving, totalling €3,165 thousand, and of the investment in Pavimental, totalling €7,100 thousand.

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 2016, 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) - €642,655 thousand (€595,188 thousand)

(current) - €115,508 thousand (€129,927 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 2016			31 December 2015		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Financial assets deriving from concession rights	(1)	236,122	50,476	185,646	235,839	59,855	175,984
Term deposits	(2)	234,062	48,416	185,646	234,062	57,746	176,316
Derivative assets	(3)	2,492	2,492	-	36	36	-
Medium/long-term loans		270,334	7,299	263,035	241,287	6,910	234,377
Other loans and receivables		5,894	4,753	1,141	4,039	2,952	1,087
Staff loans		8,606	1,419	7,187	8,877	1,475	7,402
Non-current prepayments		99	99	-	145	123	22
Other medium/long-term financial assets	(1)	284,933	13,570	271,363	254,348	11,460	242,888
Short-term loans		145	145	-	122	122	-
Other financial assets		409	409	-	708	708	-
Other current financial assets	(1)	554	554	-	830	830	-
Financial assets		758,163	115,508	642,655	725,115	129,927	595,188

(1) These assets include financial instruments primarily classified as "loans and receivables" under IAS 39. The carrying amount is equal to fair value.

(2) These assets have been classified as "available-for-sale" financial instruments and in level 2 of the fair value hierarchy. The carrying amount is equal to fair value.

(3) These assets consist of derivative financial instruments classified as non-hedging in level 2 of the fair value hierarchy.

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. This is substantially in line with the figure for 31 December 2015, essentially due to having reached the cap on grants (€234,062 thousand, taking into account previously collected amounts) recognised by the Grantor when certifying the effective performance of the works and relating to a number of lots included in the *Variante di Valico* and the upgrade of Florence interchange.

Term bank deposits, the balance of which is in line with the figure for 31 December 2015, essentially relate to loans disbursed by banks as a condition precedent for the grants financing the new construction required by laws 662/1996, 345/1997 and 135/1997, relating to the above works on the A1 motorway.

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

The current portion as at 31 December 2016, totalling €48,416 thousand, represents the sum expected to be released within 2017.

Derivative assets consist of the fair value of certain derivatives not qualifying for hedge accounting, totalling €2,492 thousand, details of which are provided in note 8.2 "Financial risk management".

Other medium/long-term financial assets as at 31 December 2016 primarily include the loan granted to the subsidiary, Autostrada Tirrenica (a face value of €225,000 thousand, a fixed rate of 6.3% and maturing on 30 September 2020) and the loan granted to the subsidiary, Tangenziale di Napoli (€36,240 thousand). The increase in this item, amounting to €30,585 thousand, essentially reflects an increase in the loan granted to the operator of the A12 Livorno – Civitavecchia motorway (amounting to a face value of €35,000 thousand).

Current financial assets are broadly in line with 31 December 2015 (€830 thousand).

There was no evidence of impairment for any of the financial assets reported in the financial statements.

6.5 Other non-current assets - €269 thousand (€269 thousand)

This item, the value of which is in line with the figure for 31 December 2015, 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 - €536,990 thousand (€509,063 thousand)

As at 31 December 2016, trading assets consist of:

- a) inventories of €43,668 thousand (€38,919 thousand as at 31 December 2015), 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 2015, connected to work carried out for the Grantor, in this case a customer;
- c) trade receivables of €489,118 thousand (€465,940 as at 31 December 2015), which consist of the following.

€000	31 December 2016	31 December 2015
Trade receivables due from:		
Customers	249,129	247,584
Sub-operators at motorway service areas	121,938	103,246
Sundry customers	105,653	108,718
Gross trade receivables	476,720	459,548
Allowance for bad debts	28,570	44,329
Other trading assets	40,968	50,721
Net trade receivables	489,118	465,940

The increase in trade receivables of €23,178 thousand essentially reflects:

- 1) an increase in amounts due from service area sub-operators, totalling €18,692 thousand, due to the issue, in the fourth quarter of 2016, of final invoices relating to concessions nearing expiry (which are due to be collected in the first quarter of 2017), and to the issue of invoices linked to the handover of free of charge works carried out by sub-operators at service areas, for which the former operators will issue invoices payable of the same amount, to be recognised in trading liabilities, in order to carry out the related offset;
- 2) an increase in amounts due from subsidiaries and associates for services provided and in relation to advances provided to fund investment, totalling €16,534 thousand;
- 3) a reduction of €9,753 thousand in other trading assets, primarily linked to recognition of the amounts paid to certain suppliers, in relation to the widening of the A14 Bologna-Taranto to three lanes, as capital expenditure.

The reduction in the allowance for bad debts for trade receivables, amounting to €15,759 thousand, is primarily due to use of the provisions following cancellation of the remaining amount due from the Cooperativa Autocisternisti Fossano (€13,897 thousand), following substantial completion of the cooperative's liquidation.

The following table shows an ageing schedule for trade receivables.

€000	Total receivables	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Amounts due from customers and other trade receivables	476,720	403,179	7,937	14,873	50,731

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. Uses during the year are primarily due to the above cancellation of the remaining amount due from the Cooperativa Autocisternisti Fossano.

€000	31 December 2015	Additions	Uses	31 December 2016
Allowance for bad debts	44,329	4,745	-20,504	28,570

The carrying amount of trade receivables approximates to fair value.

6.7 Cash and cash equivalents - €2,924,421 thousand (€2,422,343 thousand)

This item includes:

- cash, totalling €2,238,192 thousand (€1,708,381 thousand as at 31 December 2015), essentially relating to demand bank deposits;
- cash equivalents, totalling €200,080 thousand (€340,074 thousand as at 31 December 2015), which primarily regard bank deposits convertible within the short term;
- the balance receivable on current accounts with Atlantia Group companies, totalling €486,149 thousand (€373,888 thousand as at 31 December 2015), reflecting the centralised treasury management service provided by the Company.

The increase in cash and cash equivalents, amounting to €502,078 thousand, is essentially due to cash generated from operating and investing activities (with particular reference to the proceeds from the disposal of Telepass and Stalexport), partially offset by cash used for financing activities.

Further information on cash flows during the year is provided in note 8.1 "Notes to the statement of cash flows".

6.8 Current tax assets and liabilities

Current tax assets - €55,416 thousand (€31,470 thousand)

Current tax liabilities - €3,356 thousand (-)

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

€000	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Current tax assets		Current tax liabilities	
IRES	55,416	16,864	-	-
IRAP	-	14,606	3,356	-
	55,416	31,470	3,356	-

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 current tax assets as at 31 December 2015 essentially consists of:

- the amount due from the parent, Atlantia, in the form of IRES for the current year, amounting to €30,378 thousand;
- the amount due from the parent, Atlantia, totalling €18,597 thousand. This reflects application for a refund of IRES following the non-deductibility of IRAP on staff costs in the four-year period 2008-2011, in accordance with the provisions of Law 44 of 26 April 2012 and the tax authorities' ruling of 17 December 2012;
- the amount due from Sintonia (which led the tax consolidation arrangement until 2007), totalling €5,702 thousand, following an application for a refund of IRES following the non-deductibility of IRAP on staff costs for 2007, in accordance with the description in point b) above.

Current tax liabilities regard the amount payable as IRAP for the current year, amounting to €3,356 thousand.

The improvement in the net current tax assets compared with 31 December 2015, amounting to €20,590 thousand, essentially reflects:

- a) payment of the balance of IRES due for the previous year (€8,132 thousand);
- b) the fact that payments on account during the year for IRES and IRAP (€219,246 thousand) were greater than income tax expense for the year (€206,981 thousand).

6.9 Other current assets - €62,609 thousand (€121,149 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 2016	31 December 2015
Receivables due from end users and insurance companies for damages	19,429	23,923
Receivable from public entities	9,107	7,937
Receivables from social security institutions	426	844
Payments on account and other sundry receivables	38,710	94,984
	67,672	127,688
Allowance for bad debts	5,063	6,539
Other current assets	62,609	121,149

The balance is down €58,540 thousand on 31 December 2015, substantially following recognition of construction services for which no additional economic benefits are received as capital expenditure, reflecting amounts paid to certain suppliers in June 2014 for work on the upgrade of the Apennine section of motorway between Sasso Marconi and Barberino del Mugello (€60,000 thousand).

The allowance for bad debts for other current assets entirely refers to estimated losses on amounts due from road users and insurance companies to cover damage to the motorway infrastructure managed by the Company.

6.10 Investments held for sale or for distribution to shareholders or related to discontinued operations - €1,157,594 thousand (€4,271 thousand)

Liabilities related to discontinued operations - - (-)

This item includes:

- a) the total carrying amount of €1,153,323 thousand of the investment in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development, reclassified to this item as a result of the above restructuring described in note 5.1 "Restructuring of the Atlantia Group":

Name	Registered office	Number of shares/units	Par value	Capital/ Consortium fund	Interest (%)	Number of shares/units held	Profit/(Loss) for 2016 (€000) (1)	Equity as at 31 December 2016 (€000) (1)	Carrying amount as at 31 December 2016 (€000)
Autostrade dell'Atlantico Srl	Rome	1	euro 1,000,000	euro 1,000,000	100.00%	1	2,701	574,490	1,152,837
Autostrade Indian Infrastructure Development Private Limited	Mumbai (Maharashtra)	10,000	rupia 50	rupia 500,000	99.99%	9,999	91 (2)	845 (2)	486
Investments held for distribution to shareholders									1,153,323

(1) The figures have been taken from the latest financial statements approved by the company's boards of directors .
(2) Latest financial statements approved (31 March 2016).

- b) the value, amounting to €4,271 thousand, of the remaining 2% interest in Strada dei Parchi, which is subject to a call/put option with the counterparty Toto Costruzioni

Generali. Exercise of the option is subject to the completion of certain works required by Strada dei Parchi's Single Concession Arrangement.

The carrying amount of the investment in Autostrade dell'Atlantico is significantly higher than the related 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, taking into account (i) the estimated present value of the company's net operating cash flow, or that generated by the operators in which it holds interests, and (ii) the recent valuation, by independent experts, of this investment which, as indicated in note 5.1 "Restructuring of the Atlantia Group", is being transferred to Atlantia through distribution of a special dividend in kind.

6.11 Equity - €3,605,115 thousand (€2,565,608 thousand)

Issued capital is fully subscribed and paid and consists of 622,027,000 ordinary shares of a par value of €1 each, amounting to a total of €622,027 thousand. This figure did not undergo any changes in 2016.

The increase of €1,039,507 thousand in equity, shown in detail in the statement of changes in equity, essentially reflects a combination of the following:

- a) recognition, in accordance with the accounting standards applied to transactions under common control and described in note 3, of the reserves, after the related taxation, resulting from the transfer to Atlantia of controlling interests in Telepass and Stalexport Autostrady as part of the restructuring of the Atlantia Group (€1,101,312 thousand); more information is provided on this in note 5.1, "Restructuring of the Atlantia Group";
- b) comprehensive income for 2016 of €710,138 thousand, consisting of profit for the year of €619,121 thousand and other comprehensive income (totalling €91,017 thousand);
- c) payment of the final dividend for 2015, totalling €470,252 thousand (€0.756 per share), and of the interim dividend for 2016, totalling €304,793 thousand (€0.490 per share).

With regard to the pre-tax amounts of the individual items included in "Total other comprehensive income for the year", totalling €122,544 thousand:

- a) overall losses on the measurement of cash flow hedges, amounting to €73,522 thousand, essentially relate to derivatives entered into with banks and reflect the decline in interest rates as at 31 December 2016, compared with 31 December 2015. This is due to a combination of the following:
 - 1) an increase of €58,469 thousand in fair value losses on Forward-Starting derivatives (€12,977 thousand in 2015);
 - 2) an increase of €16,340 thousand in fair value losses on other cash flow hedges (a reduction of €19,237 thousand in 2015);
 - 3) an increase of €13,927 thousand in fair value losses (€14,453 thousand in 2015) on Forward-Starting Interest Rate Swaps settled at the time of the bond issue carried out in November 2016;
- b) the reclassification to profit or loss for the year of €200,909 thousand, relating to the cash flow hedge reserve for derivatives entered into with the parent, Atlantia and linked to the above issuer substitution described in notes 5.2 and 7.17.

Measurement of the comparative amount for the previous point a), as at 31 December 2015, was carried out on the basis of specific rates that were higher than those applied as at 31 December 2014.

Finally, one of the impacts on taxation of the above movements was the release of deferred tax assets, amounting to €49,535 thousand, linked to point b).

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 2016 ('€000)	Permitted uses (A, B, C, D)*	Available portion (€000)	Uses between 1 January 2013 and 31 December 2016 (art. 2427, 7 bis of Italian Civil Code)	
				To cover losses	For other reasons
Issued capital	622,027	B	-	-	-
Share premium reserve	216,070	A, B, C	216,070	-	-
Legal reserve	124,406	B	-	-	-
Cash flow hedge reserve	-154,892				
Extraordinary reserve (1)	1,196,339	A, B, C	1,196,339	-	-
Reserve for actuarial gains and losses on post-employment benefits	-15,133		-15,133	-	-
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 share-based incentive plans	7,969	A, B, C	7,969	-	-
Reserve for transactions under common control (2)	1,135,681	A, B, C	1,135,681	-	-
Retained earnings	551,880	A, B, C	551,880	-	-
Other reserves and retained earnings	2,483,176		2,211,160		
Reserves and retained earnings (3)	2,668,760		2,427,230		
Total	3,290,787		2,427,230		
<i>of which:</i>					
<i>Non-distributable (4)</i>			7,893		
<i>Distributable</i>			2,419,337		

*** 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, as determined by the General Meeting of shareholders held on 25 January 2017, is for distribution to Atlantia as a special dividend in kind, amounting to €755,070 thousand, as described in note 5.1, "Restructuring of the Atlantia Group".

(2) The reserve represents after-tax gains on 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".

(3) 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.

(4) This represents the undistributable portion to cover unamortised development costs, in accordance with art. 2426, paragraph 5 of the Italian Civil Code.

6.12 Provisions for construction services required by contract
(non-current) - €3,165,177 thousand (€3,264,523 thousand)
(current) - €521,454 thousand (€428,783 thousand)

Provisions for construction services required by contract represent the residual present value of motorway infrastructure construction and/or upgrade services that the Company is required to provide through to the end of the term of the Single Concession Arrangement (31 December 2038). Provision of the services does not result in additional economic benefits in terms of specific toll charge 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 2016, showing the non-current and current portions.

€000	Carrying amount as at 31 December 2015	non-current portion	current portion	CHANGES DURING THE YEAR				Carrying amount as at 31 December 2016	non-current portion	current portion
				Changes due to revised present value of obligations	Financial provisions	Uses to finance works	Government grants accrued on completed works			
Upgrade of Florence - Bologna section	1,262,775	1,025,823	236,952	343,947	2,542	-309,739	332	1,299,857	985,715	314,142
Third and fourth lanes	11,503	9,048	2,455	1,732	12	-803	-	12,444	11,928	516
Other construction services	2,419,028	2,229,652	189,376	69,738	19,719	-134,155	-	2,374,330	2,167,534	206,796
Provisions for construction services required by contract	3,693,306	3,264,523	428,783	415,417	22,273	-444,697	332	3,686,631	3,165,177	521,454

The provisions are broadly in line with the figure for 31 December 2015, reflecting the offsetting effects of the following:

- the use of provisions for construction services for which no additional economic benefits are received performed in 2016 (€444,365 thousand, net of the related government grants);
- an increase following a revision of the present value of future construction services, with a matching increase in intangible assets deriving from concession rights, totalling €415,417 thousand (including €58,378 thousand due to the impact of movements in the current and future interest rates used as at 31 December 2016, compared with those used as at 31 December 2015);
- finance-related provisions (€22,273 thousand), being the double entry to the financial expenses accruing in connection with discounting to present value, recognised in the income statement.

6.13 Provisions

(non-current) - €1,084,436 thousand (€1,013,063 thousand)

(current) - €188,413 thousand (€188,700 thousand)

The following table shows details of provisions by type, showing the non-current and current portions.

€000	Carrying amount as at 31 December 2016	non-current portion	current portion	Carrying amount as at 31 December 2015	non-current portion	current portion
Provisions for employee benefits	108,349	90,486	17,863	114,095	100,130	13,965
Provisions for repair and replacement of motorway infrastructure	1,123,218	993,950	129,268	1,042,302	912,933	129,369
Provisions for the risk of fines and penalties under the Single Concession Arrangement	3,178	-	3,178	3,140	-	3,140
Provisions for tax risk	1,831	-	1,831	1,837	-	1,837
Provisions for universal transfer from Tech Solution Integrators	10,330	-	10,330	5,804	-	5,804
Sundry provisions	25,943	-	25,943	34,585	-	34,585
Other provisions	38,104	-	38,104	42,226	-	42,226
Provisions	1,272,849	1,084,436	188,413	1,201,763	1,013,063	188,700

The following table shows provisions at the beginning and end of the period and changes in 2016.

€000	Carrying amount as at 31 December 2015	CHANGES DURING THE YEAR							Carrying amount as at 31 December 2016	
		Operating provisions	Financial provisions	Actuarial gains/(losses) recognised in comprehensive income	Reductions due to payment of benefits and advances	Reductions due to reversal of overprovisions	Transfers (to)/from other companies	Uses		
								Direct		Indirect
Provisions for employee benefits	114,095	260	1,522	1,978	-9,521	-	15	-	-	108,349
Provisions for repair and replacement of motorway infrastructure	1,042,302	375,375	21,159	-	-	-	-	-	-315,618	1,123,218
Provisions for the risk of fines and penalties under the Single Concession Arrangement	3,140	38	-	-	-	-	-	-	-	3,178
Provisions for tax risk	1,837	288	-	-	-	-	-	-294	-	1,831
Provisions for universal transfer from Tech Solution Integrators	5,804	4,526	-	-	-	-	-	-	-	10,330
Sundry provisions	34,585	-1,802	-	-	-	-4,381	-	-2,459	-	25,943
Other provisions	42,226	3,012	-	-	-	-4,381	-	-2,753	-	38,104
Provisions	1,201,763	378,685	22,681	1,978	-9,521	-4,381	15	-2,753	-315,618	1,272,849

PROVISIONS FOR EMPLOYEE BENEFITS
(non-current) €90,486 thousand (€100,130 thousand)
(current) €17,863 thousand (€13,965 thousand)

As at 31 December 2016, and likewise as at 31 December 2015, this item consists almost entirely of provisions for post-employment benefits to be paid to staff employed under Italian law.

The reduction of €5,746 thousand essentially reflects:

- a) uses of provisions for benefits and advances paid (€9,521 thousand);
- b) actuarial losses recognised in comprehensive income (€1,978 thousand), including:
 - 1) €2,175 thousand in actuarial losses resulting from changes in the financial assumptions used, essentially reflecting the increase in the discount rate used for measurement as at 31 December 2016 (0.86%) compared with 31 December 2015 (1.39%);
 - 2) €197 thousand in actuarial gains deriving from changes in the rate with which advances are paid and in the annual turnover rate.

The most important actuarial assumptions used to measure post-employment benefits at 31 December 2016 are summarised below.

Financial assumptions	
Annual discount rate (1)	0.86%
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	1.20%
Annual rate for advances paid	0.75%
Duration (years)	7.7

(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 which reflect the overall duration of the provisions.

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 2016, indicating the effects on the defined benefit obligation of reasonably possible changes in the actuarial assumptions used at that date.

Sensitivity analysis as at 31 December 2016						
	turnover rate		inflation rate		discount rate	
Change in actuarial assumption	+1%	-1%	+0.25%	-0.25%	+0.25%	-0.25%
Balance of post-employment benefits (€000)	107,843	108,899	109,541	107,174	106,464	110,289

PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE

(non-current) - €993,950 thousand (€912,933 thousand)

(current) - €129,268 thousand (€129,369 thousand)

This item regards the present value of provisions for the repair and replacement of assets operated under concession, in accordance with the arrangement entered into with the Grantor and designed to ensure the serviceability and safety of the assets.

The provisions are up €80,916 thousand compared with 31 December 2015, primarily reflecting a combination of the following:

- a) operating provisions (€375,375 thousand, also taking into account the negative impact of €76,274 thousand relating to the decrease in the rate used as at 31 December 2016 to discount future commitments, with respect to the rate used as at 31 December 2015);
- b) financial provisions (€21,159 thousand);
- c) uses (€315,618 thousand) in connection with repairs and replacements carried out during the period.

PROVISION FOR FINES AND PENALTIES UNDER THE SINGLE CONCESSION ARRANGEMENT

(current) €3,178 thousand (€3,140 thousand)

The value of these provisions as at 31 December 2016 consists of:

- a) the total amount of €1,489 thousand for penalties imposed (or that could be imposed based on the alleged breaches) by the Grantor pursuant to Annex N of the Single Concession Arrangement. These penalties for breach of contract, which are cumulative for the years from 2009 to 2014, relate to failure to meet the requirements of the Annual Audit Plan required under the Arrangement;
- b) the total amount of €1,689 thousand for penalties or fines imposed in relation to snow events or disruption to traffic.

The Company is contesting a number of the above penalties before Lazio Regional Administrative Court and the related judgements are pending.

Further information on significant legal and regulatory aspects is provided in note 9.5 "Significant legal and regulatory aspects".

OTHER PROVISIONS

(current) €38,104 thousand (€42,226 thousand)

These provisions primarily relate to potential contingencies and liabilities that could arise primarily in connection with pending litigation at the end of the period, including the estimated expenses provisioned for contract reserves relating to contractors who carry out maintenance work. The balance is down €4,122 thousand on the figure for 31 December 2015, primarily due to a combination of the following:

- a) a reduction due to the release of provisions considered excess to requirements, amounting to €4,381 thousand, following the settlement of a number of claims for damages involving minor amounts;
- b) an improvement in estimated provisions and direct uses in relation to outstanding disputes, totalling €4,261 thousand;
- c) provisions of €4,526 thousand linked to the expected liabilities to be incurred by the subsidiary, Tech Solutions Integrators, as a result of a number of disputes following on from ongoing tax audits and 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 2016 are provided in note 9.5, "Significant legal and regulatory aspects".

6.14 Financial liabilities

(non-current) - €11,994,360 thousand (€12,076,225 thousand)

(current) - €1,156,167 thousand (€1,781,542 thousand)

MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) €11,994,360 thousand (€12,076,225 thousand)

(current) €911,847 thousand (€1,307,645 thousand)

Following the issuer substitution completed on 22 December 2016 and described in greater detail in note 5.2, the composition of this item has changed considerably, with loans from parents being almost entirely substituted by the bond issues transferred from Atlantia as part of the above transaction.

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):

	31 December 2016				31 December 2015			
	Face value	Carrying amount		Maturity between 13 and after 60 months	Face value	Carrying amount		of which
		Current portion	Non-current portion			Current portion	Non-current portion	
Bond 2004-2022 (GBP) (2)	750,000	706,194	-	706,194	-	-	-	-
Bond 2004-2024	1,000,000	982,570	-	982,570	-	-	-	-
Bond 2009-2038 (JPY) (2)	1,49,176	211,045	-	211,045	-	-	-	-
Bond 2010-2017	505,566	504,947	-	-	-	-	-	-
Bond 2010-2025	500,000	496,142	-	496,142	-	-	-	-
Bond 2012-2019	673,637	670,093	-	670,093	-	-	-	-
Bond 2012-2020	618,975	616,106	-	616,106	-	-	-	-
Bond 2012-2032	35,000	35,000	-	35,000	-	-	-	-
Bond 2012-2032 (Zero Coupon Bond)	61,943	61,943	-	61,943	-	-	-	-
Bond 2013-2021	750,000	744,105	-	744,105	-	-	-	-
Bond 2013-2033	75,000	72,592	-	72,592	-	-	-	-
Bond 2014-2034	1,25,000	1,23,754	-	1,23,754	-	-	-	-
Bond 2014-2038	75,000	72,587	-	72,587	-	-	-	-
Bond 2015-2021	650,000	647,306	-	647,306	-	-	-	-
Bond 2015-2023	750,000	735,078	-	735,078	-	-	-	-
Bond 2015-2025	500,000	496,617	-	496,617	-	-	-	-
Bond 2015-2026	750,000	742,543	-	742,543	-	-	-	-
Bond 2016-2027	600,000	591,455	-	591,455	-	-	-	-
	8,569,297	8,510,077	504,947	8,005,130	2,677,610	5,327,520	2,617,531	2,617,531
Bonds (1)								
Loans from Atlantia	1,000,000	992,320	-	992,320	-	-	882,732	6,495,414
	1,000,000	992,320	-	992,320	-	-	882,732	6,495,414
Loans from parents (A)	1,673,123	1,673,123	89,237	1,583,886	430,611	1,153,275	1,727,508	54,387
European Investment Bank (EIB)	830,233	819,091	22,841	796,250	91,564	704,686	853,488	22,824
Cassa Depositi e Prestiti and SA CE (3)	49,320	49,320	49,320	-	-	-	106,224	56,904
Borrowings linked to grants (4)	2,552,676	2,541,534	161,398	2,380,136	522,175	1,857,961	2,687,220	134,115
ANAS (4)	184,742	184,742	48,415	136,327	136,327	136,327	127,860	57,745
	184,742	184,742	48,415	136,327	136,327	136,327	127,860	57,745
Medium/long-term borrowings (A+B+C) (1)	3,737,418	3,718,596	209,813	3,508,783	1,650,822	1,857,961	10,221,606	1,074,592
Derivative liabilities (5)	480,447	480,447	-	480,447	273,569	206,878	352,804	-
Accrued expenses on medium/long-term financial liabilities (1)	197,087	197,087	197,087	-	-	-	233,053	233,053
Other medium/long-term financial liabilities	197,087	197,087	197,087	-	-	-	233,053	233,053
Medium/long-term financial liabilities	12,906,207	911,847	11,994,360	4,602,001	7,392,359	13,383,870	1,307,645	12,076,225

(1) These financial instruments are classified in the category for financial liabilities measured at amortised cost, in accordance with IAS 39. 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.

(2) As at 31 December 2016, certain of 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", classified as non-hedge accounting following the "issuer substitution" as indicated in the note n. 5.2.

(3) As at 31 December 2016, certain of these borrowings are hedged against interest rate with notional amounts and maturities matching those of the underlyings. These are classified as cash flow hedges in accordance with IAS 39 and included in "Derivative liabilities". It is also noted that, for one of these loans, has been detected an implicit derivative as shown in the Note n. 8.2.

(4) This item refers to 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 "Ca Nova - Aglio" sections of motorway (Variante di Valico). The borrowings are to be repaid by ANAS.

(5) The item includes the derivatives mentioned in previous notes 2 and 3 and the derivatives of Interest Rate Swaps Forward Starting, as detailed later in this paragraph and illustrated in the Note n. 8.2.

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

€000	Maturity	31 December 2016		31 December 2015	
		Carrying amount (1)	Fair value (2)	Carrying amount (1)	Fair value (2)
Bond (issued 2004 - GBP)	2022	706,194	713,834	-	-
Bond (issued 2004)	2024	982,570	1,358,370	-	-
Bond (issued 2009 - JPY)	2038	211,045	225,009	-	-
Bond (issued 2010)	2017	504,947	518,524	-	-
Bond (issued 2010)	2025	496,142	634,455	-	-
Bond (issued 2012)	2019	670,093	737,990	-	-
Bond (issued 2012)	2020	616,106	689,265	-	-
Bond (issued 2012)	2032	35,000	47,776	-	-
Bond (issued 2012- Zero Coupon Bond)	2032	61,943	94,191	-	-
Bond (issued 2013)	2021	744,105	831,038	-	-
Bond (issued 2013)	2033	72,592	90,025	-	-
Bond (issued 2014)	2034	123,754	145,253	-	-
Bond (issued 2014)	2038	72,587	89,990	-	-
Bond (issued 2015)	2021	647,306	673,368	646,769	652,594
Bond (issued 2015)	2023	735,078	781,883	732,921	752,550
Bond (issued 2015)	2025	496,617	525,435	496,270	506,115
Bond (issued 2015)	2026	742,543	774,420	741,571	748,178
Bond (issued 2016)	2027	591,455	608,286	-	-
	quoted fixed rate	8,510,077	9,539,112	2,617,531	2,659,437
Bond issues		8,510,077	9,539,112	2,617,531	2,659,437
Atlantia loan (issued 2004)	2024	-	-	987,547	1,344,595
Atlantia loan (issued 2009)	2016	-	-	882,732	897,859
Atlantia loan (issued 2009)	2038	-	-	149,176	220,574
Atlantia loan (issued 2010)	2017	-	-	597,360	631,355
Atlantia loan (issued 2010)	2025	-	-	500,000	613,885
Atlantia loan (issued 2012)	2019	-	-	764,028	866,836
Atlantia loan (issued 2012)	2020	-	-	656,890	762,519
Atlantia loan (issued 2012)	2032	-	-	35,000	45,971
Atlantia loan (issued 2012)	2032	-	-	48,600	65,695
Atlantia loan (issued 2012)	2018	992,320	1,071,347	988,549	1,099,649
Atlantia loan (issued 2013)	2033	-	-	75,000	90,322
Atlantia loan (issued 2013)	2021	-	-	750,000	832,479
Atlantia loan (issued 2014)	2038	-	-	75,000	89,323
Atlantia loan (issued 2014)	2034	-	-	125,000	138,117
	fixed rate	992,320	1,071,347	6,634,882	7,699,179
Atlantia loan (issued 2004)	2022	-	-	743,264	765,129
	floating rate	-	-	743,264	765,129
Loans from parents (A)		992,320	1,071,347	7,378,146	8,464,308
European Investment Bank (EIB)	from 2017 to 2036	1,673,123	1,976,107	1,727,508	2,009,219
	fixed rate	1,673,123	1,976,107	1,727,508	2,009,219
Cassa Depositi e Prestiti (3)	from 2017 to 2034	622,326	634,758	644,370	658,523
Cassa Depositi e Prestiti and SACE (3)	from 2023 to 2024	196,765	231,234	196,374	234,461
	floating rate	819,091	865,992	840,744	892,984
Borrowings linked to grants	2017	49,320	49,320	106,224	106,224
	non-interest bearing	49,320	49,320	106,224	106,224
	Bank borrowings (B)	2,541,534	2,891,419	2,674,476	3,008,427
ANAS		184,742	184,742	127,860	127,860
	Other borrowings (C)	184,742	184,742	127,860	127,860
Medium/long-term borrowings (A+B+C)		3,718,596	4,147,508	10,180,482	11,600,595
Derivative liabilities (3)		480,447	480,447	352,804	352,804
Accrued expenses on medium/long-term financial liabilities		197,087	197,087	233,053	233,053
Other medium/long-term financial liabilities		197,087	197,087	233,053	233,053
Medium/long-term financial liabilities		12,906,207	14,364,154	13,383,870	14,845,889

(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 2016				31 December 2015	
	Face value (€000)	Carrying amount (€000)	Average interest rate applied to 31 December 2016 (1)	Effective interest rate as at 31 December 2016	Face value (€000)	Carrying amount (€000)
Euro (EUR)	11,407,539	11,311,434	3.87%	3.66%	12,871,606	12,798,013
Sterling (GBP)	750,000	706,194	5.99%	6.26%	-	-
Yen (JPY)	149,176	211,045	5.30%	5.48%	-	-
Total	12,306,715	12,228,673	3.87%		12,871,606	12,798,013

(1) This amount includes the effect of interest rate and currency hedges as at 31 December 2016.

- 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 2015 (1)	New borrowings	Repayments	Issuer substitution	Exchange rate differences and other changes	Change in exposure to ANAS	Carrying amount as at 31 December 2016 (1)
Bond issues	2,617,531	591,098	-	5,308,316	-6,868	-	8,510,077
Loans from parents	7,378,146	-	-1,100,572	-5,288,866	3,612	-	992,320
Bank borrowings	2,674,476	-	-134,545	-	1,603	-	2,541,534
Other borrowings (2)	127,860	-	-	-	-	56,882	184,742
Total	12,798,013	591,098	-1,235,117	19,450	-1,653	56,882	12,228,673

(1) The value of medium/long-term financial liabilities shown in the table includes both the non-current and current portions.

(2) The increase of €56,882 thousand in amounts repayable to ANAS reflects payment, made directly by ANAS, in relation to the funding programme to finance investment, as noted in note 4 in the table in point a), of repayments due on the Company's bank borrowings. These borrowings will be reduced when the Grantor specifically approves the release of grants, to be recognised as financial assets, in relation to the stage of completion of the related works.

As explained in greater detail in note 8.2, "Financial risk management", derivatives have been entered into with Atlantia (until 22 December 2016, the effective date of the issuer substitution described in note 5.2) and a number of banks to hedge the exposure to interest rate and currency risks associated with certain medium/long-term financial liabilities, including highly likely future financial liabilities to be assumed through to 2019, in accordance with the Atlantia Group's financial policy.

BOND ISSUES

(non-current) - €8,005,130 thousand (€2,617,531 thousand)

(current) - €504,947 thousand (-)

This item consists of:

- bonds, totalling €2,477,921 thousand (€1,884,610 thousand as at 31 December 2015), 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, totalling €735,078 thousand (€732,921 thousand as at 31 December 2015);
- the bond issues, including exchange rate movements, totalling €5,297,078 thousand (€5,308,316 thousand as at 22 December 2016), transferred to the Company from Atlantia as part of the issuer substitution described in notes 5.2 and 7.17.

In addition to the above issuer substitution, changes during the year regard the Company's issue, in December 2016, of bonds to institutional investors with a par value of €600,000 thousand (paying coupon interest of 1.75% and maturing in February 2027).

MEDIUM/LONG-TERM BORROWINGS

(non-current) €3,508,783 thousand (€9,105,890 thousand)

(current) €209,813 thousand (€1,074,592 thousand)

The balance of this item, including both current and non-current portions as at 31 December 2016, primarily consists of bank borrowings. This item decreased by €6,461,886 thousand in 2016, essentially reflecting:

- a) extinguishment of the loans obtained from the parent, Atlantia, substantially matching the bonds issued by the parent (€5,288,866 thousand) following the issuer substitution;
- b) repayment, prior to the issuer substitution, of the remaining loans from Atlantia obtained in 2009 (€880,472 thousand);
- c) partial early repayment, also prior to the issuer substitution, of the loans from Atlantia maturing in 2017, 2019 and 2020, amounting to €220,100 thousand;
- d) repayments of bank borrowings, totalling €134,545 thousand.

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

The method of selecting the variables to compute the ratios is specified in detail in the relevant loan agreements. Breach of these covenants, at the relevant measurement dates, could constitute a default event and result in the lenders calling in the loans, requiring the early repayment of principal, interest and of further sums provided for in the agreements. The most important covenants are those relating to the loan agreements with Cassa Depositi e Prestiti (totalling €819,091 thousand as at 31 December 2016) 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.

DERIVATIVE LIABILITIES

(non-current) - €480,447 thousand (€352,804 thousand)

(current) - - (-)

As at 31 December 2016, this item regards 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 2019.

The overall increase in this item compared with 31 December 2015, amounting to €127,643 thousand, is linked to a combination of the following:

- a) recognition, following the issuer substitution, of fair value losses, including exchange rate movements (€281,904 thousand as at 31 December 2016, €271,608 thousand as at 22 December 2016), on the Cross Currency Swaps hedging foreign currency bonds issued in sterling and yen and the concomitant unwinding of the Interest Rate Swaps (€200,909 thousand as at 22 December 2016, €216,123 thousand as at 31 December 2015), entered into with Atlantia, and relating to intercompany loans, as described in notes 5.2 and 7.17;
- b) an increase of €49,905 thousand in fair value losses on Forward-Starting Interest Rate Swaps outstanding as at 31 December 2015 and linked to highly likely future financial liabilities to be assumed through to 2017, reflecting the reduction in interest rates between 31 December 2016 and 31 December 2015;
- c) an increase of €16,337 thousand in fair value losses on Interest Rate Swaps outstanding, essentially due to a reduction in the interest rates used as at 31 December 2016, compared with 31 December 2015;
- d) the settlement (€28,380 thousand, €14,453 as at 31 December 2015) of fair value losses on Forward-Starting Interest Rate Swaps linked to the bonds issued by the Company in 2016.

With regard to the Forward-Starting Interest Rate Swaps, the following have been accounted for as at 31 December 2016:

- a) financial instruments entered into to hedge highly likely future financial liabilities entered into through to 2017 in order to meet the Company's funding requirements, amounting to €84,883 thousand, and having a notional value of €1,400 million, varying durations of 6, 7 and 8 years and subject to a weighted average rate of approximately 1.16%;
- b) financial instruments entered into to hedge highly likely future financial liabilities entered into through to 2019 in order to meet the Company's funding requirements, amounting to €7,764 thousand, and having a notional value of €900 million, a duration of 8 years and subject to a weighted average rate of approximately 0.966%.

Further details are provided in note 8.2, "Financial risk management".

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - - (-)

(current) €197,087 thousand (€233,053 thousand)

The balance of this item as at 31 December 2016 consists primarily of accrued interest payable on the following:

- a) bonds issued and those transferred as a result of the issuer substitution;
- b) the loans obtained from banks and the remaining loan from Atlantia not included in the issuer substitution;
- c) differentials on outstanding derivatives.

This item is down €35,966 thousand compared with 31 December 2015, essentially due to repayment, in May 2016, of the loan granted by Atlantia in 2009.

SHORT-TERM FINANCIAL LIABILITIES

€244,320 thousand (€473,897 thousand)

The composition of short-term financial liabilities is shown below.

€000	31 December 2016	31 December 2015
Intercompany current account payables due from related parties	241,828	73,841
Derivative liabilities (1)	2,492	36
Short-term borrowings	-	400,000
Other current financial liabilities	-	20
Short-term financial liabilities	244,320	473,897

(1) These liabilities primarily include derivative instruments that do not qualify for hedge accounting and that are classified in level 2 of the fair value hierarchy.

The reduction in short-term financial liabilities of €229,577 thousand primarily reflects a combination of the following:

- a) a reduction in short-term loans following the closure of cash deposits (totalling €400,000 thousand as at 31 December 2015) by Atlantia;
- b) a reduction of €167,987 thousand in the intercompany current account payables due to related parties, to whom Autostrade per l'Italia provides a centralised treasury management service. The increase essentially reflects a greater exposure to Atlantia.

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 consolidated 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 2016	of which related party transactions	31 December 2015	of which related party transactions
Cash		-2,238,192		-1,708,381	
Cash equivalents and intercompany current account receivables due from related parties		-686,229	-486,149	-713,962	-373,888
Cash and cash equivalents (A)	6.7	-2,924,421		-2,422,343	
Current financial assets (B)	6.4	-115,508	-10,921	-129,927	-9,983
Bank overdrafts repayable on demand		-		-	
Current portion of medium/long-term financial liabilities		911,847	4,344	1,307,645	1,077,381
Other borrowings		244,320	241,828	473,897	473,841
Current financial liabilities (C)		1,156,167		1,781,542	
Current net debt (D=A+B+C)		-1,883,762		-770,728	
Bond issues		8,005,130		2,617,531	
Medium/long-term borrowings		3,508,783	992,320	9,105,890	6,495,414
Other non-current borrowings		480,447	-	352,804	216,123
Non-current financial liabilities (E)		11,994,360		12,076,225	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)		10,110,598		11,305,497	
Non-current financial assets (G)	6.4	-642,655	-253,941	-595,188	-226,240
Net debt (H=F+G)		9,467,943		10,710,309	

6.15 Net deferred tax liabilities - €460,065 thousand (€320,330 thousand)

The following tables show deferred tax liabilities, after offsetting against deferred tax assets.

€000	31 December 2016	31 December 2015
Deferred tax liabilities (IRES)	1,159,379	1,074,743
Deferred tax liabilities (IRAP)	163,875	149,604
Deferred tax liabilities	1,323,254	1,224,347
Deferred tax assets eligible for offset (IRES)	749,868	789,705
Deferred tax assets eligible for offset (IRAP)	113,321	114,312
Deferred tax assets eligible for offset	863,189	904,017
Net deferred tax liabilities	460,065	320,330

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 2015	CHANGES DURING THE YEAR					31 December 2016
		Provisions	Releases	Provisions (Releases) recognised in the other comprehensive income	Changes in prior year estimates	Reclassifications	
Off-balance sheet amortisation of goodwill	1,218,651	98,637	-	-	-	-	1,317,288
Actuarial valuation of provisions for employee benefits through	-	257	-	-	-	795	1,052
Derivative assets	5,691	-	-	-782	-	-	4,909
Other temporary differences	5	-	-	-	-	-	5
Deferred tax liabilities	1,224,347	98,894	-	-782	-	795	1,323,254
Restatement of total amount subject to IFRIC 12	445,524	904	-23,333	-	-	-	423,095
Provisions	357,407	103,774	-80,393	-	-5,395	-	375,393
Impairment of receivables and inventories	8,385	626	-4,548	-	-501	-	3,962
Derivative liabilities	86,607	-	-	-32,783	-	-	53,824
Actuarial gains and losses on provisions for employee benefits	-	-	-	474	-	2,851	3,325
Other temporary differences	6,094	512	-924	-	-36	-2,056	3,590
Deferred tax assets eligible for offset	904,017	105,816	-109,198	-32,309	-5,932	795	863,189
Net deferred tax liabilities	320,330	-6,922	109,198	31,527	5,932	-	460,065

As shown above, the balance as at 31 December 2016 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 realignment 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;
- the undeducted portion of provisions, primarily for the repair and replacement of motorway infrastructure.

The increase of €139,735 thousand essentially reflects:

- the provision of deferred taxes on the above deduction, for tax purposes, of goodwill amortisation (€98,637 thousand);
- the net release of the accrued portion (€22,429 thousand) of deferred tax assets on the total amount deriving from application of IFRIC 12;
- the net release (€32,001 thousand) of deferred tax assets relating to the fair value of derivatives, with €49,535 thousand essentially linked to the combined effect of the unwinding of intercompany cash flow hedges following the issuer substitution described in notes 5.2 and 7.17, partially offset by €17,534 thousand relating to the recognition of deferred tax assets on the change in fair value losses on hedging derivatives.

6.16 Other non-current liabilities - €30,344 thousand (€32,695 thousand)

This item refers to deferred income to be reversed over several years, relating primarily to:

- advance payments received in return for use of the Company's fibre optic cables and fully equipped sites, totalling €16,065 thousand (€16,293 thousand as at 31 December 2015);
- the residual grant received from the Extraordinary Commissioner for the Campania Region to compensate the Company for the loss of future revenue following the transfer of the Naples toll station, totalling €6,471 thousand (€6,563 thousand as at 31 December 2015);
- amounts payable to the Company's Directors and employees, totalling €5,224 thousand (€3,989 thousand as at 31 December 2015) as a result of the benefits awarded under the "2014 Phantom Share Option Plan".

The change in this item, totalling €2,351 thousand, primarily regards a combination of the following:

- a) the reclassification (€3,480 thousand) to other current liabilities of bonuses payable to certain employees and Directors of the Company in 2017 under the three-year MBO plan, together with the related contributions;
- b) the impact of benefits awarded to the Company's Directors and employees under the "2014 Phantom Share Option Plan", after reclassification of the current portion (€1,235 thousand). This reflects cash-settled awards paid out in 2016 under the third award cycle and recognition of the full annual amount payable under the second cycle of the same plan, awarded on 8 May 2015, was also recognised, as described in detail in note 9.4, "Disclosures regarding share-based payments".

6.17 Trading liabilities - €1,228,727 thousand (€1,290,701 thousand)

Trading liabilities primarily consist of the following.

€000	31 December 2016	31 December 2015
Payable to operators of interconnecting motorways	647,902	643,233
Amounts payable to suppliers	497,427	562,073
Tolls in the process of settlement	83,292	85,307
Other trading liabilities	106	88
Trading liabilities	1,228,727	1,290,701

The reduction in trading liabilities, totalling €61,974 thousand, primarily reflects a reduction in amounts payable to suppliers as a result of the performance of capital expenditure in the second half of the two years.

The carrying amount of trading liabilities approximates fair value.

6.18 Other current liabilities - €218,627 thousand (€214,388 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 2016 is shown below.

€000	31 December 2016	31 December 2015
Lease rentals payable	91,371	80,255
Payable to staff	29,035	22,705
Taxation other than income taxes	25,360	7,252
Social security contributions payable	20,753	16,012
Amounts payable for expropriations	10,612	15,506
Guarantee deposits by road users who pay by direct debit	1,693	1,693
Amounts payable to public entities	15	3,251
VAT payable to Atlantia under Group arrangement	-	25,781
Other payables	39,788	41,933
Other current liabilities	218,627	214,388

The balance as at 31 December 2016 is broadly in line with 31 December 2015, primarily reflecting a combination of the following:

- a) an increase of €18,723 thousand in VAT payable to the tax authorities in January 2017;

- b) an increase of €6,330 thousand in amounts payable to staff, primarily due to recognition of the current portion of the amount payable to the Company's Directors and employees as a result of the benefits awarded under the "2014 Phantom Share Option Plan" and the three-year MBO plan;
- c) an increase in social security contributions payable, amounting to €4,741 thousand;
- d) payment to Atlantia, in January 2016, of VAT payable under the Group arrangement as at 31 December 2015, totalling €25,781 thousand.

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 2015 shown in brackets.

In application of IFRS 5 and as described in note 5.1, “Restructuring of the Atlantia Group”, amounts for 2015 differ from those published in the financial statements as at and for the year ended 31 December 2015.

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 - €3,222,349 thousand (€3,097,669 thousand)

Toll revenue is up €124,680 thousand on 2015. This essentially reflects:

- a) a 3.1% increase in traffic, which benefitted from the extra day in February 2016 (a leap year), accounting for an increase of 0.3% (including the impact of the different traffic mix, the increase in toll revenue is estimated to be €91 million);
- b) application of annual toll increases for 2016 (a rise of 1.09% from 1 January 2015), boosting toll revenue by an estimated €30 million.

Further information on points a) and b) is provided in the sub-sections, “Traffic” and “Toll increases”, in the section “Italian motorways” in the “Report on operations” accompanying these financial statements.

Toll revenue includes the additional concession fees payable to ANAS, totalling €349,341 thousand (€337,887 thousand as at 31 December 2015), and accounted for under concession fees in operating costs. Further details are provided in note 7.8, “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 - €201,566 thousand (€380,074 thousand)

An analysis of this revenue is shown below.

€000	2016	2015	Increase/ (Decrease)
Construction service revenue - services for which additional economic benefits are received	190,232	333,540	-143,308
Construction service revenue - government grants for services for which additional economic benefits are not received	332	39,957	-39,625
Revenue from construction services for sub-operators	11,002	6,577	4,425
Revenue from construction services	201,566	380,074	-178,508

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).

Revenue from construction services is down €178,508 thousand compared with 2015, reflecting a combination of the following:

- a) a decrease of €143,308 thousand in construction services for which additional benefits are received, primarily due to work on the A14 Bologna-Taranto (the Senigallia-Ancona North and Ancona North-Ancona South sections) and on the fifth lane of the A8 Milan-

lakes (Milan-Lainate section). Further details are provided in the section, “Upgrade and modernisation of the network” in the report on operations;

- b) a reduction in grants to fund construction services for which no additional benefits are received, amounting to €39,625 thousand, essentially due to having reached the cap on grants (€234,062 thousand, after taking into account previously collected amounts) recognised by the Grantor when certifying the effective performance of the works and relating to a number of lots included in the *Variante di Valico* and the upgrade of Florence interchange.

In 2016, the Company carried out additional construction services for which no additional benefits are received, amounting to €444,365 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 7.10, “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 Contract revenue - - (€507 thousand)

Contract revenue amounts to zero in 2016. The comparative amount for the previous year solely included contract revenue generated by work carried out for the Grantor, in this case as a customer.

7.4 Other operating income - €293,624 thousand (€300,400 thousand)

An analysis of other operating income is provided below.

€000	2016	2015	Increase/ (Decrease)
Revenue from sub-concessions	177,574	187,808	-10,234
Refunds	19,315	17,812	1,503
Revenue from services	18,749	20,060	-1,311
Other revenue from motorway operation	17,002	15,925	1,077
Damages and compensation	16,564	12,554	4,010
Maintenance revenue	14,364	14,425	-61
Advertising revenue	4,707	5,482	-775
Release of overprovisions	4,381	1,488	2,893
Revenue from the sale of technology devices and services	647	2,510	-1,863
Other income	20,321	22,336	-2,015
Other operating income	293,624	300,400	-6,776

Other operating income is down €6,776 thousand on 2015, essentially reflecting:

- a) a €10,234 thousand reduction in revenue from sub-concessions, primarily reflecting the impact of discounts applied to service area royalties under agreements with a number of sub-operators (above all oil service providers);
- b) an increase of €4,010 thousand in damages and compensation from insurance companies, primarily linked to higher payouts for accidents on the motorway network.

7.5 Raw and consumable materials - -€74,183 thousand (-€72,825 thousand)

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

€000	2016	2015	Increase/ (Decrease)
Electrical and electronic materials	-21,733	-24,305	2,572
Construction materials	-11,464	-9,297	-2,167
Lubricants and fuel	-8,804	-9,767	963
Other raw and consumable materials	-37,896	-32,177	-5,719
Cost of materials	-79,897	-75,546	-4,351
Change in inventories of raw, ancillary and consumable materials	4,749	2,383	2,366
Capitalised cost of raw materials	965	338	627
Raw and consumable materials	-74,183	-72,825	-1,358

The balance is broadly in line with 2015.

7.6 Service costs - -€947,938 thousand (-€1,172,604 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	2016	2015	Increase/ (Decrease)
Construction and similar	-695,866	-914,148	218,282
Professional services	-135,030	-135,491	461
Utilities	-33,813	-32,452	-1,361
Transport and similar	-13,983	-16,798	2,815
Insurance	-8,450	-16,146	7,696
Advertising	-5,547	-7,426	1,879
Board of Statutory Auditors' fees	-160	-197	37
Other services	-55,089	-49,946	-5,143
Service costs	-947,938	-1,172,604	224,666

The decrease in service costs, amounting to €224,666 thousand, essentially reflects a reduction in construction services, linked substantially to the lower volume of investment in assets held under concession, and to a different scheduling of maintenance work on the motorway network and to reduced snowfall.

7.7 Staff costs - -€409,690 thousand (-€395,885 thousand)

Staff costs break down as follows.

€000	2016	2015	Increase/ (Decrease)
Wages and salaries	-281,883	-276,309	-5,574
Social security contributions	-85,990	-82,528	-3,462
Post-employment benefits (including payments to supplementary pension funds or to INPS)	-19,396	-16,817	-2,579
Cost of share-based incentive plans	-6,810	-7,649	839
Directors' remuneration	-2,945	-3,410	465
Recovery of cost of seconded staff	7,845	7,813	32
Other staff costs	-20,511	-16,985	-3,526
Staff costs	-409,690	-395,885	-13,805

The increase of €13,805 thousand (3.5%) is due to:

- an increase in the average unit cost (up 3.7%), primarily due to contract renewals;
- a reduction in the average workforce of 10 (0.2%), primarily linked to a freeze on the recruitment of toll collectors, partly offset by recruitment for certain specific units.

Details of share-based incentive plans or those payable in shares or cash, involving a number of the Company's Directors and employees, are provided in note 9.4, "Disclosures regarding share-based payments".

Actuarial losses on provisions for employee benefits, which are subject to actuarial valuation in that they are considered a defined benefit plan, amount to €1,978 thousand for 2016, as recognised in other comprehensive income, described in note 6.11, "Equity".

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

Category	2016	2015	Increase/ (Decrease)
Senior managers	95	97	-2
Middle managers	319	323	-4
Administrative staff	2,020	2,002	18
Toll collectors	2,021	2,058	-37
Manual workers	977	962	15
Average workforce	5,432	5,442	-10

7.8 Other operating costs - -€485,478 thousand (-€493,559 thousand)

An analysis of other operating costs is shown below.

€000	2016	2015	Increase/ (Decrease)
Concession fees	-431,524	-417,577	-13,947
Lease expense	-6,060	-5,672	-388
Grants and donations	-21,004	-32,886	11,882
Compensation for damages	-14,172	-23,382	9,210
Direct and indirect taxes	-8,411	-8,751	340
Other	-4,307	-5,331	1,024
Other costs	-47,894	-70,350	22,456
Other operating costs	-485,478	-493,599	8,121

Other operating costs are broadly in line with the previous year, primarily reflecting the substantial offset between the following:

- a) a reduction in grants and donations (€11,882 thousand), reflecting the increased costs incurred in 2015 for work on the upgrade of infrastructure operated by public entities, as part of construction services relating to assets held under concession;
- b) a decrease in compensation and penalties (€9,210 thousand), essentially reflecting the impact of the contract reserves paid to contractors (€10,591 thousand) in relation to the opening to traffic of the *Variante di Valico* in 2015;
- c) an increase in concession fees (€13,947 thousand), including the additional fee introduced by Law 78 of 1 July 2009, as more fully described below. The increase reflects previously discussed traffic growth.

Law 102 of 3 August 2009 converting Law Decree 78 of 1 July 2009, with amendments, eliminated the toll surcharge pursuant to Law 296/2006 (the 2007 Finance Act), 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.

Concession fees for 2016, consequently, consist of the increased concession fees payable, totalling €349,341 thousand (€337,887 thousand in 2015), in addition to concession fees payable from toll revenue of €68,909 thousand and sub-concession fees of €12,876 thousand (€66,147 thousand and €13,111 thousand, respectively, in 2015).

7.9 Operating change in provisions - -€62,807 thousand (€51,387 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 negative impact of this item in 2016, totalling €62,807 thousand, is essentially consists of the change in the present value of provisions for the repair and replacement of motorway infrastructure (€59,757 thousand), relating almost entirely to an increase in the discount rate applied at 31 December 2016, compared with the rate applied at 31 December 2015. The positive impact of €53,955 thousand in 2015 was affected by an opposite movement in the interest rates applied.

This item also includes provisions of 3,050 thousand for 2016 (€2,568 thousand for 2015), as described in note 6.13, "Provisions".

7.10 Use of provisions for construction services required by contract –

€444,365 thousand (€496,527 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 2016, 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 €52,162 thousand is broadly linked to reduced investment in the upgrade of the A1 Milan-Naples between Bologna and Florence, following the completion of work in preparation for the opening of the *Variante di Valico* in 2015.

Further information on construction services and capital expenditure in 2016 is provided in note 6.2, “Intangible assets”, and note 7.2, “Revenue from construction services”.

7.11 Amortisation and depreciation - -€539,722 thousand (-€511,190 thousand)

The increase of €28,532 thousand essentially reflects an increase in amortisation of concession rights deriving from construction services for which additional economic benefits are received, totalling €26,345 thousand, mainly in relation to toll increases applied from 1 January 2016 and the entry into service of lots 0, 4 and 5 of the A14 Bologna-Taranto and lot 1 of the fifth lane of the A8 Milan-Lakes.

7.12 (Impairment losses) and reversals of impairment losses on current and non-current assets - -€1,319 thousand (-€4,128 thousand)

The balance for 2016 primarily reflects the impairment of trade receivables (€1,584 thousand) and amounts due from insurance companies (€968 thousand) relating to previous years, reflecting the risk of partial non-collection. The balance for 2015 essentially the impairment of trade receivables due from Tech Solutions Integrators, amounting to a total of €4,531 thousand.

7.13 Financial income/(expenses) - -€830,138 thousand (-€613,554 thousand)

Financial income €76,545 thousand (€90,277 thousand)

Financial expenses -€906,691 thousand (-€703,786 thousand)

Foreign exchange gains/(losses) €8 thousand (-€45 thousand)

An analysis of financial income and expenses is shown below.

€000	2016	2015	Increase/ (Decrease)
Dividends received from investees	27,091	17,027	10,064
Interest income	21,981	21,134	847
Income from derivative financial instruments	13,663	19,939	-6,276
Income from measurement of financial instruments at amortised cost	2,801	12,992	-10,191
Financial income accounted for as an increase in financial assets	958	497	461
Gain on sale of investments	-	672	-672
Other	10,051	12,319	-2,268
Other financial income	49,454	67,553	-18,099
Reversal of impairment losses on financial assets and investments	-	1,024	-1,024
Releases due to impairments in excess of carrying amount of investments	-	4,673	-4,673
Reversal of impairment losses on financial assets and investments	-	5,697	-5,697
Total financial income (a)	76,545	90,277	-13,732
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-44,954	-43,296	-1,658
Interest expense	-416,218	-443,469	27,251
Losses on derivative financial instruments	-76,428	-65,798	-10,630
Financial expenses accounted for as an increase in financial liabilities	-78	-	-78
Expenses from measurement of financial instruments at amortised cost	-10,340	-8,817	-1,523
Other financial expenses	-345,210	-142,406	-202,804
<i>of which non-recurring (1)</i>	<i>-327,215</i>	<i>-125,486</i>	<i>-201,729</i>
Other financial expenses	-848,274	-660,490	-187,784
Impairment losses on investments	-13,463	-	-13,463
Impairment losses on financial assets and investments	-13,463	-	-13,463
Total financial expenses (b)	-906,691	-703,786	-202,905
Foreign exchange gains/(losses) (c)	8	-45	53
Financial income/(expenses) (a+b+c)	-830,138	-613,554	-216,584

(1) Details of non-recurring financial transactions are provided in note 7.17, "Material non-recurring transactions".

"Dividends received from investees" are up €10,064 thousand, primarily due to an increase in dividends declared by Ecomouv (€4,221 thousand), Autostrade Tech (€2,934 thousand) and Spea Engineering (€2,295 thousand).

"Reversals of impairment losses on financial assets and investments", amounting to zero, consisted of the following in 2015:

- a) reversal of the impairment loss, in excess of the carrying amount of the investment in Tech Solutions Integrators, recognised in 2014 (€4,673 thousand), following the decision, by the Company's Board of Directors, not to cover the subsidiary's losses by raising fresh capital and to proceed with the subsidiary's liquidation 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);
- b) reversal of the impairment loss on the carrying amount of the investments in Società Infrastrutture Toscane (€1,024 thousand).

"Financial expenses from the discounting of provisions for construction services required by contract and other provisions" are broadly in line with the figure for 2015. These financial

expenses are computed on the basis of the value of the provisions and the discount rates used at 31 December of the year prior to the reporting period.

“Impairment losses on investments”, amounting to €13,463 thousand, essentially regard the impairment losses, previously referred to in note 6.3, “Investments”, on the investments in Pavimental (€7,100 thousand) and AD Moving (€3,165 thousand).

Net other financial expenses of €798,812 thousand are up €205,830 thousand on the previous year (€592,982 thousand). The change essentially reflects a combination of the following:

- a) an increase in non-recurring financial expenses (€307,780 thousand) in 2016, following the above issuer substitution described in detail in notes 5.2 and 7.17;
- b) the reduction in non-recurring financial expenses following partial early repayment of loans from the parent, Atlantia, in 2016, prior to the issuer substitution (€19,435 thousand in 2016 and €125,486 thousand in 2015) described in note 7.17.

7.14 Income tax (expense)/benefit - -€295,468 thousand (-€287,871 thousand)

An analysis of income tax expense is shown below.

€000	2016	2015	Increase/ (Decrease)
IRES	-134,394	-178,930	44,536
IRAP	-55,789	-52,621	-3,168
Current tax expense	-190,183	-231,551	41,368
Recovery of previous years' income taxes	2,923	1,903	1,020
Previous years' income taxes	-	-14	14
Differences on current tax expense for previous years	2,923	1,889	1,034
Provisions	105,816	92,733	13,083
Releases	-109,198	-112,251	3,053
Change in prior year estimates	-5,932	-83,654	77,722
Deferred tax income	-9,314	-103,172	93,858
Provisions	-98,894	-110,940	12,046
Change in prior year estimates	-	155,903	-155,903
Deferred tax expense	-98,894	44,963	-143,857
Net deferred tax expense	-108,208	-58,209	-49,999
Income tax (expense)/benefit	-295,468	-287,871	-7,597

The increase in income tax expense in 2016 amounts to €7,597 thousand compared with 2015 and essentially reflects a combination of the following:

- a) the tax benefit of €72,273 thousand recognised in 2015 and generated by the reassessment of net deferred taxation following the reduction in the IRES (corporation tax) rate from 2017 introduced by the 2016 Stability Law (Law 208/2015);
- b) a reduction of €67,606 thousand in IRES payable, primarily reflecting the tax benefit deriving from non-recurring financial expenses of €307,780 thousand incurred as a result of the issuer substitution.

The following table shows a reconciliation of the statutory rate of IRES with the effective charge in the two comparative periods.

€000	2016			2015		
	Taxable income	Tax expense		Taxable income	Tax expense	
		Tax	Rate		Tax	Rate
Profit/(loss) before tax from continuing operations	811,028			1,062,968		
Tax expense/(benefit) at statutory rate of IRES		223,033	27.50%		292,316	27.50%
Temporary differences deductible in future years:	368,430	101,318	12.49%	289,485	79,608	7.49%
Provisions for the repair and replacement of motorway infrastructure	361,528	99,420		284,716	78,297	
Other differences	6,902	1,898		4,769	1,311	
Temporary differences taxable in subsequent years:	-351,519	-96,668	-11.92%	-351,520	-96,668	-9.09%
Off-balance sheet deduction of goodwill	-351,519	-96,668		-351,520	-96,668	
Reversal of temporary differences arising in previous years	-335,406	-92,237	-11.37%	-340,353	-93,597	-8.81%
Permanent differences	-3,826	-1,052	-0.13%	-9,928	-2,729	-0.26%
Non-taxable dividends	-25,736	-7,077		-16,175	-4,447	
Tax-exempt reversals of impairment losses/impairment losses on investments	13,463	3,702		-5,697	-1,567	
Other permanent differences	8,447	2,323		11,944	3,285	
Income assessable to IRES	488,706			650,652		
IRES for the year		134,394	16.57%		178,930	16.83%
IRAP for the year		55,789	6.88%		52,621	4.95%
Current income tax expense		190,183	23.45%		231,551	21.78%

7.15 Dividends, after the related taxation, from discontinued operations - €103,561 thousand (€179,856 thousand)

This item breaks down as follows in the two comparative periods.

€000	2016	2015	Increase/ (Decrease)
Dividends declared by Autostrade dell'Atlantico	50,000	130,000	-80,000
Taxation	-688	-1,787	1,099
Dividends declared by Autostrade dell'Atlantico, after related taxation	49,312	128,213	-78,901
Dividends declared by Telepass	55,005	52,363	2,642
Taxation	-756	-720	-36
Dividends declared by Telepass, after related taxation	54,249	51,643	2,606
Dividends, after related taxation, from discontinued operations	103,561	179,856	-76,295

7.16 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.

	2016	2015
Weighted average of shares outstanding	622,027,000	622,027,000
Profit for the year (€000)	619,121	954,953
Earnings per share (€)	1.00	1.54
Profit from continuing operations (€000)	515,560	775,097
Basic earnings per share from continuing operations (€)	0.83	1.25
Profit/(Loss) from discontinued operations (€000)	103,561	179,856
Basic earnings/(losses) per share from discontinued operations (€)	0.17	0.29

7.17 Material non-recurring transactions

On 22 December 2016, the issuer substitution agreed by Autostrade per l'Italia and Atlantia became effective. This involved the transfer of bonds issued by Atlantia on behalf of Autostrade per l'Italia, as described in note 5.2.

With specific reference to the substitution of intercompany loans and the related Interest Rate Swaps with foreign currency bonds (in sterling and yen) and the related Cross Currency Swaps, the Company has recognised non-recurring financial expenses of €307,780 thousand. This reflects a combination of the following:

- a) the cost connected with recognition of the fair value at the transfer date of the foreign currency bonds (in sterling and yen), amounting to €178,288 thousand;
- b) recognition of fair value losses, after accumulated translation differences, on Cross Currency Swaps, totalling €129,492 thousand;
- c) the full offset in the income statement of the income generated by the unwinding of intercompany cash flow hedges with fair value losses (€200,909 thousand) and the cost resulting from reversal of the cash flow hedge reserve (€200,909 thousand after the related taxation).

In relation to the financial expenses referred to in points a) and b), the Group has recognised a reduction its income tax expense of €84,640 thousand.

As regards point c), the tax effect linked to the unwinding of the cash flow hedge reserve has been reversed, with a contra entry in net deferred tax liabilities (the value of which was €49,535 thousand).

In addition, in relation to the overall costs recognised in 2016 in connection with the above non-recurring transaction, the Company will in future years, on the natural maturity date for the foreign currency bonds, incur lower financial expenses resulting from measurement of the bonds at their amortised cost with respect to the nominal interest rates payable on the bonds. Furthermore, future changes in the fair value of the Cross Currency Swaps which, as reported in note 5.2, do not meet the requirements of IAS 39 for designation as cash flow hedges, will be recognised in profit or loss as financial expenses and income.

Finally, partial early repayment of loans granted by the parent, Atlantia prior to the issuer substitution took place in 2016 as part of the Company's liability management strategy, initiated in 2015. The face value of the loans repaid was €220,100 thousand and the borrowings matured in 2017, 2019 and 2020. This resulted in the recognition of financial expenses of €19,435 thousand, before the related taxation of €5,345 thousand. Early repayments of borrowings in 2015 amounted to a face value of €1,351,250 thousand, with the borrowings maturing in 2016, 2017, 2019 and 2020 and granted by the parent, Atlantia. This resulted in the recognition of financial expenses of €125,486 thousand, before the related taxation of €34,509 thousand.

8. OTHER FINANCIAL INFORMATION

8.1 Notes to the statement of cash flows

Cash and cash equivalents increased by €334,091 thousand in 2016, compared with the increase of €1,335,050 thousand recorded in 2015.

Cash flows from operating activities amount to €1,603,570 thousand, up €50,509 thousand on the figure for 2015 (€1,553,061 thousand), essentially due to:

- a) an increase in operating cash flow (€116,985 thousand, primarily reflecting the improvement in EBITDA) and a reduction in cash used to pay current tax expense (€43,465 thousand, primarily due to the reduction in pre-tax profit, above all reflecting the charge resulting from the issuer substitution);
- b) the different performance of working capital in the two comparative periods (€122,024 thousand). The outflow resulting from change in working capital in 2016 essentially relates to a reduction in trading liabilities (€61,974 thousand), reflecting the volume of investment in the second half of the two years, and an increase in amounts due from sub-operators at service areas (€18,692 thousand). The contribution from working capital in 2015 essentially resulted from an increase in amounts payable to the operators of interconnecting motorways (€99,232 thousand), reflecting an increase in toll revenue, partially offset by the outflow (€36,617 thousand) relating to current taxation.

Cash from investing activities amounts to €560,088 thousand, a difference of €1,474,993 thousand compared with the outflow for investing activities in 2015 (€914,905 thousand). This is primarily due to the proceeds realised on the transfer at the end of 2016, as part of the restructuring of the Atlantia Group, of controlling interests in Telepass and Stalexport Autostrady (for a total consideration of €1,247,072 thousand), as described in note 5.1, "Restructuring of the Atlantia Group".

There was also a reduction in investment in assets held under concession, after the related government grants (€180,615 thousand), essentially relating to construction services for which additional economic benefits are received (€143,308 thousand). These services relate to work on the A14 Bologna-Taranto (the Senigallia-Ancona North and Ancona North-Ancona South sections) and on the fifth lane of the A8 Milan-lakes (Milan-Lainate section). The movement also reflects the acquisition, in 2015, of a controlling interest in Autostrada Tirrenica (€84,262 thousand).

Net cash used for financing activities amounts to €1,829,567 thousand, compared with an inflow in 2015 (€696,894 thousand). The change of €2,526,461 thousand primarily regards:

- a) the greater value of bond issues in 2015 compared with 2016 (€2,025,015 thousand);
- b) increased repayments of short-term loans from the parent in 2016 compared with 2015 (€536,000 thousand) in relation to the cash deposits made by Atlantia.

The following table shows the net cash flows for the two comparative periods generated by the investments in Telepass and Autostrade dell'Atlantico, consisting of dividends paid to the Company in 2016 and 2015, as indicated in note 5.1, "Restructuring of the Atlantia Group".

€000	2016	2015
Net cash generated from/(used in) operating activities	105,005	182,363
Net cash generated from/(used in) investing activities	-	-
Net cash generated from/(used in) financing activities	-	-

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 Group's borrowing costs within the risk limits determined by the Board of Directors;
- c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

As at 31 December 2016, the derivatives in the Company's portfolio are classified as:

- a) non-hedge accounting:
 - 1) the Cross Currency Swaps (CCIRs) connected with the bonds denominated in sterling (GBP) and yen (JPY), involved in the issuer substitution, as they do not meet all the requirements for classification as hedges under IAS 39;
 - 2) the derivatives embedded in certain medium/long-term borrowings obtained by Autostrade per l'Italia, with a notional value of €200,000 thousand;
- b) cash flow hedges with regard to the other hedging transactions.

Details of the criteria used to determine the fair value of derivative financial instruments are provided in note 3.

The residual average term to maturity of the Company's debt as at 31 December 2016 is approximately six years and six months. The average cost of medium to long-term debt for 2016 was 3.87%.

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 (IRSs), classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Following tests of effectiveness,

changes in fair value are essentially recognised in other comprehensive income. The tests conducted revealed the presence of an ineffective portion (€164 thousand), accounted for in profit or loss in 2016 and linked primarily to the Forward-Starting IRSs entered into in February 2016. Interest income or expense deriving from the hedged instruments is recognised simultaneously in profit or loss. In addition, following the issue of bonds with a par value of €600,000 thousand, the derivatives entered into in 2015 for pre-hedging purposes have been unwound. At the date on which these derivatives were unwound, fair value losses amounted to €31,980 thousand. €3,600 thousand of this amount was recognised in financial expenses, corresponding to the accrued losses realised at the date on which the hedges were unwound, whilst €28,380 thousand was recognised in the cash flow hedge reserve. This amount will be reclassified to profit or loss in correspondence with the interest cash flows relating to the bond issue, in keeping with the nature of these instruments as cash flow hedges. The cost of this bond, including the impact of the hedges, is thus 2.38%;

- 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 2016, the Company has not entered into derivatives classified as fair value hedges.

As a result of cash flow hedges, 98% of interest bearing debt is fixed rate as at 31 December 2016. The remaining 2% subject to a floating rate regards short-term loans in the form of cash deposits by Atlantia and intercompany current account payables due to related parties.

Currency risk

Currency risk derives primarily from the presence of financial assets and liabilities denominated in currencies other than the Company's functional currency. This risk relates to the issuer substitution, as described in note 5.2. As noted above, as they do not qualify for hedge accounting in accordance with UAS 39, Cross Currency Swaps (CCIRSs) linked to the bonds denominated in sterling (GBP) and yen (JPY) involved in the issuer substitution. 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 IAS 39 and have been classified as non-hedge accounting.

7% of the Group's medium/long-term debt is denominated in currencies other than the euro. Taking into account the above Cross Currency Swaps (CCIRSs), 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 2016 (compared with 31 December 2015), showing the corresponding market value.

€000		31 December 2016		31 December 2015	
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	-196,234	3,130,233	-352,804	3,603,488
		-196,234	3,130,233	-352,804	3,603,488
<i>Non-hedge accounting derivatives (2)</i>					
Cross Currency Swaps (2)	Interest rate and currency risk	-281,904	899,176	-	-
Interest rate floors (3)	Interest rate risk	-2,309	200,000	-	-
FX Forwards (4)	Currency risk	-2,492	35,548	-36	35,914
FX Forwards (4)	Currency risk	2,492	-35,548	36	-35,914
		-284,213	1,099,176	-	-
		-480,447	4,229,409	-352,804	3,603,488
	fair value asset	2,492		36	
	fair value liability	-482,939		-352,840	

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

(2) The fair value refers to the Cross Currency Swaps transferred to Autostrade per l'italia from Atlantia following the issuer substitution described in note 5.2.

(3) The fair value of the embedded derivative is linked to the zero-based Euribor floor included in the outstanding loan from Cassa Depositi e Prestiti.

(4) The fair value of these derivatives is classified in short-term assets and liabilities.

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 2016 and on equity as at 31 December 2016.

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:

- 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 €3,624 thousand, and on other comprehensive income, totalling €24,680 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 €23,386 thousand, due to the change in fair value losses on Cross Currency Swaps in sterling (GBP) and yen (JPY).

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 2016 are estimated at €4,716,655 thousand made up of:

- a) €2,682,593 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) €234,062 thousand in term deposits to part finance the execution of specific works, as described in note 6.4, "Financial assets";
- c) €1,800,000 thousand in undrawn committed lines of credit, with a weighted average residual term to maturity of approximately eight years and nine months and a weighted average residual drawdown period of approximately two years and three months, details of which are shown in the following table.

€000			31 December 2016		
Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn
Medium/long-term committed EIB line "Upgrade A14 B"	31 December 2017	31 December 2036	300,000	100,000	200,000
Medium/long-term committed EIB line 2013 "Environment and Motorway Safety"	31 December 2017	15 September 2037	200,000	-	200,000
Medium/long-term committed EIB line 2013 "Florence Bologna IV B"	31 December 2017	15 September 2038	250,000	150,000	100,000
Medium/long-term committed CDP/SACE line	23 September 2020	23 December 2024	1,000,000	200,000	800,000
Medium/long-term committed CDP line A1 2012	21 November 2020	20 December 2021	700,000	200,000	500,000
		Lines of credit	2,450,000	650,000	1,800,000

The following schedule shows the distribution of maturities for medium/long-term financial liabilities outstanding as at 31 December 2016 and 31 December 2015, excluding accrued financial expenses at those dates.

€000	31 December 2016					
	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)	-706,194	-802,985	-36,499	-36,499	-109,498	-620,489
Bond 2004-2024	-982,570	-1,470,000	-58,750	-58,750	-176,250	-1,176,250
Bond 2010-2017	-504,947	-518,235	-518,235	-	-	-
Bond 2010-2025	-496,142	-696,875	-21,875	-21,875	-65,625	-587,500
Bond 2012-2019	-670,093	-764,579	-30,314	-30,314	-703,951	-
Bond 2012-2020	-616,106	-746,349	-27,790	-27,790	-690,769	-
Bond 2012-2032	-35,000	-61,880	-1,680	-1,680	-5,040	-53,480
Bond 2013-2021	-744,105	-857,873	-21,563	-21,563	-814,747	-
Bond 2014-2034	-123,754	-197,911	-4,050	-4,050	-12,150	-177,661
Bond 2015-2021	-647,306	-686,564	-7,313	-7,313	-671,938	-
Bond 2015-2023 retail	-735,078	-835,314	-12,188	-12,188	-36,563	-774,375
Bond 2015-2025	-496,617	-584,375	-9,375	-9,375	-28,125	-537,500
Bond 2015-2026	-742,543	-881,250	-13,125	-13,125	-39,375	-815,625
Bond 2016-2027	-591,455	706,807	-	12,307	31,500	663,000
Bond 2009-2038 (JPY)	-211,045	-259,417	-4,425	-4,425	-13,274	-237,293
Bond 2012-2032 (Zero Coupon Bond)	-61,943	-135,000	-	-	-	-135,000
Bond 2013-2033	-72,592	-122,844	-2,813	-2,813	-8,445	-108,773
Bond 2014-2038	-72,587	-134,825	-2,719	-2,719	-8,157	-121,230
Total bond issues	-8,510,077	-9,049,469	-772,714	-242,172	-3,352,407	-4,682,176
Loans from parents						
Atlantia loan 2012-2018	-992,320	-1,078,640	-39,320	-1,039,320	-	-
Total loans from parents (A)	-992,320	-1,078,640	-39,320	-1,039,320	-	-
Bank borrowings						
European Investment Bank (EIB)	-1,673,123	-2,301,788	-157,888	-165,776	-496,898	-1,481,226
Cassa Depositi e Prestiti and SACE	-819,091	-938,942	-36,801	-36,377	-306,767	-558,997
Borrowings linked to grants (2)	-49,320	-	-	-	-	-
Total bank borrowings (B)	-2,541,534	-3,240,730	-194,689	-202,153	-803,665	-2,040,223
Other borrowings						
ANAS	-184,742	-	-	-	-	-
Total other borrowings (C)	-184,742	-	-	-	-	-
Total medium/long-term borrowings (A+B+C)	-3,718,596	-4,319,370	-234,009	-1,241,473	-803,665	-2,040,223
Derivative liabilities (3)						
Interest Rate Swaps	-196,234	-375,693	-27,076	-38,115	-113,032	-197,470
Cross Currency Swaps	-281,904	-286,736	-12,640	-12,890	-37,882	-223,324
Floors	-2,309	-	-	-	-	-
Total derivative liabilities	-480,447	-662,429	-39,716	-51,005	-150,914	-420,794

(1) Future cash flows relating to interest on floating rate loans have been projected on the basis of the latest established rate and applied and held constant to final maturity.

(2) Repayment of these non-interest bearing loans is due from ANAS in accordance with the provisions of laws 662/1996, 345/1997 and 135/1997.

(3) As at 31 December 2016, 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.

€000	31 December 2015					
	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 2015-2021	-646,769	-693,897	-7,333	-7,313	-21,938	-657,313
Bond 2015-2023 retail	-732,921	-847,535	-12,221	-12,188	-36,563	-786,563
Bond 2015-2025	-496,270	-593,776	-9,401	-9,375	-28,125	-546,875
Bond 2015-2026	-741,571	-888,781	-7,531	-13,125	-39,375	-828,750
Total bond issues	-2,617,531	-3,023,989	-36,486	-42,001	-126,001	-2,819,501
Loans from parents						
Atlantia loan 2004-2022	-743,264	-802,599	-8,319	-8,093	-24,125	-762,062
Atlantia loan 2004-2024	-987,547	-1,553,770	-61,530	-61,530	-184,590	-1,246,120
Atlantia loan 2009-2016	-882,732	-932,006	-932,006	-	-	-
Atlantia loan 2009-2038	-149,176	-339,597	-8,341	-8,251	-24,820	-298,185
Atlantia loan 2010-2017	-597,360	-638,154	-21,397	-616,757	-	-
Atlantia loan 2010-2025	-500,000	-728,650	-22,865	-22,865	-68,595	-614,325
Atlantia loan 2012-2019	-764,028	-891,292	-36,516	-36,516	-818,260	-
Atlantia loan 2012-2020	-656,890	-783,444	-29,651	-29,651	-724,142	-
Atlantia loan 2012-2032	-35,000	-64,449	-1,733	-1,733	-5,198	-55,785
Atlantia loan 2012-2032 Zero coupon bond	-48,600	-91,910	-2,548	-2,548	-7,643	-79,171
Atlantia loan 2012-2018	-988,549	-1,117,960	-39,320	-39,320	-1,039,320	-
Atlantia loan 2013-2033	-75,000	-130,892	-3,111	-3,103	-9,317	-115,361
Atlantia loan 2013-2021	-750,000	-894,719	-24,164	-24,098	-72,359	-774,098
Atlantia loan 2014-2038	-75,000	-143,949	-2,998	-2,998	-8,993	-128,960
Atlantia loan 2014-2034	-125,000	-207,034	-4,318	-4,318	-12,953	-185,445
Total loans from parents (A)	-7,378,146	-9,320,425	-1,198,817	-861,781	-3,000,315	-4,259,512
Bank borrowings						
European Investment Bank (EIB)	-1,727,508	-2,427,204	-125,646	-159,791	-497,793	-1,643,974
Cassa Depositi e Prestiti and SACE	-840,744	-982,370	-38,082	-37,153	-109,317	-797,818
Borrowings linked to grants (2)	-106,224	-	-	-	-	-
Total bank borrowings (B)	-2,674,476	-3,409,574	-163,728	-196,944	-607,110	-2,441,792
Other borrowings						
ANAS	-127,860	-	-	-	-	-
Total other borrowings (C)	-127,860	-	-	-	-	-
Total medium/long-term borrowings (A+B+C)	-10,180,482	-12,729,999	-1,362,545	-1,058,725	-3,607,425	-6,701,304
Derivative liabilities (3)						
Interest Rate Swaps	-352,804	-611,121	-60,165	-69,631	-237,989	-243,336
Total derivative liabilities	-352,804	-611,121	-60,165	-69,631	-237,989	-243,336

(1) Future cash flows relating to interest on floating rate loans have been projected on the basis of the latest established rate and applied and held constant to final maturity.

(2) Repayment of these non-interest bearing loans is due from ANAS in accordance with the provisions of laws 662/1996, 345/1997 and 135/1997.

(3) As at 31 December 2015, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2017. 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, and the periods in which they will be recognised in profit or loss.

€000	31 December 2016					31 December 2015						
	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	-196,234	-203,496	-26,668	-36,334	-97,354	-43,140	-352,804	-378,350	-67,866	-66,871	-168,690	-74,923
Total cash flow hedges	-196,234						-352,804					
Accrued expenses on cash flow hedges	-7,262	-	-	-	-	-	-25,546	-	-	-	-	-
Accrued income on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-
Total cash flow hedge derivative assets/liabilities	-203,496	-203,496	-26,668	-36,334	-97,354	-43,140	-378,350	-378,350	-67,866	-66,871	-168,690	-74,923
		Flussi attesi (1)	Entro l'esercizio	Da 1 anno a 2 anni	Da 3 anni a 5 anni	Oltre 5 anni		Flussi attesi (1)	Entro l'esercizio	Da 1 anno a 2 anni	Da 3 anni a 5 anni	Oltre 5 anni
Interest rate swaps												
Expenses on cash flow hedges	-208,001	-208,001	-26,131	-35,619	-100,244	-46,007	-358,790	-358,790	-46,263	-67,186	-168,500	-76,841
Income from cash flow hedges	11,767	11,767	-	-	-	11,767	5,986	5,986	-	-	-	5,986
Total income (losses) from cash flow hedges	-196,234	-196,234	-26,131	-35,619	-100,244	-34,240	-352,804	-352,804	-46,263	-67,186	-168,500	-70,855

(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 entity under common control, 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

Following the issuer substitution described in note 5.2, the Company now guarantees the only remaining bonds issued by Atlantia, amounting to €1,200,000 thousand and equal to 120% of the bonds' par value (€1,000,000 thousand as at 31 December 2016). The Company has received a loan of a matching amount and term to maturity.

As at 31 December 2016, the Company reports the following outstanding personal and collateral guarantees issued to third parties, including 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 guarantee issued with Autostrada Tirrenica in favour of the Grantor (€14,003 thousand) following the latter's release of a surety;
- c) the pledge to credit institutions, to collateralise loans issued, of the direct (0.25%) and indirect (6.52%) interests in Tangenziale Esterna (€31,471 thousand), shares in Bologna & Fiera Parking (€999 thousand) and of the 2% interest in Strada dei Parchi (€1,355 thousand), which is subject, in accordance with the agreement entered into with the purchaser, to a put and call option.

In December 2016, given that the concession for the A3 Naples-Salerno motorway has yet to be awarded to either Autostrade Meridionali or a third party, Autostrade Meridionali has asked the Company for early activation of the guarantee in favour of Intesa Sanpaolo-Banco di Napoli (ISP) securing the loan of €300 million disbursed to Autostrade Meridionali by ISP in December 2015. When the loan was disbursed, in December 2015 Autostrade per l'Italia agreed to act as guarantor with effect from 1 January 2017, guaranteeing the loan for up to €300 million. The loan to Autostrade Meridionali from ISP has been extended until 31 December 2017, with the potential for further annual extension using the same mechanism.

9.2 Reserves

As at 31 December 2016, the Company has recognised contract reserves quantified by contractors amounting to approximately €965 million (€1,835 million as at 31 December 2015). This is down €870 million, essentially as a result of the out-of-court settlement reached with Autostrade per l'Italia's contractors in relation to work on lots 6 and 7 of the Variante di Valico, resulting in payment by the Company of an amount that was significantly lower than the original claim.

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.

Reserves have also been recognised in relation to works not connected to investment (work for external parties and maintenance), amounting to approximately €43 million. The estimated future cost is covered by provisions for disputes accounted for 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.

4000	Principal trading transactions with related parties																
	Assets				Liabilities				Income				Expenses				
	Trading and other assets				Trading and other liabilities				Trading and other income				Trading and other expenses				
	Trade receivables	Other trading and other assets	Total	Other non-current liabilities	Trade payables	Current liabilities	Other current liabilities	Total	Revenue from construction services	Contract revenue	Other operating income (2)	Total	Raw and consumable material	Services costs (2)	Staff costs	Other operating costs	Total (3)
	31 December 2016																
Atlanta (4)	3,720	48,874	52,746	-	3,758	-	-	3,758	-	-	-	1,671	-	-	559	346	428
Sintona	-	6,542	6,542	-	-	-	-	6,542	-	-	-	-	-	-	-	5	5
AD Moving	3,720	55,416	59,288	-	3,758	-	-	3,758	-	-	-	1,671	-	-	559	346	428
Atlanta Bertin Participacoes	2,649	-	2,649	-	3,751	-	-	3,751	-	-	-	4,873	-	-	4,141	1,84	3,957
Austrade del Atlantico	1,228	-	1,228	-	-	-	838	838	-	-	-	-	-	-	-	-	-
Austrade Meridionali	51	-	51	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Austrade Tech	981	-	981	-	12,951	-	-	12,951	-	-	-	41	-	-	730	-	725
Electronic Transaction Consultants Co	11,633	-	11,646	-	4,369	-	-	4,369	-	-	-	6,177	200	2,359	762	45	1,845
ESADIS S.p.A. Società di Servizi	2,125	-	2,125	-	492	-	-	492	-	-	-	4,332	-	-	501	-	501
Glve Clear	10,565	-	10,565	-	14,145	-	-	14,145	-	-	-	813	-	-	67,946	-	20,977
Intellius Autostad	388	-	388	-	1,740	-	-	1,740	-	-	-	1,116	-	-	116	-	586
Intellius Autostad e Alston per il Triforo del Monte Bianco	378	-	378	-	3,885	-	-	3,885	-	-	-	352	-	-	551	-	1,551
Banco Autostad Valle d'Aosta	727	-	727	-	112	-	-	112	-	-	-	387	-	-	858	-	809
Società Italiana per Azioni per il Triforo del Monte Bianco	1,003	-	1,003	-	11,147	-	-	11,147	-	-	-	267	-	-	703	368	76
Tringemiale di Napoli	1,031	-	1,031	-	-	-	3	3	-	-	-	-	-	-	68	-	68
Tech Solutions Integrators	1,031	-	1,031	-	6,806	-	-	6,806	-	-	-	865	-	-	56	598	68
Società Autostad a Tirrenica	331	-	331	-	686	-	-	686	-	-	-	35	-	-	355	102	457
Other subsidiaries (1)	33,660	-	33,660	-	59,295	-	-	59,295	-	-	-	19,079	200	35,376	67,698	45	29,277
Bologna and Fiera Parking	1,025	-	1,025	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parimenti	962	-	962	-	111,213	-	-	111,213	-	-	-	829	-	-	264,107	216	210
Spes Ingegneria Europea	25,966	-	25,966	-	70,480	-	-	70,480	-	-	-	662	-	-	636,14	641	11
Other associates (1)	4	-	4	-	1,168	-	-	1,168	-	-	-	16	-	-	-	-	-
Autogrill	37,867	-	37,867	-	181,693	-	-	181,693	-	-	-	1,570	-	-	337,731	242	210
Autogrill (1)	35,020	-	35,020	-	9,831	-	-	9,831	2,904	-	-	66,670	-	-	368	-	368
Tepepass	17,274	-	17,274	-	6,086	-	-	6,086	9,034	-	-	9,034	-	-	9,445	817	2
Other affiliates (1)	988	-	988	-	344	-	-	344	61	-	-	61	-	-	15	454	115
Total affiliates	53,292	-	53,292	-	10,671	-	-	10,671	2,294	-	-	73,696	-	-	9,828	1,271	8,610
ASTRI pension fund	-	-	-	-	4,514	-	-	4,514	4,514	-	-	-	-	-	-	-	11,850
CARDI pension fund	-	-	-	-	2,083	-	-	2,083	2,083	-	-	-	-	-	-	-	34,31
Total pension funds	-	-	-	-	6,597	-	-	6,597	6,597	-	-	-	-	-	-	-	15,281
Key management personnel (4)	-	-	-	-	1,809	-	-	1,809	1,809	-	-	-	-	-	-	-	8,750
Total key management personnel	-	-	-	-	1,809	-	-	1,809	1,809	-	-	-	-	-	-	-	8,750
TOTAL	118,629	55,416	174,225	180	374,225	255,337	-	10,553	268,384	2,294	-	95,903	112	373,434	16,076	4,461	390,919
	31 December 2015																
Atlanta	2,741	10,321	13,062	-	2,847	-	-	2,847	-	-	-	2,090	-	-	762	2,871	3,381
Sintona	-	6,542	6,542	-	-	-	-	6,542	-	-	-	-	-	-	-	34	34
AD Moving	3,347	51,664	55,011	-	3,385	-	-	3,385	-	-	-	2,090	-	-	762	2,505	3,415
Austrade del Atlantico	51	-	51	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Austrade Meridionali	808	-	808	-	13,019	-	-	13,019	-	-	-	41	-	-	5	476	471
Austrade Tech	1,126	-	1,126	-	4,297	-	-	4,297	-	-	-	7,199	1,263	2,582	756	756	3,089
Ecomov	81	-	81	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronic Transaction Consultants Co	1,623	-	1,623	-	383	-	-	383	-	-	-	-	-	-	-	-	-
ESADIS S.p.A. Società di Servizi	7,437	-	7,437	-	4,904	-	-	4,904	-	-	-	5,061	-	-	21,441	850	20,591
Glve Clear	582	-	582	-	1,885	-	-	1,885	-	-	-	210	-	-	6770	1,124	5,646
Intellius Autostad	2,071	-	2,071	-	485	-	-	485	-	-	-	381	-	-	545	-	404
Intellius Autostad e Alston per il Triforo del Monte Bianco	3,935	-	3,935	-	3,935	-	-	3,935	-	-	-	349	-	-	646	-	404
Società Italiana per Azioni per il Triforo del Monte Bianco	721	-	721	-	11,067	-	-	11,067	-	-	-	215	-	-	245	403	378
Tringemiale di Napoli	523	-	523	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Solutions Integrators	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tepepass	10,358	-	10,361	-	6,232	-	-	6,232	-	-	-	10,186	-	-	9,075	11,42	7,933
Società Autostad a Tirrenica	722	-	722	-	4,862	-	-	4,862	-	-	-	665	-	-	56	415	559
Other subsidiaries (1)	1,001	-	1,001	-	111	-	-	111	-	-	-	844	-	-	77	410	307
Total subsidiaries (1)	41,436	-	41,436	-	1,177	-	-	1,177	35,025	-	-	30,838	1,263	44,265	84,225	45	37,561
Bologna and Fiera Parking	1,025	-	1,025	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parimenti	1,027	-	1,027	-	157,148	-	-	157,148	-	-	-	809	-	-	356,554	493	259
Spes Ingegneria Europea	18,863	-	18,863	-	69,746	-	-	69,746	-	-	-	760	-	-	691,147	769	693,16
Other associates (1)	2	-	2	-	4	-	-	4	-	-	-	3	-	-	5	-	-
Autogrill	20,917	-	20,917	-	276,498	-	-	276,498	-	-	-	1,342	-	-	4,257,016	222	4,262,287
Autogrill (1)	35,297	-	35,297	-	3,833	-	-	3,833	2,487	-	-	66,200	-	-	400	-	30
Other affiliates (1)	337	-	337	-	180	-	-	180	-	-	-	22	-	-	161	201	266
Total affiliates (1)	35,634	-	35,634	-	4,013	-	-	4,013	2,487	-	-	66,222	-	-	621	201	368
ASTRI pension fund	-	-	-	-	3,602	-	-	3,602	-	-	-	-	-	-	-	-	11,519
CARDI pension fund	-	-	-	-	1,027	-	-	1,027	-	-	-	-	-	-	-	-	17,49
Total pension funds	-	-	-	-	4,629	-	-	4,629	-	-	-	-	-	-	-	-	13,268
Key management personnel (4)	-	-	-	-	2,760	-	-	2,760	-	-	-	811	-	-	3,991	-	10,725
Total key management personnel	-	-	-	-	2,760	-	-	2,760	2,760	-	-	-	-	-	-	-	10,725
TOTAL	103,729	16,664	120,393	28	389,266	288,066	-	38,959	329,465	2,487	-	105,731	1,267	471,334	181,201	373	919

(1) This item includes balances for companies where the relevant amount is not material.
 (2) Staff costs for 2016 do not include provisions, totaling €4,526 thousand, for risks associated with Tech Solutions Integrators, whilst the total costs for 2015 do not include provisions for risks of €5,804 or provisions for doubtful trade receivables, totaling €4,531 thousand, again in relation to Tech Solutions Integrator, or provisions of €213.
 (3) The total costs for 2016 do not include provisions, totaling €4,526 thousand, for risks associated with Tech Solutions Integrators, whilst the total costs for 2015 do not include provisions for risks of €5,804 or provisions for doubtful trade receivables, totaling €4,531 thousand, again in relation to Tech Solutions Integrator, or provisions of €213.
 (4) Autostad per l'Italia's "Key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel as a whole.
 The expenses shown for each period, including amounts charged by Autostad per l'Italia for 2016 (€2,302 thousand), include the accrued amount payable as emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans based on the shares of the parent, Autostad).
 In addition to the information shown in the table, the financial statements also include contributions of €1,702 thousand and paid on behalf of Directors, Statutory Auditors and other key management personnel for 2016 (€1,793 thousand and in 2015) and the related liabilities of €1,297 thousand as at 31 December 2016 (€582 thousand as at 31 December 2015).

Principal financial transactions with related parties																			
COO	Assets						Liabilities						Income		Expenses				
	Financial assets						Financial liabilities						Financial income		Financial expenses				
	Other non-current financial assets	Current financial assets deriving from government grants	Non-current derivative assets	Intercompany current receivables	Current portion of medium/long term financial assets	Other current financial assets	Total	Medium/long term borrowings	Non-current derivative liabilities	Short-term borrowings	Current derivative liabilities	Intercompany current account payables	Current portion of medium/long term financial liabilities	Other current borrowings	Total	Other financial income (1)	Total	Other financial expenses (1)	Total
31 December 2016														2016					
Atlantia (2)	-	-	-	-	-	-	992,320	-	-	-	205,129	4,344	-	-	12,271	12,271	653,663	653,663	-
AD Moving	-	-	-	-	-	-	992,320	-	-	-	205,129	4,344	-	-	12,271	12,271	653,663	653,663	-
Autostre del Atlantico	-	-	-	3,179	-	-	-	-	-	-	8,181	-	-	-	8	8	-	-	-
Autostre Meridionali	-	-	2,492	-	-	-	-	-	-	-	1,194	-	-	-	3,315	3,315	1,688	1,688	-
Autostre Tech	-	-	-	-	-	-	-	-	-	-	1,043	-	-	-	93	93	-	-	-
Econom	-	-	-	-	-	-	-	-	-	-	1,043	-	-	-	-	-	-	-	-
Essedisse Società di Servizi	-	-	-	-	-	-	-	-	-	-	888	-	-	-	-	-	-	-	-
Glove Clear	-	-	-	-	-	-	-	-	-	-	1,465	-	-	-	-	-	-	-	-
Infoblu	-	-	-	-	-	-	-	-	-	-	2,415	-	-	-	-	-	-	-	-
Ricordo Autostre e Valle d'Aosta	-	-	-	-	-	-	-	-	-	-	6,940	-	-	-	-	-	-	-	-
Società Italiana per Azioni per il Traforo del Monte Bianco	-	-	-	-	-	-	-	-	-	-	7,111	-	-	-	-	-	-	-	-
Tangonola di Napoli	28,941	-	-	-	7,299	-	-	-	-	-	1,993	-	-	-	2,268	2,268	-	-	-
Tech Solutions Integrators	225,000	-	-	-	3,622	-	-	-	-	-	3,049	-	-	-	3,049	3,049	-	-	-
Società Autostre Tirrenica	-	-	-	-	-	-	-	-	-	-	1,780	-	-	-	1,780	13,856	-	-	-
Other subsidiaries (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total subsidiaries	253,941	-	2,492	3,179	10,921	-	992,320	-	-	36,059	19,250	4,344	-	-	36,059	19,250	1,688	1,688	-
Pavimental	-	-	-	121,689	-	-	-	-	-	-	230	-	-	-	732	732	-	-	-
Speal Ingegneria Europea	-	-	-	145	-	-	-	-	-	-	230	-	-	-	1	1	-	-	-
Other associates (3)	-	-	-	145	-	-	-	-	-	-	230	-	-	-	1	1	-	-	-
Total associates	-	-	-	121,689	-	-	-	-	-	-	230	-	-	-	733	733	-	-	-
Autogrill	-	511	-	-	-	-	-	-	-	-	-	-	-	-	483	483	-	-	-
Tépass	-	-	-	361,281	-	4	361,285	-	-	-	-	-	-	-	432	432	8,252	8,252	-
Total affiliates	-	511	-	361,281	-	4	361,796	-	-	-	-	-	-	-	915	915	8,252	8,252	-
TOTAL	253,941	511	2,492	486,149	10,921	149	992,320	-	-	241,828	241,828	4,344	-	-	33,479	33,479	663,603	663,603	-
31 December 2015														2015					
Atlantia (2)	-	-	-	-	-	-	6,495,414	216,123	400,000	-	13,329	1,077,381	-	-	8,202,447	25,093	515,837	515,837	-
AD Moving	-	-	-	-	-	-	6,495,414	216,123	400,000	-	13,329	1,077,381	-	-	8,202,447	25,093	515,837	515,837	-
Autostre del Atlantico	-	-	-	2,699	-	-	-	-	-	-	5,397	-	-	-	19	19	-	-	-
Autostre Meridionali	-	-	-	11,698	-	-	-	-	-	-	36	-	-	18	6,130	6,130	2,453	2,453	-
Autostre Tech	-	-	-	-	-	-	-	-	-	-	6,442	-	-	-	185	185	-	-	-
Econom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-
Essedisse Società di Servizi	-	-	-	-	-	-	-	-	-	-	2,862	-	-	-	1,100	1,100	-	-	-
Glove Clear	-	-	-	-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	-
Infoblu	-	-	-	-	-	-	-	-	-	-	1,962	-	-	-	-	-	-	-	-
Ricordo Autostre e Valle d'Aosta	-	-	-	-	-	-	-	-	-	-	3,141	-	-	-	-	-	-	-	-
Società Italiana per Azioni per il Traforo del Monte Bianco	-	-	-	-	-	-	-	-	-	-	6,083	-	-	-	-	-	-	-	-
Tangonola di Napoli	36,240	-	-	-	6,910	-	-	-	-	-	18,441	-	-	-	2,923	2,923	4	4	-
Tech Solutions Integrators	-	-	-	-	-	-	-	-	-	-	7,897	-	-	-	505	505	7,827	7,827	-
Tépass	-	-	-	282,664	-	-	282,664	-	-	-	-	-	-	2	625	625	-	-	-
Società Autostre Tirrenica	190,000	-	-	-	2,932	-	192,932	-	-	-	6,713	-	-	-	9,625	9,625	-	-	-
Other subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total subsidiaries	226,240	-	-	297,661	9,862	-	533,163	-	-	36	60,317	-	-	20	60,373	20,468	10,341	10,341	-
Pavimental	-	-	-	76,827	-	-	-	-	-	-	-	-	-	-	1,340	1,340	-	-	-
Speal Ingegneria Europea	-	-	-	-	-	-	-	-	-	-	195	-	-	-	1	1	-	-	-
Other associates (3)	-	-	-	-	-	-	-	-	-	-	195	-	-	-	672	672	-	-	-
Total associates	-	-	-	76,827	-	-	-	-	-	-	195	-	-	-	2,013	2,013	-	-	-
Autogrill	-	511	-	-	-	-	-	-	-	-	-	-	-	-	851	851	-	-	-
Other affiliates (3)	-	511	-	-	-	-	-	-	-	-	-	-	-	-	851	851	-	-	-
TOTAL	226,240	511	2,492	379,888	9,862	121	6,495,414	216,123	400,000	36	73,841	1,077,381	20	8,282,815	48,425	48,425	526,178	526,178	-

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

(2) The change in "Medium/long term borrowings" and "Non-current derivative liabilities" as at 31 December 2016 essentially reflects the effects of the issuer substitution, whilst the reduction in the "Current portion of medium/long term financial liabilities" is essentially due to repayment in May 2016, of the loan from Atlantia.

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

(4) "Net cash used in financing activities" in the statement of cash flows does not include the reduction of €32,886,866 thousand in payments due to Atlantia as a result of the issuer substitution described in note 5.2.

An issuer substitution was completed in 2016. This has resulted in Autostrade per l'Italia taking Atlantia's place as the issuer of certain bonds entered into by the latter, with a significant impact on the operating results and financial position. More details are provided in note 5.2, "Issuer substitution" and note 7.17, "Material non-recurring transactions" (in the latter case, also providing information on the impact of the non-recurring transactions that took place in 2015). No atypical or unusual transactions, having a material impact on the Company's income statement and statement of financial position, were entered into during the period with related parties.

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.

Trading relations with Atlantia include the Company's provision of administrative and financial services to Atlantia.

Transactions of a financial nature as at 31 December 2016 relate to a medium/long-term loan to the Company from Atlantia, amounting to a face value of €1,000,000 thousand. The conditions applicable to the loan replicate those applicable to retail bonds issued by Atlantia. The reduction in intercompany loans compared with 31 December 2015, amounting to a face value of €6,406,526 thousand, essentially reflects:

- a) the impact of the issuer substitution described in note 5.2;
- b) repayment, in May 2016 and prior to the issuer substitution, of the loan from Atlantia (€880,472 thousand) described in note 6.14 "Financial liabilities";
- c) partial early repayments (€220,110 thousand), again prior to the issuer substitution, of intercompany loans from Atlantia, following the partial buyback of bonds issued by the parent and maturing in 2017, 2019 and 2020.

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 €205,539 thousand as at 31 December 2016.

With regard to transactions relating to tax (note 6.8, "Current tax assets and liabilities"), as at 31 December 2016 the Company reports net receivables of €48,873 thousand due from Atlantia, deriving from its participation in the tax consolidation arrangement headed by the parent. The Company is also owed €6,542 thousand by Sintonia relating to the expected refund of income tax (IRES) paid during the periods when this company headed the tax consolidation arrangement.

Finally, following the issuer substitution, as at 31 December 2016 the Company has no longer issued a number of personal guarantees in favour of Atlantia.

Transaction with other Atlantia 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 2016, these contracts primarily regarded the following services:

- a) administrative, accounting and tax services, operational planning and management controls;
- 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.

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.

As at 31 December 2016, the following medium/long-term loans have been disbursed:

- a) Autostrade Tirrenica, totalling €225,000 thousand, maturing in September 2020;
- b) Tangenziale di Napoli, totalling €36,240 thousand, maturing in March 2021.

As at 31 December 2016, the Company recognised further provisions in relation to the subsidiary, Tech Solutions Integrators, as described in note 6.13, "Provisions".

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 2016, Autogrill holds 102 food service concessions for service areas along the Company's motorway network, including 3 operated in temporary consortia with other companies. In 2016, the Company's net revenue arising from its relationship with Autogrill amounted to €66,591 thousand, including €60,520 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 €2,294 thousand was generated by the transfer, free of charge, of buildings located at certain service areas.

9.4 Disclosures regarding share-based payments

There were no changes, during 2016, in the share-based incentive plans already adopted by the Group as at 31 December 2015 and originally approved by the Annual General Meetings of Atlantia' shareholders held on 20 April 2011 (later amended by subsequent Annual General Meetings) and 16 April 2014.

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 2016, including the options and units awarded to directors and employees of the Atlantia Group and changes during 2016 (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 2016									
- 13 May 2011 grant	279,860	13 May 2014	14 May 2017	14.78	3.48	6.0	2.60%	25.2%	4.09%
- 14 October 2011 grant	13,991	13 May 2014	14 May 2017	14.78	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	14,692	13 May 2014	14 May 2017	14.78	(*)	(*)	(*)	(*)	(*)
	345,887	14 Jun 2015	14 Jun 2018	9.66	2.21	6.0	1.39%	28.0%	5.05%
- 8 November 2013 grant	1,592,367	8 Nov 2016	9 Nov 2019	16.02	2.65	6.0	0.86%	29.5%	5.62%
- 13 May 2014 grant	173,762	N/A (**)	14 May 2017	N/A	(**)	(**)	(**)	(**)	(**)
- 15 June 2015 grant	52,359	N/A (**)	14 Jun 2018	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-669,287								
- options lapsed	-185,729								
Total	1,617,902								
Changes in options in 2016									
- 8 November 2016 grant	526,965	N/A (**)	9 Nov 2019	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-312,172								
- options lapsed	-93,381								
Options outstanding as at 31 December 2016	1,739,314								
2011 SHARE GRANT PLAN									
Units outstanding as at 1 January 2016									
- 13 May 2011 grant	192,376	13 May 2014	14 May 2016	N/A	12.90	4.0 - 5.0	2.45%	26.3%	4.09%
- 14 October 2011 grant	9,618	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	10,106	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
	348,394	14 Jun 2015	15 Jun 2017	N/A	7.12	4.0 - 5.0	1.12%	29.9%	5.05%
- 8 November 2013 grant	209,420	8 Nov 2016	9 Nov 2018	N/A	11.87	4.0 - 5.0	0.69%	28.5%	5.62%
- units converted into shares on 15 May 2015	-97,439								
- units lapsed	-48,382								
Total	624,093								
Changes in units in 2016									
- units converted into shares on 16 May 2016	-103,197								
- units converted into shares on 16 Jun 2016	-98,582								
- units lapsed	-15,738								
Units outstanding as at 31 December 2016	406,576								
MBO SHARE OPTION PLAN									
Units outstanding as at 1 January 2016									
- 14 May 2012 grant	96,282	14 May 2015	14 May 2015	N/A	13.81	3.0	0.53%	27.2%	4.55%
- 14 June 2012 grant	4,814	14 May 2015	14 May 2015	N/A	(*)	(*)	(*)	(*)	(*)
- 2 May 2013 grant	41,077	2 May 2016	2 May 2016	N/A	17.49	3.0	0.18%	27.8%	5.38%
- 8 May 2013 grant	49,446	8 May 2016	8 May 2016	N/A	18.42	3.0	0.20%	27.8%	5.38%
- 12 May 2014 grant	61,627	12 May 2017	12 May 2017	N/A	25.07	3.0	0.34%	28.2%	5.47%
- units converted into shares on 15 May 2015	-101,096								
Total	152,150								
Changes in units in 2016									
- units converted into shares on 3 May 2016	-41,077								
- units converted into shares on 9 May 2016	-49,446								
Units outstanding as at 31 December 2016	61,627								

(*) Options and units awarded as a result of Atlantia's bonus issues which, 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 (which could require the allocation of additional options) 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 2016

The vesting period for the third award cycle expired on 8 November 2016. In accordance with the Terms and Conditions of this plan, following confirmation of effective achievement of the related performance hurdles, the final value of the shares (the arithmetic mean of the share price in the fifteen days prior to the vesting date) was determined as well as the additional options resulting from dividends paid during the vesting period. On 4 March 2016, Atlantia's Board of Directors, exercising the authority provided for in the Plan Terms and Conditions, awarded the plan beneficiaries, in place of these additional options, a matching amount of phantom options in such a way that, on exercising the awarded options, the beneficiaries receive a gross amount in cash, determined with a calculation method which allow the beneficiaries to receive a net amount equal to what would have been received if they had exercised the additional options (resulting in the award of shares in Atlantia and payment of the exercise price) and sold the underlying shares in the market. On expiry of the vesting period, this resulted in the award of a total of 526,965 phantom options for the third cycle of the plan. For the reasons given above, the options awarded do not constitute an additional benefit with respect to the benefits established in the Plan Terms and Conditions.

During 2016, 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) 83,507 of Atlantia's ordinary shares to beneficiaries in connection with the second cycle, the vesting period for which expired on 14 June 2015; moreover, 30,639 phantom options awarded in 2015 were exercised;
- b) 198,026 of Atlantia's ordinary shares to beneficiaries in connection with the third cycle, the vesting period for which expired on 8 November 2016, whilst no phantom options awarded in 2016 were exercised.

Thus, as at 31 December 2016, taking into account lapsed options at that date, the remaining options outstanding total 1,739,314, including 548,685 phantom options awarded under the second and third cycles (the unit fair values of which, as at 31 December 2016, were measured as €16.93 and €7.87, 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 2016

The vesting period for the third award cycle expired on 8 November 2016. In accordance with the Terms and Conditions of this plan, following confirmation of effective achievement of the related performance hurdles, the units previously awarded vested: these units may be converted into Atlantia's ordinary shares from 8 November 2017.

In addition, with regard to the first award cycle, the vesting period for which expired on 13 May 2014, on 16 May 2016 vested units were converted, in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 103,197 shares held by the Company as treasury shares. The first award cycle for this Plan has thus expired.

In addition, in accordance with the Plan Terms and Conditions, on 16 June 2016 a portion of the vested units granted to the beneficiaries of the second award cycle (the vesting period for which expired on 14 June 2015) was converted into Atlantia's ordinary shares, with beneficiaries receiving 98,582 shares held by the Company as treasury shares. The remaining units will be converted into Atlantia's ordinary shares from 15 June 2017.

As at 31 December 2016, taking into account lapsed units at that date, the remaining units outstanding total 406,576.

MBO Share Grant Plan

Description

As approved by the Annual General Meetings of Atlantia's shareholders on 20 April 2011 and amended by the Annual General Meetings of 30 April 2013 and 16 April 2014, the MBO Share Grant Plan, serving as part payment of the annual bonus for the achievement of objectives assigned to each beneficiary under the Management by Objectives (MBO) plan adopted by the Atlantia Group in 2011, 2012 and 2013, entails the grant of up to 340,000 units free of charge annually for three years (2012, 2013 and 2014). Each unit will grant beneficiaries the right to receive one ordinary share in Atlantia SpA held in treasury.

The units granted (the number of which is based on the unit price of the company's shares at the time of payment of the bonus, and on the size of the bonus effectively awarded on the basis of achievement of the assigned objectives) will vest in accordance with the Plan terms and conditions, on expiration of the vesting period (three years from the date of payment of the annual bonus to beneficiaries, following confirmation that the objectives assigned have been achieved). Vested units will be converted into a maximum number of shares on 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), on the basis of a mathematical algorithm that takes account, among other things, of the current value and initial value of the shares, plus any dividends paid during the vesting period, so as to cap the realisable gain.

Changes in the units in 2016

The vesting period for the MBO Plan units awarded in relation to the objectives for 2012 expired on 2 and 8 May 2016. In accordance with the Terms and Conditions of this plan, all the

units awarded thus vested, resulting in their conversion into Atlantia's ordinary shares and the allocation to beneficiaries of 90,523 shares held by the Company as treasury shares. In addition, on 4 March 2016, Atlantia's Board of Directors, exercising the authority provided for in the Plan Terms and Conditions, awarded the plan beneficiaries a gross amount in cash in place of the additional units to be awarded as a result of the payment of dividends during the vesting period. This amount is computed in such a way as to enable beneficiaries to receive a net amount equal to what they would have received in case they had been awarded a number of Atlantia shares equal to the additional units and sold these shares in the market. As at 31 December 2016, the remaining units outstanding total 61,627.

The following table shows the main aspects of the "2014 Phantom Share Option Plan", unlike the other plans settled entirely in cash. 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 2016. 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 2016									
- 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%
- transfers/secondments	-6,668								
- options lapsed	-94,905								
Total	2,401,438								
Changes in options in 2016									
- 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	118,738								
Options outstanding as at 31 December 2016	3,958,966								

(*) Given that this is a cash bonus plan, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan does not require an exercise price. However, the Terms and Conditions of this specific plan 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 2016

On 10 June 2016, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the plan in question, subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 8 July 2016. This resulted in the award of a total of 1,438,790 phantom options with a vesting period that expires on 10 June 2019 and an exercise period, on achievement of the relevant hurdles, from 11 June 2019 to 10 June 2022.

Thus, as at 31 December 2016, 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 3,958,966, including 1,166,095 phantom options awarded under the first cycle, 1,354,081 phantom options awarded under the second cycle and 1,438,790 phantom options awarded under the third cycle (the unit fair values of which as at 31 December 2016 were measured as €4.39, €1.99 and €1.99, 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 2016: €22.31;
- b) price as at 10 June 2016 (the grant date for new options or units, as described): €23.00;
- c) the weighted average price for 2016: €22.70;
- d) the weighted average price for the period 10 June 2016 – 31 December 2016: €21.96.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2016 the Company has recognised staff costs, as indicated in note 7.7, "Staff costs", of €6,810 thousand, based on the accrued fair value of the options and units awarded at that date, including €2,769 thousand accounted for as an increase in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2016 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", as described in note 6.3, "Investments".

9.5 Significant legal and regulatory aspects

This section describes the main disputes outstanding and key regulatory aspects in 2016. Current disputes are unlikely to give rise to significant charges for the Company, in addition to the provisions already accounted for in the consolidated financial statements as at and for the year ended 31 December 2016.

Toll increases with effect from 1 January 2017

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued the related decrees on 30 December 2016, determining that Autostrade per l'Italia was to apply a toll increase of 0.64%, compared with the 0.77% requested. The reason given for the reduction with respect to the requested percentage (equal to 0.13%) was that additional documentation was required in respect of the "X" and "K" tariff components. Once this documents have been submitted, the Grantor will decide whether or not to allow the company to recover the shortfall through subsequent toll increases. In this regard, having had access to the paperwork relating to the Grantor's determination, Autostrade per l'Italia is in the process of preparing further additional documentation for submission to the Grantor.

Extension of discount plan for frequent motorway users

As happened in 2016, the Minister of Infrastructure and Transport, in a letter dated 22 December 2016, asked AISCAT and the motorway operators participating in the discount plan, to extend the plan through to the end of 2017. On 28 December 2016, AISCAT announced the

agreement of all the participating operators “provided that the terms of the Memorandum of Understanding continue to apply, and specifically the provisions regarding the recovery of lost revenue which, in accordance with the above agreement, the operators must be able to recover by 2018 in accordance with the previously agreement procedures”.

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

On 15 April 2016, Autostrade per l’Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and the Municipality of Bologna signed an agreement for the upgrade of the existing motorway system/ring road interchange serving the city of Bologna. On 16 December 2016, the signatories to the agreement signed a final memorandum following a public meeting. The memorandum confirms that Autostrade per l’Italia has modified the design for the project in full compliance with the principles set out in the agreement, and that it will carry out the work needed to complete the road network connecting the urban and metropolitan area to the new motorway infrastructure. The environmental assessment is expected to be completed in 2017 and, following receipt of all the necessary consents, work should start during the year.

Brebemi intersection

With regard to Brebemi’s plan to build an intersection linking the A35 (operated under concession by Brebemi) and the A4 (operated under concession by Autostrade per l’Italia), Autostrade per l’Italia has filed a number of legal challenges. In addition to the challenges contesting Lombardy Regional Authority determination X/4026 of 11 September 2015, which expressed a favourable opinion on the final design for the intersection, and Interministerial Economic Planning Committee (“CIPE”) resolution 60 of 2015, relating to the review of Brebemi’s financial plan and the 3rd Addendum to the CAL-Brebemi Agreement, on 7 December 2016, Autostrade per l’Italia submitted additional arguments against CIPE resolution 18 of 2016, regarding the public interest in the A35 intersection, and CIPE resolution 19 of 2016, concerning approval of the final design for the intersection. All the above cases are pending.

New legislation concerning tenders and concessions

Enabling Act 11/2016 regarding tenders and concessions, designed to apply the relevant EU directives and reform the regulations governing public contracts, was published in the Official Gazette of 29 January 2016. Legislative Decree 50/2016, named “Implementation of directives 2014/23/EU, 2014/24/EU and 2014/25/EU on the award of concessions, public tenders and tender procedures for the providers of water, energy, transport and postal services, and reform of the existing legislation regarding the public procurement of works, services and goods”, was published in the Official Gazette of 19 April 2016.

Art. 177 of the new legislation, for which ANAC (the *Autorità Nazionale Anti Corruzione*, Italy’s National Anti-Corruption Authority) is in the process of issuing interpretation guidelines, with regard to the “award of concessions”, has confirmed that public or private entities, not operating in the so-called excluded sectors, and who hold an existing concession at the date of entry into force of the legislation not awarded in the form of project financing or by public tender in accordance with EU law, have an obligation to award 80% of the related contracts for works, services or goods, with a value of over €150 thousand, by public tender. The legislation also establishes that the remaining part (equal to 20%) may, in the case of private entities, be contracted out to direct or indirect subsidiaries or associates.

The new legislation came into force on 20 April 2016. There will be a transitional period to enable operators to comply with the new legislation and this will last for 24 months from the date of entry into force.

Annual checks on compliance with the above limit of 80% are to be conducted by the competent authorities and ANAC. Any instances of non-compliance must be rectified within

the following year. In the event of repeated failures to comply over a period of two consecutive years, the penalties of 10% of the total value of the works, services or goods that should have been purchased by public tender may be applied.

[Recognition of final price reductions for work on the third lane of the Barberino-Incisa section of motorway](#)

With regard to the widening to three lanes of the section of the A1 between Barberino del Mugello and Florence North, operated by Autostrade per l'Italia and included among construction services with no additional economic benefits, in previous years the company had requested the Ministry of Infrastructure and Transport to make a final decision on the price reductions to be applied in the related construction contracts awarded to Pavimental for lots 0, 1 and 2. At 31 December 2016, work on lot 0 has been completed, whilst work on lots 1 and 2 is in progress.

On completing its assessment, in November 2016, the Ministry notified the final price reductions to Autostrade per l'Italia. These are far higher than those previously applied on a provisional basis. Autostrade per l'Italia has, therefore, informed Pavimental of the application of the price reductions decided on by the Ministry. This has resulted in an adjustment of the amount spent on works already carried out and a revised estimate of the cost of the works in progress. Correspondingly, Pavimental recognised a reduction in its value of production for 2016 and has made provision for losses at completion with regard to the lots still to be completed.

[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](#)

The legal challenges brought before Lazio Regional Administrative Court by a number of oil and food service providers, and by individual operators, with the aim of contesting the decree issued by the Ministry of Infrastructure and Transport and the Ministry for Economic Development on 7 August 2015, approving the Restructuring Plan for motorway services areas, and the competitive tender procedure for the award of concessions at service areas, proceeded in 2016. Most of the related hearings on the merits were held and to date a total of 17 judgements have been published, none of which have upheld the challenges brought. The current situation is summarised below.

With regard to the challenges brought before Lazio Regional Administrative Court by Unione Petrolifera (UP), a number of oil service providers (Total Erg and Kuwait Petroleum Italia and Api.IP) and certain service area operators, with the aim of obtaining the cancellation of the above decree of 7 August 2015 and all other related or connected acts, judgements are awaited with respect to only 2 challenges brought by individual operators, whilst the hearing on the merits relating to a further challenge brought by an individual operator is scheduled for 5 July 2017. None of the other challenges has been upheld by the court.

As regards the 21 challenges contesting the competitive tender procedures for the award of oil service concessions, brought before Lazio Regional Administrative Court, publication of the sentence is awaited in the case of Totalerg, whilst in all the other instances the court found in Autostrade per l'Italia's favour.

7 judgements that did not uphold the challenges brought by TotalErg and an operator have been published. All the other challenges, brought by Totalerg and Eni, have been withdrawn by the plaintiffs and publication of the Regional Administrative Court's judgements is awaited.

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 Naples-Canosa motorway on 28 July 2013

On 28 July 2013, there was an accident, involving a coach travelling along the Naples-bound carriageway (at km 32+700) of the Acqualonga viaduct on the A16 Naples-Canosa motorway, operated by Autostrade per l'Italia. At the beginning of 2015, all those under investigation, including the Chief Executive Officer, received notice of completion of the preliminary investigation. Including executives, former managers and former employees, twelve of Autostrade per l'Italia's employees are under investigation.

On completion of the investigations, the Public Prosecutors requested the indictment of all the defendants.

During the initial preliminary hearings, the court admitted the entry of appearance of approximately a hundred civil parties and ordered the citation of Autostrade per l'Italia and Reale Mutua (the company that insured the coach) as liable in civil law.

At subsequent hearings, the Public Prosecutors and the remaining civil parties concluded their briefs requesting the indictment of all the defendants, whilst the defence attorneys for the defendants and the civil parties requested their acquittal.

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, with the hearing scheduled for 28 September 2016.

At the first full hearing, held on 28 September 2016, the court reserved judgement on the preliminary concerns raised by the defence counsels, regarding the right of the civil parties to be present during the hearing and the Public Prosecutor's request to include the independent experts' report, prepared at the time of the preliminary investigation, in the court records, even before the experts had been heard by the court.

At the hearing of 28 October 2016, the court ruled on the above concerns, allowing inclusion of the independent experts' report previously prepared by the Public Prosecutor's Office, but restricting its use, in this first part of the trial, to the defendants who, at the time of the unrepeatable expert assessments, had received the related notice. The court then refused the right of a further 12 claimants to file claims because too late, and excluded the only association to have brought a civil action in that it had only been established after the event.

At the end of the hearing, the court adjourned the case until 9 November 2016, when the first witnesses to be called by the Public Prosecutor will give their testimony.

At the hearing of 9 November 2016, the court ruled on the admissibility of inclusion of the independent experts' report previously prepared by the Public Prosecutor's Office and the Public Prosecutor's examination of the witnesses began.

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

At the hearing held on 10 March 2017, the experts appointed by the Public Prosecutor's Office testified. At the next hearing, scheduled for 31 March 2017, the final prosecution's final witness will be heard and examination of the witnesses for the will begin, a process that will continue during further hearings scheduled for 12 and 21 April 2017.

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

In addition to the criminal proceedings, a number of civil actions have been brought and were recently combined by the Civil Court of Avellino. Following the combination of the various proceedings, judgement is thus pending before the Civil Court of Avellino in relation to: (i) the

original action brought by Reale Mutua Assicurazioni, the company that insured the coach, in order to make the maximum claim payable available to the damaged parties, including Autostrade per l'Italia (€6 million), (ii) subsequent claims, submitted as counterclaims or on an individual basis, by a number of damaged parties, including claims against Autostrade per l'Italia. Subject to the permission of the court, Autostrade per l'Italia intends to refer claimants to its insurance provider (Swiss Re International), with a view to being indemnified against any claims should it lose the case.

At the latest hearing on 9 June 2016, the court reserved judgement on the defence briefs submitted by the parties.

At the hearing of 20 October 2016, after ruling on the above defence briefs, admitting some of the requests for a preliminary motion set out in the briefs, the court, in accepting the specific requests made by certain parties appearing before the court, appointed an independent expert to assess the psychological trauma caused to the above parties by the loss of close members of their families.

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

Autostrade per l'Italia has appointed its own experts.

The experts began their investigation on 15 November 2016 and this is still ongoing.

The hearing of 20 December 2016 set the dates for future hearings and decided on the request for written testimony from a number of parties.

The court-appointed experts are, in this initial stage, examining the state of the coach and witness statements. This process is still in progress.

[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 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. A similar charge has also been brought against, among others, Autostrade per l'Italia's Project Manager. Both Pavimental and Autostrade per l'Italia have received notification that they are under investigation as juridical persons, pursuant to Legislative Decree 231/2001. During the preliminary investigations, the defence counsel requested the appointment of experts to reconstruct the dynamics of the fatal accident. 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, to be heard before a local court, with the preliminary hearing held on 23 November 2016. This was then adjourned until 7 February 2017, when the civil parties appeared before the court and it was requested that the accused be summoned to appear.

Hearings have already been scheduled for 26 April 2017, to assess requests for shortened proceedings and the settlement of civil claims for damages, this avoiding the need to summons the parties liable in civil law, and for 5 July 2017 to begin discussion of the case.

[Investigation by the Public Prosecutor's Office in Florence of the state of New Jersey barriers installed on the section of motorway between Barberino and Roncobilaccio](#)

On 23 May 2014, the Public Prosecutor's Office in Florence issued an order requiring Autostrade per l'Italia to hand over certain documentation, following receipt, on 14 May 2015, of a report from Traffic Police investigators in Florence noting the state of disrepair of the New

Jersey barriers on the section of motorway between Barberino and Roncobilaccio. The report alleges negligence on the part of unknown persons, as defined by art. 355, paragraph 2.3 of the penal code (breach of public supply contracts concerning “goods or works designed to protect against danger or accidents to the public”).

At the same time, the Prosecutor’s Office ordered the seizure of the New Jersey barriers located along the right side of the carriageways between Barberino and Roncobilaccio, on ten viaducts, ordering Autostrade per l’Italia to take steps to ensure safety on the relevant sections of motorway. This seizure was executed on 28 May 2014. In June 2014, Autostrade per l’Italia’s IV Section Department handed over the requested documents to the Police. The documentation concerns the maintenance work carried out over the years on the safety barriers installed on the above section of motorway. In October 2014, addresses for service were formally nominated for a former General Manager and an executive of Autostrade per l’Italia, both under investigation in relation to the crime defined in art. 355 of the penal code. In addition, at the end of November 2014, experts appointed by the Public Prosecutor’s Office, together with experts appointed by Autostrade per l’Italia, carried out a series of sample tests on the barriers installed on the above motorway section to establish their state of repair. Following the experts’ tests, the barriers were released from seizure. At the date of approval of this document, preliminary investigations are still in progress, given that the Public Prosecutor’s Office has yet to take a final decision.

[Autostrade per l’Italia -Autostrade Tech against Alessandro Patanè and companies linked to him and appeals brought before the Civil Court of Rome and the Court of Latina in accordance with art. 700 of the Code of Civil Procedure](#)

With regard to the writ served on Mr. Alessandro Patanè and the companies linked to him by Autostrade per l’Italia and Autostrade Tech, the hearing originally scheduled at the Civil Court of Rome for 9 November 2016 was postponed until 16 November 2016. At the hearing, having noted the withdrawal of Mr. Patanè’s defence counsel, the court adjourned the proceedings until 30 March 2017, in order to enable the defendant to appoint a new counsel.

As regards the appeal filed before the Civil Court of Latina, notified to the companies on 28 April 2016, contesting the same court’s judgement throwing out the appeal brought by Mr. Alessandro Patanè and the companies linked to him in accordance with art. 700 of the Code of Civil Procedure, on 22 July 2016, the court rejected the appeal and ordered the appellants to pay the related legal expenses, amounting to €5,000.00 for each appellee.

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

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

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

Claim for damages from the Ministry of the Environment

A criminal case (initiated in 2007 and relating to events in 2005) pending before the Court of Florence involves two of Autostrade per l'Italia's managers and another 18 people from contractors, who are accused of violating environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico*. Between February 2016 and May 2016, all the witnesses and experts called to give evidence by the defence were heard. On conclusion, the court declared the hearing of 19 July 2016 to be the last occasion for the submission of documents.

At the hearings held on 5 and 12 December 2016, the defendants wishing to file a deposition were heard.

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

Further hearings have been scheduled for 20 and 27 March 2017 for the final depositions of the person civilly liable and the counsel defending Autostrade per l'Italia's personnel.

Hearings have also been scheduled for 14 April and 15 and 22 May 2017 to hear the final depositions from counsel defending the other parties.

Investigation by the Public Prosecutor's Office in Vasto of the fatal motorway accident of 21 September 2013

Following the motorway accident of 21 September 2013 at km 450 of the A14, operated by Autostrade per l'Italia, in which several people were killed, the Public Prosecutor's Office in Vasto has launched a criminal investigation, initially against persons unknown. On 23 March 2015, the Chief Executive Officer and, later, further two executives of the Company received notice of completion of the investigation, containing a formal notification of charges. The charges relate to negligent cooperation resulting in reckless manslaughter. The Public Prosecutor, following initiatives taken by the defence counsel, has requested that the case be brought to court. Due to irregularities in the writs of summons sent to the defendants, the preliminary hearing was adjourned until 1 March 2016. At this hearing, in view of the request for an alternative procedure (an "accelerated trial") from the defence counsel representing the owner of the vehicle, the court adjourned the hearing until 17 May 2016. At the end of the last hearing, the court committed all the defendants for trial on 12 October 2016 before a single judge at the Court of Vasto. This hearing was adjourned until 24 November 2016 in order to for a new judge to be appointed.

At the hearing of 24 November 2016, the parties requested leave to present their evidence to the court. At the hearing held on 23 February 2017, the court began to hear the witnesses for the prosecution, who will continue to give evidence at the next hearing scheduled for 18 May 2017.

Investigation by the Public Prosecutor's Office in Savona of the fatal accident suffered by an employee of a sub-contractor on 5 February 2016

Following the above fatal accident, Autostrade per l'Italia received notice of completion of the investigation from the Public Prosecutor's Office in Savona, containing charges relating to articles 25-septies, paragraphs 2, 6 and 7 of Legislative Decree 231/2001, in respect of the violation of art. 589, paragraph 2 of the criminal code ("reckless homicide, involving violation of occupational health and safety regulations").

The charges relate to the death, on 5 February 2016, of an employee of S. Guglielmo, a sub-contractor working for Pavimental at kilometre 24+400 of the A10 motorway. The person concerned was working as a security guard at the site at which Autostrade per l'Italia had previously contracted noise abatement work along the A10 Genoa-Savona, from kilometre 24+000 to kilometre 38+300.

Autostrade per l'Italia's Project Manager is one of the persons charged with the above violation.

9.6 Events after 31 December 2016

Distribution of a special dividend in kind

On 25 January 2017, a General Meeting of Autostrade per l'Italia's shareholders approved the distribution of a special dividend in kind to the parent, Atlantia. This will involve use of available equity reserves and will take the form of the transfer of the Company's entire investments in Autostrade dell'Atlantico (with effect from 1 March 2017) and in Autostrade Indian Infrastructure Development Private Limited.

Distribution of the dividend, via the transfer of the investments, is part of the Atlantia Group's planned restructuring which, through the demerger of Autostrade per l'Italia's overseas businesses and the intragroup transfer of investments completed at the end of 2016, aims to assign Autostrade per l'Italia the role of operating parent that controls a group focusing on motorway concessions in Italy.

Accident on the A14 Bologna-Taranto

During work on the widening of the A14 between Ancora South and Porto Sant'Elpidio to three lanes, a motorway bridge (no. 167) close to Camerano collapsed. Work was in progress in order to raise the level of the bridge, in order to maintain its height with respect to the raised level of the motorway following its widening to three lanes.

Autostrade per l'Italia's technicians are in the process of obtaining the necessary information in order to reconstruct the events and, to this end, have requested the contractors who designed and carried the works to provide a detailed report on what happened.

As noted above, the above work is included in the planned widening of the A14 motorway between Rimini North and Porto Sant'Elpidio and regards the Ancona South-Porto Sant'Elpidio sub-section between kilometre 230+973 and kilometre 271+273.

The work forms part of the completion of Lot 6B for which Autostrade per l'Italia has awarded the contract to Pavimental. The contract for raising the height of the motorway bridge was awarded by Pavimental to the sub-contractor, De.L.A.Be.Ch.

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.

ATLANTIA SpA	
KEY INDICATORS FROM THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015	
(€000)	
STATEMENT OF FINANCIAL POSITION	
Non-current assets	15,922,879
Current assets	1,588,964
Total assets	17,511,843
Equity	9,708,330
<i>of which issued capital</i>	<i>825,784</i>
Non-current liabilities	6,667,341
Current liabilities	1,136,172
Total liabilities and equity	17,511,843
INCOME STATEMENT	
Operating income	2,100
Operating costs	-32,449
Operating loss	-30,349
Profit for the year	733,409

11. PROPOSED RESOLUTIONS FOR THE ANNUAL GENERAL MEETING OF AUTOSTRADA PER L'ITALIA SPA'S SHAREHOLDERS

Dear Shareholders,

In conclusion, we invite you:

- a) to discuss and approve the Board of Directors' report on operations and the financial statements as at and for the year ended 31 December 2016, which report profit of €619,121,457.69;
- b) to appropriate the €314,328,227.69 in profit for the year remaining, after payment of the interim dividend of €304,793,230.00 (equal to €0.490 per share) in 2016, as follows:
 - 1) €314,123,635.00 to pay a final dividend of €0.505 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 €204,592.69 to retained earnings;
- c) to establish the dividend payment date as 18 May 2017.

In a separate Agenda item, you will also be asked to approve the distribution of a portion of the available reserves, amounting to €1,101,311,641.27, from the "Reserve for transactions under common control".

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

Autostrade per l'Italia SpA

Type of service	Provider of service	Note	Fees (€000)
Audit	Parent Company's auditor		240
Certification	Parent Company's auditor	(1)	23
Other services	Parent Company's auditor	(2)	33
Other services	Associate of Parent Company's auditor	(3)	27
Total			323

- (1) Opinion on payment of the interim dividends.
- (2) Signature of consolidated and 770 tax forms, agreed upon procedures for data and accounting information and comfort letters for the tenders in which the Group has participated.
- (3) Checks on income tax applied to employees and obligations as withholding agent.

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 toll surcharge, pursuant to art. 15 of Law 531/1982 as amended by Law 407/1990 and, therefore, in addition to not including non-paying traffic, the figures 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, etc.).

Law 102/2009, which has abolished the motorway toll surcharge, at the same time introducing an addition to the concession fee to be paid by Italian motorway operators. This is calculated on the basis of the number of kilometres travelled by each vehicle. The amounts, which are to be passed on to ANAS, are recouped via a matching increase in the tolls charged to road users. Whilst not having an impact on the Company's results, this regulatory change, which was effective from 5 August 2009, has led to increases of equal amounts in toll revenues and concession fees from this date.

The kilometres travelled on Autostrade per l'Italia's network, as reported in the sub-section "Traffic", in the section "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.

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	2,029,796	407,774	227,592	44,024	37,964	6,687	29,838	6,192	287,411	64,371	2,612,601	529,048	3,141,649
February	1,923,569	372,183	254,012	48,313	43,530	7,517	34,889	7,174	326,075	73,138	2,582,075	508,325	3,090,400
March	2,343,929	470,813	294,158	57,653	48,156	8,589	37,544	7,735	347,548	77,768	3,071,335	622,558	3,693,893
April	2,281,621	458,205	298,360	58,995	48,141	8,849	36,119	7,594	331,004	75,114	2,995,245	608,757	3,604,002
May	2,433,136	499,434	322,702	65,629	53,473	10,550	38,033	8,049	346,964	77,709	3,194,308	661,371	3,855,679
June	2,589,431	536,584	316,422	63,763	52,328	10,396	36,961	7,790	339,486	76,123	3,334,628	694,656	4,029,284
July	3,176,548	696,515	331,810	67,302	58,059	12,062	37,811	7,875	346,246	76,978	3,950,474	860,732	4,811,206
August	3,342,465	743,630	284,883	60,545	48,373	11,037	26,869	5,877	266,060	63,509	3,968,650	884,598	4,853,248
September	2,690,020	564,028	328,889	65,790	54,709	11,065	38,752	8,170	356,857	80,927	3,469,227	729,980	4,199,207
October	2,408,370	478,055	305,335	60,613	49,450	9,263	37,586	7,772	343,605	77,679	3,144,346	633,382	3,777,728
November	2,143,734	403,521	283,975	54,103	47,805	8,305	37,724	7,817	355,005	79,495	2,868,243	553,241	3,421,484
December	2,377,385	468,736	270,931	52,722	44,820	7,708	34,581	7,080	315,567	70,184	3,043,284	606,430	3,649,714
YEAR	29,740,004	6,099,478	3,519,069	699,452	586,808	112,028	426,707	89,125	3,961,828	892,995	38,234,416	7,893,078	46,127,494

MOTORWAY: MILAN - NAPLES
SECTION: A1 MILAN-BOLOGNA

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	276,773	-	32,774	-	6,434	-	6,215	-	54,032	-	376,228	-	376,228
February	274,282	-	37,355	-	7,595	-	7,162	-	62,485	-	388,879	-	388,879
March	343,531	-	44,218	-	8,397	-	7,784	-	66,985	-	470,915	-	470,915
April	333,399	-	44,102	-	8,260	-	7,447	-	63,712	-	456,920	-	456,920
May	363,893	-	48,533	-	9,242	-	7,822	-	66,923	-	496,413	-	496,413
June	387,379	-	46,427	-	8,924	-	7,603	-	64,686	-	515,019	-	515,019
July	474,838	-	47,640	-	10,054	-	7,631	-	65,222	-	605,385	-	605,385
August	473,915	-	39,863	-	8,178	-	5,466	-	49,315	-	576,737	-	576,737
September	400,079	-	49,134	-	9,419	-	7,913	-	67,680	-	534,225	-	534,225
October	353,483	-	44,103	-	8,495	-	7,718	-	65,104	-	478,903	-	478,903
November	312,455	-	42,283	-	8,129	-	7,828	-	67,411	-	438,106	-	438,106
December	325,696	-	38,374	-	7,735	-	7,092	-	60,330	-	439,227	-	439,227
YEAR	4,319,723	-	514,806	-	100,862	-	87,681	-	753,885	-	5,776,957	-	5,776,957

MOTORWAY: MILAN - NAPLES
SECTION: A1 BOLOGNA-FLORENCE

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	108	86,742	13	11,266	2	2,071	1	2,340	6	19,904	130	122,323	122,453
February	97	76,987	12	12,179	2	2,319	1	2,686	6	22,843	118	117,014	117,132
March	109	99,138	14	14,917	2	2,698	1	2,924	6	24,551	132	144,228	144,360
April	107	94,231	14	15,066	2	2,775	1	2,823	6	23,319	130	138,214	138,344
May	112	104,110	15	17,042	2	3,221	1	2,954	7	24,521	137	151,848	151,985
June	107	107,711	15	16,184	2	3,168	1	2,835	7	23,896	132	153,794	153,926
July	109	133,263	14	16,354	2	3,425	2	2,881	7	23,907	134	179,830	179,964
August	87	147,065	12	14,332	2	2,934	1	2,016	5	17,942	107	184,289	184,396
September	103	115,438	14	17,011	2	3,291	1	3,045	7	24,353	127	163,138	163,265
October	108	103,795	14	15,883	2	2,878	2	2,967	7	23,507	133	149,030	149,163
November	101	86,967	13	14,060	2	2,574	2	3,028	7	24,488	125	131,117	131,242
December	102	101,958	13	13,487	1	2,376	1	2,800	7	22,146	124	142,767	142,891
YEAR	1,250	1,257,405	163	177,781	23	33,730	15	33,299	78	275,377	1,529	1,777,592	1,779,121

MOTORWAY: MILAN - NAPLES
SECTION: A1 FLORENCE-ROME

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	259,797	-	30,270	-	4,664	-	5,528	-	46,974	-	347,233	-	347,233
February	231,128	-	33,006	-	5,162	-	6,338	-	52,139	-	327,773	-	327,773
March	290,578	-	39,004	-	5,859	-	6,719	-	56,401	-	398,561	-	398,561
April	275,875	-	39,873	-	5,918	-	6,498	-	53,647	-	381,811	-	381,811
May	289,098	-	42,900	-	6,421	-	6,700	-	55,676	-	400,795	-	400,795
June	297,552	-	41,060	-	6,167	-	6,593	-	54,236	-	405,608	-	405,608
July	355,754	-	42,570	-	6,585	-	6,841	-	54,344	-	466,094	-	466,094
August	422,903	-	37,292	-	5,816	-	4,701	-	41,906	-	512,618	-	512,618
September	318,586	-	43,385	-	6,592	-	7,022	-	55,777	-	431,362	-	431,362
October	299,845	-	41,585	-	6,235	-	6,832	-	54,794	-	409,291	-	409,291
November	257,052	-	37,405	-	5,870	-	6,870	-	57,548	-	364,745	-	364,745
December	317,367	-	37,040	-	5,651	-	6,553	-	52,355	-	418,966	-	418,966
YEAR	3,615,535	-	465,390	-	70,940	-	77,195	-	635,797	-	4,864,857	-	4,864,857

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Plains	Mountains	Overall	
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	15,063	12,398	2,024	1,555	440	281	419	224	4,568	2,234	22,514	16,692	39,206	
February	12,127	10,828	2,169	1,670	477	301	478	254	5,018	2,450	20,269	15,503	35,772	
March	16,940	13,853	2,572	1,920	529	335	499	266	5,349	2,605	25,889	18,979	44,868	
April	15,758	13,204	2,630	1,969	528	334	485	260	5,123	2,522	24,524	18,289	42,813	
May	16,180	13,794	2,778	2,101	558	353	504	271	5,326	2,625	25,346	19,144	44,490	
June	17,739	14,685	2,679	2,049	543	345	497	268	5,190	2,556	26,648	19,903	46,551	
July	23,106	18,073	2,856	2,170	581	368	518	279	5,187	2,550	32,248	23,440	55,688	
August	32,823	20,897	2,603	1,852	508	322	349	189	3,945	1,934	40,228	25,194	65,422	
September	19,671	15,644	2,919	2,152	584	365	541	286	5,356	2,602	29,071	21,049	50,120	
October	17,162	14,413	2,806	2,093	555	347	516	275	5,254	2,563	26,293	19,691	45,984	
November	14,379	12,712	2,559	1,957	534	330	514	271	5,482	2,670	23,468	17,940	41,408	
December	19,677	15,509	2,650	1,950	540	336	495	259	5,002	2,446	28,364	20,500	48,864	
YEAR	220,625	176,010	31,245	23,438	6,377	4,017	5,815	3,102	60,800	29,757	324,862	236,324	561,186	

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Plains	Mountains	Overall	
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	265,570	-	26,895	-	4,095	-	3,332	-	31,426	-	331,318	-	331,318	
February	238,713	-	28,929	-	4,414	-	3,833	-	34,320	-	310,209	-	310,209	
March	293,829	-	32,722	-	4,798	-	4,024	-	36,398	-	371,771	-	371,771	
April	281,265	-	34,002	-	4,793	-	3,955	-	34,828	-	358,843	-	358,843	
May	292,939	-	36,051	-	5,103	-	4,077	-	36,572	-	374,742	-	374,742	
June	309,423	-	35,085	-	5,080	-	4,051	-	36,093	-	389,732	-	389,732	
July	369,758	-	36,593	-	5,405	-	4,230	-	36,716	-	452,702	-	452,702	
August	415,353	-	32,256	-	4,837	-	2,994	-	29,653	-	485,093	-	485,093	
September	324,083	-	36,325	-	5,354	-	4,282	-	37,331	-	407,375	-	407,375	
October	301,805	-	35,338	-	4,962	-	4,138	-	35,914	-	382,157	-	382,157	
November	269,251	-	32,545	-	4,708	-	4,112	-	36,701	-	347,317	-	347,317	
December	325,388	-	32,708	-	4,652	-	3,883	-	33,906	-	400,537	-	400,537	
YEAR	3,687,377	-	399,449	-	58,201	-	46,911	-	419,858	-	4,611,796	-	4,611,796	

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Plains	Mountains	Overall	
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	207,984	-	27,087	-	3,986	-	2,009	-	23,722	-	264,788	-	264,788	
February	210,547	-	31,347	-	4,725	-	2,473	-	27,601	-	276,693	-	276,693	
March	238,808	-	34,941	-	5,217	-	2,642	-	29,146	-	310,754	-	310,754	
April	237,496	-	34,684	-	5,109	-	2,542	-	27,830	-	307,661	-	307,661	
May	248,168	-	36,170	-	5,608	-	2,717	-	29,139	-	321,802	-	321,802	
June	248,590	-	35,135	-	5,326	-	2,605	-	28,469	-	320,125	-	320,125	
July	276,235	-	36,614	-	6,011	-	2,670	-	28,815	-	350,345	-	350,345	
August	236,321	-	27,497	-	4,352	-	1,756	-	19,525	-	289,451	-	289,451	
September	255,353	-	36,583	-	5,624	-	2,737	-	29,397	-	329,694	-	329,694	
October	248,912	-	35,001	-	5,116	-	2,626	-	28,379	-	320,034	-	320,034	
November	224,565	-	32,987	-	5,243	-	2,515	-	29,372	-	294,682	-	294,682	
December	234,502	-	30,719	-	4,625	-	2,118	-	24,640	-	296,604	-	296,604	
YEAR	2,867,481	-	398,765	-	60,942	-	29,410	-	326,035	-	3,682,633	-	3,682,633	

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Plains	Mountains	Overall	
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	-	33,231	-	3,054	-	506	-	452	-	4,565	-	41,808	41,808	
February	-	30,522	-	3,401	-	571	-	502	-	5,174	-	40,170	40,170	
March	-	37,527	-	3,893	-	632	-	547	-	5,390	-	47,989	47,989	
April	-	38,352	-	3,954	-	633	-	522	-	5,259	-	48,720	48,720	
May	-	40,732	-	4,396	-	696	-	557	-	5,437	-	51,818	51,818	
June	-	42,913	-	4,178	-	688	-	565	-	5,336	-	53,680	53,680	
July	-	51,480	-	4,295	-	748	-	588	-	5,465	-	62,576	62,576	
August	-	45,460	-	3,560	-	658	-	422	-	4,442	-	54,542	54,542	
September	-	43,904	-	4,210	-	724	-	553	-	5,472	-	54,863	54,863	
October	-	39,527	-	4,074	-	668	-	529	-	5,619	-	50,417	50,417	
November	-	34,679	-	3,754	-	629	-	545	-	5,717	-	45,324	45,324	
December	-	36,694	-	3,612	-	569	-	484	-	5,181	-	46,540	46,540	
YEAR	-	475,021	-	46,381	-	7,722	-	6,266	-	63,057	-	598,447	598,447	

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	143,519	9,198	12,457	587	1,499	67	783	56	6,918	474	165,176	10,382	175,558
February	145,098	8,988	14,428	679	1,836	81	935	69	8,069	549	170,366	10,366	180,732
March	164,144	10,692	16,258	829	2,004	105	1,028	77	8,446	576	191,880	12,279	204,159
April	171,294	11,272	16,476	884	2,023	121	1,007	75	8,052	556	198,852	12,908	211,760
May	183,934	12,620	17,695	1,055	2,424	175	1,083	83	8,229	537	213,365	14,470	227,835
June	173,380	11,769	16,552	955	2,288	169	1,058	83	8,172	544	201,450	13,520	214,970
July	194,584	14,875	17,254	1,056	2,763	252	1,062	83	8,253	538	223,916	16,804	240,720
August	151,286	12,479	12,542	884	2,162	237	712	63	5,747	386	172,449	14,049	186,498
September	181,253	12,618	17,384	1,038	2,404	180	1,069	81	8,339	541	210,449	14,458	224,907
October	179,890	11,966	16,250	931	2,163	140	986	74	8,113	540	207,402	13,651	221,053
November	163,958	9,975	14,822	671	2,016	95	974	66	8,266	550	190,036	11,357	201,393
December	165,662	10,557	13,687	647	1,736	84	835	60	7,048	466	188,968	11,814	200,782
YEAR	2,018,002	137,009	185,805	10,216	25,318	1,706	11,532	870	93,652	6,257	2,334,309	156,058	2,490,367

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	21,451	8,168	1,974	754	270	106	105	45	980	430	24,780	9,503	34,283
February	21,076	7,760	2,314	883	321	126	132	57	1,179	514	25,022	9,340	34,362
March	25,444	9,629	2,644	1,030	363	144	149	63	1,276	549	29,876	11,415	41,291
April	25,401	9,533	2,705	1,069	354	140	145	62	1,240	544	29,845	11,348	41,193
May	26,968	10,004	2,904	1,149	390	153	161	68	1,309	580	31,732	11,954	43,686
June	26,394	9,922	2,805	1,100	374	146	155	68	1,311	581	31,039	11,817	42,856
July	31,880	12,499	2,978	1,185	418	165	153	66	1,312	586	36,741	14,501	51,242
August	26,738	11,193	2,040	831	270	109	92	40	829	382	29,969	12,555	42,524
September	27,791	10,692	2,969	1,168	398	158	164	71	1,301	588	32,623	12,677	45,300
October	26,834	10,244	2,600	1,027	373	146	141	60	1,280	565	31,228	12,042	43,270
November	23,343	8,561	2,458	943	356	137	135	58	1,305	564	27,597	10,263	37,860
December	24,601	9,412	2,268	883	310	120	110	47	1,105	479	28,394	10,941	39,335
YEAR	307,921	117,617	30,659	12,022	4,197	1,650	1,642	705	14,427	6,362	358,846	138,356	497,202

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	-	47,766	-	4,240	-	497	-	444	-	5,472	-	58,419	58,419
February	-	44,106	-	4,655	-	558	-	528	-	6,211	-	56,058	56,058
March	-	56,187	-	5,782	-	638	-	561	-	6,604	-	69,772	69,772
April	-	57,297	-	5,900	-	657	-	576	-	6,530	-	70,960	70,960
May	-	61,587	-	6,460	-	773	-	627	-	6,602	-	76,049	76,049
June	-	66,596	-	6,236	-	788	-	608	-	6,233	-	80,441	80,441
July	-	83,851	-	6,483	-	844	-	583	-	6,233	-	97,994	97,994
August	-	83,975	-	5,785	-	805	-	444	-	4,846	-	95,855	95,855
September	-	64,875	-	5,981	-	762	-	597	-	6,527	-	78,742	78,742
October	-	54,696	-	5,594	-	664	-	573	-	6,727	-	68,254	68,254
November	-	46,030	-	4,961	-	590	-	577	-	6,769	-	58,927	58,927
December	-	52,014	-	4,906	-	556	-	516	-	5,801	-	63,793	63,793
YEAR	-	718,980	-	66,983	-	8,112	-	6,634	-	74,555	-	875,264	875,264

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	88,448	74	8,956	10	1,045	2	555	1	5,788	5	104,792	92	104,884
February	84,982	67	10,068	10	1,192	2	649	1	6,638	5	103,529	85	103,614
March	100,125	78	11,837	12	1,343	2	671	1	6,985	5	120,961	98	121,059
April	100,754	77	11,916	12	1,360	2	644	1	6,683	5	121,357	97	121,454
May	107,939	81	13,088	13	1,516	2	705	1	7,002	6	130,250	103	130,353
June	110,382	77	12,592	13	1,483	2	681	1	6,786	6	131,924	99	132,023
July	130,395	79	12,723	12	1,532	2	697	1	6,899	5	152,246	99	152,345
August	119,082	61	10,352	10	1,288	2	498	1	5,533	5	136,753	79	136,832
September	110,758	73	12,603	12	1,550	2	691	1	6,996	6	132,598	94	132,692
October	104,768	77	12,193	12	1,409	2	686	1	6,827	6	125,883	98	125,981
November	93,041	68	11,052	11	1,284	2	702	1	7,024	5	113,103	87	113,190
December	96,285	71	10,509	10	1,195	2	629	1	6,248	5	114,866	89	114,955
YEAR	1,246,959	883	137,889	137	16,197	24	7,808	12	79,409	64	1,488,262	1,120	1,489,382

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	-	50,020	-	4,722	-	472	-	328	-	3,017	-	58,559	58,559
February	-	46,693	-	5,161	-	536	-	383	-	3,448	-	56,221	56,221
March	-	57,607	-	6,147	-	610	-	399	-	3,682	-	68,445	68,445
April	-	58,416	-	6,248	-	631	-	390	-	3,545	-	69,230	69,230
May	-	61,730	-	6,794	-	696	-	435	-	3,720	-	73,375	73,375
June	-	64,235	-	6,569	-	704	-	416	-	3,600	-	75,524	75,524
July	-	77,478	-	6,855	-	773	-	412	-	3,634	-	89,152	89,152
August	-	77,412	-	6,121	-	736	-	292	-	2,884	-	87,445	87,445
September	-	65,402	-	6,501	-	713	-	433	-	3,747	-	76,796	76,796
October	-	58,895	-	6,177	-	631	-	411	-	3,696	-	69,810	69,810
November	-	50,669	-	5,605	-	563	-	419	-	3,765	-	61,021	61,021
December	-	55,434	-	5,447	-	525	-	366	-	3,241	-	65,013	65,013
YEAR	-	723,991	-	72,347	-	7,590	-	4,684	-	41,979	-	850,591	850,591

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	34,911	-	2,509	-	364	-	305	-	2,121	-	40,210	-	40,210
February	32,928	-	2,746	-	383	-	352	-	2,323	-	38,732	-	38,732
March	40,489	-	3,258	-	439	-	400	-	2,535	-	47,121	-	47,121
April	41,992	-	3,746	-	450	-	400	-	2,396	-	48,984	-	48,984
May	45,423	-	4,343	-	514	-	425	-	2,653	-	53,358	-	53,358
June	53,356	-	4,649	-	530	-	422	-	2,618	-	61,575	-	61,575
July	69,057	-	4,963	-	555	-	434	-	2,718	-	77,727	-	77,727
August	67,285	-	4,550	-	527	-	313	-	2,599	-	75,274	-	75,274
September	49,659	-	4,481	-	500	-	378	-	2,648	-	57,666	-	57,666
October	43,530	-	4,283	-	433	-	409	-	2,454	-	51,109	-	51,109
November	37,215	-	3,353	-	414	-	389	-	2,556	-	43,927	-	43,927
December	39,654	-	3,060	-	411	-	393	-	2,227	-	45,745	-	45,745
YEAR	555,499	-	45,941	-	5,520	-	4,620	-	29,848	-	641,428	-	641,428

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	103,867	-	13,284	-	2,379	-	1,559	-	16,278	-	137,367	-	137,367
February	102,614	-	15,061	-	2,738	-	1,840	-	18,892	-	141,145	-	141,145
March	121,548	-	17,623	-	3,082	-	1,994	-	20,074	-	164,321	-	164,321
April	117,468	-	17,733	-	3,136	-	1,959	-	19,313	-	159,609	-	159,609
May	123,685	-	19,150	-	3,377	-	1,995	-	20,344	-	168,551	-	168,551
June	126,321	-	18,582	-	3,261	-	1,909	-	19,832	-	169,905	-	169,905
July	146,287	-	19,416	-	3,587	-	1,942	-	20,363	-	191,595	-	191,595
August	144,262	-	16,580	-	2,934	-	1,500	-	16,039	-	181,315	-	181,315
September	134,299	-	19,242	-	3,435	-	2,045	-	21,136	-	180,157	-	180,157
October	125,003	-	18,262	-	3,156	-	2,023	-	20,138	-	168,582	-	168,582
November	112,413	-	16,850	-	3,007	-	2,041	-	20,630	-	154,941	-	154,941
December	114,745	-	15,758	-	2,831	-	1,872	-	18,290	-	153,496	-	153,496
YEAR	1,472,512	-	207,541	-	36,923	-	22,679	-	231,329	-	1,970,984	-	1,970,984

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	8,485	-	784	-	132	-	96	-	1,776	-	11,273	-	11,273
February	8,678	-	905	-	156	-	117	-	2,160	-	12,016	-	12,016
March	10,872	-	1,090	-	170	-	127	-	2,302	-	14,561	-	14,561
April	10,999	-	1,105	-	173	-	115	-	2,137	-	14,529	-	14,529
May	12,696	-	1,235	-	189	-	124	-	2,227	-	16,471	-	16,471
June	15,164	-	1,329	-	193	-	118	-	2,109	-	18,913	-	18,913
July	18,043	-	1,343	-	200	-	111	-	2,042	-	21,739	-	21,739
August	16,148	-	1,133	-	163	-	89	-	1,498	-	19,031	-	19,031
September	13,187	-	1,220	-	183	-	124	-	2,203	-	16,917	-	16,917
October	10,427	-	1,048	-	167	-	117	-	2,053	-	13,812	-	13,812
November	9,447	-	1,018	-	162	-	113	-	2,192	-	12,932	-	12,932
December	9,184	-	915	-	152	-	106	-	1,817	-	12,174	-	12,174
YEAR	143,330	-	13,125	-	2,040	-	1,357	-	24,516	-	184,368	-	184,368

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	265,577	-	30,071	-	6,019	-	4,188	-	45,191	-	351,046	-	351,046
February	247,756	-	33,368	-	7,038	-	4,933	-	51,817	-	344,912	-	344,912
March	312,547	-	39,543	-	7,782	-	5,421	-	54,896	-	420,189	-	420,189
April	302,992	-	39,776	-	7,830	-	5,155	-	52,446	-	408,199	-	408,199
May	328,927	-	43,955	-	8,656	-	5,495	-	55,113	-	442,146	-	442,146
June	389,668	-	45,074	-	8,777	-	5,288	-	54,088	-	502,895	-	502,895
July	497,732	-	47,379	-	9,689	-	5,394	-	56,034	-	616,228	-	616,228
August	534,014	-	42,310	-	7,913	-	3,909	-	42,270	-	630,416	-	630,416
September	384,219	-	45,742	-	8,859	-	5,508	-	57,743	-	502,071	-	502,071
October	307,500	-	40,158	-	7,824	-	5,323	-	55,074	-	415,879	-	415,879
November	278,547	-	38,042	-	7,696	-	5,347	-	56,622	-	386,254	-	386,254
December	300,819	-	35,765	-	6,976	-	4,827	-	49,095	-	397,482	-	397,482
YEAR	4,150,298	-	481,183	-	95,059	-	60,788	-	630,389	-	5,417,717	-	5,417,717

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	95,015	-	11,444	-	2,204	-	1,654	-	16,106	-	126,423	-	126,423
February	87,776	-	12,658	-	2,554	-	1,965	-	18,231	-	123,184	-	123,184
March	108,653	-	14,549	-	2,744	-	2,146	-	19,348	-	147,440	-	147,440
April	104,325	-	14,772	-	2,766	-	2,010	-	18,152	-	142,025	-	142,025
May	110,937	-	16,027	-	3,187	-	2,145	-	19,204	-	151,500	-	151,500
June	124,814	-	16,612	-	3,119	-	2,037	-	18,847	-	165,429	-	165,429
July	168,454	-	18,259	-	3,327	-	2,087	-	19,962	-	212,089	-	212,089
August	204,210	-	17,403	-	2,822	-	1,524	-	15,734	-	241,693	-	241,693
September	131,361	-	16,817	-	3,069	-	2,126	-	20,866	-	174,239	-	174,239
October	109,890	-	15,299	-	2,867	-	2,080	-	19,969	-	150,105	-	150,105
November	100,675	-	14,708	-	2,821	-	2,127	-	20,437	-	140,768	-	140,768
December	114,516	-	14,266	-	2,658	-	1,970	-	18,132	-	151,542	-	151,542
YEAR	1,460,626	-	182,814	-	34,138	-	23,871	-	224,988	-	1,926,437	-	1,926,437

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	8,192	18,452	1,058	2,186	208	384	171	324	1,673	3,147	11,302	24,493	35,795
February	7,263	16,777	1,180	2,436	244	448	205	382	1,891	3,569	10,783	23,612	34,395
March	9,199	20,690	1,347	2,725	262	478	225	417	2,001	3,735	13,034	28,045	41,079
April	8,747	19,723	1,373	2,813	264	491	213	393	1,873	3,517	12,470	26,937	39,407
May	9,319	20,703	1,485	3,004	292	533	233	435	1,983	3,714	13,312	28,389	41,701
June	10,940	23,753	1,556	3,180	281	509	215	405	1,959	3,681	14,951	31,528	46,479
July	15,633	33,486	1,725	3,520	310	574	217	411	2,062	3,877	19,947	41,868	61,815
August	20,032	42,879	1,702	3,554	271	514	157	287	1,630	3,035	23,792	50,269	74,061
September	11,631	25,836	1,575	3,229	286	531	221	416	2,138	4,010	15,851	34,022	49,873
October	9,323	21,071	1,421	2,937	267	504	216	409	2,046	3,841	13,273	28,762	42,035
November	8,360	18,842	1,360	2,759	257	471	222	422	2,075	3,907	12,274	26,401	38,675
December	9,934	22,399	1,311	2,680	240	443	203	393	1,855	3,477	13,543	29,392	42,935
YEAR	128,573	284,611	17,093	35,023	3,182	5,880	2,498	4,694	23,186	43,510	174,532	373,718	548,250

TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)													
Month	Toll class										Total		
	A		B		3		4		5		Plains	Mountains	Overall
	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains			
January	34,398	16,330	4,097	2,102	681	405	664	324	7,234	3,671	47,074	22,832	69,906
February	27,407	14,084	4,269	2,322	787	474	807	393	8,036	4,132	41,306	21,405	62,711
March	38,175	18,249	5,036	2,618	853	497	881	423	8,465	4,298	53,410	26,085	79,495
April	35,233	17,134	5,357	2,721	867	512	810	396	7,874	4,029	50,141	24,792	74,933
May	37,376	18,083	5,754	2,937	966	558	879	437	8,319	4,216	53,294	26,231	79,525
June	49,601	22,132	6,274	3,168	992	547	845	408	8,344	4,204	66,056	30,459	96,515
July	80,766	32,999	7,146	3,492	1,165	622	885	419	8,958	4,428	98,920	41,960	140,880
August	119,417	45,329	8,056	3,663	1,104	570	624	303	7,243	3,508	136,444	53,373	189,817
September	57,029	24,413	6,524	3,174	1,031	573	916	418	9,432	4,588	74,932	33,166	108,098
October	37,972	18,370	5,580	2,857	910	540	885	412	8,995	4,405	54,342	26,584	80,926
November	32,076	16,069	5,009	2,628	889	509	932	423	9,517	4,487	48,423	24,116	72,539
December	44,689	20,521	5,053	2,568	880	474	829	390	8,162	3,999	59,613	27,952	87,565
YEAR	594,139	263,713	68,155	34,250	11,125	6,281	9,957	4,746	100,579	49,965	783,955	358,955	1,142,910

MOTORWAY: BOLOGNA - TARANTO
SECTION: A14 CANOSA-TARANTO

YEAR: 2016

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class											Plains	Mountains	Overall
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	33,055	-	3,708	-	523	-	407	-	3,899	-	41,592	-	41,592	
February	29,816	-	3,920	-	561	-	482	-	4,181	-	38,960	-	38,960	
March	38,050	-	4,496	-	606	-	516	-	4,492	-	48,160	-	48,160	
April	36,702	-	4,821	-	602	-	486	-	4,170	-	46,781	-	46,781	
May	38,047	-	5,050	-	655	-	518	-	4,457	-	48,727	-	48,727	
June	46,403	-	5,227	-	661	-	521	-	4,523	-	57,335	-	57,335	
July	68,249	-	5,700	-	773	-	512	-	4,873	-	80,107	-	80,107	
August	95,833	-	6,143	-	745	-	378	-	4,102	-	107,201	-	107,201	
September	52,983	-	5,745	-	706	-	554	-	5,028	-	65,016	-	65,016	
October	38,428	-	4,981	-	636	-	518	-	4,780	-	49,343	-	49,343	
November	33,909	-	4,738	-	684	-	529	-	4,870	-	44,730	-	44,730	
December	42,056	-	4,709	-	664	-	504	-	4,653	-	52,586	-	52,586	
YEAR	553,531	-	59,238	-	7,816	-	5,925	-	54,028	-	680,538	-	680,538	

MOTORWAY: A16 NAPLES - CANOSA

YEAR: 2016

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class											Plains	Mountains	Overall
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	35,276	38,332	3,480	4,989	516	787	301	465	2,471	5,073	42,044	49,646	91,690	
February	36,214	37,594	3,892	5,510	557	835	347	504	2,693	5,539	43,703	49,982	93,685	
March	41,619	44,936	4,246	6,019	633	942	370	555	2,951	5,945	49,819	58,397	108,216	
April	40,333	43,363	4,386	6,454	624	953	349	553	2,758	5,716	48,450	57,039	105,489	
May	41,438	44,408	4,590	6,724	673	1,016	370	537	2,898	5,977	49,969	58,662	108,631	
June	42,278	47,222	4,427	6,512	671	1,006	360	547	2,924	5,946	50,660	61,233	111,893	
July	47,965	56,269	4,482	6,519	689	1,037	372	553	3,027	6,515	56,535	70,893	127,428	
August	48,888	67,155	3,848	6,007	613	994	298	602	2,749	9,179	56,396	83,937	140,333	
September	43,829	49,791	4,834	7,071	770	1,182	404	661	3,345	8,735	53,182	67,440	120,622	
October	42,663	46,293	4,752	7,053	716	1,120	398	576	3,128	6,458	51,657	61,500	113,157	
November	39,587	42,170	4,568	6,681	704	1,057	382	544	3,080	6,523	48,321	56,975	105,296	
December	42,181	47,403	4,351	6,308	663	962	349	514	2,802	5,769	50,346	60,956	111,302	
YEAR	502,271	564,936	51,856	75,847	7,829	11,891	4,300	6,611	34,826	77,375	601,082	736,660	1,337,742	

MOTORWAY: A23 UDINE - TARVISIO

YEAR: 2016

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class											Plains	Mountains	Overall
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	13,143	8,412	1,491	1,233	142	121	185	216	2,980	4,215	17,941	14,197	32,138	
February	11,803	6,987	1,606	1,321	161	141	233	277	3,430	4,817	17,233	13,543	30,776	
March	14,321	9,650	1,925	1,731	211	213	255	313	3,649	5,146	20,361	17,053	37,414	
April	12,479	8,256	1,925	1,777	252	275	254	313	3,565	5,037	18,475	15,658	34,133	
May	19,817	17,701	2,754	2,799	647	826	286	334	3,515	4,892	27,019	26,552	53,571	
June	19,449	17,072	2,600	2,599	605	776	269	332	3,652	5,195	26,575	25,974	52,549	
July	31,227	30,876	3,271	3,388	1,080	1,430	304	369	3,553	5,005	39,435	41,068	80,503	
August	33,032	33,107	3,293	3,506	1,130	1,512	263	321	2,891	4,083	40,609	42,529	83,138	
September	24,634	23,073	3,109	3,180	748	964	293	351	3,678	5,157	32,462	32,725	65,187	
October	14,178	9,436	2,126	1,911	255	264	265	319	3,674	5,210	20,498	17,140	37,638	
November	10,928	6,238	1,737	1,406	177	142	256	295	3,881	5,497	16,979	13,578	30,557	
December	13,884	9,281	1,732	1,474	166	143	213	240	3,179	4,410	19,174	15,548	34,722	
YEAR	218,895	180,089	27,569	26,325	5,574	6,807	3,076	3,680	41,647	58,664	296,761	275,565	572,326	

MOTORWAY: A26 GENOA VOLTRI-GRAVELLONA TOCE
SECTION: GENOA VOLTRI-ALESSANDRIA

YEAR: 2016

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class											Plains	Mountains	Overall
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	-	47,972	-	4,669	-	694	-	829	-	10,936	-	65,100	65,100	
February	-	42,541	-	5,086	-	773	-	961	-	12,412	-	61,773	61,773	
March	-	59,465	-	6,617	-	895	-	1,003	-	13,114	-	81,094	81,094	
April	-	58,663	-	6,754	-	920	-	1,047	-	12,969	-	80,353	80,353	
May	-	63,996	-	7,380	-	1,096	-	1,111	-	13,142	-	86,725	86,725	
June	-	76,939	-	7,284	-	1,109	-	1,056	-	12,615	-	99,003	99,003	
July	-	105,841	-	7,670	-	1,285	-	1,034	-	12,521	-	128,351	128,351	
August	-	108,057	-	6,830	-	1,205	-	760	-	9,663	-	126,515	126,515	
September	-	75,809	-	7,134	-	1,129	-	1,055	-	12,882	-	98,009	98,009	
October	-	57,223	-	6,575	-	950	-	984	-	12,927	-	78,659	78,659	
November	-	43,725	-	5,448	-	821	-	978	-	12,908	-	63,880	63,880	
December	-	53,533	-	5,479	-	773	-	852	-	11,381	-	72,018	72,018	
YEAR	-	793,764	-	76,926	-	11,650	-	11,670	-	147,470	-	1,041,480	1,041,480	

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Plains	Mountains	Overall	
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	40,044	12,849	4,257	1,273	718	174	445	90	4,980	786	50,444	15,172	65,616	
February	38,316	12,081	4,894	1,484	818	208	520	109	5,665	934	50,213	14,816	65,029	
March	47,983	15,413	5,942	1,787	919	241	544	112	6,006	1,003	61,394	18,556	79,950	
April	46,506	15,268	6,070	1,891	911	243	546	109	5,782	997	59,815	18,508	78,323	
May	50,290	16,209	6,715	2,113	1,013	265	608	113	6,183	1,081	64,809	19,781	84,590	
June	51,936	16,088	6,312	1,978	992	264	577	114	6,023	1,101	65,840	19,545	85,385	
July	66,626	22,236	6,801	2,168	1,120	301	557	111	6,027	1,082	81,131	25,898	107,029	
August	62,648	21,623	5,181	1,671	863	220	356	74	4,370	759	73,418	24,347	97,765	
September	54,870	18,063	6,512	2,055	1,052	276	584	120	6,188	1,054	69,206	21,568	90,774	
October	48,951	16,924	6,104	1,826	941	241	556	106	6,093	1,000	62,645	20,097	82,742	
November	40,972	13,394	5,450	1,605	892	228	572	112	6,182	1,010	54,068	16,349	70,417	
December	44,805	15,439	5,237	1,554	814	198	511	95	5,439	855	56,806	18,141	74,947	
YEAR	593,947	195,587	69,475	21,405	11,053	2,859	6,376	1,265	68,938	11,662	749,789	232,778	982,567	

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Plains	Mountains	Overall	
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	33,338	17,830	3,356	1,384	509	120	262	54	2,480	442	39,945	19,830	59,775	
February	33,315	16,168	3,863	1,516	596	144	326	68	2,909	541	41,009	18,437	59,446	
March	37,179	17,699	4,282	1,626	648	159	348	74	3,108	565	45,565	20,123	65,688	
April	34,066	13,416	4,113	1,483	635	162	331	74	2,984	569	42,129	15,704	57,833	
May	35,782	13,676	4,444	1,662	692	187	364	86	3,245	659	44,527	16,270	60,797	
June	34,929	15,470	4,350	1,758	668	195	347	84	3,166	629	43,460	18,136	61,596	
July	41,019	23,210	4,718	2,135	736	236	352	85	3,240	632	50,065	26,298	76,363	
August	38,469	26,938	3,645	1,939	545	219	249	63	2,292	461	45,200	29,620	74,820	
September	38,340	18,397	4,456	1,874	700	215	347	82	3,262	665	47,105	21,233	68,338	
October	36,809	15,125	4,332	1,663	654	168	338	76	3,108	615	45,241	17,647	62,888	
November	33,824	13,422	4,186	1,614	640	157	349	78	3,193	635	42,192	15,906	58,098	
December	36,997	18,511	4,077	1,717	597	147	303	63	2,843	528	44,817	20,966	65,783	
YEAR	434,067	209,862	49,822	20,371	7,620	2,109	3,916	887	35,830	6,941	531,255	240,170	771,425	

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Plains	Mountains	Overall	
	A		B		3		4		5					
Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Plains	Mountains	Overall		
January	45,782	-	5,603	-	1,134	-	654	-	5,808	-	58,981	-	58,981	
February	41,633	-	6,022	-	1,213	-	761	-	6,392	-	56,021	-	56,021	
March	49,786	-	6,611	-	1,295	-	800	-	6,729	-	65,221	-	65,221	
April	48,430	-	6,781	-	1,284	-	767	-	6,433	-	63,695	-	63,695	
May	50,168	-	7,066	-	1,348	-	821	-	6,640	-	66,043	-	66,043	
June	53,626	-	7,080	-	1,391	-	809	-	6,451	-	69,357	-	69,357	
July	68,831	-	7,365	-	1,477	-	840	-	6,632	-	85,145	-	85,145	
August	79,719	-	6,582	-	1,330	-	640	-	6,185	-	94,456	-	94,456	
September	56,302	-	7,316	-	1,443	-	832	-	7,006	-	72,899	-	72,899	
October	50,889	-	7,099	-	1,314	-	813	-	6,421	-	66,536	-	66,536	
November	47,636	-	6,832	-	1,320	-	813	-	6,654	-	63,255	-	63,255	
December	54,641	-	6,729	-	1,323	-	785	-	6,432	-	69,910	-	69,910	
YEAR	647,443	-	81,086	-	15,872	-	9,335	-	77,783	-	831,519	-	831,519	

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 2016.

AUTOSTRADA PER L'ITALIA - SINGLE CONCESSION ARRANGEMENT - ART. 2

Art.2	PROJECT	Contractually agreed amounts (10)		Net amount as per Arrangement (11)		Completed as at 31 December 2015		2016		Completed as at 31 December 2016			
		TOTAL	TOTAL	TOTAL	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTAL	Base tender price (*)	Available funding	Financial expenses	TOTAL
UPGRADE OF THE BOLOGNA-FLORENCE SECTION													
Aa)	Casalriccio-Sasso Marconi	68,106	82,042	18,262	2,559	85,431	-	1	-	64,610	18,263	2,559	85,432
AAb)	Sasso Marconi-La Quercia (1)	628,558	564,561	463,171	38,636	602,192	58	72	38,636	100,457	38,636	602,232	3,136,670
AAc)	La Quercia-Aglio (2)	2,462,695	2,592,988	2,306,792	438,658	3,136,590	1,665,890	72	864	2,473,872	479,346	388,952	3,136,670
Ad)	Aglio-Banerno	319,928	355,385	66,972	73,725	453,922	9,421	4,222	73,725	324,899	73,725	453,988	491,188
Ae)	Banerno-North	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Af)	Florence North-Florence South	253,172	298,828	143,034	22,857	419,065	21,024	10,746	1,782	624,688	153,780	74,139	853,617
Ag)	Florence South-Inesia	300,409	397,487	25,300	5,396	305,796	635	967	1,150	2,752	26,297	6,546	34,478
Ah)	Construction of the Florence access roads	27,272	29,012	23,668	5,599	29,267	-	-	1,009	53,133	23,668	6,988	30,636
Al)	Landscaping	157,541	298,045	137,608	2,457	212,720	-12	2,598	1,009	53,133	140,206	25,038	218,437
				1,027,409	655,420	3,620,662	240,182	64,252	17,206	321,621	1,061,721	652,426	5,951,683
REMAINING INVESTMENT IN THIRD AND FOURTH LANS													
Ba1)	Bologna Modena (3)	148,943	185,731	115,627	29,404	147,112	702	90	63	116,359	29,404	2,051	147,904
Ba2)	n/a												
Ba3)	Bologna Modena Complementary works	156,651	191,163	157,991	33,239	8,582	199,812	5	63	157,991	33,244	8,582	199,817
Ba4)	Remaining investment in third lanes (3)	29,642	27,826	9,015	14,924	686	24,625	5	5	9,015	14,929	686	24,630
Bb)	Remaining investment in third lanes (4)	169,158	59,393	47,754	11,619	1,383	60,776	-	-	47,754	11,619	1,383	60,776
				365,603	119,848	131,113	498,564	702	63	366,305	119,948	13,176	499,419
ADDITIONAL WORKS UNDER THE IV AGREEMENT OF 2002													
Dd1)	A1 - Fiano S. Elpidio and Castelnuovo di Porto junction	125,407	161,441	115,627	29,404	147,112	2,898	185	3,083	101,186	26,160	2,015	129,361
Dd2)	Milan Bergamo	52,885	495,672	38,678	116,831	3,802	503,433	-189	317	38,678	117,339	3,802	505,730
Dd3)	Genoa Bypass (1)	465,713	358,933	238,408	63,128	6,299	309,035	1,276	6,414	238,408	69,742	6,299	314,419
Dd4)	A8 - Milan North-South	220,272	218,736	37,352	12,802	961	5,115	1,408	4,399	36,760	16,301	961	56,022
Dd5)	A14 - Lot 1, Rimini North-Catolica	556,639	495,364	362,658	72,886	5,975	441,219	810	5,339	363,468	78,125	5,975	447,568
Dd6)	A14 - Lot 2, Catolica-Fano (5)	594,063	599,953	331,786	79,566	7,783	413,135	20,407	2,855	322,933	81,931	7,950	442,074
Dd7)	A14 - Lot 3, Fano-S. Elpidio	414,506	414,506	259,718	55,559	49,051	386,886	3,234	3,234	259,718	55,559	49,051	386,886
Dd8)	A14 - Lot 4, S. Ancona North-Marina di Montelivatore junction	341,628	341,628	229,742	47,082	21,300	298,124	53,237	3,885	282,979	50,967	21,300	352,246
Dd9)	A14 - Lot 5, Ancona South-P.S. Elpidio, Phase 1	153,819	134,358	109,137	23,933	8,599	141,669	388	388	109,137	24,321	8,599	142,057
Dd10)	A14 - Lot 6, Ancona South-P.S. Elpidio, Phase 2 and Porto S. Elpidio junction	172,278	163,818	112,473	23,940	2,159	138,572	2,329	1,116	114,802	25,056	2,178	142,036
Dd11)	A14 - Lot 7A1 S. Elpidio-Castellazzo, Phase 1	n/a	n/a	4,240	4,247	1,963	6,210	54	327	4,301	2,236	6,537	6,537
Dd12)	A14 - Lot 7B1 S. Elpidio-Castellazzo, Phase 2	23,716	32,106	19,290	2,858	11,050	32,698	-	105	19,290	2,858	11,050	32,698
Dd13)	Genoa Bypass (8)	n/a	n/a	48,038	261	48,299	661	11,601	33	13,731	59,639	294	59,933
Dd14)	San Benigno Interchange	79,078	75,240	10,660	6,209	6,277	17,496	3,071	2,884	13,731	8,993	1,411	23,735
Dd15)	Milan Exhibition Centre	91,334	86,298	75,728	7,278	86,128	32	32	78,582	7,578	-	86,160	
Dd16)	Giuliana Junction	46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500
Dd17)	San Benigno junction and A13-A4 link KM 120+099	17,485	17,485	10,728	2,852	10,728	3,788	858	637	20,246	5,648	727	21,973
Dd18)	Robigo Junction	17,485	17,485	10,728	2,852	10,728	3,788	858	637	20,246	5,648	727	21,973
Dd19)	Villa Marina Junction	4,429	4,408	2,147	1,862	4,009	-	-	-	2,147	1,862	4,009	4,009
Dd20)	Frentino Junction	17,384	16,604	9,158	7,465	16,623	-	-	-	9,158	7,479	-	16,637
Dd21)	Mardiano Junction	13,869	12,006	300	300	300	-	-	-	300	300	-	300
Dd22)	Torremezzana Junction	179,974	246,500	114,162	11,500	11,500	115	8	115	114,579	398	11,500	146,474
Dd23)	Torremezzana Safety Park	n/a	n/a	2,703,647	749,147	116,505	3,529,319	116,998	52,420	2,620,646	771,967	118,523	3,710,955
OTHER SPECIFIC PROJECTS REQUIRED UNDER ART. 2													
C1)	Upgrade of service areas and related facilities	3,552	3,425	1,746	1,673	3,419	-	63	-	1,747	1,736	-	3,484
C2)	Reggio Emilia Service Area	2,221	2,221	1,538	1,162	2,700	-	5	-	1,538	1,167	-	2,705
C3)	Prato Service Area	5,041	4,986	2,602	2,150	4,752	-	95	-	2,607	2,087	-	4,794
C4)	Torino West Service Area	5,916	1,160	3,656	1,454	5,110	-	13	-	3,656	1,466	-	5,122
C5)	Nicola West Service Area	8,736	2,344	10	975	985	-	232	-	242	975	-	1,217
C6)	S. Zenone East Service Area	3,618	3,567	474	474	474	-	47	-	474	47	-	521
C7)	S. Zenone West Service Area	7,420	5,966	888	1,029	1,864	-	164	-	1,029	1,188	-	2,217
C8)	Castellazzo East Service Area	3,001	2,611	214	214	214	-	15	-	5,329	1,188	-	6,443
C9)	S. Martino East Service Area	n/a	n/a	258	258	258	-	17	-	275	275	-	275
C10)	S. Martino West Service Area	2,097	1,940	709	354	1,052	-	38	-	1,829	392	-	2,220
C11)	Lugignano West Service Area	n/a	n/a	595	595	595	-	43	-	595	595	-	595
C12)	La Marchia West Service Area	3,633	3,633	1,464	1,464	1,464	-	4	-	1,464	1,464	-	1,464
C13)	La Marchia East Service Area	3,633	3,633	1,464	1,464	1,464	-	4	-	1,464	1,464	-	1,464
C14)	Lambro South Service Area	1,723	1,723	1,335	1,335	1,335	-	-	-	1,335	1,335	-	1,335
C15)	Valtrompia North Service Area	1,914	1,780	40	501	541	-	2	-	40	503	-	1,493
C16)	Sebino North Service Area	2,177	3,301	250	684	934	-	49	-	250	733	-	983
C17)	Sebino South Service Area	1,307	1,307	359	359	359	-	7	-	359	359	-	359
C18)	Villanova East Service Area	3,001	1,786	1,757	727	2,484	-	34	-	1,791	727	-	2,518
C19)	Po West Service Area	n/a	n/a	206	206	206	-	40	-	246	246	-	246
C20)	San Pelagio East Service Area	n/a	n/a	146	146	146	-	42	-	188	188	-	188
C21)	San Pelagio West Service Area	4,995	4,210	1,298	6,275	6,275	-	45	-	4,978	1,343	-	6,321
C22)	Montebelluno East Service Area	1,929	1,929	1,428	1,428	1,428	-	77	-	1,428	1,428	-	1,428
C23)	Emo West Service Area	1,929	1,929	1,428	1,428	1,428	-	77	-	1,428	1,428	-	1,428
C24)	Emo East Service Area	n/a	n/a	8,631	8,631	8,631	-	159	-	5,000	5,000	-	10,226
C25)	Santemo East Service Area	n/a	n/a	236	236	236	-	13	-	250	250	-	250
C26)	Santemo West Service Area	2,169	2,169	188	188	188	-	10	-	188	188	-	188
C27)	La Poppa East Service Area	4,670	4,671	3,268	22	1,852	-	22	-	3,290	1,852	-	5,142
C28)	La Poppa West Service Area	1,718	1,718	1,413	1,413	1,413	-	22	-	1,413	1,413	-	1,413
C29)	Ireana West Service Area	n/a	n/a	380	380	380	-	41	-	422	422	-	422
C30)	Montefelice East Service Area	n/a	n/a	392	392	392	-	31	-	437	437	-	437
C31)	Chienti West Service Area	n/a	n/a	31,007	31,007	31,007	-	1,146	-	6,414	6,414	-	7,560
				37,370	31,007	68,378	6,414	1,146	7,560	43,784	32,153	-	75,937

Annex 4

Subsidiaries and associates accounted for using the equity method as at 31 December 2016 (article 3, point 1.1 of the 2007 Single Concession Arrangement)

€000			
NAME	MEASUREMENT (ART. 2426, para. 1, 4(1)) (A)	CARRYING AMOUNT (B)	DIFFERENCE BETWEEN MEASUREMENT PURSUANT TO ART 2426, PARA. 1, 4(1) comma 1, n. 4 AND CARRYING AMOUNT (A-B)
Subsidiaries			
Società Autostrada Tirrenica p.a.	114,314	90,605	23,709
Tangenziale di Napoli SpA	176,381	54,510	121,871
Autostrade Meridionali SpA	78,049	15,031	63,018
Autostrade Tech SpA	47,322	5,530	41,792
Ecomouv SAs.	4,465	4,200	265
Infoblu SpA	4,682	3,875	807
Società Italiana per Azioni per il Traforo del Monte Bianco	124,396	2,318	122,078
AD Moving SpA	830	830	-
EssediEsse Società di Servizi SpA	1,012	501	511
Giove Clear Srl	1,979	20	1,959
Tech Solutions Integrators SAs.	-15,228	-	-15,228
	538,202	177,420	360,782 (2)
Associates			
Società Infrastrutture Toscane SpA (in liquidation)	2,969	3,062	-93
Pavimental SpA	2,561	2,561	-
Pedemontana Veneta SpA (in liquidation)	1,826	1,935	-109
Spea Engineering SpA	18,705	1,759	16,946
Bologna & Fiera Parking SpA	-	-	-
Consorzio Autostrade Italiane Energia	29	29	-
	564,292	186,766	377,526
Investment held for distribution to shareholders			
Autostrade dell'Atlantico Srl (3)	1,127,166	1,152,837	-25,671
Autostrade Indian Infrastructure Development Private Limited	1,155	486	669
	1,128,321	1,153,323	-25,002 (4)

(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 note 6.3, "Investments".

(3) Valued with reference to the consolidation reporting package prepared by this company and its subsidiaries for the purposes of the Autostrade per l'Italia Group's consolidated financial statements.

(4) As stated in note 6.3, The higher carrying amount of the investment compared with the value resulting from measurement using the equity method does not represent an indication of potential impairment and the carrying amount is deemed to be recoverable in full, taking into account the estimated present value of these companies' net operating cash flow, being that of the operators they control.

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5.

Reports

Sparvo

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Attestations of the consolidated and separate financial statements

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, Giovanni Castellucci and Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Atlantia 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 2016.
- 2) The administrative and accounting procedures adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2016 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Atlantia 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;
 - a) are consistent with the underlying accounting books and records;
 - b) 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.

10 March 2017

Giovanni Castellucci
Chief Executive Officer

Giancarlo Guenzi
Manager responsible for financial
reporting

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

- 1) We, the undersigned, Giovanni Castellucci and Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Atlantia 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 2016.
- 2) The administrative and accounting procedures adopted in preparation of the separate financial statements as at and for the year ended 31 December 2016 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Atlantia 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.

10 March 2017

Giovanni Castellucci
Chief Executive Officer

Giancarlo Guenzi
Manager responsible for financial
reporting

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE ANNUAL GENERAL MEETING

(PURSUANT TO ART. 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE)

TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF AUTOSTRADE PER L'ITALIA SpA

During the financial year ended 31 December 2016, we performed the audit procedures required by law, adopting, *inter alia*, the Standards recommended by the Italian accounting profession.

In 2016, 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;
- 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;
- 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, examining corporate documents and 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. In addition, with reference to relations between Autostrade per l'Italia and its parent, Atlantia, in October 2016, Atlantia a plan to restructure the Group, which has seen Autostrade per l'Italia assume the role of operating parent that controls a group focusing solely on motorway concessions in Italy. This has involved the following transactions:
 - the transfer to Atlantia of a 100% interest in Telepass (96.15% held by Autostrade per l'Italia and 3.85% by Autostrade Tech) and of Autostrade per l'Italia's 61.2% interest in Stalexport Autostrady, completed at the end of December 2016;
 - the transfer to Atlantia of Autostrade dell'Atlantico Srl (the holding company that controls the Group's Chilean and Brazilian motorway businesses and ETC in the USA), with effect from March 2017, and of Autostrade Indian Infrastructure Development, via distribution of a special dividend in kind approved by a General Meeting of Autostrade per l'Italia's shareholders on 25 January 2017.

In relation to the role of sub-holding company for the motorway sector assumed by Autostrade per l'Italia SpA, from the time of the Atlantia Group's reorganisation in 2017, in order to improve and develop strategy with the aim of achieving performance targets and in accordance with the regulations governing the role of holding companies within corporate groups, Autostrade per l'Italia has established various committees (consisting of the main heads of the operating departments and presided over by senior management). The Company currently has an Executive Committee, a Post Audit Committee and a Consultative Committee for the Monitoring of Reserves;

- Legislative Decree 39/2010 requires the Board of Statutory Auditors (identified by art. 19 of the decree as the "Internal and Statutory Audit Committee") to oversee the following:
 - the financial reporting process;
 - the effectiveness of internal control, internal audit and risk management systems;
 - the statutory audit of the annual and consolidated accounts;
 - the independence of the independent auditors, checking any services other than auditing provided.

With specific reference to the requirements of Legislative Decree 39/2010, the following should be noted.

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 10 March 2017, 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 and deems that there is nothing to report to the General Meeting.

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.

Following changes to the structure of the Atlantia Group and its organisation, in 2014 the Company's Internal Audit department was closed down and, from 1 January 2015, the parent, Atlantia, established a Group Internal Audit department, reporting to the Chairman of Atlantia, with responsibility for conducting audit activities throughout the Atlantia Group. 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.

On 12 February 2016, Autostrade per l'Italia's Board of Directors approved the 2016 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 our 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 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.

Furthermore, we note that, during 2016, Autostrade per l'Italia's Supervisory Board, with the help of an expert in criminal law, continued its review of the organisational, management and control model ("OMCM") adopted by Autostrade per l'Italia, pursuant to Legislative Decree 231/2001, in order to ensure that the model had kept pace with changes in legislation and in the Company's organisational structure during the year. In particular, in the first half of 2016, the Supervisory Board, proceeding with the initiative begun during the previous year, completed its revision of the OMCM required by Legislative Decree 231/2001, revising both the general part and the special parts, taking into account both changes in the Company's operational and organisational structure and the extension of administrative liability to entities introduced by the latest revision of 2013 (self-laundering - Law 186 of 15 December 2014, in force since 1 January 2015; environmental crimes - Law 68 of 22 May 2015, in force since 29 May 2015; crimes against the Public Administration and corporate crimes - Law 69 of 27 May 2015, containing "Measures regarding crimes against the Public Administration, organised crime and false accounting", in force since 14 June 2015).

The Supervisory Board also implemented the plan of action for monitoring and assessing the adequacy and effective implementation of the OMCM.

The Board of Statutory Auditors examined the Supervisory Board's reports on their activities in the first and second halves of 2016 and do not have anything to mention in this regard in this report.

Independence of the independent auditors, checking any services other than auditing provided

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 2016, and the related fees, is provided in an annex to the financial statements.

The fees paid by the Autostrade per l'Italia Group to the independent auditors, Deloitte & Touche or associates of Deloitte & Touche, are as follows:

- audit €785 thousand

▪ certification (audit-related)	€23 thousand
▪ other services	€157 thousand

making a total of €965 thousand.

It should be noted that:

the category “Other services” (those other than audit or certification) includes €88 thousand for services relating to signature of the Company’s tax return and Form 770, agreed-upon procedures on accounting data and information, audit procedures relating to tenders in which the Group participated, €27 thousand regarding checks on the income tax applied to employees and obligations as a withholding agent and €42 thousand relating to agreed-upon procedures on accounting data and information and services relating to the internal control system.

“Other Services” accounted for 68.50% of the total fees paid for “Audit” and “Certification (audit-related)” services.

In the light of the above, we therefore deem that the independent auditors, Deloitte & Touche, meet the requirements for independence. In addition, on 31 March 2017, Deloitte & Touche provided their annual confirmation of independence pursuant to art. 17, paragraph 9.a) of Legislative Decree 39/2010.

- with respect to the contractual obligations deriving from the Single Concession Arrangement signed by ANAS and Autostrade per l’Italia on 12 October 2007, which became fully effective from 8 June 2008, the day following publication of Law 101/2008 in the Official Gazette, which approved the single concession arrangements entered into at that time, including that of Autostrade per l’Italia, we had 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 with ANAS, in order to be periodically updated on the Company’s compliance with the terms of the Single Concession Arrangement;
- we held meetings with representatives of the independent auditors, pursuant to art. 150, paragraph 2 of Legislative Decree 58/98, and no significant information that should be included in this report has come to light;
- 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;
- as reported in the notes to the consolidated financial statements, the consolidated financial statements as at and for the year ended 31 December 2015, prepared on the basis that the Parent Company and consolidated companies are going concerns, have been prepared pursuant to articles 2 and 3 of Legislative Decree 38/2005, and in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission, as in force at the end of the reporting period. These standards include 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. 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;
- as described in the Introduction to the section “Group Financial review”, the accounting standards applied during preparation of the consolidated accounts for the year ended 31 December 2016 are consistent with those adopted for the consolidated financial statements for the previous year, in that the new standards and interpretations that have come into effect since 1 January 2016 have not had a material impact on the Company’s accounts. In addition, we note that, as described in the above Introduction, the reclassified financial statements included and analysed in the above-mentioned “Group Financial review” have not been audited.

The above-mentioned restructuring of the Atlantia Group, initiated in 2016, has, as previously described, involved the transfer, to Atlantia, of Autostrade per l’Italia’s investment in Telepass

and Stalexport Autostrady (completed at the end of the year) and the transfer, in the form of a special dividend in kind payable to the parent, of its interests in Autostrade dell'Atlantico (the sub-holding company that controls the Group's Chilean and Brazilian motorway businesses and holds a controlling interest in Electronic Transaction Consultants) and Autostrade Indian Infrastructure Development Private Limited (this transaction was approved by shareholders on 25 January 2017 and was effective from 1 March 2017). This has resulted in the following:

- deconsolidation of the assets and liabilities of Telepass, Stalexport Autostrady and the related subsidiaries as at 31 December 2016;
- classification, in application of IFRS 5, of the contributions of Telepass, Stalexport Autostrady, Autostrade dell'Atlantico (“ADA”) and the related subsidiaries to the Group's operating results for the two comparative periods in “Profit/Loss) from discontinued operations”. As a result, the income statement for 2015 presents a number of reclassifications with respect to the amounts published in the Annual Report for 2015;
- recognition, in application of IFRS 5, of the assets and liabilities of Autostrade Indian Infrastructure Development Private Limited, Autostrade dell'Atlantico and the related subsidiaries in the specific items for assets and liabilities held for sale in the statement of financial position as at 31 December 2016;
- 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;
- 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 mandatory opinion required by art. 154-*bis* of the CFA relating to the appointment of the manager responsible for financial reporting;
- at our meeting of 15 December 2016, the Board issued its opinion on the legality of the proposed distribution of a special dividend in kind from ASPI's available reserves, totalling €755,070,298.55, to be paid via the transfer of Autostrade per l'Italia's investments in Autostrade dell'Atlantico Srl and Autostrade Indian Infrastructure Development Private Limited;
- we have examined the financial statements as at and for the year ended 31 December 2016, with regard to which we state the following.
 - In view of the fact that it is not our responsibility to audit the Company's separate and consolidated financial statements, we checked the overall basis of presentation of the financial statements and their general compliance with the laws relating to their preparation and structure; we have no particular observations to make in this regard.
 - We verified compliance with the laws governing preparation of the report on operations and have no particular observations to make in this regard.
 - To the best of our knowledge, in preparing the financial statements, the Directors did not elect to apply any of the exemptions permitted by art. 2433, paragraph 4 of the Italian Civil Code.
 - We verified that the financial statements are consistent with the information in our possession, as a result of carrying out our duties, and have no particular observations to make in this regard.
 - We note that the report on operations includes a section entitled “Significant regulatory aspects”, in which the Directors provide information on certain events in 2016, including reference to their potential implications for the future. In particular, full information is provided about:
 - Toll increases with effect from 1 January 2016
 - Toll increases with effect from 1 January 2017
 - Extension of the discount plan for frequent motorway users

- Agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna
 - Addendum to Autostrada Tirrenica’s Single Concession Arrangement
 - Award of the concession for the A3 Naples – Pompei – Salerno motorway
 - Enabling Act on tenders and concessions
 - Chile (toll increases)
 - Brazil (toll increases)
- We note that the report on operations includes a section, “Outlook and risks or uncertainties”, in which the Directors state that, overall, they expect to see growth in the Group’s earnings and improvements in key performance indicators in 2017.

The above audit procedures were carried out during 12 meetings of the Board of Statutory Auditors and by taking part in 12 meetings of the Board of Directors.

As a result of the audit procedures carried out and on the basis of the information obtained from the independent auditors, we are not aware of any negligence, fraud, irregularities or any other material events that would require a report to be made to regulatory bodies or disclosed in this report. We also approve the proposal of the Board of Directors with respect to the appropriation of profit for the year.

After also considering the fact that the independent auditors’ report, containing their opinion on the fact that the separate and consolidated financial statements comply with the applicable laws and accounting standards, and their opinion on the consistency of the report on operations with the financial statements, was issued on 31 March 2017, without any qualifications or emphasis of matter, we invite the Annual General Meeting to approve the Annual Report for the year ended 31 December 2016, as prepared by the Directors.

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 2016. You are thus invited to elect a new Board of Directors.

31 March 2017

Antonio Mastrapasqua (Chairman)

Giandomenico Genta (Auditor)

Antonio Parente (Auditor)

Independent Auditors' Report

Deloitte.

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

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

INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Autostrade per l'Italia Group, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these 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 n° 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Autostrade per l'Italia Group as at December 31, 2016, and of its financial performance and 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 n° 38/05.

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

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

Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

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Report on Other Legal and Regulatory Requirements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis (2)(b), of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Autostrade per l'Italia S.p.A., with the consolidated financial statements of the Autostrade per l'Italia Group as at December 31, 2016. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of S.p.A. the Autostrade per l'Italia Group as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Fabio Pompei
Partner

Roma, Italy
March 31, 2017

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

INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

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

Report on the Financial Statements

We have audited the accompanying financial statements of Autostrade per l'Italia S.p.A., which comprise the statement of financial position as at December 31, 2016, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these 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 n° 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Autostrade per l'Italia S.p.A. as at December 31, 2016, and of its financial performance and 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 n° 38/05.

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

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Report on Other Legal and Regulatory Requirements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis (2)(b), of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Autostrade per l'Italia S.p.A., with the financial statements of Autostrade per l'Italia S.p.A. as at December 31, 2016. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the financial statements of Autostrade per l'Italia S.p.A. as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Fabio Pompei
Partner

Roma, Italy
March 31, 2017

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





6.

Key financials
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 prepares its financial statements in accordance with international financial reporting standards, whereas the other companies' financial statements are prepared in accordance with accounting principles generally accepted in the respective countries.

Subsidiaries

Società Autostrada Tirrenica p.A.

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		352,162	334,216
<i>of which non-current investments</i>		52	52
Current assets		32,678	25,912
Other assets		221	98
Total assets		385,061	360,226
Equity		81,737	80,702
<i>of which issued capital</i>		24,461	24,461
Provisions and post-employment benefits		7,790	7,466
Payables		278,047	253,398
Other liabilities		17,487	18,660
Total equity and liabilities		385,061	360,226
(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		44,199	53,678
Cost of production		-28,652	-30,599
Operating profit/(loss)		15,547	23,079
Profit/(Loss) for the period		1,035	8,758

(*) Amounts amended in application of Legislative Decree 139/2015.

Tangenziale di Napoli SpA

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		255,073	250,524
<i>of which non-current investments</i>		2	2
Current assets		33,795	43,840
Other assets		331	248
Total assets		289,199	294,612
Equity		190,257	184,789
<i>of which issued capital</i>		108,077	108,077
Provisions and post-employment benefits		33,373	34,351
Payables		64,991	74,881
Other liabilities		578	591
Total equity and liabilities		289,199	294,612
(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		71,098	75,262
Cost of production		-52,425	-53,848
Operating profit/(loss)		18,673	21,414
Profit/(Loss) for the period		11,125	17,387

(*) Amounts amended in application of Legislative Decree 139/2015.

Autostrade Meridionali SpA

(€000)	FINANCIAL POSITION	31 December 2015	31 December 2014
Non-current assets		21,345	20,117
Current assets		430,980	426,400
Total assets		452,325	446,517
Equity		119,615	112,016
<i>of which issued capital</i>		9,056	9,056
Liabilities non correnti		23,761	13,438
Liabilities correnti		308,949	321,063
Total equity and liabilities		452,325	446,517
(€000)	RESULTS OF OPERATIONS	2015	2014
Operating revenue		91,289	90,487
Operating costs		-73,005	-70,703
Operating profit/(loss)		18,284	19,784
Profit/(Loss) for the period		9,321	3,247

Autostrade Tech SpA

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		2,521	3,778
<i>of which non-current investments</i>		37	1,049
Current assets		113,733	72,863
Other assets		291	54
Total assets		116,545	76,695
Equity		88,815	45,040
<i>of which issued capital</i>		1,120	1,120
Provisions and post-employment benefits		1,530	1,540
Payables		25,993	29,877
Other liabilities		207	238
Total equity and liabilities		116,545	76,695

(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		60,670	65,483
Cost of production		-53,424	-56,533
Operating profit/(loss)		7,246	8,950
Profit/(Loss) for the period		49,756	6,340

(*) Amounts amended in application of Legislative Decree 139/2015.

Ecomouv Sas

(€000)	FINANCIAL POSITION	31 December 2015	31 December 2014
Unpaid called-up capital		2,976	2,976
Non-current assets		10	192
<i>of which non-current investments</i>		-	-
Current assets		42,213	534,044
Total assets		45,199	537,212
Equity		37,570	37,570
<i>of which issued capital</i>		30,000	30,000
Provisions and post-employment benefits		-	-
Payables		7,629	499,642
Total equity and liabilities		45,199	537,212

(€000)	RESULTS OF OPERATIONS	2015	2014
Operating revenue		16,430	605
Operating costs		-16,057	-115,599
Operating profit/(loss)		373	-114,994
Profit/(Loss) for the period		6	-163,343

Infoblu SpA

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		717	756
<i>of which non-current investments</i>		-	-
Current assets		7,670	9,303
Other assets		705	775
Total assets		9,092	10,834
Equity		6,269	6,107
<i>of which issued capital</i>		5,160	5,160
Provisions and post-employment benefits		136	126
Payables		2,687	4,601
Other liabilities		-	-
Total equity and liabilities		9,092	10,834

(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		5,622	5,641
Cost of production		-4,413	-4,530
Operating profit/(loss)		1,209	1,111
Profit/(Loss) for the period		852	731

(*) Amounts amended in application of Legislative Decree 139/2015.

Società Italiana per azioni per il Traforo del Monte Bianco

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		236,165	239,260
<i>of which non-current investments</i>		167,752	165,752
Current assets		197,683	172,315
Other assets		1,226	501
Total assets		435,074	412,076
Equity		292,809	290,332
<i>of which issued capital</i>		198,749	198,749
Provisions and post-employment benefits		79,239	67,250
Payables		62,847	54,323
Other liabilities		179	171
Total equity and liabilities		435,074	412,076

(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		64,674	64,603
Cost of production		-43,981	-46,945
Operating profit/(loss)		20,693	17,658
Profit/(Loss) for the period		12,634	10,704

(*) Amounts amended in application of Legislative Decree 139/2015.

Ad Moving SpA

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		1,124	1,209
<i>of which non-current investments</i>		-	-
Current assets		6,976	6,790
Other assets		12	5
Total assets		8,112	8,004
Equity		937	995
<i>of which issued capital</i>		1,000	1,000
Provisions and post-employment benefits		148	156
Payables		7,016	6,835
Other liabilities		11	18
Total equity and liabilities		8,112	8,004

(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		7,809	8,582
Cost of production		-7,886	-8,485
Operating profit/(loss)		-77	97
Profit/(Loss) for the period		-58	3

(*) Amounts amended in application of Legislative Decree 139/2015.

EsseDiEsse Società di Servizi SpA

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		453	562
<i>of which non-current investments</i>		-	-
Current assets		20,412	15,063
Other assets		171	127
Total assets		21,036	15,752
Equity		1,535	1,614
<i>of which issued capital</i>		500	500
Provisions and post-employment benefits		4,739	4,987
Payables		14,332	8,720
Other liabilities		430	431
Total equity and liabilities		21,036	15,752

(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		27,603	27,594
Cost of production		-26,177	-26,113
Operating profit/(loss)		1,426	1,481
Profit/(Loss) for the period		935	1,014

(*) Amounts amended in application of Legislative Decree 139/2015.

Giove Clear Srl

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		315	320
<i>of which non-current investments</i>		-	-
Current assets		4,935	4,700
Other assets		17	-
Total assets		5,267	5,020
Equity		2,131	1,894
<i>of which issued capital</i>		10	10
Provisions and post-employment benefits		988	748
Payables		1,927	2,163
Other liabilities		221	215
Total equity and liabilities		5,267	5,020

(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		11,818	11,482
Cost of production		-10,978	-10,603
Operating profit/(loss)		840	879
Profit/(Loss) for the period		496	517

(*) Amounts amended in application of Legislative Decree 139/2015.

Tech solutions Integrators Sas

(€000)	FINANCIAL POSITION	31 December 2015	31 December 2014
Unpaid called-up capital		-	-
Non-current assets		-	-
<i>of which non-current investments</i>		-	-
Current assets		10,387	21,374
Total assets		10,387	21,374
Equity		-10,729	-10,729
<i>of which issued capital</i>		2,000	2,000
Provisions and post-employment benefits		-	-
Payables		21,116	32,103
Total equity and liabilities		10,387	21,374

(€000)	RESULTS OF OPERATIONS	2015	2014
Operating revenue		1,755	12,553
Operating costs		-1,734	-23,737
Operating profit/(loss)		21	-11,184
Profit/(Loss) for the period		23	-11,347

Associates and joint ventures

Società Infrastrutture Toscane SpA

(€000)	FINANCIAL POSITION	30 December 2015	31 December 2014
Capitale sottoscritto non versato		-	15,000
Non-current assets		-	-
<i>of which non-current investments</i>		-	-
Current assets		14,960	16,088
Other assets		-	-
Total assets		14,960	31,088
Equity		14,656	30,007
<i>of which issued capital</i>		15,000	30,000
Provisions and post-employment benefits		227	-
Payables		77	1,081
Other liabilities		-	-
Total equity and liabilities		14,960	31,088

(€000)	RESULTS OF OPERATIONS	2015	2014
Value of production		-	166
Cost of production		-186	-25,409
Operating profit/(loss)		-186	-25,243
Profit/(Loss) for the period		-100	2,545

Pavimental SpA

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		89,521	57,973
<i>of which non-current investments</i>		5,329	5,397
Current assets		290,165	313,007
Other assets		6,376	3,690
Total assets		386,062	374,670
Equity		15,394	49,336
<i>of which issued capital</i>		10,116	10,116
Provisions and post-employment benefits		15,117	11,369
Payables		355,546	313,960
Other liabilities		5	5
Total equity and liabilities		386,062	374,670

(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		318,116	512,189
Cost of production		-361,954	-497,789
Operating profit/(loss)		-43,838	14,400
Profit/(Loss) for the period		-33,707	7,806

(*) Amounts amended in application of Legislative Decree 139/2015.

Pedemontana Veneta SpA (in liquidazione)

(€000)	FINANCIAL POSITION	31 December 2015	31 December 2014
Non-current assets		-	-
<i>of which non-current investments</i>		-	-
Current assets		9,279	9,352
Other assets		-	-
Total assets		9,279	9,352
Equity		5,833	5,840
<i>of which issued capital</i>		6,000	6,000
Provisions and post-employment benefits		149	187
Payables		3,297	3,325
Other liabilities		-	-
Total equity and liabilities		9,279	9,352

(€000)	RESULTS OF OPERATIONS	2015	2014
Value of production		85	-
Cost of production		-95	-232
Operating profit/(loss)		-10	-232
Profit/(Loss) for the period		-7	-151

SPEA Engineering SpA

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015 (*)
Non-current assets		6,459	6,913
<i>of which non-current investments</i>		168	634
Current assets		186,785	164,753
Other assets		1,001	840
Total assets		194,245	172,506
Equity		93,628	87,370
<i>of which issued capital</i>		6,966	6,966
Provisions and post-employment benefits		19,525	23,954
Payables		81,092	61,182
Other liabilities		-	-
Total equity and liabilities		194,245	172,506

(€000)	RESULTS OF OPERATIONS	2016	2015 (*)
Value of production		125,987	108,928
Cost of production		-100,404	-84,077
Operating profit/(loss)		25,583	24,851
Profit/(Loss) for the period		17,734	16,408

(*) Amounts amended in application of Legislative Decree 139/2015.

Bologna & Fiera Parking SpA

(€000)	FINANCIAL POSITION	31 December 2015	31 December 2014
Non-current assets		47,054	48,508
<i>of which non-current investments</i>		-	-
Current assets		7,791	7,423
Other assets		5	9
Total assets		54,850	55,940
Equity		1,043	2,715
<i>of which issued capital</i>		2,715	9,000
Provisions and post-employment benefits		251	290
Payables		49,840	49,202
Other liabilities		3,716	3,733
Total equity and liabilities		54,850	55,940

(€000)	RESULTS OF OPERATIONS	2015	2014
Value of production		2,078	2,590
Cost of production		-2,468	-2,638
Operating profit/(loss)		-390	-48
Profit/(Loss) for the period		-1,672	-2,006

Companies held for sale or distribution to shareholders or discontinued operations

Autostrade dell'Atlantico Srl

(€000)	FINANCIAL POSITION	31 December 2016	31 December 2015
Non-current assets		516,342	512,702
<i>of which non-current investments</i>		470,897	470,897
Current assets		68,750	113,182
Other assets		-	-
Total assets		585,092	625,884
Equity		574,490	621,788
<i>of which issued capital</i>		1,000	1,000
Provisions and post-employment benefits		2,492	
Payables		8,110	4,096
Other liabilities		-	-
Total equity and liabilities		585,092	625,884

(€000)	RESULTS OF OPERATIONS	2016	2015
Value of production		-	0
Cost of production		-102	-165
Operating profit/(loss)		-102	-165
Profit/(Loss) for the period		2,701	5,399

Autostrade Indian Infrastructure Ltd

(thousands of rupees)	FINANCIAL POSITION	31 March 2016	31 March 2015
Non-current assets		4,468	6,261
Current assets		75,775	64,814
Total assets		80,243	71,075
Equity		63,680	57,168
<i>of which issued capital</i>		500	500
Liabilities		16,563	13,907
Total equity and liabilities		80,243	71,075

(thousands of rupees)	RESULTS OF OPERATIONS	1 April 2015 - 31 March 2016	1 April 2014 - 31 March 2015
Operating revenue		41,194	53,805
Operating costs		-31,571	-20,703
Operating profit/(loss)		9,623	33,102
Profit/(Loss) for the period		6,563	21,408

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7.

Shareholders'
resolutions

Shareholders' resolutions

The Annual General Meeting (AGM) of Autostrade per l'Italia SpA's shareholders, held in ordinary session and in single call at via Antonio Nibby, 20 in Rome on 21 April 2017, passed resolutions on the following

Agenda

- 1) Financial statements for the year ended 31 December 2016. Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Appropriation of profit for the year. Presentation of the consolidated financial statements for the year ended 31 December 2016. Related and resulting resolutions.
- 2) Distribution of reserves. Related and resulting resolutions.
- 3) Determination of the number, term of office and election of Directors in accordance with article 21 of the Articles of Association. Election of the Chairman of the Board of Directors and determination of Directors' remuneration.

With regard to item 1) on the agenda the shareholders resolved:

- to approve the Board of Directors' report on operations and the financial statements for the year ended 31 December 2016, which report profit of €619,121,457.69;
- to appropriate the €314,328,227.69 in profit for the year remaining, after payment of the interim dividend of €304,793,230,00 (equal to €0.490 per share), in 2016, as follows:
 - €314,123,635.00 to pay a final dividend of €0.505 per share, payable to the holders of each of the 622,027,000 dividend-bearing shares with a par value of €1.00 in issue;
 - the remaining €204,592.69 to retained earnings;
- to establish the dividend payment date as 18 May 2017.

With regard to item 2) on the agenda the shareholders resolved:

- to distribute a portion of the distributable reserves amounting to €1,101,311,641.27;
- to distribute the above sum from the "Reserve for transactions under common control", present in the financial statements for the year ended 31 December 2016;
- to establish that distribution of the above reserves will occur with a value date of 24 April 2017;
- to authorise the Board of Directors – and, on its behalf, the Chairman and the Chief Executive Officer in office, acting severally – to implement this resolution, including through the appointment of attorneys.

With regard to item 3) on the agenda the shareholders resolved:

- to determine that the number of members of the Board of Directors shall be 7;
- to elect the following members of the Board of Directors for the 2017 and 2018 financial years and, therefore, until the general meeting called to approve the financial statements for the year ended 31 December 2018: Fabio Cerchiai, Giovanni Castellucci, Giuseppe Angiolini, Massimo Bianchi, Roberto Pistorelli, Antonino Turicchi and Roberto Tomasi;
- to elect Fabio Cerchiai as Chairman of the Board of Directors;
- to fix, in accordance with art. 2389, paragraph 1 of the Italian Civil Code, the annual remuneration payable to each Director as €35,000.00, in addition to an attendance fee of €250.00 per meeting.

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Legal information and contacts

Registered Office and Operational Headquarters

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

Legal information

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

Media Relations

Tel. +39 06 4363 2803
e-mail: ufficiostampa@autostrade.it

Investor Relations

Tel. +39 06 4363 4696
e-mail: investor.relations@autostrade.it

autostrade // per l'italia

gruppo Atlantia

