



Atlantia

**ANNUAL
REPORT
2017**





Annual Report 2017

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Contents

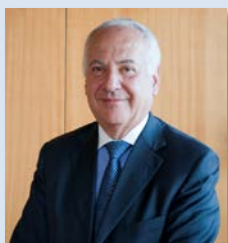
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INTRODUCTION

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Statement to shareholders



Fabio Cerchiai
Chairman



Giovanni Castellucci
Chief Executive Officer

Annual results

2017 marked a particularly important year for the Atlantia Group's growth: in terms of both the results achieved and the major strategic represented by the launch of our takeover bid for Abertis.

The annual results, which provide confirmation of the strength of the Group businesses, include the full-year contribution of Aéroports de la Côte d'Azur from 2017.

Traffic using our motorway networks rose in both Italy, driven by the positive performance of freight traffic, and overseas, with Brazil finally seeing a recovery in demand for road transport.

Atlantia's airports handled over 60 million passengers in 2017. Domestic traffic at Aeroporti di Roma's airports was impacted by the situation at Alitalia, which is currently in administration, whilst Non-EU passenger traffic was up 6% in 2017, partly thanks to new routes opened up during the year. This was accompanied by growth in non-aviation revenue at Fiumicino, following the opening of the new retail plaza in the departure area for Non-EU flights. Thanks to the improvements made, Fiumicino airport is today one of the highest ranked airports in Europe for the quality of service provided to

passengers.

Consolidated revenue is just below €6 billion for 2017, whilst EBITDA amounts to almost €3.7 billion, marking a like-for-like growth of 6% compared with 2016. The Group's financial ratios have also improved: at the end of 2017, the ratio of net debt to EBITDA has fallen further to 2.6x (on a reported basis). These results have enabled us to maintain a strong earnings performance, with dividends up 26% compared with the previous year, within the constraints imposed by our prudent approach to ensuring financial stability.

Changes to sources of finance

We have large cash reserves to fund our infrastructure investment programmes. During the year, we further extended the average duration of our borrowings and cut the cost of debt, partly thanks to favourable market conditions.

Upgrading our infrastructure

Modern and efficient airports and motorways require ongoing upgrades if they are to meet the needs of the customers who use them. This means a large-scale investment. Atlantia expects to invest over €10 billion in our Italian motorway network in the coming years in order to eliminate major bottlenecks. This sum is in addition to the more than €11 billion already invested and the further €10 billion earmarked for investment in the expansion of Fiumicino airport.

On the one hand, we are looking to improve traffic flow on the most congested sections of the motorway network, or on those that will soon be so, as in the case of the Genoa Bypass. In September of last year, the Grantor approved the Final Design for this project, the so-called "*Gronda di Ponente*", and work on the executive design is now in progress, paving the way for modernisation of one of the country's key logistics hubs. On the other hand, we aim to respond to the progressive increase in airport traffic, ensuring that Fiumicino airport and the country as a whole are better connected to the rest of the world.

Our people

We remain committed to developing and leveraging the skills of our workforce. We employ a growing number of people in Italy, reflecting the expansion of our operations and further efforts to insource certain activities, including call centres, maintenance of the motorway network and cleaning of the terminal buildings at Fiumicino and Ciampino.

Payment systems

Telepass, originally set up as an electronic payment system for paying motorway tolls, effectively became a new payment system for transport services in 2017. The launch of Telepass Pay in 2017 marks the launch of a plan to offer fast, innovative payment solutions capable of making daily travel easier.

Medium-term strategies and objectives

In July, we completed the sale of an 11.94% stake in Autostrade per l'Italia, a transaction that establishes a solid partnership with a number of high-calibre investors and has enabled us to raise funds to be reinvested in our international expansion.

At the beginning of March 2018, Atlantia acquired a stake in Getlink, the company that operates the undersea link between France and the United Kingdom, becoming the majority shareholder.

Finally, on 14 March 2018, we reached agreement with ACS and Hochtief for a joint investment in Abertis, giving rise to a global leader in the operation of transport infrastructure under concession. If the tender offer is successful, Atlantia will be in charge of a portfolio of diversified assets in 15 countries, including 14,000 km of motorway and 60 million passengers using the airports of Rome and Nice. Moreover, the partnership with Hochtief will open the door to potential expansion into fast-growing countries in which Atlantia does not yet have a presence, such as the USA, Canada, Australia and Germany. The transaction will enable us to achieve our aim of diversifying the Group's activities at global level, reducing our exposure to our home market and to a single asset.

Our cash generation and investment capabilities, together with our world-beating integrated expertise, make the Group a unique player, able to take a leading role in providing an ever better response to the needs of government bodies and customers in the countries in which we operate.

Fabio Cerchiai
Chairman

Giovanni Castellucci
Chief Executive Officer

Consolidated financial highlights

€M	2017	2016
Operating revenue	5,973	5,484
Toll revenue	4,195	4,009
Aviation revenue	799	636
Other operating income and contract revenue	979	839
Gross operating profit (EBITDA)	3,664	3,378
Adjusted gross operating profit (EBITDA)	3,762	3,469
Operating profit (EBIT)	2,578	2,315
Profit/(Loss) before tax from continuing operations	2,065	1,776
Profit for the year	1,432	1,238
Profit attributable to owners of the parent	1,172	1,122
Operating cash flow	2,540	2,400
Adjusted operating cash flow	2,586	2,439
Capital expenditure	1,050	1,422

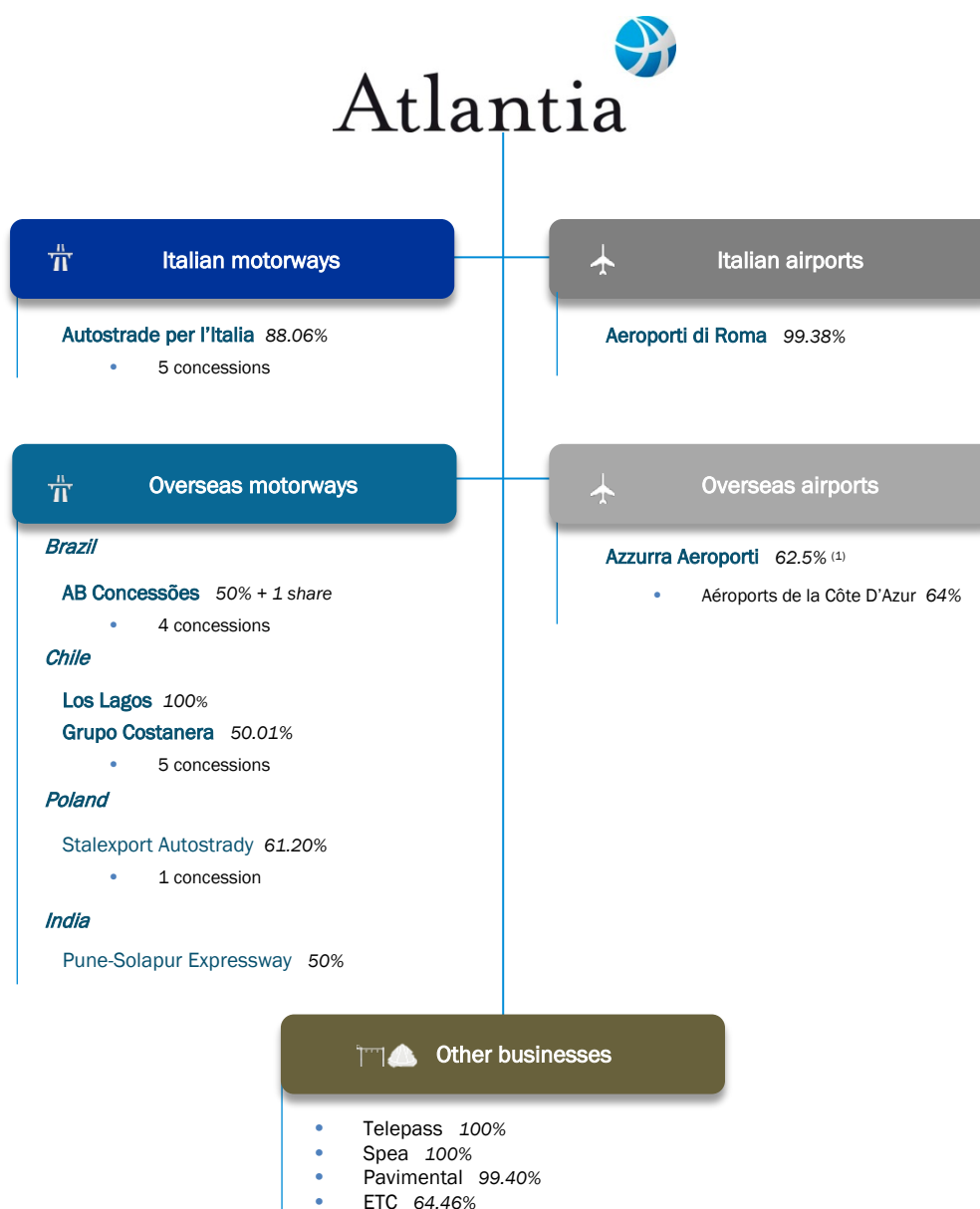
€M	31 December 2017	31 December 2016
Equity ^(a)	11,763	9,923
Equity attributable to owners of the parent	8,772	7,224
Net debt	9,496	11,677
Adjusted net debt	10,577	12,823

(*) The amounts shown in the table have been extracted from the reclassified consolidated financial statements included in the "Group financial review", which also includes a reconciliation of the reclassified financial statements and the statutory financial statements that make up the "Consolidated financial statements". Some of the amounts shown in the table refer to alternative performance indicators, definitions of which are provided in a specific section of the Report on Operations.

(a) The amount for equity is different from the published amount as at 31 December 2016, following recognition of the impact of completion of the identification and fair value measurement of the assets acquired and liabilities assumed as a result of the acquisition of Aéroports de la Côte d'Azur, completed at the end of 2016.

The Atlantia Group

GROUP STRUCTURE (*)



(*) The above chart shows the structure of operating segments and the principal Atlantia Group companies. The Atlantia Group's investments as at 31 December 2016 are described in detail in the Annex to the consolidated financial statements.

(1) Azzurra Aeroporti is owned by Atlantia (62.5%), EDF Invest (25%) and the Principality of Monaco (12.5%).

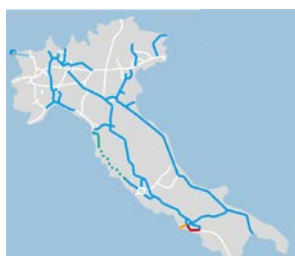
THE GROUP AROUND THE WORLD

PERCENTAGE
INTEREST

KM

CONCESSION
EXPIRY

Italian motorways



● Autostrade per l'Italia ⁽¹⁾	88.06%	2,855	2038
● Società Italiana per il Traforo del Monte Bianco	51.00%	6	2050
● Raccordo Autostradale Valle d'Aosta ⁽²⁾	47.97%	32	2032
● Tangenziale di Napoli	100%	20	2037
● Autostrade Meridionali ⁽³⁾	58.98%	52	2012
● Autostrada Tirrenica ⁽⁴⁾	99.99%	55	2038
Total Italy		3,020	

Overseas motorways

Brazil

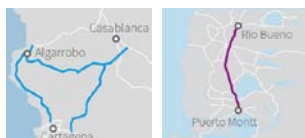


AB Concessões	50% + 1 share		
● Rodovias das Colinas	100%	307	2028
● Concessionária da Rodovia MG050	100%	372	2032
● Triangulo do Sol Auto Estradas	100%	442	2021
● Concessionária Rodovias do Tietê ⁽⁵⁾	50%	417	2039
Total Brazil		1,538	

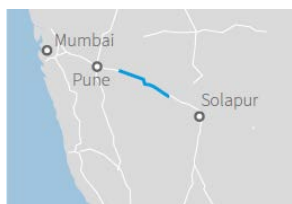
Chile



Grupo Costanera ⁽⁶⁾	50.01%		
● Costanera Norte	100%	43	2033
● Acceso Vial Aeropuerto AMB ⁽⁷⁾	100%	10	2020
● Litoral Central	100%	81	2031
● Autopista Nororiente ⁽⁷⁾	100%	22	2044
● Vespucio Sur	100%	24	2032
● Los Lagos	100%	135	2023
Total Chile		313	

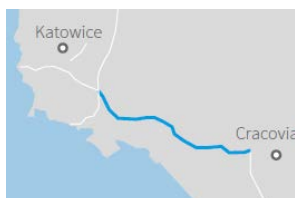


India



Pune-Solapur Expressway ⁽⁵⁾	50%	110	2030
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Poland



Stalexport Autostrady	61.20%		
Stalexport Autostrada Malopolska	100%	61	2027

	PERCENTAGE INTEREST	AIRPORTS	CONCESSION EXPIRY
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Italian airports



Aeroporti di Roma	99.38%	2	2044
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Overseas airports



Azzurra Aeroporti	62.5%⁽⁸⁾		
Aéroports de la Côte D'Azur	64%	3	2044

	PERCENTAGE INTEREST	NETWORK (KM)	SECTOR OF ACTIVITY
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Other businesses

Italy

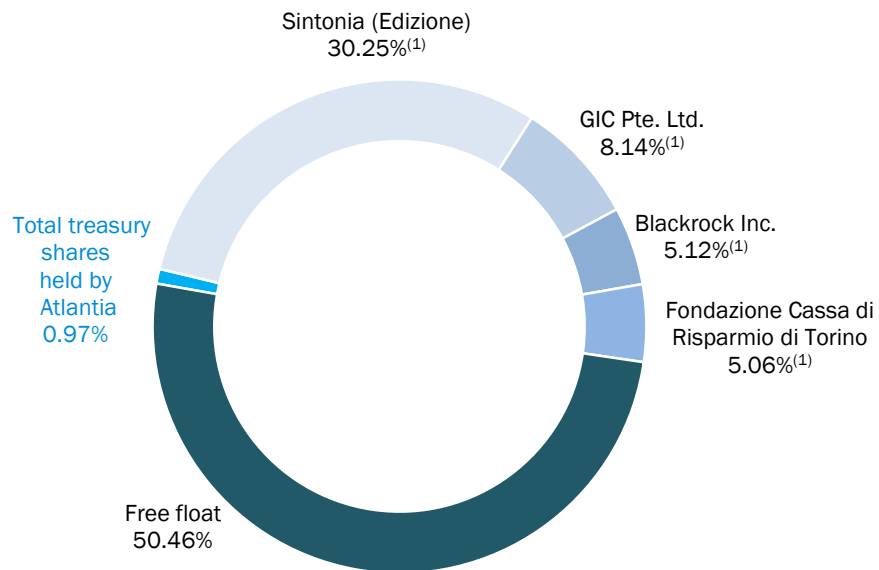
Telepass	100%	24,100 ⁽⁹⁾	Electronic tolling systems
Spea Engineering	100%	-	Motorway and airport infrastructure engineering services
Pavimental	99.40%	-	Motorway and airport infrastructure construction and maintenance

USA

Electronic Transaction Consultants	64.46%	1,132	Electronic tolling systems
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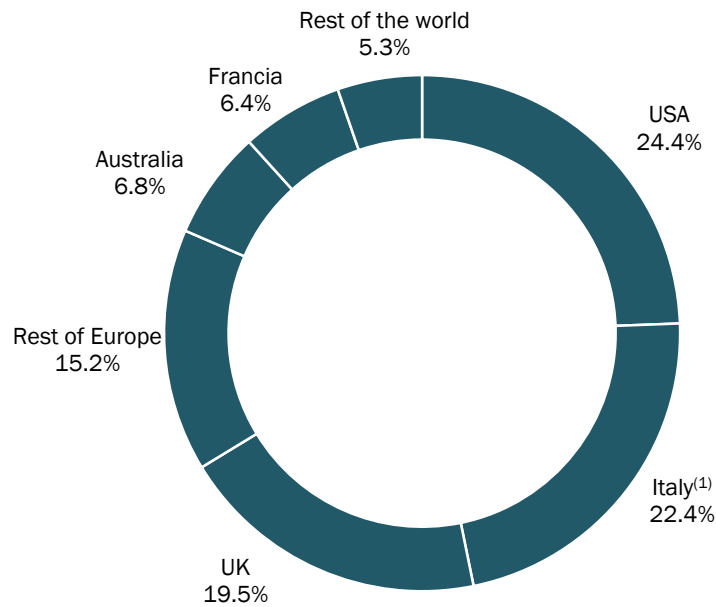
- (1) The sale of an 11.94% interest in Autostrade per l'Italia to the consortium established by Allianz Capital Partners (6.94%) and Silk Road Fund (5%) was completed on 26 July 2017.
- (2) This investment is held by Società Italiana per il Traforo del Monte Bianco. The percentage interest is calculated with reference to all shares in issue, whereas the 58.00% of voting rights is calculated with reference to ordinary voting shares.
- (3) For information on the process of awarding the new concession, reference should be made to the section, "Significant regulatory aspects".
- (4) A draft addendum to the concession arrangement is currently being negotiated with the Grantor.
- (5) An unconsolidated company.
- (6) Through its Chilean subsidiary, Grupo Costanera, Atlantia has been awarded the contract to carry out two new projects in Chile: *Progetto Américo Vespucio Oriente Principe de Gales – Los Presidentes (AVO II)* and the *Conexión Vial Ruta 78/68*, awarded respectively in July 2017 and February 2018.
- (7) The concession term is estimated on the basis of agreements with the Grantor.
- (8) On 31 July 2017, the Principality of Monaco acquired a 12.5% interest in Azzurra Aeroporti from Atlantia; following this transaction, Azzurra Aeroporti is 62.5%-owned by the Atlantia Group, with EDF Invest owning approximately 25% and the Principality of Monaco 12.5%
- (9) Present in seven European countries: Italy, Austria, Belgium, France, Poland, Portugal and Spain (as at 31 December 2017).

Ownership structure



(1) Source: CONSOB data as at 31 December 2017.

GEOGRAPHICAL BREAKDOWN OF THE FREE FLOAT



Source: Nasdaq data as at 31 December 2017.

(1) Includes retail investors.

Atlantia's share price

PERFORMANCE OF ATLANTIA'S SHARE PRICE IN 2017



KEY MARKET DATA

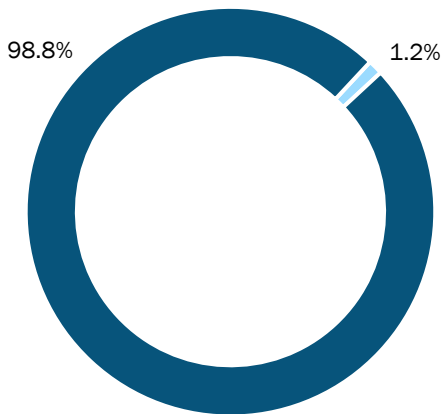
	2017	2016		2017	2016
Issued capital (at 31 December) (€)	825,783,990	825,783,990	Dividend yield ⁽¹⁾	4.6%	4.4%
Number of shares	825,783,990	825,783,990	Year-end price (€)	26.32	22.26
Market capitalisation (€m) ⁽¹⁾	21,735	18,382	High (€)	28.31	24.65
Earnings per share (€) ⁽²⁾	1.42	1.37	Low (€)	20.96	19.59
Operating cash flow per share (€)	3.11	2.93	Share price / Earnings per share (P/E) ⁽¹⁾	18.54	16.28
Dividend per share (€)	1.22	0.97	Share price / Cash flow per share ⁽¹⁾	8.5	7.6
Interim (€)	0.57	0.44	Market to book value ⁽¹⁾	1.8	1.8
Final (€)	0.65	0.53	Atlantia as % of FTSE Italia All Share index ⁽¹⁾	0.44%	3.71%
Dividend/Cash flow per share (%)	39%	33%	Atlantia as % of FTSE/Mib index ⁽¹⁾	0.93%	4.26%

⁽¹⁾ Figures based on the closing price at the end of the year.

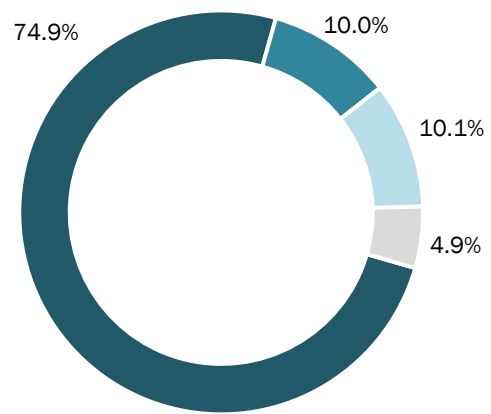
⁽²⁾ Calculated on the basis of the number of shares at the end of the year, after deducting treasury shares.

Financial profile and credit ratings

STRUCTURE OF ATLANTIA'S DEBT (€m as at 31 December 2017)



■ Short-term debt
■ Medium/Long-term debt



■ Bonds ■ Bank borrowings
■ European Investment Bank ■ Cassa Depositi e Prestiti

CREDIT RATINGS

	Atlantia	Autostrade per l'Italia	Aeroporti di Roma
	EMTN Programme (€10bn)	EMTN Programme (€7.0bn) ⁽¹⁾	EMTN Programme (€1.5bn)
Fitch Ratings	BBB+/Negative Rating Watch	A-/Negative Rating Watch	BBB+/ Stable
Moody's	Baa2/Negative	Baa1/ Negative	Baa1/ Negative
Standard & Poor's	BBB ⁽²⁾	BBB+	BBB+

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

(2) The Atlantia Group's rating assigned by Standard & Poor's is 'BBB+/Negative'.

Corporate bodies

Board of Directors in office for the period 2016-2018	Chairman	Fabio Cerchiai
	Chief Executive Officer	Giovanni Castellucci
	Directors	Carla Angela (<i>independent</i>) Gilberto Benetton Carlo Bertazzo Bernardo Bertoldi (<i>independent</i>) Gianni Coda (<i>independent</i>) Elisabetta De Bernardi di Valserra Massimo Lapucci (<i>independent</i>) Giuliano Mari (<i>independent</i>) Valentina Martinelli Marco Patuano ⁽¹⁾ Lucy P. Marcus (<i>independent</i>) Monica Mondardini (<i>independent</i>) Lynda Tyler-Cagni (<i>independent</i>)
	Secretary	Stefano Cusmai
Internal Control, Risk and Corporate Governance Committee	Chairman	Giuliano Mari (<i>independent</i>)
	Members	Carla Angela (<i>independent</i>) Bernardo Bertoldi (<i>independent</i>)
	Chairman	Giuliano Mari (<i>independent</i>)
Committee of Independent Directors with responsibility for Related Party Transactions	Members	Bernardo Bertoldi (<i>independent</i>) Lynda Tyler-Cagni (<i>independent</i>)

⁽¹⁾ Marco Patuano was co-opted on to the Board of Directors at its meeting of 20 January 2017, to replace Gianni Mion who resigned with effect from 31 December 2016.

Human Resources and Remuneration Committee Chairwoman
Members

Lynda Tyler-Cagni (*independent*)
Carlo Bertazzo
Gianni Coda (*independent*)
Massimo Lapucci (*independent*)
Monica Mondardini (*independent*)

Board of Statutory Auditors
in office for the period 2015-2017

Chairman
Auditors

Corrado Gatti
Alberto De Nigro
Lelio Fornabaio
Silvia Olivotto
Livia Salvini

Alternate Auditors

Laura Castaldi
Giuseppe Cerati

Independent Auditors
for the period 2012-2020

Deloitte & Touche SpA



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REPORT ON OPERATIONS

Alternative performance indicators

In application of the CONSOB Ruling of 3 December 2015, governing implementation in Italy of the guidelines for alternative performance indicators (“APIs”) issued by the European Securities and Markets Authority (ESMA), the basis used in preparing the APIs published by the Atlantia Group is described below.

The APIs shown in this release are deemed relevant to an assessment of the operating performance based on the overall results of the Group as a whole and the results of its operating segments 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 in accordance with international financial reporting standards (IFRS) described in section 3, “Consolidated financial statements as at 31 December 2017” (also “reported amounts”).

With regard to the APIs, Atlantia presents reclassified financial statements, for both the Group and the Parent Company, in the “Group financial review” and the “Financial review for Atlantia SpA”. These statements are different from those required under IFRS, included in the consolidated financial statements and the separate financial statements as at 31 December 2017 (the statutory financial statements). In addition to amounts from the income statement and statement of financial position prepared under IFRS, these reclassified financial statements present a number of indicators and items derived from them, even when they are not required by the above standards and are, therefore, identifiable as APIs. In this regard, the “Reconciliation of the reclassified and statutory financial statements”, included in the “Group financial review” and the “Financial review for Atlantia SpA”, presents the reconciliation of the reclassified financial statements with the corresponding statutory financial statements, 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 gross profit 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 operating 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;
- c) “Net invested capital”, showing the total value of non-financial assets, after deducting non-financial liabilities;
- d) “Net debt”, being the indicator of 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”;
- e) “Capital expenditure”, being the indicator of 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 investments in investees;

- f) “Operating cash flow”, being the indicator of 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 financial statement presentation deemed to be more effective in describing the financial performance of specific activities of the Group. These adjustments to the AIPs fall within the following three 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 amounts in the reclassified financial statements and the corresponding like-for-like indicators is provided in the section, “Like-for-like financial indicators”, in the “Group financial review”, in addition to 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 certain of the Group’s operators. 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”;
- c) “**Simulation of amortisation of goodwill recognised in assets**”, for the purpose of showing the theoretical impact on the consolidated result for the year, and on consolidated equity as at 31 December 2017, of the amortisation of goodwill recognised following the acquisition, in 2003, of the majority shareholding in the former Autostrade – Concessioni e Costruzioni Autostrade SpA, from 1 January 2016 until the end of the concession term. Details are provided in the section, “Simulation of the accounting effects of amortisation of goodwill recognised in consolidated assets”.

Group financial review

Introduction

The financial review contained in this section includes and analyses the Atlantia Group's reclassified consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the statement of changes in net debt for the year ended 31 December 2017, 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 2017, compared with comparative amounts as at 31 December 2016, and the reconciliation of Atlantia's equity and profit for 2017 with the Atlantia Group's corresponding consolidated amounts.

The accounting standards applied during preparation of the consolidated accounts for 2017 are consistent with those adopted for the consolidated financial statements for the year ended 31 December 2016, in that the amendments to existing standards that came into effect in 2017 have not had any impact on the accounts.

The Group's scope of consolidation as at 31 December 2017 is unchanged with respect to 31 December 2016. However, amounts for 2017 include the contribution of Aéroports de la Côte d'Azur ("ACA") and its subsidiaries following completion of the French company's acquisition at the end of 2016 through the acquisition vehicle, Azzurra Aeroporti. In this regard, during 2017, the process of identifying the fair values of the ACA group's assets and liabilities was completed. As a result, certain amounts in the statement of financial position for 2016 have been restated and therefore differ from the information published in the Atlantia Group's Annual Report for the year ended 31 December 2016.

Furthermore, whilst not modifying the scope of consolidation, the following should be noted:

- a) the Group's restructuring, begun in 2016, was completed in the first half of 2017. This involved Autostrade per l'Italia's distribution of a special dividend in kind to its parent, Atlantia, via the transfer of its entire interests in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development;
- b) in accordance with the agreements signed in April 2017, on 26 July 2017, Atlantia's sale of an 11.94% interest in Autostrade per l'Italia to a number of institutional investors was completed on 26 July 2017;
- c) on 31 July 2017, Atlantia completed the sale of a 12.5% stake in Azzurra Aeroporti, ACA's majority shareholder, to Société Monegasque d'Investissement Aeroportuaire (SMIA), a Monaco-registered company wholly owned by the Principality of Monaco;
- d) on 15 May 2017, following the resolution passed by the Board of Directors, Atlantia announced its decision to launch a voluntary public tender offer, in cash and/or shares (hereinafter also the "Offer"), for the entire issued capital of Abertis Infraestructuras, a company listed in Spain, and in

relation to which Atlantia incurred expenses in 2017, as noted in the section, “Like-for-like financial indicators”. Further information on the transaction is provided in the section, “Other Information” in the Report on Operations.

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

Finally, the reconciliation of the reclassified financial statements included and analysed in this section with the corresponding consolidated financial statements on a reported basis is provided in the section “Reconciliation of the reclassified and statutory financial statements”.

Like-for-like financial indicators

The following table shows the reconciliation 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	Note	Amounts for 2017				Amounts for 2016			
		GROSS OPERATING PROFIT (EBITDA)	PROFIT FOR THE PERIOD	PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	OPERATING CASH FLOW	GROSS OPERATING PROFIT (EBITDA)	PROFIT FOR THE PERIOD	PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	OPERATING CASH FLOW
Reported amounts (A)		3,664	1,432	1,172	2,540	3,378	1,238	1,122	2,400
Adjustment for non like-for-like items									
Change in scope of consolidation	(1)	95	61	22	62	-10	-6	-5	-6
Exchange rate movements	(2)	20	7	4	13	-	-	-	-
Charges pertaining to corporate transactions	(3)	-45	-73	-73	-59	-	-	-	-
Reversal of impairment losses on intangible assets	(4)	-	57	12	-	-	-	-	-
Change in discount rate applied to provisions	(5)	-	24	20	-2	-	-62	-59	-
Partial buybacks and issuer substitution of bonds	(6)	-	-16	-14	-16	-	-7	-7	71
Change in unconsolidated investments	(7)	-	44	44	-1	-	15	15	-
Tax on transactions involved in Group restructuring	(8)	-	-46	-46	-46	-	-16	-16	-16
Change in tax rates (Italy, Chile)	(9)	-	-	-	-	-	5	11	-37
Change in non-controlling interests	(10)	-	-	-	-	-	-	43	-
Sub-total (B)		70	58	-31	-49	-10	-71	-18	12
Like-for-like amounts (C) = (A)-(B)		3,594	1,374	1,203	2,589	3,388	1,309	1,140	2,388

Notes:

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

- (1) from consolidated amounts for 2017 and 2016, the contribution of ACA and its subsidiaries, consolidated from December 2016, and the cost of the relevant acquisition by Azzurra Aeroporti, after the related taxation;
- (2) for 2017 alone, the difference between foreign currency amounts for 2017 for companies with functional currencies other than the euro, converted at average exchange rates for the year, and the matching amounts converted using average exchange rates for 2016;
- (3) for 2017 alone, the charges incurred in relation to the voluntary public tender offer, in cash and shares, for the entire issued capital of Abertis Infraestructuras, announced by Atlantia on 15 May 2017, and the unlocking of value from the Italian motorway assets through the sale of an 11.94% stake in Autostrade per l'Italia, after the related taxation;
- (4) from consolidated amounts for 2017, the partial reversal of impairment losses on intangible assets deriving from concession rights, recognised in the past by Raccordo Autostradale Valle d'Aosta (RAV), after the related taxation;
- (5) from consolidated amounts for 2017 and 2016, the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities;
- (6) from consolidated amounts for 2017, the after-tax impact of the financial income and expenses resulting from the issue and accompanying partial repurchase of certain bonds by Autostrade per l'Italia; from consolidated amounts for 2016, the financial expenses, after the related taxation, linked to the partial buyback of certain bonds issued by Atlantia and the taxation resulting from the issuer substitution involving the transfer of bonds from Atlantia to Autostrade per l'Italia;
- (7) for 2017, the gain resulting from the sale of the investment in SAVE; for 2016, the reversal of the impairment loss on the investment in Lusoporte and the impairment loss on the carrying amount of the investment in Compagnia Aerea Italiana;
- (8) from consolidated amounts for 2017, the current tax expense connected with Autostrade per l'Italia's distribution, to its parent, Atlantia, of available equity reserves and of a special dividend in kind via the transfer of its entire interests in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development; from consolidated amounts for 2016, current taxation linked to the intragroup transfer of a number of consolidated investments (Telepass and Stalexport Autostrady);
- (9) for 2016 alone, the increase in the Italian companies' tax expense following the reduction in the IRES tax rate from 27.5% to 24% with effect from 1 January 2017 (the 2016 Stability Law) and the net change in deferred taxation linked to certain Chilean companies, following the merger, in 2016, of two Chilean companies already included in the scope of consolidation, in addition to the impact of full implementation of the Chilean tax reforms that came into effect in 2016;
- (10) for 2016 alone, the estimated impact on profit for the year attributable to owners of the parent had the changes in the interests in consolidated companies, concluded in 2017, occurred in 2016, relating to:
 - a) the sale of a 11.94% interest in Autostrade per l'Italia;
 - b) the sale of 12.50% of Azzurra Aeroporti;
 - c) the acquisition of further 2.65% interest in Aeroporti di Roma.

Results of operations

“Operating revenue” for 2017 amounts to €5,973 million, an increase of €489 million (9%) on 2016 (€5,484 million).

“Toll revenue” of €4,195 million is up €186 million (5%) compared with 2016 (€4,009 million). After adjusting for the impact of exchange rate movements, which in 2017 had a positive impact of €26 million, toll revenue is up €160 million, primarily as a result of the following:

- 1) traffic growth on the Italian network (up 2.2%, boosting revenue by an estimated €82 million, after taking into account the positive impact of the different traffic mix) and the application of annual toll increases on the Italian network (up €19 million, above all reflecting a 0.64% increase in tolls at Autostrade per l'Italia from 1 January 2017);
- 2) an improved contribution from overseas operators (up €53 million), linked both to the application of toll increases on the overseas network and to traffic growth registered by operators in Chile (up 4.8%), Brazil (up 2.3%) and Poland (up 5.6%).

“Aviation revenue” of €799 million is up €163 million (26%) compared with 2016 (€636 million), primarily reflecting the contribution of the Aéroports de la Côte d’Azur group (€159 million). The improvement also reflects the annual increases in airport fees applied with effect from 1 March by Aeroporti di Roma.

“Contract revenue” and “Other operating income”, totalling €979 million, is up €140 million compared with 2016 (€839 million). This primarily reflects the contribution of the Aéroports de la Côte d’Azur group (€122 million), increased non-aviation revenue at Aeroporti di Roma, linked to the opening of the new retail plaza in Terminal 3 at Fiumicino at the end of 2016 and increased revenue at Telepass, partially offset by a reduction in insurance proceeds which, in 2016, were linked to the fire in Terminal 3 at Fiumicino.

Reclassified consolidated income statement

€M	2017	2016	INCREASE/ (DECREASE)	
			ABSOLUTE	%
Toll revenue	4,195	4,009	186	5
Aviation revenue	799	636	163	26
Contract revenue	32	54	-22	-41
Other operating income	947	785	162	21
Total operating revenue	5,973	5,484	489	9
Cost of materials and external services ⁽¹⁾	-905	-799	-106	13
Concession fees	-513	-495	-18	4
Net staff costs	-891	-812	-79	10
Total net operating costs	-2,309	-2,106	-203	10
Gross operating profit (EBITDA)	3,664	3,378	286	8
Amortisation, depreciation, impairment losses and reversals of impairment losses	-1,012	-956	-56	6
Operating change in provisions and other adjustments	-74	-107	33	-31
Operating profit (EBIT)	2,578	2,315	263	11
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants	73	67	6	9
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-42	-65	23	-35
Other financial income/(expenses)	-538	-539	1	-
Capitalised financial expenses on intangible assets deriving from concession rights	4	5	-1	-20
Share of profit/(loss) of investees accounted for using the equity method	-10	-7	-3	43
Profit/(Loss) before tax from continuing operations	2,065	1,776	289	16
Income tax expense	-632	-533	-99	19
Profit/(Loss) from continuing operations	1,433	1,243	190	15
Profit/(Loss) from discontinued operations	-1	-5	4	-80
Profit for the year	1,432	1,238	194	16
(Profit)/Loss attributable to non-controlling interests	260	116	144	n.s.
(Profit)/Loss attributable to owners of the parent	1,172	1,122	50	4

	2017	2016	INCREASE/ (DECREASE)
Basic earnings per share attributable to the owners of the parent (€)	1.43	1.36	0.07
of which:			
- from continuing operations	1.43	1.37	0.06
- from discontinued operations	-	-0.01	0.01
Diluted earnings per share attributable to the owners of the parent (€)	1.43	1.36	0.07
of which:			
- from continuing operations	1.43	1.37	0.06
- from discontinued operations	-	-0.01	0.01

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

(1) Net of the margin recognised on construction services performed by the Group's in-house construction companies.

“Net operating costs” of €2,309 million are up €203 million (10%) on 2016 (€2,106 million).

The “Cost of materials and external services” amounts to €905 million, up €106 million compared with 2016 (€799 million). After adjusting for the impact of exchange rate movements, the increase is €102 million, primarily due to a combination of the following:

- a) the contribution of the ACA group, totalling €120 million, after the acquisition costs incurred in 2016;
- b) recognition of the costs incurred for the external consultants engaged in relation to the Offer and to the sale of non-controlling interests in Autostrade per l'Italia;
- c) an increase in maintenance costs at Autostrade per l'Italia, reflecting an increase in work on the network and increased snowfall in 2017;
- d) higher margins on construction services provided by the Group's in-house construction companies, above all Pavimental, primarily due to the greater volume of infrastructure works carried out in the Barberino area;
- e) the combined effect, on Pavimental's intragroup contracts, of the application in 2016 of deeper discounts on infrastructure contracts for Autostrade per l'Italia's Barberino-Florence North section of motorway, on the instructions of the Ministry of Infrastructure and Transport, and the impact of a settlement agreed with Autostrade per l'Italia in 2017 in relation to these contracts.

“Concession fees”, totalling €513 million are up €18 million (4%) compared with 2016 (€495 million), primarily in relation to the increase in toll revenue at the Italian operators and the contribution from the ACA group.

“Net staff costs” amount to €891 million (€812 million in 2016), an increase of €79 million (10%). After adjusting for the impact of exchange rate movements, staff costs are up €77 million (9%) due to:

- a) an increase of 932 in the average workforce (excluding agency staff), primarily reflecting the contribution from the ACA group, the recruitment of staff engaged in the implementation of investments provided for in the *Santiago Centro Oriente* expansion programme in Chile, an increase in motorway and airport construction work carried out by Pavimental in Italy, the increased volume of infrastructure operated and the Aeroporti di Roma group's continued implementation of insourcing programmes;
- b) an increase in the average unit cost, primarily due to the cost of contract renewals at the Group's Italian companies;
- c) an increase in the capitalised portion of costs due to construction services.

“Gross operating profit” (EBITDA) of €3,664 million is up €286 million (8%) compared with 2016 (€3,378 million). On a like-for-like basis, gross operating profit is up €206 million (6%).

“Amortisation and depreciation, impairment losses and reversals of impairment losses”, totalling €1,012 million, is up €56 million compared with 2016 (€956 million), primarily reflecting the contribution of the ACA group and increased charges for amortisation and depreciation recognised by the Group's Italian and overseas motorway operators. These increases were partly offset by the partial reversal of impairment losses on intangible assets deriving from concession rights previously recognised by RAV (€79 million).

The “Operating change in provisions and other adjustments” shows an expense of €74 million, down €33 million on the figure for 2016 (an expense of €107 million). In particular, the greater amount of net provisions recognised for 2016 reflected a reduction in the interest rates used to discount the provisions to present value, at that time only partly offset by reversals of impairment losses on current assets.

“Operating profit” (EBIT) of €2,578 million is up €263 million (11%) compared with 2016 (€2,315 million).

“Financial income accounted for as an increase in financial assets deriving from concession rights and government grants”, totalling €73 million, is up €6 million on the figure for 2016 (€67 million).

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €42 million and are down €23 million compared with 2016 (€65 million), essentially reflecting a decline in the discount rates used in 2017 with respect to those used in 2016.

“Net other financial expenses” of €538 million are broadly in line with 2016 (€539 million). This reflects that fact that the following changes offset each other:

- a) a reduction in the cost of debt in 2017;
- b) the gain of €45 million on the sale of the interest in SAVE;
- c) financial expenses on the financing obtained in relation to the Offer for Abertis, totalling €38 million;
- d) the unwinding of a number of Forward-Starting Interest Rate Swaps on which fair value losses of €21 million were incurred, following the issue and partial repurchase of certain bonds by Autostrade per l’Italia, completed in September 2017, and an increase of €12 million financial expenses resulting from the contribution of the ACA group. In addition, the figure for 2016 benefitted from a reversal of a previous impairment loss on the investment in Lusoponte (€25 million), partially offset by financial expenses incurred on the partial buyback of certain bonds (€19 million).

“Capitalised financial expenses” of €4 million are down €1 million compared with 2016 (€5 million).

The “Share of (profit)/loss of investees accounted for using the equity method” amounts to a loss of €10 million (€7 million in 2016). This reflects the Group’s share of the profit or loss of its associates and joint ventures and any dividends paid by the same during the period.

“Income tax expense” totals €632 million, up €99 million compared with 2016 (€533 million). The increase is proportionately higher than the increase in profit before tax, primarily due to the increased tax expense (amounting to €46 million, compared with €16 million in 2016) resulting from the Group’s restructuring.

“Profit from continuing operations” amounts to €1,433 million, marking an increase of €190 million compared with 2016 (€1,243 million).

“Profit for the year”, amounting to €1,432 million, is up €194 million on 2016 (€1,238 million). On a like-for-like basis, profit for the year is up €65 million (5%).

“Profit for the period attributable to owners of the parent”, amounting to €1,172 million, is up €50 million compared with 2016 (€1,122 million). On a like-for-like basis, profit for the period attributable to owners of the parent is up €63 million (6%).

“Profit attributable to non-controlling interests” amounts to €260 million, up €144 million on 2016 (€116 million), partly reflecting the acquisition of interests in Autostrade per l’Italia by non-controlling shareholders.

Consolidated statement of comprehensive income

€M		2017	2016
Profit for the year	(A)	1,432	1,238
Fair value gains/(losses) on cash flow hedges		80	-46
Tax effect of fair value gains/(losses) on cash flow hedges		-19	17
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-207	347
Gains/(Losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-2	4
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	(B)	-148	322
Gains/(losses) from actuarial valuations of provisions for employee benefits		-2	-3
Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits		-	1
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	(C)	-2	-2
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	21	-3
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the year	(E)	-5	-
Total other comprehensive income/(loss) for the year	(F=B+C+D+E)	-134	317
Comprehensive income for the year	(A+F)	1,298	1,555
<i>Of which attributable to owners of the parent</i>		1,130	1,260
<i>Of which attributable to non-controlling interests</i>		168	295

The “Other comprehensive loss for the year”, after the related taxation, amounts to €134 million for 2017 (income of €317 million in 2016), primarily reflecting a combination of the following:

- losses on the translation of the assets and liabilities of consolidated companies denominated in functional currencies other than the euro, totalling €207 million, reflecting reductions, as at 31 December 2017, in the value of the Brazilian real and Chilean peso against the euro compared with 31 December 2016. In contrast, the comparative period recorded opposite movements in the exchange rates for the above currencies against the euro;
- a reduction in fair value losses on cash flow hedges, after the related taxation, totalling €61 million, primarily due to an increase in the interest rates applied to hedging instruments as at 31 December 2017, compared with those used as at 31 December 2016. In 2016, there was an increase of €29 million in fair value losses, reflecting an opposite movement in interest rates.

Consolidated financial position

As at 31 December 2017, “Non-current non-financial assets” of €29,260 million are down €958 million on the figure for 31 December 2016 (€30,218 million).

“Property, plant and equipment” of €303 million is up €12 million compared with 31 December 2016 (€291 million), reflecting investment during the year, less depreciation.

“Intangible assets” total €27,424 million (€28,203 million as at 31 December 2016). These assets essentially relate to the Group’s concession rights, amounting to €22,465 million (€23,245 million as at 31 December 2016), and goodwill (€4,383 million) recognised as at 31 December 2003, following acquisition of the majority shareholding in the former Autostrade – Concessioni e Costruzioni Autostrade SpA.

The reduction of €779 million in intangible assets is primarily due to the following:

- a) amortisation for the period (€1,020 million);
- b) a reduction due to the effect of currency translation differences recognised as at 31 December 2017 on the concession rights of overseas operators (a decrease of €240 million), essentially due to a weakening of the Brazilian real and the Chilean peso against the euro;
- c) investment in construction services for which additional economic benefits are received, totalling €337 million;
- d) investment in other intangible assets (€66 million);
- e) partial reversal of impairment losses on intangible assets deriving from concession rights previously recognised by RAV (€79 million).

“Investments”, totalling €267 million, are down €24 million compared with 31 December 2016 (€291 million). The reduction essentially reflects the sale of the investment in SAVE (a carrying amount of €176 million), completed in October 2017, and the share of the results (a loss of €10 million) of investees accounted for using the equity method, taking into account dividends paid by these companies during the period. These changes were partially offset by the acquisition, in September 2017, of a 29.38% interest in Aeroporto Guglielmo Marconi di Bologna, the company that holds the concession to operate Bologna airport, accounting for at a carrying amount of €165 million.

“Deferred tax assets” of €1,258 million are down €145 million on the figure as at 31 December 2016. This primarily reflects the release of deferred tax assets on the deductible portion of the goodwill recognised solely for tax purposes by Autostrade per l’Italia as a result of the contribution in 2003 (€99 million).

Reclassified consolidated statement of financial position

€M	31 December 2017	31 December 2016	INCREASE/ (DECREASE)
Non-current non-financial assets			
Property, plant and equipment	303	291	12
Intangible assets	27,424	28,203	-779
Investments	267	291	-24
Deferred tax assets	1,258	1,403	-145
Other non-current assets	8	30	-22
Total non-current non-financial assets (A)	29,260	30,218	-958
Working capital			
Trading assets	1,798	1,672	126
Current tax assets	79	106	-27
Other current assets	187	197	-10
Non-financial assets held for sale or related to discontinued operations	5	4	1
Current portion of provisions for construction services required by contract	-427	-531	104
Current provisions	-380	-446	66
Trading liabilities	-1,583	-1,651	68
Current tax liabilities	-151	-63	-88
Other current liabilities	-634	-611	-23
Non-financial liabilities related to discontinued operations	-6	-6	-
Total working capital (B)	-1,112	-1,329	217
Gross invested capital (C=A+B)	28,148	28,889	-741
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2,961	-3,270	309
Non-current provisions	-1,566	-1,576	10
Deferred tax liabilities	-2,254	-2,345	91
Other non-current liabilities	-108	-98	-10
Total non-current non-financial liabilities (D)	-6,889	-7,289	400
NET INVESTED CAPITAL (E=C+D)	21,259	21,600	-341

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

€M	31 December 2017	31 December 2016	INCREASE/ (DECREASE)
Equity attributable to owners of the parent	8,772	7,224	1,548
Equity attributable to non-controlling interests	2,991	2,699	292
Total equity (F)	11,763	9,923	1,840
Net debt			
Non-current net debt			
Non-current financial liabilities	15,970	14,832	1,138
Bond issues	11,362	10,176	1,186
Medium/long-term borrowings	4,012	4,002	10
Non-current derivative liabilities	566	631	-65
Other non-current financial liabilities	30	23	7
Non-current financial assets	-2,316	-2,237	-79
Non-current financial assets deriving from concession rights	-964	-931	-33
Non-current financial assets deriving from government grants	-250	-265	15
Non-current term deposits	-315	-322	7
Non-current derivative assets	-107	-83	-24
Other non-current financial assets	-680	-636	-44
Total non-current net debt (G)	13,654	12,595	1,059
Current net debt			
Current financial liabilities	2,254	3,249	-995
Bank overdrafts repayable on demand	18	5	13
Short-term borrowings	430	1,859	-1,429
Current derivative liabilities	14	26	-12
Current portion of medium/long-term borrowings	1,718	1,346	372
Other current financial liabilities	74	13	61
Cash and cash equivalents	-5,631	-3,391	-2,240
Cash in hand	-4,840	-2,788	-2,052
Cash equivalents	-784	-595	-189
Cash and cash equivalents related to discontinued operations	-7	-8	1
Current financial assets	-781	-776	-5
Current financial assets deriving from concession rights	-447	-441	-6
Current financial assets deriving from government grants	-70	-68	-2
Current term deposits	-179	-194	15
Current derivative assets	-1	-	-1
Current portion of other medium/long-term financial assets	-71	-66	-5
Other current financial assets	-13	-7	-6
Total current net debt (H)	-4,158	-918	-3,240
Total net debt (I=G+H) ⁽¹⁾	9,496	11,677	-2,181
NET DEBT AND EQUITY (L=F+I)	21,259	21,600	-341

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

“Working capital” reports a negative balance of €1,112 million, compared with a negative balance of €1,329 million as at 31 December 2016, marking an increase of €217 million.

This primarily reflects a combination of the following:

- a) an increase in trade receivables at Telepass, totalling €130 million, primarily due to a delay, until early January 2018, in the collection of payments for tolls, generally scheduled for 30 and 31 December, dates that in 2017 coincided with two days of holiday, unlike in the previous year;
- b) a reduction of €170 million in the current portion of provisions for construction services required by contract and other provisions, primarily attributable to Autostrade per l’Italia, and linked to expected investment in construction services for which no additional benefits are received in 2018, and to uses by Aeroporti di Roma in 2017, following the signature of a conciliation agreement with the Municipality of Fiumicino relating to certain local taxes and the settlement of disputes resulting from the fire at Fiumicino airport’s Terminal 3;
- c) a reduction in trading liabilities of €68 million, reflecting a decrease in amounts payable to suppliers, following a decline in capital expenditure between the two comparative periods at Aeroporti di Roma and Autostrade per l’Italia and, in the latter case, linked to normal seasonal traffic trends on the Italian motorway network;
- d) an increase of €115 million in net current tax liabilities, essentially linked to provisions for tax expense for the year, partially offset by payment of the balance due for 2016 and of payments on account for 2017.

“Non-current non-financial liabilities”, totalling €6,889 million, are down €400 million on the figure for 31 December 2016 (€7,289 million). This is primarily due to the following:

- a) a reduction of €309 million in the non-current portion of provisions for construction services required by contract, essentially reflecting an updated estimate of the current portion based on the estimated services to be carried out in 2018;
- b) a reduction of €91 million in “Deferred tax liabilities”, primarily linked to currency translation differences recognised as at 31 December 2017, amounting to €79 million, essentially due to falls in the value of the Brazilian real and Chilean peso against the euro as at 31 December 2017, compared with 31 December 2016.

As a result, “Net invested capital” totals €21,259 million (€21,600 million as at 31 December 2016).

“Equity attributable to owners of the parent and non-controlling interests” totals €11,763 million (€9,923 million as at 31 December 2016).

“Equity attributable to owners of the parent”, totalling €8,772 million, is up €1,548 million overall compared with 31 December 2016 (€7,224 million). This essentially reflects:

- a) comprehensive income for the year (€1,130 million);
- b) the net increase (totalling €1,407 million) resulting from the sales of 11.94% of Autostrade per l’Italia and 12.50% of Azzurra Aeroporti and the acquisition of an additional 2.65% of Aeroporti di Roma;
- c) dividends declared by Atlantia SpA, consisting of the final dividend for 2016 (€433 million) and the interim dividend for 2017 (€466 million);
- d) the purchase of treasury shares (€84 million).

“Equity attributable to non-controlling interests” of €2.991 million is up €292 million compared with 31 December 2016 (€2,699 million). This primarily reflects movements in non-controlling interests in

consolidated companies (€347 million), as indicated in point b) above, comprehensive income for the year attributable to non-controlling interests (€168 million), partially offset by dividends declared by a number of Group companies that are not wholly owned subsidiaries (€153 million) and by the return of capital to non-controlling shareholders by the Chilean holding, Grupo Costanera (€93 million).

Statement of changes in consolidated equity

CM	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT										EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND TO NON-CONTROLLING INTERESTS
	ISSUED CAPITAL	CASH FLOW HEDGE RESERVE	NET INVESTMENT HEDGE RESERVE	RESERVE FOR TRANSLATION OF ASSETS AND LIABILITIES OF CONSOLIDATED COMPANIES DENOMINATED IN FUNCTIONAL CURRENCIES OTHER THAN THE EURO	RESERVE FOR TRANSLATION OF ASSETS AND LIABILITIES OF CONSOLIDATED COMPANIES DENOMINATED IN FUNCTIONAL CURRENCIES OTHER THAN THE EURO	RESERVE FOR INVESTMENT ACCOUNTED FOR USING THE COST METHOD	OTHER RESERVES AND RETAINED EARNINGS	TREASURY SHARES	PROFIT/(LOSS) FOR PERIOD AFTER INTERIM DIVIDEND	TOTAL		
Balance as at 31 December 2015	826	-182	-36	-374	-7	6,068	-39	524	6,800	1,683	8,483	
Comprehensive income for the period	-	-37	-	176	2	-3	-	1,122	1,260	295	1,555	
Owner transactions and other changes												
Atlantia SpA's final dividend (€0.480 per share)	-	-	-	-	-	-	-	-395	-395	-	-395	
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	129	-	-129	-	-	-	
Atlantia SpA's interim dividend (€0.440 per share)	-	-	-	-	-	-	-	-362	-362	-	-362	
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-27	-27	
Purchase of treasury shares	-	-	-	-	-	-	-	-77	-77	-	-77	
Share-based incentive plans	-	-	-	-	-	-5	9	4	4	-	4	
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	754	754	
Returns of capital to non-controlling shareholders and other minor changes	-	-	-	-	-	-6	-	-	-6	-	-12	
Balance as at 31 December 2016	826	-199	-36	-198	-5	6,183	-107	760	7,224	2,699	9,923	
Comprehensive income for the period	-	65	-	-105	-1	-1	-	1,172	1,430	168	1,298	
Owner transactions and other changes												
Atlantia SpA's final dividend (€0.530 per share)	-	-	-	-	-	-	-	-433	-433	-	-433	
Transfer of profit/(loss) for previous period to retained earnings	-	-	-	-	-	327	-	-327	-	-	-	
Atlantia SpA's interim dividend (€0.570 per share)	-	-	-	-	-	-	-	-466	-466	-	-466	
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-153	-153	
Purchase of treasury shares	-	-	-	-	-	-	-84	-	-84	-	-84	
Share-based incentive plans	-	-	-	-	-	-6	22	16	16	-	16	
Change in interests in consolidated companies	-	25	-	-	-	1,382	-	1,407	1,407	347	1,754	
Returns of capital to non-controlling shareholders, reclassifications and other minor changes	-	-	-	-	-	-22	-	-22	-22	-70	-92	
Balance as at 31 December 2017	826	-109	-36	-303	-6	7,863	-169	706	8,772	2,991	11,763	

Reconciliation of Atlantia's equity and profit with the corresponding consolidated amounts

€M	EQUITY AS AT 31 DECEMBER 2017	PROFIT FOR 2017
Amounts in financial statements of Atlantia SpA	11,503	2,722
Recognition in consolidated financial statements of equity and profit/(loss) for the year of investments less non-controlling interests	9,964	706
Elimination of carrying amount of consolidated investments	-13,103	-
Elimination of impairment losses on consolidated investments less reversals	19	-
Elimination of intercompany dividends	-	-1,252
Elimination of after-tax intercompany profits	-4,299	-
Recognition of goodwill less non-controlling interests	4,535	-
Measurement of investments at fair value and using the equity method less dividends received	-20	-3
Reclassification of the gain on the sale of 11.94% of Autostrade per l'Italia to equity (1)	-	-992
Other consolidation adjustments (2)	173	-9
Consolidated carrying amounts (attributable to owners of the parent)	8,772	1,172
Consolidated carrying amounts (attributable to non-controlling interests)	2,991	260
Carrying amounts in consolidated financial statements	11,763	1,432

(1) This item refers to the reclassification to consolidated equity of the gain recognised in profit or loss by Atlantia SpA following its sale of an 11.94% interest in Autostrade per l'Italia, given that, in the consolidated financial statements, the transaction does not meet the definition for classification as a change of control and is therefore classed as an owner transaction.

(2) 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 2017 amounts to €9,496 million (€11,677 million as at 31 December 2016).

"Non-current net debt", amounting to €13,654 million, is up €1,059 million compared with 31 December 2016 (€12,595 million) and consists of:

- a) "Non-current financial liabilities" of €15,970 million, up €1,138 million essentially due to the following changes:
 - 1) an increase of €1,186 million in bond issues, primarily due to new issues by Atlantia in January and July 2017 (€1,731 million) and by Aeroporti di Roma in June 2017 (€472 million), partially offset by reclassification of the retail bonds issued by Atlantia in 2012 and maturing in November 2018 (€989 million);
 - 2) a reduction of €65 million in "Non-current derivative liabilities", essentially due to an increase in the interest rate used as at 31 December 2017, compared with 31 December 2016 (a positive impact of €109 million). This was partially offset by the impact of movements in the exchange

rates applied to the cross currency swaps (a negative impact of €43 million). The balance includes derivative financial instruments entered into with a number of banks in order to hedge the interest rate risk to which certain medium/long-term financial liabilities are exposed, including highly likely future financial liabilities entered into through to 2019;

- b) “Non-current financial assets” of €2,316 million are up €79 million compared with 31 December 2016 (€2,237 million), essentially reflecting:
- 1) recognition of non-current financial assets of €44 million, representing the upfront fees payable as at 31 December 2017, following the signature, in May 2017, of the facility agreement for lines of credit to finance the above Offer for Abertis and the subsequent provision, in June 2017, of the guarantees required in relation to the Offer under the relevant legislation;
 - 2) an increase in financial assets deriving from concession rights (€33 million), essentially reflecting investment by Costanera Norte (€73 million) as part of the *Santiago Centro Oriente* (“CC7”) investment programme, less the impact of the fall in the value of the Chilean peso against the euro (€26 million).

“Current net funds” of €4,158 million are up €3,240 million compared with 31 December 2016 (€918 million) and consist of:

- a) “Current financial liabilities” of €2,254 million, down €995 million primarily as a result of a reduction in short-term borrowings, amounting to €1,429 million, essentially due Atlantia’s repayment of short-term loans amounting to €1,600 million, offset by an increase in bond issues of €335 million, due primarily to the combined effect of the above reclassification of retail bonds to short-term liabilities and the repayment of bonds in September 2017 (€505 million);
- b) “Cash and cash equivalents” of €5,631 million, up €2,240 million compared with 31 December 2016 (€3,391 million). In addition to operating cash flow for the year, the increase reflects the sale of equity interests, partially offset by investment during the year, and the cash raised with the above issue of bonds, less repayments during the year;
- c) “**Current financial assets**” of €781 million, which are up €5 million and are broadly in line with the figure for 31 December 2016 (€776 million).

The residual weighted average term to maturity of the Group’s interest bearing debt is six years and five months as at 31 December 2017. 89% of the Group’s debt is fixed rate.

The average cost of the Group’s medium/long-term borrowings in 2017 was approximately 3.8% (reflecting the combined effect of 3.1% for the companies operating in Italy, 6.1% for the Chilean companies and 12.1% for the Brazilian companies).

As at 31 December 2017, project debt attributable to specific overseas companies amounts to €1,558 million.

In addition to the financing raised to service the Offer, at the same date, the Group has cash reserves of €7,927 million, consisting of:

- a) €5,428 million in cash and/or investments maturing in the short term;
- b) €494 million in term deposits allocated primarily to part finance the execution of specific construction services and to service the debt of the Chilean companies;
- c) €2,005 million in undrawn committed lines of credit.

With regard to the Offer launched by Atlantia for the entire issued capital of Abertis, the Group has cash reserves of €11,648 million as a result of committed acquisition financing with an average residual term of approximately 3 years and to be used solely within the context of the Offer. The various lines of credit are as follows:

- a) “Bridge Facility B” (“to Bonds”), amounting to €4,940 million and having a duration of 18 months and 15 days from 25 September 2017, with an option to extend the final expiry date by a further 6 months, subject to certain conditions;
- b) “Bridge Facility C” (“to Treasury Shares”), amounting to €1,108 million and having a duration of 18 months and 15 days from the date the facility agreement was signed;
- c) an amortising “Term Loan” of €5,600 million, with a duration of 5 years and 6 months from 25 September 2017, and an average residual term of approximately 4.6 years.

Following collection of the proceeds from a number of financial and corporate transactions completed during the year, above all the issue of bonds with a par value of €1 billion in July 2017 and the sale of interests in Autostrade per l'Italia and Azzurra Aeroporti and of the entire interest in SAVE, €3,052 million of the above committed acquisition financing linked to the Offer, originally amounting to €14,700 million, has been cancelled, in accordance with the obligatory early repayment provision in the facility agreement. As a result, the above financing amounts to €11,648 million as at 31 December 2017. Under the commitments given in relation to the financing, an amount equal to the cancelled portion of the credit facility will be exclusively held as cash and cash equivalents, continuing to be available to Atlantia to meet its payment obligations in relation to the Offer.

Consolidated cash flow

“Net cash from operating activities” amounts to €2,390 million for 2017, marking an increase of €28 million on 2016 (€2,362 million). This reflects a combination of the following:

- a) the increase of €140 million in operating cash flow compared with 2016, which, in 2017, includes the contribution from the ACA group, amounting to €62 million. On a like-for-like basis, operating cash flow amounts to €2,589 million, marking an increase of €201 million (8%) compared with 2016, primarily due to an increase in cash from operating activities (EBITDA);
- b) the differing performance of movements in operating capital and non-financial assets and liabilities, amounting to an outflow of €150 million, in 2017 compared with 2016 (€38 million), primarily linked to the increased use of provisions in 2017.

“Cash from investment in non-financial assets” amounts to €868 million (an outflow of €2,963 million in 2016), primarily due to:

- a) the proceeds from the sale of an 11.94% stake in Autostrade per l'Italia and of a 12.50% interest in Azzurra Aeroporti to non-controlling shareholders, totalling €1,870 million;
- b) the proceeds from the sale of the investment in SAVE, totalling €221 million;
- c) capital expenditure on assets held under concession after the related government grants, totalling €899 million;
- d) further investment in investees in 2017, totalling €169 million, essentially due to the acquisition of 29.38% of Aeroporto Guglielmo Marconi di Bologna, the company that holds the concession to operate Bologna airport.

The outflow in 2016 included the acquisition of ACA, amounting to €1,396 million, including net debt assumed.

“Net equity cash outflows” amount to €1,212 million, reflecting the dividends payable to owners of the parent and non-controlling shareholders, totalling €1,052 million (€784 million in 2016), the return of capital to non-controlling shareholders by the Chilean holding company, Grupo Costanera (€93 million) and the cost of purchasing treasury shares, totalling €84 million (€77 million in 2016). The cash outflow in 2016, totalling €733 million, benefitted from non-controlling shareholder contributions paid into Azzurra Aeroporti, which had acquired control of ACA at the end of 2016 (€130 million).

There was also a reduction of €135 million in net debt in 2017 (€44 million in 2016), linked primarily to the reduction in fair value losses on hedging derivatives, reflecting rising interest rates during 2017, and to non-cash financial income recognised as an increase in non-current financial assets.

The overall impact of the above cash flows has resulted in a decrease in net debt of €2,181 million, compared with an increase of €1,290 million in 2016.

Statement of changes in consolidated net debt ^(*)

€M	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	1,432	1,238
Adjusted by:		
Amortisation and depreciation	1,088	955
Operating change in provisions, after use of provisions for refurbishment of airport infrastructure	70	137
Financial expenses from discounting of provisions for construction services required by contract and other	42	65
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or	4	-11
Share of (profit)/loss of investees accounted for using the equity method	10	7
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	-69	-24
(Gains)/Losses on sale of non-current assets	-47	-1
Net change in deferred tax (assets)/liabilities through profit or loss	79	111
Other non-cash costs (income)	-69	-77
Operating cash flow	2,540	2,400
Change in operating capital	-213	-126
Other changes in non-financial assets and liabilities	63	88
Net cash generated from/(used in) operating activities (A)	2,390	2,362
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-900	-1,263
Purchases of property, plant and equipment	-84	-113
Purchases of other intangible assets	-66	-46
Capital expenditure	-1,050	-1,422
Government grants related to assets held under concession	1	6
Increase in financial assets deriving from concession rights (related to capital expenditure)	75	76
Purchase of investments	-169	-190
Acquisitions of additional interests and/or investments in consolidated companies, net of cash acquired	-104	-1,425
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	224	5
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred	1,870	-
Net change in other non-current assets	21	-13
Net cash from/(used in) investment in non-financial assets (B)	868	-2,963
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Purchase of treasury shares	-84	-77
Dividends declared by Atlantia and Group companies and payable to non-controlling shareholders	-1,052	-784
Contributions from non-controlling shareholders	-	130
Proceeds from exercise of rights under share-based incentive plans	17	4
Return of capital to non-controlling shareholders	-93	-6
Net equity cash inflows/(outflows) (C)	-1,212	-733
Increase/(Decrease) in cash and cash equivalents during year (A+B+C)	2,046	-1,334
Change in fair value of hedging derivatives	80	-46
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	55	58
Effect of foreign exchange rate movements on net debt and other changes	-	32
Other changes in net debt (D)	135	44
Decrease/(Increase) in net debt for year (A+B+C+D)	2,181	-1,290
Net debt at beginning of year	-11,677	-10,387
Net debt at end of year	-9,496	-11,677

(*) The reconciliation with the statutory statement of cash flows is provided in the section, "Explanatory notes".

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Reconciliation of the reclassified and statutory financial statements

The reconciliations of the reclassified financial statements presented above with the matching prospects in the income statement, statement of financial position and statement of cash flows, prepared in accordance with international financial reporting standards (IFRS), are included below.

Reconciliation of the consolidated income statement with the reclassified consolidated income statement

€M	2017						2016					
	Reported basis			Reclassified basis			Reported basis			Reclassified basis		
	Ref.	Sub-Items	Main entries	Ref.	Sub-Items	Main entries	Ref.	Sub-Items	Main entries	Ref.	Sub-Items	Main entries
Reconciliation of Items												
Toll revenue			4,195			4,195			4,009			4,009
Aviation revenue			799			799			636			636
Revenue from construction services			417						707			
Revenue from construction services - government grants and cost of materials and external services	(a)	366					(a)	652				
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	40					(b)	38				
Revenue from construction services: capitalised financial expenses	(c)	4					(c)	5				
Revenue from construction services provided by sub-operators	(d)	7					(d)	12				
Contract revenue			32			32			54			54
Other revenue	(e)		940				(e)		773			
Other operating income				(e+d)		947				(e+d)		785
Total revenue			6,383						6,179			
TOTAL OPERATING REVENUE						5,973						5,484
Raw and consumable materials			-328			-328			-284			-284
Service costs			-1,270			-1,270			-1,570			-1,570
Gain/(Loss) on sale of elements of property, plant and equipment			2			2			1			1
Other operating costs			-621						-606			
Concession fees	(r)		-513				(r)		-495			
Lease expense			-24			-24			-17			-17
Other			-84			-84			-94			-94
Use of provisions for construction services required by contract				(h)		360				(h)		401
Revenue from construction services: government grants and capitalised cost of materials and external services				(a)		366				(a)		652
Use of provisions for refurbishment of airport infrastructure				(g)		71				(g)		112
COST OF MATERIALS AND EXTERNAL SERVICES						-906						-799
CONCESSION FEES				(r)		-513				(r)		-495
Staff costs	(f)		-990				(f)		-904			
NET STAFF COSTS				(f+i+b)		-891				(f+i+b)		-812
TOTAL NET OPERATING COSTS						-2,309						-2,108
GROSS OPERATING PROFIT (EBITDA)						3,664						3,378
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						-74						-107
Operating change in provisions			4						-20			
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			3			3			-67			-67
(Provisions)/ Uses of provisions for refurbishment of airport infrastructure			27						58			
Provisions for refurbishment of airport infrastructure			-44			-44			-54			-54
Use of provisions for refurbishment of airport infrastructure	(g)		71				(g)		112			
Other provisions			-26			-26			-11			-11
(Impairment losses)/Reversals of impairment losses				(l)		-7				(l)		25
Use of provisions for construction services required by contract			419						485			
Use of provisions for construction services required by contract	(h)		360				(h)		401			
Capitalised staff costs - construction services for which no additional economic benefits are received	(i)		59				(i)		54			
Amortisation and depreciation	(j)		-1,088				(j)		-955			
Depreciation of property, plant and equipment			-68			-68			-55			-55
Amortisation of intangible assets deriving from concession rights			-954			-954			-835			-835
Amortisation of other intangible assets			-66			-66			-65			-65
(Impairment losses)/Reversals of impairment losses			69						24			
(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets	(k)		76				(k)		-1			
(Impairment losses)/Reversals of impairment losses	(l)		-7				(l)		25			
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(j+k)		-1,012				(j+k)		-956
TOTAL COSTS			-3,801						-3,859			
OPERATING PROFIT/(LOSS)			2,582						2,320			
OPERATING PROFIT/(LOSS) (EBIT)						2,578						2,315
Financial Income			408						365			
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants			73			73			67			67
Dividends received from investees	(m)		18				(m)		8			
Other financial income	(n)		315				(n)		290			
Financial expenses			-921						-814			
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-42			-42			-65			-65
Other financial expenses	(o)		-879				(o)		-849			
Foreign exchange gains/(losses)	(p)		8				(p)		12			
Other financial expenses, after other financial income				(m+n+o+p)		-538				(m+n+o+p)		-539
Capitalised financial expenses on intangible assets deriving from concession rights				(c)		4				(c)		5
FINANCIAL INCOME/(EXPENSES)			-507						-537			
Share of (profit)/loss of investees accounted for using the equity method			-10			-10			-7			-7
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			2,068			2,068			1,776			1,776
Income tax (expense)/Benefit			-632			-632			-533			-533
Current tax expense			-561			-561			-435			-435
Differences on tax expense for previous years			8			8			33			33
Deferred tax income and expense			-79			-79			-111			-111
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			1,433			1,433			1,243			1,243
Profit/(Loss) from discontinued operations			-1			-1			-5			-5
PROFIT FOR THE YEAR			1,432			1,432			1,238			1,238
<i>of which:</i>												
Profit attributable to owners of the parent			1,172			1,172			1,122			1,122
Profit attributable to non-controlling interests			260			260			116			116

Reconciliation of the consolidated statement of financial position with the reclassified consolidated statement of financial position

€M	31 December 2017				31 December 2016			
	Reported basis		Reclassified basis		Reported basis		Reclassified basis	
	Ref.	Main entries	Ref.	Main entries	Ref.	Main entries	Ref.	Main entries
Reconciliation of items								
Property, plant and equipment	(a)	303		303	(a)	291		291
Intangible assets	(b)	27,424		27,424	(b)	28,203		28,203
Investments	(c)	267		267	(c)	291		291
Deferred tax assets	(d)	1,258		1,258	(d)	1,403		1,403
Other non-current assets	(e)	8		8	(e)	30		30
Total non-current non-financial assets (A)				29,260				30,218
Working capital								
Trading assets	(f)	1,798		1,798	(f)	1,672		1,672
Current tax assets	(g)	79		79	(g)	106		106
Other current assets	(h)	187		187	(h)	197		197
Non-financial assets held for sale or related to discontinued operations			(w)	5			(w)	4
Current portion of provisions for construction services required by contract	(i)	-427		-427	(i)	-531		-531
Current provisions	(j)	-380		-380	(j)	-446		-446
Trading liabilities	(k)	-1,583		-1,583	(k)	-1,651		-1,651
Current tax liabilities	(l)	-151		-151	(l)	-63		-63
Other current liabilities	(m)	-634		-634	(m)	-611		-611
Non-financial liabilities related to discontinued operations			(x)	-6			(x)	-6
Total working capital (B)				-1,112				-1,329
Gross invested capital (C=A+B)				28,148				28,889
Non-current non-financial liabilities								
Non-current portion of provisions for construction services required by contract	(n)	-2,961		-2,961	(n)	-3,270		-3,270
Non-current provisions	(o)	-1,566		-1,566	(o)	-1,576		-1,576
Deferred tax liabilities	(p)	-2,254		-2,254	(p)	-2,345		-2,345
Other non-current liabilities	(q)	-108		-108	(q)	-98		-98
Total non-current non-financial liabilities (D)				-6,889				-7,289
Net invested capital (E=C+D)				21,259				21,600
Total equity (F)		11,763		11,763		9,923		9,923
Net debt								
Non-current net debt								
Non-current financial liabilities	(r)	15,970		15,970	(r)	14,832		14,832
Non-current financial assets	(s)	-2,316		-2,316	(s)	-2,237		-2,237
Total non-current net debt (G)				13,654				12,595
Current net debt								
Current financial liabilities	(t)	2,254		2,254	(t)	3,249		3,249
Bank overdrafts repayable on demand		18		18		5		5
Short-term borrowings		430		430		1,859		1,859
Current derivative liabilities		14		14		26		26
Current portion of medium/long-term borrowings		1,718		1,718		1,346		1,346
Other current financial liabilities		74		74		13		13
Cash and cash equivalents	(u)	-5,624		-5,631	(u)	-3,383		-3,391
Cash in hand		-4,840		-4,840		-2,788		-2,788
Cash equivalents		-784		-784		-595		-595
Cash and cash equivalents related to discontinued operations			(y)	-7			(y)	-8
Current financial assets	(v)	-781		-781	(v)	-776		-776
Current financial assets deriving from concession rights		-447		-447		-441		-441
Current financial assets deriving from government grants		-70		-70		-68		-68
Current term deposits		-179		-179		-194		-194
Current derivative assets		-1		-1		-		-
Current portion of other medium/long-term financial assets		-71		-71		-66		-66
Other current financial assets		-13		-13		-7		-7
Total current net debt (H)				-4,158				-918
Total net debt (I=G+H)				9,496				11,677
Net debt and equity (L=F+I)				21,259				21,600
Assets held for sale or related to discontinued operations	(y+w)	12			(y+w)	12		
Liabilities related to discontinued operations	(x)	6			(x)	6		
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e+s)	31,576			(a+b+c+d+e+s)	32,455		
TOTAL CURRENT ASSETS	(f+g+h+u+v-y+w)	8,481			(f+g+h+u+v-y+w)	6,146		
TOTAL NON-CURRENT LIABILITIES	(n-o-p-q+r)	22,859			(n-o-p-q+r)	22,121		
TOTAL CURRENT LIABILITIES	(i+j+k+l-m+t-x)	5,435			(i+j+k+l-m+t-x)	6,557		

Reconciliation of the statement of changes in consolidated net debt and the consolidated statement of cash flows

€M	2017		2016		
	Note	Consolidated statement of cash flows	Changes in consolidated net debt	Consolidated statement of cash flows	Changes in consolidated net debt
Reconciliation of Items					
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the year		1,432	1,432	1,238	1,238
Adjusted by:					
Amortisation and depreciation		1,088	1,088	955	955
Operating change in provisions, after use of provisions for refurbishment of airport infrastructure		70	70	137	137
Financial expenses from discounting of provisions for construction services required by contract and other provisions		42	42	65	65
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or fair value		4	4	-11	-11
Share of (profit)/loss of investees accounted for using the equity method		10	10	7	7
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		-69	-69	-24	-24
(Gains)/Losses on sale of non-current assets		-47	-47	-1	-1
Net change in deferred tax (assets)/liabilities through profit or loss		79	79	111	111
Other non-cash costs (income)		-69	-69	-77	-77
Operating cash flow			2,540		2,400
Change in operating capital	(a)		-213		-126
Other changes in non-financial assets and liabilities	(b)		63		88
Change in working capital and other changes	(a+b)	-150		-38	
Net cash generated from/(used in) operating activities (A)		2,390	2,390	2,362	2,362
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-900	-900	-1,263	-1,263
Purchases of property, plant and equipment		-84	-84	-113	-113
Purchases of other intangible assets		-66	-66	-46	-46
Capital expenditure			-1,050		-1,422
Government grants related to assets held under concession		1	1	6	6
Increase in financial assets deriving from concession rights (related to capital expenditure)		75	75	76	76
Purchase of investments		-169	-169	-190	-190
Cost of acquisition	(c)	-104	-104	-1,332	-1,332
Cash and cash equivalents acquired	(d)	-	-	38	38
Net financial liabilities assumed, excluding cash and cash equivalents acquired	(e)	-	-	-	-131
Acquisitions of additional interests and/or investments in consolidated companies, net of cash acquired	(c+d)	-104	-	-1,294	-
Acquisitions of additional interests and/or investments in consolidated companies, including net debt assumed	(c+d+e)	-	-104	-	-1,425
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		224	224	5	5
Proceeds from sale of non-controlling interests in consolidated companies		1,870	1,870	-	-
Net change in other non-current assets		21	21	-13	-13
Net change in current and non-current financial assets	(f)	-148	-	-66	-
Net cash from/(used in) investment in non-financial assets (B)	(g)		868		-2,963
Net cash generated from/(used in) investing activities (C)	(g+e+f)	720		-2,898	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Purchase of treasury shares		-84	-84	-77	-77
Dividends declared by Atlantia and Group companies and payable to non-controlling shareholders	(h)	-	-1,052	-	-784
Contributions from non-controlling shareholders		-	-	130	130
Dividends paid	(i)	-994	-	-775	-
Proceeds from exercise of rights under share-based incentive plans		17	17	4	4
Return of capital to non-controlling shareholders		-93	-93	-6	-6
Net equity cash inflows/(outflows) (D)			-1,212		-733
Net cash generated during the year (A+B+D)			2,046		-1,334
Issuance of bonds		2,352	-	654	-
Short-term borrowings		-	-	1,600	-
Increase in medium/long term borrowings (excluding finance lease liabilities)		271	-	739	-
Bond redemptions		-775	-	-971	-
Bond buybacks		-	-	-220	-
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-297	-	-253	-
Payment of finance lease liabilities		-3	-	-3	-
Net change in other current and non-current financial liabilities		-1,259	-	107	-
Net cash generated from/(used in) financing activities (E)		-865		929	
Change in fair value of hedging derivatives	(j)	-	80	-	-46
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	(k)	-	55	-	58
Effect of foreign exchange rate movements on net debt and other changes	(l)	-	-	-	32
Other changes in net debt (F)			135		44
Net effect of foreign exchange rate movements on net cash and cash equivalents (G)		-18		33	
Increase/(decrease) in net debt for year (A+B+D+F)			2,181		-1,290
Net debt at beginning of year			-11,677		-10,387
Net debt at end of year			-9,496		-11,677
Increase/(Decrease) in cash and cash equivalents during year (A+C+E+G)		2,227		426	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,386		2,960	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		5,613		3,386	

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 “Other changes in non-financial assets and liabilities” shows changes 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) 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;
- g) “Net cash from/(used in) investment in non-financial assets” excludes changes in the financial assets and liabilities referred to in note f) that do not have an impact on net debt;
- h) “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 reporting period in which they are paid;
- i) “Dividends paid” refer to amounts effectively paid during the reporting period;
- j) 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;
- k) 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;
- l) 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 alternative performance indicators in the reclassified consolidated income statement and the reclassified consolidated statement of financial position, 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 gross operating profit (EBITDA), 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 adjustments applied to the alternative performance indicators based on reported amounts regard:

- a) an increase in 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;
- b) an increase in revenue, corresponding 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;
- c) the 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 financial income in the income statement;
- d) 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	2017		2016	
	EBITDA	Operating cash flow	EBITDA	Operating cash flow
Reported amounts	3,664	2,540	3,378	2,400
Increase in revenue for guaranteed minimum revenue	81	81	74	74
Grants for motorway maintenance	17	17	16	16
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	-	-45
Reversal of financial income deriving from discounting of financial assets deriving from government grants for motorway maintenance	-	-7	-	-7
Total adjustments	98	46	91	39
Adjusted amounts	3,762	2,586	3,469	2,439

€M	NET DEBT AS AT 31 DECEMBER 2017	NET DEBT AS AT 31 DECEMBER 2016
Reported amounts	9,496	11,677
Reversal of financial assets deriving from:		
- takeover rights	400	398
- guaranteed minimum revenue	602	656
- grants for motorway maintenance	79	92
Total adjustments	1,081	1,146
Adjusted amounts	10,577	12,823

Simulation of the accounting effects of amortisation of goodwill recognised in consolidated assets

The consolidated statement of financial position as at 31 December 2017 reports goodwill of €4,383 million recognised following the acquisition, in 2003, of the majority shareholding in the former Autostrade – Concessioni e Costruzioni Autostrade SpA.

This amount, determined on the basis of Italian GAAP at that time applied by the Group, coincides with the resulting net carrying amount as at 1 January 2004, having opted, on transition to IFRS, to not retrospectively apply IFRS 3 – *Business Combinations* to acquisitions prior to 1 January 2004, in accordance with the exemption provided for in IFRS 1 – *First-time Adoption of IFRS*.

This goodwill has been allocated in full to the Autostrade per l'Italia Cash Generating Unit (CGU). From 2004, therefore, this goodwill is not systematically amortised, despite referring to activities with a determinate life, but is tested for impairment at least annually, in accordance with the requirements of IAS 36 – *Impairment of Assets*, in order to verify its recoverability. The impairment tests conducted until 2017 have, by estimating the related value in use, always confirmed the recoverability of goodwill, the carrying amount of which has thus remained unchanged since 1 January 2004.

Taking into account the fact that Autostrade per l'Italia's concession term expires on 31 December 2038, for the sole purpose of showing the theoretical impact on the consolidated result for the year, and on consolidated equity as at 31 December 2017, of the simulation of straight-line amortisation of goodwill from 1 January 2017 until the end of the concession term (a total of 22 years), the following reclassified consolidated income statement and statement of financial position show amounts adjusted for amortisation of goodwill. The goodwill accounted for in consolidated assets is not relevant for tax purposes and the simulation conducted does not, therefore, result in deferred taxation.

Reclassified consolidated income statement adjusted for goodwill amortisation

€M	2017 REPORTED	GOODWILL AMORTISATION	2017 ADJUSTED
Toll revenue	4,195		4,195
Aviation revenue	799		799
Contract revenue	32		32
Other operating income	947		947
Total revenue	5,973		5,973
Cost of materials and external services	-905		-905
Concession fees	-513		-513
Net staff costs	-891		-891
Total net operating costs	-2,309		-2,309
Gross operating profit (EBITDA)	3,664		3,664
Amortisation, depreciation, impairment losses and reversals of impairment losses	-1,012	-199	-1,211
Provisions and other adjustments	-74		-74
Operating profit (EBIT)	2,578	-199	2,379
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants	73		73
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-42		-42
Other financial income/(expenses)	-538		-538
Capitalised financial expenses on intangible assets deriving from concession rights	4		4
Share of profit/(loss) of associates and joint ventures accounted for using the equity method	-10		-10
Profit/(Loss) before tax from continuing operations	2,065	-199	1,866
Income tax (expense)/benefit	-632		-632
Profit/(Loss) from continuing operations	1,433	-199	1,234
Profit/(Loss) from discontinued operations	-1		-1
Profit for the year	1,432	-199	1,233
(Profit)/Loss attributable to non-controlling interests	260		260
(Profit)/Loss attributable to owners of the parent	1,172	-199	973

Reclassified consolidated statement of financial position adjusted for goodwill amortisation

€M	31 DECEMBER 2017	GOODWILL AMORTISATION	2017 ADJUSTED AMOUNTS (POST-SIMULATION)
Non-current non-financial assets (A)	29,260	-199	29,061
Working capital (B)	-1,112		-1,112
Gross invested capital (C=A+B)	28,148	-199	27,949
Non-current non-financial liabilities (D)	-6,889		-6,889
NET INVESTED CAPITAL (E=C+D)	21,259	-199	21,060
Equity			
Equity attributable to owners of the parent	8,772	-199	8,573
Equity attributable to non-controlling interests	2,991		2,991
Equity (F)	11,763	-199	11,564
Non-current net debt (G)	13,654		13,654
Current net debt (H)	-4,158		-4,158
Net debt (I=G+H)	9,496		9,496
NET DEBT AND EQUITY (L=F+I)	21,259	-199	21,060

Financial review for Atlantia 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 Atlantia SpA (the “Company”) for the year ended 31 December 2017, 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 2017, compared with comparative amounts as at 31 December 2016.

The accounting standards applied during preparation of the accounts for the year ended 31 December 2017 are consistent with those adopted for the financial statements for the year ended 31 December 2016, in that the amendments to existing standards that have come into effect since 1 January 2017 have not had a material impact on the accounts.

The planned restructuring of the Group, approved and initiated by Atlantia’s Board of Directors in 2016, was completed in March 2017. This involved Autostrade per l’Italia’s distribution of a special dividend in kind (totalling €755 million) to the Company via the transfer, based on the related carrying amounts, of its entire interests in Autostrade dell’Atlantico and Autostrade Indian Infrastructure Development. The Company has thus recognised these investments with a matching entry for the dividends in the income statement, together with the related taxation.

In addition, on 21 April 2017, the Annual General Meeting of Autostrade per l’Italia’s shareholders approved the distribution of a portion of the subsidiary’s available reserves, by transferring the amount of €1,101 million from the “Reserve for transactions under common control”. This distribution was recognised by the Company as a reduction in the value of its investment in Autostrade per l’Italia (recognising the related taxation in the income statement), in keeping with the accounting treatment used in the financial statements for the year ended 31 December 2016 in relation to the acquisition, from the same subsidiary, of investments in Telepass and Stalexport Autostrady.

On 27 April 2017, the Company’s Board of Directors approved the sale of a 5% interest in Autostrade per l’Italia to Appia Investments (a company owned by Allianz, EDF Invest and DIF) and the sale of a further 5% interest in the subsidiary to Silk Road Fund.

On completion of the transaction on 26 July 2017, the call option granted to Appia Investments was also exercised, resulting in the sale of a further 1.94% of Autostrade per l’Italia.

The Company did not enter into non-recurring, atypical or unusual transactions, either with third or related parties, having a material impact on the Company’s accounts in either 2017 or 2016.

There were no non-recurring events and/or transactions having a material impact on the Company’s accounts in 2017.

However, on 15 May 2017, following the resolution passed by the Board of Directors, Atlantia announced its decision to launch a voluntary public tender offer, in cash and/or shares (hereinafter also the “Offer”), for the entire issued capital of Abertis Infraestructuras, a company listed in Spain. Further information on the progress of this transaction, for which Atlantia incurred expenses in 2017, is provided in the section, “Other Information” in the Report on Operations.

In 2016, on the other hand, the Company completed an issuer substitution, with Autostrade per l'Italia taking the Company's place as the issuer of a number of bonds. Whilst this was significant in terms of the financial position, this transaction did not have an impact on the Company's operating results for that year.

The reconciliation of the reclassified financial statements included and analysed in this section with the corresponding consolidated financial statements on a reported basis is provided in the section “Reconciliation of Atlantia SpA's reclassified and statutory financial statements”.

Results of operations

“Operating revenue” for 2017 amounts to €3 million, up on the €1 million of 2016 and primarily consisting of rental income and cost recoveries from subsidiaries.

“Net operating costs” amount to €55 million for 2017, up €17 million on 2016 (€38 million). The increase primarily reflects recognition of the costs incurred for the external consultants engaged in the sale of a non-controlling interest in Autostrade per l’Italia, and an increase in the average workforce following the recruitment of staff for a number of departments.

The “Gross operating loss” (negative EBITDA) amounts to €52 million for 2017 (a loss of €36 million in 2016).

“Dividends received from investee companies”, totalling €1,800 million in 2017 (€980 million in 2016) are up €820 million compared with 2016, essentially reflecting the above distribution, by Autostrade per l’Italia, of a special dividend in kind via the transfer, based on the related carrying amounts, of its entire interests in Autostrade dell’Atlantico and Autostrade Indian Infrastructure Development, amounting to €754 million and €1 million, respectively.

In addition to these amounts, the Company recognised cash dividends of €1,045 million, up €65 million on the comparative period. These essentially regard dividends declared in 2017 by Telepass (€59 million) and Stalexport Autostrady (€6 million), following Atlantia’s acquisition of control of these companies at the end of 2016 as part of the Group’s restructuring.

“Gains on the sale of investments” in 2017 amount to €1,052 million and primarily relate to the above sale of interests in Autostrade per l’Italia (€1,010 million) and the sale of the entire interest in SAVE (€40 million).

“Reversals of impairment losses/Impairment losses on investments” amount to a positive €8 million for 2017, relating to the adjustment of the carrying amount of the investment in Pavimental (€12 million), partially offset by the write-off of the residual value of the investment in Compagnia Aerea Italiana (€4 million). In 2016, on the other hand, this item related to impairment losses on the investments in Pavimental (€21 million) and Compagnia Aerea Italiana (€10 million).

Reclassified income statement ^(*)

€M	2017	2016	INCREASE/ (DECREASE)	
			ABSOLUTE	%
Operating revenue	3	2	1	50
Total operating revenue	3	2	1	50
Cost of materials and external services	-30	-17	-13	76
Staff costs	-25	-21	-4	19
Total net operating costs	-55	-38	-17	45
Gross operating loss (EBITDA)	-52	-36	-16	44
Amortisation, depreciation, impairment losses and reversals of impairment losses	-1	-1	-	-
Operating loss (EBIT)	-53	-37	-16	43
Dividends received from investees	1,800	980	820	84
Gains on sale of investments	1,052	-	1,052	n.s.
Reversals of impairment losses/(Impairment losses) on investments	8	-31	39	n.s.
Other financial income/(expenses)	-35	6	-41	n.s.
Profit before tax from continuing operations	2,772	918	1,854	n.s.
Income tax (expense)/benefit	-50	1	-51	n.s.
Profit from continuing operations	2,722	919	1,803	n.s.
Profit for the year	2,722	919	1,803	n.s.

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

"Net other financial expenses" amount to €35 million (net financial income of €6 million in 2016), essentially reflecting the accrued costs linked to the public tender offer. These include:

- a) €24 million in upfront and commitment fees payable on the committed financing obtained and accrued fees on the guarantees required by the regulatory authorities in relation to the Offer;
- b) €14 million relating to fair value losses on deal contingent hedges, classified as non-hedge accounting.

"Income tax expense" is up €51 million in 2017 (a benefit of €1 million in 2016). This primarily reflects Autostrade per l'Italia's distribution of available reserves and payment of the special dividend in kind (resulting in tax expense for Atlantia of €34 million) and the gain on the sale of interests in Autostrade per l'Italia (€19 million).

"Profit for the year" thus amounts to €2,722 million for 2017 (€919 million for 2016).

Statement of comprehensive income

€M		2017	2016
Profit for the year	(A)	2,722	919
Fair value gains/(losses) on cash flow hedges		2	-3
Tax effect of fair value gains/(losses) on cash flow hedges		-	1
Deferred tax effect of issuer substitution on cash flow hedges		-	22
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	2	20
Reclassification of the cash flow hedge reserve arising from issuer substitution		-	-71
Reclassifications of other components of comprehensive income to profit or loss for the year	(C)	-	-71
Total other comprehensive income/(loss) for the year	(D=B+C)	2	-51
Comprehensive income for the year	(A+D)	2,724	868

“Total other comprehensive income/(loss) for the year” relates, in both comparative periods, to the fair value measurement of cash flow hedges. The figure for 2017, after the related taxation, reflects income of €2 million, essentially reflecting the impact of rising interest rates, in 2017, on the Forward-Starting Interest Rate Swaps obtained to hedge the exposure to highly likely future financial liabilities to be assumed by the Company.

The figure for 2016, after the related taxation, represented a loss of €51 million, essentially reflecting a combination of the following:

- c) the release, resulting in recognition of net income of €71 million in profit or loss, of equity reserves accounted for in relation to cash flow hedges included in the issuer substitution carried out in 2016 (this income is offset in full by a charge deriving from cancellation of the financial assets and liabilities involved in the transaction);
- d) the reversal of net deferred tax liabilities, amounting to €22 million, linked to the point a) above.

As a result, comprehensive income for 2017 amounts to €2,724 million (€868 million for 2016).

Financial position

“Non-current non-financial assets” of €9,738 million almost entirely consist of “Investments” and are down €1,077 million compared with 31 December 2016 (€10,815 million). This is essentially due to a combination of the following:

- a) a reduction in the investment in Autostrade per l'Italia (totalling €1,824 million), following:
 - 1) the subsidiary's distribution of a portion of its available reserves (€1,101 million);
 - 2) the sale of interests in the subsidiary with a carrying amount of €723 million, resulting in proceeds of €1,733 million;
- b) a reduction in the interest in held in Azzurra Aeroporti (€135 million), following the sale of a non-controlling interest to the Principality of Monaco for a consideration of €137 million;
- c) the sale of the investment in SAVE (€181 million) for a consideration of €221 million;
- d) recognition of the investments in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development, amounting to €754 million and €1 million, respectively, following their transfer from Autostrade per l'Italia, as noted in the “Introduction”;
- e) recognition of the investment in Aeroporto Guglielmo Marconi di Bologna (€165 million), the company that holds the concession to operate Bologna airport, following the acquisition of a 29.38% interest in this company;
- f) the increase in the carrying amount of the investment in Aeroporti di Roma (€96 million), following the acquisition of interests previously held by the Municipality of Rome and Lazio Regional Authority, amounting to 1.33% each, for a consideration of approximately €48 million.

In addition, whilst awaiting the outcome of the Offer, the operating costs incurred in relation to the transaction (€32 million) are accounted for in “Other non-current assets”.

“Working capital” is a negative €69 million, an increase of €46 million compared with a negative balance of €23 million as at 31 December 2016, primarily due to:

- a) an increase in trading liabilities (€15 million), including amounts payable for the external consultants engaged in relation to the Offer;
- b) an increase in net current tax liabilities (€38 million), as previously described in the section, “Results of operations”.

“Non-current non-financial liabilities” amount to €20 million, up €5 million on the figure for 31 December 2016 (€15 million).

As a result, “Net invested capital” of €9,649 million is down €1,128 million compared with 31 December 2016 (€10,777 million).

Reclassified statement of financial position ^(*)

€M	31 December 2017	31 December 2016	INCREASE/ (DECREASE)
Non-current non-financial assets			
Property, plant and equipment	7	7	-
Investments	9,699	10,808	-1,109
Other non-current assets	32	-	32
Total non-current non-financial assets (A)	9,738	10,815	-1,077
Working capital			
Trading assets	10	5	5
Current tax assets	120	87	33
Other current assets	1	1	-
Current provisions	-2	-2	-
Trading liabilities	-23	-8	-15
Current tax liabilities	-152	-81	-71
Other current liabilities	-23	-25	2
Total working capital (B)	-69	-23	-46
Gross invested capital (C=A+B)	9,669	10,792	-1,123
Non-current non-financial liabilities			
Non-current provisions	-1	-1	-
Deferred tax liabilities	-14	-12	-2
Other non-current liabilities	-5	-2	-3
Total non-current non-financial liabilities (D)	-20	-15	-5
NET INVESTED CAPITAL (E=C+D)	9,649	10,777	-1,128
Equity			
Issued capital	826	826	-
Reserves and retained earnings	8,590	8,470	120
Treasury shares	-169	-107	-62
Profit for the year after payment of interim dividend	2,256	557	1,699
Total equity (F)	11,503	9,746	1,757
Net debt/(net funds)			
Non-current net debt/(net funds)			
Non-current financial liabilities	1,732	989	743
Bond issues	1,732	989	743
Non-current financial assets	-617	-1,333	716
Non-current derivative assets	-53	-42	-11
Other non-current financial assets	-564	-1,291	727
Total non-current net debt/(net funds) (G)	1,115	-344	1,459
Current net debt/(net funds)			
Current financial liabilities	1,135	1,607	-472
Short-term borrowings	100	1,600	-1,500
Current portion of medium/long-term borrowings	1,020	5	1,015
Current derivative liabilities	14	1	13
Other current financial liabilities	1	1	-
Cash and cash equivalents	-3,093	-219	-2,874
Cash	-2,186	-14	-2,172
Cash equivalents	-900	-	-900
Intercompany current account receivables due from related parties	-7	-205	198
Current financial assets	-1,011	-13	-998
Current portion of other medium/long-term financial assets	-1,001	-4	-997
Current derivative assets	-1	-	-1
Other current financial assets	-9	-9	-
Total current (net funds)/net debt (H)	-2,969	1,375	-4,344
Total (net funds)/net debt (I=G+H) ⁽¹⁾	-1,854	1,031	-2,885
NET DEBT AND EQUITY (L=F+I)	9,649	10,777	-1,128

(*) The reconciliation with the reported amounts in the statement of financial position is provided in the section, "Reconciliation of Atlantia SpA's reclassified and statutory financial statements".

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

2. Report on Operations

“Equity” totals €11,503 million and is up €1,757 million compared with 31 December 2016 (€9,746 million). This essentially reflects a combination of the following:

- comprehensive income for the year, amounting to €2,724 million;
- payment of the final dividend for 2016, totalling €433 million, and of the interim dividend for 2017, totalling €466 million;
- the purchase of treasury shares as part of the programme announced by the Company in December 2016, amounting to €84 million.

Statement of changes in equity

€M	Issued capital	Reserves and retained earnings	Treasury shares	Profit for the year after payment of interim dividend	TOTAL EQUITY
Balance as at 31 December 2015	826	8,517	-39	404	9,708
Comprehensive income for the year	-	-51	-	919	868
Owner transactions and other changes					
Final dividend for 2015 (€0.480 per share)	-	-	-	-395	-395
Transfer of profit/(loss) for previous year to retained earnings	-	9	-	-9	-
Interim dividend (€0.440 per share)	-	-	-	-362	-362
Purchase of treasury shares	-	-	-77	-	-77
Share-based incentive plans	-	-5	9	-	4
Balance as at 31 December 2016	826	8,470	-107	557	9,746
Comprehensive income for the year	-	2	-	2,722	2,724
Owner transactions and other changes					
Final dividend for 2016 (€0.530 per share)	-	-	-	-433	-433
Transfer of profit/(loss) for previous year to retained earnings	-	124	-	-124	-
Interim dividend (€0.570 per share)	-	-	-	-466	-466
Purchase of treasury shares	-	-	-84	-	-84
Share-based incentive plans	-	-6	22	-	16
Balance as at 31 December 2017	826	8,590	-169	2,256	11,503

As at 31 December 2017, net debt amounts to a €1,854 million, compared with net debt of €1,031 million as at 31 December 2016.

Non-current net debt, amounting to €1,115 million (net funds of €344 million as at 31 December 2016), is up €1,459 million compared with 31 December 2016. This reflects:

- bond issues in January and July 2017 with a par value of €750 million (maturing in 2025 and paying coupon interest of 1.625%) and €1,000 million (maturing in July 2027 and paying coupon interest of 1.875%), respectively, under the €10 billion Euro Medium Term Note Programme launched in November 2017;
- the loan to Autostrade dell’Atlantico, granted in January 2017, in the form of Zero Coupon Notes maturing in 2022 (a par value of €405 million and a yield to maturity of 2.85%), with an issue price of €352 million, equal to 86.89% of the par value, amounting to €259 million as at 31 December 2017 as a result of interest accrued during the year and partial repayments by the subsidiary in June and October 2017, totalling €101 million (with the par value of the bonds repaid amounting to €115 million);

- c) the recognition of non-current financial assets of €23 million, represented by upfront fees accrued through to 31 December 2017 on the committed financing obtained to service the above-mentioned Offer and eligible for subsequent recognition as ancillary costs of the financing.

Current net funds amount to €2,969 million (compared with net debt of €1,375 million as at 31 December 2016). The change of €4,344 million essentially reflects:

- a) the proceeds from the sales of interests in investees, almost entirely attributable to the sale of interests (amounting to €2,090 million) in Autostrade per l'Italia, SAVE and Azzurra Aeroporti;
- b) the above bond issues in 2017 (€1,750 million);
- c) the above distribution of reserves by Autostrade per l'Italia (€1,101 million).

The reduction in short-term bank borrowings almost entirely reflects the repayment of bank loans obtained in December 2016 to meet the financial needs connected with the Group's restructuring (€1,600 million).

The residual weighted average term to maturity of the Company's debt is approximately five years and seven months as at 31 December 2017. All of the Company's debt is fixed rate.

The average cost of medium/long-term borrowings in 2017 was approximately 2.7%.

With regard to the Offer launched by Atlantia for the entire issued capital of Abertis, as at 31 December 2017, the Company has cash reserves of €11,648 million as a result of committed acquisition financing with an average residual term of approximately 3 years and to be used solely within the context of the Offer. The various lines of credit are as follows:

- a) "Bridge Facility B" ("to Bonds"), amounting to €4,940 million and having a duration of 18 months and 15 days from 25 September 2017, with an option to extend the final expiry date by a further 6 months, subject to certain conditions;
- b) "Bridge Facility C" ("to Treasury Shares"), amounting to €1,108 million and having a duration of 18 months and 15 days from the date the facility agreement was signed;
- c) an amortising "Term Loan" of €5,600 million, with a duration of 5 years and 6 months from 25 September 2017, and an average residual term of approximately 4.6 years.

Following collection of the proceeds from a number of financial and corporate transactions completed during the year, above all the issue of bonds with a par value of €1 billion in July 2017 and the sale of interests in Autostrade per l'Italia and Azzurra Aeroporti and of the entire interest in SAVE, €3,052 million of the above committed acquisition financing linked to the public tender offer, originally amounting to €14,700 million, has been cancelled, in accordance with the obligatory early repayment provision provided by the contract and amount to € 11,648 million as at 31 December 2017.

Under the commitments given in relation to the financing, an amount equal to the cancelled portion of the credit facility will be exclusively held as cash and cash equivalents, continuing to be available to the Company to meet its payment obligations in relation to the Offer.

Cash flow

“Cash generated from operating activities” amounts to €959 million for 2017, down €30 million on the corresponding figure for 2016 (€989 million). This essentially reflects the increase in operating costs and financial expenses described in the section, “Results of operations”.

“Net cash from investment in non-financial assets”, amounting to €2,895 million in 2017, mainly regards the proceeds from Autostrade per l’Italia’s distribution of a portion of its available reserves (€1,101 million) and proceeds from the sale of interests in the same subsidiary (€1,733 million), in SAVE (€221 million) and in Azzurra Aeroporti (€136 million).

In 2016, the outflow of €1,998 million primarily reflected the acquisition of investments in Telepass and Stalexport Autostrady and the purchase of new shares issued by Azzurra Aeroporti.

“Net equity cash outflows” amount to €966 million for 2017 (€831 million in 2016). This essentially reflects a combination of the following:

- a) payment to shareholders of the final dividend for 2016, amounting to €433 million, and of the interim dividend for 2017 (€466 million);
- b) the outflow relating to the purchase of treasury shares (€84 million).

In 2016, the outflow of €831 million essentially the payment to shareholders of the final dividend for 2015 (€395 million) and of the interim dividend for 2016 (€362 million), as well as the cost of purchasing treasury shares (€77 million).

Net debt at the end of 2016 was also increased by €71 million as a result of the cancellation of financial assets and liabilities involved in the issuer substitution.

As a result of the above cash flows, a change of €2,885 million with respect to net debt as at 31 December 2016.

Statement of changes in net debt ^(*)

€M	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	2,722	919
Adjusted by:		
Amortisation and depreciation	1	1
(Reversals of impairment losses)/Impairment losses on investments	-8	31
(Gains)/Losses on sale of non-current assets	-1,052	-
Other non-cash costs (income)	-750	3
Operating cash flow	913	954
Change in operating capital	11	3
Other changes in non-financial assets and liabilities	35	32
Net cash generated from/(used in) operating activities (A)	959	989
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Purchase of investments	-265	-1,998
Proceeds from distribution of reserves by subsidiaries	1,101	-
Proceeds from sale of interests in investees	2,091	-
Net change in other non-current assets	-32	-
Net cash from/(used in) investment in non-financial assets (B)	2,895	-1,998
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared	-899	-758
Purchase of treasury shares	-84	-77
Proceeds from exercise of rights under share-based incentive plans	17	4
Net equity cash inflows/(outflows)(C)	-966	-831
Increase/(Decrease) in cash and cash equivalents during year (A+B+C)	2,888	-1,840
OTHER CHANGES IN NET DEBT/NET FUNDS		
Change in fair value of hedging derivatives	2	-3
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	8	-3
Change in financial assets and liabilities arising from issuer substitution	-	-71
Other changes in financial assets and liabilities	-13	-
Other changes in net debt/net funds (D)	-3	-77
Change in net debt/net funds for year (A+B+C+D)	2,885	-1,917
(Net debt)/Net funds at beginning of year	-1,031	886
Net funds/(Net debt) at end of year	1,854	-1,031

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



Reconciliation of Atlantia SpA's reclassified and statutory financial statements

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

Reconciliation of the income statement with the reclassified income statement

€m	2017					
	Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of Items						
Operating revenue			3			3
TOTAL REVENUE			3			3
Total operating revenue						3
Raw and consumable materials			-		-	
Service costs			-22		-22	
Other operating costs			-8			
Lease expense			-1		-1	
Other			-7		-7	
Cost of materials and external services						-30
Staff costs			-25			
Staff costs						-25
Total net operating costs						-55
Gross operating profit/(loss) (EBITDA)						-52
Amortisation and depreciation			-1			
Depreciation of property, plant and equipment			-			
Depreciation of investment property			-1			
Amortisation of other intangible assets			-			
Amortisation, depreciation, impairment losses and reversals of impairment losses						-1
TOTAL COSTS			-56			
OPERATING PROFIT/(LOSS)			-53			
Operating profit/(loss) (EBIT)						-53
Financial income			2,956			
Dividends received from investees			1,800			1,800
Gains on sale in investments			1,052			1,052
Reversals of impairment losses on financial assets and investments	(m)		12			
Other financial income	(a)		92			
Financial expenses			-131			
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-			-
Impairment losses on investments	(n)		-4			-
Other financial expenses	(b)		-127			
Foreign exchange gains		(c)	-			
Reversals of impairment losses/(Impairment losses) on investments				(m+n)		8
Other net financial income				(a+b+c)		-35
FINANCIAL INCOME/(EXPENSES)			2,825			
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			2,772			2,772
Income tax (expense)/benefit			-50			-50
Current tax expense			-49			
Differences on tax expense for previous years			-1			
Deferred tax income and expense			-			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			2,722			2,722
Profit/(Loss) from discontinued operations			-			-
PROFIT FOR THE YEAR			2,722			2,722

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						
Operating revenue			2			2
TOTAL REVENUE			2			2
Total operating revenue						2
Raw and consumable materials			-			-
Service costs			-12		-12	
Other operating costs			-5			
Lease expense			-1		-1	
Other			-4		-4	
Cost of materials and external services						-17
Staff costs			-21			
Staff costs						-21
Total net operating costs						-38
Gross operating profit/(loss) (EBITDA)						-36
Amortisation and depreciation			-1			
Depreciation of property, plant and equipment			-			
Depreciation of investment property			-1			
Amortisation of other intangible assets			-			
Amortisation, depreciation, impairment losses and reversals of impairment losses						-1
TOTAL COSTS			-39			
OPERATING PROFIT/(LOSS)			-37			
Operating profit/(loss) (EBIT)						-37
Financial income			1,440			
Dividends received from investees			980			980
Gains on sale in investments						
Reversals of impairment losses on financial assets and investments	(m)		-			-
Other financial income	(a)		460			
Financial expenses			-485			
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-			-
Impairment losses on investments			-31			-31
Other financial expenses	(b)		-454			
Foreign exchange gains	(c)		-			
Reversals of impairment losses/(Impairment losses) on investments						
Other net financial income				(a+b+c)		6
FINANCIAL INCOME/(EXPENSES)			955			
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			918			918
Income tax (expense)/benefit			1			1
Current tax expense			-6			
Differences on tax expense for previous years			7			
Deferred tax income and expense			-			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			919			919
Profit/(Loss) from discontinued operations			-			-
PROFIT FOR THE YEAR			919			919

2. Report on Operations

Reconciliation of the statement of financial position with the reclassified statement of financial position

CM	31 December 2017				31 December 2016			
	Reported basis		Reclassified basis		Reported basis		Reclassified basis	
	Ref.	Main entries	Ref.	Main entries	Ref.	Main entries	Ref.	Main entries
Reconciliation of Items								
Non-current non-financial assets								
Property, plant and equipment	(a)	7		7	(a)	7		7
Investments	(b)	9,699		9,699	(b)	10,808		10,808
Other non-current assets	(c)	32		32	(c)	-		-
Total non-current non-financial assets (A)				9,738				10,815
Working capital								
Trading assets	(d)	10		10	(d)	5		5
Current tax assets	(e)	120		120	(e)	87		87
Other current assets	(f)	1		1	(f)	1		1
Current provisions	(g)	-2		-2	(g)	-2		-2
Trading liabilities	(h)	-23		-23	(h)	-8		-8
Current tax liabilities	(i)	-152		-152	(i)	-81		-81
Other current liabilities	(j)	-23		-23	(j)	-25		-25
Total working capital (B)				-69				-23
Gross invested capital (C=A+B)				9,669				10,792
Non-current non-financial liabilities								
Non-current provisions	(k)	-1		-1	(k)	-1		-1
Deferred tax liabilities, net	(l)	-14		-14	(l)	-12		-12
Other non-current liabilities	(m)	-5		-5	(m)	-2		-2
Total non-current non-financial liabilities (D)				-20				-15
NET INVESTED CAPITAL (E=C+D)				9,649				10,777
Total equity (F)		11,503		11,503		9,746		9,746
Net debt/(net funds)								
Non-current net debt/(net funds)								
Non-current financial liabilities	(n)	1,732		1,732	(n)	989		989
Non-current financial assets	(o)	-617		-617	(o)	-1,333		-1,333
Total non-current net debt/(net funds) (G)				1,115				-344
Current net debt/(net funds)								
Current financial liabilities	(p)	1,135		1,135	(p)	1,607		1,607
Short-term borrowings		100		100		1,600		1,600
Current portion of medium/long-term borrowings		1,020		1,020		5		5
Current derivative liabilities		14		14		1		1
Other current financial liabilities		1		1		1		1
Cash and cash equivalents	(q)	-3,093		-3,093	(q)	-219		-219
Cash		-2,186		-2,186		-14		-14
Cash equivalents		-900		-900		-		-
Intercompany current account receivables due from related parties		-7		-7		-205		-205
Current financial assets	(r)	-1,011		-1,011	(r)	-13		-13
Current derivative assets		-1		-1		-		-
Current portion of other medium/long-term financial assets		-1,001		-1,001		-4		-4
Other current financial assets		-9		-9		-9		-9
Total current (net funds)/net debt (H)				-2,969				1,375
Total (net funds)/net debt (I=G+H)				-1,854				1,031
NET DEBT AND EQUITY (L=F+I)				9,649				10,777
Assets held for sale or related to discontinued operations		-		-		-		-
Liabilities related to discontinued operations		-		-		-		-
TOTAL NON-CURRENT ASSETS	(a+b+c-o)	10,355			(a+b+c-o)	12,148		
TOTAL CURRENT ASSETS	(d+e+f-q-r)	4,235			(d+e+f-q-r)	325		
TOTAL NON-CURRENT LIABILITIES	(k-l-m+n)	1,752			(k-l-m+n)	1,004		
TOTAL CURRENT LIABILITIES	(g-h-j+p)	1,335			(g-h-j+p)	1,723		

Reconciliation of the statement of changes in net debt with the statement of cash flows

€m	2017		2018		
	Statement of cash flows	Changes in net debt	Statement of cash flows	Changes in net debt	
Reconciliation of Items	Note	Statement of cash flows	Changes in net debt	Statement of cash flows	Changes in net debt
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the year		2,722	2,722	919	919
Adjusted by:					
Amortisation and depreciation		1	1	1	1
(Reversals of impairment losses)/Impairment losses on investments		-8	-8	31	31
(Gains)/Losses on sale of non-current assets		-1,052	-1,052	-	-
Other non-cash (income)/costs		-750	-750	3	3
Change in operating capital	(a)		11		3
Other changes in non-financial assets and liabilities	(b)		35		32
Change in working capital and other changes	(a+b)	46		35	
Net cash generated from/(used in) operating activities (A)		959	959	989	989
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Purchase of investments		-265	-265	-1,998	-1,998
Proceeds from distribution of reserves by subsidiaries		1,101	1,101	-	-
Proceeds from sale of interests in investees		2,091	2,091	-	-
Net change in other non-current assets		-32	-32	-	-
Net change in current and non-current financial assets	(c)	-271		1,318	
Net cash from/(used in) investment in non-financial assets (B)	(d)		2,895		-1,998
Net cash generated from/(used in) investing activities (C)	(c+d)	2,624		-880	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Purchase of treasury shares		-84	-84	-77	-77
Dividends declared	(e)		-899		-758
Proceeds from exercise of rights under share-based incentive plans		17	17	4	4
Dividends paid	(f)	-899		-758	
Net equity cash inflows/(outflows) (D)			-966		-831
Net cash generated during the year (A+B+D)			2,888		-1,840
Issuance of bonds		1,731		-	
Redemption of bonds		-		-1,100	
Increase in short-term borrowings		100		1,600	
Net change in other current and non-current financial liabilities		-1,574		-176	
Net cash generated from/(used in) financing activities (E)		-709		-507	
Change in fair value of hedging derivatives	(g)		2		-3
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	(h)		8		-3
Change in financial assets and liabilities arising from issuer substitution	(i)		-		-71
Other changes in financial assets and liabilities	(j)		-13		-
Other changes in net debt/net funds (F)			-3		-77
Change in net funds/net debt for the year (A+B+D+F)			2,885		-1,917
(Net debt)/Net funds at beginning of year			-1,031		886
Net funds/Net debt at end of year			1,854		-1,031
Increase/(Decrease) in cash and cash equivalents during year (A+C+E)		2,874		-198	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		219		417	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		3,093		219	

Notes:

- a) the "Change in operating capital" shows the change in trade-related items (in particular: inventories, trading assets and trading liabilities);
- b) "Other changes in other non-financial assets and liabilities" show changes in items of a non-trading nature (in particular: current tax assets and liabilities, other current assets and liabilities, current provisions for construction services required by contract and other provisions);
- c) the "Net change in current and non-current financial assets" is not shown in the "Statement of changes in consolidated net debt", as it does not have an impact on net debt;
- d) "Net cash from/(used in) investment in non-financial assets" excludes changes in the financial assets and liabilities referred to in note c) that do not have an impact on net debt;
- e) "Dividends declared" regard the dividends declared by the Company, regardless of the reporting period in which they are paid;
- f) "Dividends paid" refer to amounts effectively paid during the reporting period;
- g) the amount represents the change in the fair value of cash flow hedges, before the related taxation, as shown in "Fair value gains/(losses) on cash flow hedges" in the statement of comprehensive income;
- h) this item essentially includes financial income and expenses in the form of interest linked to loans requiring the repayment of principal and interest accrued at maturity; the financial assets are described in note 5.4 and the financial liabilities are described in note 5.12 in the separate financial statements;
- i) the "Change in financial liabilities due to issuer substitution" includes the impact on the change in net debt resulting from the issuer substitution completed at the end of 2016.

Key performance indicators by operating segment

The Atlantia Group's operating segments are identified based on the information provided to and analysed by Atlantia's Board of Directors, which represents the Group's chief operating decision maker, when taking decisions regarding the allocation of resources and assessing performance. In particular, the Board of Directors assesses the performance of the business in terms of business segment and geographical area.

Following the consolidation of Aéroports de la Côte d'Azur (ACA) at the end of December 2016, a new operating segment to which the Group's overseas airport operations have been allocated is now presented. In addition to the companies controlled by ACA (the company that directly and indirectly operates the airports of Nice, Cannes-Mandelieu and Saint-Tropez and the international network of ground handlers, Sky Valet), this segment also includes the acquisition vehicle used in order to acquire ACA (Azzurra Aeroporti). As a result, the Group's new structure presents information for five main operating segments (Italian motorways, overseas motorways, Italian airports, overseas airports and a fifth operating segment including the Parent Company, Atlantia, and the other remaining activities).

The composition of the Atlantia Group's operating segments as at 31 December 2017 is as follows:

- a) Italian motorways: this includes the Italian motorway operators (Autostrade per l'Italia, Autostrade Meridionali, Tangenziale di Napoli, Società Italiana per Azioni per il Traforo del Monte Bianco, Raccordo Autostradale Valle d'Aosta and Autostrada Tirrenica), whose core business consists of the management, maintenance, construction and widening of the related motorways operated under concession. This operating segment also includes companies (AD Moving, Giove Clear, Infoblu, Essedisse and Autostrade Tech) that provide support for the Italian motorway operators and that are subsidiaries of Autostrade per l'Italia;
- b) Overseas motorways: this includes the activities of the holders of motorway concessions in Brazil, Chile and Poland, and the companies that provide operational support for these operators and the related foreign-registered holding companies. In addition, this segment includes the Italian holding company, Autostrade dell'Atlantico, which primarily holds investments in South America;
- c) Italian airports: this includes the airports business of Aeroporti di Roma, which holds the concession to operate and expand the airports of Rome Fiumicino and Rome Ciampino, and its subsidiaries;
- d) Overseas airports: this includes the airport operations of the companies controlled by Aéroports de la Côte d'Azur (ACA), the company that (directly or through its subsidiaries) operates the airports of Nice, Cannes-Mandelieu and Saint-Tropez and the international network of ground handlers, Sky Valet, in addition to Azzurra Aeroporti (the parent of ACA);
- e) Atlantia and other activities: this segment includes:
 - 1) the Parent Company, Atlantia, which operates as a holding company for its subsidiaries and associates whose business is the construction and operation of motorways, airports and transport infrastructure, parking areas and intermodal systems, or who engage in activities related to the management of motorway or airport traffic;

- 2) the companies that produce and operate free-flow tolling systems, traffic and transport management systems and electronic payment systems. The most important companies in this segment are Telepass and Electronic Transaction Consultants;
- 3) the companies whose business is the design, construction and maintenance of infrastructure, essentially Spea Engineering and Pavimental.

Key performance indicators by operating segment

	ITALIAN MOTORWAYS		OVERSEAS MOTORWAYS		ITALIAN AIRPORTS		OVERSEAS AIRPORTS		ATLANTIA AND OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL ATLANTIA GROUP ⁽¹⁾	
	2017	2016	2017	2016	2017	2016	2017	2016 ⁽²⁾	2017	2016 ⁽²⁾	2017	2016	2017	2016
REPORTED AMOUNTS														
External revenue	3,903	3,794	648	558	900	883	281	-	241	249	-	-	5,973	5,484
Intersegment revenue	42	47	-	1	1	1	-	-	505	403	-548	-452	-	-
Total operating revenue	3,945	3,841	648	559	901	884	281	-	746	652	-548	-452	5,973	5,484
EBITDA	2,453	2,384	483	422	550	532	95	-10	83	50	-	-	3,664	3,378
Operating cash flow	1,638	1,632	391	340	429	387	62	-6	20	47	-	-	2,540	2,400
Capital expenditure	556	718	183	177	207	445	27	-	75	78	2	4	1,050	1,422
ADJUSTED AMOUNTS														
Adjusted EBITDA	2,453	2,384	581	513	550	532	95	-10	83	50	-	-	3,762	3,469
Adjusted operating cash flow	1,638	1,632	437	379	429	387	62	-6	20	47	-	-	2,586	2,439

- (1) A description of the principal amounts in the consolidated income statement and statement of financial position and the related changes is provided in the section, "Group financial review".
- (2) Amounts for 2016 in the "Overseas airports" segment include the contribution of Azzurra Aeroporti, the parent of Aéroports de la Côte D'Azur" from the end of 2016, classified in "Atlantia and other activities" in the consolidated financial statements for the year ended 31 December 2016.



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Segment information for Group companies (*)

€M	OPERATING REVENUE			
	2017	2016	INCREASE/(DECREASE)	
			ABSOLUTE	%
Italian motorways				
Autostrade per l'Italia	3,621	3,527	94	3%
Autostrade Tech	59	60	-1	-2%
Autostrade Meridionali	92	85	7	8%
Tangenziale di Napoli	70	71	-1	-1%
Società Italiana per il Traforo del Monte Bianco	62	57	5	9%
Società Autostrada Tirrenica	40	38	2	5%
Infoblu	5	6	-1	-17%
Essediesse	27	27	-	n/s
Raccordo Autostradale Valle d'Aosta	20	19	1	5%
Giove Clear	12	12	-	n/s
Ad Moving	7	8	-1	-13%
Catterik	-	-	-	n/s
Intersegment adjustments	-70	-69	-1	1%
Total Italian motorways	3,945	3,841	104	3%
Overseas motorways				
Rodovia das Colinas	139	122	17	14%
Triangulo do Sol	126	109	17	16%
Rodovia MG050	34	28	6	21%
AB Concessões	6	5	1	20%
Soluçiona Conservaçao Rodoviaria	5	4	1	25%
Total Brazil	310	268	42	16%
Costanera Norte	126	103	23	22%
Gestion Vial	62	46	16	35%
Los Lagos	29	26	3	12%
Autopista Nororient	7	6	1	17%
Grupo Costanera	5	3	2	67%
Litoral Central	3	3	-	n/s
AMB	2	1	1	n/s
Nueva Vespucio Sur (**)	103	92	11	12%
Operalia	1	-	1	n/s
Total Chile	338	280	58	21%
Stalexport Autostrady group	76	68	8	12%
Autostrade dell'Atlantico (***)	-	-	-	n/s
Autostrade Indian Infrastructure	1	1	-	n/s
Total Poland and other	77	69	8	12%
Intersegment adjustments	-77	-58	-19	33%
Total overseas motorways	648	559	89	16%
Italian airports				
Gruppo Aeroporti di Roma	900	882	18	2%
Fiumicino Energia	6	5	1	20%
Leonardo Energia	21	21	-	n/s
Intersegment adjustments	-26	-24	-2	8%
Total Italian airports	901	884	17	2%
Overseas airports				
ACA group	281	-	281	n/s
Azzurra Aeroporti	-	-	-	n/s
Intersegment adjustments	-	-	-	n/s
Total overseas airports	281	-	281	n/s
Atlantia and other activities				
Pavimental	397	300	97	32%
Spea Engineering	110	124	-14	-11%
ETC	60	64	-4	-6%
Pavimental Polska	9	9	-	n/s
Atlantia	3	2	1	50%
Telepass	172	158	14	9%
Telepass pay	1	-	1	n/s
Intersegment adjustments	-6	-5	-1	20%
Total Atlantia and other activities	746	652	94	14%
Consolidation adjustments	-548	-452	-96	21%
Total Atlantia Group	5,973	5,484	489	9%

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

(**) The figures for this company for 2016 include amounts for Vespucio Sur until the date of its merger with and into Nueva Vespucio Sur at the end of 2016.

(***) This is a holding company that holds investments in overseas companies.

EBITDA (*)				CAPITAL EXPENDITURE (*)			
2017	2016	INCREASE/(DECREASE)		2017	2016	INCREASE/(DECREASE)	
		ABSOLUTE	%			ABSOLUTE	%
2,308	2,243	65	3%	530	672	-142	-21%
10	9	1	11%	2	1	1	n/s
36	32	4	13%	2	-	2	n/s
26	28	-2	-7%	13	13	-	n/s
40	38	2	5%	3	2	1	50%
22	22	-	n/s	5	28	-23	-82%
1	2	-1	-50%	1	1	-	n/s
2	2	-	n/s	-	-	-	n/s
7	7	-	n/s	-	1	-1	n/s
1	1	-	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
2,453	2,384	69	3%	556	718	-162	-23%
109	90	19	21%	17	22	-5	-23%
89	81	8	10%	17	13	4	31%
16	12	4	33%	29	28	1	4%
-3	-2	-1	50%	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
211	181	30	17%	63	63	-	n/s
98	81	17	21%	75	82	-7	-9%
14	14	-	n/s	1	4	-3	-75%
16	16	-	n/s	-	-	-	n/s
3	1	2	n/s	24	13	11	85%
-	-1	1	n/s	-	-	-	n/s
-1	-1	-	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
89	79	10	13%	10	6	4	67%
-	-	-	n/s	-	-	-	n/s
219	189	30	16%	110	105	5	5%
57	52	5	10%	10	9	1	11%
-4	-	-4	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
53	52	1	2%	10	9	1	11%
-	-	-	n/s	-	-	-	n/s
483	422	61	14%	183	177	6	3%
546	529	17	3%	206	445	-239	-54%
4	3	1	33%	1	-	1	n/s
-	-	-	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
550	532	18	3%	207	445	-238	-53%
97	-	97	n/s	27	-	27	n/s
-2	-10	8	-80%	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
95	-10	105	n/s	27	-	27	n/s
51	-40	91	n/s	29	39	-10	-26%
15	29	-14	-48%	5	3	2	67%
4	6	-2	-33%	14	10	4	40%
1	1	-	n/s	-	-	-	n/s
-82	-36	-46	n/s	-	-	-	n/s
98	91	7	8%	25	26	-1	-4%
-4	-1	-3	n/s	2	-	2	n/s
-	-	-	n/s	-	-	-	n/s
83	50	33	n/s	75	78	-3	-4%
-	-	-	n/s	2	4	-2	n/s
3,664	3,378	286	8%	1,050	1,422	-372	-26%

Italian motorways

The Group's Italian motorway operations generated operating revenue of €3,945 million in 2017, an increase of €104 million (3%) compared with 2016.

Net toll revenue of €3,590 million is up €107 million on 2016. The increase is primarily due to traffic growth (boosting toll revenue by an estimated €82 million, taking into account the positive impact of the traffic mix ⁽¹⁾) and application of annual toll increases (up €19 million, above all reflecting a 0.64% increase in tolls at Autostrade per l'Italia).

EBITDA for the Italian motorways segment in 2017 amounts to €2,453 million, up €69 million (3%) on 2016.

Net operating costs are up approximately €35 million, primarily reflecting:

- higher maintenance costs, above all at Autostrade per l'Italia, reflecting an increase in work on the network and variable costs linked to increased snowfall in 2017, compared with 2016;
- an increase in concession fees, primarily reflecting traffic growth;
- the fact that staff costs are broadly in line, essentially reflecting a combination of the following:
 - a reduction of 162 in the average workforce, primarily due to intragroup transfers linked to the Atlantia Group's restructuring and a freeze on the recruitment of toll collectors, partially offset by the recruitment of additional personnel for certain departments and additional personnel hired by Giove Clear due to an expansion of the company's operations;
 - an increase in the average unit cost, primarily due to the cost of contract renewals.

Traffic

Traffic on the Group's Italian network in 2017 is up 2.2% compared with the previous year. The number of kilometres travelled by vehicles with 2 axles is up 1.8%, with the figure for those with 3 or more axles up 4.7%.

After excluding the leap-year effect, traffic is estimated to have risen 2.4% in 2017 compared with 2016.

⁽¹⁾ Reflecting the different rates of increase for traffic in the individual categories of vehicle.

Traffic performance

OPERATOR	KM TRAVELLED (IN MILLIONS)				ATVD ⁽¹⁾
	VEHICLES WITH 2 AXLES	VEHICLES WITH 3+ AXLES	TOTAL VEHICLES	% CHANGE VERSUS 2016	2017
Autostrade per l'Italia	41,473	6,442	47,915	2.2	45,987
Autostrade Meridionali	1,665	37	1,702	2.8	90,364
Tangenziale di Napoli	882	46	928	-0.5	125,842
Autostrada Tirrenica ⁽²⁾	282	26	308	4.5	18,596
Raccordo Autostradale Valle d'Aosta	96	21	117	4.6	10,023
Società Italiana per il Traforo del Monte Bianco	8	4	12	5.1	5,562
Total Italian operators	44,408	6,575	50,982	2.2	46,411

⁽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.

Toll increases

Autostrade per l'Italia, the Group's principal motorway operator, applied a toll increase of 0.64% from 1 January 2017⁽²⁾.

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

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 €15.6 billion. Projects with a value of €9.7 billion have been completed as at 31 December 2017, 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. In 2016, based on new traffic estimates, transport studies – designed to assess infrastructure needs in order to ensure continued improvements in the capacity and level of service provided by the motorway network – and cost/benefit analyses, around 150 km of motorway was identified as requiring priority intervention to widen the roads to three and four lanes.

⁽²⁾ The increase for 2016 includes: 0.0% for inflation; 0.62% to provide a return capital expenditure via the "X" tariff component; and 0.02% to provide a return on investment via the "K" tariff component.

	TOTAL KM	VALUE OF PROJECT (€bn)		KM OPENED TO TRAFFIC
		TOTAL ⁽¹⁾	COMPLETED ⁽²⁾	
Autostrade per l'Italia				
Agreement of 1997	232	7.1	6.0	199
IV Addendum 2002	275	8.5	3.7	233
Single Arrangement 2007	325	5.0 ⁽³⁾	0.0	-
Other projects Agreement of 1997	-	2.0	0.4	-
Total	832	22.6	10.1	432
Subsidiaries				
Raccordo Autostradale Valle d'Aosta	12	0.4	0.4	12
Autostrade Meridionali	20	0.5	0.5	20
Autostrada Tirrenica	59	0.8	0.2	19
Total	91	1.8	1.2	51
Total investment in major works	923	24.4	11.4	484

(1) Total cost of carrying out the works, as assessed at 31 December 2016, including the base bid price (net of tender or agreed price reductions), available funds, recognised reserves and early completion bonuses. The value of works under the Arrangement of 1997 is net of an amount included in "Other investment".

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

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

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

Autostrada Tirrenica opened the new section of motorway between Civitavecchia and Tarquinia to traffic in 2016. Completion of the remaining section from Tarquinia to Livorno is still at the planning stage and, at the end of 2017, a related financial plan was sent to the Grantor for initial examination. This only envisages construction of the section from Tarquinia to Ansedonia, plus an extra-urban link road between Ansedonia and Orbetello Scalo (amounting to a total estimated investment of approximately €0.6 billion). This project is subject to fulfilment of the related technical and financial conditions and receipt of the necessary consents, to be verified together with execution of a memorandum of understanding and an addendum to the Concession Arrangement, which is to include a viable financial plan.

Capital expenditure in 2017

Capital expenditure at the Group's Italian motorway operators in 2017 amounts to €556 million.

(€M)	2017	2016
Autostrade per l'Italia - projects in Agreement of 1997	214	305
Autostrade per l'Italia - projects in IV Addendum of 2002	71	169
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	209	161
Other operators (including capitalised costs)	23	42
Total investment in infrastructure operated under concession	517	677
Investment in other intangible assets	21	17
Investment in property, plant and equipment	18	24
Total capital expenditure	556	718

With regard to the works envisaged in the Agreement of 1997, work continued in 2017 on widening the AI between Barberino and Florence North to three lanes, with mechanical boring of the new Santa Lucia Tunnel currently under way.

Work is also continuing on completion of the *Variante di Valico* (opened to traffic at the end of 2015), relating solely to off carriageway works, the Florence North-Florence South section of the AI and Lot I North on the AI between Florence South and Incisa, which is being widened to three lanes.

The Galluzzo bypass on the AI was opened to traffic in May and the "Villa Costanza" park-and-ride facility on the AI near to Scandicci was opened in June.

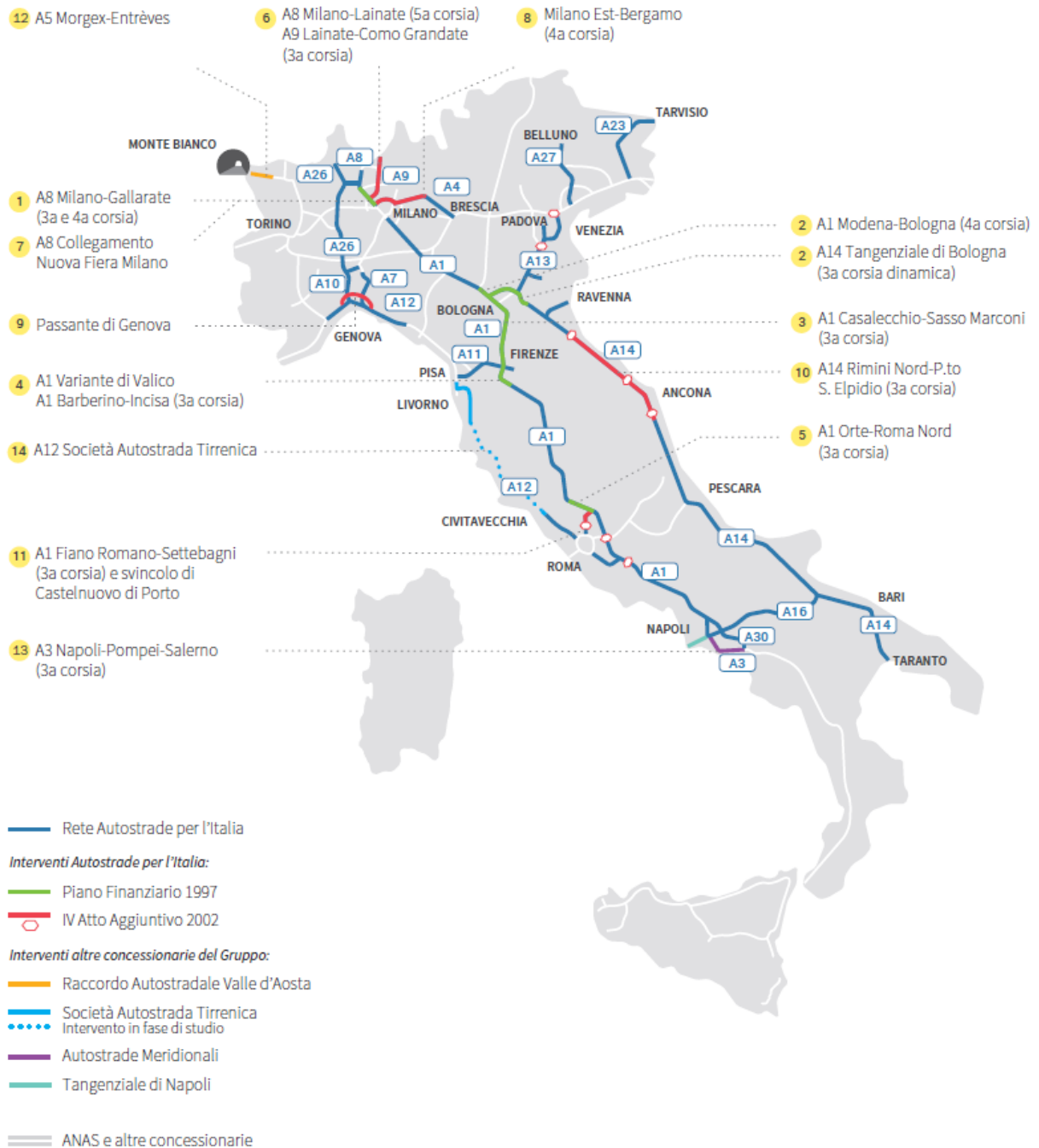
In terms of the works contained in the IV Addendum of 2002, work on construction of link roads serving the AI4 motorway and on mitigation works in the Municipality of Fano proceeded in 2017, as did work on completing off carriageway works for the previously opened sections between Cattolica and Fano and between Senigallia and Ancona South. The new A4-AI3 link road in the vicinity of the Padua Industrial Park toll station was also opened to traffic in September.

Finally, on 7 September 2017, the Grantor approved the Final Design for the upgrade of the road and motorway system serving Genoa (the so-called "*Gronda di Ponente*"), which is due to cost an estimated €4.3bn and take approximately 10 years to complete from the time that work begins. Work on the executive design for the various lots that make up the project is now in progress.

Autostrade per l'Italia's other capital expenditure includes approximately €76 million invested in major works, primarily construction of the fourth free-flow lane for the A4 in the Milan area, landscaping work on the Barberino-Florence North section and design work and surveys carried out in preparation for work on the Bologna Interchange.

The new "Foggia Industrial Park" and "Sasso Marconi North" junctions on the AI4 and AI, respectively, opened to traffic in December.

Planned investment in the Italian network



Planned upgrades and modernisation of the network operated under concession

				STATUS AS AT 31 DECEMBER 2017	KM COVERED BY PROJECT (KM)	VALUE OF PROJECT(a) (€M)	KM OPENED TO TRAFFIC AS AT 31 DECEMBER 2017 (KM)	STAGE OF COMPLETION AS AT 31 DECEMBER 2017(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	178	31.6	146	
2	A14	3rd lane Bologna Ring Road	Completed (2)	13.7	59	13.7	59	
3	A1	3rd lane Casalecchio - Sasso Marconi	Completed	4.1	82	4.1	82	
4	A1	Variante di Valico	Completed/in progress (3)	58.7	4,304	58.7	4,154	
4	A1	3rd lane Barberino - Incisa	Work in progress/completed (4)	57.2	2,186	24.4	1,277	
5	A1	3rd lane Orte - Rome North	Completed	37.8	191	37.8	191	
		Other projects	Work in progress/completed		22	n/a	22	
Total projects under Arrangement of 1997				231.8	7,087	199.0	5,997	
Projects included in IV Addendum of 2002								
11	A1	3rd lane Fiano R. - Settebagni and Castelnuovo di Porto junction	Completed	15.9	144	15.9	125	
8	A4	4th lane Milan East - Bergamo	Completed	33.6	513	33.6	513	
6	A8	5th lane Milan - Lainate	Work in progress (5)	4.4	197	2.2	59	
6	A9	3rd lane Lainate - Como Grandate	Completed	23.2	359	23.2	307	
10	A14	3rd lane Rimini North - Porto Sant'Elpidio	Completed	154.7	2,537	154.7	2,232	
9	A7/A10/A12	Genoa Bypass (plus other works)	Final design approved (6)	39.7	4,347	-	89	
7	A8	Link road for New Milan Exhibition Centre	Completed	3.8	87	3.8	86	
		Other projects	Work in progress/completed (7)		356	n/a	246	
Total projects under IV Addendum of 2002				275.3	8,540	233.4	3,658	
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	542	
14	A12	Autostrada Tirrenica	Work in progress/to be approved (8)	58.7	817	19.0	243	
Total projects of other operators				91.1	1,792	51.4	1,207	
Total Investment in major works				598.2	17,418	483.8	10,861	

(a) Total cost of carrying out the works, as assessed at 31 December 2016, including the base bid price (net of tender or agreed price reductions), available funds, recognised reserves and early completion bonuses. The value of works under the Arrangement of 1997 is net of an amount included in "Other investment".

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

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

(1) Includes construction of the Modena Ring Road, a work requested by local authorities and awaiting approval from the Services Conference.

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

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

(4) Work on the Barberino-Florence North section is in progress; the executive design for lot 2 of the Florence South-Incisa section was approved in March 2017, 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) The portion of the works completed relates to design of the Genoa Bypass and construction of the San Benigno Interchange, and includes noise abatement work in the Prà Palmaro area, the design for which is in the progress of being approved.

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

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

In 2017, the Ministry of Infrastructure and Transport conducted a project review for the road running down the Thyrrhenian coast (the "Thyrrhenian corridor"), which envisages construction of the Tarquinia-Ansedonia section of motorway by Autostrada Tirrenica and the widening to four lanes of the existing dual carriageway (the SS 1) from Ansedonia to Orbetello Scalo by the same company. Work on the remaining section, from Orbetello Scalo to San Pietro in Palazzi, would be the sole responsibility of ANAS SpA.

The Interministerial Economic Planning Committee, at the session held on 22 December 2017, received the "report on the process of modifying the proposed project for completion of Thyrrhenian corridor".

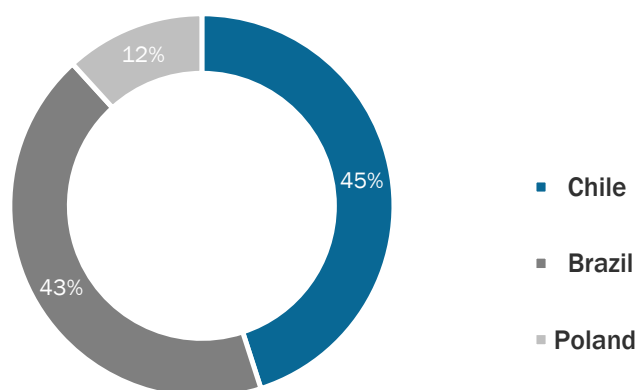
Discussions are ongoing with the Grantor to assess the administrative and financial feasibility of the new solution.

Overseas motorways

The overseas motorways segment generated operating revenue of €648 million in 2017, up €89 million (16%) on 2016. At constant exchange rates, operating revenue is up €59 million (11%), reflecting toll increases applied by operators and traffic growth.

EBITDA of €483 million for 2017 is up €61 million (14%) on 2016. At constant exchange rates, EBITDA is up €41 million (10%).

Breakdown of reported EBITDA for the overseas motorway segment
(by geographical area)



Chile

Chilean operators' operating revenue for 2017 amounts to €338 million, up €58 million (21%) on 2016. At constant exchange rates, operating revenue is up €51 million (18%), having benefitted from traffic growth and the toll increases that came into effect from January 2017⁽¹⁾.

EBITDA of €219 million is up €30 million (16%) compared with 2016. At constant exchange rates, EBITDA is up €25 million (13%). This partly reflects an increase in the cost of maintenance and resurfacing work at Los Lagos.

⁽¹⁾ Further details of the toll increases applied by the Chilean operators are provided in the section, "Significant regulatory aspects".

Traffic performance

OPERATOR	KM TRAVELLED (IN MILLIONS)		
	2017	2016	% CHANGE
Grupo Costanera			
Costanera Norte	1,265	1,199	5.5%
Nororiente	94	89	6.1%
Vespucio Sur	971	939	3.4%
Litoral Central	128	121	6.4%
AMB	27	24	9.6%
Los Lagos ⁽¹⁾	769	734	4.8%
Total	3,255	3,106	4.8%

(1) In terms of the number of journeys, traffic is up 4.7%.

Traffic on the motorways operated by the Group's Chilean operators in 2017, measured in terms of kilometres travelled, rose by a total of 4.8%. After adjusting for the leap-year effect, the increase in traffic is 5.1%.

The Chilean operators invested a total of €110 million in 2017. In this regard:

- at the end of 2017, approximately 92% of the works to be carried out as part of the *Santiago Centro Oriente* upgrade programme had been completed. The programme involves investment of approximately €256bn pesos (equal to approximately €350 million⁽²⁾) in upgrading the section of motorway operated by Costanera Norte. On 29 October 2017, the Kennedy tunnel, a key part of the project in terms of its construction and operational importance, was opened to traffic approximately 12 months ahead of schedule. This is a 4-lane underground tunnel of approximately 1.2 km in length passing through an urban area, designed to resolve the traffic problems in one of Santiago's most congested areas;
- on 3 November, the operator, Nororiente, opened the Chamisero Tunnel to traffic one month ahead of the scheduled 18 months. This 2-lane tunnel of 1.5 km in length duplicates the existing tunnel and means that the entire stretch of road operated by Nororiente now has two lanes in each direction, cutting journey times and improving road safety in one of the fastest growing urban areas in the north-eastern part of Santiago.

On 28 July 2017, Atlantia, through its Chilean subsidiary, Grupo Costanera, was awarded the concession for the Américo Vespucio Oriente Príncipe de Gales - Los Presidentes (AVO II) project. The AVO II project regards the construction and operation of a section of urban motorway in the city of Santiago, consisting of a 5.2-km long tunnel using a free-flow tolling system. The AVO II section is located in the eastern section of Santiago's orbital motorway and is a continuation of the section operated under concession by Vespucio Sur, a wholly owned subsidiary of Grupo Costanera. The project is expected to cost approximately €500 million.

(2) The amounts for already completed works are converted using the average exchange rate for the relevant year; amounts for future works are converted using the average exchange rate for 2017.

Brazil

Operating revenue for 2017 amounts to €310 million, up €42 million (16%) on 2016. At constant exchange rates, operating revenue is up €22 million (8%), having benefitted from a recovery in traffic with respect to 2016 and the toll increases applied under the various concession arrangements.

EBITDA of €211 million is up €30 million (17%) compared with 2016. At constant exchange rates, EBITDA is up €16 million (9%).

Traffic performance

OPERATOR	KM TRAVELLED (IN MILLIONS)		
	2017	2016	% CHANGE
Triangulo do Sol	1,435	1,404	2.2%
Rodovias das Colinas	2,001	1,972	1.5%
Rodovia MG050	843	809	4.2%
Total	4,279	4,185	2.3%

Traffic on the network operated by the Group's Brazilian operators rose 2.3% in terms of kilometres travelled in 2017. After adjusting for the leap-year effect, the increase in traffic in Brazil is 2.5%.

Toll revenue at Triangulo do Sol and Rodovias das Colinas, which operate in the State of Sao Paulo, reflects both the annual toll increase applied from 1 July 2016 and the increase that came into effect from 1 July 2017. Rodovia MG050, in the State of Minas Gerais, applied the toll increases for 2016 from 1 February 2017 and those relating to 2017 from 13 June 2017⁽³⁾. Capital expenditure amounted to €63 million in 2017.

Poland

The Stalexport Autostrady group's operating revenue for 2017 amounts to €76 million, an increase of €8 million (12%) compared with 2016. At constant exchange rates, revenue is up €6 million (9%), having benefitted from traffic growth and the toll increases for heavy vehicles applied from March 2017.

EBITDA of €57 million is up €5 million (10%) on 2016. At constant exchange rates, EBITDA is up €4 million (8%).

⁽³⁾ Further details of the toll increases applied by the Brazilian operators are provided in the section, "Significant regulatory aspects".

Traffic performance

OPERATOR	KM TRAVELLED (IN MILLIONS)		
	2017	2016	% CHANGE
Stalexport Autostrada Malopolska	959	908	5.6%

The Polish operator, Stalexport Autostrada Malopolska, registered a 5.6% increase in traffic, in terms of kilometres travelled, in 2017. After adjusting for the leap-year effect, the increase in traffic is 5.9%. Tolls for heavy vehicles were increased by 1.9%⁽⁴⁾ from 1 March 2017, rising from 16.5 to 18.0 zlotys for vehicles with up to 3 axles and from 26.5 to 30.0 zlotys for those with more than 3 axles.

⁽⁴⁾ The weighted average increase based on the distribution of traffic in the first quarter of 2015 (in terms of km travelled) over the three classes of vehicle.

Italian airports

The Italian airports business generated operating revenue of €901 million in 2017, an increase of €17 million (2%) compared with the previous year.

Aviation revenue of €640 million is up €4 million (1%) on 2016, primarily reflecting the increase in airport fees applied from 1 March of each year.

Other operating income of €261 million is up €13 million (5%) on 2016, primarily reflecting the positive performance of non-aviation revenue following the opening, at the end of 2016, of the retail plaza in Boarding Area E, as well as the positive performance of the sub-concession of space. This item also reflects that fact that, in 2016, the Group recognised insurance proceeds covering the additional expenses and the cost of rebuilding and salvage operations incurred as a result of the fire that affected Terminal 3 in 2015.

EBITDA of €550 million is up €18 million (3%) on the previous year. In addition to the increase in revenue, the performance of EBITDA also reflects the following:

- a reduction in the cost of materials and external services, primarily influenced by a decrease in the costs linked to the fire with respect to those incurred in 2016, in addition to a reduction in the cost of commercial initiatives (promotions) and other airport operating costs. This reduction was partially offset by an increase in the cost of utilities as a result of the increased size of Fiumicino airport (following the opening of the new retail plaza and Pier E);
- a decrease in concession fees following revision of the inflation-linked component for previous years;
- a 5% increase in net staff costs, primarily due to an increase in the ADR group's average workforce, reflecting the ongoing increase in cleaning services provided by in-house personnel, the insourcing of maintenance activities with the aim of improving the quality of the service provided, and the recruitment of additional staff providing business support.

Traffic performance

The Roman airport system handled 47 million passengers in 2017, marking a slight 0.6% decline compared with the previous year. After adjusting for the leap-year effect, traffic in 2017 is broadly in line with the previous year.

The EU segment, representing 51% of total traffic, is up 0.3% on the previous year, whilst the Non-EU segment is up 6.4%, primarily due to long-haul traffic.

This reflects the following performance by geographical area:

- North America up 7.6%, thanks to the launch of the new Dallas service by American Airlines and new flights to New York and Los Angeles operated by Norwegian;
- Central/South America up 15.9%, reflecting the increased frequency of flights operated by Aerolineas Argentinas and Alitalia's launch of flights to Santiago in Chile, Mexico City and Havana during 2016;

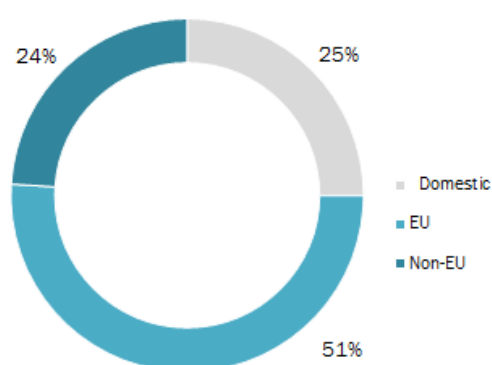
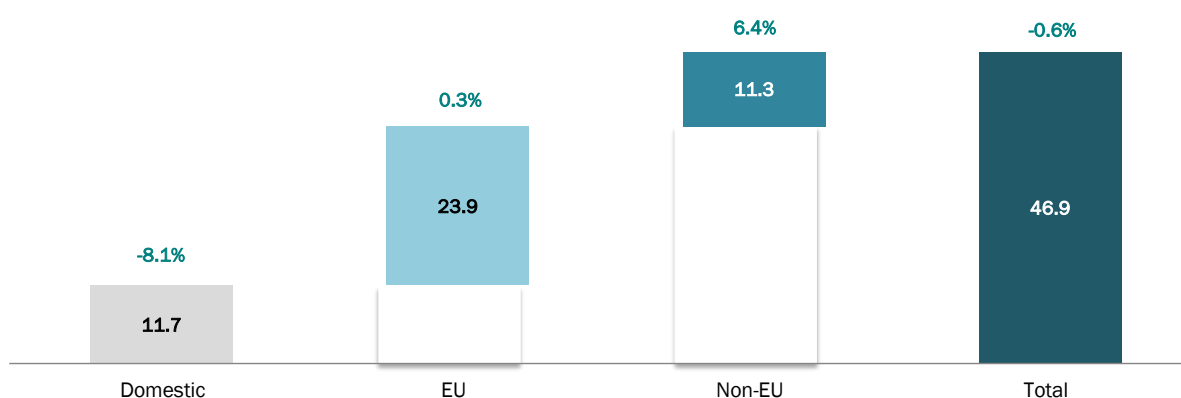
- Far East up 12.2%, thanks to an increase in the frequency and capacity of flights to Seoul (Korean Air and Asiana: South Korean airlines) and Alitalia's launch of flights to Malé and Delhi at the end of 2017.

The Domestic segment, in contrast, is down 8.1%, partly due to a decline in operations at Alitalia, which is currently in extraordinary administration.

The reorganisation of Alitalia's network has, moreover, resulted in a reduction in transit passengers using Fiumicino.

Breakdown of traffic using the Roman airport system in 2017

(millions of pax and change 2017 vs 2016)



Capital expenditure

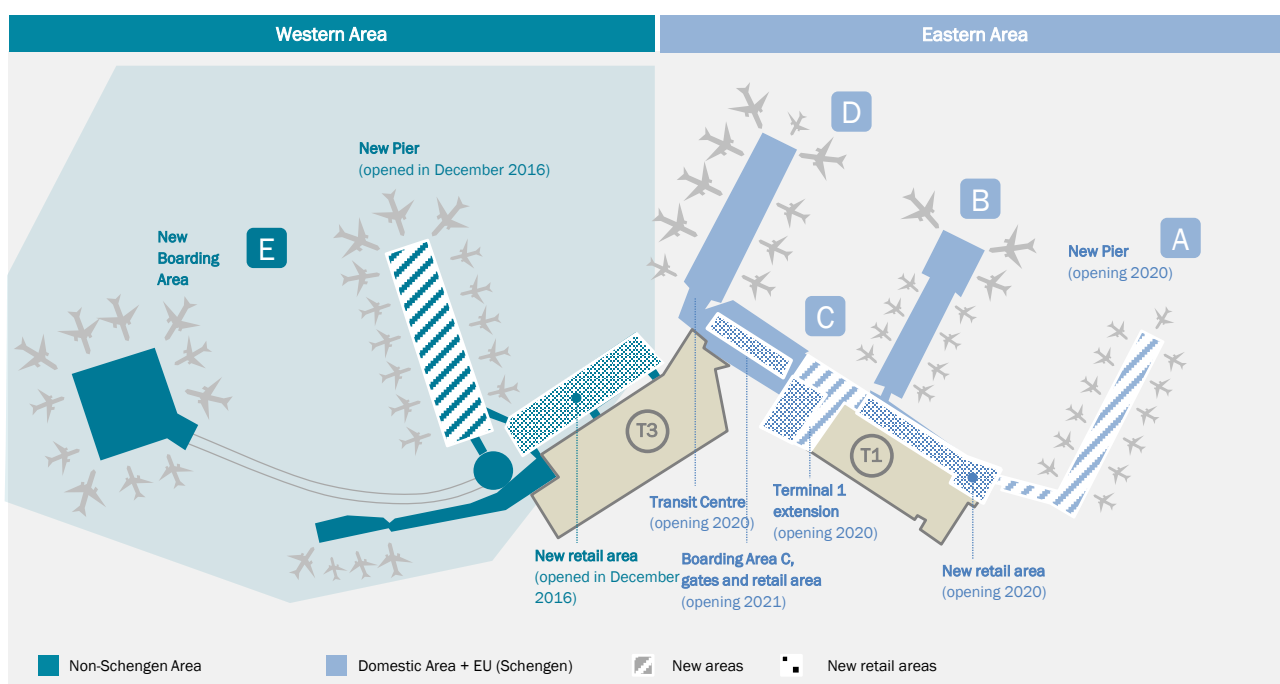
Aeroporti di Roma continues to be committed to the construction of new infrastructure for Leonardo da Vinci airport, with the aim of ensuring sufficient capacity to meet future demand and achieving continuous improvements in the level of service offered to passengers.

By 2021, the airport's capacity is expected to be in excess of 50 million passengers a year, in line with other major European airports. In addition to upgrading airside infrastructure, the investment plan is focusing on expansion of the various terminals.

After the opening of the new retail plaza in Terminal 3 and the new boarding area E in the western area of the airport (primarily earmarked for non-Schengen international traffic), major infrastructure works in the Eastern area have been planned for the coming years (primarily for domestic and Schengen flights).

This will include:

- a new departure area towards the far side of the terminal (pier A), which will host 24 new gates, with 13 equipped with loading bridges;
- the expansion of Terminal 1, through construction of a new retail area, linked to the new pier;
- the extension of Terminal 1 towards the west and taking up space currently occupied by Terminal 2, with the complete upgrade of departure area C and of the area linking it with departure area D.



Capital expenditure totalled €207 million in 2017. Work on the upgrade of Runway 1 at Fiumicino was completed, as was the internal upgrade and refurbishment of Terminals 1 and 3, in readiness for the transfer of high-risk flights, finishing work and complementary works for boarding area E and Phase 1 of the Western aprons project. Work began on the new boarding area A and a new wing of Terminal 1. Work continued on flood defences for the western area, on Phase 2 of the Western aprons and the *Piazzali 300* (“300 Aprons”) project, on the new transformer substation (HV/MV), and on the new electricity system serving the runways. At Ciampino airport, work on the upgrade of the General Aviation Terminal was completed.

€M	2017	2016
T3 wing and boarding area E	23	195
Work on baggage handling sub-systems and airport equipment	12	55
Work on terminals and piers	44	61
Work on technical systems and networks	24	33
Work on runways and aprons	58	21
Other	46	81
TOTAL CAPITAL EXPENDITURE	207	445

Overseas airports

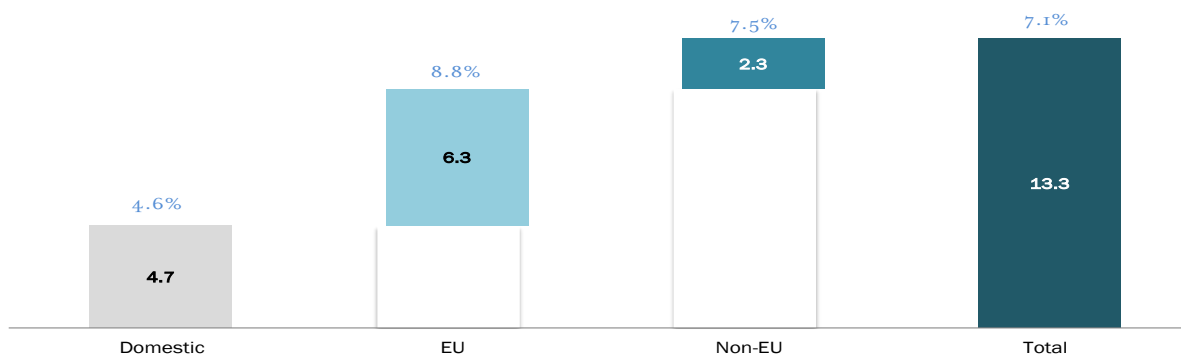
The Group's overseas airports segment generated operating revenue of €281 million in 2017. Aviation revenue of €159 million primarily consists of fees earned by the airports of Nice, Cannes and Saint-Tropez, in addition to the contribution from the Sky Valet FBO network. Other operating income amounts to €122 million. EBITDA totals €95 million.

Traffic

Nice airport handled 13.3 million passengers in 2017, marking an increase of 7.1% compared with the previous year. After adjusting for the leap-year effect, the increase is approximately 7.3%. In terms of general aviation, movements were up 5.2%⁽¹⁾ in 2017.

Breakdown of traffic (commercial aviation) using Nice airport in 2017

(millions of pax and change 2017 vs 2016)



Capital expenditure

The Aéroports de la Côte d'Azur group's capital expenditure amounts to €27 million for 2017. Initiatives designed to expand capacity amount to €20 million and include work on increasing the retail offering, expanding the capacity of Terminal 2, work on the tram line to Nice airport and improvements to aircraft aprons.

The Aéroports de la Côte d'Azur group invested a further €7 million in the upgrade of airport infrastructure, primarily runways and taxiways, to comply with EASA regulations. The group also acquired security equipment and carried out work designed to ensure security in the area of the airport open to the public.

⁽¹⁾ The figures refer to the airports of Nice, Cannes and Saint-Tropez.

Other activities

Spea Engineering

Spea Engineering operates in Italy and overseas, supplying engineering services involved in the design, project management and controls connected to the upgrade and maintenance of motorway and airport infrastructure. Operating revenue for 2017 amounts to €110 million, marking a reduction of €14 million compared with 2016. This primarily reflects a reduction in project management following the closure of construction sites and the production of final statements and a slowdown in airport projects.

90% of the company's total revenue during the period was earned on services provided to the Group. EBITDA for 2017 amounts to €15 million, down €14 million on 2016.

Pavimental

The company operates primarily in Italy, providing the Group with motorway and airport maintenance services, and carries out major infrastructure works for the Group and external customers. Operating revenue for 2017 amounts to €397 million, up €97 million on 2016. This primarily reflects the impact of a settlement agreed with Autostrade per l'Italia with regard to contracts for the Barberino-Florence North section of motorway. Revenue, before extraordinary items, is up approximately €15 million due to the increased volume of infrastructure work awarded by ADR and Autostrade per l'Italia. EBITDA, which is directly influenced by the growth in revenue, amounts to €51 million, marking an increase of €91 million on the previous year.

Telepass

Telepass, the company responsible for operating electronic tolling systems and the supplier, in Italy and overseas, of other transport-related payment systems, generated operating revenue of €172 million in 2017, marking an increase of €14 million compared with 2016. This is primarily represented by Telepass fees of €108 million, Viacard subscription fees of €21 million and payments for Premium services of €24 million.

The company's EBITDA for 2017 is €98 million, marking an increase of €7 million on 2016.

As at 31 December 2017, there are 9,628,715 Telepass devices in circulation (up approximately 324,000 compared with 31 December 2016), whilst the number of subscribers of the Premium Option total 2,056,743 (up approximately 66,000 compared with 31 December 2016).

A new company named Telepass Pay SpA was established on 11 November 2016. The company, a wholly owned subsidiary of Telepass SpA, has been set up to expand to the offering of payment services linked to both urban and inter-city transport.

On 20 June 2017, Telepass Pay received authorisation from the Bank of Italy to operate as an electronic money institution, with its first services being introduced in July 2017, with the launch of payment services for fuel and parking.

Electronic Transaction Consultants

Electronic Transaction Consultants (ETC) is the leading US provider of systems integration, hardware and software maintenance, customer services and consultancy in the field of free-flow electronic tolling systems, including in combination with traditional methods of tolling (cash and cards).

ETC generated operating revenue of €60 million in 2017, down €4 million compared with 2016.

EBITDA of approximately €4 million is down approximately €2 million on the figure for 2016.

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 2017, some of which were co-financed at EU and national level.

The main activities carried out in 2017 include:

- the development of free-flow tolling systems for traditional motorway tolling systems and for European service providers looking to introduce tolling systems using satellite technology;
- the development and upgrade of onboard devices for the Italian and European markets, and the design of next generation dual-mode devices;
- continued development of systems for identifying vehicle classes for tolling purposes and to track and manage vehicles on motorways;
- the creation of a data lake to gather traffic information from the Myway app so as to provide services for the Group and for external customers;
- trials of automated systems for the survey and modelling of the structural performance of infrastructure for maintenance and surveillance purposes;
- new solutions for monitoring traffic and accidents in order to improve traffic management and planning to ensure protection for work sites;
- the development of next generation safety barriers;
- the development of services linked to mobility, including payment for fuel using Telepass devices and mobile apps;
- the creation of support systems for Telepass Pay, its customers, the services offered to them and the merchants providing the services.

EU-funded projects include the following:

- participation in European programmes for the development and application of ITS-based services (information for road users, traffic management, freight transport and logistics services) needed in order to achieve European objectives relating to the safety and environmental impact of transport and mobility;
- participation in the REETS project, regarding implementation of a Regional European Electronic Toll Service, set up by Directive 2004/527EC and Decision 2009/750/EC;
- participation in the MedPass project, which aims to integrate the electronic tolling services for motor vehicles used in Italy (Telepass), France (Liber-T) and Spain (ViaT);
- completion of the MOBINET project, aimed at creating an e-marketplace in the Intelligent Transport Systems sector.

Group companies' total expenditure on innovation, research and development in 2017 amounts to €21 million. This sum represents the total amount spent by the Group on research and development, including operating costs, staff costs and capital expenditure.

Workforce

As at 31 December 2017, the Group employs 15,394 staff on permanent contracts and 1,351 temporary staff, resulting in a total workforce of 16,745, including 12,718 in Italy and 4,027 at overseas companies. This is up 907 on the 15,838 of 31 December 2016.

The increase in permanent staff at 31 December 2017 compared with the end of 2016 (up 810) primarily reflects events at the following Group companies:

- Aéroports de la Côte d'Azur group (up 680) following the group's first-time consolidation;
- Telepass group (up 99), primarily due to the transfer of the Contact Centre from Autostrade per l'Italia to Telepass SpA;
- Atlantia (up 37), primarily due to the transfer of the Foreign Department from Autostrade per l'Italia;
- Italian motorway operators (down 217) primarily due to the transfer of the Contact Centre from Autostrade per l'Italia to Telepass and of staff from the Foreign Department from Autostrade per l'Italia to Atlantia, as well as slower turnover among toll collectors at Autostrade per l'Italia, Tangenziale di Napoli and Autostrade Meridionali, partly offset by the hiring of staff to fill specific roles within certain organisational units;
- Pavimental (up 82), primarily due to an increase in motorway works;
- the Chilean companies (up 63), due to recruitment of staff engaged in the implementation of investments provided for in the *Santiago Centro Oriente* expansion programme;
- the Brazilian companies (up 56), primarily due to continued implementation of the plan to bring routine maintenance in-house;
- Giove Clear (up 22), reflecting an increase in the average volume of work.

The number of temporary staff at 31 December 2017 has risen compared with the end of 2016 (up 97), primarily reflecting events at the following Group companies:

- Italian motorway operators (up 53), primarily due to the higher number of seasonal toll collectors required;
- Spea Engineering (up 28), primarily due to increased demand for motorway design work;
- Giove Clear (up 26), reflecting an increase in the average volume of work;
- Pavimental (up 16), primarily due to an increase in airport projects;
- Aeroporti di Roma group (down 25), primarily due to initiatives designed to streamline operations and boost efficiency at the operating companies, partially offset by actions designed to improve the quality of passenger services.

The average workforce (including agency staff) is up from 14,997 in 2016 to 15,979 in 2017, marking an increase of 982 on average (up 7%).

This increase primarily reflects:

- Aéroports de la Côte d'Azur group (up 706 on average) following the group's first-time consolidation;
- Pavimental (up 66 on average), primarily due to an increase in motorway works and airport projects;
- Telepass group (up 86 on average), primarily due to the transfer of the Contact Centre from Autostrade per l'Italia;
- Aeroporti di Roma group (up 72 on average), primarily linked to insourcing and the expansion of maintenance operations and of the activities managed by Airport Cleaning, partially offset by initiatives designed to streamline and boost the efficiency of internal processes within the operating companies;
- the Chilean companies (up 68 on average), due to recruitment of staff engaged in the implementation of investments provided for in the *Santiago Centro Oriente* expansion programme;
- the Brazilian companies (up 59 on average), primarily due to continued implementation of the plan to bring routine maintenance in-house;
- Atlantia (up 31 on average), primarily due to the transfer of the Foreign Department from Autostrade per l'Italia;
- Italian motorway operators (down 177 on average), primarily due to the transfer of the Contact Centre from Autostrade per l'Italia to Telepass and of staff from the Foreign Department from Autostrade per l'Italia to Atlantia, as well as slower turnover among toll collectors at Autostrade per l'Italia, Tangenziale di Napoli and Autostrade Meridionali.

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

Permanent staff

CATEGORY	31 December 2017	31 December 2016	INCREASE/(DECREASE)	
			ABSOLUTE	%
Senior managers	291	245	46	19%
Middle managers	1,087	989	98	10%
Administrative staff	6,804	6,459	345	5%
Manual workers	4,182	3,765	417	11%
Toll collectors	3,030	3,126	(96)	-3%
Total	15,394	14,584	810	6%

Temporary staff

CATEGORY	31 December 2017	31 December 2016	INCREASE/(DECREASE)	
			ABSOLUTE	%
Senior managers	2	4	(2)	-50%
Middle managers	2	2	-	n/s
Administrative staff	498	525	(27)	-5%
Manual workers	540	483	57	12%
Toll collectors	309	240	69	29%
Total	1,351	1,254	97	8%

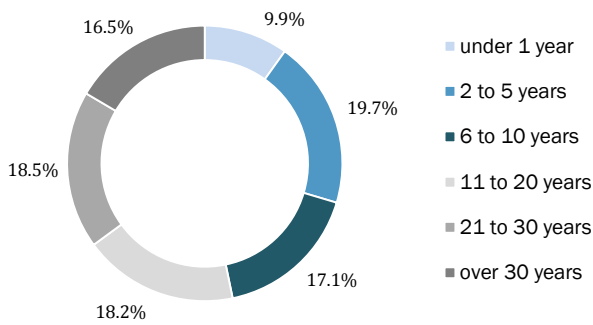
Average workforce^(*)

CATEGORY	2017	2016	INCREASE/(DECREASE)	
			ABSOLUTE	%
Senior managers	291	250	41	16%
Middle managers	1,090	986	104	11%
Administrative staff	7,092	6,673	419	6%
Manual workers	4,386	3,880	506	13%
Toll collectors	3,120	3,208	(88)	-3%
Total	15,979	14,997	982	7%

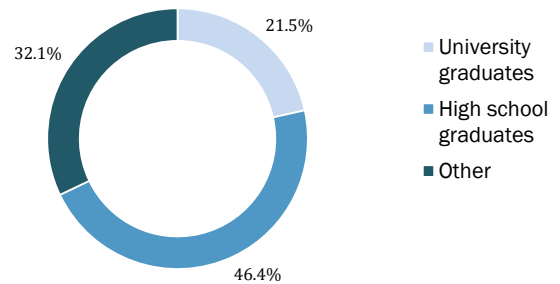
(*) Includes agency staff.

Distribution of the Group's workforce (permanent staff)

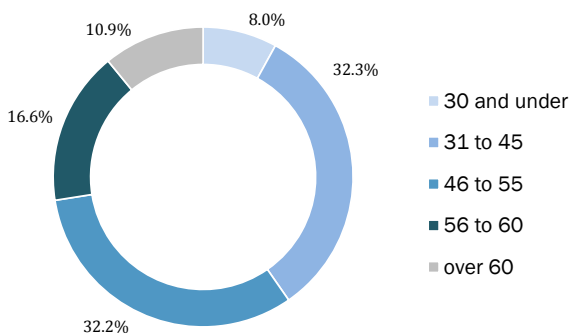
Distribution of workforce by length of service



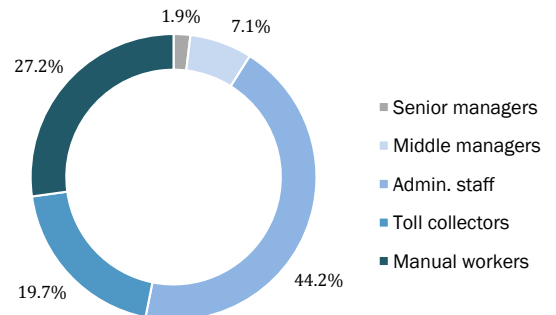
Distribution of workforce by educational qualification



Distribution of workforce by age range



Distribution of workforce by category



The Group's human resources policies

During 2017, the Group extended its commitment to developing expertise, improving performance, enhancing talent and supporting organisational change.

Regarding initiatives aimed at integrating the Group's people management processes, in 2017 the Group's Human Resources department consolidated a process designed to capitalise on the Group's skills base, via intercompany mobility and cross-fertilisation initiatives. These initiatives are designed to:

- take advantage of accumulated experience and know-how;
- promote and encourage diversification in order to enrich skills;
- expand cross-company experience.

The Group's Leadership Model, aimed at development of individuals' skills in order to strengthen performances in the long term, was further developed. The new model will underpin the appraisal system for senior managers, and have an impact on the annual incentive scheme.

The Group's succession planning and talent management procedures support career development and organisational development decisions, thus guaranteeing the continuity of the Group's management. To ensure the effectiveness of these processes, the Group has adopted a number of tools:

- Performance Management, which guides the professional and personal development of staff;
- Assessment procedures, which facilitate self-appraisal and help in identify individual potential;
- Development Programmes, aimed at nurturing and developing talent.

The partnership programme with Italy's major universities and polytechnics, called *Atlantia per la Conoscenza* (Atlantia for Knowledge), continued. The initiative entails provision of scholarships for the best students enrolled in the final year of master's degree courses, focusing in particular on the faculties of engineering and economics.

Details of remuneration policies are provided in Atlantia's Remuneration Report for 2018 (as approved by the Board of Directors on 2 March 2018) and in the information circulars for the various equity plans, prepared pursuant to art.84-bis, paragraph I of the Regulations for Issuers and available for inspection on the Company's website at <http://www.atlantia.it/it/corporate-governance/remunerazione.html>.

Selection

The process of finding and selecting personnel to work for the Atlantia Group is designed to attract the best available talent. Among the attributes sought are the ability to deliver excellent results, high potential and cross-functional experience.

The type of recruiting tool or channel used depends on the seniority and the specialist expertise required. The *Atlantia per la Conoscenza* (Atlantia for Knowledge) programme, handled by the holding company, the "Work with us" section of the website, online recruitment databases and partnerships with schools, universities and leading post-graduate programmes are used to attract recent graduates and professionals. The selection process for junior roles takes the form of individual and group tests aimed at assessing attitude, ability and potential.

The search for senior personnel is handled by head hunters and through social networks, with the selection process being based on individual interviews designed to assess personal characteristics, motivation and technical and specialist knowledge.

Training

Training plays a key role in career development, process innovation and in achieving the Group's business targets.

A total of 272 thousand hours of training was provided in 2017, involving over 12 thousand participants at a total cost of €3.9 million. Approximately 41% of the training hours provided regarded health, safety and the environment.

Management and behavioural training during the year took the form of a number of Leadership and Change Management courses.

In confirmation of the importance given to the quality of customer services, the Group also renewed its commitment to providing training for Aeroporti di Roma front-end staff and motorway personnel.

Organisation

Organisational development initiatives focused on two key areas in 2017:

- a) the organisational development of the holding company, Atlantia, in response to the new structure of the Group. A number of new organisational units were created during the year, with the aim of ensuring adequate coverage of the processes transferred to the holding company (e.g. International Legal Affairs, Finance and Public Affairs units);
- b) digital innovation as a means of driving the success and sustainability of the business. Atlantia has set up a Digital Unit to foster the development and use of digital solutions, accompanied by the appointment of a Digital Unit Officer and a Digital Committee.

In terms of changes to procedures, the Company was engaged in both the revision of existing procedures and policies and the creation of new ones, with the aim of ensuring improved oversight of internal processes and aspects of compliance (e.g. the Anti-corruption Policy, Internal Audit Guidelines, the Procedure for Managing Conflicts of Interest).

Overall, in line with previous years, the organisational activities of subsidiaries gave priority to improving internal processes and on the need to focus more closely on issues relating to compliance and technological change. Subsidiaries also mirrored changes to the holding company's organisation in relation to the impact of the Group's new organisational structure.

Industrial relations

The Group reached a number of agreements with the labour unions in 2017.

In the Italian motorways segment, the most important primarily regarded the productivity bonus and the simplification and rationalisation of previous contract provisions to create a single document, and the introduction of decentralised bargaining at local level.

With regard to Aeroporti di Roma, dialogue with social partners primarily regarded:

- staff development initiatives for employees, including via recourse to external funding;
- the operational impact of changes to a number of organisational processes and the insourcing of certain maintenance activities;
- further work on specific regulations for the Air Transport sector in relation to seasonal employment;
- the variable component of pay and performance-related bonuses.

The transfer of a business unit from Telepass to Telepass Pay was also completed.

Workplace health and safety

Atlantia implements a health and safety management system certified in accordance with the OHSAS 18001 international standard, the Workplace Health and Safety Organisation and Management Model. The Model defines the responsibilities, processes, procedures, staff, means and tools for implementing the Group's Safety Policies within the various departments, with a view to preventing accidents, in compliance with current legislation. The Model aims to ensure that the above policies are efficiently implemented and smoothly integrated within the Group's operations.

In 2017, Group companies implemented various initiatives relating to workplace health and safety training and updates, taking into account the provisions of the relevant legislation, and also adopting the holding company's management system.

Corporate governance

Atlantia's Corporate Governance system is based on a collection of rules that are in line with regulatory guidelines and best market practices.

This system is based on Atlantia's Corporate Governance Code, which has been drawn up in accordance with the principles and criteria contained in the Corporate Governance Code for listed companies, which was updated by the Corporate Governance Committee for listed Italian companies in July 2015.

In accordance with the current Articles of Association, management of the Company is assigned to the Board of Directors, whilst supervisory functions are the responsibility of the Board of Statutory Auditors and responsibility for auditing the Group's accounts is assigned to the Independent Auditors. Based on the provisions of art. 30 of the Articles of Association, the Chairman represents the Company.

Separation of the roles of Chairman and Chief Executive Officer means that it is not necessary to appoint a Lead Independent Director.

Based on the provisions of the Company's Corporate Governance Code, the Board of Directors has established the following board committees: the Human Resources and Remuneration Committee and the Internal Control, Risk and Corporate Governance Committee. The Board has also appointed the Director, Guiliano Mari, as Director responsible for internal control and risk management.

In implementation of the provisions of Legislative Decree 231/2001, Atlantia has adopted the Organisational, Management and Control Model and has set up a Supervisory Board. Lastly, in compliance with the CONSOB requirements contained in the Regulations for Related Party Transactions (Resolution 17221 of 12 March 2010, as amended), Atlantia set up a Committee of Independent Directors with responsibility for Related Party Transactions – consisting of three independent Directors – and adopted the Procedure for Related Party Transactions, which came into effect from 1 January 2011 and was last revised on 15 December 2017.

In addition to the above Procedure, Atlantia has, among others, adopted the Procedure for Market Announcements, the Procedure for relations with the Independent Auditors, the Procedure for Reporting to the Board of Statutory Auditors, the Code of Conduct for internal dealing, and the Procedure for Notification of the Ethics Officer.

The Company's Governance system is completed by the regulations contained in the Articles of Association and in the General Meeting Regulations.

Edizione Srl, via Sintonia SpA, owns 30.25% of Atlantia, holding a relative majority of the issued capital. Atlantia's Board of Directors – elected by the Annual General Meeting held on 21 April 2016 – is made up mostly of representatives of Sintonia SpA, given that 12 out of 15 were elected from the slate presented by this shareholder. It should also be noted that this shareholder's slate obtained the majority of votes thanks also to the votes of other shareholders attending the meeting.

In this regard, the average attendance of shareholders at the general meetings held by Atlantia in 2016 and 2017 was representative of approximately 78.45% of the issued capital.

The reader will recall that, on 12 March 2009, Sintonia SA (at that time a Luxembourg-registered company) and Schemaventotto SpA (later merged with and into Sintonia) issued a joint declaration,

stating that neither the Company or the Group of which it is the Parent were subject to management and coordination by either of the two companies.

Atlantia is not subject to management and coordination by any third parties. On 19 January 2018, Atlantia adopted regulations governing the exercise of management and coordination, defining the scope and procedures for the exercise of management and coordination of its subsidiaries who are not subject to management and coordination by other Group companies.

The full text of the “Annual report on Corporate Governance and the Ownership Structure”, prepared in accordance with indications contained in the format for corporate governance reports formulated by Borsa Italiana, is available in the “Corporate Governance” section of the Company’s website at www.atlantia.it.

Sustainability

Preamble: non-financial reporting

The “Sustainability” section of this Report on Operations only deals with aspects of a non-financial nature. Matters relating to the Atlantia Group’s environmental responsibility are dealt with in the Non-financial Statement – Integrated Report for 2017, approved together with this Annual Report and prepared in compliance with Legislative Decree 254/2016. This document is available in the “Sustainability” section of the Company’s website at www.atlantia.it.

Environmental responsibility

Environmental responsibility permeates all levels of the organisation and promoted among all parties the Group has dealings with, and thus permeates all phases of its activities.

During the phases of design, implementation and use of infrastructure, appropriate solutions are identified aimed at achieving ever higher levels of environmental compatibility. The Group is committed to using and sustainably managing environmental inputs and outputs.

Use of resources

Particularly significant with regard to the use of resources are water and energy consumption, and the production of waste, the impact of which on the environment has to be constantly monitored and limited.

Water consumption

In 2017, total water consumption amounted to 5.77 million cubic metres, registering an increase of 1.9 million cubic metres compared with 2016, primarily following the Group’s first-time consolidation of the airport system managed by Aéroports de la Côte d’Azur. 35% (21% on a like-for-like basis of consolidation) of the total water consumed is recycled and reused in equipment that produces bituminous conglomerate and, for the most part, in operations at the airports of Nice and Fiumicino.

Again on a like-for-like basis of consolidation, compared with 2016, there was an increase of 3.4% due in particular to work on widening the AI motorway between Barberino and Florence North to three lanes, which involved the mechanised excavation of the new Santa Lucia tunnel.

Energy and climate change

Among environmental issues, special attention is focused on energy via various types of projects and initiatives aimed at adoption of renewable energy sources, and the study and implementation of eco-efficient solutions in terms of consumption.

Commitments on the energy front also enable important synergies with emission monitoring, management and reduction and, more generally, with the approach to the issue of climate change.

The main sources of energy used by the Atlantia Group are fuel - directly used for heating and air conditioning buildings, plant operation, maintenance equipment, service vehicles and generators - and electricity for powering the various systems and equipment.

The Group consumed 3,172 TJoules of energy in 2017, including electricity, natural gas, LPG, diesel, petrol and ethanol and registering an increase of 14% compared with 2016. This was primarily due to the impact of the Aéroports de la Cote d'Azur group. On a like-for-like basis of consolidation, energy consumption is up 6.9% on 2016.

The Group is active in the co-generation of energy. Since 2014, Autostrade per l'Italia has built three trigeneration plants (the combined production of power, heat and cold), enabling it to self-produce over 3.2 GWh of electricity in 2017.

Fiumicino airport is also served by a co-generation plant fuelled by natural gas, which synergically generates electricity and heat. In 2017, the plant met 82% of the airport's energy needs, whilst the remaining 18% was purchased from the distribution network. The cogeneration plant also produced most of the heat needed by the airport, whilst the remaining heat was provided by natural gas-fired plants. The aim of reducing and optimising energy consumption is also pursued via the use of renewable energy and energy efficiency and saving initiatives.

During the year, the photovoltaic plants installed and in operation produced around 13,370 MWh of electricity, up 14% on the figure for 2016 (including 40% for internal use on site), thus avoiding the emission of approximately 4,340 tonnes of CO₂.

Group companies continued to implement a series of energy saving initiatives in 2017, with the replacement of traditional forms of lighting with LED technology and of air conditioning systems, involving:

- the installation of solar thermal plants;
- the conversion of heating systems to run on natural gas rather than diesel;
- the installation of more efficient boilers;
- the implementation of initiatives in buildings with a view to reducing heat loss, and the implementation of automated systems for monitoring air conditioning and heat in order to manage internal temperatures;
- the installation of inverters in air conditioning units.

The airports of Fiumicino, Ciampino and Nice all have energy management systems certified in accordance with the ISO 50001 standard. This enables the airport operators to plan any work to be carried out and investment, and to analyse and monitor energy trends, thanks to a continuously updated action plan, in order to improve overall performance.

With regard to greenhouse gas emissions, the Atlantia Group's CO₂ equivalent emissions (CO₂eq) totalled 238,415 tonnes in 2017, an increase of 5.9% compared with 2016. After excluding the contribution from the Aéroports de la Cote d'Azur group, the increase is 5.3%.

In 2017, Fiumicino and Ciampino airports reconfirmed their accreditation under the Airport Carbon Accreditation (ACA) scheme set up by ACI Europe (Airports Council International). Fiumicino confirmed its level 3+ "Neutrality" accreditation, offsetting direct and indirect emissions (scope 1 and 2) with the acquisition of carbon credits from projects certified as Gold Standard and Voluntary Carbon Standard, while Ciampino confirmed its level 3 "Optimisation" certificate, requiring quantification of all direct and indirect emissions and other indirect emissions and proof of absolute or relative improvements in performance.

Nice airport also participates in ACA's certification programme and the Aéroports de la Côte d'Azur group has been certified 3+ (the first French airport to be carbon neutral) since 2016. The certification was renewed in 2017. AGST airport (the Aéroport du Golf de Saint Tropez), on the other hand, has reconfirmed its level 3 "Optimisation" certificate.

Waste

The total amount of waste produced by the Group in 2017 amounted to around 507,000 tonnes, compared with around 579,000 tonnes in 2016, with the amount recovered or recycled totalling 93%, marking a further increase with respect to the previous year.

Approximately 88% of the waste produced derives from motorway and airport construction and maintenance work, which produces mixed waste from demolition and construction activities, as well as soil, rocks and bituminous conglomerate.

KEY ENVIRONMENTAL INDICATORS	2017	2017 ⁽¹⁾	2016	% change 16/17	% change 16/17 ⁽¹⁾
Water consumption ('000s of m³)	5,774	3,999	3,866	49%	3%
Water recycled (%)	35	21	18	94%	17%
Energy consumption by type (TJoules)	3,172	2,976	2,783	14%	7%
<i>Diesel</i>	675	672	628	7%	7%
<i>Natural gas</i>	1,045	1,024	916	14%	12%
<i>Petrol</i>	34	34	34	2%	1%
<i>Electricity</i>	1,280	1,110	1,019	26%	9%
<i>Other</i>	138	136	186	-26%	-27%
CO2 emissions (t)	238,415	234,149	222,456	7%	5%
Direct emissions ⁽²⁾	138,539	137,073	131,798	5%	4%
Indirect emissions from electricity consumption	99,876	97,076	90,658	10%	7%
Waste produced (t)	507,153	504,007	579,571	-12%	-13%
% of waste recycled/recovered	93	93	91	2%	2%

(1) Excluding the contribution from Aéroports de la Côte d'Azur group companies.

(2) This type of emission includes fuel consumption for heating and air conditioning buildings, for motor vehicles, running generators and road maintenance works.

Related party transactions

Information on related party transactions is provided in note 10.5 to the consolidated financial statements and note 8.2 to Atlantia SpA's separate financial statements.

Significant regulatory aspects

Italian motorways

Toll increases with effect from 1 January 2017

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued decrees on 30 December 2016, determining the toll increases to come into effect from 1 January 2017.

Specifically:

- 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 shortfall (equal to 0.13%) was that additional documentation was required in respect of the "X" and "K" tariff components. Once these documents had been submitted Autostrade per l'Italia, on 21 September 2017, the Grantor decided to allow almost all the expenditure detailed in the additional documentation, announcing the need to resubmit the same documents when applying for the toll increase for 2018;
- 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. On 12 September 2017, the Court partially upheld the challenge brought by Raccordo Autostradale Valle d'Aosta, cancelling the above provision;
- 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;
- 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, and for 2014, 2015 and 2016, the courts found in the company's favour. Campania Regional Administrative Court also upheld Autostrade Meridionali's challenge with respect to the increase for 2017, declaring the failure to allow the requested toll increase unlawful.

In the case of Traforo del Monte Bianco, which operates under a different regulatory regime, on 2 December 2016, the Intergovernmental Committee for the Mont Blanc Tunnel gave the 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%).

Toll increases with effect from 1 January 2018

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued decrees on 29 December 2017, determining the toll increases to come into effect from 1 January 2018.

Specifically:

- a) Autostrade per l'Italia was to apply a toll increase of 1.51%, including 0.49% as the inflation-linked component, 0.64% to provide a return capital expenditure via the "X" tariff component and -0.04% to provide a return on investment via the "K" tariff component (the shortfall in the increase awarded for 2017 was recouped for both these components) and 0.43% to recover the reduction in revenue earned in the period from June 2014 to 2017 as a result of the discounted tolls for frequent motorway users, introduced by the Memorandum of Understanding entered into with the Ministry. With regard to the shortfall in the increase with respect to the requested amount, equal to 0.01% (relating to the "X" component for capital expenditure), in response to the additional documentation submitted by Autostrade per l'Italia, on 12 March 2018, the Grantor largely accepted the subsidiary's arguments supporting the requested increase. As a result, recovery of the shortfall will be considered as part of the toll increase for 2019, with the recognition of any remaining amounts postponed until revision of the financial plan;
- b) Raccordo Autostradale Valle d'Aosta was awarded a toll increase of 52.69%, compared with a request for 81.12%. The company has challenged the decree before the Regional Administrative Court;
- c) Autostrade Meridionali was awarded a toll increase of 5.98%, compared with a request for 9.9%;
- d) Autostrade Tirrenica was awarded a toll increase of 1.33%, compared with a request for 36.51%. The company has challenged the decree before the Regional Administrative Court;
- e) Tangenziale di Napoli was awarded a toll increase of 4.31%, inclusive of the increase designed to make up for the lack of any increases in previous years, compared with a requested increase of 1.93%. The increase was awarded on the basis of the revised financial plan annexed to the Addendum signed on 8 September 2017 and, later, at the Grantor's request, signed digitally on 22 February 2018. The Addendum will be effective once it has been formally approved by decree, as required by law, and once the decree has been registered with Italy's Court of Auditors.

In the case of Traforo del Monte Bianco which, as noted above, operates under a different regulatory regime, on 24 November 2017, the Intergovernmental Committee for the Mont Blanc Tunnel gave the go-ahead for a toll increase of 1.09%. This is based on the average of the inflation rates registered in Italy and France from 1 September 2016 to 31 August 2017, in addition to an extra 0.95% increase determined by the Committee. From 1 April 2018, tolls for all Euro 3 category heavy vehicles of over 3.5 tons, will be increased by 5%.

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

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017, replacing the previous addendum signed on 10 December 2015, for which the related approval process had not been completed. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the operator's investment commitments in the Single Concession Arrangement. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and almost €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis and under a

specific agreement to be executed. The amount will then be recouped by Autostrade per l'Italia through the specific “K” tariff component.

During the approval process, the Grantor requested that the document be signed digitally. The Addendum was then signed on 22 February 2018 and will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy’s Court of Auditors.

Addendum to Tangenziale di Napoli’s Single Concession Arrangement

On 8 September 2017, the Addendum to Tangenziale di Napoli’s Single Concession Arrangement was signed. The Addendum sets out the results of the five-yearly review (2014 – 2018) of the financial plan annexed to the Arrangement.

During the approval process, the Grantor requested that the document be signed digitally. The Addendum was then signed on 22 February 2018 and will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy’s Court of Auditors.

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 come to a conclusion in early 2018 and, following receipt of all the necessary consents, the tender process will begin.

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 and following discussions with the Grantor, since 2014 Autostrada Tirrenica has prepared and submitted to the Grantor a number of drafts of a new addendum to its existing Single Concession Arrangement, providing for: a reduction in the concession term (initially to expire in 2043, then in 2040 and, finally, in 2038), the obligation to put all the works out to tender and the conditions for completion of the road.

On 17 May 2017, the European Commission announced that the Commission had referred Italy to the European Court of Justice for violation of EU law regarding extension of the concession arrangement without conducting a tender process. On 5 October 2017, the Ministry of Infrastructure and Transport notified the company that it had lodged an appeal.

In 2017, the Ministry of Infrastructure and Transport carried out a project review for the road running down the Tyrrhenian coast (the “Tyrrhenian corridor”), which envisages construction of the Tarquinia–Ansedonia section of motorway by Autostrada Tirrenica and the widening to four lanes of the existing dual carriageway (the SS 1) from Ansedonia to Orbetello Scalo by the same company. The date for expiry

of the concession term was to be 31 December 2038. Work on the remaining section, from Orbetello Scalo to San Pietro in Palazzi, would be the sole responsibility of ANAS.

The Interministerial Economic Planning Committee, at the session held on 22 December 2017, received the “report on the process of modifying the proposed project for completion of Thyrranian corridor”.

Discussions are ongoing with the Grantor to assess the administrative and financial feasibility of the new solution.

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.

Following the hearing before the Council of State, held on 27 June 2017, the Council issued an order dated 17 November 2017, finally assigning jurisdiction to Campania Regional Administrative Court. Following the return of the case to Campania Regional Administrative Court, the Court scheduled a hearing on the merits of both challenges brought by Autostrade Meridionali and SIS for 23 May 2018.

New legislation concerning tenders and concessions

The 2018 Budget Law – Law 205 of 27 December 2017 - has amended art. 177 of the Public Contracts Code. The new article requires motorway operators holding a concession not awarded in the form of project financing, or by public tender in accordance with EU law, to award 60% of any contracts for works, services or goods by public tender, instead of the 80% generally applied.

ANAC (the *Autorità Nazionale Anti Corruzione*, Italy’s National Anti-Corruption Authority) is in the process of issuing interpretation guidelines for art. 177.

Charges payable by motorway operators in accordance with Legislative Decree 35 of 2011

The Ministerial Decree of 7 August 2017 was published Official Gazette no. 250 on 26 October 2017. This legislation quantifies the charges to be paid by motorway operators for “the activities involved in overseeing projects, classification of the network and the inspection of existing roads” carried out by the Ministry of Infrastructure and Transport as the Competent Body in accordance with Legislative Decree 35/2011 (the infrastructure safety decree).

At this time, the provisions of Legislative Decree 35/2011 require the issue of further legislation, given the Ministry’s failure to issue implementing decrees. Despite this, the provisions, in event, represent legal standards to be taken duly into account in the day-to-day operations of motorway operators, during both the design of new works and the management of existing infrastructure.

Publication of the decree calculating the charges and establishing the method and terms of payment by operators for the Ministry’s activities as the Competent Body, such as the oversight of projects, classification of the network and inspections, is an issue of some importance given that the activities have yet to take place.

For this reason, whilst having proceeded to pay the amounts due for 2017 and 2018 – expressly reserving the right to request restitution -, Autostrade per l'Italia, in common with almost all other motorway operators, lodged an extraordinary appeal with the Head of State, challenging the above legislation. This is to avoid the risk that apparent acquiescence to the decree could lead the Ministry's inspections to be classified as an activity carried out as a Competent Body with responsibility for infrastructure safety.

Discussions between the Ministry of Infrastructure and Transport and the European Commission regarding the extension of Autostrade per l'Italia's concession

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

Press reports dated 28 February 2018 indicate that, following positive developments in its talks with the Ministry of Infrastructure and Transport, the European Commission is about to make a decision on the matter.

Once the Commission has made its decision, Autostrade per l'Italia will assess the details in order to decide on how to respond.

Overseas motorways

Chile

From January 2017, Grupo Costanera's motorway operators applied the following annual toll increases, determined on the basis of their concession arrangements:

- 6.5% for Costanera Norte, Vespucio Sur and Nororiente, reflecting a combination of the increase linked to inflation in 2016 (2.9%) and a further increase of 3.5%;
- 4.5% for AMB, reflecting a combination of the increase linked to inflation in 2016 (2.9%) and a further increase of 1.5%;
- 2.9% for Litoral Central, reflecting the increase linked to inflation in 2016 (2.9%).

From January 2017, the tolls applied by Los Lagos rose 4.0%, reflecting a combination of the increase linked to inflation in 2016 (2.9%) and a further increase in the form of a bonus relating to safety improvements in 2017 (3.5%), less the bonus for safety improvements awarded in 2016 (2.4%).

From January 2018, Grupo Costanera's motorway operators have applied the following annual toll increases, determined on the basis of their concession arrangements:

- 5.5% for Costanera Norte, Vespucio Sur and Nororiental, reflecting a combination of the increase linked to inflation in 2017 (1.9%) and a further increase of 3.5%;
- 3.4% for AMB, reflecting a combination of the increase linked to inflation in 2017 (1.9%) and a further increase of 1.5%;
- 1.9% for Litoral Central, reflecting the increase linked to inflation in 2017 (1.9%).

From January 2018, the tolls applied by Los Lagos have risen 3.4%, reflecting a combination of the increase linked to inflation in 2017 (1.9%) and a further increase in the form of a bonus relating to safety improvements in 2018 (5.0%), less the bonus for safety improvements awarded in 2017 (3.5%).

In December 2017, Chile's Ministry of Public Works and Ministry of Finance signed a resolution requesting the operator, Los Lagos, to carry out certain construction services and road safety works as a matter of urgent public interest ("*Programa de Obras de Seguridad y Serviciabilidad*"), which the operator will be compensated for at a pre-set rate via extension of the concession term and/or an eventual cash payment. This will be formalised in a specific addendum to the concession arrangement within 6 months of publication of the resolution in the Official Bulletin. The total value of the programme is approximately 31.6 billion Chilean pesos (equivalent to approximately €43 million).

Brazil

Triangulo do Sol and Rodovias das Colinas applied the annual adjustment of motorway tolls, increasing tolls by 9.3% from 1 July 2016. This was based on the rate of consumer price inflation (IPCA) in the period between 1 June 2015 and 31 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 reference period (11.1%). The difference will be compensated for in accordance with the related concession arrangements.

From 1 July 2017, Triangulo do Sol and Rodovias das Colinas applied their annual toll increase of 1.6% based on the rate of general price inflation in the period between 1 June 2016 and 31 May 2017, as provided for in the respective concession arrangements. This reflects the fact that this figure was lower than the rate of consumer price inflation in the same period (3.6%).

In June 2016, Rodovia MG050, which operates in the State of Minas Gerais, did not proceed 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 9.3%, based on the rate of consumer price inflation in the period between 1 May 2015 and 30 April 2016, as provided for in the related concession arrangement. The grantor initially appealed the precautionary injunction. In accordance with the precautionary injunction granted by the court, Rodovia MG050

proposed recourse to arbitration with regard to the merits of the case. The grantor accepted the proposal and withdrew its appeal. The arbitration procedure was put on hold whilst negotiations aimed at ensuring that the concession arrangement is financially viable continued. The talks came to an end with signature of an addendum (TA-07) to the concession arrangement on 11 May 2017 and termination of the arbitration procedure. The addendum has revised the investment programme and adjusted outstanding credit and debit items as at the relevant date, including the loss of income resulting from the delay in applying the toll increase with respect to the contractually established date of 13 June 2016, for which the operator has been compensated.

The tolls applied by the operator, Rodovia MG050, have been raised by 4.1% from 13 June 2017, based on the rate of consumer price inflation in the period between 1 May 2016 and 30 April 2017, as provided for in the concession arrangement.

Italian airports

Tariff proposal for 2018

On 8 August 2017, ADR began a consultation process, involving the users of Fiumicino and Ciampino airports, on the proposed revision of regulated fees for the 2018 annual period (1 March 2018-28 February 2019). The procedure meets existing Italian and EU requirements and is in line with the guidelines in the “Procedure for consultation between airport operators and users for ordinary planning agreements and those in derogation”.

The consultation process came to a conclusion on 10 November 2017 and, on 22 December 2017, the Civil Aviation Authority (*ENAC*) announced the final amounts payable as airport fees for Fiumicino and Ciampino.

The review of fees for the period 1 March 2018- 28 February 2019 envisages that the fees for Fiumicino and Ciampino will fall by an average of 0.7% and 4%, respectively, compared with the existing fees ⁽¹⁾.

Overseas airports

2017-2022 tariff period

During 2016, Aéroports de la Côte d’Azur (ACA) and the French government, through the *Direction Général de l’Aviation Civile* (*DGAC*, France’s civil aviation authority), agreed on the basic principles underpinning the proposed multi-year regulatory framework, which will establish airport fees during the period 2017–2022. The regime establishes the services to be regulated and sets out fees for commercial aviation that are broadly in line with the *Contrat de Compétitivité Territoriale* (Local Competitiveness Agreement) proposed by ACA in 2015. It also sets out the Investment Programme that the company will be required to implement over the 5-year regulatory period and the quality targets to be met. Following the observations made by the Independent Supervisory Authority, discussions with the civil aviation

⁽¹⁾ Based on the ratio between the maximum permitted revenue and fee-paying passengers for the twelve months from 1 March.

authority are underway with a view to completing the regulatory process. The airport fees for the period 2017-2018 have remained broadly unchanged.

Other information

As at 31 December 2017, Atlantia SpA holds 7,982,277 treasury shares, representing 0.966% of its issued capital. Atlantia SpA 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 period involving shares or units issued by parent companies.

During 2017, share grants issued in relation to share-based incentive plans for certain of the Group's managers were converted into a total of 275,358 shares and a total of 1,049,888 shares were allotted as a result of the exercise of share options.

Atlantia does not operate branch offices. Its administrative headquarters are at Via Bergamini 50, 00159 Rome.

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

In 2013, a meeting of the Board of Directors elected to apply the exemption provided for by article 70, paragraph 8 and article 71, paragraph 1-bis of the CONSOB Regulations for Issuers (Resolution 11971/99, as amended). The Company will therefore exercise the exemption from disclosure requirements provided for by Annex 3B of the above Regulations in respect of significant mergers, spin-offs, capital increases involving contributions in kind, acquisitions and disposals.

Bonds issued by Atlantia

In 2017, Atlantia issued a series of bonds under its Euro Medium Term Note Programme, listed on the Irish Stock Exchange.

Specifically:

- the issue of bonds with a value of €750 million, maturing on 3 February 2025 and paying annual coupon interest of 1.625%;
- the issue of bonds with a value of €1 billion, maturing on 13 July 2027 and paying annual coupon interest of 1.875%.

Purchase of a further 2.66% of Aeroporti di Roma

In 2017, Atlantia completed the purchase of further interests in Aeroporti di Roma from Roma Capitale (1.33%) and Lazio Regional Authority (1.33%). The total amount of the winning bids is €96.6 million. As a result, Atlantia owns 99.38% of Aeroporti di Roma.

Distribution of a special dividend in kind

On 1 March 2017, Autostrade per l'Italia's distribution of a special dividend in kind to its parent, Atlantia, using its available equity reserves, via the transfer of its entire interest in Autostrade dell'Atlantico (the holding company that controls the Chilean and Brazilian motorway businesses and the investment in ETC in the United States). Distribution of the dividend, via the transfer of the

investments, is part of the Group's restructuring which, by spinning off the overseas assets of Autostrade per l'Italia, together with the intragroup transfers completed at the end of 2016, aims to restore Autostrade per l'Italia to its role as an operating parent that controls a group focusing on motorway concessions in Italy.

Sale of 11.94% of Autostrade per l'Italia

Following the agreements signed in April 2017, on 26 July 2017, Atlantia completed the sale of an 11.94% interest in Autostrade per l'Italia to the consortium established by Allianz Capital Partners, which holds a 6.94% interest, and Silk Road Fund, which holds a 5% interest. The price paid by the purchasers indicates an enterprise value for Autostrade per l'Italia of €14,800 million.

Sale of 12.5% of Azzurra Aeroporti

On 31 July 2017, Atlantia completed the sale of a 12.5% interest in Azzurra Aeroporti, ACA's majority shareholder, to Société Monegasque d'Investissement Aeroportuaire, a Monaco-registered company wholly owned by the Principality of Monaco.

Acquisition of 29% of the company that holds the concession to operate Bologna airport

Following the agreements entered into, on 7 August 2017, Atlantia acquired a 29.38% interest in Aeroporto Guglielmo Marconi SpA, the company that holds the concession to operate Bologna airport. Atlantia's total investment amounts to approximately €164.5 million.

Sale of 22.1% of SAVE

On 13 October 2017, Atlantia tendered the Company's entire 22.1% interest in SAVE in response to the mandatory tender offer for the shares, realising a gain of €45 million.

Voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras

On 15 May 2017, Atlantia announced that its Board of Directors had decided to launch a voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras SA ("Abertis"). The offer, granted clearance by Spain's stock market regulator, the *Comisión Nacional del Mercado de Valores* ("CNMV") on 9 October 2017, calls for a cash payment of €16.50 for each Abertis share tendered, with the possibility for Abertis's shareholders to opt, in whole or in part, for a partial alternative in shares. In particular, the partial alternative in shares grants Abertis's shareholders the possibility to opt, in whole or in part, for payment in the form of newly issued special shares in Atlantia, based on an exchange ratio of 0.697 Special Atlantia Shares for every Abertis share. Payment of the consideration in the form of Special Atlantia Shares is subject to a maximum acceptance threshold of 230 million Abertis shares, equal to 23.2% of the total Abertis shares covered by the offer. Once this threshold is crossed, the Special Shares will be allotted on a prorated basis, with the balance payable in cash. The Special Atlantia Shares will rank *pari passu* with the existing ordinary shares, save for the following:

- they are not listed and are subject to a lock-up period until 15 February 2019, on expiration of which they will be automatically converted into ordinary shares on the basis of a 1:1 conversion ratio;
- they will grant the right to elect up to three directors; as a result, Atlantia's Board of Directors will increase in size from 15 to up to 18 members.

Effectiveness of the Offer is subject to occurrence of the following suspensive conditions:

- minimum percentage of shares tendered equal to at least 50% plus one share of all of Abertis's shares covered by the Offer;
- minimum number of Abertis shares tendered for the Partial Alternative in Shares equal to 100 million (representing approximately 10.1% of all of Abertis's outstanding shares).

Atlantia has obtained all the necessary committed lines of credit in the form of acquisition financing for the Offer.

On 2 August 2017, a General Meeting of Atlantia's shareholders, meeting in extraordinary session, resolved:

- to approve the capital increase for consideration, amounting to up to €3,794,537,700, through the issue of up to 160,310,000 special shares with a nominal value of €1.00 per share, ranking *pari passu* with existing ordinary shares and with the special characteristics described above;
- to set 30 April 2018 as the deadline for execution of the Capital Increase;
- to approve the proposed amendments to the articles of association in relation to issue of the Special Shares;
- to provide that the resolution approving the Capital Increase and application of the above amendments to the articles of association shall be subject to completion of the public tender offer for Abertis Infraestructuras SA's shares in accordance with the applicable Spanish law. On 9 October 2017, the Spain's stock market regulator, the *Comisión Nacional del Mercado de Valores* ("CNMV") granted clearance for the voluntary public tender offer, in cash and shares, for the entire issued capital of Abertis and, on 10 October 2017, the acceptance period began. On 18 October 2017, a competing public tender offer, in cash and/or shares, was submitted by Hochtief, thus interrupting the acceptance period for Atlantia's bid, which was due to close on 24 October 2017.

On 21 February 2018, an Extraordinary General Meeting of Atlantia's shareholders approved a number of changes of a temporary nature to the terms and conditions of the Offer, with the aim of ensuring its continuing validity, in the absence of a certain time-scale.

The proposed changes, effectiveness of which is suspensively conditional on the receipt of consent from the CNMV, consist of an extension of the deadline for issue of the Special Shares from 30 April 2017 to 30 November 2018, and the rescheduling of the lock-up period for the shares, making it 3 months from the settlement date for the Offer.

Subsequently, on 13 March 2018, Atlantia, Hochtief and ACS, Actividades de Construcción y Servicios (the "Parties") signed a binding term sheet (the "Term Sheet") relating to a joint investment in Abertis. The deal is subject to the suspensive condition of obtaining the approval of the respective boards of directors. This agreement, approved by the board of directors of Atlantia, Hochtief and ACS on 14 March 2018, is subject to fulfilment of certain conditions and would be essentially take the following form:

- Hochtief's public tender offer: in relation to the competing voluntary public tender offer for Abertis's shares, approved by Spain's market regulator, the *Comisión Nacional del Mercado de Valores* (the "CNMV") on 12 March 2018, Hochtief would amend the terms of its offer by eliminating the share component of its counterbid, so that the value of the counterbid would remain unchanged at €18.36 per Abertis share (as adjusted for the dividend paid on 20 March 2018), with this amount to be paid entirely in cash;

- Hochtief would exercise its squeeze-out right should it achieve the legally required threshold or, alternatively, it would delist Abertis;
- the Parties would establish a new special purpose vehicle with capital of approximately €7 billion (the "Holding Company"), which would acquire Hochtief's entire investment in Abertis, acquired by Hochtief as a result of its public tender offer, for a consideration identical to the amount paid under the terms of the public tender offer and of any squeeze-out or delisting (as adjusted for the payment of any dividends). The Holding Company would enter into a new loan agreement in order to part finance the above acquisition;
- the Holding Company's capital would be held by the parties as follows: Atlantia 50% + 1 one share, ACS 30% and Hochtief 20% less one share, thereby enabling Atlantia to consolidate the Holding Company and Abertis in its accounts. The parties would enter into a shareholder agreement governing their relations as shareholders of the Holding Company, including qualified majority voting, as is usual in this type of transaction;
- share issue and Atlantia's investment in Hochtief: Hochtief would issue new shares to be subscribed for entirely by ACS at a price of €146.42 per share. ACS would then sell Atlantia shares in Hochtief with a value of up to €2,500 million at the same price paid for the newly issued shares;
- strategic partnership agreement: Atlantia, ACS and Hochtief intend to enter into a long-term commercial agreement with the aim of getting the most out of their strategic relationship and maximising synergies between themselves and Abertis in the form of new public-private partnerships, covering both greenfield and brownfield projects;
- Atlantia's Offer: under the above agreements, Atlantia would withdraw its Offer for Abertis, approved by the CNMV on 9 October 2017.

The final agreements between the Parties, to be finalised on the basis of the essential terms already agreed in the Term Sheet, are also conditional on arrangement of the financing necessary to complete the transaction.

Execution of the Term Sheet is also subject to Hochtief's presentation of a suitably modified offer and its subsequent approval by the CNMV. Until this consent, which has not yet been granted at the date of preparation of this document, has been obtained, the competing offers will remain open. The acceptance period for the offers, following the receipt of clearance from the CNMV for Hochtief's offer on 12 March 2018, has been scheduled by the CNMV to run from 20 March 2018 to 18 April 2018. At the end of this period, provided that neither of the bidders has withdrawn, both would be required to submit final closed bids. These final offers will be available for acceptance by shareholders for a further period of 15 days. Atlantia, the first to launch a bid, will have the right to raise its offer, once the offers have been made public, if its final offer is not more than 2% lower than the competing offer.

Atlantia has reserved the right to amend its offer, in accordance with the terms and conditions provided for under Spanish law, including a change to the exchange ratio as a result of dividends paid by Abertis.

Finally, in accordance with the Term Sheet, on 23 March 2018, Atlantia's Board of Directors decided to exercise the Company's call option on a part or all of Abertis's investment in Cellnex Telecom SA ("Cellnex"), in accordance with the following terms:

- the sale price for Cellnex's shares will correspond to the average market price in the six months prior to the settlement date for the public tender offer for Abertis, with a minimum price of €21.20 and a maximum of €21.50 per Cellnex share (as adjusted for the payment of any dividends);

- the percentage interest to which the option relates will, at Atlantia's discretion, be equal to 29.9% or 34% of Cellnex's issued capital, to be announced by Atlantia - in accordance with the agreements entered into - within 10 days of Hochtief's completion of the public tender offer for Abertis's shares.

In compliance with the commitments given to Atlantia, Hochtief will do whatever is necessary to ensure, subject to the positive outcome of the rival public tender offer for Abertis's shares, that Abertis finalises the sale of its Cellnex shares to Atlantia or to a company designated thereby.

In addition, having noted the fairness opinion issued by Equita S.I.M. and the results of the search for potential buyers for the Cellnex stake carried out by Mediobanca SpA, and subject to the prior consent of the Committee of Independent Directors with responsibility for Related Party Transactions, in accordance with the Company's Procedure for Related Party Transactions, on 23 March 2018, the Board of Directors also decided to accept, whilst awaiting completion of the search for potential buyers, the terms of the sole binding offer received so far, presented by Edizione Srl on 20 March 2018, as supplemented on 23 March 2018. (the "Letter").

Edizione has granted Atlantia a Put Option (the "Put Option") on a 29.9% interest in Cellnex at an exercise price equal to €21.50 per Cellnex share (*cum dividend*) therefore corresponding to €1,489 million. The Put Option is subject to the further terms and conditions summarised below, which will be described in greater detail in the information document relating to transactions of greater significance with related parties, to be prepared in accordance with art. 5 of CONSOB Regulation 17221/2010, as amended, which Atlantia will make available within the terms provided for in current statutory and regulatory provisions.

Acceptance of the Put Option offered by Edizione will allow Atlantia to give certainty, both in terms of timing and value, to the process of transferring the stake in Cellnex within the scope of the Parties' agreement for the joint investment in Abertis.

The Letter mainly concerns the grant, to Atlantia, of the Put Option on the stake in Cellnex, in addition to assumption of the commitments contained in the Call Option, including the terms and conditions of a possible price adjustment in the form of an earn-out in the 12 months following the transfer, in line with the terms of the Call Option for the number of shares involved in the sale. Atlantia has until 16 April 2018 to exercise the Put Option.

In the event that the sale of the stake in Cellnex is completed, Edizione will grant Atlantia the (personal and non-transferable) right to co-invest in Cellnex, purchasing up to 20% of the stake (equal, for the sake of transparency, to approximately 6% of Cellnex's issued capital) within 2 years of the sale, and a "right of first offer" and a "pre-emptive right" in the event that Edizione should decide to sell - directly or indirectly - all or a part of the stake within 7 years of execution of the sale.

Events after 31 December 2017

Award of concession for Conexión Vial Ruta 78-68 project in Chile

On 1 February 2018, Atlantia was awarded the concession for the project that will link Vial Ruta 78 with Hasta Ruta 68 through its subsidiary, Grupo Costanera.

The project will involve construction and operation of a new 9.2-km section of urban, free-flow toll motorway in the city of Santiago. The new road will link Ruta 78 with Ruta 68, the two main roads connecting Santiago with the ports of Valparaiso and San Antonio and already connected with the section operated under concession by Costanera Norte. The estimated cost of the project is approximately €200 million.

Extraordinary General Meeting of Atlantia SpA's shareholders

On 21 February 2018, an Extraordinary General Meeting of Atlantia's shareholders voted to extend the deadline for execution of the capital increase to service the tender offer for the entire issued capital of Abertis Infraestructuras SA from 30 April to 30 November 2018, and to reschedule the lock-up period for the special shares, to be issued as a result of the capital increase to service the tender offer, making it 90 days from issue of the shares (as opposed to a set date).

Autostrade per l'Italia's traffic figures for early 2018

Between the beginning of the year and 18 February 2018 (preliminary data), traffic using Autostrade per l'Italia's network was up 5.1%, with heavy vehicles (3 or more axles) up 6.1% and light vehicles (2 axles) rising 4.9%.

Atlantia acquires stake in Eurotunnel (Getlink)

Following on from the agreement entered into on 2 March 2018, on 9 March 2018, Atlantia acquired a 100% interest in Aero 1 Global & International Sàrl, a Luxembourg-based investment vehicle, from a number of funds managed by Goldman Sachs Infrastructure Partners. Aero 1 Global & International Sàrl holds a 15.49% interest in Groupe Eurotunnel SE (Getlink), representing 26.66% of the related voting rights (percentages based on the total number of shares in issue, amounting to 550,000,000, and on the total number of voting rights, amounting to 639,030,648, in accordance with information published by Getlink on 16 February 2018). The total cost of the acquisition is €1,056 million.

Voluntary public tender offer, in cash and/or shares, for all the shares of Abertis Infraestructuras

Information on events relating to the voluntary public tender offer, in cash and/or shares, for all the shares of Abertis Infraestructuras, after 31 December 2017, is provided in the section, "Other information", in the Report on Operations.

Outlook and risks or uncertainties

Forecasts for 2018 lead us to expect an improvement in the Group's earnings.

Traffic using the Group's Italian motorway network is expected to grow, as confirmed by the trends seen in the early part of 2018. In the airports segment, which continues to record an increase in traffic, Nice airport expects to record further growth in passengers using both commercial and general aviation, whilst traffic at Aeroporti di Roma is expected to remain broadly stable, save for potential disruption to Alitalia's operations.

Work on upgrading the network operated under concession will continue in 2018. In Italy, work on preparation of the executive design for the Genoa Bypass is proceeding. In Chile, execution of the *Santiago Centro Oriente* programme will continue, whilst design and engineering work for the tunnel to be built by *Vespucio Oriente (AVO II)* will begin. The modernisation of Fiumicino will also proceed, with work focusing primarily on the eastern area of the airport serving Schengen passengers.

The operating results for 2018 will reflect growth at Telepass and the Group's construction and engineering companies, in addition to the expenses to be incurred by Atlantia for external consultants, above all in relation to the public tender offer for Abertis Infraestructuras.

Following the positive developments regarding the acquisition of control of the Abertis Infraestructuras group, the group will be consolidated on a line-by-line basis in the Atlantia Group's accounts, together with the financing obtained to fund the transaction.

Proposed appropriation of profit for the year for Atlantia SpA's Annual General Meeting

Dear Shareholders,

In conclusion, we invite you:

- a) to approve the financial statements as at and for the year ended 31 December 2017, which report profit of €2,722,310,342.07, having taken note of the accompanying documents;
- b) to appropriate the remaining €2,256,191,374.32 in profit for the year, after payment of the interim dividend of €466,118,967.75 (equal to €0.57 per share) in 2017, to:
 - 1) pay a final dividend of €0.65 per share, payable to holders of each of the shares with a par value of €1.00. The total value of the final dividend, based on the number of shares outstanding as at 28 February 2018 (817,801,713), is estimated at €531,571,113.45;
 - 2) take the remaining profit for the year to retained earnings. This amount, based on the number of shares outstanding as at 28 February 2018 is estimated at €1,724,620,260.87;
- c) to establish the dividend payment date as 23 May 2018, the ex-dividend date for coupon 32 as 21 May 2018 and the record date as 22 May 2018.

For the Board of Directors

The Chairman



**CONSOLIDATED
FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2017:
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

€000	NOTE	31 December 2017	OF WHICH RELATED PARTY TRANSACTIONS	31 December 2016	OF WHICH RELATED PARTY TRANSACTIONS
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7.1	302,799		291,080	
Property, plant and equipment		299,502		285,801	
Property, plant and equipment held under finance leases		2,789		3,077	
Investment property		508		2,202	
Intangible assets	7.2	27,424,561		28,203,096	
Intangible assets deriving from concession rights		22,465,021		23,245,446	
Goodwill and other intangible assets with indefinite lives		4,548,756		4,548,786	
Other intangible assets		410,784		408,864	
Investments	7.3	266,974		291,236	
Investments accounted for at cost or fair value		82,283		83,108	
Investments accounted for using the equity method		184,691		208,128	
Other non-current financial assets	7.4	2,316,125		2,237,054	
Non-current financial assets deriving from concession rights		963,602		931,414	
Non-current financial assets deriving from government grants		249,936		264,936	
Non-current term deposits		315,474		321,726	
Non-current derivative assets		107,268		83,397	
Other non-current financial assets		679,845	23,557	635,581	23,576
Deferred tax assets	7.5	1,258,163		1,402,785	
Other non-current assets	7.6	8,005		29,702	
TOTAL NON-CURRENT ASSETS		31,576,627		32,454,953	
CURRENT ASSETS					
Trading assets	7.7	1,798,108		1,671,739	
Inventories		76,299		68,266	
Contract work in progress		18,703		-	
Trade receivables		1,703,106	34,234	1,603,473	39,313
Cash and cash equivalents	7.8	5,624,716		3,383,029	
Cash		4,840,250		2,788,019	
Cash equivalents		784,466		595,010	
Other current financial assets	7.4	780,207		776,552	
Current financial assets deriving from concession rights		447,089		440,539	
Current financial assets deriving from government grants		70,110		67,962	
Current term deposits		179,222		194,283	
Current derivative assets		528		-	
Current portion of medium/long-term financial assets		70,720		65,883	
Other current financial assets		12,538		7,885	
Current tax assets	7.9	79,482	6,743	105,810	7,595
Other current assets	7.10	187,059		196,863	
Non-current assets held for sale and related to discontinued operations	7.11	11,061		12,325	
TOTAL CURRENT ASSETS		8,480,633		6,146,318	
TOTAL ASSETS		40,057,260		38,601,271	

Consolidated statement of financial position

€000	NOTE	31 December 2017	OF WHICH RELATED PARTY TRANSACTIONS	31 December 2016	OF WHICH RELATED PARTY TRANSACTIONS
EQUITY AND LIABILITY					
EQUITY					
Equity attributable to owners of the parent		8,772,377		7,223,869	
Issued capital		825,784		825,784	
Reserves and retained earnings		7,410,418		5,745,572	
Treasury shares		-169,489		-106,874	
Profit/(Loss) for the year net of interim dividends		705,664		759,387	
Equity attributable to non-controlling interests		2,990,601		2,699,251	
Issued capital and reserves		2,788,006		2,585,897	
Profit/(Loss) for the year net of interim dividends		202,595		113,354	
TOTAL EQUITY	7.12	11,762,978		9,923,120	
NON-CURRENT LIABILITIES					
Non-current portion of provisions for construction services required by contract	7.13	2,960,647		3,269,830	
Non-current provisions	7.14	1,566,541		1,576,258	
Non-current provisions for employee benefits		142,296		148,579	
Non-current provisions for repair and replacement of motorway and airport infrastructure		1,262,508		1,226,619	
Non-current provisions for refurbishment of airport infrastructure		113,675		134,442	
Other non-current provisions		48,062		66,618	
Non-current financial liabilities	7.15	15,969,835		14,832,311	
Bond issues		11,362,089		10,176,386	
Medium/long-term borrowings		4,011,504		4,002,346	
Non-current derivative liabilities		565,575		630,896	
Other non-current financial liabilities		30,667		22,683	
Deferred tax liabilities	7.5	2,253,718		2,345,337	
Other non-current liabilities	7.16	108,052	6,462	97,702	3,292
TOTAL NON-CURRENT LIABILITIES		22,858,793		22,121,438	
CURRENT LIABILITIES					
Trading liabilities	7.17	1,583,415		1,650,551	
Liabilities deriving from contract work in progress		1,642		13,906	
Trade payables		1,581,773		1,636,645	
Current portion of provisions for construction services required by contract	7.13	426,846		531,455	
Current provisions	7.14	379,823		446,041	
Current provisions for employee benefits		25,658		26,740	
Current provisions for repair and replacement of motorway and airport infrastructure		220,615		219,610	
Current provisions for refurbishment of airport infrastructure		69,770		98,612	
Other current provisions		63,780		101,079	
Current financial liabilities	7.15	2,253,836		3,248,881	
Bank overdrafts		17,813		4,757	
Short-term borrowings		430,086		1,858,663	
Current derivative liabilities		14,372		25,644	
Current portion of medium/long-term financial liabilities		1,717,935		1,345,787	
Other current financial liabilities		73,630		14,030	
Current tax liabilities	7.9	151,500		62,617	
Other current liabilities	7.18	633,803	15,554	610,782	18,836
Liabilities related to discontinued operations	7.11	6,266		6,386	
TOTAL CURRENT LIABILITIES		5,435,489		6,556,713	
TOTAL LIABILITIES		28,294,282		28,678,151	
TOTAL EQUITY AND LIABILITIES		40,057,260		38,601,271	

3. Consolidated financial statements as at
and for the year ended 31 December 2017

Consolidated income statement

€000	NOTE	2017	OF WHICH RELATED PARTY TRANSACTIONS	2016	OF WHICH RELATED PARTY TRANSACTIONS
REVENUE					
Toll revenue	8.1	4,195,258		4,008,757	
Aviaton revenue	8.2	799,144		635,701	
Revenue from construction services	8.3	417,551		706,954	
Contract revenue	8.4	31,505		53,812	
Other operating income	8.5	939,553	85,485	774,487	81,118
TOTAL REVENUE		6,383,011		6,179,711	
COSTS					
Raw and consumable materials	8.6	-325,964		-283,630	
Service costs	8.7	-1,269,581		-1,570,080	
Gain/(Loss) on sale of elements of property, plant and equipment		2,022		779	
Staff costs	8.8	-989,266	-40,506	-904,050	-37,647
Other operating costs	8.9	-622,092		-606,074	
Concession fees		-513,205		-494,951	
Lease expense		-23,818		-17,316	
Other		-85,069		-93,807	
Operating change in provisions	8.10	3,715		-20,234	
(Provisions)/ Uses of provisions for repair and replacement of motorway and airport infrastructure		3,386		-66,798	
(Provisions)/ Uses of provisions for refurbishment of airport infrastructure		26,706		57,723	
Other provisions		-26,377		-11,159	
Use of provisions for construction services required by contract	8.11	419,191		455,024	
Amortisation and depreciation		-1,088,480		-955,247	
Depreciation of property, plant and equipment	7.1	-68,403		-55,259	
Amortisation of intangible assets deriving from concession rights	7.2	-954,391		-834,893	
Amortisation of other intangible assets	7.2	-65,686		-65,095	
(Impairment losses)/Reversals of impairment losses	8.12	69,294		24,263	
TOTAL COSTS		-3,801,161		-3,859,249	
OPERATING PROFIT/(LOSS)		2,581,850		2,320,462	
Financial income		406,343		365,650	
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants		73,506		67,425	
Dividends received from investees		18,284		7,832	
Other financial income		314,553		290,393	
Financial expenses		-921,363		-915,580	
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-42,234		-65,351	
Other financial expenses		-879,129		-850,229	
Foreign exchange gains/(losses)		8,658		12,319	
FINANCIAL INCOME/(EXPENSES)	8.13	-506,362		-537,611	
Share of (profit)/loss of Investees accounted for using the equity method	8.14	-10,056		-7,174	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		2,065,432		1,775,677	
Income tax (expense)/benefit	8.15	-632,194		-532,916	
Current tax expense		-560,493		-434,859	
Differences on tax expense for previous years		7,676		13,286	
Deferred tax income and expense		-79,377		-111,343	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		1,433,238		1,242,761	
Profit/(Loss) from discontinued operations	8.16	-1,245		-4,500	
PROFIT FOR THE YEAR		1,431,993		1,238,261	
<i>of which:</i>					
Profit attributable to owners of the parent		1,171,783		1,121,838	
Profit attributable to non-controlling interests		260,210		116,423	

€		2017	2016
Basic earnings per share attributable to owners of the parent	8.17	1.43	1.36
of which:			
- continuing operations		1.43	1.37
- discontinued operations		0	-0.01
Diluted earnings per share attributable to owners of the parent	8.17	1.43	1.36
of which:			
- continuing operations		1.43	1.37
- discontinued operations		0	-0.01

Consolidated statement of comprehensive income

€000		2017	2016
Profit for the year	(A)	1,431,993	1,238,261
Fair value gains/(losses) on cash flow hedges		79,689	-45,855
Tax effect of fair value gains/(losses) on cash flow hedges		-18,667	17,142
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-207,079	347,343
Gains/(Losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-2,088	3,925
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	(B)	-148,145	322,555
Gains/(losses) from actuarial valuations of provisions for employee benefits		-1,531	-3,232
Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits		343	668
Other comprehensive income for the year not reclassifiable to profit or loss	(C)	-1,188	-2,564
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	20,866	-2,866
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the year	(E)	-5,484	-168
Total other comprehensive income/(loss) for the year	(F=B+C+D+E)	-133,951	316,957
Comprehensive income for the year	(A+F)	1,298,042	1,555,218
<i>Of which attributable to owners of the parent</i>		<i>1,129,692</i>	<i>1,260,658</i>
<i>Of which attributable to non-controlling interests</i>		<i>168,350</i>	<i>294,560</i>

3. Consolidated financial statements as at and for the year ended 31 December 2017

€000	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT										EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND TO NON-CONTROLLING INTERESTS
	ISSUED CAPITAL	CASH FLOW HEDGE RESERVE	NET INVESTMENT HEDGE RESERVE	RESERVE FOR DIFFERENCES ON TRANSLATION OF ASSETS AND LIABILITIES OF CONSOLIDATED COMPANIES DENOMINATED IN FUNCTIONAL CURRENCY OTHER THAN THE EURO	RESERVE FOR DIFFERENCES ON TRANSLATION OF ASSETS AND LIABILITIES OF CONSOLIDATED COMPANIES DENOMINATED IN FUNCTIONAL CURRENCY OTHER THAN THE EURO	RESERVE FOR TRANSLATION OF INVESTMENTS IN ASSOCIATED COMPANIES	OTHER RESERVES AND RETAINED EARNINGS	TREASURY SHARES	PROFIT/(LOSS) FOR YEAR NET OF INTERIM DIVIDEND	TOTAL		
Balance as at 31 December 2015	825,784	-182,403	-36,400	-374,165	-6,397	6,069,018	-36,985	523,182	6,799,634	1,683,132	8,482,766	
Comprehensive Income for the year	-36,556	-	-	175,931	1,970	-2,525	-	1,121,838	1,260,868	294,560	1,555,218	
Owner transactions and other changes	-	-	-	-	-	-	-	-	-	-	-	
Atlantia SpA's final dividend (€0,480 per share)	-	-	-	-	-	-	-	-395,316	-395,316	-	-395,316	
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	127,866	-	-127,866	-	-	-	
Atlantia SpA's interim dividend (€0,440 per share)	-	-	-	-	-	-	-	-362,451	-362,451	-	-362,451	
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-26,654	-26,654	
Share-based incentive plans	-	-	-	-	-	-4,775	9,313	-	4,538	78	4,616	
Purchase of treasury shares	-	-	-	-	-	-	-77,202	-	-77,202	-	-77,202	
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	754,578	754,578	
Returns of capital to non-controlling shareholders and other minor changes	-	236	-	-	-	-6,228	-	-	-5,992	-6,493	-12,485	
Balance as at 31 December 2016	825,784	-186,723	-36,400	-186,234	-4,427	6,183,856	-106,874	759,387	7,223,869	2,699,251	9,923,120	
Comprehensive Income for the year	-	65,450	-	-105,469	-1,189	-883	-	1,171,783	1,129,692	168,350	1,298,042	
Owner transactions and other changes	-	-	-	-	-	-	-	-	-	-	-	
Atlantia SpA's final dividend (€0,530 per share)	-	-	-	-	-	-	-	-433,012	-433,012	-	-433,012	
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	326,375	-	-326,375	-	-	-	
Atlantia SpA's interim dividend (€0,570 per share)	-	-	-	-	-	-	-	-466,119	-466,119	-	-466,119	
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-152,982	-152,982	
Share-based incentive plans	-	-	-	-	-	-5,474	21,557	-	16,083	283	16,366	
Purchase of treasury shares	-	-	-	-	-	-	-84,172	-	-84,172	-	-84,172	
Changes in interests in consolidated companies	-	24,637	-	7	-131	1,362,517	-	-	1,407,030	345,513	1,752,543	
Returns of capital to non-controlling shareholders, reclassifications and other minor changes	-	-187	-	-	-34	-20,773	-	-	-20,994	-69,814	-90,808	
Balance as at 31 December 2017	825,784	-106,823	-36,400	-303,896	-5,781	7,865,118	-169,489	705,864	8,772,377	2,990,601	11,762,978	

Consolidated statement of cash flows

€000	NOTE	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Profit for the year		1,431,993	1,238,261
Adjusted by:			
Amortisation and depreciation		1,088,480	955,247
Operating change in provisions, excluding use of provisions for refurbishment of airport infrastructure		69,842	137,399
Financial expenses from discounting of provisions for construction services required by contract and other provisions	8.13	42,234	65,351
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or fair value		3,999	-11,207
Share of (profit)/loss of investees accounted for using the equity method	8.14	10,056	7,174
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		-69,024	-24,331
(Gains)/Losses on sale of non-current assets		-46,917	-776
Net change in deferred tax (assets)/liabilities through profit or loss		78,915	111,343
Other non-cash costs (income)		-69,338	-78,527
Change in working capital and other changes		-150,214	-38,124
Net cash generated from/(used in) operating activities [a]	9.1	2,390,026	2,361,810
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Investment in assets held under concession	7.2	-900,247	-1,263,213
Purchases of property, plant and equipment	7.1	-84,415	-113,104
Purchases of other intangible assets	7.2	-65,817	-45,923
Government grants related to assets held under concession		1,497	6,291
Increase in financial assets deriving from concession rights (related to capital expenditure)		74,969	76,079
Purchase of investments		-168,512	-190,163
Acquisitions of additional interests and/or investments in consolidated companies, net of cash acquired		-103,952	-1,294,459
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		223,565	4,964
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred		1,870,007	-
Net change in other non-current assets		20,918	-13,559
Net change in current and non-current financial assets		-148,060	-64,872
Net cash generated from/(used in) investing activities [b]	9.1	719,953	-2,897,959
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
(Purchase)/Sale of treasury shares	7.12	-84,172	-77,202
Dividends paid	7.12	-994,357	-775,461
Contributions from non-controlling shareholders		-	130,020
Return of capital to non-controlling shareholders	7.12	-93,385	-6,307
Proceeds from exercise of rights under share-based incentive plans		16,617	3,980
Issuance of bonds	7.15	2,352,354	654,386
Increase in short-term borrowings	7.15	-	1,600,000
Increase in medium/long term borrowings (excluding finance lease liabilities)		271,044	738,589
Bond redemptions	7.15	-774,741	-971,202
Buyback of bonds	7.15	-	-220,100
Repayments in medium/long term borrowings (excluding finance lease liabilities)		-296,518	-253,381
Payment of finance lease liabilities		-2,611	-2,833
Net change in other current and non-current financial liabilities		-1,259,357	108,332
Net cash generated from/(used in) financing activities [c]	9.1	-865,126	928,821
Net effect of foreign exchange rate movements on net cash and cash equivalents [d]		-17,686	33,973
Increase/(Decrease) in cash and cash equivalents [a+b+c+d]	9.1	2,227,167	426,645
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,386,258	2,959,613
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		5,613,425	3,386,258

Additional information on the statement of cash flows

€000	NOTE	2017	2016
Income taxes paid		434,429	455,227
Interest and other financial income collected		62,985	109,753
Interest and other financial expenses paid		708,818	808,567
Dividends received	8.13	18,284	7,832
Foreign exchange gains collected		405	1,038
Foreign exchange losses incurred		423	1,119

Reconciliation of net cash and cash equivalents

€000	NOTE	2017	2016
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,386,258	2,959,613
Cash and cash equivalents	7.8	3,383,029	2,957,246
Bank overdrafts repayable on demand	7.15	-4,757	-36,654
Cash and cash equivalents related to discontinued operations	7.11	7,986	39,021
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		5,613,425	3,386,258
Cash and cash equivalents	7.8	5,624,716	3,383,029
Bank overdrafts repayable on demand	7.15	-17,813	-4,757
Cash and cash equivalents related to discontinued operations	7.11	6,522	7,986

Notes

1. INTRODUCTION

The core business of the Atlantia Group (the “Group”) is the management of 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 and airport assets in Italy and abroad. Further information on the Group’s concession arrangements is provided in note 4.

The Parent Company is Atlantia SpA (“Atlantia” or the “Company” or the “Parent Company”), a holding company listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA and is, therefore, subject to supervision by the CONSOB (the *Commissione Nazionale per le Società e la Borsa*, Italy’s Securities and Exchange Commission).

The Company’s registered office is in Rome, at Via Antonio Nibby, 20. The Company does not have branch offices. The duration of the Company is currently until 31 December 2050.

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. Neither Sintonia SpA nor its direct parent, Edizione Srl, exercise management and coordination of Atlantia SpA.

The consolidated financial statements as at and for the year ended 31 December 2017 were approved by the Board of Directors of Atlantia at its meeting of 23 March 2018.

2. BASIS OF PREPARATION

The consolidated financial statements as at and for the year ended 31 December 2017 are based on the assumption that the Parent and consolidated companies are going concerns. They have been prepared in accordance with articles 2 and 3 of Legislative Decree 38/2005 and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to the previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force, as endorsed by the European Commission. 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. The historical cost convention has been applied, 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. 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 parties transactions; and, with regard to 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.

No non-recurring, atypical or unusual transactions, having a material impact on the Group's income statement and statement of financial position, were entered into in 2017, either with third or related parties.

As a result, the consolidated financial statements therefore show material amounts relating to related party transactions.

However, in 2017, the Parent Company launched a voluntary public tender offer, in cash and/or shares (hereinafter also the "Offer"), for the entire issued capital of Abertis Infraestructuras, a Spanish-registered company whose shares are listed on Spain's regulated markets. The Offer has not yet come to a conclusion at the date of approval of these consolidated financial statements as at and for the year ended 31 December 2017 by Atlantia's Board of Directors. The Group has incurred certain expenses in preparing the Offer and these are described in note 6.4 below. This note also illustrates the impact of the above transaction on the Group's results of operations and financial position, based on the assumption that the Offer will come to a successful conclusion. The same note describes the eventual impact of a negative outcome to the Offer.

All amounts are shown in thousands of euros, unless otherwise stated. The euro is both the functional currency of the Parent Company and its principal subsidiaries and the presentation currency for these consolidated financial statements.

Each component of the consolidated financial statements is compared with the corresponding amount for the comparative reporting period. In this regard, it should be noted that amounts in the statement of financial position as at 31 December 2016 have been restated, following completion of the identification and fair value measurement of the assets acquired and liabilities assumed as a result of the acquisition of Aéroports de la Côte d'Azur ("ACA"), completed on 9 November 2016. The impact of completion of the process of identification and fair value measurement is described in note 6.I.

3. ACCOUNTING STANDARDS AND POLICIES APPLIED

A description follows of the more important accounting standards and policies used in the consolidated financial statements as at and for the year ended 31 December 2017. 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 2017 having a material effect on the Atlantia Group's consolidated financial statements.

It should be noted that the following new standards and interpretations and/or amendments to existing standards and interpretations were applicable from 1 January 2017:

- a) IAS 7 – Statement of Cash Flows. The amendments has introduced a requirement to provide a specific disclosure enabling the users of financial statements to assess changes in liabilities arising from financing activities, with the introduction of a specific reconciliation;
- b) IAS 12 – Income Taxes. The amendments to this standard have clarified how to account for deferred tax assets on debt instruments measured at fair value, and how to estimate future taxable profit.

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. Assets acquired through business combinations prior to 1 January 2004 (the IFRS transition date) 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 2017, presented by homogeneous categories highlighting the relative application interval 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% - 40%
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 statement of financial position, 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 specific 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 the income statement for the year 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: (i) the intangible asset arises from a legal or contractual right, or (ii) the asset 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 Group has the intention, the available financial resources and the technical expertise to complete the asset and either use or sell it; (iii) the Group 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 will revert 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 companies that hold 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, among other things, 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 2017, presented by homogeneous categories highlighting the relative application interval 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 or, when significant, traffic projections.
Development costs	4.8% - 33.33%
Industrial patents and intellectual property rights	5% - 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 "Impairment of assets and reversals (impairment testing)", 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 on disposal.

Business combinations and goodwill

Acquisitions of companies or business units are accounted for using the acquisition method, as required by IFRS 3. For this purpose, the identifiable assets acquired and liabilities assumed through business combinations are measured at their respective fair values 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 of the acquired entity.

Ancillary costs directly attributable to the business combination are recognised as an expense in the income statement when incurred.

Goodwill is initially measured as the positive difference between 1) the acquisition cost, plus both the fair value at the acquisition date of any previous non-controlling interests held in the acquiree and the value of non-controlling interests held by third parties in the acquiree (at fair value or prorated to the current net asset value of the acquiree), and 2) the fair value of the 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 Group's share in the fair value of net assets is recognised as income in profit or loss in the year of acquisition.

Goodwill on acquisitions of non-controlling interests is included in the carrying amount of the relevant investments.

If the Group is not in possession of all the information necessary to determine the fair value of the assets acquired and the liabilities assumed, these are recognised on a provisional basis in the year in which the business combination is completed and retrospectively adjusted within twelve months of the acquisition date.

After initial recognition, goodwill is no longer amortised and is carried at cost less any accumulated impairment losses, determined as described in the note on impairment testing.

IFRS 3 was not applied retrospectively to acquisitions prior to 1 January 2004, the Parent Company's IFRS transition date. 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 associates and joint ventures are accounted for using the equity method. The Group's share of post-acquisition profits or losses is recognised in the income statement for the accounting period to which they relate, with the exception of the effects deriving from other changes in the equity of the investee, excluding any owner transactions, when the Group's share is recognised directly in comprehensive income. In addition, when measuring the value of the investment, this method is also used to recognise the fair value of the investee's assets and liabilities and any goodwill, determined with reference to the acquisition date. Such assets and liabilities are subsequently measured in future years on the basis of the standards and accounting policies described in this note.

Provisions are made to cover any losses of an associate or joint venture exceeding the carrying amount of the investment, to the extent that the investor is required to comply with actual or constructive obligations to cover such losses.

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.

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 any additional payments 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 the fair value of the underlying asset, after any directly attributable transaction proceeds, 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 accounted for at the fair value of the underlying 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 is recognised at face value. They include highly liquid demand deposits or very short-term instruments 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 and liabilities are recognised in profit or loss for the period. Likewise, 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 equity 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 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.

If there is a modification of one or more terms of an existing financial instrument (including as a result of its novation), it is necessary to conduct a qualitative and quantitative analysis in order to assess whether or not the modification is substantial with respect to the existing terms. In the event of non-substantial modifications, the instrument continues to be accounted for at the previously recognised amortised cost, and the instrument's effective interest rate is remeasured on a prospective basis. If the modifications are substantial, the existing instrument is derecognised and the fair value of the new instrument is recognised, with the related difference recognised in profit or loss.

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 falls 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 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 any outstanding contractual obligations for construction services to be performed, having regard to motorway expansion and upgrades for which the operator receives no additional economic benefits in terms of a specific increase in tolls and/or a significant increase in expected use of the infrastructure. Since the performance of such obligations is treated as part of the consideration for the concession, an amount equal to the fair value of future construction services (equal to the present value of the services, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is initially recognised.

The double entry is concession rights for works without additional economic benefits. The fair value of the residual liability for future construction services is, therefore, 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 and airport 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 state of repair of motorways at the end of the reporting period, taking into account, if material, the time value of money.

Routine maintenance costs are, in contrast, recognised in the income statement when incurred and are not, therefore, included in the provisions.

The provisions for cyclical maintenance include the estimated cost of a single cycle and are determined separately for each category of infrastructure (viaducts, flyovers, tunnels, safety barriers, motorway surfaces). The following process is applied for each category, based on specific technical assessments, the available information, the current state of motorway traffic and existing materials and technologies:

- a) the duration of the cycle linked to the repair or replacement work is estimated;
- b) the serviceability of the infrastructure is assessed, classifying the various types of intervention based on the state of repair of the infrastructure and the number of years remaining until the scheduled maintenance work;
- c) the cost for each category is determined, based on the verifiable and documented evidence available at the time and comparable work;
- d) the total value of the work included in the relevant cycle is determined;
- e) the provisions at the reporting date are calculated, allocating the cost to the income statement in relation to the number of years remaining until the date of the scheduled maintenance work, in line with the above classification based on the state of repair of the infrastructure, discounting the resulting amount to present value at the measurement date using an interest rate with a duration in line with that of the expected cash flows.

The above effects are recognised in the following income statement items:

- a) the “Operating change in provisions”, reflecting the impact of the revision of estimates as a result of technical assessments (the value of the works to be carried out and the expected timing of such works) and the change in the discount rate used compared with the previous year;

- b) “Financial expenses from discounting of provisions”, reflecting the time value of money, calculated on the basis of the value of the provisions and the interest rate used to discount the provisions to present value at the prior year reporting date.

When the cost of the works is actually incurred, the cost is recognised by nature and the item “Operating change in provisions” reflects use of the provisions previously made, as described in point e) above.

In accordance with existing contractual obligations, “Provisions for the refurbishment of airport infrastructure” reflect the present value of the estimated costs to be incurred over time in order to satisfy the contractual obligation, to be fulfilled by the operator in accordance with the concession arrangement, requiring performance of the necessary extraordinary maintenance of the assets operated under concession and their repair and replacement. Given that these costs cannot be accounted for as an increase in the value of the assets as they are effectively incurred from time to time, and that they do not meet the necessary requirement for recognition in intangible assets, they are accounted for, together with the assets to which they relate, as provisions in accordance with IAS 37. This is done based on the degree to which the infrastructure is used, as this is deemed to represent the likely cost to be incurred by the operator in order to guarantee fulfilment, over time, of the obligation to ensure the serviceability and safety of the assets operated under concession. Given the cyclical nature of the works, the value of the provisions recognised in the financial statements is limited to the estimated costs to be incurred as part of the first maintenance cycle, following the end of the reporting period, calculated, taking into account the necessary impact of discounting to present value, for each individual intervention. Classification of the works, as among those to be included in the provisions or as construction/upgrade services performed on behalf of the grantor, is based on the operator’s assessment, with the support of its technical units, of the essential elements of the projects included in the approved investment programmes, identifying those that satisfy the criteria described above.

Employee benefits

Short-term employee benefits, provided during the period of employment, are accounted for 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 comprehensive income in the period to which it relates.

Non-current assets held for sale, assets and liabilities included in disposal groups 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 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, 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 discontinuing operations are recognised in the income statement as discontinued operations provided 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 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) revenue from airport charges is recognised when the facilities are utilised by airport users;
- c) to the extent, for sales of goods, that significant risks and rewards of ownership are transferred to the buyer;
- d) 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 revenue cannot be reliably determined, it is only recognised to the extent that expenses are considered to be recoverable;
- e) rental income or royalties, on an accruals basis, based on the agreed terms and conditions of the contract. This revenue includes amounts generated by the sub-concession of retail and office space to third parties within the airports and motorway networks operated by the Group and, as they substantially equate to the lease of portions of infrastructure, are subject to IAS 17. This revenue, under existing contractual agreements, is partly dependent on the revenue earned by the sub-operator and, as a result, the related amount varies over time;
- f) interest income (and interest expense) is calculated with reference to amount of the financial asset or liability, in accordance with the effective interest method;
- g) 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.

Income tax payables are reported under current tax liabilities in the statement of financial position less any payments of taxes on account. Any overpayments are recognised as current tax assets.

Income tax payables are reported under current tax liabilities in the statement of financial position less any payments of taxes on account. Any overpayments of IRAP are recognised as current tax assets.

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 2017, in which certain Italian-registered subsidiaries participate.

Share-based payment

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 flows are discounted, using a pre-tax rate that reflects current market assessments of the cost of capital, embodying the time value of money and the risks specific to the asset.

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 and classified in various ways depending on the nature of the impaired asset. If there are indications, at the end of the reporting period, that an impairment loss recognised in previous years has been reduced, in full or in part, the recoverability of the carrying amount is tested and any reversal of the impairment loss determined. The reversal may under no circumstances exceed the amount of the impairment loss previously recognised. 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. In this case, the impairment may not be reversed.

Estimates and judgements

Preparation of financial statements in compliance with IFRS involves the use of estimates and judgements, which are reflected in the measurement of the carrying amounts of assets and liabilities and in the disclosures provided in the notes to the financial statements, including contingent assets and liabilities at the end of the reporting period. These estimates are primarily used in determining amortisation and depreciation, impairment testing of assets (including the measurement of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, and deferred tax assets and liabilities. The amounts subsequently recognised may, therefore, differ from these estimates. Moreover, these estimates and judgements are periodically reviewed and updated, and the resulting effects of each change immediately recognised in the financial statements.

Translation of foreign currency items

The reporting package of each consolidated enterprise is prepared using the functional currency of the economy in which the enterprise operates. Transactions in currencies other than the functional currency are recognised by application of the exchange rate at the transaction date. Assets and liabilities denominated in currencies other than the functional currency are, subsequently, remeasured by application of the exchange rate at the end of the reporting period. Any exchange differences on remeasurement are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historical cost or fair value 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 and interpretations, that have yet to come into effect

As required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", this section describes new accounting standards and interpretations, and amendments of existing standards and interpretations that are already applicable, that have yet to come into effect 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	October 2017
Amendments to existing standards and interpretations		
Amendments to IFRS 2 – Share-based Payment	1 January 2018	Not endorsed
Annual Improvements to IFRSs: 2014–2016	1 January 2017 - 2018	February 2018
Annual Improvements to IFRSs: 2015–2017	1 January 2019	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 related measurement at amortised cost or, in specific circumstances, at fair value through profit or loss. As a result of the amendment approved on 12 October 2017 (and effective from 1 January 2019), it has been specified that:

- a) in the event of non-substantial modifications to the terms of a financial instrument, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss;
- b) a debt instrument with a prepayment option may comply with the definition of contractual cash flows alone required by IFRS 9 and, as a result, be accounted for at amortised cost or at fair value through other comprehensive income, even when the contract provides for negative compensation for the lender.

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 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 BIO-BI6, also apply to investments in other entities held for sale, held for distribution or as discontinued operations in accordance with IFRS 5.

Annual Improvements to IFRSs: 2015 – 2017

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

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

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

The Atlantia Group is currently evaluating the effects of the future application of newly issued standards, as well as of revisions and amendments to existing standards. These effects cannot currently be reasonably estimated, with the exception of IFRS 9, IFRS 15 and IFRS 16, to which the following applies.

With regard to the new standard, IFRS 9, the Group has proceeded with an assessment of the potential impact of application of the standard. This process has focused on the principal financial statement items that may be affected, consisting of trade receivables, financial assets deriving from concession rights, financial liabilities and derivative financial instruments.

The impact of the procedures required by the new standard on the above items has been analysed and, as a result of the tests and evaluations conducted, it is not expected to have a material impact on the Atlantia Group's consolidated financial statements. The only modification of note regards the non-substantial modifications of financial liabilities carried out by Autostrade per l'Italia and Aeroporti di Roma in 2017 and described in note 7.15. Under the new standard, these modifications would have resulted in recognition, in profit or loss, of the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of the modification) and the carrying amount of the instrument at the date of the modification. This difference, estimated to be approximately €43 million before the related taxation, will be recognised as an increase in consolidated equity at 1 January 2018, representing the effect of adoption of IFRS 9.

With reference to IFRS 15, the Group has substantially completed its assessment of the applicability of the new standard to the various types of existing contracts, and the potential operational and accounting effects. The assessment examined the applicability of the new standard to the concession arrangements to which Group companies are party, to the sub-concessions granted for motorway service areas and retail space on motorways and at airports, and to the other important contracts to which Group companies are party.

The process has resulted in the view that the concession arrangements to which Group companies are party do not fall within the scope of application of IFRS 15. As a result, the current methods of presentation, described above in these notes, are not expected to change, including the treatment of revenue from construction services and the above sub-concession arrangements, which are excluded from application of the new standard as they are governed by IAS 17 – Leases, given that they are leases of specific assets. Adoption of the new standard is also not expected to result in significant changes to the way in which other important contracts are accounted for.

Therefore, based on the analyses and evaluations conducted, the adoption of IFRS 15 is not expected to have a material impact on the Atlantia Group's consolidated financial statements.

The Group has also assessed the potential impact of the introduction of IFRS 16. The Group is not a party to significant lease arrangements as a lessee. In addition, with regard to arrangements in which Group companies are the lessor, essentially 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, IFRS 16 has not introduced changes to the accounting treatment of lease arrangements by lessors, compared with the requirements of IAS 17. As a result, introduction of the new standard is not currently expected to have a material impact.

4. CONCESSIONS

The Group's core business is the operation of motorways and airports under concessions held by Group companies. The purpose of the concessions is the construction and operation of motorway infrastructure (in Italy and abroad) and of the airport system.

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 concession arrangements establish the right for motorway operators to demand tolls from motorway users. Tolls are revised annually through a toll formula contained in the specific individual concession arrangements. On the other hand, operators have an obligation to pay concession fees, to

expand and modernise the motorway infrastructure operated under the concessions, and to maintain and operate the motorways. Concessions are not automatically renewed on expiry but are publicly re-tendered in accordance with laws as may be in effect from time to time. This consequently entails the handover free of charge of all assets in a good state of repair by the operator to the Grantor, unless the concession provides for a payment by a replacement operator of the residual carrying amount of assets to be handed over.

The only changes to the motorway concessions held by the Group's Italian companies in 2017 are as follows:

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

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017, replacing the previous addendum signed on 10 December 2015, for which the related approval process had not been completed. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the operator's investment commitments in the Single Concession Arrangement. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and almost €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis and under a specific agreement to be executed. The amount will then be recouped by Autostrade per l'Italia through the specific "K" tariff component.

During the approval process, the Grantor requested that the document be signed digitally. The Addendum was then signed on 22 February 2018 and will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy's Court of Auditors.

b) **Addendum to Tangenziale di Napoli's Single Concession Arrangement**

On 8 September 2017, the Addendum to Tangenziale di Napoli's Single Concession Arrangement was signed. The Addendum sets out the results of the five-yearly review (2014 – 2018) of the financial plan annexed to the Arrangement. During the approval process, the Grantor requested that the document be signed digitally. The Addendum was then signed on 22 February 2018 and will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy's Court of Auditors.

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 in the process of implementing a programme of investment in major infrastructure projects (including the works envisaged in the Concession Arrangement of 1997, the IV Addendum of 2002 and other investment), worth approximately €18.0 billion, including approximately €10.1 billion already completed as at 31 December 2017 (€9.8 billion as at 31 December 2016). 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, and whilst awaiting the conclusion of the tender process that will select the new operator to take over operation of the motorway. Further information is provided in note 10.7.

Overseas motorways

Brazil

The concessions held by the Group's Brazilian companies also envisage a series of obligations relating to the construction, expansion, modernisation, maintenance and operation of the motorways 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 11 million reais (equal to €3 million);
- b) Rodovias das Colinas is currently engaged in widening the existing sections, with the remaining amount to be invested totalling approximately 93 million reais (equal to €26 million). In parallel, the operator is negotiating an addendum with the Grantor relating to a new project with a value of approximately 123 million Brazilian reais (equal to €34 million) 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 844 million Brazilian reais (equal to €234 million). This sum includes works covered by an addendum agreed with the Grantor and signed in May 2017, which has revised, among other things, the 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 total 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 investment programme to which the operator, Costanera Norte, is committed, named "Programma Santiago Centro Oriente" (or "CC7"), 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 million) with approximately 92% of the work completed at the end of 2017. 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 for up to 3 years. Should there be a residual amount due to the operator at the end of any extension, the Grantor will pay the balance.

In 2017, the operator, Nororiente began work on doubling the Chamisero tunnel at an estimated cost of approximately 29 billion Chilean pesos (equal to €41 million).

Finally, the operator, AMB, has plans in place for the construction of the northern section of the motorway covered by its concession at an estimated cost of approximately 25 billion Chilean pesos (equal to €35 million). Subject to receiving the necessary consents, work is expected to begin in 2018.

In July 2017, Grupo Costanera was awarded the concession covering the last 5km section of the inner ring road in the city of Santiago (Amerigo Vespuccio Oriente II). The section is to consist entirely of a tunnel and will cost approximately 380 billion Chilean pesos to build (€500 million).

In December 2017 Chile's Ministry of Public Works and Ministry of Finance signed a resolution requesting the operator, Los Lagos, to carry out certain construction services and road safety works as a matter of urgent public interest ("*Programa de Obras de Seguridad y Serviciabilidad*"), which the operator will be compensated for at a pre-set rate via extension of the concession term and/or an eventual cash payment, to be included in a specific addendum to the concession arrangement within 6 months of publication of the resolution in the Official Bulletin. The total value of the programme is approximately 31.6 billion Chilean pesos (equivalent to approximately €43 million).

Poland

Stalexport Autostrady SA is a holding company listed on the Warsaw Stock Exchange. It owns 100% interest in Stalexport Autostrada Malopolska SA, which holds a concession for a 61-km section of motorway between Krakow and Katowice, requiring implementation of an investment programme and the obligation to operate and maintain the specific section of motorway covered by its concession arrangement. In return for the services rendered, the operator has the right to charge motorway users a toll. The concession expires in March 2027.

Italian airports

The operator, Aeroporti di Roma ("ADR") holds an exclusive concession to manage the airport system serving Italy's capital city, consisting of "Leonardo da Vinci" Fiumicino airport and "G.B. Pastine" Ciampino airport, in accordance with the concession awarded to the company by Law 755 of 10 November 1973, the Single Concession Arrangement covering management of the capital city's airport system and the Planning Agreement ("the Single Deed"), signed on 25 October 2012, and which replaced the previous Arrangement 2820, dated 26 June 1974. The Single Deed regulates, in one single document, both relations pertaining to the airport concession (Section I of the Agreement), and the criteria for determining and periodically reviewing the applicable regulatory tariffs, being the fees receivable for the aviation services provided, within the airports, on an exclusive basis by the operator, and their review throughout the airport concession term (Section II, "Planning Agreement and Tariff Regulation"). The setting and revision of regulatory tariffs is based on application of a RAB-based method, which takes into account, among other things, the amount of capital expenditure carried out and traffic projections.

In accordance with the principle that management of the concession must be based on affordable and organic criteria, as defined by Law 755 of 10 November 1973, as amended, by signing the Single Deed, ADR has committed:

- a) to progressive construction of the infrastructure listed therein for the purposes of increasing the capacity of the capital's airport system to cope with the projected volume of traffic through to the end of the remaining concession term (until 30 June 2044);
- b) to manage the above airport system by providing the airport services for which it is responsible (e.g. the maintenance of runways and aprons), but also through the sub-concession of areas and premises to be used for aviation and other activities, such as, for example, retail businesses.

Information of the investment commitments included in ADR's concession arrangement is provided in the section, "Italian airports", in the Report on Operations accompanying these financial statements. The commitments are focused within a period of ten years and constitute, under the terms of the concession arrangement, the so-called "Airport Master Plan". In turn, the Master Plan contains details of the investments to be carried out in each five-year period, corresponding to each regulatory "sub-period" for tariff purposes.

The first ten-year period from 2012 to 2021 is currently in progress. The latest Master Plan, approved in December 2016, envisages that, during the second five-year regulatory period (2017-2021), the company will carry out capital expenditure amounting to approximately €1,795 million. Capital expenditure

totalling approximately €194 million was effectively completed in 2017 on the basis of the regulatory accounts, including €1.5 million relating to the design of new buildings, initially not provided for in the five-year plan approved by the Civil Aviation Authority (ENAC).

In return for the commitments contained in the Single Deed, ADR has the right to receive income from:

- a) the use, by airlines and passengers, of airport infrastructure;
- b) the use, for whatever purpose, of areas, buildings and premises within the grounds of the airports managed under concession;
- c) collection of a fair consideration from whoever conducts a non-aviation activity for profit within the grounds of the airport managed under concession, unless otherwise remunerated.

ADR is also required to pay an annual concession fee to ENAC.

The works carried out by ADR on the grounds of the airport are the property of ADR until expiry of the airport concession term, at the end of which the company will receive from ENAC an amount equal to the remaining value of the unamortised capital expenditure, as assessed on the basis of the regulatory accounts. At the end of 2017, ADR has not carried out investment in assets that will, at the end of the concession term, have a residual value of more than zero, based on its regulatory accounts.

Overseas airports

Aéroports de la Côte D'Azur ("ACA") holds an exclusive concession for the airports of Nice and Cannes-Mandelieu, under the concession awarded by decree dated 14 June 2008. The concession expires on 31 December 2044. The company also owns and operates Saint Tropez airport.

In accordance with France's Civil Aviation Code (article R. 224-3-1), the fees for airports operated under concession are linked to the following: (i) the cost of providing a public airport service, including infrastructure and services and (ii) certain types of non-aviation revenue, as itemised in a ministerial decree or in multi-year contracts. The regulatory framework requires that airport traffic, cost and aviation and non-aviation revenue projections be taken into account when determining the return on invested capital and, as a result, the level of fees payable during the next year.

In 2016, ACA and the French government, represented by France's Civil Aviation Authority (the *Direction Général de l'Aviation Civile* or *DGCA*), agreed on basic principles on which to base the multi-year contract establishing fees for the 2017-2022 period.

These principles have, among other things, redefined the scope of the regulated services and established the percentage contribution of non-aviation services to the scope of regulated services, to the extent needed in order to provide a fair return. The contract is subject to prior approval by the Independent Supervisory Authority, as regards the aspects falling within its purview. Information on the revised fees for the 2017-2018 period is provided in note 10.7.

3. Consolidated financial statements as at and for the year ended 31 December 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 – Gravelona Toce	244.9	
		A27 Mestre – Belluno	82.2	
		A30 Caserta – Salerno	55.3	
		TOTAL	2,854.6	31 Dec 2038
	Autostrade Meridionali	A3 Naples – Salerno	51.6	31 Dec 2012
	Raccordo Autostradale Valle d'Aosta	A5 Aosta – Monte Bianco	32.3	31 Dec 2032
	Tangenziale di Napoli	Naples ring road	20.2	31 Dec 2037
	Società Autostrada Tirrenica	A12 Livorno – Civitavecchia	54.8	31 Dec 2046
	Società Italiana per azioni per il Traforo del Monte Bianco	Mont Blanc Tunnel	5.8	31 Dec 2050
OVERSEAS MOTORWAYS				
Brazil	Triangulo do Sol Auto-Estradas	SP 310 Rodovia Washington Luis SP326 Rodovia Brigadeiro Faria Lima SP333 SP333 Rodovia Carlos Tonani, Nemésio Cadetti, Laurentino Mascari, Dr Mario Gentil	442.2	18 July 2021
	Rodovias das Colinas	SP 075 Rodovia Dep. Arquimedes Lammoglia, Rodovia Pref. Hélio Steffen, Rodovia Eng Ermenio de Oliveira Penteado e Rodovia Santos Dumont SP 127 Rodovia Fausto Santomauro, Rodovia Cornelio Pires e Rodovia Antonio Romano Schincariol SP 280 Rodovia Castello Branco SP 300 Rodovia Dom Gabriel Paulino Bueno Couto e Rodovia Marechal Rondon SPI 102/300 Rodovia Eng Herculanio Godoy Passos	307.0	1 July 2028
	Concessionaria da Rodovia MG050	MG-050 BR-265 BR-491	371.6	20 Sept 2023
Chile	Sociedad Concesionaria de Los Lagos	Rio Bueno - Puerto Montt (Chile)	134.2	20 Sept 2023
	Sociedad Concesionaria Litoral Central	Nuevo Camino Costero: Cartagena Algarrobo Camino Algarrobo - Casablanca (Ruta F-90) Camino Costero Interior (Ruta F-962-G)	80.6	10 Nov 2031
	Sociedad Concesionaria Vespucio Sur	Ruta 78 - General Velásquez General Velásquez - Ruta 5 Sur Ruta 5 Sur - Nuevo Acceso Sur a Santiago Nuevo Acceso Sur a Santiago - Av. Vicuna Mackenna Av. Vicuna Mackenna - Av. Grecia	23.5	05 Dec 2032
	Sociedad Concesionaria Costanera Norte	Puente La Dehesa - Puente Centenario Puente Centenario - Vivaceta Vivaceta - A. Vespucio Estoril - Puente Lo Saldes	43.1	30 June 2033
	Sociedad Concesionaria Autopista Nororient	Sector Oriente: Enlace Centenario - Enlace Av. Del Valle Sector Poniente: Enlace Av. Del Valle - Enlace Ruta 5 Norte	21.5	7 Jan 2044
	Sociedad Concesionaria AMB	Tramo Sur Tramo Norte (4)	10.0	2022
Poland	Stalexport Autostrada Malopolska	A4 Krakow – Katowice (Poland)	61.0	15 Mar 2027
ITALIAN AIRPORTS				
Italy	Aeroporti di Roma	"Leonardo da Vinci" Fiumicino "G.B. Pastine" Ciampino		30 June 2044
OVERSEAS AIRPORTS				
France	Aéroport de la Côte d'Azur	Aéroport Nice Côte d'Azur Aéroport Cannes Mandelieu Aéroport Golfe Saint-Tropez		31 Dec 2044 31 Dec 2044 n/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 Concession Arrangement in force at that time.

(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 agreed threshold 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 agreed threshold and, in any event, no later than 2048.

(4) Construction is in progress.

5. SCOPE OF CONSOLIDATION

In addition to the Parent Company, entities are consolidated when Atlantia directly or indirectly exercises control. Control over an entity is exercised when the Company is exposed to or has the right to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are consolidated using the line-by-line method and are listed in Annex I.

A number of companies listed in Annex I have not been consolidated due to their quantitative and qualitative immateriality to a true and fair view of the Group's financial position, results of operations and cash flows, as a result of their operational insignificance (dormant companies or companies whose liquidation is nearing completion).

All entities over which control is exercised are consolidated from the date on which the Group acquires control, as defined above, whilst they are deconsolidated from the date on which the Group ceases to exercise control.

Companies are 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 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, profit or loss and in comprehensive income, 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 of the entity, 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:

3. Consolidated financial statements as at
and for the year ended 31 December 2017

CURRENCY	2017		2016	
	Spot exchange rate 31 December	Average exchange rate	Spot exchange rate 31 December	Average exchange rate
Euro/US Dollar	1.199	1.130	1.054	1.107
Euro/Polish Zloty	4.177	4.257	4.410	4.363
Euro/Chilean Peso	737.290	732.607	704.945	748.477
Euro/Brazilian Real	3.973	3.605	3.431	3.856
Euro/Swiss franc	1.170	1.146	n/a	n/a
Euro/Indian Rupee	76.606	73.532	71.594	74.372

The scope of consolidation as at 31 December 2017 differs from the scope used as at 31 December 2016 following the Group's acquisition of controlling interests in the following companies:

- a) Catterick Investments Sp.zo.o., in which the subsidiaries, Autostrade Tech and Stalexport Autostrady SA, acquired a 100% interest in March 2017 for a consideration of €2 thousand; as a result, this company has been consolidated on a line-by-line basis from that date;
- b) Urban Next SA, a Swiss-registered company that develops urban mobility software and applications, in which the subsidiary, Telepass SpA, acquired a 70% interest in June 2017. The total cost of the acquisition was €2 million (corresponding to an enterprise value of €3 million), whilst the company's equity amounts to €0.2 million, and the transaction has resulted in recognition of the value of the software platform owned by the company, amounting to €4 million;
- c) K-Master Srl, a company that provides vehicle fleet monitoring and management systems through its IT platform and a number of dedicated software applications, in which the subsidiary, Telepass, acquired a 100% interest in December 2017. The total cost of the acquisition was €5 million, whilst the company's equity amounts to €0.1 million, and the transaction has resulted in recognition of the value of the IT platform owned by the company and of its existing commercial relations, amounting to a total of €5 million. Following the sale of an interest in K-Master Srl to non-controlling shareholders in 2017, Telepass's interest is 93.40%.

Given the immaterial nature of both transactions, the disclosures required by IFRS 3 have not been presented.

Romulus Finance Srl has been deconsolidated, having been struck off the Companies' Register on 17 October 2017, following completion of its liquidation.

The results of operations and cash flows for 2017 have benefitted over the full year from the contribution of Aéroports de la Côte d'Azur and its subsidiaries, which were consolidated from December 2016.

6. ACQUISITIONS AND CORPORATE ACTIONS DURING THE PERIOD

6.1 Completion of the accounting procedures linked to the acquisition of control of Aéroports de la Côte d'Azur

The process of identification and fair value measurement of the assets acquired and liabilities assumed as a result of the acquisition of Aéroports de la Côte d'Azur ("ACA") has been completed. This followed completion of the acquisition of a 64.00% interest by the special purpose vehicle, Azzurra Aeroporti Srl (at that date, the Group's interest was 80.34%), at the end of 2016. ACA directly and indirectly operates the airports of Nice, Cannes-Mandelieu and Saint-Tropez and the international network of ground handlers, Sky Valet. This transaction has already been described in note 6.2 to the consolidated financial statements as at and for the year ended 31 December 2016, to which reference should be made.

The table below shows the carrying amounts of the assets acquired and liabilities assumed, in addition to the final fair values identified.

(€m)	Carrying amount	Fair value adjustments	Fair value
<i>Net assets acquired:</i>			
Property, plant and equipment	2		2
Intangible assets	490	2,143	2,633
Other non-current assets and liabilities	2		2
Trading and other current assets	32		32
Cash and cash equivalents	38		38
Non-current financial liabilities	-114		-114
Current financial liabilities	-20		-20
Deferred tax assets/(liabilities)	-24	-612	-636
Provisions	-63		-63
Trading and other current liabilities	-75		-75
Total net assets acquired	268	1,531	1,799
Equity attributable to non-controlling interests			648
Total net assets acquired by the Group			1,151
Goodwill			152
Total consideration			1,303
Cash and cash equivalents acquired			-38
Net effective cash outflow for the acquisition			1,265

Completion of the measurement process has resulted in net adjustments of the fair value of the net assets acquired totalling €1,531 million, reflecting recognition of:

- a higher value of the concession held by ACA, attributable to the airport concessions for Nice and Cannes-Mandelieu, estimated at €2,143 million;
- the value of the licence to operate the airport of Saint-Tropez, estimated at €14 million;
- the reversal of goodwill previously recognised in ACA's financial statements at the time of its acquisition by the Group, totalling €14 million;
- net deferred tax liabilities on the assets in points a) and b), amounting to €612 million.

After deducting €648 million attributable to non-controlling shareholders from the net fair values identified, the fair value of the net assets acquired by the Group amounts to €1,151 million, compared with a consideration of €1,303 million. This has resulted in recognition of goodwill of €152 million (with only the portion attributable to the Group recognised), attributable to ACA and its subsidiaries. As required by IFRS 3, the above amounts have been recognised retrospectively and back dated to the acquisition date, resulting in the restatement and upward adjustment of the assets and liabilities previously included, on a provisional basis, in the consolidated financial statements as at and for the year ended 31 December 2016.

The above goodwill as at 31 December 2016 has been tested for impairment, as required by IAS 36. This confirmed that it is recoverable in full. For this purpose, the value in use of the goodwill was estimated using the long-term business plans prepared by ACA and its subsidiaries, containing traffic, investment, revenue and cost projections for the full term of the related concessions, and applying the method described in note 7.2 to the consolidated financial statements as at and for the year ended 31 December 2016, which is the same as the method applied as at 31 December 2017. ACA's plan forecasts a moderate average annual rate of growth for air traffic and revenue. The resulting cash flows were then discounted using a rate of 4.46%, determined on the basis of the requirements of IAS 36. In addition, with reference to the figures for 31 December 2016, as required by IFRS 3, sensitivity analyses were conducted on the recoverable value, increasing the indicated discount rate by 1% and reducing the average annual rate of air traffic growth by 1%. The outcome of the analyses resulted in:

- a) potential impairment losses of €152 million on the above goodwill and of €74 million on intangible assets deriving from concession rights, in the event of a 1% increase in the discount rate;
- b) potential impairment losses of €152 million on the above goodwill and of €12 million on intangible assets deriving from concession rights, in the event of a 1% reduction in the average annual rate of air traffic growth.

Information on impairment tests conducted as at 31 December 2017 is provided in note 7.2 below.

Finally, it should be noted that, during 2017, Atlantia completed the sale of 20.1% (including preference rights) of its interest in Azzurra Aeroporti for a consideration of €135 million. As a result, the Group's interest in Azzurra Aeroporti has fallen from 80.34% to 60.4%, whilst its interest in ACA has declined from 51.42% to 38.66%, as described in greater detail in note 10.2.

6.2 Restructuring of the Group

To complete the restructuring previously described in note 6.1 in the consolidated financial statements as at and for the year ended 31 December 2016, which provides further details, the General Meeting of Autostrade per l'Italia's shareholders held on 25 January 2017 approved the distribution, to Atlantia, of a special dividend in kind, via the transfer of 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. The transfer of these investments to Atlantia, which was completed in March 2017, has resulted in the Atlantia Group's recognition of current tax expense of €46 million.

6.3 Sale of 11.94% of Autostrade per l'Italia

On 27 April 2017, Atlantia's Board of Directors approved the sale of a 5% interest in Autostrade per l'Italia to Appia Investments (a company owned by Allianz, EDF Invest and DIF) and the sale of a further 5% interest in the subsidiary to Silk Road Fund.

Appia Investments was also granted a call option on a further 2.5% interest in Autostrade per l'Italia on the same terms and conditions. This was exercised on completion of the transaction on 26 July 2017, resulting in the sale of a further 1.94% interest.

Further details on the impact of the sale are provided in note 10.2.

6.4 Voluntary public tender offer, in cash and/or shares, for the shares of Abertis Infraestructuras

As previously described in more detail in “Other information” in the Report on Operations, in 2017, Atlantia launched a voluntary public tender offer for the shares of Abertis (hereinafter the “Offer”). In view of the competing offer launched by Hochtief and the subsequent agreement entered into by Atlantia, Hochtief and ACS, Actividades de Construcción y Servicios (“ACS”), at the date of approval, by the Board of Directors, of these consolidated financial statements as at and for the year ended 31 December 2017, there is objective uncertainty regarding the future progress and outcome of the Offer. The effects of the transactions entered into in connection with the Offer have, therefore, been recognised in these consolidated financial statements, on the assumption that the Offer will result in Atlantia's acquisition of control of Abertis Infraestructuras.

In particular:

- a) to aid the Company's Board of Directors in its decision-making and for the purposes of preparation of the Offer Prospectus, filed with Spain's stock market regulator, the *Comisión Nacional del Mercado de Valores* (“CNMV”) on 4 October 2017 and approved by the CNMV on 9 October 2017, and of the necessary consents required by the legislation applicable to this type of offer (the competent antitrust authority and the relevant Spanish ministries), the Group incurred fees for external consultants totalling €32 million, classified in “Service costs” in the consolidated income statement for 2017;
- b) to cover the maximum amount payable in cash to Abertis's shareholders who accept the offer, Atlantia obtained acquisition financing from a pool of leading banks under a facility agreement governed by Italian law and signed in May 2017. The facility consisted of four committed lines of credit, amounting to a total of €14.7 billion, which was then reduced to €11.65 billion, following the issue of bonds by Atlantia (July 2017) and the sale of a number of significant equity interests in several consolidated companies and associates, completed in the second half of 2017. Under the commitments given by Atlantia in relation to the financing, an amount equal to the cancelled portion of the credit facility must be exclusively held as cash and cash equivalents until the release of the guarantees granted in relation to the Offer.

In addition, in order to comply with Spanish takeover law, three leading banks have provided bank guarantees, presented to the CNMV to cover the cash amount payable in accordance with the structure of the Offer. These amount to €14.7 billion.

As a result of the above financing, the Group recognised the following in 2017:

- 1) financial expenses of €24 million, linked to the accrued commitment fees on the committed financing and fees on the guarantees backing the Offer required by the related regulations;
- 2) non-current financial assets of €23 million, linked to the upfront fees payable on the committed financing, as they have been accounted for as ancillary costs of the financing to be used, again based on the assumption that the Offer will be successful;
- c) to hedge the above committed financing, the Group has entered into Forward-Starting Interest Rate Swaps with a notional value of €2,500 million, hedging against the risk of movements in interest rates, subject to a “deal contingent hedge” provision, which, should the outcome of the Offer not be in Atlantia's favour, provides that the contract will not be executed and there will be no exchanges of cash flows between the counterparties. These financial instruments, which register fair value losses of €14 million as at 31 December 2017, are classified as non-hedge accounting, as they do not meet all the requirements of IAS 39 for recognition as cash flow hedges.

Should, therefore, the outcome of the Offer not be in Atlantia's favour, the above assets (€23 million recognised in “Other non-current financial assets”) accounted for in the consolidated financial statements as at and for the year ended 31 December 2017 will be derecognised, with a contra entry in the consolidated income statement and the recognition of financial income (amounting to €14 million) as a result of reversal of the fair value losses on the above derivative financial instruments recognised as at 31 December 2017.

Should, however, the transaction be completed, on the terms set out in the agreement entered into by Atlantia, Hochtief and ACS, described in “Other information” in the Report on Operations, the accounting effects linked to the above financial assets and liabilities will only be determinable once the final agreements between the parties have been concluded and the transaction completed.

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 2017. Comparative amounts as at 31 December 2016 are shown in brackets. Amounts in the statement of financial position as at 31 December 2016 have been restated, as described in note 6.1, following completion of the process of identification and fair value measurement of the assets and liabilities of ACA.

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

7.1 Property, plant and equipment €302,799 thousand (€291,080 thousand)

As at 31 December 2017 property, plant and equipment amounts to €302,799 thousand, compared with a carrying amount of €291,080 thousand as at 31 December 2016. 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 2017			31 December 2016		
	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT
Property, plant and equipment	903,862	-604,360	299,502	851,293	-565,492	285,801
Property, plant and equipment held under finance leases	3,392	-603	2,789	3,549	-472	3,077
Investment property	7,650	-7,142	508	8,481	-6,279	2,202
Total property, plant and equipment	914,904	-612,105	302,799	863,323	-572,243	291,080

The increase in the carrying amount with respect to 31 December 2016, amounting to €11,719 thousand, primarily reflects a combination of capital expenditure during the year, amounting to €84,415 thousand, and depreciation of €68,403 thousand, as shown in the following table.

€000	CHANGES DURING THE YEAR								
	CARRYING AMOUNT AS AT 31 DECEMBER 2016	ADDITIONS	DEPRECIATION	IMPAIRMENTS	DISPOSALS	NET CURRENCY TRANSLATION DIFFERENCES	RECLASSIFICATIONS AND OTHER ADJUSTMENTS	NET CHANGE IN SCOPE OF CONSOLIDATION	CARRYING AMOUNT AS AT 31 DECEMBER 2017
Property, plant and equipment									
Land	8,414	-	-	-	-	25	1	-	8,388
Buildings	41,634	502	-3,518	-	-24	162	1,773	-	40,529
Property, plant and equipment	57,520	29,947	-22,675	-	-153	-17	51,099	-	115,721
Industrial and business equipment	54,597	11,995	-19,504	-	-335	93	6,360	-	53,206
Other assets	60,243	24,668	-22,117	-1,490	-32	-499	4,199	218	65,190
Property, plant and equipment under construction and advance payments	63,393	17,303	-	-	43	17	-64,206	4	16,468
Total	285,801	84,415	-67,814	-1,490	-587	-269	-776	222	299,502
Property, plant and equipment held under finance leases									
Equipment and other assets held under finance leases	3,077	-	-153	-	-	-135	-	-	2,789
Total	3,077	-	-153	-	-	-135	-	-	2,789
Investment property									
Land	31	-	-	-	-	-	1	-	32
Buildings	2,171	-	-436	-	-	54	-1,313	-	476
Total	2,202	-	-436	-	-	54	-1,312	-	508
Total property, plant and equipment	291,080	84,415	-68,403	-1,490	-587	-350	-2,088	222	302,799

“Investment property” of €508 thousand as at 31 December 2017, 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 €2 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 2017.

As at 31 December 2017, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2 Intangible assets €27,424,561 thousand (€28,203,096 thousand)

The item consists of:

- a) intangible assets deriving from concession rights, totalling €22,465,021 thousand (€23,245,446 thousand as at 31 December 2016), and regarding the following categories:
 - 1) rights acquired from third parties (€7,820,195 thousand), essentially reflecting the fair value of the concession rights resulting from the acquisitions of ADR, the Chilean and Brazilian operators and ACA, a company acquired in 2016, as previously described in note 6.I;
 - 2) rights recognised as a result of the commitment to perform construction services for which no additional economic benefits are received (€8,108,698);
 - 3) rights deriving from construction services for which additional economic benefits are received (€6,428,226);
 - 4) rights deriving from construction services carried out by service area operators, represented by assets that were handed over free of charge to the Group’s operators on expiry of the related sub-concessions (€107.902);
- b) goodwill and other intangible assets with indefinite lives, totalling €4,548,756 thousand;
- c) other intangible assets of €410,784 thousand, essentially consisting of contractual rights attributable to ADR, recognized at the time of identification of the fair value of the assets and liabilities of the former Gemina group.

€000	31 December 2017				31 December 2016			
	COST	ACCUMULATED AMORTISATION	ACCUMULATED IMPAIRMENTS	CARRYING AMOUNT	COST	ACCUMULATED AMORTISATION	ACCUMULATED IMPAIRMENTS	CARRYING AMOUNT
Intangible assets deriving from concession rights	31,414,114	-8,832,299	-116,794	22,465,021	31,408,522	-7,968,329	-194,747	23,245,446
Goodwill and other intangible assets with indefinite lives	4,567,754	-	-18,998	4,548,756	4,568,485	-	-19,699	4,548,786
Other intangible assets	961,549	-547,277	-3,488	410,784	905,758	-492,930	-3,964	408,864
Intangible assets	36,943,417	-9,379,576	-139,280	27,424,561	36,882,765	-8,461,259	-218,410	28,203,096

Intangible assets recorded a net decrease of €778,535 thousand in 2017, primarily due to a combination of the following:

- a) amortisation for the year of €1,020,077 thousand;
- b) the negative impact of currency translation differences, amounting to €240,320 thousand, primarily due to a significant decline in the value of the Brazilian real and Chilean peso against the euro;
- c) investment in construction services for which additional economic benefits are received, totalling €336,881 thousand;
- d) partial reversal of the impairment loss on the concession rights of Raccordo Autostradale Valle d’Aosta, totalling €78,700 thousand, as described below;
- e) investment in other intangible assets, totalling €65,817 thousand.

The following table shows intangible assets at the beginning and end of the period and changes during 2017 in the different categories of intangible asset..

€000	CHANGES DURING THE YEAR									
	CARRYING AMOUNT AS AT 31 DECEMBER 2016	ADDITIONS DUE TO COMPLETION OF CONSTRUCTION SERVICES, ACQUISITIONS AND CAPITALISATIONS AND HANDOVER FREE OF CHARGE	AMORTISATION	IMPAIRMENTS	REVERSALS OF IMPAIRMENTS	CHANGES DUE TO REVISED PRESENT VALUE OF CONTRACTUAL OBLIGATIONS	NET CURRENCY TRANSLATION DIFFERENCES	RECLASSIFICATIONS AND OTHER ADJUSTMENTS	CHANGE IN SCOPE OF CONSOLIDATION	CARRYING AMOUNT AS AT 31 DECEMBER 2017
Intangible assets deriving from concession rights										
Acquired concession rights	8,270,669	-	-299,150	-	-	-	-151,324	-	-	7,820,195
Concession rights accruing from construction services for which no additional economic benefits are received	8,503,690	-	-388,681	-	-	-8,892	2,669	-88	-	8,108,698
Concession rights accruing from construction services for which additional economic benefits are received	6,365,342	336,881	-261,425	-823	78,700	-	-80,978	-9,471	-	6,428,226
Concession rights accruing from construction services provided by sub-operators	105,745	7,292	-5,135	-	-	-	-	-	-	107,902
Total	23,245,446	344,173	-954,381	-823	78,700	-8,892	-229,633	-9,659	-	22,485,021
Goodwill and other intangible assets with indefinite lives										
Goodwill	4,548,753	-	-	-	-	-	-	-	-	4,548,753
Trademarks	33	-	-	-	-	-	-	-32	2	3
Total	4,548,786	-	-	-	-	-	-	-32	2	4,548,756
Other intangible assets										
Commercial contractual relations	295,369	-	-33,008	-	-	-	-	-	-	262,361
Development costs	12,339	16,419	-13,312	-	-	-	-32	128	76	15,618
Industrial patents and intellectual property rights	10,891	12,682	-10,064	-	-	-	274	239	189	13,663
Concessions and licenses	11,448	5,247	-4,201	-	-	-	-73	2,876	-	15,399
Other	34,642	10,418	-5,101	-	-	-	-5,460	85	10,789	45,203
Intangible assets under development and advance payments	44,175	20,951	-	-	-	-	-4,848	-1,866	128	58,540
Total	408,864	65,817	-65,686	-	-	-	-10,687	1,294	11,182	410,784
Intangible assets	28,203,096	409,990	-1,020,077	-823	78,700	-8,892	-240,820	-8,297	11,184	27,424,661

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 motorway and airport infrastructure effected through construction services, as reported in the consolidated statement of cash flows.

€000	NOTE	2017	2016	INCREASE/ (DECREASE)
Use of provisions for construction services required by contract for which no additional economic benefits are received	7.13 / 8.11	419,191	455,024	-35,833
Use of provisions for refurbishment of airport infrastructure	7.14	70,799	112,238	-41,439
Increase in intangible concession rights accruing from completed construction services for which additional economic benefits are received	8.3	336,881	614,518	-277,637
Increase in financial assets deriving from motorway construction services	7.4 / 8.3	73,376	81,101	-7,725
Revenue from government grants for construction services for which no additional economic benefits are received	8.3	-	332	-332
Investment in assets held under concession		900,247	1,263,213	-362,966

Research and development expenditure of approximately €1 million has been recognised in the consolidated income statement for 2017. 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", totalling €4,548,756 thousand, essentially consist of:

- the goodwill allocated to the CGU represented by Autostrade per l'Italia, amounting to €4,382,757 thousand, following the acquisition of a majority interest in the former Autostrade – Concessioni e Costruzioni Autostrade SpA in 2003. This goodwill coincides with the carrying amount as at 1 January 2004 (the IFRS transition date) and was determined in accordance with prior accounting standards under the exemption permitted by IFRS;
- €151,990 thousand in goodwill recognised following the acquisition of control of ACA and its subsidiaries in 2016, as described in note 6.1, and allocated to this CGU and its subsidiaries;
- €14,006 thousand relating to the value of the licence to operate the airport of Saint-Tropez, held for an indeterminate length of time by Aéroport Golfe de Saint-Tropez, in which ACA has a 99.92% interest and which is accounted for following the acquisition of control of the latter company, as referred to above.

With regard to the recoverability of intangible assets with indefinite useful lives, as required by IAS 36, the above CGUs have been tested for impairment, as have the other intangible assets owned by the CGUs. There are no other CGUs showing evidence of a potential impairment, with the exception of Autostrade Meridionali, which is dealt with below.

In the case of the CGU represented by Raccordo Autostradale Valle d'Aosta, this company's intangible assets deriving from concession rights were subject to an impairment loss in previous years (net of

subsequent partial reversals). As a result, the residual value of this company's intangible assets deriving from concession rights amounted to €193,843 thousand, before the related deferred taxation, as at 31 December 2016. In 2017, there was evidence that the circumstances that had resulted in the earlier impairment loss no longer applied, in view of the decision by the relevant ministries to grant the company toll increases (unlike previous years, when increases were turned down) and the improvement in the company's operating cash flow. As a result, the recoverability of the operator's intangible assets was tested for impairment.

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 sections of motorways or the airports operated under specific concession arrangements are not closely linked. Subsidiaries that do not hold concessions are also treated as a separate CGU;
- b) in the case of the operators, Autostrade per l'Italia, Raccordo Autostradale Valle d'Aosta and ACA, 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. 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 Aéroport Golfe de Saint-Tropez, value in use was estimated on the basis of the long-term plan prepared by the company and covering an explicit projection period of five years (incorporating traffic, investment, revenue and cost projections for the five-year period), and by estimating the terminal value.

The following table shows the key assumptions (rate of traffic growth, rate of toll increases and discount rate used, representing the companies' after-tax WACC, the latter determined on the basis of the requirements of IAS 36) forming the basis for the long-term plans of the above CGUs. These plans were then used as the basis for the impairment tests and for estimating the recoverable amounts, after taking into account the regulatory mechanisms included in the specific concession arrangements.

	Traffic growth rate (CAGR)	Average annual toll increase ⁽¹⁾	Discount rate (after-tax WACC)
Autostrade per l'Italia	1.24%	2.66% ⁽¹⁾	5.68%
Raccordo Autostradale Valle d'Aosta	-1.51%	10.4% ⁽²⁾	6.39%

⁽¹⁾ This includes an average annual toll increase of 1.36% based on implementation of the investment programme, in addition to annual toll increases designed to take account of inflation (1.30%).

⁽²⁾ This includes an average annual toll increase of 1.51% to take account of inflation, in addition to the annual toll increases intended to provide a return on invested capital.

In the case of the CGU represented by ACA, a discount rate of 4.64% was used to discount the operating cash flows expected on the basis of the long-term plan, prepared in consideration of the regulatory mechanisms applicable under the terms of the related concession and which projects moderate growth in air traffic and revenue.

In the case of Aéroport Golfe de Saint-Tropez, the terminal value was estimated on the basis of normalised operating cash flow for the last year of the five-year explicit projection period, applying a prudential long-term growth rate (the so-called "g rate") of -1%, in view of the limited size of the airport operated.

Quantification of the above assumptions was primarily based on publically available information from external sources, integrated, where appropriate, by estimates based also on historical data.

The impairment tests confirmed that the net assets accounted for in the financial statements and allocated to each of the above CGUs, which also include, where applicable, the value of goodwill and other intangible assets with indefinite useful lives, 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%.

The results of these analyses have not, in any event, resulted in any material differences with respect to the outcomes of the above tests, with the exception of ACA, for which the analysis indicated:

- a) potential impairment losses of €152 million on goodwill and of €55 million on the intangible assets deriving from concession rights allocated to the CGU in the event of a 1% increase in the discount rate;
- b) a potential impairment loss of €134 million on goodwill in the event of a 1% reduction in the average annual rate of air traffic growth.

In the case of the CGU represented by Raccordo Autostradale Valle d'Aosta, the result of the impairment test indicated the need to proceed with a partial reversal of previous impairment losses recognised on the concession rights allocated to this CGU. The reversal amounts to €78,700 thousand, after the related taxation of €21,957 thousand, recognised in the income statement for 2017.

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 company 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 Autostrade Meridionali, 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 €266,974 thousand (€291,236 thousand)

As at 31 December 2017, this item is down €24,262 thousand, primarily due to a combination of the following:

- a) the sale, completed in October 2017, of the entire investment in SAVE;
- b) recognition of the Group's share of the results of associates and joint ventures measured using the equity method, resulting in a loss of €12,144 thousand, after taking into account dividends paid by these companies;
- c) the impairment loss of €3,996 thousand on the carrying amount of the investment in Compagnia Aerea Italiana, relating to the capital injection carried out in 2017 and representing the remaining portion of the equity commitment dating back to 2014;
- d) the acquisition of a 29.38% interest in Aeroporto Guglielmo Marconi SpA, the company that holds the concession to operate Bologna airport at a cost of €164,516 thousand.

The following table shows the carrying amounts of the Group's investments at the beginning and end of the year, classified by category, and any changes during 2017.

3. Consolidated financial statements as at and for the year ended 31 December 2017

€000	31 December 2016 OPENING BALANCE	CHANGES DURING THE YEAR						31 December 2017 CLOSING BALANCE
		ACQUISITIONS AND CAPITAL INJECTIONS	REVERSALS OF IMPAIRMENTS (IMPAIRMENTS) RECOGNISED IN PROFIT OR LOSS	SALES AND RETURNS OF CAPITAL	MEASUREMENT USING EQUITY METHOD		OTHER MINOR CHANGES	
					PROFIT OR LOSS	OTHER COMPREHENSIVE INCOME		
Investments accounted for using the equity method in:								
- associates	185,709	164,516	-	-175,750	-4,339	-	-59	170,077
- joint ventures	22,419	-	-	-	-5,717	-2,088	-	14,614
Investments accounted for at cost or fair value	83,108	3,996	-3,996	-827	-	-	2	82,283
Investments	291,236	168,512	-3,996	-176,577	-10,056	-2,088	-57	266,974

The equity method was 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 the companies' financial statements as at 31 December 2017 are not available, the above data was supplemented by specific estimates based on the latest available information and adjusted, where necessary, to bring them into line with Group accounting policies.

The following table shows an analysis of the Group's principal investments as at 31 December 2017, including the Group's percentage interest and the relevant carrying amount, showing the original cost and any accumulated revaluations and impairments at the end of the year.

€000	31 December 2017				31 December 2016			
	% INTEREST	COST	REVERSALS OF IMPAIRMENTS (IMPAIRMENTS)	CARRYING AMOUNT	% INTEREST	COST	REVERSALS OF IMPAIRMENTS (IMPAIRMENTS)	CARRYING AMOUNT
Investments accounted for using the equity method in:								
- associates								
Aeroporto Guglielmo Marconi di Bologna	29.38%	164,516	432	164,948	-	-	-	-
Società Infrastrutture Toscane (in liquidazione)	46.60%	3,262	-155	3,107	46.60%	3,262	-251	3,011
Pedemontana Veneta (in liquidazione)	29.77%	1,935	-260	1,675	29.77%	1,935	-109	1,826
Bologna & Fiera Parking	36.81%	5,557	-5,557	-	36.81%	5,557	-5,557	-
Save	-	-	-	-	22.09%	180,541	-	180,541
Other smaller investments	-	398	-51	347	-	390	-59	331
Total				170,077				185,709
- joint ventures								
Rodovios do Tieté	50.00%	53,903	-44,111	9,792	50.00%	53,903	-37,419	16,484
Pune Solapur Expressways Private Limited	50.00%	16,426	-12,604	3,822	50.00%	16,426	-11,491	4,935
Geie del Traforo del Monte Bianco	50.00%	1,000	-	1,000	50.00%	1,000	-	1,000
Total				14,614				22,419
Investments accounted for at cost or fair value								
Tangenziali Esterne di Milano	13.67%	36,034	-4,012	32,022	13.67%	36,034	-4,012	32,022
Lusoponte	17.21%	39,852	-	39,852	17.21%	39,852	-	39,852
Compagnia Aerea Italiana	6.52%	175,867	-175,867	-	8.03%	171,871	-171,871	-
Tangenziale Esterna	1.25%	5,811	-	5,811	1.25%	5,811	-	5,811
Firenze Parcheggio	5.47%	2,582	-728	1,854	5.47%	2,582	-728	1,854
S.A.CAL	9.23%	1,307	-350	957	16.57%	1,307	-350	957
Aeroporto di Genova	15.00%	894	-	894	15.00%	894	-	894
Uimet	1.51%	427	-	427	1.51%	427	-	427
Veneto Strade	5.00%	258	-	258	5.00%	258	-	258
Emittenti Titoli	7.24%	-	-	-	7.24%	827	-	827
Altre partecipazioni minori	-	370	-162	208	-	363	-157	206
Total				82,283				83,108
Investments				266,974				291,236

With regard to the additional disclosures required by IFRS 12 in the event of individually material investments, the following table shows key financial indicators taken from the interim report for the nine months ended 30 September 2017 published by Aeroporto Guglielmo Marconi SpA, and available on its website at www.bologna-airport.it. These are the most recent financial statements available for this company at the date of these consolidated financial statements.

€000	Nine months ended 30 September 2017
Revenue	73,476
Profit/(Loss) from continuing operations	13,800
Total other comprehensive income for the year, after taxation	120
Total other comprehensive income/(loss) for the nine months ended 30 September 2017	13,920
<i>of which:</i>	
- attributable to the investee's controlling shareholders	13,743
- attributable to non-controlling shareholders	177
€000	As at 30 September 2017
Fixed capital	177,476
Net working capital	-20,684
Net debt	-13,235
Equity	170,027
<i>of which:</i>	
- attributable to the investee's controlling shareholders	169,243
- attributable to non-controlling shareholders	784
Group's interest in the investee's net assets as at 30 September 2017	49,724

Annex I provides a list of the Group's investments as at 31 December 2017, as required by CONSOB Ruling DEM/6064293 of 28 July 2006.

7.4 Financial assets (non-current) / €2,316,125 thousand (€2,237,054 thousand) (current) / €780,207 thousand (€776,552 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.

3. Consolidated financial statements as at
and for the year ended 31 December 2017

€000	31 December 2017			31 December 2016		
	CARRYING AMOUNT	CURRENT PORTION	NON-CURRENT PORTION	CARRYING AMOUNT	CURRENT PORTION	NON-CURRENT PORTION
Takeover rights	399,863	399,863	-	398,270	398,270	-
Guaranteed minimum tolls	602,088	47,226	554,862	656,995	42,269	614,726
Other financial assets deriving from concession rights	408,740	-	408,740	316,688	-	316,688
Financial assets deriving from concession rights ⁽¹⁾	1,410,691	447,089	963,602	1,371,953	440,539	931,414
Financial assets deriving from government grants related to construction services ⁽¹⁾	320,046	70,110	249,936	332,898	67,962	264,936
Term deposits ⁽²⁾	494,696	179,222	315,474	516,009	194,283	321,726
Derivative assets ⁽³⁾	173,403	66,135	107,268	139,128	55,731	83,397
Other medium/long-term financial assets ⁽¹⁾	684,430	4,585	679,845	645,733	10,152	635,581
Other medium/long-term financial assets	857,833	70,720	787,113	784,861	65,883	718,978
Current derivative assets ⁽³⁾	528	528	-	-	-	-
Other current financial assets ⁽¹⁾	12,538	12,538	-	7,885	7,885	-
	3,096,332	780,207	2,316,125	3,013,606	776,552	2,237,054

(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 during the year in financial assets deriving from concession rights.

€000	31 December 2016						31 December 2017
	CARRYING AMOUNT	ADDITIONS DUE TO REVISED PRESENT VALUE	ADDITIONS DUE TO COMPLETION OF CONSTRUCTION SERVICES	REDUCTIONS DUE TO AMOUNTS COLLECTED	CURRENCY TRANSLATION DIFFERENCES	RECLASSIFICATIONS AND OTHER CHANGES	CARRYING AMOUNT
Takeover rights	398,270	-	-	-	-	1,593	399,863
Guaranteed minimum tolls	656,995	44,754	-	-81,177	-18,484	-	602,088
Other concession rights	316,688	22,123	73,376	-	-8,769	5,322	408,740
Financial assets deriving from concession rights	1,371,953	66,877	73,376	-81,177	-27,253	6,915	1,410,691

Financial assets deriving from concession rights include:

- takeover rights attributable to Autostrade Meridionali (€399,863 thousand as at 31 December 2017), 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;
- the present value of the financial asset deriving from concession rights represented by the minimum tolls guaranteed by the Grantor of the concessions held by certain of the Group's Chilean operators (€602,088 thousand as at 31 December 2017);
- other financial assets deriving from concession rights (€408,740 thousand as at 31 December 2017), attributable to the Chilean operator, Costanera Norte. In particular, this item regards the financial assets due to this company as a result of carrying out the motorway investment programme named *Santiago Centro Oriente* ("CC7"). Under the agreements, the increase in toll revenue resulting from the installation of new tollgates along the existing motorway, after deducting the company's contractually agreed share, remains at the company's disposal and are recognised in financial liabilities until such time as it has covered the cost of the related capital expenditure, revalued at a real annual rate of 7%. If, at the end of the concession term, the specific amount at Costanera Norte's disposal, also revalued at a real annual rate of 7%, is lower than the financial assets recognised at that time, the Grantor has the option of either extending the concession term or paying Costanera Norte the remaining net amount due.

Financial assets deriving from concession rights are up €38,738 thousand, primarily reflecting a combination of the following:

- a) an increase in investment in motorway infrastructure during the year (€73,376 thousand) and the effect of discounting financial assets deriving from concession rights to present value (€66,877 thousand);
- b) a reduction linked to the realisation of financial assets deriving from concession rights during the year (€81,177 thousand);
- c) the reduction due to the decline in the value of the Chilean peso against the euro (€27,253 thousand).

Other medium/long-term financial assets are up €72,972 thousand compared with 31 December 2016, essentially due to upfront fees accruing through to 31 December 2017 on the committed financing obtained to fund the Offer for Abertis, described above in note 6.4.

No evidence of impairment was found in 2017 for any of the financial assets reported in the financial statements.

7.5 Deferred tax assets and liabilities

Deferred tax assets €1,258,163 thousand (€1,402,785 thousand)

Deferred tax liabilities €2,253,718 (€2,345,337 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 2017	31 December 2016
Deferred tax assets	1,763,202	1,979,650
Deferred tax liabilities eligible for offset	-505,039	-576,865
Deferred tax assets less deferred tax liabilities eligible for offset	1,258,163	1,402,785
Deferred tax liabilities not eligible for offset	-2,253,718	-2,345,337
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-995,555	-942,552

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.

3. Consolidated financial statements as at and for the year ended 31 December 2017

€000	31 December 2016	CHANGES DURING THE YEAR							31 December 2017
		PROVISIONS	RELEASES	DEFERRED TAX ASSETS/LIABILITIES ON GAINS AND LOSSES RECOGNISED IN COMPREHENSIVE INCOME	CHANGE IN ESTIMATES FOR PREVIOUS YEARS	EFFECTS OF CHANGE IN TAX RATE RECOGNISED IN PROFIT OR LOSS	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	CHANGE IN SCOPE OF CONSOLIDATION	
Deferred tax assets on:									
Deductible intercompany goodwill	398,786	-	-98,637	-	-	-	-	-	300,149
Provisions	551,855	99,238	-125,421	31	190	-	-345	-	525,548
Restatement of global balance on application of IFRIC 12 by Autostrade per l'Italia	423,095	340	-21,509	-	-	-	-	-	401,926
Derivative liabilities	114,482	3	-1,616	-18,698	36	-	-210	-	93,997
Tax loss carryforwards	74,858	11,318	-25,659	-	61	-	-2,243	-	58,335
Impairments and depreciation of non-current assets	124,019	8,281	-24,319	-	-335	-	-10,105	-	97,541
Impairment of receivables and inventories	44,481	20,812	-1,690	-	-824	-	-1,817	-	60,962
Other temporary differences	248,074	35,765	-49,434	3,015	-1,192	-	-11,484	-	224,744
Total	1,979,850	175,757	-348,285	-15,852	-2,084	-	-26,204	-	1,763,202
Deferred tax liabilities on:									
Differences between carrying amounts and fair values of assets and liabilities acquired through business combinations	-2,290,544	-339	87,441	-	-	40,320	48,435	-2,586	-2,117,273
Financial assets deriving from concession rights and government grants	-194,589	-49	9,119	-	-171	-	9,015	-	-176,675
Derivative assets	-22,397	-576	-	-2,756	-	-22	-	-	-25,751
Other temporary differences	-414,672	-69,275	18,505	84	-344	5,125	21,519	-	-439,058
Total	-2,922,202	-70,239	115,065	-2,672	-515	45,423	78,969	-2,586	-2,758,757
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-942,552	105,518	-233,220	-18,324	-2,579	45,423	52,765	-2,586	-995,555

As shown in the table, the balance of deferred tax assets as at 31 December 2017 primarily includes:

- deferred tax assets on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years, totalling €525,548 thousand;
- deferred tax assets recognised as a result of the impact on taxation of adoption of IFRIC 12 by Autostrade per l'Italia (€401,926 thousand);
- deferred tax assets recognised in connection with the reversal of intercompany gains arising in 2003 on the contribution of the portfolio of motorways to Autostrade per l'Italia (€300,149 thousand).

Deferred tax liabilities, totalling €2,758,757 thousand, essentially regard fair value gains recognised on assets acquired as a result of past business combinations carried out by the Group (€2,117,273 thousand).

7.6 Other non-current assets €8,005 thousand (€29,702 thousand)

The reduction of €21,697 thousand primarily reflects reclassification of the current portion during the year.

7.7 Trading assets €1,798,108 thousand (€1,671,739 thousand)

As at 31 December 2017, trading assets consist of:

- inventories of €76,299 thousand (€68,266 thousand as at 31 December 2016), consisting of stocks and spare parts used in the maintenance or assembly of plant;
- trade receivables of €1,703,106 thousand (€1,603,473 thousand as at 31 December 2016), the detailed composition of which is shown in the following table.

€000	31 December 2017	31 December 2016
Trade receivables due from:		
Motorway users	1,224,217	1,042,424
Airport users	374,612	332,518
Sub-operators at motorway service areas	84,983	122,001
Sundry customers	275,239	276,313
Gross trade receivables	1,959,051	1,773,256
Allowance for bad debts	(296,362)	(229,544)
Other trading assets	40,417	59,761
Net trade receivables	1,703,106	1,603,473

The most significant changes regard the following:

- an increase in receivables due from motorway customers, totalling €181,793 thousand, essentially reflecting an increase in trade receivables at the Chilean companies (including overdue interest on past due receivables) and primarily due to a delay, until early January 2018, in the collection of payments for tolls, generally scheduled for 30 and 31 December, dates that in 2017 coincided with two days of holiday, unlike in the previous year;
- an increase in receivables due from airport customers, totalling €42,094 thousand, essentially due to amounts receivable from Italy's principal airline and dating back to before the carrier went into extraordinary administration. The receivables accruing before the carrier went into extraordinary administration will be settled in accordance with the procedures and timing imposed by the above procedure. These receivables include airport fees, which have a degree of seniority on distribution that reduces the risk of non-collection. Moreover, any losses on receivables deriving from regulated services qualify for a special form of regulatory protection. Amounts accruing after this date have been collected as normal;
- a reduction in amounts due from sub-operators at service areas, totalling €37,018 thousand, reflecting a combination of amounts collected on contracts close to expiry and to the different billing procedures applied under the new contracts.

The following table shows an ageing schedule for trade receivables.

€000	TOTAL RECEIVABLES AS AT 31 DECEMBER 2017	TOTAL NOT YET DUE	LESS THAN 90 DAYS OVERDUE	BETWEEN 90 AND 365 DAYS OVERDUE	MORE THAN ONE YEAR OVERDUE
Trade receivables	1,959,051	1,155,045	145,334	272,462	386,210

Overdue receivables regard unpaid motorway tolls and uncollected payments for airport services, royalties due from service area operators and sales of other goods and services. The increase in trade receivables more than 90 days overdue reflects amounts due from Alitalia SAI, which is in extraordinary administration.

The following table shows movements in the allowance for bad debts for trade receivables in 2017. The allowance has been determined with reference to past experience and historical data regarding losses on receivables, also taking into account guarantee deposits and other collateral given by customers.

€000	31 DECEMBER 2016	ADDITIONS	USES	RECLASSIFICATIONS AND OTHER CHANGES	31 DECEMBER 2017
Allowance for bad debts	229,544	82,787	-9,023	-6,946	296,362

The carrying amount of trade receivables approximates to fair value.

7.8 Cash and cash equivalents €5,624,716 thousand (€3,383,029 thousand)

Cash and cash equivalents consists of cash on hand and short-term investments and is up €2,241,687 thousand compared with 31 December 2016. This essentially regards the proceeds from the sale of interests in Autostrade per l'Italia, SAVE and Azzurra Aeroporti. Detailed explanations of the cash flows resulting in the increase in net cash are contained in note 9.1.

7.9 Current tax assets and liabilities Current tax assets €79,482 thousand (€105,810 thousand) Current tax liabilities €151,500 thousand (€62,617 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 2017	31 December 2016	31 December 2017	31 December 2016
IRES	42,440	82,574	100,516	157
IRAP	2,778	4,577	2,326	10,248
Taxes attributable to foreign operations	34,264	18,659	48,658	52,212
Total	79,482	105,810	151,500	62,617

As at 31 December 2017, the Group reports net current tax liabilities of €72,018 thousand, reflecting the fact that income tax payable for the year is higher than the tax paid in 2017. In addition, current tax liabilities also reflect recognition of the tax-related effects of the Group restructuring completed in 2017, as described in note 6.2.

7.10 Other current assets €187,059 thousand (€196,863 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 2017	31 December 2016	INCREASE/ (DECREASE)
Receivable from public entities	51,483	32,107	19,376
Tax credits other than for income tax	52,285	48,039	4,246
Receivables due from end users and insurance companies for damages	19,192	20,036	-844
Accrued income of a non-trading nature	4,063	3,332	731
Amounts due from staff	2,988	2,688	300
Receivable from social security institutions	1,755	1,622	133
Payments on account to suppliers and other current assets	84,369	116,517	-32,148
Gross other current assets	216,135	224,341	-8,206
Allowance for bad debts	-29,076	-27,478	-1,598
Other current assets	187,059	196,863	-9,804

This item is broadly in line with the figure for the previous year and the most significant changes regard:

- a) a reduction in "Payments on account to suppliers and other current assets", amounting to €32,148 thousand, essentially reflects ADR's collection of amounts recognised as receivables in previous years, relating to the insurance claims resulting from the fire at Fiumicino airport's Terminal 3 in 2015;
- b) an increase of €19,376 thousand in amounts receivable from public entities, essentially regarding works carried out by certain Chilean operators at the request of the local grantor.

7.II Non-current assets held for sale or related to discontinued operations €11,061 thousand (€12,325 thousand) Liabilities related to discontinued operations €6,266 thousand (€6,386 thousand)

Net non-current assets held for sale or related to discontinued operations, totalling €4,795 thousand as at 31 December 2017, primarily consist of:

- a) the remaining 2% interest in Strada dei Parchi, amounting to €4,271 thousand, that is the subject of put and call options agreed with Toto Costruzioni Generali in the contract governing the sale, in 2011, of a controlling interest in the company;
- b) the remaining net assets of the French companies involved in the EcoTaxe project, totalling €522 thousand.

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

€000	31 December 2017	31 December 2016	INCREASE/ (DECREASE)
Investments	4,271	4,271	-
Financial assets	6,531	7,995	-1,464
- Cash and cash equivalents	6,522	7,986	-1,464
- Other current financial assets	9	9	-
Trading and other assets	259	59	200
Assets held for sale or related to discontinued operations	11,061	12,325	-1,264
Financial liabilities	308	345	-37
Current provisions	2,860	2,860	-
Trading and other liabilities	3,098	3,181	-83
Liabilities related to discontinued operations	6,266	6,386	-120

7.I2 Equity €11,762,978 thousand (€9,923,120 thousand)

Atlantia SpA's issued capital as at 31 December 2017 is fully subscribed and paid-in and consists of 825,783,990 ordinary shares with a par value of €1 each, amounting to €825,784 thousand. The issued capital did not undergo any changes in 2017.

Equity attributable to owners of the parent, totalling €8,772,377 thousand, is up €1,548,508 thousand compared with 31 December 2016. The most important changes during the period are shown in detail in the statement of changes in consolidated equity. These regard:

- a) the net increase of €1,407,030 thousand relating to changes in equity investments in subsidiaries, primarily linked to the sales of 11.94% of Autostrade per l'Italia and 12.50% of Azzurra Aeroporti and the acquisition of an additional 2.65% of ADR. Further details of transactions with non-controlling shareholders that have not resulted in a loss of control are provided in note 10.2;
- b) profit for the year attributable to owners of the parent, totalling €1,171,783 thousand;
- c) the purchase of treasury shares, totalling €84,172 thousand;

- d) payment of the final dividend for 2016 amounting to €433,012 thousand (€0.530 per share) and the interim dividend for 2017 amounting to €466,119 thousand (€0.570 per share);
- e) the other comprehensive loss for the year, totalling €42,091 thousand, primarily reflecting losses on the translation of the assets and liabilities of consolidated companies denominated in functional currencies other than the euro, reflecting reductions in the value of the Brazilian real and Chilean peso against the euro.

Equity attributable to non-controlling interests of €2,990,601 thousand is up €291,350 thousand compared with 31 December 2016 (€2,699,251 thousand), essentially reflecting a combination of the following main changes:

- a) an increase of €345,513 thousand, reflecting the above movements in non-controlling interests in consolidated companies;
- b) profit for the year attributable to non-controlling interests, totalling €260,210 thousand;
- c) dividends declared, totalling €152,982 thousand;
- d) the return of capital to non-controlling shareholders by the Chilean holding, Grupo Costanera, totalling €93,385 thousand;
- e) the other comprehensive loss for the year, totalling €91,860 thousand, primarily due to losses on the translation of the assets and liabilities of consolidated companies denominated in functional currencies other than the euro, reflecting reductions in the value of the Brazilian real and Chilean peso against the euro.

Atlantia manages its capital with a view to creating value for shareholders, ensuring the Group can function as a going concern, safeguarding the interests of stakeholders, and providing efficient access to external sources of financing to adequately support the growth of the Group's businesses and fulfil the commitments given in concession arrangements.

7.13 Provisions for construction services required by contract (non-current) €2,960,647 thousand (€3,269,830 thousand) (current) €426,846 thousand (€531,455 thousand)

Provisions for construction services required by contract represent the residual 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 at the beginning and end of the year and changes during 2017, showing the non-current and current portions.

€000	31 December 2016			CHANGES DURING THE YEAR				31 December 2017		
	CARRYING AMOUNT	NON-CURRENT PORTION	CURRENT PORTION	CHANGES DUE TO REVISED PRESENT VALUE OF OBLIGATIONS	FINANCE-RELATED PROVISIONS	USES TO FINANCE WORKS	CURRENCY TRANSLATION DIFFERENCES AND OTHER RECLASSIFICATIONS	CARRYING AMOUNT	NON-CURRENT PORTION	CURRENT PORTION
Provisions for construction services required by contract	3,801,285	3,269,830	531,455	-8,892	13,039	-419,191	1,252	3,387,493	2,960,647	426,846

7.14 Provisions (non-current) €1,566,541 thousand (€1,576,258 thousand) (current) €379,823 thousand (€446,041 thousand)

As at 31 December 2017, provisions amount to €1,946,364 thousand (€2,022,299 thousand as at 31 December 2016). The following table shows details of provisions by type, showing the non-current and current portions.

€000	31 December 2017			31 December 2016		
	CARRYING AMOUNT	NON-CURRENT PORTION	CURRENT PORTION	CARRYING AMOUNT	NON-CURRENT PORTION	CURRENT PORTION
Provisions for employee benefits	167,954	142,296	25,658	175,319	148,579	26,740
Provisions for repair and replacement of motorway and airport infrastructure	1,483,123	1,262,508	220,615	1,446,229	1,226,619	219,610
Provisions for airport refurbishment	183,445	113,675	69,770	233,054	134,442	98,612
Other provisions	111,842	48,062	63,780	167,697	66,618	101,079
Total provisions	1,946,364	1,566,541	379,823	2,022,299	1,576,258	446,041

The following table shows provisions at the beginning and end of the period and changes in 2017.

€000	31 December 2016		CHANGES DURING THE YEAR				31 December 2017	
	CARRYING AMOUNT	OPERATING PROVISIONS	FINANCE-RELATED PROVISIONS	USES	ACTUARIAL GAINS/(LOSSES) RECOGNISED IN OTHER COMPREHENSIVE INCOME	CURRENCY TRANSLATION DIFFERENCES, RECLASSIFICATIONS AND OTHER CHANGES	CARRYING AMOUNT	
Provisions for employee benefits								
Post-employment benefits	166,909	2,127	1,371	-11,817	1,122	-1,073	158,639	
Other employee benefits	8,410	631	103	-236	409	-2	9,315	
Total	175,319	2,758	1,474	-12,053	1,531	-1,075	167,954	
Provisions for repair and replacement of motorway and airport infrastructure	1,446,229	398,216	25,929	-401,602	-	14,351	1,483,123	
Provisions for airport refurbishment	233,054	44,093	1,792	-70,799	-	-24,695	183,445	
Other provisions								
Provisions for impairments exceeding carrying amounts of investments	3,624	-	-	-	-	-	3,624	
Provisions for disputes, liabilities and sundry charges	164,073	26,377	-	-63,914	-	-18,318	108,218	
Total	167,697	26,377	-	-63,914	-	-18,318	111,842	
Provisions	2,022,299	471,444	29,195	-548,368	1,531	-29,737	1,946,364	

PROVISIONS FOR EMPLOYEE BENEFITS (non-current) €142,296 thousand (€148,579 thousand) (current) €25,658 thousand (€26.740 thousand)

As at 31 December 2017, this item consists almost entirely of provisions for post-employment benefits to be paid to staff employed under Italian law.

The reduction of €7,365 thousand primarily reflects the payment of benefits and of advances during the year.

The most important actuarial assumptions used to measure the provision for post-employment benefits at 31 December 2017 are summarised below.

FINANCIAL ASSUMPTIONS

Annual discount rate ^(*)	0.88%
Annual inflation rate	1.50%
Annual rate of increase in post-employment benefits	2.63%
Annual rate of increase in real salaries	0.65%
Annual turnover rate	from 0.50% to 7%
Duration (years)	from 6.3 to 16.7

(*) The annual discount rate used to determine the present value of the obligation was determined 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
Età pensionamento	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.

Company	CHANGE IN ASSUMPTION					
	TURNOVER RATE		INFLATION RATE		DISCOUNT RATE	
	+ 1 %	- 1 %	+0.25 %	- 0.25 %	+0.25 %	- 0.25 %
ATLANTIA GROUP'S POST-EMPLOYMENT BENEFITS	157,938	159,354	160,321	157,005	156,000	161,381

PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY AND AIRPORT INFRASTRUCTURE

(non-current) €1,262,508 thousand (€1,226,619 thousand)

(non-current) €220,615 thousand (€219,610 thousand)

This item regards the present value of provisions for the repair and replacement of motorway infrastructure, in accordance with the contractual commitments of the Group's motorway and airport operators.

The balance of these provisions is up €36,894 thousand, essentially due to a combination of:

- operating provisions of €398,216 thousand;
- financial provisions of €25,929 thousand;
- uses in connection with repairs and replacements carried out during the year, totalling €401,602 thousand.

PROVISIONS FOR REFURBISHMENT OF AIRPORT INFRASTRUCTURE

(non-current) €113,675 thousand (€134,442 thousand)

(current) €69,770 thousand (€98,612 thousand)

Provisions for the refurbishment of airport infrastructure, including the current and non-current portions, amount to €183,445 thousand (€233,045 thousand as at 31 December 2016). They represent the present value of the estimated costs to be incurred for extraordinary maintenance, repairs and

replacements under the contractual obligations provided for in the Group's airport concession arrangements. The objective of such services is to ensure that the airport infrastructure is fit for purpose and safe.

Compared with 31 December 2016, the provisions have decreased by €49,609 thousand, essentially due to uses to cover the cost of work carried out during the year, partially offset by operating and financial provisions made during the year.

OTHER PROVISIONS

(non-current) €48,062 thousand (€66,618 thousand)

(current) €63,780 thousand (€101,079 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 work other than new constructions. The overall balance is down €55,855 thousand compared with the previous year, primarily linked to uses relating to the settlement of disputes resulting from the fire at Fiumicino airport's Terminal 3 in 2015.

7.15 Financial liabilities

(non-current) €15,969,835 thousand (€14,832,311 thousand)

(current) €2,253,836 thousand (€3,248,881 thousand)

MEDIUM/LONG-TERM BORROWINGS

(non-current) €15,969,835 thousand (€14,832,311 thousand)

(current) €1,717,935 thousand (€1,345,787 thousand)

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

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

b) type of interest rate, maturity and fair value at the end of the year;

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and for the year ended 31 December 2017

€000	Maturity	31 December 2017		31 December 2016	
		Carrying amount (1)	Fair value (2)	Carrying amount (1)	Fair value (2)
Bond issues					
- listed fixed rate	from 2018 to 2038	11,917,798	13,092,648	10,346,850	11,757,986
- listed floating rate	from 2018 to 2023	498,348	538,957	458,292	481,750
- unlisted floating rate	2023	64,445	73,611	154,496	155,598
Total bond issues (a)		12,480,591	13,705,216	10,959,638	12,395,334
Bank borrowings					
- fixed rate	from 2018 to 2036	1,694,412	1,947,528	1,795,005	2,105,885
- floating rate	from 2018 to 2031	2,326,865	2,358,420	2,189,606	2,238,649
- non-interest bearing	2017	-	-	49,320	49,320
Total bank borrowings (b)		4,021,277	4,305,948	4,033,931	4,393,854
Other borrowings					
- fixed rate	from 2018 to 2026	-	-	2,217	2,217
- floating rate	2018	6,024	6,024	5,469	5,469
- non-interest bearing	from 2019 to 2020	303,124	303,124	264,205	264,205
Total other borrowings (c)		309,148	309,148	271,891	271,891
Medium/long-term borrowings (d)=(b+c)		4,330,425	4,615,096	4,305,822	4,665,745
Derivative liabilities (e)		565,575	565,575	630,896	630,896
Accrued expenses on medium/long-term financial liabilities		276,722	276,722	254,670	254,670
Other financial liabilities		34,457	34,457	27,072	27,072
Other medium/long-term financial liabilities (f)		311,179	311,179	281,742	281,742
Total (a+d+e+f)		17,687,770	19,197,067	16,178,098	17,973,717

(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.

€000	31 December 2017						31 December 2016			
	Face value	Carrying amount	Current portion	Non-current portion	Term		Face value	Carrying amount	Current portion	Non-current portion
					Between 13 and 60 months	After 60 months				
Bond issues (1) (2) (3)	12,534,212	12,480,591	1,118,502	11,362,089	3,662,128	7,699,961	11,180,387	10,959,638	783,252	10,176,386
Bank borrowings	4,032,622	4,021,277	226,132	3,795,145	1,674,872	2,120,273	4,047,540	4,033,931	248,513	3,785,418
Other borrowings	323,526	309,148	92,789	216,359	215,452	907	290,808	271,891	54,963	216,928
Medium/long-term borrowings (2) (3)	4,356,148	4,330,425	318,921	4,011,504	1,890,324	2,121,180	4,338,348	4,305,822	303,476	4,002,346
Derivative liabilities (4)		565,575	-	565,575	40,131	525,444		630,896	-	630,896
Accrued expenses on medium/long-term financial liabilities (2)		276,722	276,722	-	-	-		254,670	254,670	-
Other financial liabilities		34,457	3,790	30,667	-	30,667		27,072	4,389	22,683
Other medium/long-term financial liabilities		311,179	280,512	30,667	-	30,667		281,742	259,059	22,683
Total		17,687,770	1,717,935	15,969,835	5,592,583	10,377,252		16,178,098	1,345,787	14,832,311

(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 provided 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.

- 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 2017				31 December 2016	
	FACE VALUE	CARRYING AMOUNT	AVERAGE INTEREST RATE APPLIED TO 31 DECEMBER 2017 ⁽¹⁾	EFFECTIVE INTEREST RATE AS AT 31 DECEMBER 2017	FACE VALUE	CARRYING AMOUNT
Euro (EUR)	14,578,793	14,554,210	3.05%	3.37%	12,938,115	12,624,207
Chilean peso (CLP) / Unidad de fomento (UF)	882,457	906,870	6.13%	6.13%	1,005,191	1,035,986
Sterling (GBP)	750,000	503,537	5.99%	2.20%	750,000	749,655
Brazilian real (BRL)	451,520	574,130	12.12%	13.08%	580,764	612,788
Yen (JPY)	149,176	195,537	5.30%	3.39%	149,176	152,014
Polish zloty (PLN)	67,503	65,821	6.69%	5.32%	86,003	81,324
US dollar (USD)	10,911	10,911	5.25%	5.25%	9,486	9,486
Total	16,890,360	16,811,016	3.78%		15,518,735	15,265,460

(1) This figure includes the impact of interest and foreign currency hedges.

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

€000	CARRYING AMOUNT AS AT 31 December 2016	NEW BORROWINGS	REPAYMENTS	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	CARRYING AMOUNT AS AT 31 December 2017
Bond issues	10,959,638	2,352,354	-774,741	-56,660	12,480,591
Bank borrowings	4,033,931	267,223	-277,622	-2,255	4,021,277
Other borrowings	271,891	3,821	-21,507	54,943	309,148
Total	15,265,460	2,623,398	-1,073,870	-3,972	16,811,016

The Group uses derivative financial instruments to hedge certain current and highly likely future financial liabilities, including interest rate swaps (IRs), cross currency swaps (CCSs), and Índice Nacional de Preços ao Consumidor Amplo (IPCA) x Certificado de Depósito Interfinanceiro (CDI) Swaps, which are classified as cash flow hedges or fair value hedges pursuant to IAS 39. The fair value of the hedging instruments as at 31 December 2017 is recognised in "Derivative liabilities". More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Group, is contained in note 9.2.

Bond issues

(non-current) €11,362,089 thousand (€10,176,386)

(current) €1,118,502 thousand (€783,252 thousand)

The item principally refers to bonds issued by Atlantia as part of its Medium Term Note (MTN) Programme, totalling €4,218,991 thousand, and transferred to Autostrade per l'Italia as a result of the issuer substitution. A further €2,963,737 thousand relates to bonds issued by Autostrade per l'Italia as part of its Medium Term Note (MTN) Programme, authorised for an amount of up to €7 billion, and €1,732,021 thousand in bonds issued by Atlantia as part of its Medium Term Note (MTN) Programme, authorised for an amount of up to €10 billion.

The overall increase of €1,520,953 thousand primarily reflects:

- a new issue by Atlantia in January 2017 (a par value of €750,000 thousand, paying coupon interest of 1.625%, maturing in January 2025, and with a carrying amount of €747,491 thousand as at 31 December 2017);
- a new issue by Atlantia in July 2017 (a par value of €1,000,000 thousand, paying coupon interest of 1.875%, maturing in July 2027, and with a carrying amount of €984,530 thousand as at 31 December 2017);

- c) the net effect of the transaction completed by ADR in June 2017, involving a new bond issue (a par value of €500 million, paying coupon interest of 1.625%, maturing in June 2027 and with a carrying amount of €471,709 thousand as at 31 December 2017) and the accompanying the partial buyback of bonds maturing in 2021 and amounting to €199,999 thousand;
- d) the net effect of the liability management transaction carried out by Autostrade per l'Italia, involving the issue of bonds maturing in September 2029 to institutional investors, amounting to a par value of €700,000 thousand (coupon interest of 1.875%) and the accompanying buyback of a portion of the bonds maturing in 2019, 2020, February 2021 and November 2021, amounting to a total par value of €522,614 thousand;
- e) the repayment of bonds by Autostrade per l'Italia in September 2017, totalling €505,566 thousand.

In accordance with the relevant accounting standard, the transactions referred to in points c) and d) above involved a non-substantial modification of existing financial liabilities and, from an accounting viewpoint, did not involve the extinguishment of such liabilities or the recognition of new ones.

Medium/long-term borrowings

(non-current) €4,011,504 thousand (€4,002,346 thousand)

(current) €318,921 thousand (€303,476 thousand)

The balance of this item, amounting to €4,330,425 thousand, including the current and non-current portions, is up by €24,603 thousand compared with 31 December 2016 (€4,305,822 thousand). This essentially reflects new bank borrowings primarily at ADR (€180,000 thousand), partially offset by repayments by Autostrade per l'Italia (€161,811 thousand).

This item includes Autostrade per l'Italia's borrowings from Cassa Depositi e Prestiti, consisting of two loans that were renegotiated during 2017, lowering the rates of interest applied and extending the terms to maturity. From an accounting viewpoint, these changes are classifiable as non-substantial modifications of existing financial liabilities and do not involve the extinguishment of such liabilities or the recognition of new ones.

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

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

The most important covenants are described below:

- a) in Atlantia's case, the acquisition financing of €14,700,000 thousand obtained to service the Offer for Abertis and amounting to €11,647,759 as at 31 December 2017, has yet to be drawn down as at this date and requires compliance with a number of covenants in line with normal market practices: a maximum threshold for i) Funds from Operations (FFO) / Net Debt and ii) the Debt Coverage Ratio, both measured on a consolidated basis, and a minimum threshold for Equity;
- b) in Autostrade per l'Italia's case, the loan agreements with Cassa Depositi e Prestiti (totalling €796,343 thousand as at 31 December 2017) require compliance with a minimum threshold for "Operating Cash Flow available for Debt Service/Debt Service" (DSCR);
- c) in ADR's case, the company's revolving line of credit requires compliance with a maximum leverage ratio (based on the long-term rating assigned to ADR by the relevant rating agencies) and a minimum Debt Service Coverage Ratio (DSCR). The medium/long-term loan agreements financing the

company's investment programme, entered into with the European Investment Bank and Cassa Depositi e Prestiti in December, also require the company to ensure that its interest coverage ratio remains within certain limits linked to the company's rating.

With regard to the financial commitments of the foreign project companies, the related debt does not envisage recourse to direct or indirect parents and is subject to covenants typical of international practice. The main commitments provide for a pledge on all the project companies' assets and receivables in favour of their creditors.

Non-current derivative liabilities

(non-current) €565,575 thousand (€630,896)

(current) - (-)

This item represents fair value losses on outstanding derivatives as at 31 December 2017 and includes:

- a) fair value losses (€436,628 thousand) on Cross Currency Interest Rate Swap (CCIRS), linked to both derivative instruments classified as cash flow hedges in accordance with IAS 39, hedging the foreign currency and interest rate risk on medium/long-term bonds issued by the Group and denominated in pounds sterling (£500 million) and Japanese yen (¥20 billion) and having a total value in euros of €299,198 thousand, and to derivatives entered into by ADR (with a total value of €137,430 thousand) to hedge the notes with a par value of £215 million originally issued by Romulus Finance (transferred to ADR in the form of a novation in 2016), 99.87% of which were repurchased by Atlantia in 2015. These latter derivatives, following the above buyback by the Group, no longer qualify as cash flow hedges. The balance of fair value losses on these derivative instruments has increased by €16,205 thousand during the period, essentially due to exchange rate movements linked to a fall in the value of sterling against the euro, with a matching adjustment of the hedged liabilities;
- b) fair value losses (€133,989 thousand) on Interest Rate Swaps (IRSs), classified as cash flow hedges in accordance with IAS 39, entered into by certain Group companies to hedge interest rate risk on their existing non-current financial liabilities and those that are highly likely to be assumed in the future. The reduction of €68,163 thousand primarily reflects an increase in the interest rates used as at 31 December 2017, compared with those used as at 31 December 2016.

Further details of derivative financial instruments entered into by the Group companies for hedging purposes are contained in note 9.2.

Other medium/long-term financial liabilities

(non-current) €30,667 thousand (€22,683 thousand)

(current) €280.512 thousand (€259,059 thousand)

The balance of this item, including the current and non-current portions, is up by €29,437 thousand, essentially due to an increase in accrued expenses linked to the new bond issues during the year.

SHORT-TERM FINANCIAL LIABILITIES

€535.901 thousand (€1,903,094 thousand)

The composition of short-term financial liabilities is shown below.

3. Consolidated financial statements as at and for the year ended 31 December 2017

€000	31 December 2017	31 December 2016
Bank overdrafts repayable on demand	17,813	4,757
Short-term borrowings	430,086	1,858,663
Derivative liabilities ⁽¹⁾	14,372	25,644
Other current financial liabilities	73,630	14,030
Short-term financial liabilities	535,901	1,903,094

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

The balance is down €1,367,193 thousand compared with 31 December 2016, due primarily to Atlantia's repayment of short-term loans, totalling €1,600,000 thousand, partially offset by an increase in other current financial liabilities represented by dividends payable to non-controlling shareholders by a number of Group companies.

In addition to fair value losses of €860 thousand on certain interest rate floors, embedded within certain borrowings, the reduction in current derivative liabilities also includes fair value losses on Deal Contingent Hedges with a notional value of €2,500,000 thousand, hedging the acquisition financing obtained in relation to the Offer for Abertis and classified as non-hedge accounting in accordance with IAS 39.

Further details of derivative financial instruments entered into by the Group companies for hedging purposes are contained in note 9.2.

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).

€M	Note	31 December 2017	OF WHICH RELATED PARTY TRANSACTIONS	31 December 2016	OF WHICH RELATED PARTY TRANSACTIONS
Cash		-4,840		-2,788	
Cash equivalents		-784		-595	
Cash and cash equivalents related to discontinued operations		-7		-8	
Cash and cash equivalents (A)		-5,631		-3,391	
Current financial assets ⁽¹⁾ (B)	7.4	-781		-776	
Bank overdrafts repayable on demand		18		5	
Current portion of medium/long-term financial liabilities		1,718		1,346	
Other financial liabilities		518		1,898	
Current financial liabilities (C)	7.15	2,254		3,249	
Current net debt (D=A+B+C)		-4,158		-918	
Bond issues		11,362		10,176	
Medium/long-term borrowings		4,012		4,002	
Other non-current financial liabilities		596		654	
Non-current financial liabilities (E)	7.15	15,970		14,832	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)		11,812		13,914	
Non-current financial assets (G)	7.4	-2,316	-24	-2,237	-24
Net debt (H=F+G)		9,496		11,677	

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

7.16 Other non-current liabilities

€108,052 thousand (€97,702 thousand)

The balance is substantially in line with 31 December 2016. The following table shows a breakdown of this item.

€000	31 December 2017	31 December 2016
Accrued expenses of a non-trading nature	37,078	38,930
Liabilities deriving from contractual obligations	40,759	35,609
Amounts payable to grantors	3,840	9,974
Payable to staff	17,822	8,830
Taxation other than income taxes	359	2,103
Social security contributions payable	2,042	91
Other payables	6,152	2,165
Other non-current liabilities	108,052	97,702

7.17 Trading liabilities €1,583,415 thousand (€1,650,551)

An analysis of trading liabilities is shown below.

€000	31 December 2017	31 December 2016
Liabilities deriving from contract work in progress	1,642	13,906
Amounts payable to suppliers	819,533	906,061
Payable to operators of interconnecting motorways	664,960	623,179
Tolls in the process of settlement	77,032	90,649
Accrued expenses, deferred income and other trading liabilities	20,248	16,756
Trade payables	1,581,773	1,636,645
Trading liabilities	1,583,415	1,650,551

The reduction of €67,136 thousand essentially reflects a combination of the following:

- a reduction (€86,528 thousand) in amounts payable to suppliers, essentially reflecting the performance of investment during the year;
- an increase in amounts payable to the operators of interconnecting motorways (€41,781 thousand), essentially linked to the increase in the operators' toll revenue and in keeping with contractually agreed collection times.

7.18 Other current liabilities €633,803 thousand (€610,782 thousand)

The following table shows a breakdown of this item.

€000	31 December 2017	31 December 2016
Taxation other than income taxes	164,503	129,898
Concession fees payable	112,825	117,752
Payable to staff	91,935	93,668
Social security contributions payable	55,908	56,110
Guarantee deposits from users who pay by direct debit	46,412	46,835
Amounts payable to public entities	5,924	11,031
Amounts payable for expropriations	9,587	11,747
Other payables	146,709	143,741
Other current liabilities	633,803	610,782

The overall increase of €23,021 thousand primarily reflects an increase in amounts payable in the form of taxation other than income taxes, totalling €22,748 thousand in the passenger surcharge payable by ADR.

8. NOTES TO THE CONSOLIDATION INCOME STATEMENT

This section contains analyses of the most important consolidated income statement items. Negative components of the income statement are indicated with a minus sign in the headings and tables in the notes, whilst amounts for 2016 are shown in brackets.

Compared with the comparative period, amounts for 2017 benefit from the contribution of ACA. Details of amounts in the consolidated income statement deriving from related party transactions are provided in note 10.5.

8.1 Toll revenue

€4,195,258 thousand (€4,008,757 thousand)

“Toll revenue” of €4,195,258 thousand is up €186,501 thousand (5%) on 2016 (€4,008,757 thousand). After stripping out the impact of exchange rate movements, which had a positive impact of €25,746 thousand in 2017, toll revenue is up €160,755 thousand, primarily reflecting a combination of the following:

- a 2.2% increase in traffic on the Italian network, accounting for an increase in toll revenue of approximately €82 million (including the impact of the different traffic mix);
- application of annual toll increases by the Group's Italian operators (a rise of 0.64% for Autostrade per l'Italia from 1 January 2017), boosting toll revenue by an estimated €19 million;
- an improved contribution from overseas operators (up €53 million), primarily reflecting traffic growth in Chile (up 4.8%), Brasil (up 2.3%) and Poland (up 5.6%)

8.2 Aviation revenue

€799,144 thousand (€635,701 thousand)

Aviation revenue of €799,144 thousand is up €163,443 thousand (26%) compared with 2016 (€635,701 thousand), primarily reflecting the contribution of the Aéroports de la Côte d'Azur group (€158,804 thousand). The improvement also reflects the annual increases in airport fees applied with effect from 1 March by ADR.

€000	2017	2016	INCREASE/ (DECREASE)
Airport fees	576,310	494,640	81,670
Centralised infrastructure	24,436	17,672	6,764
Security services	151,347	92,035	59,312
Other	47,051	31,354	15,697
Aviation revenue	799,144	635,701	163,443

8.3 Revenue from construction services

€417,551 thousand (€706,954 thousand)

An analysis of revenue from construction services is shown below.

3. Consolidated financial statements as at and for the year ended 31 December 2017

€000	2017	2016	INCREASE/ (DECREASE)
Revenue from construction services for which additional economic benefits are received	336,881	614,518	-277,637
Revenue from investments in financial concession rights	73,376	81,101	-7,725
Revenue from construction services: government grants for services for which no additional economic benefits are received	-	332	-332
Revenue from construction services provided by sub-operators	7,294	11,003	-3,709
Revenue from construction services	417,551	706,954	-289,403

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 determined according to the criteria described in note 3.

Revenue from construction services is down €289,403 thousand compared with 2016, reflecting the reduction in construction services for which additional benefits are received, amounting to €277,637 thousand, mainly attributable to ADR and Autostrade per l'Italia. The comparative period was marked by a significant volume of investment linked to completion of the new wing of Terminal 3 and the first part of Boarding Area E.

In 2017, the Group carried out additional construction services for which no additional benefits are received, amounting to €419,191 thousand, net of related government grants, for which the Group made use of a portion of the specifically allocated "Provisions for construction services required by contract". Uses of these provisions are classified as a reduction in operating costs for the period, as explained in note 8.II.

Details of total investment in assets held under concession during the year are provided in note 7.2, above.

8.4 Contract revenue €31,505 thousand (€53,812 thousand)

Contract revenue of €31,505 thousand is down €22,307 thousand compared with 2016 (€53,812 thousand), essentially due to a reduction in work carried by Pavimental for external customers.

8.5 Other operating income €939,553 thousand (€774,487 thousand)

An analysis of other operating income is provided below.

€000	2017	2016	INCREASE/ (DECREASE)
Revenue from sub-concessions	453,780	355,238	98,542
Revenue from Telepass and Viacard fees	152,802	140,902	11,900
Maintenance revenue	39,633	38,293	1,340
Other revenue from motorway operation	40,137	38,756	1,381
Damages and compensation	34,889	41,221	-6,332
Revenue from products related to the airport business	54,461	27,638	26,823
Refunds	32,974	24,405	8,569
Revenue from the sale of technology devices and services	18,304	19,794	-1,490
Advertising revenue	4,233	3,915	318
Other income	108,340	84,325	24,015
Other operating income	939,553	774,487	165,066

Other operating income of €939,553 thousand is up €165,066 thousand compared with 2016 (€774,487 thousand). This partly reflects the increase in revenue resulting from the consolidation of ACA, amounting to €121,947 thousand. There was also an increase in royalties at ADR, amounting to €27,765 thousand, linked to the opening of the new retail plaza located in the new wing of Terminal E at Fiumicino at the end of 2016 and revenue from the related sub-concessions.

8.6 Raw and consumable materials -€325,964 thousand (-€283,630 thousand)

This item, which consists of purchases of materials and the change in inventories of raw and consumable materials, is up €42,334 thousand on 2016, essentially resulting from the contribution of ACA.

€000	2017	2016	INCREASE/ (DECREASE)
Construction materials	-179,326	-176,306	-3,020
Electrical and electronic materials	-21,121	-19,291	-1,830
Lubricants and fuel	-37,045	-15,577	-21,468
Other raw and consumable materials	-100,238	-84,422	-15,816
Cost of materials	-337,730	-295,596	-42,134
Change in inventories of raw, ancillary and consumable materials and goods for resale	8,359	9,310	-951
Capitalised cost of raw materials	3,407	2,656	751
Raw and consumable materials	-325,964	-283,630	-42,334

8.7 Service costs

-€1,269,581 thousand (-€1,570,080 thousand)

An analysis of service costs is provided below.

€000	2017	2016	INCREASE/ (DECREASE)
Construction and similar	-667,269	-1,060,320	393,051
Professional services	-192,980	-163,331	-29,649
Transport and similar	-59,936	-55,899	-4,037
Utilities	-52,265	-52,799	534
Insurance	-35,424	-31,460	-3,964
Statutory Auditors' fees	-1,613	-1,609	-4
Other services	-264,646	-210,288	-54,358
Gross service costs	-1,274,133	-1,575,706	301,573
Capitalised service costs for assets other than concession assets	4,552	5,626	-1,074
Service costs	-1,269,581	-1,570,080	300,499

Service costs are down €300,499 thousand in 2017, compared with 2016. The change mainly reflects a combination of the following:

- a) a reduction in construction and similar services of €393,051 thousand, reflecting the reduced volume of investment by Autostrade per l'Italia and ADR during the year;
- b) an increase of €54,358 thousand in the cost of other services, essentially attributable to the contribution of ACA;
- c) an increase in the cost of external consultants, amounting to €29,649 thousand, primarily in relation to the Offer. A full description is provided in note 6.4.

8.8 Staff costs

-€989,266 thousand (-€904,050 thousand)

An analysis of staff costs is shown below.

€000	2017	2016	INCREASE/ (DECREASE)
Wages and salaries	-682,477	-629,512	-52,965
Social security contributions	-197,553	-180,144	-17,409
Payments to supplementary pension funds, INPS and post-employment benefits	-37,527	-38,947	1,420
Directors' remuneration	-5,717	-5,958	241
Other staff costs	-74,520	-56,154	-18,366
Gross staff costs	-997,794	-910,715	-87,079
Capitalised staff costs for assets other than concession assets	8,528	6,665	1,863
Staff costs	-989,266	-904,050	-85,216

Gross staff costs of €989,266 thousand (€904,050 thousand in 2016) are up €85,216 thousand, primarily due to the following:

- a) an increase of 932 in the average workforce (excluding agency staff), primarily reflecting the contribution from ACA, the recruitment of staff engaged in the implementation of investments provided for in the *Santiago Centro Oriente* expansion programme in Chile, an increase in motorway and airport construction work carried out by Pavimental, the increased volume of infrastructure operated and the ADR group's continued implementation of insourcing programmes;
- b) an increase in the average unit cost, primarily due to the cost of contract renewals at the Group's Italian companies.

The following table shows the average number of employees (by category and including agency staff), as commented on in the section on the "Workforce" in the report on operations:

AVERAGE WORKFORCE	2017	2016	INCREASE/ (DECREASE)
Senior managers	291	250	41
Middle managers and administrative staff	8,182	7,659	523
Toll collectors	3,120	3,208	-88
Manual workers	4,386	3,880	506
Total	15,979	14,997	982

8.9 Other operating costs -€622,092 thousand (-€606,074 thousand)

An analysis of other operating costs is shown below.

€000	2017	2016	INCREASE/ (DECREASE)
Concession fees	-513,205	-494,951	-18,254
Lease expense	-23,818	-17,316	-6,502
Grants and donations	-33,602	-22,782	-10,820
Direct and indirect taxes	-40,360	-22,293	-18,067
Other	-11,107	-48,732	37,625
Other operating costs	-85,069	-93,807	8,738
Other costs	-622,092	-606,074	-16,018

Other operating costs, totalling €622,092 thousand, are up €16,018 thousand compared with the comparative period, primarily reflecting the combined effect of an increase in concession fees, linked to the increase in fees payable by Autostrade per l'Italia as a result of the increase in motorway traffic during the period and the contribution of ACA.

8.10 Operating change in provisions -€3,715 thousand (€-20,234 thousand)

This item consists of operating changes (new provisions and uses) in provisions, excluding those for employee benefits (classified in staff costs), made by Group companies during the period in order to meet their legal and contractual obligations requiring the use of financial resources in future years.

The positive balance of €3,715 thousand is linked to the positive operating change in provisions for the repair and replacement of motorway and airport infrastructure, after a review of future repair work to be carried out on the motorway network, given that the discount rates used as at 31 December of both comparative periods are substantially unchanged.

8.11 Use of provisions for construction services required by contract €419,191 thousand (€455,024 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 8.3). The item represents

the indirect adjustment to construction costs classified by nature and incurred by the Group's operators, above all Autostrade per l'Italia, whose concession arrangements provide for such obligations. The reduction of €35,833 thousand is broadly linked to reduced investment in the upgrade of the AI Milan-Naples between Bologna and Florence.

Further information on construction services and capital expenditure during the period is provided in notes 7.2 and 8.3.

8.12 (Impairment losses) and reversals of impairment losses €69,294 thousand (€24,263 thousand)

The positive balance for 2017, totalling €69,294 thousand, essentially reflects the reversal of impairment losses on intangible assets deriving from concession rights previously recognised by Raccordo Autostradale Valle d'Aosta, totalling €78,700. This is described in note 7.2.

8.13 Financial income/(expenses) -€506,362 thousand (-€537,611 thousand)

Financial income €406,343 thousand (€365,650 thousand)
Financial expenses -€921,363 thousand (-€915,580 thousand)
Foreign exchange gains/(losses) €8,658 thousand (€12,319 thousand)

An analysis of financial income and expenses is shown below.

€000	2017	2016	INCREASE/ (DECREASE)
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants	73,506	67,425	6,081
Dividends received from investees	18,284	7,832	10,452
Income from derivative financial instruments	89,607	97,819	-8,212
Financial income accounted for as an increase in financial assets	73,096	74,142	-1,046
Interest and fees receivable on bank and post office deposits	21,876	30,895	-9,019
Gain from sale of investment	44,896	-	44,896
Reversal of impairment loss on carrying amount of Lusoponte	-	24,932	-24,932
Other	85,078	62,605	22,473
Other financial income	314,553	290,393	24,160
Total financial income (a)	406,343	365,650	40,693
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-42,234	-65,351	23,117
Interest on bonds	-472,921	-477,088	4,167
Losses on derivative financial instruments	-161,561	-137,755	-23,806
Interest on medium/long-term borrowings	-112,823	-107,508	-5,315
Interest expense accounted for as an increase in financial liabilities	-12,389	-17,785	5,396
Impairment losses on investments carried at cost or fair value and non-current financial assets	-4,019	-13,817	9,798
Interest and fees payable on bank and post office deposits	-2,392	-3,192	800
Other	-113,024	-93,084	-19,940
Other financial expenses	-879,129	-850,229	-28,900
Capitalised financial expenses for assets other than concession assets	-	-	-
Total financial expenses (b)	-921,363	-915,580	-5,783
Foreign exchange gains/(losses) (c)	8,658	12,319	-3,661
Financial income/(expenses) (a+b+c)	-506,362	-537,611	31,249

Net other financial expenses, totalling €564,576 thousand, are up €4,740 thousand compared with 2016 (€559,836 thousand).

This reflects that fact that the following changes substantially offset each other:

- a) a reduction of the cost of debt in 2017 compared with the comparative period;
- b) the gain of €44,896 thousand on the sale of the interest in SAVE;
- c) financial expenses on the financing obtained in relation to the Offer, including the effects of fair value measurement of the related deal contingent hedges, amounting to €37,280 thousand;
- d) the unwinding of a number of Forward-Starting Interest Rate Swaps on which fair value losses of €20,502 thousand, were incurred, following the issue and partial repurchase of certain bonds by Autostrade per l'Italia, completed in September 2017, and an increase of €12,797 thousand financial expenses resulting from the contribution of ACA.

The figure for 2016 also benefitted from a reversal of a previous impairment loss on the investment in Lusoponte (€24,514 thousand), partially offset by financial expenses incurred on the partial buyback of certain bonds (€18,599 thousand).

“Financial income accounted for as an increase in financial assets deriving from concession rights and government grants”, totalling €73,506 thousand, essentially includes income from the discounting to present value of financial assets deriving from guaranteed minimum toll revenue (included in financial assets deriving from concession rights), totalling €44,754 thousand, relating to the Chilean operators, and income from the discounting to present value of financial assets deriving from government grants for motorway maintenance, totalling €6,629 thousand and relating to Los Lagos

8.14 Share of profit/(loss) of investees accounted for using the equity method -€10,056 thousand (-€7,174 thousand)

The “Share of (profit)/loss of investees accounted for using the equity method” for 2017 amounts to a loss of €10,056 thousand, essentially reflecting the Group's share of the profit or loss of its associates and joint ventures, after taking into account dividends paid by these companies.

8.15 Income tax expense -€632,194 thousand (-€532,916 thousand)

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

€000	2017	2016	INCREASE/ (DECREASE)
IRES	-371,775	-281,582	-90,193
IRAP	-88,868	-86,311	-2,557
Income taxes attributable to foreign operations	-112,234	-75,309	-36,925
Current tax benefit of tax loss carry-forwards	12,384	8,343	4,041
Current tax expense	-560,493	-434,859	-125,634
Recovery of previous years' income taxes	11,504	10,436	1,068
Previous years' income taxes	-3,828	2,850	-6,678
Differences on current tax expense for previous years	7,676	13,286	-5,610
Provisions	175,757	181,151	-5,394
Releases	-348,285	-319,979	-28,306
Changes in prior year estimates	-2,064	-30,447	28,383
Deferred tax income	-174,592	-169,275	-5,317
Provisions	-70,239	-104,327	34,088
Releases	120,546	95,388	25,158
Changes in prior year estimates	44,908	66,871	-21,963
Deferred tax expense	95,215	57,932	37,283
Deferred tax income/(expense)	-79,377	-111,343	31,966
Income tax (expense)/benefit	-632,194	-532,916	-99,278

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Income tax expense amounts to €632.194 thousand, up €99,278 thousand compared with 2016 (€532,916 thousand). The increase is proportionately higher than the increase in profit before tax, primarily due to the increased tax expense (totalling €45,361 thousand) on Autostrade per l'Italia's distribution of the special dividend in kind and of available equity reserves to Atlantia in 2017, only partially offset by the reduction in the IRES rate for the Group's Italian companies from 2017.

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	TAXABLE INCOME	2017		TAXABLE INCOME	2016	
		TAX	TAX RATE		TAX	TAX RATE
Pre-tax profit/(loss) from continuing operations	2,085,432			1,775,677		
Tax expense computed using statutory rate applied by Parent Company		507,961	24.0%	488,311	27.5%	
Temporary differences deductible in future years	582,447	156,924	7.6%	552,550	156,581	8.8%
Temporary differences taxable in future years	-632,914	-69,217	-3.4%	-150,503	-36,541	-2.1%
Reversal of prior year temporary differences	-578,834	-196,574	-9.5%	-763,912	-192,206	-10.8%
Permanent differences	57,005	41,859	2.0%	176,260	29,088	1.6%
Impact on tax expense of income and expenses recognised directly in equity	-	44,394	2.1%	-	15,948	0.9%
Current tax benefit of tax losses	-	-12,384	-0.6%	-	-8,343	-0.5%
Change in estimates for previous years and other changes	-	-1,338	-0.1%	-	-104,290	-5.9%
IRAP		88,868	4.3%		78,187	4.4%
TOTAL		560,493	27.1%		460,261	25.9%

8.16 Profit/(Loss) from discontinued operations -€1,245 thousand (-€4,500 thousand)

An analysis of the net profit/(loss) from discontinued operations for the two comparative periods is shown below.

€000	2017	2016	Increase/ (Decrease)
Operating costs	-107	-2,860	2,753
Financial expenses	-308	-	-308
Tax benefit/(expense)	-830	-1,640	810
Contribution to net profit from discontinued operations	-1,245	-4,500	3,255
Profit/(Loss) from discontinued operations	-1,245	-4,500	3,255

The net loss for 2017 refers primarily to Tech Solutions Integrators.

8.17 Earnings per share

The following table shows the calculation of basic and diluted earnings per share for the two comparative periods.

	2017	2016
Weighted average number of shares outstanding	825,783,990	825,783,990
Weighted average number of treasury shares in portfolio	-8,265,778	-2,360,179
Weighted average of shares outstanding for calculation of basic earnings per share	817,518,212	823,423,811
Weighted average number of diluted shares held under share-based incentive plans	549,692	1,064,682
Weighted average of all shares outstanding for calculation of diluted earnings per share	818,067,904	824,488,493
Profit for the year attributable to owners of the parent (€000)	1,171,783	1,121,838
Basic earnings per share (€)	1.43	1.36
Diluted earnings per share (€)	1.43	1.36
Profit from continuing operations attributable to owners of the parent (€000)	1,172,770	1,126,338
Basic earnings per share from continuing operations (€)	1.43	1.37
Diluted earnings per share from continuing operations (€)	1.43	1.37
Profit from discontinued operations attributable to owners of the parent (€000)	-987	-4,500
Basic earnings/(losses) per share from discontinued operations (€)	-	-0.01
Diluted earnings/(losses) per share from discontinued operations (€)	-	-0.01

The average number of treasury shares in portfolio in 2017, essentially due to the purchase of Atlantia's shares in the market during the year under the programme announced in December 2016.

9. OTHER FINANCIAL INFORMATION

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flow in 2017, compared with 2016, is analysed below. The consolidated statement of cash flows is included in the “Consolidated financial statements”.

Cash flows during 2017 resulted in an increase of €2,227,167 thousand in cash and cash equivalents, versus a net cash outflow of €426,645 thousand in 2016.

Operating activities generated cash flows of €2,390,026 thousand in 2017, up €28,216 thousand on the figure for 2016 (€2,361,810 thousand). The increase is primarily attributable to a combination of the following:

- a) the increase of €140,306 thousand in operating cash flow compared with 2016, essentially due to the improvement in the operating performance, thanks in part to the contribution from ACA, partially offset by an increase in tax expense for the period as a result of Autostrade per l'Italia's distribution of a special dividend in kind and of available equity reserves to Atlantia;
- b) the differing performance of movements in operating capital and non-financial assets and liabilities, amounting to an outflow of €150,214 thousand in 2017, compared with 2016 (€38,124 thousand), primarily linked to the increased use of provisions during the year compared with 2016.

Cash from investing activities, totalling €719,953 thousand, is linked to a combination of the following:

- a) the proceeds from the sale of interests in consolidated companies, after the cash and cash equivalents transferred, amounting to €1,870,007 thousand, and essentially regarding the sales of an 11.94% stake in Autostrade per l'Italia and of a 12.50% interest in Azzurra Aeroporti to non-controlling shareholders;
- b) the proceeds from the sale of property, plant and equipment, of intangible assets and of unconsolidated investments, totalling €223,565 thousand, primarily regarding the proceeds from the sale of the investment in SAVE, totalling €220,646 thousand;
- c) capital expenditure on assets held under concession after the related government grants, totalling €898,750 thousand;
- d) investments in consolidated companies, totalling €103,952 thousand, relating almost entirely to the acquisition of a further 2.65% of ADR;
- e) investment in investees in 2017, totalling €168,512 thousand, essentially due to the acquisition of 29.38% of Aeroporto Guglielmo Marconi di Bologna, the company that holds the concession to operate Bologna airport.

The outflow for investing activities in the comparative period reflected the acquisition of control of ACA and its subsidiaries, after the cash acquired, totalling €1,265,417 thousand.

The outflow for financing activities amounts to €865,126 thousand. This essentially reflects the following:

- a) dividends paid to the Group's shareholders and to non-controlling shareholders, totalling €994,357 thousand;
- b) the return of capital to non-controlling shareholders, primarily by the Chilean holding company, Grupo Costanera, totalling €93,385 thousand;
- c) the purchase of treasury shares during the year, totalling €84,172 thousand.

Details of movements in financial liabilities are provided in note 7.15.

The following table shows net cash flows generated from discontinued operations, including the contributions of Ecomouv and Tech Solutions Integrators in the two comparative periods. These cash flows are included in the consolidated statement of cash flows under operating, investing and financing activities.

€M	2017	2016
Net cash generated from/(used in) operating activities	-2	-3
Net cash generated from/(used in) investing activities	-	-
Net cash generated from/(used in) financing activities	-	-28

9.2 Financial risk management

The Atlantia Group's financial risk management objectives and policies

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

- market risk, principally linked to the effect of movements in interest and foreign exchange rates on financial assets acquired and financial liabilities assumed;
- 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;
- credit risk, linked to both ordinary trading relations and the likelihood of defaults by financial counterparties.

The Atlantia Group's financial risk management strategy is derived from and consistent with the business goals set by the Atlantia Board of Directors, as contained in the various long-term plans prepared each year.

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 approved by Atlantia's Board of Directors.

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

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

- to protect the scenario forming the basis of the long-term business plan from the effect of exposure to currency and interest rate risks, identifying the best combination of fixed and floating rates;
- to pursue a potential reduction of the Group's borrowing costs within the risk limits determined by the Board of Directors;
- 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 2017 are classified, in accordance with IAS 39, either as cash flow or fair value hedges, depending on the type of risk hedged. As at 31 December 2017, 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 Meridionali and Pavimental, with a notional value of €278,532 thousand and fair value losses of €860 thousand.

Non-hedge accounting transactions also include deal contingent hedges, linked to the Offer for Abertis. These have a total notional value of €2,500,000 thousand and fair value losses of €13,511 thousand as at 31 December 2017.

Further details are provided in note 7.15. The residual average term to maturity of the Group's debt as at 31 December 2017 is approximately 6 years and 4 months. The average cost of medium to long-term debt for 2017 was 3.8% (3.1% for the companies operating in Italy, 6.1% for the Chilean companies and 12.1% 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:

- cash flow risk: linked to financial assets and liabilities, including those that are highly likely, 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 essentially recognised in other comprehensive income. Interest income or expense deriving from the hedged instruments is recognised simultaneously in profit or loss. In 2017, Atlantia entered into new Forward-Starting IRSs with a total notional value of €1,000,000 thousand and fair value gains of €1,523 thousand as at 31 December 2017. They have a duration of 10 years, are subject to a weighted average fixed rate of approximately 0.879% and have been entered into to hedge highly likely future financial liabilities.

In addition, the Company entered into deal contingent hedges with a total notional value of €2,500,000 thousand, an average term of 9.4 years and a weighted average fixed rate of approximately 0.853%. Fair value losses on these instruments, recognised in profit or loss in 2017, amount to €13,511 thousand.

As part of a liability management transaction by Autostrade per l'Italia, in which the subsidiary issued bonds with a notional value of €700,000 thousand, and at the same time bought back a portion of the bonds maturing in 2019, 2020 and 2021 (a total of €522,614 thousand). This was treated for accounting purposes as a non-substantial modification of the existing financial liabilities. The Forward-Starting Interest Rate Swaps entered into in June 2015, to hedge highly likely future financial liabilities to be entered into through to 2017, were unwound. At the date of unwinding these derivatives, fair value losses recognised in equity amounted to €27,461 thousand. A part of this amount, totalling €20,502 thousand, relating to the portion of the par value of the novated bonds, has been reclassified to profit or loss as a financial expense. The remaining fair value losses, totalling €6,959 thousand, will be reclassified to profit or loss on occurrence of the interest flows linked to the newly issued bonds, in keeping with the nature of these instruments as cash flow hedges. The cost of issuing these bonds, including the impact of the hedges, was therefore 2.32%;

- 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 2017, 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, 89% 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 company's 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;
- a) 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 presentation currency.

With the aim of eliminating the currency risk associated with the sterling and yen denominated bonds transferred to Autostrade per l'Italia as a result of the issuer substitution, the Group has entered into Cross Currency Swaps (CCIRS) with notional values and maturities equal to those of the underlying financial liabilities. These swaps also qualify as cash flow hedges and tests have shown that they are fully effective.

Following Atlantia's buyback of 99.87% of the sterling-denominated notes, amounting to £215 million, originally issued by Romulus Finance (transferred to ADR in the form of a novation in 2016), the Cross Currency Swaps entered into by Atlantia and ADR to hedge interest and currency risk associated with the underlying in foreign currency, no longer qualify for hedge accounting in the consolidated financial statements.

14% of the Group's debt is denominated in currencies other than the euro. Taking account of foreign exchange hedges and the proportion of debt denominated in the local currency of the country in which the relevant Group company operates (around 9%), the Group is effectively not exposed to currency risk on translation.

The following table summarises outstanding derivative financial instruments as at 31 December 2017 (compared with 31 December 2016) and shows the corresponding market and notional values of the hedged financial asset or liability.

€000	Type	Purpose of hedge	31 December 2017		31 December 2016	
			Fair value asset/(liability)	Notional amount	Fair value asset/(liability)	Notional amount
Cash flow hedges (1)						
	Cross Currency Swaps	Currency and interest rate risk	-260,459	750,000	-281,904	899,176
	Interest Rate Swaps	Interest rate risk	-78,519	5,768,623	-182,225	5,803,331
	Total cash flow hedges		-338,978	6,518,623	-464,129	6,702,507
Fair value hedges (1)						
	IPCA x CDI Swaps	Interest rate risk	5,042	129,347	-6,012	172,187
	Total fair value hedges		5,042	129,347	-6,012	172,187
Non-hedge accounting derivatives						
	Cross Currency Swaps (1)	Currency and interest rate risk	-124,372	760,877	-96,200	611,701
	Interest Rate Swaps	Interest rate risk	-13,511 (2)	2,500,000		
	Derivatives embedded in loans	Interest rate risk	-860	278,532	-4,310	1,476,453
	FX Forwards	Currency risk	528 (3)	37,308	-2,492 (3)	35,548
	Total non-hedge accounting derivatives		-138,215	3,576,717	-103,002	2,123,702
TOTAL			-472,151	10,224,687	-573,143	8,998,396
		fair value (asset)	107,796		83,397	
		fair value (liability)	-579,947		-656,540	

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

(2) Fair value losses include non-hedge accounting derivatives linked to Deal Contingent Hedges, with a total notional amount of €2,500,000 thousand, hedging the acquisition financing obtained in relation to the Offer for Abertis.

(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 2017 and on equity as at 31 December 2017.

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 in 2017, totalling €2,480 thousand, and on other comprehensive income, totalling €41,490 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 €17,680 thousand, and on other comprehensive income, totalling €265,505 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 Atlantia 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 2017, project debt allocated to specific overseas companies amounts to €1,558 million. At the same date the Group has estimated cash reserves of €7,927 million, consisting of:

- a) €5,428 million in cash and/or investments maturing in the short term;
- b) €494 million in term deposits allocated primarily to part finance the execution of specific construction services and to service the debt of certain Chilean companies;
- c) €2,005 million in undrawn committed lines of credit. The Group has lines of credit with a weighted average residual term to maturity of approximately seven years and a weighted average residual drawdown period of approximately three years.

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

Borrower	Line of credit	Drawdown period expires	Final maturity	31 December 2017		
				Available	Drawn	Undrawn
Autostrade per l'Italia	Medium/long-term committed EIB line 2013 "Environment and Motorway Safety"	31 Dec 2018	15 Sept 2037	200	-	200
Autostrade per l'Italia	Committed medium/long-term facility from CDP (Term Loan 2017)	31 Dec 2021	13 Dec 2027	1,100	400	700
Autostrade per l'Italia	Revolving line of credit from CDP 2017	2 Oct 2022	31 Dec 2022	600	-	600
Autostrade Meridionali	Short-term loan from Banco di Napoli	31 Dec 2018	31 Dec 2018	300	245	55
Aeroporti di Roma	EIB "Aeroporti di Roma – Fiumicino South"	13 Dec 2019	20 Sept 2031	150	110	40
Aeroporti di Roma	CDP "Aeroporti di Roma – Fiumicino South"	30 June 2018	20 Sept 2031	150	40	110
Aeroporti di Roma	Committed Revolving Facility	11/04/2022	11 July 2022	250	-	250
Aéroports de la Côte d'Azur	Medium/long-term committed EIB line 2014 "Airport Upgrade"	30/03/2019	13 June 2036	100	50	50
Lines of credit				2,850	845	2,005

In addition, as at 31 December 2017, the Group has cash reserves of €11,648 million as a result of committed acquisition financing connected with the Offer for Abertis. The financing has an average residual term of approximately 3 years and is to be used solely within the context of the Offer. The various lines of credit are as follows:

- a) "Bridge Facility B" ("to Bonds"), amounting to €4,940 million and having a duration of 18 months and 15 days from 25 September 2017, with an option to extend the final expiry date by a further 6 months, subject to certain conditions;
- b) "Bridge Facility C" ("to Treasury Shares"), amounting to €1,108 million and having a duration of 18 months and 15 days from the date the facility agreement was signed;
- c) an amortising "Term Loan" of €5,600 million, with a duration of 5 years and 6 months from 25 September 2017, and an average residual term of approximately 4.6 years.

The following schedules show the distribution of loan maturities outstanding as at 31 December 2017 and 31 December 2016.

The amounts in the above tables include interest payments and exclude the impact of any offset agreements.

The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available.

€000	31 December 2017					
	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities (1)						
Bond issues (A)	12,480,591	-13,500,784	-1,490,118	-1,134,695	-2,765,808	-8,110,163
Total bank borrowings	4,021,277	-3,826,913	-302,078	-301,905	-890,890	-2,332,040
Total other borrowings	309,148	-39,102	-39,037	-65	-	-
Total medium/long-term borrowings (B)	4,330,425	-3,866,015	-341,115	-301,970	-890,890	-2,332,040
Total non-derivative financial liabilities (C)= (A)+(B)	16,811,016	-17,366,799	-1,831,233	-1,436,665	-3,656,698	-10,442,203
Derivatives (2) (3)						
Interest rate swaps (4)	195,116	-366,544	-35,910	-36,778	-121,354	-172,502
IPCA x CDI Swaps	-	-	-	-	-	-
Cross currency swaps	384,831	-446,465	-22,453	-22,099	-253,245	-148,668
Total derivatives	579,947	-813,009	-58,363	-58,877	-374,599	-321,170

(1) Future cash flows relating to interest on bond issues and floating rate loans have been projected on the basis of the latest established rate and applied and held constant to final maturity.

(2) As at 31 December 2017, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2019.

(3) 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.

€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)	10,959,638	-12,163,567	-1,216,271	-1,478,736	-4,469,100	-4,999,460
Medium/long-term borrowings (2)						
Total bank borrowings	4,033,931	-3,879,301	-256,873	-292,774	-1,082,472	-2,247,181
Total other borrowings	271,891	50,545	-	50,545	-	#RIF!
Total medium/long-term borrowings (B)	4,305,822	-3,828,756	-256,873	-242,229	-1,082,472	-2,247,181
Total non-derivative financial liabilities (C)= (A)+(B)	15,265,460	-15,992,323	-1,473,144	-1,720,965	-5,551,572	-7,246,641
Derivatives (2) (3)						
Interest rate swaps (4)	223,303	-417,764	-38,407	-51,476	-133,015	-194,866
IPCA x CDI Swaps (4)	6,012	70,079	-4,076	2,086	30,592	41,477
Cross currency swaps	420,423	-406,521	-20,067	-20,317	-60,221	-305,916
Total derivatives	649,738	-754,206	-62,550	-69,707	-162,644	-459,305

(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 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.

The distribution for transactions 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 financial years in which they will be recognised in profit or loss.

3. Consolidated financial statements as at and for the year ended 31 December 2017

€000	Carrying amount	Expected cash flows (1)	31 December 2017				After 5 years	Carrying amount	Expected cash flows (1)	31 December 2016			
			Within 12 months	Between 1 and 2	Between 3 and 5	After 5 years				Within 12 months	Between 1 and 2	Between 3 and 5	After 5 years
Interest rate swaps													
Derivative assets	55,470	55,329	-3,021	-10,816	-5,400	74,566	41,078	40,970	-1,228	-2,230	14,347	30,081	
Derivative liabilities	-133,989	-144,073	-32,360	-30,188	-61,783	-19,742	-223,303	-231,513	-31,016	-42,629	-110,515	-47,353	
Cross currency swaps													
Assets													
Liabilities	-260,459	-266,270	-10,540	-10,850	-244,880	-	-281,904	-287,169	-12,540	-13,425	-42,069	-219,135	
Total cash flow hedges	-338,978	-355,014	-45,921	-51,854	-312,063	54,824	-464,129	-477,712	-44,784	-58,284	-138,237	-236,407	
Accrued expenses on cash flow hedges	-36,416						-34,329						
Accrued income on cash flow hedges	20,380						20,746						
Total cash flow hedge derivative assets/liabilities	-355,014	-355,014	-45,921	-51,854	-312,063	54,824	-477,712	-477,712	-44,784	-58,284	-138,237	-236,407	

€000	Expected cash flows (1)	31 December 2017				After 5 years	Expected cash flows (1)	31 December 2016			
		Within 12 months	Between 1 and 2	Between 3 and 5	After 5 years			Within 12 months	Between 1 and 2	Between 3 and 5	After 5 years
Interest rate swaps											
Income from cash flow hedges	98,332		355	5,956	92,021	65,465		5,784	59,681		
Losses on cash flow hedges	-176,852	-31,388	-51,920	-65,002	-28,542	-247,690	-30,603	-42,747	-115,928	-58,412	
Cross currency swaps											
Income from cash flow hedges	686,338	34,622	34,498	617,218	-	1,006,598	40,721	427,590	497,723		
Losses on cash flow hedges	-946,796	-45,884	-45,592	-855,320	-	-1,288,502	-53,568	-583,302	-597,701		
Total income (losses) from cash flow hedges	-338,978	-42,650	-62,659	-297,148	63,479	-464,129	-43,450	-56,114	-265,856	-98,709	

(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.

10. OTHER INFORMATION

10.1 Operating and geographical segments

Operating segments

The Atlantia Group's operating segments are identified based on the information provided to and analysed by Atlantia's Board of Directors, which represents the Group's chief operating decision maker, taking decisions regarding the allocation of resources and assessing performance. In particular, the Board of Directors assesses the performance of the business in terms of geographical area and business segment. Following the consolidation of ACA at the end of December 2016, a new operating segment, called "Overseas airports", was created. In addition to the companies controlled by ACA, this segment also includes the acquisition vehicle used in order to acquire ACA (Azzurra Aeroporti). As a result, the Group's new structure presents information for five main operating segments (Italian motorways, overseas motorways, Italian airports, overseas airports and a fifth operating segment including the Parent Company, Atlantia, and the other remaining activities).

At 31 December 2017 the composition of the Atlantia Group's operating segments is as follows:

- a) Italian motorways: this includes the Italian motorway operators (Autostrade per l'Italia, Autostrade Meridionali, Tangenziale di Napoli, Società italiana per azioni per il Traforo del Monte Bianco and Raccordo Autostradale Valle d'Aosta and Autostrada Tirrenica), whose core business consists of the management, maintenance, construction and widening of the related motorways operated under concession. This operating segment also includes companies (AD Moving, Giove Clear, Infoblu, Essediese and Autostrade Tech) that provide support for the Italian motorway operators and that are subsidiaries of Autostrade per l'Italia;
- b) Overseas motorways: this includes the activities of the holders of motorway concessions in Brazil, Chile and Poland, and the companies that provide operational support for these operators and the related foreign-registered holding companies. In addition, this segment includes the Italian holding company, Autostrade dell'Atlantico, which holds investments in South America;
- c) Italian airports: this includes the airports business of ADR, which holds the concession to operate and expand the airports of Rome Fiumicino and Rome Ciampino, and its subsidiaries;
- d) Overseas airports: this includes the airport operations of the companies controlled by Aéroports de la Côte d'Azur (ACA), the company that (directly or through its subsidiaries) operates the airports of Nice, Cannes-Mandelieu and Saint-Tropez and the international network of ground handlers, Sky Valet, in addition to Azzurra Aeroporti (the parent of ACA);
- e) Atlantia and other activities: this segment includes:
 - 1) the Parent Company, Atlantia, which operates as a holding company for its subsidiaries and associates whose business is the construction and operation of motorways, airports and transport infrastructure, parking areas and intermodal systems, or who engage in activities related to the management of motorway or airport traffic;
 - 2) the companies that produce and operate free-flow tolling systems, traffic and transport management systems and electronic payment systems. The key companies in this segment are Telepass and Electronic Transaction Consultants;
 - 3) infrastructure design, construction and maintenance, essentially carried out by Spea Engineering and Pavimental.

A summary of the key performance indicators for each segment, identified in accordance with the requirements of IFRS 8, is shown below.

3. Consolidated financial statements as at
and for the year ended 31 December 2017

2017								
€M	ITALIAN MOTORWAYS	OVERSEAS MOTORWAYS	ITALIAN AIRPORTS	OVERSEAS AIRPORTS	ATLANTIA AND OTHER ACTIVITIES	CONSOLIDATION ADJUSTMENTS	UNALLOCATED ITEMS	TOTAL CONSOLIDATED AMOUNTS
External revenue	3,903	648	900	281	241	-	-	5,973
Intersegment revenue ^(a)	42	-	1	-	505	-548	-	-
Total operating revenue ^(b)	3,945	648	901	281	746	-548	-	5,973
EBITDA ^(c)	2,453	483	550	95	83	-	-	3,664
Amortisation, depreciation, impairment losses and reversals of impairment losses							-1,012	-1,012
Provisions and other adjustments							-74	-74
EBIT ^(d)								2,578
Financial income/(expenses)							-513	-513
Profit/(Loss) before tax from continuing operations								2,065
Income tax (expense)/benefit							-632	-632
Profit/(Loss) from continuing operations								1,433
Profit/(Loss) from discontinued operations							-1	-1
Profit for the year								1,432
Operating cash flow ^(e)	1,638	391	429	62	20	-	-	2,540
Capital expenditure ^(f)	556	183	207	27	75	2	-	1,050

2016								
€M	ITALIAN MOTORWAYS	OVERSEAS MOTORWAYS	ITALIAN AIRPORTS	OVERSEAS AIRPORTS	ATLANTIA AND OTHER ACTIVITIES	CONSOLIDATION ADJUSTMENTS	UNALLOCATED ITEMS	TOTAL CONSOLIDATED AMOUNTS
External revenue	3,794	558	883	-	249	-	-	5,484
Intersegment revenue ^(a)	47	1	1	-	403	-452	-	-
Total operating revenue ^(b)	3,841	559	884	-	652	-452	-	5,484
EBITDA ^(c)	2,384	422	532	-10	50	-	-	3,378
Amortisation, depreciation, impairment losses and reversals of impairment losses							-956	-956
Provisions and other adjustments							-107	-107
EBIT ^(d)								2,315
Financial income/(expenses)							-539	-539
Profit/(Loss) before tax from continuing operations								1,776
Income tax (expense)/benefit							-533	-533
Profit/(Loss) from continuing operations								1,243
Profit/(Loss) from discontinued operations							-5	-5
Profit for the year								1,238
Operating cash flow ^(e)	1,632	340	387	-6	47	-	-	2,400
Capital expenditure ^(f)	718	177	445	-	78	4	-	1,422

The following should be noted with regard to the operating segment information presented in the above tables:

- intersegment revenue regards intragroup transactions between companies in different operating segments. They relate primarily to the design and construction of infrastructure carried out by Pavimental and Spea Engineering for the Group's Italian operators;
- total operating revenue does not include the balance of revenue from construction services, totalling €418 million in 2017 and €707 million in 2016;
- EBITDA is calculated by deducting all operating costs, with the exception of amortisation, depreciation, impairment losses on assets and reversals of impairment losses, provisions and other adjustments, from operating revenue;
- EBIT is calculated by deducting amortisation, depreciation, impairment losses on assets and reversals of impairment losses, provisions and other adjustments from EBITDA. EBIT differs from the item "Operating profit" in the consolidated income statement due to the fact that the capitalised component of financial expenses relating to construction services is not shown in this table, as indicated in note b) above. The relevant amounts total €4 million in 2017 and €5 million in 2016;
- operating cash flow is calculated as profit + 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 +/- deferred tax assets/liabilities recognised in the income statement;

- f) the figure for capital expenditure includes investment in assets held under concession, in property, plant and equipment and in other intangible assets, as shown in the consolidated statement of cash flows.

The figures for the "Overseas airports" segment in 2016 include amounts for Azzurra Aeroporti, which has controlled Aéroports de la Côte d'Azur since the end of 2016. These amounts were classified in the "Atlantia and other activities" segment in the consolidated financial statements as at and for the year ended 31 December 2016.

Finally, EBITDA, EBIT and operating cash flow are not measures of performance defined by the IFRS and have not, therefore, been audited.

Finally, it should be noted that in 2017, the Group did not earn revenue from any specific customer in excess of 10% of the Group's total revenue for the year.

Analysis by geographical segment

The following table shows the contribution of each geographical segment to the Atlantia Group's revenue and non-current assets.

€M	REVENUE		NON-CURRENT ASSETS (*)	
	2017	2016	31 December 2017	31 December 2016
Italy	5,203	5,388	22,130	22,596
Poland	76	68	184	184
France	294	2	2,770	2,788
Portugal	2	-	40	40
Other European countries	19	10	4	-
Sub-total Europe	5,594	5,468	25,128	25,608
Brazil	348	315	1,002	1,234
Chile	381	332	1,828	1,935
USA	60	64	44	38
Total	6,383	6,179	28,002	28,815

(*) In accordance with IFRS 8, non-current assets do not include non-current financial assets or deferred tax assets.

10.2 Disclosures regarding non-controlling interests in consolidated companies and structured entities

Disclosure regarding non-controlling interests

The consolidated companies deemed relevant for the Atlantia Group, in terms of the percentage interests held by non-controlling shareholders for the purposes of the disclosures required by IFRS 12, are the following:

- Autostrade per l'Italia and its subsidiaries;
- the Brazilian sub-holding company, AB Concessões, and its subsidiaries;
- the Chilean sub-holding company, Grupo Costanera, and its direct and indirect subsidiaries;
- Azzurra Aeroporti and its subsidiaries.

The non-controlling interests in these sub-groups of companies are deemed relevant in relation to their contribution to the Atlantia Group's consolidated accounts. It should be noted that:

- a) non-controlling interests in Autostrade per l'Italia break down as follows:
 - 1) Appia Investments Srl (a company directly and indirectly owned by Allianz Capital Partners, EDF Invest and DIF), which holds a 6.94% interest;
 - 2) Silk Road Fund, which holds 5%;
- b) the non-controlling interest in AB Concessões is held by a sole shareholder (a Bertin group company from Brazil);
- c) the non-controlling interest in Grupo Costanera (49.99%) is held by the Canadian fund, Canada Pension Plan Investment Board;
- d) Azzurra Aeroporti, which directly controls Aéroports de la Côte d'Azur with a 64% interest, is owned by Atlantia and ADR through their respective interests of 52.51% and 10%, by EDF Invest, which has a 24.99% interest, and by the Principality of Monaco, which has a 12.5% interest. Including preference rights (described in note 6.2), the interests are as follows: Atlantia 52.69%, ADR 7.76%, the Principality of Monaco 20.15% and EDF Invest 19.40%. The Atlantia Group's total interest amounts to 60.40% representing the sum of Atlantia's interest (52.69%) and ADR's interest of 7.71%.

As required by IFRS 12, the following tables show the impact on the financial position of changes in ownership interests in subsidiaries. As these changes did not result in a loss of control, they have been treated as "equity transactions":

- a) the impact of the sale of 11.94% of Autostrade per l'Italia:

Effects of sale of 11.94% interest in Autostrade per l'Italia	€m
Cash consideration	1,733 ^(a)
Tax effect	19 ^(b)
Contribution from portion of company sold	293 ^(c)
Effect of change in interests in consolidated Group companies	1,421 ^{(d)=(a)-(b)-(c)}

- b) the impact of the sale of 20.15% of Azzurra Aeroporti:

Effects of sale of 20.15% interest in Azzurra Aeroporti	€m
Cash consideration	135 ^(a)
Contribution from portion of company sold	127 ^(b)
Effect of change in interests in consolidated Group companies	8 ^{(c)=(a)-(b)}

A full list of the investments and related ownership interests held by the Group and non-controlling shareholders as at 31 December 2017 is provided in Annex 1 "The Atlantia Group's scope of consolidation and investments".

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 Atlantia's consolidated financial statements, in addition to the accounting effects of acquisitions (fair value adjustments of the net assets acquired).

€M	AUTOSTRAD PER L'ITALIA AND DIRECT SUBSIDIARIES ⁽³⁾	AB CONCESSIONS AND DIRECT SUBSIDIARIES		GRUPO COSTANERA AND DIRECT AND INDIRECT SUBSIDIARIES		AZZURRA AEROPORTI AND DIRECT SUBSIDIARIES	
	2017	2017	2016	2017	2016	2017	2016
Revenue ⁽¹⁾	4,055	348	314	309	287	300	-
Profit for the year ⁽²⁾	964	45	40	154	125	61	-7
Profit/(Loss) for the year attributable to non-controlling interests ⁽⁴⁾	106	23	20	77	63	39	-1
Net cash generated from operating activities ⁽²⁾	1,871	67	52	201	185	49	-6
Net cash used in investing activities ⁽²⁾	-568	-92	-86	-102	-103	-27	-725
Net cash generated from/(used in) financing activities ⁽²⁾	-1,166	66	10	-132	-40	15	773
Effect of exchange rate movements on cash and cash equivalents ⁽²⁾	-	-10	11	-12	23	-	-
Increase/(Decrease) in cash and cash equivalents ⁽²⁾	137	31	-13	-45	65	37	42
Dividends paid to non-controlling shareholders	54	-	-	-	-	19	-

€M	AUTOSTRAD PER L'ITALIA AND DIRECT SUBSIDIARIES ⁽³⁾	AB CONCESSIONS AND DIRECT SUBSIDIARIES		GRUPO COSTANERA AND DIRECT AND INDIRECT SUBSIDIARIES		AZZURRA AEROPORTI AND DIRECT SUBSIDIARIES	
	2017	2017	2016	2017	2016	2017	2016
Non-current assets ⁽²⁾	18,653	2,160	2,412	3,121	3,224	4,120	4,129
Current assets ⁽²⁾	4,269	170	162	542	663	127	78
Non-current liabilities ⁽²⁾	15,320	1,239	1,199	1,694	1,805	1,457	1,466
Current liabilities ⁽²⁾	4,806	275	470	177	173	105	104
Net assets ⁽²⁾	2,797	816	905	1,792	1,909	2,685	2,637
Net assets attributable to non-controlling interests ⁽²⁾	642	408	454	910	969	930	781

Notes

(1) This item includes toll revenue, aviation revenue, revenue from construction services, contract revenue and other operating income.

(2) The amounts shown contribute to the Atlantia Group's consolidated amounts and, therefore, include the impact of any consolidation adjustments.

(3) Data for the comparative period is not shown, as Autostrade per l'Italia was wholly owned by the Atlantia Group.

Disclosures regarding structured entities included in the scope of consolidation

Romulus Finance Srl has been deconsolidated, having been struck off the Companies' Register on 17 October 2017, following completion of its liquidation.

Disclosures regarding structured entities not included in the scope of consolidation

Unconsolidated subsidiaries include Gemina Fiduciary Services ("GFS"), in which Atlantia holds a 99.99% interest. This company is registered in Luxembourg and its sole purpose is to represent the interests of the holders of notes with a value of 40 million US dollars issued, in June 1997, by Banco Credito Provincial (Argentina), which subsequently became insolvent.

10.3 Guarantees

The Group has certain personal guarantees in issue to third parties as at 31 December 2017. These include, listed by importance:

- the guarantee issued by Atlantia in favour of credit institutions on behalf of Strada dei Parchi as a safeguard against the impact on cash flow hedges of movements in interest rates. The amount of the guarantee, based on the fair value of the hedges, has been capped at €40,000 thousand, which corresponds to the value as at 31 December 2017. This guarantee was renewed for a further 12 months in February 2018. The guarantee can only be enforced if the concession held by Strada dei Parchi is terminated, whilst Atlantia has received a counter-indemnity from Toto Holding (Strada dei Parchi's majority shareholder), which has undertaken to assume Atlantia's guarantee obligations by 31 October 2018;
- bank guarantees provided by Tangenziale di Napoli (€26,150 thousand) to the Ministry of Infrastructure and Transport, as required by the covenants in the relevant concession arrangement;

- c) Atlantia's corporate counter-indemnity issued on behalf of the subsidiary, Electronic Transaction Consultants, to the insurance companies (a "surety") which have issued performance and maintenance bonds totalling €89,433 thousand for free-flow tolling projects;
- d) guarantees issued by the Brazilian, Chilean and Polish operators and by Azzurra Aeroporti securing project financing in the form of either bank loans or bonds;
- e) bank guarantees provided by Telepass (€25,789 thousand) to certain French operators in connection with the company's operations in France.

As at 31 December 2017, the shares of certain of the Group's overseas operators (Rodovia das Colinas, Concessionaria da Rodovia MG050, Triangulo do Sol, Sociedad Concesionaria Costanera Norte, Sociedad Concesionaria de Los Lagos, Sociedad Concesionaria Autopista Nororiente, Sociedad Concesionaria Litoral Central, Sociedad Concesionaria Vespucio Sur and Stalexport Autostrada Malopolska) 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.

Finally, Azzurra Aeroporti's shareholding in ACA has also been pledged as collateral to the providers of the company's new project financing.

10.4 Reserves

As at 31 December 2017, Group companies have recognised contract reserves, quantified by contractors in relation to:

- a) investing activities, totalling €1,235 million (€817 million as at 31 December 2016). Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in the cost of intangible assets deriving from concession rights;
- b) non-investing activities, amounting to approximately €24 million, the estimated future cost of which is covered by existing provisions in the consolidated financial statements.

10.5 Related party transactions

In implementation of the provisions 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, and Resolution 17389 of 23 June 2010, on 11 November 2010 Atlantia's Board of Directors - with the prior approval of the Independent Directors on the Related Party Transactions Committee - approved the new Procedure for Related Party Transactions entered into directly by the Company and/or through subsidiaries.

The Procedure, which is available for inspection at the Company's website 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 of a trading or financial nature in the income statement and statement of financial position generated by the Atlantia Group's related party transactions, including those with Directors, Statutory Auditors and key management personnel at Atlantia.

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 Atlantia Group's transactions with its parents

As at 31 December 2017, the Group is owed €6.7 million by the parent, Sintonia. This amount regards tax rebates claimed by Schemaventotto in prior years in respect of income taxes paid during the period in which this company headed the Group's tax consolidation arrangement.

During 2017, the Atlantia Group did not engage in material trading or financial transactions with its direct or indirect parents.

The Atlantia Group's transactions with other related parties

For the purposes of the above CONSOB Resolution, which applies the requirements of IAS 24, the Autogrill group ("Autogrill"), which is under the common control of Edizione Srl, is treated as a related party. With regard to relations between the Atlantia Group's motorway operators and the Autogrill group, it should be noted that, as at 31 December 2017, Autogrill operates 102 food service concessions at service areas along the Group's motorway network and 13 food service concessions at the airports managed by the Group.

During 2017, the Atlantia Group earned revenue of approximately €86.4 million on transactions with Autogrill, including €75 million in royalties deriving from the management of service areas and airport sub-concessions. 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 2017, trading assets due from Autogrill amount to €32.9 million.

10.6 Disclosures regarding share-based payments

In order to incentivise and foster the loyalty of directors and/or employees holding key positions and responsibilities within Atlantia or in Group companies, and to promote and disseminate a value creation culture in all strategic and operational decision-making processes, driving the Group's growth and boosting management efficiency, a number of share incentive plans based on Atlantia's shares have been introduced in previous years. The plans entail payment in the form of shares or cash and are linked to the achievement of predetermined corporate objectives.

There were no changes, during 2017 in the share-based incentive plans already adopted by the Group as at 31 December 2016 and originally approved by the Annual General Meetings of shareholders held on 20 April 2011 (later amended by subsequent Annual General Meetings) and 16 April 2014.

In addition, two new plans were approved in 2017. These are the "2017 Phantom Share Option Plan" and the "2017 Phantom Share Grant Plan" and are described below.

Finally, on 2 August 2017, the General Meeting of Atlantia's shareholders, held in extraordinary session in order to approve the capital increase and amendments to the articles of association to service the Offer for Abertis, also approved adoption of a supplementary phantom share option plan for a limited number of core people involved in the process of building and creating value at the new Group that will be formed through the Company's integration with Abertis, should the tender offer be successful. Under this supplementary plan (which entails the award of phantom share options free of charge, 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 over a determinate period), no awards were therefore made in 2017.

The following table shows the main aspects of existing incentive plans as at 31 December 2017, including the options and units awarded to directors and employees of the Group at that date, and changes during 2017 (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, which were required to ensure plan benefits remained substantially unchanged despite the dilution caused by the bonus issues approved by the shareholders on 20 April 2011 and 24 April 2012.

3. Consolidated financial statements as at and for the year ended 31 December 2017

	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 2017									
- 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 June 2015	14 June 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 June 2018	N/A	(**)	(**)	(**)	(**)	(**)
- 8 November 2016 grant	526,965	N/A (**)	9 Nov 2019	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-981,459								
- options lapsed	-279,110								
Total	1,739,314								
Changes In options in 2017									
- options exercised	-1,461,216								
- options lapsed	-50,722								
Options outstanding as at 31 December 2017	227,376								
2011 SHARE GRANT PLAN									
Units outstanding as at 1 January 2017									
- 13 May 2011 grant	192,376	13 May 2014	14 May 2016	N/A	12.9	4.0 - 5.0	2.45%	26.3%	4.09%
- 14 October 2011 grant	9,618	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	10,106	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
- 8 November 2013 grant	348,394	14 June 2015	15 June 2017	N/A	7.12	4.0 - 5.0	1.12%	29.9%	5.05%
- units converted into shares on 15 May 2015	209,420	8 Nov 2016	9 Nov 2018	N/A	11.87	4.0 - 5.0	0.69%	28.5%	5.62%
- units converted into shares on 16 May 2016	-97,439								
- units converted into shares on 16 June 2016	-103,197								
- units converted into shares on 16 June 2016	-98,582								
- units lapsed	-64,120								
Total	406,576								
Changes In units in 2017									
- units converted into shares on 15 June 2017	-136,572								
- units converted into shares on 13 November 2017	-77,159								
- units lapsed	-95,509								
Units outstanding as at 31 December 2017	97,336								
MBO SHARE GRANT PLAN									
Units outstanding as at 1 January 2017									
- 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								
- units converted into shares on 3 May 2016	-41,077								
- units converted into shares on 9 May 2016	-49,446								
Total	61,627								
Changes In units in 2017									
- units converted into shares on 15 May 2017	-61,627								
Units outstanding as at 31 December 2017	-								
2014 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2017									
- 9 May 2014 grant	2,718,203	9 May 2017	9 May 2020	N/A (***)	2.88	3.0 - 6.0	1.10%	28.9%	5.47%
- 8 May 2015 grant	2,971,817	8 May 2018	8 May 2021	N/A (***)	2.59	3.0 - 6.0	1.01%	25.8%	5.32%
- 10 June 2016 grant	3,067,666	10 June 2019	10 June 2022	N/A (***)	1.89	3.0 - 6.0	0.61%	25.3%	4.94%
- assegnazione del 10/06/16	3,047,045								
- assegnazione post 30/06/16	20,621								
- options lapsed	-677,412								
	-48,201								
	-224,899								
	-57,343								
	0								
	0								
	-136,765								
	-210,204								
Total	8,080,274								
Changes In options in 2017									
- options exercised	-884,316								
- options lapsed	-134,062								
Options outstanding as at 31 December 2017	7,061,896								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2017									
Changes In options in 2017									
- 12 May 2017 grant	2,111,351	15 June 2020	1 July 2023	N/A (***)	2.37	3.13 - 6.13	1.31%	25.6%	4.40%
- options lapsed	-40,631								
Options outstanding as at 31 December 2017	2,070,720								
2017 PHANTOM SHARE GRANT PLAN									
Options outstanding as at 1 January 2017									
Changes In options in 2017									
- 12 May 2017 grant	196,340	15 June 2020	1 July 2023	N/A (***)	23.18	3.13 - 6.13	1.31%	25.6%	4.40%
- options lapsed	-4,045								
Options outstanding as at 31 December 2017	192,295								

(*) 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, and which, therefore, do not represent the award of new benefits.

(***) Given that these are cash bonus plans, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan and the 2017 Phantom Share Option Plan do not require an exercise price. However, the Terms and Conditions of the plans indicate an "Exercise price" (equal to the arithmetic mean of Atlantia's share price in a determinate period) as the basis on which to calculate the gross amount to be paid to beneficiaries.

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 the 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 the Company’s website at www.atlantia.it.

2011 Share Option Plan

Description

As approved by the Annual General Meeting of shareholders on 20 April 2011, and amended by the Annual General Meeting of shareholders on 30 April 2013 and 16 April 2014, the 2011 Share Option Plan entails the award of up to 2,500,000 options free of charge in three annual award cycles (2011, 2012 and 2013). Each option will grant beneficiaries the right to purchase one ordinary Atlantia share held in treasury, with settlement involving either physical delivery or, at the beneficiary’s option, a cash payment equivalent to the proceeds from the sale of the shares on the stock exchange organised and managed by Borsa Italiana SpA, after deduction of the full exercise price. The exercise price is equivalent to the average of the official prices of Atlantia’s ordinary shares in the month prior to the date on which Atlantia’s Board of Directors announces the beneficiary and the number of options to be awarded.

The options granted will vest in accordance with the Plan terms and conditions and, in particular, only if, on expiration of the vesting period (three years from the date of award of the options to beneficiaries by the Board of Directors), cumulative FFO for the three annual reporting periods preceding expiration of the vesting period, adjusted for a number of specific items (total operating cash flow of the Group, Atlantia or of certain of its subsidiaries – depending on the role held by the various beneficiaries of the Plan), is higher than a pre-established target, unless otherwise decided by the Board of Directors, which has the authority to assign beneficiaries further targets.

Vested options may be exercised, in part, from the first day following expiration of the vesting period and, in part, from the end of the first year following expiration of the vesting period and, in any event, in the three years following expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to retain a minimum holding). The maximum number of exercisable options will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and the exercise price, plus any dividends paid, so as to cap the realisable gain.

Changes in options in 2017

During 2017, with regard to the second and third award cycles (the vesting periods for both of which have expired), a number of beneficiaries exercised vested options and paid the established exercise price; this entailed the allocation to them of Atlantia’s ordinary shares held by the Company as treasury shares. This resulted in the transfer of:

- a) 33,259 of Atlantia’s ordinary shares to beneficiaries in connection with the second cycle; moreover, 14,774 phantom options awarded in 2015 were exercised;
- b) 1,016,629 of Atlantia’s ordinary shares to beneficiaries in connection with the third cycle; moreover, 396,554 phantom options awarded in 2016 were exercised.

Thus, as at 31 December 2017, taking into account lapsed options at that date, the remaining options outstanding total 227,376, including 112,644 phantom options awarded under the second and third cycles (the unit fair values of which, as at 31 December 2017, was measured as €23.28 and €14.22, in place of the unit fair values at the grant date).

2011 Share Grant Plan

Description

As approved by the Annual General Meeting of shareholders on 20 April 2011, and amended by the Annual General Meeting of 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 the 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 2017

With regard to the second award cycle, the vesting period for which expired on 14 June 2015, on 15 June 2017 further vested units were converted, in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 136,572 shares held by the Parent Company as treasury shares. The second award cycle for this Plan has thus also expired.

Moreover, on 13 November 2017, the units awarded during the third award cycle (the vesting period for which expired on 9 November 2017) were converted, in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 77,159 shares held by the Parent Company as treasury shares. The remaining options are convertible into Atlantia's ordinary shares from 9 November 2018.

As at 31 December 2017, taking into account lapsed units at that date, the remaining units outstanding total 97,336.

MBO Share Grant Plan

Description

As approved by the Annual General Meetings of 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 units in 2017

On 10 March 2017, 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.

In addition, on 12 May 2017, vesting period for the 2013 MBO Plan expired. 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 61,627 shares held by the Parent Company as treasury shares.

As at 31 December 2017, all the units awarded under this plan have thus lapsed.

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 also approved, within the scope of their responsibilities, by the boards of directors of the subsidiaries employing the beneficiaries. 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 2017

The vesting period for the first cycle of the Plan expired on 9 May 2017. From this date until 31 December 2017 a total of 884,316 phantom options awarded under the first award cycle were exercised. Thus, as at 31 December 2017, after taking into account lapsed options at that date, the remaining options outstanding amount to 7,061,896. The unit fair values of the options awarded under the first, second and third award cycles were remeasured as at 31 December 2017 as €5.63, €3.37 and €3.05, respectively.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan", subsequently also approved, within the scope of their responsibilities, by the boards of directors of the subsidiaries employing the beneficiaries. The Plan entails the award of phantom share options free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The options grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant period.

In accordance with the Terms and Conditions of the Plan, the options granted will only vest if, at the end of the vesting period (15 June 2020 for options awarded in 2017, 15 June 2021 for options awarded in

2018 and 15 June 2022 for options awarded in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Atlantia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested options may be exercised from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The maximum 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 2017

On 12 May 2017, Atlantia's Board of Directors selected the beneficiaries for the first cycle of the Plan in question. This resulted in the award of a total of 2,111,351 phantom options with a vesting period from 12 May 2017 to 15 June 2020 and an exercise period from 1 July 2020 to 30 June 2023.

As at 31 December 2017, after taking into account lapsed options at that date, the remaining options outstanding amount to 2,070,720. The unit fair value of the options at that date was remeasured as €2.9, in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Grant Plan", subsequently also approved, within the scope of their responsibilities, by the boards of directors of the subsidiaries employing the beneficiaries. The Plan entails the award of phantom shares free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The units grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the value of Atlantia's ordinary shares in the period prior to the period in which the units are awarded.

In accordance with the Terms and Conditions of the Plan, the units granted will only vest if, at the end of the vesting period (15 June 2020 for units granted in 2017, 15 June 2021 for units granted in 2018 and 15 June 2022 for units granted in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Atlantia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested units will be convertible from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year of the exercise period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value and initial value of the shares, in order to cap the realisable gain.

Changes in units in 2017

On 12 May 2017, Atlantia's Board of Directors selected the beneficiaries for the first cycle of the Plan in question. This resulted in the award of a total of 196,340 units, vesting in the period from 12 May 2017 to 15 June 2020 and exercisable in the period from 1 July 2020 to 30 June 2023.

As at 31 December 2017, after taking into account lapsed units at that date, the remaining units outstanding amount to 192,295. The unit fair value of the options at that date was remeasured as €26.44, in place of the unit fair value at the grant date.

The official prices of Atlantia's ordinary shares in the various periods covered by the above plans are shown below:

- a) price as at 31 December 2017: €26.43;
- b) price as at 12 May 2017 (the grant date for new options or units, as described): €24.31;
- c) the weighted average price for 2017: €24.99;
- d) the weighted average price for the period 12 May 2017 – 31 December 2017: €26.33.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2017 the Group has recognised staff costs of €23,586 thousand, based on the accrued fair value of the options and units awarded at that date, including €3,342 thousand accounted for as an increase in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2017 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.

Current disputes are unlikely to give rise to significant charges for Group companies in excess of the provisions already accounted for in the consolidated financial statements as at and for the year ended 31 December 2017.

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 shortfall (equal to 0.13%) was that additional documentation was required in respect of the "X" and "K" tariff components. Once these documents had been submitted Autostrade per l'Italia, on 21 September 2017, the Grantor decided to allow almost all the expenditure detailed in the additional documentation, announcing the need to resubmit the same documents when applying for the toll increase for 2018;
- 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. On 12 September 2017, the Court partially upheld the challenge brought by Raccordo Autostradale Valle d'Aosta, cancelling the above provision;
- 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, and for 2014, 2015 and 2016, the courts found in the company's favour. Campania Regional Administrative Court also upheld Autostrade Meridionali's challenge with respect to the increase for 2017, declaring the failure to allow the requested toll increase unlawful.

In the case of Traforo del Monte Bianco, which operates under a different regulatory regime, on 2 December 2016, the Intergovernmental Committee for the Mont Blanc Tunnel gave the 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%).

Toll increases with effect from 1 January 2018

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued decrees on 29 December 2017, determining the toll increases to come into effect from 1 January 2018.

Specifically:

- a) Autostrade per l'Italia was to apply a toll increase of 1.51%, including 0.49% as the inflation-linked component, 0.64% to provide a return capital expenditure via the "X" tariff component and -0.04% to provide a return on investment via the "K" tariff component (the shortfall in the increase awarded for 2017 was recouped for both these components) and 0.43% to recover the reduction in revenue earned in the period from June 2014 to 2017 as a result of the discounted tolls for frequent motorway users, introduced by the Memorandum of Understanding entered into with the Ministry. With regard to the shortfall in the increase with respect to the requested amount, equal to 0.01% (relating to the "X" component for capital expenditure), in response to the additional documentation submitted by Autostrade per l'Italia, on 12 March 2018, the Grantor largely accepted the subsidiary's arguments supporting the requested increase. As a result, recovery of the shortfall will be considered as part of the toll increase for 2019, with the recognition of any remaining amounts postponed until revision of the financial plan;
- b) Raccordo Autostradale Valle d'Aosta was awarded a toll increase of 52.69%, compared with a request for 81.12%. The company has challenged the decree before the Regional Administrative Court;
- c) Autostrade Meridionali was awarded a toll increase of 5.98%, compared with a request for 9.9%;
- d) Autostrade Tirrenica was awarded a toll increase of 1.33%, compared with a request for 36.51%. The company has challenged the decree before the Regional Administrative Court;
- e) Tangenziale di Napoli was awarded a toll increase of 4.31%, inclusive of the increase designed to make up for the lack of any increases in previous years, compared with a requested increase of 1.93%. The increase was awarded on the basis of the revised financial plan annexed to the Addendum signed on 8 September 2017 and, later, at the Grantor's request, signed digitally on 22 February 2018. The Addendum will be effective once it has been formally approved by decree, as required by law, and once the decree has been registered with Italy's Court of Auditors.

In the case of Traforo del Monte Bianco which, as noted above, operates under a different regulatory regime, on 24 November 2017, the Intergovernmental Committee for the Mont Blanc Tunnel gave the go-ahead for a toll increase of 1.09%. This is based on the average of the inflation rates registered in Italy and France from 1 September 2016 to 31 August 2017, in addition to an extra 0.95% increase determined by the Committee. From 1 April 2018, tolls for all Euro 3 category heavy vehicles of over 3.5 tonnes, will be increased by 5%.

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

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017, replacing the previous addendum signed on 10 December 2015, for which the related approval process had not been completed. The Addendum governs the inclusion of the Casalecchio Interchange – Northern section among the operator's investment commitments in the Single Concession Arrangement. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and almost €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis and under a specific agreement to be executed. The amount will then be recouped by Autostrade per l'Italia through the specific "K" tariff component.

During the approval process, the Grantor requested that the document be signed digitally. The Addendum was then signed on 22 February 2018 and will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy's Court of Auditors.

Addendum to Tangenziale di Napoli's Single Concession Arrangement

On 8 September 2017, the Addendum to Tangenziale di Napoli's Single Concession Arrangement was signed. The Addendum sets out the results of the five-yearly review (2014 – 2018) of the financial plan annexed to the Arrangement.

During the approval process, the Grantor requested that the document be signed digitally. The Addendum was then signed on 22 February 2018 and will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy's Court of Auditors.

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 come to a conclusion in early 2018 and, following receipt of all the necessary consents, the tender process will begin.

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 and following discussions with the Grantor, since 2014 Autostrada Tirrenica has prepared and submitted to the Grantor a number of drafts of a new addendum to its existing Single Concession Arrangement, providing for: a reduction in the concession term (initially to expire in 2043, then in 2040 and, finally, in 2038), the obligation to put all the works out to tender and the conditions for completion of the road.

On 17 May 2017, the European Commission announced that the Commission had referred Italy to the European Court of Justice for violation of EU law regarding extension of the concession arrangement without conducting a tender process. On 5 October 2017, the Ministry of Infrastructure and Transport notified Autostrada Tirrenica that it had lodged an appeal.

In 2017, the Ministry of Infrastructure and Transport carried out a project review for the road running down the Tyrrhenian coast (the "Tyrrhenian corridor"), which envisages construction of the Tarquinia–Ansedonia section of motorway by Autostrada Tirrenica and the widening to four lanes of the existing dual carriageway (the SS 1) from Ansedonia to Orbetello Scalo by the same company. The date for expiry of the concession term was to be 31 December 2038. Work on the remaining section, from Orbetello Scalo to San Pietro in Palazzi, would be the sole responsibility of ANAS.

The Interministerial Economic Planning Committee, at the session held on 22 December 2017, received the "report on the process of modifying the proposed project for completion of Tyrrhenian corridor". Discussions are ongoing with the Grantor to assess the administrative and financial feasibility of the new solution.

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 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. Following the hearing before the Council of State, held on 27 June 2017, the Council issued an order dated 17 November 2017, finally assigning jurisdiction to Campania Regional Administrative Court. Following the return of the case to Campania Regional Administrative Court, the Court scheduled a hearing on the merits of both challenges brought by Autostrade Meridionali and SIS for 23 May 2018.

Contractual discounts on noise abatement works

On 12 June 2017, the Grantor announced that it had determined the extent of the contractual discounts to be applied in relation to 12 noise mitigation schemes contracted out by Autostrade per l'Italia to its associate, Pavimental, in 2012.

Believing the determination to be an error of law, backed up by an authoritative external legal opinion, on 11 September 2017, Autostrade per l'Italia lodged a legal challenge before the Regional Administrative Court.

Dispute over the Tunnel Safety Plan Phase 2

In the second half of 2017, Autostrade per l'Italia initiated an administrative dispute, contesting certain measures adopted by the Ministry of Infrastructure and Transport in relation to Phase 2 of the Tunnel Safety Plan, a project included in Autostrade per l'Italia's investment commitments and the cost of which is to be recouped through the "X" tariff component for investment. In particular, Autostrade per l'Italia is contesting the fact that under the measures, Autostrade per l'Italia will be liable for any additional costs incurred in carrying out the works provided for in Phase 2 of the Tunnel Safety Plan, over and above the amount referred to in the operator's financial plan, should such additional costs not be recognised during the subsequent five-yearly review of the financial plan.

New legislation concerning tenders and concessions

The 2018 Budget Law – Law 205 of 27 December 2017 - has amended art. 177 of the Public Contracts Code. The new article requires motorway operators holding a concession not awarded in the form of project financing, or by public tender in accordance with EU law, to award 60% of any contracts for works, services or goods by public tender, instead of the 80% generally applied.

ANAC (the *Autorità Nazionale Anti Corruzione*, Italy's National Anti-Corruption Authority) is in the process of issuing interpretation guidelines for art. 177.

Expert appraisals of contract variations

In the second half of 2017, the Grantor has approved eleven expert appraisals of contract variations, removing numerous items provided for in the expenditure forecasts submitted. Believing such appraisals to be unlawful, Autostrade per l'Italia has, therefore, filed legal challenges with the Regional Administrative Court, requesting the cancellation of all or part of the above decisions.

Charges payable by motorway operators in accordance with Legislative Decree 35 of 2011

The Ministerial Decree of 7 August 2017 was published Official Gazette no. 250 on 26 October 2017. This legislation quantifies the charges to be paid by motorway operators for "the activities involved in overseeing projects, classification of the network and the inspection of existing roads" carried out by the Ministry of Infrastructure and Transport as the Competent Body in accordance with Legislative Decree 35/2011 (the infrastructure safety decree).

At this time, the provisions of Legislative Decree 35/2011 require the issue of further legislation, given the Ministry's failure to issue implementing decrees. Despite this, the provisions, in event, represent legal

standards to be taken duly into account in the day-to-day operations of motorway operators, during both the design of new works and the management of existing infrastructure.

Publication of the decree calculating the charges and establishing the method and terms of payment by operators for the Ministry's activities as the Competent Body, such as the oversight of projects, classification of the network and inspections, is an issue of some importance given that the activities have yet to take place.

For this reason, whilst having proceeded to pay the amounts due for 2017 and 2018 – expressly reserving the right to request restitution -, Autostrade per l'Italia, in common with almost all other motorway operators, lodged an extraordinary appeal with the Head of State on 22 February 2018, challenging the above legislation. This is to avoid the risk that apparent acquiescence to the decree could lead the Ministry's inspections to be classified as an activity carried out as a Competent Body with responsibility for infrastructure safety.

Discussions between the Ministry of Infrastructure and Transport and the European Commission regarding the extension of Autostrade per l'Italia's concession

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

Press reports dated 28 February 2018 indicate that, following positive developments in its talks with the Ministry of Infrastructure and Transport, the European Commission is about to make a decision on the matter.

Once the Commission has made its decision, Autostrade per l'Italia will assess the details in order to decide on how to respond.

Litigation regarding the Ministry of Infrastructure and Transport and the Ministry for Economic Development decree of 7 August 2015 and competitive tenders for oil and food services at service areas

A number of legal challenges have been brought before Lazio Regional Administrative Court by a number of oil and food service providers, and by individual operators, with the aim of contesting a decree issued by the Ministry of Infrastructure and Transport and the Ministry for Economic Development on 7 August 2015. This approved the Restructuring Plan for motorway services areas and the competitive tender procedure for the award of concessions at service areas. Two of the challenges remain pending:

- a) the first, brought by the operator of the Agogna East service area, has been removed from the register by Lazio Regional Administrative Court, and the plaintiff has up to a year from the date of removal from the register to request a date for the case to be heard;
- b) the second, brought by the operator of the Aglio West service area, requesting a review of judgement 9779 handed down by Lazio Regional Administrative Court on 15 September 2016, which had declared the appellant's challenge inadmissible, is awaiting a date to be set for the hearing on the merits.

To complete the picture, hearings on the merits for a further five challenges brought by operators at individual service areas, with the aim of cancelling the above decree issued by Ministry of Infrastructure and Transport and the Ministry for Economic Development, and for another challenge brought by a trade association representing operators have yet to be scheduled. Such hearings have not been requested by the plaintiffs.

Accident on the Acqualonga viaduct on the A16 Naples-Canosa motorway on 28 July 2013

With regard to the accident that occurred on 28 July 2013, following completion of the preliminary investigation, the Public Prosecutor's Office in Avellino notified all the employees of Autostrade per l'Italia SpA under investigation (twelve people in total, including executives, former managers and employees) of the Public Prosecutor's intention to charge the employees with being accessories to culpable multiple manslaughter and criminal negligence.

This was followed by a request from the Public Prosecutor's Office in Avellino to commit all the above accused for trial to answer the above charges.

At the initial hearing, held on 22 October 2015, the court admitted the entry of appearance of the civil parties and authorised, at the request of certain of these parties, the citation of Autostrade per l'Italia and Reale Mutua Assicurazioni as liable in civil law.

At the next hearing on 17 December 2015, Autostrade per l'Italia SpA and Reale Mutua appeared before the court and the Public Prosecutors concluded their briefs requesting the indictment of all the defendants.

At the subsequent hearing on 14 January 2016, the attorneys for the defence and for the civil parties presented their cases. This was followed, on 22 February and 14 March 2016, by hearings at which attorneys for the defence were heard.

Having heard the arguments of the Public Prosecutors and the other parties, on 9 May 2016 the judge committed all the accused for trial before a single judge at the Court of Avellino.

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 hearings, held on 31 March 2017 and 21 April 2017, examination of the witnesses for the prosecution came to an end and examination of the witnesses for the defence began. This continued during the hearings of 10 and 26 May 2017, 7 and 28 June 2017, 5 July 2017, 15 and 27 September 2017, and 6 and 18 October 2017.

This preliminary process will continue during further hearings scheduled for 15 and 22 November 2017.

The testimonies of the experts appointed by the defendants employed by Autostrade per l'Italia were then heard on 6 and 20 December 2017, whilst their cross examination by the public prosecutors began during the hearings held on 24 and 31 January 2018. This process will conclude during the hearing to be held on 28 March 2018.

Examination of the witnesses for the defence continued at the hearings scheduled for 2 and 16 March 2018.

Finally, hearings have been scheduled for 6, 13 and 30 April 2018 in order to conclude examination of the defendants or for them to make statements to the court.

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 by persons not party to the criminal trial. These actions have been combined by the Civil Court of Avellino. Following the combination of the various proceedings, judgement is thus pending before the Civil Court of Avellino in relation to: (i) the original action brought by Reale Mutua Assicurazioni, the company that insured the coach, in order to make the maximum claim payable available to the damaged parties, including Autostrade per l'Italia (€6 million), (ii) subsequent claims, submitted as counterclaims or on an individual basis, by a number of damaged parties, including claims against Autostrade per l'Italia. Subject to the permission of the court, Autostrade per l'Italia intends to refer claimants to its insurance provider (Swiss Re International), with a view to being indemnified against any claims should it lose the case. At the hearing of 20 October 2016, 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. The court subsequently authorised access to a number of mechanical parts from the coach, which is currently under seizure, requesting the intervention of the fire service during the operations scheduled

for 22 February 2017 and 10 March 2017. On 18 May 2017, the court then rejected the independent experts' request to be permitted to carry out further mechanical testing of the coach and adjourned the hearing until 20 July 2017, when the court rejected a request from Autostrade per l'Italia's counsel to put the civil action on hold whilst awaiting the outcome of the criminal trial.

Subsequently, following submission of the experts' draft report on 15 September 2017, the court set a deadline of 30 November 2017 for the experts appointed by the various parties to formulate their observations and adjourned the case until 15 February 2018, when the final report will be examined. In the course of this hearing, the court reserved judgement on the defendants' request for new or additional independent expert appraisals, adjourning the case until 19 April 2018 when further counter-arguments will be presented by the company's expert witnesses.

Investigation by the Public Prosecutor's Office in Prato of a fatal accident to a worker employed by Pavimental

On 27 August 2014, a worker employed by Pavimental SpA – the company contracted by Autostrade per l'Italia to carry out work on a section of carriageway on the AI – was involved in a fatal accident whilst at work. In response, the Public Prosecutor's Office in Prato has placed a number of Pavimental personnel under criminal investigation for reckless homicide, alleging violation of occupational health and safety regulations.

In December 2014, Autostrade per l'Italia received a request for information about the Company, accompanied by a request to appoint a defence counsel and to elect an address for service, as it was under investigation as a juridical person, pursuant to Legislative Decree 231/2001 (the "Administrative liability of legal entities").

A similar request for information was received by Pavimental. Autostrade per l'Italia has been charged with the offence provided for in art. 25 *septies* of Legislative Decree 231/2001, as defined in art. 589, paragraph 3 of the penal code ("Culpable homicide resulting from breaches of occupational health and safety regulations"). A similar charge has also been brought against, among others, Autostrade per l'Italia's Project Manager.

A hearing took place on 5 February 2016, following a request from the Public Prosecutor's Office for a pre-trial hearing for the appointment of experts to reconstruct the dynamics of the fatal accident and apportion liability, including that of companies pursuant to Legislative Decree 231/2001.

At the end of the related hearing, during which the companies' Organisational, Management and Control Models were examined, the case against the companies was dismissed. The case then proceeded with the focus solely on the charges against the natural persons involved, with the preliminary hearing held on 8 February 2017, when the civil parties appeared before the court and it was requested that the accused be summoned to appear. Hearings were then held on 26 April 2017, to verify settlement of the damages requested by the parties to the civil action, and on 5 July 2017, to withdraw the actions brought by these parties and for any potential requests for an alternative procedure (an "accelerated trial"). At the next hearing held on 8 November 2017, the parties concluded their depositions and the hearing was adjourned until 15 November 2017, when the court was to pronounce judgement. At the hearing of 15 November 2017, the court committed Autostrade per l'Italia's Project Manager for trial and adjourned the hearing until 15 February 2018, when the parties were to begin giving evidence before the court. Due to the absence of the presiding judge, this hearing was then adjourned until 9 July 2018.

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 2014, 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 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.

According to the appointed defence counsel, the Public Prosecutor's Office in Florence has requested that the charges against Autostrade per l'Italia's personnel be dropped. This request is currently being assessed by the local office of the preliminary investigating magistrate.

Autostrade per l'Italia -Autostrade Tech against Alessandro Patanè and companies linked to him and appeals brought before the Civil Court of Rome

With regard to the writ served on Mr. Alessandro Patanè and the companies linked to him by Autostrade per l'Italia and Autostrade Tech, at the hearing at the Civil Court of Rome on 16 November 2016, 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.

At this later hearing, having acknowledged the appointment of a new counsel to represent Mr. Patanè, the court declared the action for fraud brought by Mr. Patanè, with regard to certain documents filed by Autostrade per l'Italia and Autostrade Tech, to be inadmissible. The judge then adjourned the hearing until 10 January 2018 for admission of the facts.

In the meantime, Mr. Patanè has lodged a further action for fraud similar to the previous one. At the hearing of 10 January 2018, the court acknowledged the action. The judges' decision on the action for fraud and, therefore, on the admissibility of the action is awaited, the parties having been set a deadline pursuant to art. 190 of the code of civil procedure.

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.

At the hearing of 14 March 2017, the parties admitted the facts and the court reserved judgement, fixing a term pursuant to art. 190 of the code of civil procedure for the submission of closing and reply briefs.

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.

The parties began to make their final depositions at the hearing of 27 March 2017 and this process continued at the hearings of 15 and 22 May 2017 and in June 2017.

At the hearings of 17 July 2017 and 21 September 2017, the parties concluded their depositions and the hearing was adjourned until 30 October 2017, when the court was to pronounce judgement.

At the hearing of 30 October 2017, the court acquitted the two managers from Autostrade per l'Italia in accordance with art. 530, paragraph I of the criminal code, based on the fact that there was no case to answer and setting a term of 90 days for the court to file the reasons for its judgement. The deadline for filing the court's reasons for the judgements has been extended until 29 April 2018.

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 continued and completed the process of giving evidence at the hearing held on 18 May 2017.

At the next hearing held on 23 October 2017, the witnesses for the defence were heard and one of them was questioned.

At the hearing held on 22 February 2018, the expert witnesses appointed by the counsel for Autostrade per l'Italia's defendants were heard. The next hearing has been scheduled for 26 April 2018 to hear public prosecutors' request for the court to appoint experts.

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.

On 28 February 2018, the competent IP Office ordered the filing of R.U.P and ASPI's positions pursuant to Legislative Decree 231/2011.

Investigation by the Public Prosecutor's Office in Ancona following the collapse of the motorway bridge on the SPIO crossing the AI4 Bologna-Taranto motorway

On 9 March 2017, the collapse of a bridge on the SPIO, as it crosses the AI4 motorway at km 235+794, caused the deaths of the driver and a passenger in a car and injuries to three workers employed by a sub-contractor of Pavimental SpA, to which Autostrade per l'Italia had previously awarded the contract for the widening to three lanes of the Rimini North-Porto Sant'Elpidio section of the AI4 Bologna-Bari-Taranto motorway. Autostrade per l'Italia's legal representative was subsequently sent a notice of investigation issued by the Public Prosecutor's Office in Ancona. The investigation regards the alleged offence provided for in articles 25-*septies*, paragraphs 2 and 3, 6 and 7 of Legislative Decree 231/2001 (Art. 25-*septies* "Culpable homicide and negligent injury or grievous bodily harm resulting from breaches of occupational health and safety regulations"; art. 6 "Senior management and the entity's organisational models"; art. 7 "Subordinates and the entity's organisational models") regarding the offences provided for in art. 589, paragraph 2 of the penal code ("Culpable homicide resulting from breaches of occupational health and safety regulations") and art. 590, paragraph 3 of the penal code ("Culpable injury resulting from breaches of occupational accident prevention").

In connection with this event, a number of Autostrade per l'Italia's managers and employees are under investigation pursuant to articles 113, 434, paragraph 2 and 449 of the penal code ("accessory to culpable collapse"), 113 and 589, last paragraph of the penal code ("accessory to culpable multiple manslaughter"), 113 and 590, paragraph 3 of the penal code ("accessory to culpable multiple injury"). The investigations are currently in progress.

Overseas motorways

Chile

From January 2017, Grupo Costanera's motorway operators have applied the following annual toll increases, determined on the basis of their concession arrangements:

- 6.5% for Costanera Norte, Vespucio Sur and Nororiente, reflecting a combination of the increase linked to inflation in 2016 (2.9%) and a further increase of 3.5%;
- 4.5% for AMB, reflecting a combination of the increase linked to inflation in 2016 (2.9%) and a further increase of 1.5%;
- 2.9% for Litoral Central, reflecting a combination of the increase linked to inflation in 2016 (2.9%).

From January 2017, the tolls applied by Los Lagos have risen 4.0%, reflecting a combination of the increase linked to inflation in 2016 (up 2.9%) and a further increase in the form of a bonus relating to safety improvements in 2017 (up 3.5%), less the bonus for safety improvements awarded in 2016, equal to 2.4%.

From January 2018, Grupo Costanera's motorway operators have applied the following annual toll increases, determined on the basis of their concession arrangements:

- 5.5% for Costanera Norte, Vespucio Sur and Nororiente, reflecting a combination of the increase linked to inflation in 2017 (1.9%) and a further increase of 3.5%;
- 3.4% for AMB, reflecting a combination of the increase linked to inflation in 2017 (1.9%) and a further increase of 1.5%;
- 1.9% for Litoral Central, reflecting the increase linked to inflation in 2017 (1.9%).

From January 2018, the tolls applied by Los Lagos have risen 3.4%, reflecting a combination of the increase linked to inflation in 2017 (1.9%) and a further increase in the form of a bonus relating to safety improvements in 2018 (5.0%), less the bonus for safety improvements awarded in 2017 (3.5%). In December 2017, Chile's Ministry of Public Works and Ministry of Finance signed a resolution requesting the operator, Los Lagos, to carry out certain construction services and road safety works as a matter of urgent public interest ("*Programa de Obras de Seguridad y Serviciabilidad*"), which the operator will be compensated for at a pre-set rate via extension of the concession term and/or an eventual cash payment. This will be formalised in a specific addendum to the concession arrangement within 6 months of publication of the resolution in the Official Bulletin. The total value of the programme is approximately 31.6 billion Chilean pesos (equivalent to approximately €43 million).

Brazil

Triangulo do Sol and Rodovias das Colinas applied the annual adjustment of motorway tolls, increasing tolls by 9.3% from 1 July 2016. This was based on the rate of consumer price inflation (IPCA) in the period between 1 June 2015 and 31 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 reference period (11.1%). The difference will be compensated for in accordance with the related concession arrangements.

From 1 July 2017, Triangulo do Sol and Rodovias das Colinas applied their annual toll increase of 1.6% based on the rate of general price inflation in the period between 1 June 2016 and 31 May 2017, as provided for in the respective concession arrangements. This reflects the fact that this figure was lower than the rate of consumer price inflation in the same period (3.6%).

In June 2016, Rodovia MG050, which operates in the State of Minas Gerais, did not proceed 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 9.3%, based on the rate of consumer price inflation in the period between 1 May 2015 and 30 April 2016, as provided for in the related concession arrangement. The grantor initially appealed the precautionary injunction. In accordance with the precautionary injunction granted by the court, Rodovia MG050 proposed recourse to arbitration with regard to the merits of the case. The grantor accepted the proposal and withdrew its appeal. The arbitration procedure was put on hold whilst negotiations aimed at ensuring that the concession arrangement is financially viable continued. The talks came to an end with signature of an addendum (TA-07) to the concession arrangement on 11 May 2017 and termination of the arbitration procedure. The addendum has revised the investment programme and adjusted outstanding credit and debit items as at the relevant date, including the loss of income resulting from the delay in applying the toll increase with respect to the contractually established date of 13 June 2016, for which the operator has been compensated.

The tolls applied by the operator, Rodovia MG050, have been raised by 4.1% from 13 June 2017, based on the rate of consumer price inflation in the period between 1 May 2016 and 30 April 2017, as provided for in the concession arrangement.

Italian airports

Tariff proposal for 2018

On 8 August 2017, ADR began a consultation process, involving the users of Fiumicino and Ciampino airports, on the proposed revision of regulated fees for the 2018 annual period (1 March 2018-28 February 2019). The procedure meets existing Italian and EU requirements and is in line with the guidelines in the “Procedure for consultation between airport operators and users for ordinary planning agreements and those in derogation”.

The consultation process came to a conclusion on 10 November 2017 and, on 22 December 2017, the Civil Aviation Authority (*ENAC*) announced the final amounts payable as airport fees for Fiumicino and Ciampino.

The review of fees for the period 1 March 2018- 28 February 2019 envisages that the fees for Fiumicino and Ciampino will fall by an average of 0.7% and 4%, respectively, compared with the existing fees ⁽¹⁾.

Continuity of the services provided by Alitalia in Extraordinary Administration

The Ministry for Economic Development Decree of 2 May 2017 placed Alitalia – Società Aerea Italiana SpA into extraordinary administration. On 17 May 2017, the Special Commissioners appointed by the Ministry published a “Call for expressions of interest” in order to attract non-binding proposals for a potential recovery plan to take the company out of extraordinary administration.

In order to avoid disruption to the services provided by the airline, Law Decree 55/2017 also granted an interest-bearing bridge loan of €600 million from the government, with a term of six months, to be used to fund essential day-to-day operations.

The above Law Decree was not converted into law, but was repealed and the related provisions included in art. 50, para.1 of Law 96, dated 21 June 2017, which requires the procedures resulting from the call for expressions of interest in taking the company out of extraordinary administration must take place within six months of the loan being granted, which ensuring that the process is conducted in accordance with the principles of transparency, equal treatment and non-discrimination.

Art. 12 of Law Decree 148/2017, containing “Urgent measures of a financial nature and in response to immediate requirements”, coordinated with conversion law 172/2017, has: i) extended the deadline for completing the sale of Alitalia and the other group companies, as provided for in art. 50, paragraph 2 of Law Decree 50/2017, to 30 April 2018; ii) increased the interest-bearing loan granted by the government on 5 May 2017 by €300 million, so as to ensure the continuity of transport services during the period necessary to bring the sale procedure to a conclusion (this amount was to be disbursed and repaid in 2018); iii) extended the term of the government loan of €600 million disbursed in 2017 until 30 September 2018, in order to ensure that the company has sufficient liquidity to enable it to operate through to completion of the sale.

Noise Reduction and Abatement Plan for Ciampino

Talks between ADR and the Ministry of the Environment continued in 2017 with regard to the technical assessment carried out prior to approval of the Noise Reduction and Abatement Plan for Ciampino airport.

In particular, in a memorandum dated 26 June 2017, the Ministry of the Environment asked ADR to amend the Plan in response to requests resulting from the assessment received by the Ministry, in April and June 2017, from ISPRA, ARPA, Lazio Regional Authority and the municipalities of Rome, Marino and Ciampino.

ADR submitted the requested amendments and, on 15 November 2017, sent the Ministry the results of its measurement of the overall noise in the various areas outside the airport noise zone, and to assess, for

⁽¹⁾ Based on the ratio between the maximum permitted revenue and fee-paying passengers for the twelve months from 1 March.

each area, what the airport's acoustic "contribution" is to the total figure. The measurements thus also reveal the airport's contribution to total noise levels.

Fire at Fiumicino airport's Terminal 3

With regard to the fire that broke out at Fiumicino airport during the night of 6 and 7 May 2015, affecting a large area within Terminal 3, the Public Prosecutor's Office in Civitavecchia has launched two criminal proceedings. The first regards violation of articles 113 and 449 of the criminal code (negligent arson), in relation to which, on 25 November 2015, the investigators issued the order required by art. 415-bis of the criminal code giving notice of completion of the preliminary investigation of: (i) five employees of the contractor that was carrying out routine maintenance work on the air conditioning system and two employees of ADR, all also being investigated for the offence referred to in art. 590 of the criminal code (personal injury through negligence), (ii) ADR's Chief Executive Officer in his role as "employer", (iii) the airport fire chief and (iv) the Director of the Lazio Airport System (ENAC). On 4 October 2016, the Court of Civitavecchia notified the persons charged with negligent arson and personal injury through negligence that the date of the preliminary hearing had been fixed for 19 January 2017. The persons charged with the above offences were identified following the preliminary investigation, except for the then Chief Executive Officer of ADR, who has since passed away, and the fire chief for Fiumicino airport. In addition to officers from the *Carabinieri* and Police, who are suing for exposure to toxic materials, ADR has also filed suit with regard to the offence of negligent arson.

At the preliminary hearing held on 19 January 2017, the process of ascertaining the identities of the various parties to the civil proceedings took place, a process that continued during the subsequent hearing on 18 May 2017. On this occasion, counsel representing the three *Carabinieri* officers filed a statement of claim against the parties alleged to be liable in civil law (ADR and the contractors who are the employers of the accused), without producing further documentation.

The preliminary hearing continued on 9 November 2017, when the above three people testified that they had been compensated in full and, therefore, had withdrawn their civil suit and the claim against the parties alleged to be liable in civil law.

At the same hearing, the process of ascertaining the identities of the various parties to the civil proceedings and/or of the plaintiffs continued and, at the end, the court asked the parties to give their evidence before a decision on whether to commit the accused for trial or to acquit them.

The hearing was adjourned until 15 February 2018 to complete the above process. On this occasion, the court committed the defendants for trial for the offence of negligent arson (in addition to injury through negligence of the persons who had withdrawn their actions), scheduling the start of the trial for 15 October 2018.

Recently, a fourth plaintiff (again a member of the police force), who had previously not presented a claim, has submitted a request for compensation to ADR. This is now the subject of appropriate medical and legal procedures.

Overseas airports

2017-2022 tariff period

During 2016, Aéroports de la Côte d'Azur (ACA) and the French government, through the *Direction Générale de l'Aviation Civile (DGAC)*, France's civil aviation authority, agreed on the basic principles underpinning the proposed multi-year regulatory framework, which will establish airport fees during the period 2017–2022. The regime establishes the services to be regulated and sets out fees for commercial aviation that are broadly in line with the *Contrat de Compétitivité Territoriale* (Local Competitiveness Agreement) proposed by ACA in 2015. It also sets out the Investment Programme that the company will be required to implement over the 5-year regulatory period and the quality targets to be met. Following the observations made by the Independent Supervisory Authority, discussions with the civil aviation authority are underway with a view to completing the regulatory process. The airport fees for the period 2017–2018 have remained broadly unchanged.

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 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. However, in November 2016, MDX filed a request for removal of the judge which, having been turned down at first instance on 30 November 2016, was upheld in February 2017 after MDX filed a further appeal with the Florida Court of Appeal. In April 2017, the case was assigned to a new judge, who announced that the case would be reopened without delay, including the pre-trial phase that was to focus on certain limited aspects of the case and evidence.

At the end of the new hearing in November 2017, in January 2018, the court issued judgement upholding ETC's claim for breach of contract by the Authority, which, together with interest accruing through to 12 January 2018, amounts to a total of approximately US\$53 million, in addition to interest payable at a rate of 5.53% until settlement. The court has yet to rule on the award of costs, which is reasonably expected to be in ETC's favour. It is deemed highly likely that MDX will appeal, despite the fact that the court's judgement was firmly in ETC's favour, having rejected the arguments presented by MDX.

10.8 Events after 31 December 2017

Award of concession for Conexión Vial Ruta 78-68 project in Chile

On 1 February 2018, Atlantia was awarded the concession for the project that will link Vial Ruta 78 with Hasta Ruta 68 through its subsidiary, Grupo Costanera.

The project will involve construction and operation of a new 9.2-km section of urban, free-flow toll motorway in the city of Santiago. The new road will link Ruta 78 with Ruta 68, the two main roads connecting Santiago with the ports of Valparaiso and San Antonio and already connected with the section operated under concession by Costanera Norte. The estimated cost of the project is approximately €200 million.

Extraordinary General Meeting of Atlantia SpA's shareholders

On 21 February 2018, an Extraordinary General Meeting of Atlantia's shareholders voted to extend the deadline for execution of the capital increase to service the Offer for Abertis from 30 April to 30 November 2018, and to reschedule the lock-up period for the special shares, to be issued as a result of the capital increase to service the tender offer, making it 90 days from issue of the shares (as opposed to a set date).

Autostrade per l'Italia's traffic figures for early 2018

Between the beginning of the year and 18 February (preliminary data), traffic using Autostrade per l'Italia's network was up 5.1%, with heavy vehicles (3 or more axles) up 6.1% and light vehicles (2 axles) rising 4.9%.

Atlantia acquires stake in Eurotunnel (Getlink)

Following on from the agreement entered into on 2 March 2018, on 9 March 2018, Atlantia acquired a 100% interest in Aero 1 Global & International Sàrl, a Luxembourg-based investment vehicle, from a number of funds managed by Goldman Sachs Infrastructure Partners. Aero 1 Global & International Sàrl holds a 15.49% interest in Groupe Eurotunnel SE (Getlink), representing 26.66% of the related voting rights (percentages based on the total number of shares in issue, amounting to 550,000,000, and on the total number of voting rights, amounting to 639,030,648, in accordance with information published by Getlink on 16 February 2018). The total cost of the acquisition is €1,056 million.

Voluntary public tender offer, in cash and/or shares, for all the shares of Abertis Infraestructuras

Information on events relating to the voluntary public tender offer, in cash and/or shares, for all the shares of Abertis Infraestructuras, after 31 December 2017, is provided in the section, "Other information", in the Report on Operations.

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ANNEX 1

THE ATLANTIA GROUP'S SCOPE OF CONSOLIDATION AND INVESTMENTS AS AT 31 DECEMBER 2017

ANNEX 2

DISCLOSURE PURSUANT TO ART.149-*DUODECIES* OF THE CONSOB REGULATIONS FOR ISSUERS
11971/1999

THE ABOVE ANNEXES HAVE NOT BEEN AUDITED

ANNEX I
THE ATLANTIA GROUP'S SCOPE OF CONSOLIDATION AND INVESTMENTS AS AT 31 DECEMBER 2017

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN SHARE/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017	% OVERALL GROUP INTEREST	% OVERALL NON-CONTROLLING INTEREST	NOTE
PARENT									
ATLANTIA SPA	ROME	HOLDING COMPANY	EURO	825,783,990					
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-BASIS									
AB CONCESSOES SA	SAO PAULO (BRAZIL)	HOLDING COMPANY	BRAZILIAN REAL	738,652,989	Autostade Concessões e Participações Brasil Ltda	50,00%	50,00%	50,00%	-1
ACA CL SAS	NICE (FRANCE)	-	EURO	1	Aéroports de la Côte d'Azur	100%	38,66%	61,34%	
ACA HOLDING SAS	NICE (FRANCE)	HYOLDING COMPANY	EURO	17,000,000	Aéroports de la Côte d'Azur	100%	38,66%	61,34%	
AD MOVING SPA	ROME	ADVERTISING SERVICES	EURO	1,000,000	Autostade per l'Italia Spa	100%	88,06%	11,94%	
ADR ASSISTANCE Srl	FIUMICINO	PRM SERVICES	EURO	4,000,000	Aeroporti di Roma Spa	100%	99,38%	0,62%	
AEROPORTI DI ROMA SPA	FIUMICINO	MANAGEMENT AND DEVELOPMENT OF ROME AIRPORT SYSTEM	EURO	62,224,743	Atlantia Spa	99,38%	99,38%	0,62%	
AÉROPORTS DE LA CÔTE D'AZUR SA	NICE (FRANCE)	MANAGEMENT AND DEVELOPMENT OF NICE AND CANNES -MANDELIÉU AIRPORTS	EURO	148,000	Azzurra Aeroporti Srl	64,00%	38,66%	61,34%	
AÉROPORTS DU GOLFE DE SAINT TROPEZ SA	SAINT TROPEZ (FRANCE)	GESTIONE E SVILUPPO DELL'AEROPORTO DU GOLFE DE SAINT TROPEZ	EURO	3,500,000	Aéroports de la Côte d'Azur	99,92%	38,63%	61,37%	
AIRPORT CLEANING Srl	FIUMICINO	CLEANING AND MAINTENANCE SERVICES	EURO	1,500,000	Aeroporti di Roma SpA	100%	99,38%	0,62%	
ADR MOBILITY Srl	FIUMICINO	MANAGEMENT OF AIRPORT CAR PARKING AND CAR PARKS	EURO	1,500,000	Aeroporti di Roma SpA	100%	99,38%	0,62%	
ADR SECURITY Srl	FIUMICINO	AIRPORT SCREENING AND SECURITY SERVICES	EURO	400,000	Aeroporti di Roma SpA	100%	99,38%	0,62%	
ADR SVILUPPO Srl	FIUMICINO	PROPERTY MANAGEMENT	EURO	100,000	Aeroporti di Roma SpA	100%	99,38%	0,62%	
ADR TEL SPA	FIUMICINO	TELECOMMUNICATIONS	EURO	600,000	Aeroporti di Roma SpA	99,00%	99,38%	0,62%	
					ADR Sviluppo Srl	1,00%			

(1) The Atlantia Group holds 50% plus one share in the companies and exercises control on the base of partnership and governance agreements.

3. Consolidated financial statements as at and for the year ended 31 December 2017

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUNDS AS AT 31 DECEMBER 2017 (IN SHARE/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017	% OVERALL GROUP INTEREST	% OVERALL NON-CONTROLLING INTEREST	NOTE
AUTOSTRADA CONCESSÕES E PARTICIPAÇÕES BRASIL LIMITADA	SAO PAULO (BRAZIL)	HOLDING COMPANY	BRAZILIAN REAL	729,930,863	Autostade Portugal Srl Autostade dell'Atlantico Srl Autostade Holding do Sur SA	25.00% 41.14% 33.86%	100.00%	0.00%	
AUTOSTRADA DEL LANTANICO Srl	ROME	HOLDING COMPANY	EURO	1,000,000	Atlantia SpA	100%	100%		
AUTOSTRADA HOLDING DO SUR SA	SANTIAGO (CHILE)	HOLDING COMPANY	CHILEAN PESO	5,149,805,692	Autostade del Atlantico Srl Autostade per l'Italia SpA	100.00% 0.00%	100.00%	0.00%	- 2
AUTOSTRADA INDIAN INFRASTRUCTURE DEVELOPMENT PRIVATE LIMITED	MUMBAI - MAHARASHTRA (INDIA)	HOLDING COMPANY	INDIAN RUPEE	500,000	Atlantia SpA Speca Engineering SpA	99.99% 0.01%	100%		
AUTOSTRADA MERIDIONAL SpA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	9,056,250	Autostade per l'Italia SpA	58.98%	51.94%	48.06%	- 3
AUTOSTRADA PER L'ITALIA SpA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	622,027,000	Atlantia SpA	88.06%	88.06%	11.94%	
AUTOSTRADA PORTUGAL Srl	ROME	HOLDING COMPANY	EURO	30,000,000	Autostade del Atlantico Srl	100%	100%		
AUTOSTRADA TECH SpA	ROME	INFORMATION SYSTEM AND EQUIPMENT FOR THE CONTROL AND AUTOMATION OF TRAFFIC AND ROAD SAFETY	EURO	1,120,000	Autostade per l'Italia SpA	100%	88.06%	11.94%	
AZZURRA AEROPORTI Srl	ROME	HOLDING COMPANY	EURO	2,500,000	Atlantia SpA Aeroporti di Roma SpA	52.51% 10.00%	60.40%	39.60%	- 4
CONCESSIONÁRIA DA RODOVA MG050 SA	SAO PAULO (BRAZIL)	MOTORWAY OPERATION AND CONSTRUCTION	BRAZILIAN REAL	353,525,350	AB Concessões SA	100%	50.00%	50.00%	
CATERICK INVESTMENTS SPOŁKA Z O.O.	WARSAW (POLAND)	PROJECT COMPANY	POLISH ZLOTY	5,000	Autostade Tech SpA Stateport Autostady SA	90.00% 10.00%	100%	85.38%	14.62%
ECONOVY SAS	PARIS (FRANCE)	FINANCING/DESIGN/CONSTRUCTION/OPERATION OF EQUIPMENT REQUIRED FOR ECO-TAXE	EURO	6,000,000	Autostade per l'Italia SpA	70.00%	61.64%	38.36%	

(2) The company's shares are held by Autostade del Atlantico Srl with a holding of 1,000,000 shares, and Autostade per l'Italia SpA with 1 share.

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

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN SHARE/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017	% OVERALL GROUP INTEREST	% OVERALL NON-CONTROLLING INTEREST	NOTE
ELECTRONIC TRANSACTION CONSULTANTS CO.	RICHARDSON (TEXAS - USA)	MANAGEMENT OF AUTOMATED TOLLING SERVICES	US DOLLAR	16,264	Autostrade dell'Atlantico Srl	64.46%	64.46%	35.54%	
ESSEDESSE SOCIETA' DI SERVIZI SPA	ROME	GENERAL AND ADMINISTRATIVE SERVICES	EURO	500,000	Autostrade per l'Italia SpA	100%	88.06%	11.94%	
FUMICINO ENERGIA Srl	FUMICINO	ELECTRICITY PRODUCTION	EURO	741,795	Atlantia SpA	87.14%	87.14%	12.86%	
GIOVE CLEAR Srl	ROME	CLEANING AND MAINTENANCE SERVICES	EURO	10,000	Autostrade per l'Italia SpA	100%	88.06%	11.94%	
GRUPO COSTANERA SPA	SANTIAGO (CHILE)	HOLDING COMPANY	CHILEAN PESO	328,443,738,418	Autostrade dell'Atlantico Srl	50.01%	50.01%	49.99%	
INFORLU SPA	ROME	TRAFFIC INFORMATION	EURO	5,160,000	Autostrade per l'Italia SpA	75.00%	66.05%	33.95%	
JETBASE Lda	CASCAS (PORTUGAL)	HANDLING SERVICES	EURO	50,000	Aca Holding SAS	100.00%	39.66%	61.34%	
KAMSTER Srl	ROMA	GPS FLEET MANAGEMENT	EURO	10,000	Telepass SpA	99.40%	99.40%	6.60%	
KAMSTER BROKER Srl	SAVOIA	INSURANCE BROKER	EURO	10,000	KMaster Srl	100.00%	93.40%	6.60%	
LEONARDO ENERGIA - SOCIETA' CONSORTILE s.r.l.	FUMICINO	ELECTRICITY PRODUCTION	EURO	10,000	Fumicino Energia Srl	90.00%		11.64%	
PAVIMENTAL POLSKA SP.ZO.O.	WARSAW (POLAND)	MOTORWAY AND AIRPORT OPERATION AND CONSTRUCTION	POLISH ZLOTY	3,000,000	Aeroporti di Roma SpA	10.00%			
PAVIMENTAL SPA	ROME	MOTORWAY AND AIRPORT OPERATION AND CONSTRUCTION	EURO	10,116,462	Pavimental SpA	100%	96.89%	3.11%	
						99.40%	96.89%	3.11%	
					Atlantia SpA	59.40%			
					Autostrade per l'Italia SpA	20.00%			
					Aeroporti di Roma SpA	20.00%			
RACCORDO AUTOSTRADALE VALLE D'AOSTA SPA	AOSTA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	343,805,000	Societa Italiana per Azioni per il Traforo del Monte Bianco	47.97%	21.54%	76.46%	5
RODOVIAS DAS COLINAS SA	SAO PAULO (BRAZIL)	MOTORWAY OPERATION AND CONSTRUCTION	BRAZILIAN REAL	226,145,401	AB Concessoes SA	100%	50.00%	50.00%	
SCI LA RATONNIERE SAS	NICE (FRANCE)	PROPERTY SERVICES	EURO	243,916	Aeroports de la Côte d'Azur	100%	36.66%	61.34%	

(4) Atlantia's total interest includes preference rights attributed to Atlantia in accordance with art. 2308, paragraph three of the Italian Civil Code, totalling €50 million, whilst the percentage interest, based on the number of shares held by Atlantia SpA as a percentage of the subsidiary's total shares in issue, is 52.51%.

3. Consolidated financial statements as at
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NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN SHARE/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017	% OVERALL GROUP INTEREST	% OVERALL NON-CONTROLLING INTEREST	NOTE
SKY VALET FRANCE SAS	LE BOURGET (FRANCE)	HANDLING SERVICES	EURO	1,151,584	Acia Holding SAS	100%	38.66%	61.34%	
SKY VALET SPAIN S.L.	MADRID (SPAIN)	HANDLING SERVICES	EURO	231,956	Acia Holding SAS	100%	38.66%	61.34%	
SOCIEDAD CONCESIONARIA AME SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	5,875,178,700	Grupo Costanera S.p.A. Sociedad Gestion Vial SA	99.98% 0.02%	50.01%	49.99%	
SOCIEDAD CONCESIONARIA AUTOPISTA NOROCCIDENTE SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	22,738,904,654	Grupo Costanera S.p.A. Sociedad Gestion Vial SA	99.90% 0.10%	50.01%	49.99%	
SOCIEDAD CONCESIONARIA AUTOPISTA NUEVA VESPUCCIO SUR SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	1,66,967,672,229	Grupo Costanera S.p.A. Sociedad Gestion Vial SA	100.00% 0.00%	50.01%	49.99%	
SOCIEDAD CONCESIONARIA COSTANERA NORTE SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	58,859,765,519	Grupo Costanera S.p.A. Sociedad Gestion Vial SA	100.00% 0.00%	50.01%	49.99%	
SOCIEDAD CONCESIONARIA DE LOS LAGOS SA	LLANQUIHUE (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	53,602,284,061	Autostrade Holding Do Sur SA Autostrade del Atlantico Sri	99.95% 0.05%	100.00%	0.00%	
SOCIEDAD CONCESIONARIA LITORAL CENTRAL SA	SANTIAGO (CHILE)	MOTORWAY OPERATION AND CONSTRUCTION	CHILEAN PESO	18,368,224,675	Grupo Costanera S.p.A. Sociedad Gestion Vial SA	99.99% 0.01%	50.01%	49.99%	
SOCIEDAD GESTION VAL SA	SANTIAGO (CHILE)	CONSTRUCTION AND MAINTENANCE OF ROADS AND TRAFFIC SERVICES	CHILEAN PESO	397,237,788	Grupo Costanera S.p.A. Sociedad Operacion y Logistica de Infraestructuras SA	99.99% 0.01%	50.01%	49.99%	
SOCIEDAD OPERACION Y LOGISTICA DE INFRAESTRUCTURAS SA	SANTIAGO (CHILE)	CONCESSION CONSTRUCTION AND SERVICES	CHILEAN PESO	11,736,519	Grupo Costanera S.p.A. Sociedad Gestion Vial SA	99.99% 0.01%	50.01%	49.99%	
SOCIETA' AUTOSTRADA TIRRENICA P.A.	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	24,460,800	Autostrade per l'Italia S.p.A.	99.99%	88.08%	11.94%	6

(5) The issued capital is made up of €284,350,000 in ordinary shares and €59,455,000 in preference share. The percentage interest is calculated with reference to all shares in issue, whereas the 55.00% of voting rights is calculated with reference to ordinary voting shares.

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN SHARE/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017	% OVERALL GROUP INTEREST	% OVERALL NON-CONTROLLING INTEREST	NOTE
SOCIETÀ ITALIANA PER AZIONI PER IL TRAFFICO DEL MONTE BIANCO	PRE SAINT DIDIER (ASIA)	MONT BLANC TUNNEL OPERATION AND CONSTRUCTION	EURO	198,749,200	Autosstrade per l'Italia SpA	51.00%	44.91%	55.09%	
SOLUCIONA CONSERVACAO RODoviARIA LTDA	MATAO (BRAZIL)	MOTORWAY MAINTENANCE	BRAZILIAN REAL	500,000	AB Concessões SA	100%	50.00%	50.00%	
SREA DO BRASIL PROJETOS E INFRA. ESTRUTURA LIMITADA	SAO PAULO (BRAZIL)	INTEGRATED TECHNICAL AND ENGINEERING SERVICES	BRAZILIAN REAL	1,000,000	Srea Engineering SpA	99.99%			
SREA ENGINEERING SPA	ROME	INTEGRATED TECHNICAL AND ENGINEERING SERVICES	EURO	6,966,000	Autosstrade Concessões e Participações Braill Limitada Atlantia SpA Autosstrade per l'Italia SpA	0.01% 60.00% 20.00%	97.49%	2.51%	
STALEPORT AUTOROUTE SARL	LUXEMBOURG (LUXEMBOURG)	MOTORWAY SERVICES	EURO	56,149,500	Aeroporci di Roma SpA	20.00%	61.20%	38.80%	
STALEPORT AUTOSTRADA MAŁOPOLSKA SA	WYŚLOWICE (POLAND)	MOTORWAY OPERATION AND CONSTRUCTION	POLISH ZLOTY	66,753,000	Staleport Autoroute Sarl	100%	61.20%	38.80%	
STALEPORT AUTOSTRADY SA	WYŚLOWICE (POLAND)	HOLDING COMPANY	POLISH ZLOTY	185,446,517	Atlantia SpA	61.20%	61.20%	38.80%	7
TANGENZIALE DI NAPOLI SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	108,077,480	Autosstrade per l'Italia SpA	100%	88.06%	11.94%	
TECH SOLUTIONS INTEGRATORS SAS	PARIS (FRANCE)	CONSTRUCTION, INSTALLATION AND MAINTENANCE OF ELECTRONIC TOLLING SYSTEMS	EURO	2,000,000	Autosstrade per l'Italia SpA	100%	88.06%	11.94%	
TELEPASS SPA	ROME	AUTOMATED TOLLING SERVICES	EURO	26,000,000	Atlantia SpA	100%	100%		
TELEPASS PAY SPA	ROME	DEVELOPMENT, ISSUE AND MANAGEMENT OF ELECTRONIC MONEY INSTRUMENTS AND POSTPAID SERVICES	EURO	702,983	Telepass SpA	100%	100%		
TRIANGULO DO SOL AUTO-ESTRADAS SA	MATAO (BRAZIL)	MOTORWAY OPERATION AND CONSTRUCTION	BRAZILIAN REAL	71,000,000	AB Concessões SA	100%	50.00%	50.00%	
URBANnext SA	CHAMSO (SWITZERLAND)	DESIGN, PRODUCTION AND DEVELOPMENT OF MOBILE TELECOMMUNICATIONS APPLICATIONS FOR URBAN MOBILITY	SWISS FRANC	100,000	Telepass SpA	70.00%	70.00%	30.00%	
VIA4 SA	WYŚLOWICE (POLAND)	MOTORWAY SERVICES	POLISH ZLOTY	500,000	Staleport Autoroute Sarl	55.00%	33.66%	66.34%	

(6) The company is listed on the Warsaw Stock Exchange.

3. Consolidated financial statements as at
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NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN SHARES/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2017
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD						
Associates						
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%
BIURO CENTRUM SP. Z O.O.	KATOWICE (POLAND)	ADMINISTRATIVE SERVICES	POLISH ZLOTY	80,000	Stateport Autostrady SA	40.63%
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	46.60%
AEROPORTO GUGLIELMO MARCONI DI BOLOGNIA SPA	BOLOGNA	MANAGEMENT OF BOLOGNIA AIRPORT	EURO	90,314,462	Atlantia SpA	29.38%
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%
CONCESSIONARIA RODOVIAS DO TIETÉ SA	SÃO PAULO (BRAZIL)	MOTORWAY OPERATION AND CONSTRUCTION	BRAZILIAN REAL	303,578,476	AB Concessões SA	50.00%
GEE DEL TRAFORO DEL MONTE BIANCO	COURMAYEUR (AOSTA)	MAINTENANCE AND OPERATION OF MONT BLANC TUNNEL	EURO	2,000,000	Società Italiana per Azioni per il Traforo del Monte Bianco	50.00%
PUNE SOLAPUR EXPRESSWAYS PRIVATE LIMITED	PATAS - DISTRICT PUNE - MAHARASHTRA (INDIA)	MOTORWAY OPERATION AND CONSTRUCTION	INDIAN RUPEE	100,000,000	Atlantia SpA	50.00%

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN SHARES/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017
INVESTMENTS ACCOUNTED FOR AT COST OR FAIR VALUE						
Unconsolidated subsidiaries						
DOMINO Srl	ROME	INTERNET SERVICES	EURO	10,000	Atlantia SpA	100%
GEMINA FIDUCIARY SERVICES SA	LUXEMBOURG (LUXEMBOURG)	TRUST COMPANY	EURO	150,000	Atlantia SpA	99.99%
PAVIMENTAL EST AO (IN LIQUIDATION)	MOSCOW (RUSSIA)	MOTORWAY CONSTRUCTION AND MAINTENANCE	RUSSIAN ROUBLE	4,200,000	Pavimental SpA	100%
PETROSTAL SA (IN LIQUIDATION)	WARSAW (POLAND)	REAL ESTATE SERVICES	POLISH ZLOTY	2,050,500	Stalexport Autostrady SA	100%

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NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN SHARES/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017
Other investments						
AEROPORTO DI GENOVA SPA	GENOVA	AIRPORT MANAGEMENT	EURO	7,746,900	Aeroporto di Roma SpA	15.00%
CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI SpA	LIVORNO	FREIGHT LOGISTICS	EURO	11,756,695	Società Autostrada Tirrenica Pa	0.43%
COMPAGNIA AEREA ITALIANA SpA	FIUMICINO	AIR TRANSPORT	EURO	3,526,846	Atlantia SpA	6.52%
CZPPA SAS	PARIS (FRANCE)	FIRE SERVICE TRAINING	EURO	460,000	Aéroports de la Côte d'Azur	3.26%
DIRECTIONAL CAPITAL HOLDINGS (IN LIQUIDATION)	CHANNEL ISLANDS (USA)	FINANCIAL COMPANY	EURO	150,000	Atlantia SpA	5.00%
EMITTENTI TITOLI SpA (IN LIQUIDATION)	MILAN	INVESTMENT IN EORSA SPA	EURO	4,264,000	Atlantia SpA	7.24%
FIRENZE PARCHEGGI SpA	FLORENCE	CAR PARK MANAGEMENT	EURO	25,595,158	Atlantia SpA	5.47%
HUTA JEDNOŚĆ SA	SIEMIANOWICE (POLAND)	STEEL TRADING	POLISH ZLOTY	27,200,000	Stalport Autostrady SA	2.40%
INWEST STAR SA (IN LIQUIDATION)	STARCHOWICE (POLAND)	STEEL TRADING	POLISH ZLOTY	11,700,000	Stalport Autostrady SA	0.26%
LUSOPONTE - CONCESSIONARIA PARA A TRAVESSIA DO TEJO	SA MONTIJO (PORTUGAL)	MOTORWAY OPERATOR	EURO	25,000,000	Autostrade Portugal - Concessionários de Infraestruturas SA	17.21%

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN SHARES/UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017
Other Investments						
LIGABUE GATE GOURMET ROMA SpA (IN FALLIMENTO)	TESSERA	AIRPORT CATERING	EURO	103,200	Aeroporti di Roma SpA	20.00%
KONSORCIUM AUTOSTRADA ŚLĄSK SA (IN LIQUIDATION)	KATOWICE (POLAND)	MOTORWAY OPERATION AND CONSTRUCTION	POLISH ZLOTY	1,987,300	Stalexport-Autostrady SA	5.43%
S.A.CAL SpA	LAMEZIA TERME	AIRPORT MANAGEMENT	EURO	12,911,558	Aeroporti di Roma SpA	9.95%
SOCIETA' DI PROGETTO BREBEMI SpA	BRESCIA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	180,000,000	Spea Engineering SpA	0.06%
TANGENZIALE ESTERNA SpA	MILAN	MOTORWAY OPERATION AND CONSTRUCTION	EURO	464,945,000	Autostrade per l'Italia SpA Pavimental SpA	0.25% 1.00%
TANGENZIALI ESTERNE DI MILANO SpA	MILAN	CONSTRUCTION AND OPERATION OF MILAN RING ROAD	EURO	220,344,608	Autostrade per l'Italia SpA	13.67%
UIRNET SpA	ROME	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%
WALCOWNIA RUR. JEDNOŚĆ SP. Z O.	SIEMIANOWICE (POLAND)	STEEL TRADING	POLISH ZLOTY	220,590,000	Stalexport-Autostrady SA	0.01%
ZAKLADY METALOWE DEZAMET SA	NOWA DEBA (POLAND)	STEEL TRADING	POLISH ZLOTY	19,241,750	Stalexport-Autostrady SA	0.26%

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NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017
CONSORTIA						
CONSORCIO ANHANGUERA NORTE	RIBERA DO PRETO (BRAZIL)	CONSTRUCTION CONSORTIUM	BRAZILIAN REAL	-	Autostrade Concessiones 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 Triforo del Monte Bianco Raccordo Autostradale Valle d'Aosta SpA Società Autostrada Tirrenica Pa Autostrade Meridionali SpA Aeroporti di Roma SpA Pavimental SpA	27.30% 2.00% 1.90% 1.10% 0.30% 0.90% 1.00% 1.00%
CONSORZIO COSTRUTTORI TEEM	TORTONA	MOTORWAY CONSTRUCTION AND ACTIVITIES	EURO	10,000	Pavimental SpA	1.00%
CONSORZIO E.T.L. - EUROPEAN TRANSPORT LAW (IN LIQUIDATION)	ROME	STUDY OF EUROPEAN TRANSPORT LEGISLATION	EURO	8,879	Aeroporti di Roma SpA	25.00%
CONSORZIO GAULEO SCARL (IN LIQUIDATION)	TODI	CONSTRUCTION OF AIRPORT APRONS	EURO	10,000	Pavimental SpA	40.00%
CONSORZIO ITALTECHASUD (IN LIQUIDATION)	ROME	CONTROL OF IRPINIA EARTHQUAKE FUNDS	EURO	51,646	Spea Engineering SpA	20.00%
CONSORZIO MIDRA	FLORENCE	SCIENTIFIC RESEARCH FOR DEVICE BASE TECHNOLOGIES	EURO	73,989	Autostrade Tech SpA	33.33%
CONSORZIO NUOVA ROMA ENGINEERING	MONSELICE	MOTORWAY DESIGN	EURO	60,000	Spea Engineering SpA	16.67%
CONSORZIO PEDEMONTANA ENGINEERING	VERONA	DESIGN OF PEDEMONTANA VENETA MOTORWAY	EURO	20,000	Spea Engineering SpA	23.54%
CONSORZIO RAMONTI SCARL (IN LIQUIDATION)	TORTONA	MOTORWAY CONSTRUCTION	EURO	10,000	Pavimental SpA	49.00%

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017 (IN UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/ CONSORTIUM FUND AS AT 31 DECEMBER 2017
CONSORTIA						
CONSORZIO F.F.C. (IN LIQUIDATION)	TORTONA	CONSTRUCTION OF MOROCCAN ROAD NETWORK	EURO	510,000	Pavimental SpA	30.00%
CONSORZIO SPEA-GARIBELLO	SAO PAULO (BRAZIL)	INTEGRATED TECHNICAL ENGINEERING SERVICES - HIGHWAY NG-050	BRAZILIAN REAL	-	SPEA do Brasil Projetos e Infra Estrutura Limitada	50.00%
CONSORZIO TANGENZIALE ENGINEERING	MILAN	INTEGRATED TECHNICAL ENGINEERING SERVICES - MILAN EXTERNAL RING ROAD EAST	EURO	20,000	Spea Engineering SpA	30.00%
CONSORZIO 2050	ROME	MOTORWAY DESIGN	EURO	50,000	Spea Engineering SpA	0.50%
COSTRUZIONI IMPIANTI AUTOSTRADALI SCARL	ROME	CONSTRUCTION OF PUBLIC WORKS AND INFRASTRUCTURE	EURO	10,000	Pavimental SpA Autostrade Tech SpA Pavimental Polska Sp. z o.o.	75.00% 20.00% 5.00%
ELMAS SCARL (IN LIQUIDATION)	ROME	CONSTRUCTION AND MAINTENANCE OF AIRPORT RUNWAYS AND APRONS	EURO	10,000	Pavimental SpA	60.00%
IDROELETTRICA SCARL	CHATILLON (AOSTA)	ELECTRICITY GENERATION	EURO	50,000	Raccordo Autostradale Valle d'Aosta SpA	0.10%
LAMBRO SCARL	TORTONA	OPERATION AND CONSTRUCTION ON BEHALF OF TEEM CONSTRUCTION CONSORTIUM	EURO	200,000	Pavimental SpA	2.78%
SAT LAVORI SCARL (IN LIQUIDATION)	ROME	CONSTRUCTION CONSORTIUM	EURO	100,000	Societa Autostrada Tirrenica p.A.	1.00%
INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS						
DOMI MAKLEFSKI BDM SA	BIELSKO-BIALA (POLAND)	HOLDING COMPANY	POLISH ZLOTY	19,796,924	Saleoport Autostrady SA	2.71%
STRADA DEI PAROCHI SPA	ROME	MOTORWAY OPERATION AND DESIGN	EURO	48,114,240	Autostrade per l'Italia SpA	2.00%

ANNEX 2

DISCLOSURES PURSUANT TO ART.149-*DUODECIES* OF THE CONSOB REGULATIONS FOR ISSUERS II971/I999

Informazioni ai sensi dell'art.149-*duodecies* del Regolamento Emittenti di Consob

Atlantia SpA

Type of service	PROVIDER OF SERVICE	Note	FEES (€000)
Audit	Parent Company's auditor		48
Certification	Parent Company's auditor	(1)	23
Other services	Parent Company's auditor	(2)	1,103
Other services	Associate of Parent Company's auditor	(3)	24
Total Atlantia SpA			1,198

Subsidiaries

Type of service	PROVIDER OF SERVICE	Note	FEES (€000)
Audit	Parent Company's auditor		521
Audit	Associate of Parent Company's auditor		500
Certification	Parent Company's auditor	(4)	23
Other services	Parent Company's auditor	(5)	116
Other services	Associate of Parent Company's auditor	(6)	170
Total subsidiaries			1,330
Total Atlantia Group			2,528

(1) Opinion on payment of interim dividends.

(2) In relation to the offer, in cash and/or shares, for the shares of Abertis Infraestructuras, the fairness opinion in accordance with art. 2441 of the Italian Civil Code and checks on pro forma financial information. In addition, as in previous years, this includes signature of consolidated and 770 tax forms, agreed upon procedures on data and accounting information, checks carried out to meet the requirements for tenders in which the Group has taken part, the review of the sustainability report and a comfort letter on the offering circular.

(3) Audit of internal control system.

(4) Opinion on payment of interim dividends.

(5) Signature of consolidated and 770 tax forms, comfort letter on offering circular, agreed upon procedures for data and accounting information.

(6) Audit of internal control system and agreed upon procedures for data and accounting information.

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**SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DICEMBRE 2017:
FINANCIAL STATEMENTS AND NOTES**

FINANCIAL STATEMENTS

Statement of financial position (I)

€	31 December 2017	31 December 2016
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6,761,503	7,074,276
Property, plant and equipment	1,771,491	330,619
Investment property	4,990,012	6,743,657
Intangible assets	219,680	222,327
Investments	9,698,936,908	10,807,961,770
Non-current financial assets	617,502,740	1,332,891,592
Non-current derivative assets	53,320,952	42,319,440
Other non-current financial assets	564,181,788	1,290,572,152
Other non-current assets	31,912,517	213,728
TOTAL NON-CURRENT ASSETS	10,355,333,348	12,148,363,693
CURRENT ASSETS		
Trading assets	9,569,223	5,461,485
Trade receivables	9,569,223	5,461,485
Cash and cash equivalents	3,093,377,586	219,499,476
Cash	2,185,929,118	13,959,488
Cash equivalents	900,000,000	-
Intercompany current account receivables due from related parties	7,448,468	205,539,988
Current financial assets	1,009,973,271	12,872,134
Current portion of medium/long-term financial assets	1,000,802,065	4,489,939
Current derivative assets	528,465	-
Other current financial assets	8,642,741	8,382,195
Current tax assets	120,225,722	87,348,022
Other current assets	1,134,963	758,909
Non-current assets held for sale or related to discontinued operations	-	-
TOTAL CURRENT ASSETS	4,234,280,765	325,940,026
TOTAL ASSETS	14,589,614,113	12,474,303,719

(1) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions on Atlantia SpA's statement of financial position are 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 8.2.

Statement of financial position

€	31 December 2017	31 December 2016
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	825,783,990	825,783,990
Reserves and retained earnings	8,590,375,177	8,470,237,330
Treasury shares	-169,488,480	-106,873,651
Profit/(Loss) for the year net of interim dividends	2,256,191,374	556,778,538
TOTAL EQUITY	11,502,862,061	9,745,926,207
NON-CURRENT LIABILITIES		
Non-current provisions	644,352	599,077
Non-current provisions for employee benefits	644,352	599,077
Non-current financial liabilities	1,732,021,060	989,223,884
Bond issues	1,732,020,317	989,223,884
Non-current derivative liabilities	743	-
Deferred tax liabilities	13,285,448	12,694,596
Other non-current liabilities	5,714,800	2,444,981
TOTAL NON-CURRENT LIABILITIES	1,751,665,660	1,004,962,538
CURRENT LIABILITIES		
Trading liabilities	23,467,986	8,539,626
Trade payables	23,467,986	8,539,626
Current provisions	1,623,522	1,731,253
Current provisions for employee benefits	156,767	124,498
Other current provisions	1,466,755	1,606,755
Current financial liabilities	1,134,993,346	1,606,840,485
Bank overdrafts repayable on demand	-	203
Short-term borrowings	100,000,000	1,600,000,000
Current portion of medium/long-term financial liabilities	1,020,423,379	5,134,441
Derivative liabilities	14,039,925	1,119,586
Other current financial liabilities	530,042	586,255
Current tax liabilities	151,640,605	80,966,233
Other current liabilities	23,360,933	25,337,377
Liabilities related to discontinued operations	-	-
TOTAL CURRENT LIABILITIES	1,335,086,392	1,723,414,974
TOTAL LIABILITIES	3,086,752,052	2,728,377,512
TOTAL EQUITY AND LIABILITIES	14,589,614,113	12,474,303,719

4. Separate financial statements as at and for the year ended 31 December 2017

Income statement (2)

€	2017	2016
REVENUE		
Operating revenue	2,876,154	2,170,014
TOTAL REVENUE	2,876,154	2,170,014
COSTS		
Raw and consumable materials	-51,124	-60,855
Service costs	-22,414,376	-12,325,812
Staff costs	-24,450,871	-21,429,237
Other operating costs	-7,768,241	-4,405,408
Lease expense	-1,127,149	-1,006,800
Other	-6,641,092	-3,398,608
Amortisation and depreciation	-353,031	-468,092
Depreciation of property, plant and equipment	-105,856	-135,418
Depreciation of investment property	-244,529	-330,027
Amortisation of intangible assets	-2,646	-2,647
TOTAL COSTS	-55,037,643	-38,689,404
OPERATING PROFIT/(LOSS)	-52,161,489	-36,519,390
Financial income	2,955,851,076	1,440,006,993
Dividends received from investees	1,799,809,135	979,790,732
Gains on sale of investments	1,052,052,222	-
Reversals of impairment losses on financial assets and investments	11,824,000	-
Other financial income	92,165,719	460,216,261
Financial expenses	-131,114,581	-485,740,195
Financial expenses from discounting of provisions	-6,142	-10,986
Impairment losses on investments	-3,996,011	-31,509,045
Other financial expenses	-127,112,428	-454,220,164
Foreign exchange gains/(losses)	-554,350	219,648
FINANCIAL INCOME/(EXPENSES)	2,824,182,145	954,486,446
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	2,772,020,656	917,967,056
Income tax (expense)/benefit	-49,710,314	1,262,940
Current tax expense	-48,883,900	-5,702,040
Differences on tax expense for previous years	-893,150	6,746,524
Deferred tax income and expense	66,736	218,456
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	2,722,310,342	919,229,996
Profit/(Loss) from discontinued operations	-	-
PROFIT FOR THE YEAR	2,722,310,342	919,229,996

(2) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions on Atlantia SpA's income statement are shown in the income statement, expressed in thousands of euros, on the following pages. The impact is also described in further detail in note 8.2.

Statement of cash flows (3)

€	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	2,722,310,342	919,229,996
Adjusted by:		
Amortisation and depreciation	353,031	468,092
Operating change in provisions	113,664	72,626
Financial expenses from discounting of provisions	6,142	10,986
Impairment losses/(Reversal of impairment losses) on financial assets and investments	-7,827,989	31,438,822
(Gains)/Losses on sale of non-current assets	-1,052,052,222	-
Net change in deferred tax (assets)/liabilities through profit or loss	-66,736	-218,456
Other non-cash costs (income)	-749,981,325	3,316,699
Change in working capital and other changes	45,721,541	35,076,843
Net cash generated from/(used in) operating activities [a]	958,576,448	989,395,608
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchases of property, plant and equipment	-37,612	-
Purchase of investments	-265,164,901	-1,998,487,311
Proceeds from distribution of reserves by subsidiaries	1,101,311,641	-
Proceeds from sale of interests in investees	2,091,164,252	-
Net change in other non-current assets	-31,698,789	61,209
Net change in current and non-current financial assets	-271,019,817	1,318,382,441
Net cash generated from/(used in) investing activities [b]	2,624,554,774	-680,043,661
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
(Purchase)/Sale of treasury shares	-84,171,450	-77,202,284
Dividends paid	-899,151,901	-757,507,762
Proceeds from exercise of rights under share-based incentive plans	16,608,985	3,979,499
Issuance of bonds	1,731,030,981	-
Increase in short-term borrowings	100,000,000	1,600,000,000
Redemption of bonds	-	-1,100,572,000
Net change in other current and non-current financial liabilities	-1,573,569,524	-176,029,583
Net cash generated used in financing activities [c]	-709,252,909	-507,332,130
Increase/(Decrease) in cash and cash equivalents [a+b+c]	2,873,878,313	-197,980,183
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	219,499,273	417,479,456
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	3,093,377,586	219,499,273

(3) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions on Atlantia SpA's statement of cash flows is shown in the statement of cash flows, expressed in thousands of euros, on the following pages.

4. Separate financial statements as at and for the year ended 31 December 2017

Statement of financial position

€000	NOTE	31 December 2017	of which related party transactions	31 December 2016	of which related party transactions
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5.1	6,762		7,074	
Property, plant and equipment		1,772		330	
Investment property		4,990		6,744	
Intangible assets	5.2	220		222	
Investments	5.3	9,698,937		10,807,963	
Non-current financial assets	5.4	617,504		1,332,892	
Non-current derivative assets		53,321		42,320	
Other non-current financial assets		564,183	540,203	1,290,572	1,289,634
Other non-current assets	5.5	31,913		214	
TOTAL NON-CURRENT ASSETS		10,355,336		12,148,365	
CURRENT ASSETS					
Trading assets	5.6	9,569		5,462	
Trade receivables		9,569	8,153	5,462	4,327
Cash and cash equivalents	5.7	3,093,378		219,498	
Cash		2,185,930		13,959	
Cash equivalents		900,000	500,000	-	-
Intercompany current account receivables due from related parties		7,448	7,448	205,539	205,539
Current financial assets	5.4	1,009,972		12,872	
Current portion of medium/long-term financial assets		1,000,801	1,000,137	4,490	3,906
Current derivative assets		528		-	
Other current financial assets		8,643	8,522	8,382	8,306
Current tax assets	5.8	120,225	87,311	87,348	16,084
Other current assets	5.9	1,135		759	
Non-current assets held for sale or related to discontinued operations		-		-	
TOTAL CURRENT ASSETS		4,234,279		325,939	
TOTAL ASSETS		14,589,615		12,474,304	

Statement of financial position

€000	NOTE	31 December 2017	of which related party transactions	31 December 2016	of which related party transactions
EQUITY AND LIABILITIES					
EQUITY					
Issued capital		825,784		825,784	
Reserves and retained earnings		8,590,376		8,470,237	
Treasury shares		-169,489		-106,874	
Profit/(Loss) for the year net of interim dividends		2,256,191		556,779	
TOTAL EQUITY	5.10	11,502,862		9,745,926	
NON-CURRENT LIABILITIES					
Non-current provisions	5.11	644		599	
Non-current provisions for employee benefits		644		599	
Non-current financial liabilities	5.12	1,732,021		989,224	
Bond issues		1,732,021		989,224	
Deferred tax liabilities	5.13	13,285		12,695	
Other non-current liabilities	5.14	5,715	1,442	2,445	951
TOTAL NON-CURRENT LIABILITIES		1,751,665		1,004,963	
CURRENT LIABILITIES					
Trading liabilities	5.15	23,468		8,540	
Trade payables		23,468	5,782	8,540	4,159
Current provisions	5.11	1,624		1,731	
Current provisions for employee benefits		157		124	
Other current provisions		1,467		1,607	
Current financial liabilities	5.12	1,134,994		1,606,841	
Short-term borrowings		100,000		1,600,000	
Current portion of medium/long-term financial liabilities		1,020,424		5,134	
Derivative liabilities		14,040	528	1,120	-
Other current financial liabilities		530		587	
Current tax liabilities	5.8	151,641	51,714	80,966	80,966
Other current liabilities	5.16	23,361	12,053	25,337	14,792
Liabilities related to discontinued operations		-		-	
TOTAL CURRENT LIABILITIES		1,335,088		1,723,415	
TOTAL LIABILITIES		3,086,753		2,728,378	
TOTAL EQUITY AND LIABILITIES		14,589,615		12,474,304	

4. Separate financial statements as at and for the year ended 31 December 2017

Income statement

€000	NOTE	2017	of which related party transactions	2016	of which related party transactions
REVENUE					
Operating revenue	6.1	2,876	2,117	2,170	1,893
TOTAL REVENUE		2,876		2,170	
COSTS					
Raw and consumable materials	6.2	-51		-61	
Service costs	6.3	-22,414	-2,924	-12,326	-2,158
Staff costs	6.4	-24,451	-2,737	-21,429	-4,294
Other operating costs	6.5	-7,768		-4,406	
Lease expense		-1,127	-716	-1,006	-598
Other		-6,641		-3,400	
Amortisation and depreciation		-354		-468	
Depreciation of property, plant and equipment	5.1	-106		-135	
Depreciation of investment property	5.1	-245		-330	
Amortisation of intangible assets	5.2	-3		-3	
TOTAL COSTS		-55,038		-38,690	
OPERATING PROFIT/(LOSS)		-52,162		-36,520	
Financial income		2,955,851		1,440,007	
Dividends received from investees		1,799,809		979,791	
Gains on sale of investments		1,052,052		-	
Reversals of impairment losses on financial assets and investments		11,824		-	
Other financial income		92,166	73,341	460,216	360,149
Financial expenses		-131,115		-485,740	
Financial expenses from discounting of provisions		-6		-11	
Impairment losses on investments		-3,996		-31,509	
Other financial expenses		-127,113	-4,764	-454,220	-55,751
Foreign exchange gains/(losses)		-554		220	
FINANCIAL INCOME/(EXPENSES)	6.6	2,824,182		954,487	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		2,772,020		917,967	
Income tax (expense)/benefit	6.7	-49,710		1,263	
Current tax expense		-48,884		-5,702	
Differences on tax expense for previous years		-893		6,746	
Deferred tax income and expense		67		219	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		2,722,310		919,230	
Profit/(Loss) from discontinued operations		-		-	
PROFIT FOR THE YEAR		2,722,310		919,230	
€	NOTE	2017		2016	
Basic earnings per share	6.8	3.33		1.12	
of which:					
- from continuing operations		3.33		1.12	
- from discontinued operations		-		-	
Diluted earnings per share	6.8	3.33		1.11	
of which:					
- from continuing operations		3.33		1.11	
- from discontinued operations		-		-	

Statement of comprehensive income

€000		2017	2016
Profit for the year	(A)	2,722,310	919,230
Fair value gains/(losses) on cash flow hedges		2,224	-2,483
Tax effect of fair value gains/(losses) on cash flow hedges		-657	743
Deferred tax effect of issuer substitution on cash flow hedges		-	21,888
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	1,567	20,148
Gains/(losses) from actuarial valuations of provisions for employee benefits		-4	-15
Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits		-	4
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	(C)	-4	-11
Reclassification of the cash flow hedge reserve arising from issuer substitution		-	-71,418
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	-	-71,418
Total other comprehensive income/(loss) for the year	(E=B+C+D)	1,563	-51,281
Comprehensive income for the year	(A+E)	2,723,873	867,949

4. Separate financial statements as at and for the year ended 31 December 2017

Statement of changes in equity

€000	Issued capital	Reserves and retained earnings										Reserves and retained earnings	Treasury shares	Profit for the year after payment of interim dividend	Total equity
		Share premium reserve	Legal reserve	Extraordinary reserve	Reserve for purchase of treasury shares	Merger reserve	Cash flow hedge reserve	Reserve for actuarial gains and losses on post-employment benefits	Restricted reserve for Contingent Value Rights	Other reserves	Retained earnings				
Balance as at 31 December 2015	825,784	154	261,410	4,983,981	38,985	2,987,182	55,801	-458	18,456	77,163	94,783	8,517,467	-38,985	404,064	9,708,330
Comprehensive income for the year															
Owner transactions and other changes															
Final dividend for 2015 (€0.480 per share)	-	-	-	-	-	-	-51,270	-11	-	-	-	-51,281	-	919,230	867,949
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-395,316	-395,316
Closure of the reserve for purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	8,748	8,748	-	-8,748	-
Interim dividend (€0.440 per share)	-	-	-	38,985	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other minor changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based incentive plans	-	-	-	-	-	-	-	-30	-	-	30	-	-	-	-
Valuation	-	-	-	-	-	-	-	-	-	2,142	2,142	2,142	-	-	2,142
Exercise/conversion/lapse of options/units	-	-	-	-	-	-	-	-	-	-5,604	271	-5,333	9,313	-	3,980
Reclassification for options/units settled in cash	-	-	-	-	-	-	-	-	-	-1,506	-1,506	-1,506	-	-	-1,506
Balance as at 31 December 2016	825,784	154	261,410	5,022,976	-	2,987,182	4,531	-499	18,456	72,195	103,832	8,470,237	-106,874	556,779	9,745,928
Comprehensive income for the year															
Owner transactions and other changes															
Final dividend for 2016 (€0.530 per share)	-	-	-	-	-	-	1,567	-4	-	-	-	-	-	2,722,310	2,723,873
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-433,012	-433,012
Interim dividend (€0.570 per share)	-	-	-	-	-	-	-	-	-	-	123,767	123,767	-	-123,767	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based incentive plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation	-	-	-	-	-	-	-	-	-	144	144	144	-	-	144
Exercise/conversion/lapse of options/units	-	-	-	-	-	-	-	-	-	-6,073	1,125	-4,948	21,557	-	16,609
Reclassification for options/units settled in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	825,784	154	261,410	5,022,976	-	2,987,182	6,088	-503	18,456	65,879	228,724	8,590,376	-169,489	2,256,181	11,502,862

Statement of cash flows

€000	NOTE	2017	of which related party transactions	2016	of which related party transactions
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the year		2,722,310		919,230	
Adjusted by:					
Amortisation and depreciation		354		468	
Operating change in provisions		114		73	
Financial expenses from discounting of provisions	6.6	6		11	
Impairment losses/(Reversal of impairment losses) on financial assets and investments	6.6	-7,828	-11,824	31,439	21,089
(Gains)/Losses on sale of non-current assets	6.6	-1,052,052		-	
Net change in deferred tax (assets)/liabilities through profit or loss	6.7	-67		-219	
Other non-cash costs (income)		-749,982	-763,539	3,316	-
Change in working capital and other changes		45,722	104,833	35,078	106,245
Net cash generated from/(used in) operating activities [a]	7.1	958,577		989,396	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Purchases of property, plant and equipment	5.1	-38		-	
Purchase of investments		-265,165	-261,169	-1,998,487	-1,988,865
Proceeds from distribution of reserves by subsidiaries	5.3	1,101,312		-	
Proceeds from sale of interests in investees		2,091,164		-	
Net change in other non-current assets		-31,699		61	
Net change in current and non-current financial assets		-271,020	-247,016	1,318,382	1,336,994
Net cash generated from/(used in) investing activities [b]	7.1	2,624,554		-680,044	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
(Purchase)/Sale of treasury shares	5.10	-84,172		-77,202	
Dividends paid		-899,153		-757,507	
Proceeds from exercise of rights under share-based incentive plans	5.10	16,609		3,980	
Issuance of bonds	5.12	1,731,031		-	
Increase in short-term borrowings	5.12	100,000		1,600,000	
Redemption of bonds		-		-1,100,572	
Net change in other current and non-current financial liabilities		-1,573,566	528	-176,033	-
Net cash used in financing activities [c]	7.1	-709,251		-507,334	
Increase/(Decrease) in cash and cash equivalents [a+b+c]		2,873,880		-197,982	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		219,498		417,480	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		3,093,378		219,498	

Additional information on the statement of cash flows

€000	NOTE	2017	2016
Income taxes paid to/(refunded by) the tax authorities		226,390	328,684
Income taxes refunded by/(paid to) companies participating in tax consolidation		214,410	328,040
Interest and other financial income collected		78,781	668,026
Interest and other financial expenses paid		82,119	637,161
Dividends received		1,044,739	979,791
Foreign exchange gains collected		174	818
Foreign exchange losses incurred		88	829

Reconciliation of net cash and cash equivalents

€000	NOTE	2017	2016
Net cash and cash equivalents at beginning of year		219,498	417,480
Cash and cash equivalents	5.7	219,498	417,480
Net cash and cash equivalents at end of year		3,093,378	219,498
Cash and cash equivalents	5.7	3,093,378	219,498

NOTES

1. INTRODUCTION

Atlantia SpA (or the “Company”) was formed in 2003. The Company’s registered office is in Rome, at Via Nibby, 20. The Company does not have branch offices.

The duration of the Company is currently until 31 December 2050.

The Company, listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA, is a holding company with investments in companies whose business is the construction and operation of motorways, airports and transport infrastructure, parking areas and intermodal systems, or who engage in activities related to the management of motorway or airport traffic.

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. Neither Sintonia SpA nor its direct parent, Edizione Srl, exercise management and coordination of Atlantia SpA.

These financial statements as at and for the year ended 31 December 2017 were approved by the Company’s Board of Directors at its meeting of 23 March 2018.

Due to the fact that the Company has significant controlling interests in other companies, it also prepares Group consolidated financial statements that are presented together with the Company’s separate financial statements.

2. BASIS OF PREPARATION

The financial statements as at and for the year ended 31 December 2017 have been prepared on a going concern basis. They have been prepared in compliance with articles 2 and 4 of Legislative Decree 38/2005 and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force. 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 financial statements consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and these notes, applying the historical cost convention, with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the accounting policies for individual items described in note 3, “Accounting standards and policies applied”. The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities. The income statement is classified by nature of expense, whilst the statement of cash flows has been prepared in application of the indirect method. IFRS have been applied in accordance with the indications provided in the “Conceptual Framework for Financial Reporting”, and no events have occurred that would require exemptions pursuant to paragraph 19 of IAS 1.

CONSOB Resolution 15519 of 27 July 2006 requires that, in addition to the specific requirements of IAS 1 and other IFRS, financial statements must, where material, include separate sub-items providing (i) disclosure of amounts deriving from related party transactions; and, with regard to the income statement, (ii) separate disclosure of income and expenses deriving from events and transactions that are non-recurring in nature, or transactions or events that do not occur on a frequent basis during the normal course of business.

As in 2016, no atypical or unusual transactions, having a material impact on the Company's income statement and statement of financial position, were entered into in 2017, either with third or related parties.

However, in 2017, the Company launched a voluntary public tender offer, in cash and/or shares (hereinafter also the "Offer"), for the entire issued capital of Abertis Infraestructuras, a Spanish-registered company whose shares are listed on Spain's regulated markets. The Offer has not yet come to a conclusion at the date of approval of these separate financial statements as at and for the year ended 31 December 2017 by Atlantia's Board of Directors. The Group has incurred certain expenses in preparing the Offer and these are described in note 4.3, "Voluntary public tender offer, in cash and/or shares for the entire issued capital of Abertis Infraestructuras". This note also illustrates the impact of the above transaction on the Group's results of operations and financial position, based on the assumption that Atlantia's Offer will come to a successful conclusion. The same note describes the eventual impact of a negative outcome to the Offer.

On the other hand, an issuer substitution was completed in 2016, resulting in Autostrade per l'Italia taking Atlantia's place as the issuer of certain bonds entered into by the latter. Whilst this transaction had a significant impact on the financial position, it did not have an impact on the Company's results of operations for that year, as described in more detail in note 4.3, "Issuer substitution", in the separate financial statements as at and for the year ended 31 December 2016.

Amounts in the statement of financial position, income statement and statement of cash flows are shown in euros, whilst amounts in the statement of comprehensive income, 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 financial position in thousands of euros, showing material related party transactions and the impact of non-recurring transactions during the reporting period and in the comparative period, 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. Comparative amounts have not been either restated or reclassified with respect to those presented in the financial statements as at and for the year ended 31 December 2016, as there have not been any events, or significant amendments to the accounting standards applied, resulting in the need to adjust or reclassify prior year amounts.

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 2017. 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 2017 having a material effect on the Company's separate financial statements.

It should be noted that the following new standards and interpretations and/or amendments to existing standards were applicable from 1 January 2017:

- a) IAS 7 – Statement of Cash Flows. The amendments has introduced a requirement to provide a specific disclosure enabling the users of financial statements to assess changes in liabilities arising from financing activities, with the introduction of a specific reconciliation;
- b) IAS 12 – Income Taxes. The amendments to this standard have clarified how to account for deferred tax assets on debt instruments measured at fair value, and how to estimate future taxable profit.

Property, plant and equipment

Property, plant and equipment, including items acquired under finance leases, are stated at purchase 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, whether free of constructions or annexed to civil 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 annual rates of depreciation applied to “Property, plant and equipment” and “Investment property” in 2017 are shown in the table below by asset class.

Property, plant and equipment	Rate of depreciation
Buildings	3%
Industrial and business equipment	20%
Other assets	12%

Property, plant and equipment is tested for impairment, as described 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 requirement is generally satisfied 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 power 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 Company has the intention, the available financial resources and the technical expertise to complete the asset and either use or sell it; (iii) the Company is able to demonstrate that the asset is capable of generating future economic benefits.

Intangible assets are recognised at cost, measured in the same manner as property, plant and equipment, provided that the assets can be identified and their cost reliably determined, are under the entity's control and are able to generate future economic benefits.

Amortisation of 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 annual rate of amortisation used in 2017 is 1.01%.

Intangible assets are tested for impairment, as described below in the note on "Impairment of assets and reversals (impairment testing)", whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

Gains and losses deriving from the disposal of an intangible asset are determined as the difference between the disposal proceeds, less costs to sell, and the carrying amount of the asset and are recognised as income or expense in the income statement at the time of the disposal.

Business combinations and goodwill

Acquisitions of companies or business units are accounted for using the acquisition method, as required by IFRS 3. For this purpose, the identifiable assets acquired and liabilities assumed through business combinations are measured at their respective fair values 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 of the acquired entity. Ancillary costs directly attributable to the business combination are recognized in the income statement when incurred.

Goodwill is initially measured as the positive difference between the acquisition cost, plus the fair value at the acquisition date of any previous non-controlling interests held in the acquiree, and the fair value of net assets acquired.

The goodwill, as measured on the date of acquisition, is allocated to each of the substantially independent cash generating units expected to benefit from the synergies of the business combination.

A negative difference between the cost of the acquisition and the fair value of the net assets acquired is recognised as income in profit or loss in the year of acquisition.

Goodwill on acquisitions of non-controlling interests is included in the carrying amount of the relevant investments.

If the Company is not in possession of all the information necessary to determine the fair value of the assets acquired and the liabilities assumed, these are recognised on a provisional basis in the year in which the business combination is completed and retrospectively adjusted within twelve months of the acquisition date.

After initial recognition, goodwill is no longer amortised and is carried at cost less any accumulated impairment losses, determined as described in the note on impairment 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 attributable 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, to the extent reliably determinable, through other 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 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 financial instruments 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.

Receivables and payables

Receivables are initially recognised at the fair value of the underlying asset, after any directly attributable transaction proceeds, 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 accounted for at the fair value of the underlying 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 fair value of derivatives serving as fair value hedges are recognised in profit or loss.

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

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 assets or issuance of financial 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 Company is no longer involved in their management and has transferred all risks and rewards of ownership.

If there is a modification of one or more terms of an existing financial instrument (including as a result of its novation), it is necessary to conduct a qualitative and quantitative analysis in order to assess whether or not the modification is substantial with respect to the existing terms. In the event of non-substantial modifications, the instrument continues to be accounted for at the previously recognised amortised cost, and the instrument's effective interest rate is remeasured on a prospective basis. If the modifications are substantial, the existing instrument is derecognised and the fair value of the new instrument is recognised, with the related difference recognised in profit or loss.

Financial assets held for trading are recognised and measured at fair value through profit or loss. Other categories of financial assets 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.

Fair value measurement and 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 falls within the application of IFRS 13, the Company applies the following criteria:

- a) identification of the unit of account, defined as the level at which an asset or a liability is aggregated or disaggregated in an IFRS for recognition purposes;
- b) identification of the principal market or, in the absence of such a market, the most advantageous market in which the particular asset or liability to be measured could be traded; unless otherwise indicated, it is assumed that the market currently used coincides with the principal market or, in the absence of such a market, the most advantageous market;
- c) definition for non-financial assets of the highest and best use of the asset; unless otherwise indicated, highest and best use is the same as the asset's current use;
- d) definition of valuation techniques that are appropriate for the measurement of fair value, maximising the use of relevant observable inputs that market participants would use when determining the price of an asset or liability;
- e) determination of the fair value of assets, based on the price that would be received to sell an asset, and of liabilities and equity instruments, based on the price paid to transfer a liability in an orderly transaction between market participants at the measurement date;

- f) inclusion of non-performance risk in the measurement of assets and liabilities and above all, in the case of financial instruments, determination of a valuation adjustment when measuring fair value to include, in addition to counterparty risk (CVA – credit valuation adjustment), the own credit risk (DVA – debit valuation adjustment).

Based on the inputs used for fair value measurement, a fair value hierarchy for classifying the assets and liabilities measured at fair value, or the fair value of which is disclosed in the financial statements, has been identified:

- a) level 1: includes quoted prices in active markets for identical assets or liabilities;
- b) level 2: includes inputs other than quoted prices included within level 1 that are observable, such as the following: i) quoted prices for similar assets or liabilities in active markets; ii) quoted prices for similar or identical assets or liabilities in markets that are not active; iii) other observable inputs (interest rate and yield curves, implied volatilities and credit spreads);
- c) level 3: unobservable inputs. These inputs are used to the extent that observable data is not available. The unobservable data 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 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 own credit risk in the case of financial liabilities.

Treasury shares

Treasury shares are recognised at cost and accounted for as a reduction in equity. The impact of any subsequent sales is recognised in equity.

Provisions

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 has been 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 using a discount rate used that reflects current market assessments 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.

Employee benefits

Short-term employee benefits, provided during the period of employment, are accounted for at 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, if material, and 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 contribution 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 comprehensive income in the period to which it relates.

Non-current assets held for sale, assets and liabilities included in disposal groups or those 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 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, the above assets and liabilities are recognised under the specific IFRS applicable to each asset and liability, and subsequently accounted for at the lower of the carrying amount and estimated fair value. Any impairment losses are recognised immediately in the income statement.

Non-current assets held for sale or for distribution to shareholders and discontinued or discontinuing operations (including investments) are classifiable as “discontinued operations” provided 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 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) to the extent, for sales of goods, that significant risks and rewards of ownership are transferred to the buyer;
- b) the provision of services is prorated to percentage of completion of work. When the amount of the revenue cannot be reliably determined, revenue is recognised only to the extent that expenses are considered to be recoverable;
- c) rental income or royalties, on an accruals basis, based on the agreed terms and conditions of the contract;
- d) interest income (and interest expense) is accrued with reference to amount of the financial asset or liability, in accordance with the effective interest method;
- e) dividend income is recognised when the right to receive payment is established.

Income taxes

Income taxes are recognised on the basis of a realistic 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) 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 profit will be available against which the asset can be utilised;
- b) deferred tax liabilities are always recognised (unless the liability derives from the initial recognition of goodwill or as a result of temporary taxable differences relating to investments in subsidiaries, associates and joint ventures, when the Company has control over the timing of the reversal of the temporary differences and it is likely that the temporary difference will not reverse in the foreseeable future).

Atlantia operates a tax consolidation arrangement, on the basis of Legislative Decree 344/2003.

The current tax assets and liabilities for IRES of the companies included in the consolidation are reported as current tax assets and liabilities, with recognition of a matching receivable or payable due from or to the subsidiary, in connection with the transfer of funds to be carried out as a result of the tax consolidation.

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.

Share-based payment

The cost of services provided by directors and/or employees remunerated through share-based incentive plans, and settled through the award of financial instruments, where the Company has an obligation to settle the transaction, 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 the event that the beneficiaries are directors and employees of subsidiaries, the cost is recorded 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, where the Company has an obligation to settle the transaction, is instead measured at the fair value of the liability assumed and recognised in profit or loss. A contra entry is made in liabilities, over the vesting period, based on a best estimate of the number of options that will vest. Fair value is remeasured at the end of each reporting period until such time as the liability is settled, with any changes recognised in profit or loss. If the beneficiaries are the directors or employees of subsidiaries, where the Company has an obligation to settle the transaction, the cost is recognised as an increase in the value of the investment.

Impairment of assets and reversals (impairment testing)

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

If there are indications that these assets have been impaired, the recoverable amounts of such assets are estimated in order to verify and eventually measure the amount of the impairment loss. Irrespective of whether there is an indication of impairment, intangible assets with indefinite lives and those which are not yet available for use are tested for impairment at least annually, or more frequently, if an event has occurred or there has been a change in circumstances that could cause an impairment.

If it is not possible to estimate the recoverable amounts of individual assets, the recoverable amount of the cash-generating unit to which a particular asset belongs is estimated (Cash Generating Unit – CGU).

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 contrast, in estimating the future cash flow of a CGU, the Company uses after-tax cash flows and discount rates that produce results that are substantially equivalent to those resulting from a pre-tax computation. Impairments are recognised in profit or loss and classified in various ways depending on the nature of the impaired asset.

If there are indications, at the end of the reporting period, that an impairment loss recognised in previous years has been reduced, in full or in part, the recoverability of the carrying amount is tested and any reversal of the impairment loss determined. The reversal may under no circumstances exceed the amount of the impairment loss previously recognised. 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. In this case, the impairment may not be reversed.

Estimates and judgments

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 current and deferred tax assets and liabilities.

The amounts subsequently recognised may, therefore, differ from these estimates. Moreover, these estimates and judgements are periodically reviewed and updated, and the resulting effects of each change immediately recognised in the financial statements.

Translation of foreign currency items

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 the income statement. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historical cost or fair value are translated using the exchange rate at the date of initial recognition.

Earnings per share

Basic earnings per share is computed by dividing profit 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 and interpretations, that have yet to come into effect

As required by IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, this section describes new accounting standards and interpretations, and amendments of existing standards and interpretations that are already applicable, that have yet to come into effect at the reporting date and that may in the future be applied in the Company’s financial statements:

Name of document	Effective date of IASB document	Date of EU endorsement
<i>New accounting standards and interpretations</i>		
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	October 2017
<i>Amendments to existing standards and interpretations</i>		
Amendments to IFRS 2 – Share-based Payment	1 January 2018	Not endorsed
Annual Improvements to IFRSs: 2014 – 2016	1 January 2017 - 2018	February 2018
Annual Improvements to IFRSs: 2015 – 2017	1 January 2019	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:

- the asset is held in conjunction with a business model whose objective is to hold assets in order to collect contractual cash flows; and
- 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.

As a result of the amendment approved on 12 October 2017 (and effective from 1 January 2019), it has been specified that:

- a) in the event of non-substantial modifications to the terms of a financial instrument, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss;
- b) a debt instrument with a prepayment option may comply with the definition of contractual cash flows alone required by IFRS 9 and, as a result, be accounted for at amortised cost or at fair value through other comprehensive income, even when the contract provides for negative compensation for the lender.

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 a particular 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 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.

Annual Improvements to IFRSs: 2015 – 2017

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

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

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

The Company is currently evaluating the effects of the future application of newly issued standards, as well as of revisions and amendments to existing standards. These effects cannot currently be reasonably estimated, with the exception of IFRS 9, IFRS 15 and IFRS 16, to which the following applies.

With regard to the new standard, IFRS 9, the Company has proceeded with an assessment of the potential impact of application of the standard, with reference to the principal financial statement items that may be affected, consisting of financial assets (loans and securities), financial liabilities and derivative financial instruments. The impact of the procedures required by the new standard on the above items has been analysed and, as a result of the tests and evaluations conducted, it is not expected to have a material impact on the Company's financial statements.

With reference to IFRS 15, the Company has substantially completed its assessment of the applicability of the new standard to the various types of existing contracts, and the potential operational and accounting effects. Based on the analyses and evaluations conducted, the adoption of IFRS 15 is not expected to have a material impact on the Company's financial statements.

The Company has also assessed the potential impact of the introduction of IFRS 16. The Company is not a party to significant lease arrangements as a lessee. In addition, with regard to arrangements in which the Company is the lessor, IFRS 16 has not introduced changes to the accounting treatment of lease arrangements by lessors, compared with the requirements of IAS 17. As a result, introduction of the new standard is not currently expected to have a material impact.

4. ACQUISITIONS AND CORPORATE ACTIONS DURING THE PERIOD

4.1 Restructuring of the Group

To complete the restructuring of the Atlantia Group previously described in note 4.1, “Restructuring of the Group”, in the financial statements as at and for the year ended 31 December 2016, which provides further details, the General Meeting of Autostrade per l’Italia’s shareholders held on 25 January 2017 approved the distribution, to Atlantia, of a special dividend in kind, using available equity reserves of €755 million, via the transfer of Autostrade per l’Italia’s entire interests in Autostrade dell’Atlantico and Autostrade Indian Infrastructure Development, amounting to €754 million and €1 million, respectively, and with effect from 1 and 22 March 2017, respectively.

As a matching entry to the above investments, the Company has recognised dividends in its income statement and the related current tax expense of €21 million.

These transactions are classifiable as transactions under common. As the transaction was based on the related carrying amounts, as above, and represents a mere restructuring, without generating added value for any of the parties involved, the Company has not recognised any increase or reduction in the value of its investment in Autostrade per l’Italia.

In addition, on 21 April 2017, the Annual General Meeting of Autostrade per l’Italia’s shareholders approved the distribution of a portion of the subsidiary’s available reserves, by transferring the amount of €1,101 million from the “Reserve for transactions under common control”. This distribution was recognised by the Company as a reduction in the value of its investment in Autostrade per l’Italia (recognising the related current tax expense of €13 million in the income statement). This is in keeping with the accounting treatment used in the financial statements for the year ended 31 December 2016 in relation to the acquisition, from the same subsidiary, of investments in Telepass and Stalexport Autostrady, which gave rise to an increase of €1,101 million in the above “Reserve for transactions under common control”.

4.2 Sale of 11.94% of Autostrade per l’Italia SpA

On 27 April 2017, the Company’s Board of Directors approved the sale of a 5% interest in Autostrade per l’Italia to Appia Investments (a company owned by Allianz, EDF Invest and DIF) and the sale of a further 5% interest in the subsidiary to Silk Road Fund.

Appia Investments was also granted a call option on a further 2.5% interest in Autostrade per l’Italia on the same terms and conditions. This was exercised on completion of the transaction on 26 July 2017, resulting in the sale of a further 1.94% interest. In return for the sale of this non-controlling interest, accounted for at a carrying amount of €723 million, the Company received a consideration of €1,733 million, realising a gain of €1,010 million (before the related taxation of €19 million).

4.3 Voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras

As previously described in more detail in “Other information” in the Report on Operations, in 2017, Atlantia launched a voluntary public tender offer for the shares of Abertis (hereinafter the “Offer”). In view of the competing offer launched by Hochtief and the subsequent agreement entered into by Atlantia, Hochtief and ACS, Actividades de Construcción y Servicios (“ACS”), at the date of approval, by the Board of Directors, of these consolidated financial statements as at and for the year ended 31

December 2017, there is objective uncertainty regarding the future progress and outcome of the Offer. The effects of the transactions entered into in connection with the Offer have, therefore, been recognised in these consolidated financial statements, on the assumption that the Offer will result in Atlantia's acquisition of control of Abertis Infraestructuras.

In particular:

- a) to aid the Company's Board of Directors in its decision-making and for the purposes of preparation of the Offer Prospectus, filed with Spain's stock market regulator, the *Comisión Nacional del Mercado de Valores* ("CNMV") on 4 October 2017 and approved by the CNMV on 9 October 2017, and of the necessary consents required by the legislation applicable to this type of offer (the antitrust authority and the relevant Spanish ministries), in 2017 the Company incurred fees for external consultants totalling €32 million, recognised in "Other non-current assets" in the statement of financial position, on the above assumption that Atlantia's Offer would be successful, given that:
 - 1) the costs directly attributable to the capital increase to service the Offer (the least significant portion) would be recognised as a reduction in equity;
 - 2) the other ancillary costs (representing the largest part of the costs incurred) would be recognised as an increase in the carrying amount of the investment in Abertis Infraestructuras;
- b) to cover the maximum amount payable in cash to Abertis's shareholders who accept the offer, Atlantia obtained acquisition financing from a pool of leading banks under a facility agreement governed by Italian law and signed in May 2017. The facility consisted of four committed lines of credit, amounting to a total of €14.7 billion, which was then reduced to €11.65 billion, following the issue of bonds by Atlantia (July 2017) and the sale of a number of significant equity interests in several consolidated companies and associates, completed in the second half of 2017. Under the commitments given by Atlantia in relation to the financing, an amount equal to the cancelled portion of the credit facility must be exclusively held as cash and cash equivalents until the release of the guarantees granted in relation to the Offer.

In addition, in order to comply with Spanish takeover law, three leading banks have provided bank guarantees, presented to the CNMV to cover the cash amount payable in accordance with the structure of the Offer. These amount to €14.7 billion.

As a result of above financing, the Company recognised the following in 2017:

- 1) financial expenses of €24 million, linked to the accrued commitment fees on the committed financing and fees on the guarantees backing the Offer required by the related regulations;
- 2) non-current financial assets of €23 million, linked to the upfront fees payable on the committed financing, as they have been accounted for as ancillary costs of the financing to be used, again based on the assumption that the Offer will be successful;
- c) to hedge the above committed financing, the Company has entered into Forward-Starting Interest Rate Swaps with a notional value of €2,500 million, hedging against the risk of movements in interest rates, subject to a "deal contingent hedge" provision, which, should the outcome of the Offer not be in the Company's favour, provides that the contract will not be executed and there will be no exchanges of cash flows between the counterparties. These financial instruments, which register fair value losses of €14 million as at 31 December 2017, are classified as non-hedge accounting, as they do not meet all the requirements of IAS 39 for recognition as cash flow hedges.

Should, therefore, the outcome of Atlantia's Offer not be in the Company's favour, the above assets (€32 million recognised in "Other non-current assets" and €23 million in "Other non-current financial assets") accounted for in the financial statements as at and for the year ended 31 December 2017 will be derecognised, with a contra entry in the income statement and the recognition of financial income (amounting to €14 million) as a result of reversal of the fair value losses on the above derivative financial instruments recognised as at 31 December 2017.

Should, however, the transaction be completed, on the terms set out in the agreement entered into by Atlantia, Hochtief and ACS, described in "Other information" in the Report on Operations, the

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accounting effects linked to the above financial assets and liabilities will only be determinable once the final agreements between the parties have been concluded and the transaction completed.

5 . NOTES TO THE STATEMENT OF FINANCIAL POSITION

The following notes provide information on items in the statement of financial position as at 31 December 2017. Comparative amounts as at 31 December 2016 are shown in brackets. Details of items in the consolidated statement of financial position deriving from related party transactions are provided in note 8.2, "Related party transactions".

5.1 Property, plant and equipment

€6,762 thousand (€7,074 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 2017			31 December 2016		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	5,798	-4,026	1,772	4,074	-3,744	330
Investment property	10,439	-5,449	4,990	12,126	-5,382	6,744
Total property, plant and equipment	16,237	-9,475	6,762	16,200	-9,126	7,074

The following table shows amounts for the various categories of property, plant and equipment at the beginning and end of the period, and changes in the carrying amounts.

€000	Carrying amount as at 31 December 2016	Additions	Depreciation	Reclassifications and other adjustments	Carrying amount as at 31 December 2017
Property, plant and equipment					
Land	39	-	-	-	39
Buildings	206	-	-79	1,509	1,636
Industrial and business equipment	61	-	-13	-	48
Other assets	24	38	-14	1	49
Total	330	38	-106	1,510	1,772
Investment property					
Land	1,124	-	-	-	1,124
Buildings	5,620	-	-245	-1,509	3,866
Total	6,744	-	-245	-1,509	4,990
Total property, plant and equipment	7,074	38	-351	1	6,762

The reduction of €312 thousand in the carrying amount of property, plant and equipment compared with 31 December in 2016 essentially reflects depreciation for the year.

"Investment property" essentially includes buildings and land owned by the Company and leased to other Group companies. The total fair value of these assets is estimated to total €12 million based on

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independent appraisals and information on property markets relevant to these types of investment property. This amount is higher than the related carrying amount.

Investment property generated rental income of €704 thousand in 2017, whilst direct maintenance and management costs totalled €155 thousand.

There were no changes in the expected useful lives of these assets during 2016.

Property, plant and equipment as at 31 December 2017 is free of mortgages, liens or other collateral guarantees restricting use.

5.2 Intangible assets

€220 thousand (€222 thousand)

The following table provides details of intangible assets at the beginning and end of the period, showing the original cost and accumulated amortisation at the end of the period.

€000	31 December 2017			31 December 2016		
	Cost	Accumulated amortisation	Carrying amount	Cost	Accumulated amortisation	Carrying amount
Building rights	262	-42	220	262	-40	222
Intangible assets	262	-42	220	262	-40	222

Intangible assets, whose carrying amount is in line with the figure for 31 December 2016, consist solely of building rights for land owned by the Municipality of Florence, which are amortised over the term of the rights.

5.3 Investments

€9,698,937 thousand) (€10,807,963 thousand)

The following tables show:

- amounts at the beginning and end of the period (showing the original cost and any accumulated revaluations and impairments) for the investment held by the Company, classified by category, and the related changes during the year;
- details of investments, showing, as well as other information, percentage interest and the relevant carrying amount as at 31 December 2017 (net of any unpaid, called-up issued capital).

€000	CHANGES DURING THE YEAR										31 December 2017		
	31 December 2016					Cost					Impairments		
	Cost	Accumulated (impairments)	Carrying amount	New acquisitions and additions for consideration or of another nature	Sales	Decrease due to liquidation	Other reductions	Increases due to share-based payment plans	Currency translation differences	(Increases)/Decreases	Cost	Accumulated (impairments)	Carrying amount
Autostade per Italelle Spa	7,154,910	-	7,154,910	-	-722,744	-	-1,101,312	2,086	-	-	5,332,940	-	5,332,940
Aeroporti di Roma Spa	2,815,071	-	2,815,071	96,653	-	-	-	980	-	-	2,912,704	-	2,912,704
Autostade dell'Atlantico Srl	-	-	-	754,584	-	-	-	-	-	-	754,584	-	754,584
Azurra Aeroporti Srl	488,063	-	488,063	-	-135,000	-	-	-	-	-	353,063	-	353,063
Stalcoport Autostady SA	104,843	-	104,843	-	-	-	-	-	-	-	104,843	-	104,843
Telepass Spa	26,564	-	26,564	-	-	-	-	66	-	-	26,630	-	26,630
Fiumicino Energia Srl	7,673	-	7,673	-	-	-	-	-	-	-	7,673	-	7,673
Pavimental Spa	28,697	-21,089	7,608	-	-	-	-	101	-	11,824	28,798	-9,265	19,533
Spea Engineering Spa	3,659	-	3,659	-	-	-	-	75	-	-	3,734	-	3,734
Autostade Italian Infrastructure Development Private Limited	-	-	-	486	-	-	-	-	-	-	486	-	486
Domino Srl	13	-	13	-	-	-	-	-	-	-	13	-	13
Gemina Fiduciary Service SA (1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in subsidiaries (A)	10,629,493	-21,089	10,608,404	851,723	-857,744	-1,101,312	3,308	-	-	11,824	9,525,468	-9,265	9,516,203
SAVE Spa	180,541	-	180,541	-	-180,541	-	-	-	-	-	-	-	-
Aeroporto Guglielmo Marconi di Bologna Spa	-	-	-	164,516	-	-	-	-	-	-	164,516	-	164,516
Investments in associates (B)	180,541	-	180,541	164,516	-180,541	-	-	-	-	-	164,516	-	164,516
Pune Solapur Expressways Private Ltd	16,337	-	16,337	-	-	-	-	-	27	-	16,364	-	16,364
Investments in joint ventures (C)	16,337	-	16,337	-	-	-	-	-	27	-	16,364	-	16,364
Firenze Parohegg Spa	2,582	-728	1,854	-	-	-	-	-	-	-	2,582	-728	1,854
Emittente Tifol Spa (in liquidation)	827	-	827	-	-827	-	-	-	-	-	-	-	-
Compagnia Aerea Italiana Spa	171,871	-471,871	-	3,996	-	-	-	-	-	-3,996	175,867	-175,867	-
Investments in other companies (D)	175,280	-172,599	2,681	3,996	-827	-	-	-	-	-3,996	178,449	-176,595	1,854
Total Investments (A+B+C+D)	11,001,651	-193,688	10,807,963	1,020,235	-1,036,285	-1,101,312	3,308	27	7,828	9,884,797	-185,860	9,698,937	

(1) As at 31 December 2017, provisions of €79 thousand have been made for impairments in excess of the carrying amount of this investment.

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Name	Registered office	Number of shares/units	Par value	Capital/ Consortium fund	Interest (%)	Number of shares/units held	Profit/(Loss) for 2017 (€000) (1)	Equity as at 31 December 2017 (€000) (1)	Carrying amount (€000)
Autostrade per l'Italia SPA	Rome	622,027,000	1.00 euro	622,027,000	88.06%	547,776,698	968,016	1,986,898	5,332,940
Aeroporto di Roma SPA	Fiumicino	62,224,743	1.00 euro	62,224,743	99.38%	61,841,539	243,017	1,100,840	2,912,704
Autostrade dell'Atlantico Srl	Rome	1	1,000,000.00 euro	1,000,000	100.00%	1	2,270	17,6507	754,584
Azurra Aeroporti Srl	Rome	4	-	2,500,000	52.51%	1	27,642	690,431	353,063
Stalexport Autostrady SA	Myskowice (Poland)	247,862,023	0.75 zloty	185,446,517	61.20%	151,323,463	41,426 (2)	87,882 (2)	104,843
Telepass SPA	Rome	26,000,000	1.00 euro	26,000,000	100.00%	26,000,000	66,325	11,5877	26,630
Fiumicino Energia Srl	Fiumicino	741,795	1.00 euro	741,795	87.14%	646,387	2,075	11,653	7,673
Pavimental SPA	Rome	77,818,865	0.13 euro	10,116,452	59.40%	46,223,290	15,794	31,477	19,533
Spesa Engineering SPA	Rome	1,350,000	5.16 euro	6,866,000	60.00%	810,000	6,870	88,349	3,734
Autostrade Indian Infrastructure Development Private Limited	Mumbai (Maharashtra)	10,000	50.00 rupia	500,000	99.99%	9,999	227 (3)	1,160 (3)	486
Domino Srl	Rome	1	-	100,000	100.00%	1	-	5	13
Gemina Fiduciary Services SA	Luxembourg	17,647	-	150,000	99.99%	17,647	-	-	-
Investments in subsidiaries (A)									9,516,203
Aeroporto Guglielmo Marconi di Bologna SPA	Bologna	36,125,665	2.50 euro	90,314,162	29.38%	10,613,628	10,543 (2)	162,286 (2)	164,516
Investments in associates (B)									164,516
Pune Solapur Expressways Private Ltd.	Pune - District Pune - Maharashtra (India)	10,000,000	10.00 rupia	100,000,000	50.00%	5,000,000	-4,530 (3)	1,0879 (3)	16,364
Investments in joint ventures (C)									16,364
Fienze Packaging SPA	Florence	495,550	51.65 euro	25,595,158	5.47%	27,120	236 (2)	34,139 (2)	1,854
Emitente Tfoll SPA (in liquidation)	Milan	8,200,000	0.52 euro	4,264,000	7.24%	594,000	1,043 (2)	11,888 (2)	-
Compagnia Aerea Italiana SpA	Fiumicino	82,769,810,125	-	3,526,846	6.52%	5,396,768,051	-328,448 (2)	-207,180 (2)	-
Investments in other companies (C)									1,854
Investments (A+B+C+D)									9,698,937

(1) The figures have been taken from the latest financial statements approved by the boards of directors of each company.

(2) These figures have been taken from the latest financial statements approved by the board of directors (as at 31 December 2016).

(3) These figures have been taken from the latest financial statements approved (31 March 2017).

The balance of this item is down €1,109,026 thousand compared with 31 December 2016, broadly due to:

- a) a reduction in the investment in Autostrade per l'Italia (€1,821,968 thousand), primarily following:
 - 1) the subsidiary's distribution, mentioned previously in note 4.1 "Restructuring of the Group", of a portion (€1,101,312 thousand) of the reserve for transactions under common control;
 - 2) the sale of a non-controlling interest in the company, accounted for at a carrying amount of €722,744 thousand, for a consideration of €1,733,228 thousand, with further details provided in note 4.2 "Sale of 11.94% of Autostrade per l'Italia SpA";
- b) the sale, to the Principality of Monaco, of a non-controlling interest (12.5%) in Azzurra Aeroporti on 31 July 2017, together with a share of Atlantia's preference rights; compared with the carrying amount of €135,000 thousand, the related consideration amounted to €136,464 thousand;
- c) the sale of the entire interest (22.09%) in SAVE (a carrying amount of €180,541 thousand) for a net consideration of €220,645 thousand, following the public tender offer launched by the investee's majority shareholder in 2017. Of the proceeds of €256,725 thousand received following acceptance of the tender offer, in accordance with the terms of the contracts entered into when Atlantia acquired its interest in SAVE from San Lazzaro Investments and Fondazione Venezia in 2016, a total of €36,080 thousand was used to pay the latter their respective earn-outs;
- d) recognition of the investments in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development, amounting to €754,584 thousand and €486 thousand, respectively, following Autostrade per l'Italia's distribution of a special dividend in kind, as previously described in note 4.1, "Restructuring of the Group";
- e) recognition of the investment in Aeroporto Guglielmo Marconi di Bologna (€164,516 thousand), the company that holds the concession to operate Bologna airport, following the acquisition of a 29.38% interest in August 2017;
- f) the increase in the carrying amount of the investment in Aeroporti di Roma (€97,632 thousand), following the acquisition of interests previously held by the Municipality of Rome and Lazio Regional Authority, amounting to 1.33% each, for a total consideration of approximately €96,630 thousand.

Whilst awaiting the outcome of the Company's Offer for Abertis Infraestructuras SA, the operating costs incurred on the transaction (totalling €31,760 thousand) have been recognised in "Other non-current assets". Further details are provided in note 4.3, "Voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras".

Impairment tests have been conducted on the carrying amounts of investments as at 31 December 2017:

- a) that included goodwill (in this case, IAS 36 requires an impairment test to be conducted at least once a year), or
- b) for which there is evidence of a potential reversal of impairment in relation to impairment carried out in previous years.

There was no evidence of potential impairment losses on other investments.

As regards point a), the carrying amount of the investment in Autostrade per l'Italia has been tested for impairment, given that the carrying amount includes goodwill resulting from the Group's reorganisation in 2003. The carrying amount of the investment in Azzurra Aeroporti (which holds a 52.51% interest in Aéroports de la Côte d'Azur was also tested for impairment, as this indirect investment includes goodwill resulting from the acquisition of the latter company in 2016).

For this purpose, value in use was determined by using the operators' long-term business plans, prepared on the basis of the regulatory mechanisms included in the specific concession arrangements, containing projections for traffic, investment, costs and revenues through to the end of the related concession terms. Use of long-term plans covering the entirety of the companies' 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 concession arrangements,

above all with regard to the regulations governing the sector and the predetermined duration of the arrangements.

With regard to Autostrade per l'Italia, the following table shows the key 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) forming the basis for the above long-term plan. This plan was then used as the basis for estimating the recoverable amount.

	Traffic growth rate (CAGR)	Average annual toll increase	Discount rate
Autostrade per l'Italia	1.24%	2.66% (*)	5.68%

(*) This includes an average annual toll increase of 1.36% based on implementation of the investment programme, in addition to annual toll increases designed to take account of inflation.

The impairment test for Azzurra Aeroporti was carried out on the basis of the pro-rata share of operating cash flows, discounted to present value at a rate of 4.64%, based on the long-term plan prepared by Aéroports de la Côte d'Azur. The plan was drawn up in consideration of the regulatory mechanisms applicable under the terms of the related concession and projects moderate growth in air traffic and revenue.

Both the cash flows and the parameters used to determine the discount rate were primarily based on publically available information from external sources, integrated, where appropriate, by estimates based also on historical data.

The impairment tests confirmed that the carrying amounts of the investments in Autostrade per l'Italia and in Azzurra Aeroporti are fully recoverable. In addition to the above impairment tests, sensitivity analyses were conducted on the recoverable values, increasing the above discount rates by 1% and reducing the average annual rate of traffic growth by 1%. The results of these analyses have not, in Autostrade per l'Italia's case, resulted in any material differences with respect to the outcomes of the above tests. In Azzurra Aeroporti's case, instead, the analysis indicated potential impairment losses on the investment of €44 million in the event of a 1% increase in the discount rate and of €19 million in the event of a 1% reduction in Aéroports de la Côte d'Azur's average annual rate of air traffic growth.

As regards point b), the related impairment test confirmed that the carrying amount of the investment in Pavimental is recoverable.

In terms of the method used in carrying out the impairment tests for this company, which essentially provides support services to the Atlantia Group's operators (with regard to their construction and maintenance activities), 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 or until 2044, without estimating the terminal value.

The projected after-tax cash flows for the subsidiary's long-term plan were discounted to present value using the discount rate of 6.39%, determined on the basis of the requirements of IAS 36.

The impairment test indicated the need to partially reverse the previous impairment loss recognised on the investment in Pavimental, which was written down by €21,089 thousand in 2016. The reversal amounted to €11,824 thousand.

With regard to the investment in Compagnia Aerea Italiana, following injection of the last tranche due under the equity commitment in May 2017, the residual carrying amount of the investment was written off (€3,996 thousand).

In addition to the above, and with regard to investments in subsidiaries and associates, the carrying amounts of the investments in Aeroporti di Roma, Autostrade dell'Atlantico, Stalexport Autostrady and Aeroporto Guglielmo Marconi di Bologna are higher than the matching shares of equity. This difference does not represent an indication of a potential impairment of the value of the investments, which is fully recoverable, taking into account:

- a) in the case of Aeroporti di Roma and Autostrade dell'Atlantico, the estimated present value of the net operating cash flows of the companies and their respective subsidiaries;
- b) in the case of Stalexport Autostrady and Aeroporto Guglielmo Marconi di Bologna, the market price of the shares, which is higher than the average price paid in order to acquire the investments.

5.4 Financial assets

(non-current) €617.504 thousand (€1.332.892 thousand)

(current) €1,009,972 thousand (€12,872 thousand)

MEDIUM/LONG-TERM FINANCIAL ASSETS

(non-current) €617.504 thousand (€1.332.892 thousand)

(current) €1,000,801 thousand (€4,490 thousand)

The following tables provide details of medium/long-term financial assets, showing:

- a) the composition of the balance (the current and non-current portions) and the corresponding face value and maturity, including details of loans to subsidiaries:

4. Separate financial statements as at and for the year ended 31 December 2017

Maturity	31 December 2017					31 December 2016				
	Face value	Carrying amount	Current portion	Non-current portion	Term between 13 and 60 months	Face value	Carrying amount	Current portion	Non-current portion	Term after 60 months
Autostrade per l'Italia loan issued 2012	1,000,000	996,256	996,256	-	-	1,000,000	992,321	992,321	-	-
Autostrade dell'Atlantico loan issued 2017	290,000	258,940	-	258,940	258,940	-	-	-	-	-
Loans to subsidiaries (1)	1,290,000	1,255,196	996,256	258,940	258,940	1,000,000	992,321	992,321	-	992,321
Bonds held (1)(2)	286,682	281,263	-	281,263	-	286,682	287,313	-	-	287,313
Derivative assets (3)	-	53,321	-	53,321	-	-	42,320	-	-	42,320
Accrued income on medium/long-term financial assets (1)	-	4,264	4,264	-	-	-	4,280	4,280	-	-
Other loans and receivables (1)	1,490	1,490	215	1,275	1,275	1,448	1,148	210	-	938
Other medium/long-term financial assets (1)	-	22,781	76	22,705	-	-	-	-	-	-
Medium/long-term financial assets (1)	1,578,172	1,618,305	1,000,801	617,504	260,215	1,287,830	1,337,382	4,480	-	1,332,892

(1) These assets are classified as "loans and receivables" in accordance with IAS 39.

(2) As at 31 December 2017, the Company has entered into interest rate and currency hedges with notional values and maturities matching those of the underlying instrument, and classified as cash flow hedges in accordance with IAS 39. These instruments are included in "Derivative assets".

(3) These assets are classified as hedging derivatives and in level 2 of the fair value hierarchy.

b) the type of interest rate applied, the maturity date and fair value:

€000	MATURITY	31 December 2017		31 December 2016	
		CARRYING AMOUNT (1)	FAIR VALUE (2)	CARRYING AMOUNT (1)	FAIR VALUE (2)
Autostrade per l'Italia loan issued 2012	2018	996,256	1,035,960	992,321	1,071,347
Autostrade dell'Atlantico loan issued 2017	2022	258,940	287,962	-	-
	- fixed rate	1,255,196	1,323,922	992,321	1,071,347
Loans to subsidiaries		1,255,196	1,323,922	992,321	1,071,347
Bonds held		281,263	279,507	297,313	278,329
Non-current derivative assets		53,321	53,321	42,320	42,320
Other loans and receivables		1,490	1,490	1,148	1,148
Accrued income on medium/long-term financial assets		4,254	4,254	4,280	4,280
Other medium/long-term financial assets		22,781	22,781	-	-
Medium/long-term financial assets		1,618,305	1,685,275	1,337,382	1,397,424

(1) The value of medium/long-term financial assets 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 applied in determining the fair values shown in the table are provided in note 3, "Accounting standards and policies applied".

c) a comparison of the face value and the related carrying amount of loans to subsidiaries and bonds held, indicating the related currency and showing the corresponding average and effective interest rates:

€000	31 December 2017				31 December 2016	
	FACE VALUE	CARRYING AMOUNT	AVERAGE INTEREST RATE APPLIED TO 31 DECEMBER 2017 (1)	EFFECTIVE INTEREST RATE AS AT 31 DECEMBER 2017	FACE VALUE	CARRYING AMOUNT
Loans to subsidiaries (€) - Autostrade per l'Italia	1,000,000	996,256	3.93%	4.36%	1,000,000	992,321
Loans to subsidiaries (€) - Autostrade dell'Atlantico	290,000	258,940	2.85%	2.85%	-	-
Loans to subsidiaries	1,290,000	1,255,196	-	-	1,000,000	992,321
Bonds held (sterling)	286,682	281,263	4.26%	1.52%	286,682	297,313

(1) This amount includes the effect of interest rate hedges.

d) changes in the carrying amounts of loans to subsidiaries and bonds held during the period:

4. Separate financial statements as at and for the year ended 31 December 2017

€000	CARRYING AMOUNT AS AT 31 DECEMBER 2016 ⁽¹⁾	ADDITIONS	REPAYMENTS RECEIVED	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	CARRYING AMOUNT AS AT 31 DECEMBER 2017 ⁽¹⁾
Loans to subsidiaries	992,321	351,898	-101,427	12,404	1,255,196
Bonds held	297,313	-	-	-16,050 ⁽²⁾	281,263

⁽¹⁾ The loans shown in the table include both the non-current and current portions.

⁽²⁾ This item includes the accrued portion of the premium paid to bondholders in 2015, amounting to €7,273 thousand, and the negative impact of exchange rate movements, totalling €8,777 thousand.

Medium/long-term financial assets, totalling €1,618,305 thousand, are up €280,923 thousand compared with 31 December 2016, primarily reflecting the loan to Autostrade dell'Atlantico, granted in January 2017, in the form of Zero Coupon Notes maturing in 2022 (a par value of €405,000 thousand and a yield to maturity of 2.85%), with an issue price of €351,898 thousand). As at 31 December 2017, this loan amounts to €258,940 thousand, following the partial repayments received from the subsidiary in June and October 2017 (amounting to €101,427 thousand).

The following information regards the most significant items:

- the loan with a face value of €1,000,000 thousand, granted to Autostrade per l'Italia in 2012 and maturing in 2018, is subject to the same terms as those applied to the bonds issued by the Company;
- bonds held consist of the investment of liquidity in the sterling-denominated notes initially issued by the vehicle company, Romulus Finance (£214,725 thousand), and transferred to Aeroporti di Roma in 2016;
- other medium/long-term financial assets include €22,704 thousand upfront fees accruing through to 31 December 2017 on the committed financing obtained to service the Offer for Abertis. Further details are provided in note 4.3, "Voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras".

More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Company, is contained in note 7.2, "Financial risk management.

SHORT-TERM FINANCIAL ASSETS

€9,171 thousand (€8,382 thousand)

The following two tables include details of short-term financial assets, showing the composition of the balance.

€000	31 December 2017	31 December 2016
Other current financial assets ⁽¹⁾	8,643	8,382
Derivative assets ⁽²⁾	528	-
Short-term financial assets	9,171	8,382

⁽¹⁾ These assets are classified as "loans and receivables" in accordance with IAS 39.

⁽²⁾ These assets are classified as non-hedging derivatives and in level 2 of the fair value hierarchy.

Other current financial assets essentially relate to short-term receivables in the form of guarantees given to certain subsidiaries. These are broadly in line with 31 December 2016.

It should be noted that for all financial assets recorded in the financial statements there were no indicators of impairment during the year.

5.5 Other non-current assets

€31,913 thousand (€214 thousand)

This item primarily consists of the cost of external consultants connected with the Offer (€31,760 thousand), as described in note 4.3, "Voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras".

5.6 Trading assets

€9,569 thousand (€5,462 thousand)

This item, which primarily regards trade receivables due from Group companies, is up €4,107 thousand compared with 31 December 2016. This primarily reflects an increase in the amount due from subsidiaries for seconded staff.

The carrying amount of trade receivables approximates to fair value.

5.7 Cash and cash equivalents

€3,093,378 thousand (€219,498 thousand)

This item includes:

- a) bank deposits of €2,185,930 thousand (€13,959 thousand as at 31 2016);
- b) cash equivalents of €900,000 thousand, including liquidity of €500,000 thousand invested in Autostrade per l'Italia, maturing within twelve months, and €400,000 thousand in liquidity deposited in a bank current account and maturing within twelve months;
- c) the balance receivable on the intercompany current account with the subsidiary, Autostrade per l'Italia, totalling €7,448 thousand (€205,539 thousand as at 31 December 2016).

The overall increase in cash and cash equivalents substantially reflects the proceeds from the sale of investments (€2,091,164 thousand), as described in note 5.3, "Investments", and the proceeds from the distribution of reserves (€1,101,312 thousand) described in note 4.1, "Restructuring of the Group".

Details of the cash flows resulting in the increase in cash and cash equivalents during 2017 are provided in note 7.1, "Notes to the statement of cash flows".

5.8 Current tax and liabilities

Current tax assets €120,225 thousand (€87,348 thousand)

Current tax liabilities €151,641 thousand (€80,966 thousand)

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

4. Separate financial statements as at and for the year ended 31 December 2017

€000	Current tax assets		Current tax liabilities	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
IRAP on taxable income	630	671	-	-
IRAP on taxable income for previous years	-	-	131	-
IRAP	630	671	131	-
Atlantia SpA's IRES on taxable income	-	-2,731	40,130	-
Atlantia SpA's IRES on taxable income for previous years	-	-	684	-
Atlantia SpA's claims for IRES refunds	113	113	-	-
IRES attributable to Atlantia SpA	113	-2,618	40,814	-
IRES on taxable income for companies participating in the tax consolidation arrangement	-	41,407	58,982	-
Other refundable IRES for companies participating in the tax consolidation arrangement	64	107	-	-
Claims for IRES refunds for companies participating in the tax consolidation arrangement	23,321	23,373	-	-
IRES attributable to companies participating in the tax consolidation arrangement	23,385	64,887	58,982	-
Claims for IRES refunds for former Gemina companies (1)	7,625	7,625	-	-
Claims for IRES refunds for other companies	697	699	-	-
Other IRES credits	8,322	8,324	-	-
IRES	31,820	70,593	99,796	-
Relations with companies participating in tax consolidation arrangement for IRES on taxable income	87,311	16,084	28,329	57,606
Relations with companies participating in tax consolidation arrangement for claims for IRES refunds	-	-	23,321	23,253
Relations with companies participating in tax consolidation arrangement for other refundable IRES	-	-	64	107
Relations with companies participating in tax consolidation arrangement	87,311	16,084	51,714	80,966
Other taxation for previous years	464	-	-	-
Total	120,225	87,348	151,641	80,966

(1) This item regards the claim for an IRES refund transferred from Gemina, which merged with Atlantia on 1 December 2013. It derives from the claims of companies included in the former group's tax consolidation arrangement through to the effective date of the merger (the matching payable due to these companies is recognised in other current liabilities).

Atlantia SpA operates a tax consolidation arrangement, on the basis of Legislative Decree 344/2003, in which the following participated in 2016:

- the direct subsidiaries Autostrade per l'Italia, Aeroporti di Roma, Telepass, Pavimental, Spea Engineering, Autostrade dell'Atlantico and Azzurra Aeroporti;
- the indirect subsidiaries (through Autostrade per l'Italia) Tangenziale di Napoli, Società Autostrada Tirrenica, EsseDiEsse Società di Servizi, AD Moving, Autostrade Meridionali, Autostrade dell'Atlantico, Giove Clear, Infoblu and Autostrade Tech and the indirect subsidiaries (through Aeroporti di Roma) ADR Assistance, ADR Tel, ADR Security and ADR Mobility, the indirect subsidiary (through Telepass) Telepass Pay, and the indirect subsidiary (through Autostrade dell'Atlantico) Autostrade Portugal.

As a result, Atlantia recognises the following items in its current tax assets and liabilities:

- current tax assets and liabilities for IRES attributable to the companies included in the arrangement;
- matching receivables or payables due from or to the subsidiaries, in connection with the transfer of funds as a result of the tax consolidation.

The increase in net current tax assets, compared with 31 December 2016, amounts to €37,798 thousand and essentially reflects:

- the recognition of current tax liabilities (€33,804 thousand) on Autostrade per l'Italia's distribution of a special dividend in kind and of a portion of the "Reserve for transactions under common control", as previously described in note 4.1, "Restructuring of the Group";
- the recognition of current tax liabilities (€19,393 thousand) on the sale of an interest in Autostrade dell'Italia, as previously described in note 4.2, "Sale of 11.94% of Autostrade per l'Italia SpA";

- c) payments on account during the year, totalling €5,460 thousand.

5.9 Other current assets

€1,135 thousand (€759 thousand)

This item, consisting of receivables and other current assets that are not eligible for classification as trading or financial, essentially regards insurance policies taken out by the Company and withholding tax paid.

5.10 Equity

€11,502,862 thousand (€9,745,926 thousand)

Atlantia SpA's issued capital as at 31 December 2017 is fully subscribed and paid-in and consists of 825,783,990 ordinary shares with a par value of €1 each, amounting to €825,784 thousand. The issued capital did not undergo any changes in 2017.

As at 31 December 2017:

- a) the number of shares outstanding totals 817,801,713 (820,347,943 as at 31 December 2016);
- b) the number of treasury shares totals 7,982,277 (5,436,047 as at 31 December 2016).

The reduction in the number of shares outstanding, and the accompanying increase in treasury shares, reflects a combination of the purchase in the market of shares, as part of the programme announced by the Company in December 2016, and the conversion of 275,358 share grants and the exercise of 1,049,888 share options (in return for payment of an exercise price of €16,609 thousand) by the beneficiaries of share-based incentive plans (as described in note 8.3, "Disclosures regarding share-based payments").

Equity has increased by €1,756,936 thousand compared with 31 December 2016. The changes, which are shown in detail in the statement of changes in equity included in the financial statements, primarily reflect a combination of the following:

- a) comprehensive income for the year, amounting to €2,723,873 thousand, reflecting profit for the year (€2,722,310 thousand);
- b) payment of the final dividend for 2016, amounting to €433,012 thousand, and of the interim dividend for 2017, amounting to €466,119 thousand;
- c) the above purchase of treasury shares at a cost of €84,172 thousand.

Atlantia manages its capital with a view to creating value for shareholders, ensuring the Group can function as a going concern, safeguarding the interests of stakeholders, and providing efficient access to external sources of financing to adequately support the growth of the Group's businesses.

The table below shows an analysis of issued capital and equity reserves as at 31 December 2017, showing their permitted uses and distributable amounts.

4. Separate financial statements as at and for the year ended 31 December 2017

Description	Equity as at 31 December 2017 (€000)	Permitted uses (A, B, C, D)*	Available portion (€000)	Uses between 1 January 2014 and 31 December 2016 (ex art. 2427, 7 bis, c.c.)	
				To cover losses	For other reasons
Issued capital	825,784 (1)	B	-	-	-
Share premium reserve	154	A, B, C	154	-	-
Legal reserve	261,410	A (2), B	96,253	-	-
Extraordinary reserve	5,022,976	A, B, C	5,022,976	-	-
Merger reserve	2,987,182 (3)	A, B, C	2,987,182	-	-
Cash flow hedge reserve	6,098	-	-	-	-
Reserve for actuarial gains and losses on post-employment benefits	-503	-	-503	-	-
Restricted reserve for Contingent Value Rights	18,456	A, B, D	-	-	-
Other reserves	65,879 (4)	A, B, C	65,879	-	-
Retained earnings	228,724	A, B, C	228,724	-	-
Reserves and retained earnings	8,590,376		8,400,665	-	-
Treasury shares	-169,489 (5)		-169,489		
Total	9,246,671		8,231,176	-	-
<i>of which:</i>					
<i>Non-distributable</i>				-	
<i>Distributable</i>			8,231,176		

* 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) Of which €730,643 thousand related to capital increases resulting from mergers of companies with and into the Company:

a) €566,687 thousand relating to the merger of Autostrade-Concessioni e Costruzioni Autostrade SpA with and into the former NewCo28 SpA (now Atlantia) in 2003.

With reference to art. 172, paragraph 5 of the Consolidated Income Tax Act, this capital increase is restricted to the following reserves that are taxable on distribution:

i) revaluation reserve pursuant to Law 72/1983, amounting to €556,960 thousand;

ii) revaluation reserve pursuant to Law 413/1991, amounting to €6,807 thousand;

iii) revaluation reserve pursuant to Law 342/2000, amounting to €2,920 thousand.

b) €163,956 thousand relating to the merger of Gemina SpA in 2013.

(2) €96,253 thousand of which being the excess over one fifth of the issued capital.

(3) With reference to art. 172, paragraph 5 of the Consolidated Income Tax Act, the merger surplus of €448,999 thousand generated by the merger in 2003 described in note (1) is restricted to and accounted for in the following reserves that are taxable on distribution:

- reserve for capital contributions, amounting to €8,113 thousand;

- revaluation reserve pursuant to Law 72/1983, amounting to €368,840 thousand;

- revaluation reserve pursuant to Law 413/1991, amounting to €50,416 thousand;

- revaluation reserve pursuant to Law 342/2000, amounting to €21,630 thousand.

(4) This item includes:

a) €64,865 thousand recognised in equity following the sale of treasury shares in the market in 2015 and the exercise and conversion of a number of options and units granted under the Company's share-based incentive plans;

b) 1,006 thousand relating to the "Reserve for share-based incentive plans";

c) €8 thousand relating to the "IFRS transition reserve".

(5) Pursuant to art. 2357 of the Italian Civil Code, the Annual General Meeting of shareholders held on 21 April 2017 authorised the purchase of treasury share with a value of up to €1,900,000,000.

5.II Provisions

(non-current) €644 thousand (€599 thousand)

(current) €1,624 thousand (€1,731 thousand)

Provisions for employee benefits

(non-current) € 644 thousand (€599 thousand)

(current) € 157 thousand (€124 thousand)

As at both 31 December 2017 and 31 December 2016, this item refers solely to provisions for post-employment benefits.

The most important actuarial assumptions used to measure the provision for post-employment benefits at 31 December 2017 are summarised below.

Financial assumptions	
Annual discount rate (1)	0.88%
Annual inflation rate	1.50%
Annual rate of increase in post-employment bene	2.63%
Annual rate of increase in real salaries	0.65%
Annual turnover rate	4.50%
Annual rate for advances paid	3.50%
Duration (years)	7.1

(1) The annual discount rate is used to determined 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 for each actuarial assumption at the end of 2017, showing the impact on the defined benefit obligation of assumed changes in the individual rates used in the actuarial assumptions.

€000	Sensitivity analysis as at 31 December 2017					
	Change in assumption					
	turnover rate		inflation rate		discount rate	
	+1%	-1%	+0.25%	-0.25%	+0.25%	-0.25%
TFR	799	806	810	794	789	815

Other provisions

(non-current) - (-)

(current) €1,467 thousand (€1,607 thousand)

This item, consisting of provisions for tax liabilities and contract disputes reflects estimates of the liabilities expected to be incurred in connection with pending litigation and disputes at the end of the year.

5.12 Financial liabilities

(non-current) €1,732,021 thousand (€989,224 thousand)

(current) €1,134,994 thousand (€1,606,841 thousand)

MEDIUM/LONG-TERM BORROWINGS

(non-current) €1,732,021 thousand (€989,224 thousand)

(current) €1,020,424 thousand (€5,134 thousand)

The following tables provide an analysis of outstanding medium to long-term financial liabilities with respect to:

- a) the composition of the carrying amount (current and non-current), the related face value and terms to maturity:

Maturity	31 December 2017				31 December 2016			
	Face Value	Carrying Amount	Current Portion	Non-current Portion	Face Value	Carrying Amount	Current Portion	Non-current Portion
Bond issue (retail) 2012	1,000,000	994,749	994,749	-	1,000,000	989,224	-	989,224
Bond issue 2017	750,000	747,491	-	747,491	-	-	-	-
Bond issue 2017	1,000,000	984,530	-	984,530	-	-	-	-
Bond issues (A) (1)	2,750,000	2,726,770	994,749	1,732,021	1,000,000	989,224	-	989,224
Accrued expenses on medium/long-term financial liabilities (B)	-	25,675	25,675	-	-	5,134	5,134	-
Medium/long-term financial liabilities (A + B)	2,750,000	2,752,445	1,020,424	1,732,021	1,000,000	994,358	5,134	989,224

(1) These financial instruments are classified as financial liabilities measured at amortised cost, in accordance with IAS 39.

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

€000	MATURITY	31 December 2017		31 December 2016	
		CARRYING AMOUNT (1)	FAIR VALUE (2)	CARRYING AMOUNT (1)	FAIR VALUE (2)
Bond issue (retail) 2012	2018	994,749	1,034,780	989,224	1,068,030
Bond issue 2017	2025	747,491	769,373	-	-
Bond issue 2017	2027	984,530	1,021,570	-	-
listed fixed rate		2,726,770	2,825,723	989,224	1,068,030
Bond issues (A)		2,726,770	2,825,723	989,224	1,068,030
Accrued expenses on medium/long-term financial liabilities (B)		25,675	25,675	5,134	5,134
Medium/long-term financial liabilities (A + B)		2,752,445	2,851,398	994,358	1,073,164

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

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

The methods of fair value measurement used are dealt with in note 3, "Accounting standards and policies applied";

c) a comparison of the par value of the liabilities and the carrying amount of bond issues, showing the currency of issue, and the corresponding average and effective interest rates:

	31 December 2017				31 December 2016	
	FACE VALUE	CARRYING AMOUNT	AVERAGE INTEREST RATE APPLIED TO 31 DECEMBER 2017	EFFECTIVE INTEREST RATE AS AT	FACE VALUE	CARRYING AMOUNT
Euro	2,750,000	2,726,770	2.67%	2.94%	1,000,000	989,224
Bond issues	2,750,000	2,726,770	2.67%	2.94%	1,000,000	989,224

d) movements during the period in the carrying amounts of outstanding bond issues:

€000	CARRYING AMOUNT AS AT 31 DECEMBER 2016 (1)	ADDITIONS	REPAYMENTS	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	CARRYING AMOUNT AS AT 31 DECEMBER 2017 (1)
Bond issues	989,224	1,731,031	-	6,515	2,726,770

(1) The value of the bond issues shown in the table includes both the non-current and current portions.

The increase in medium/long-term financial liabilities, compared with 31 December 2016, amounting to €1,758,087 thousand, is primarily due to the increase in bond issues. This reflects bonds issued as part of the Company's Euro Medium Term Note (EMTN) Programme (launched in October 2016 and, at that time, amounting to €3 billion, and subsequently increased in November 2017 to up to €10 billion) in January and July 2017. These issues amounted to par values of €750,000 thousand (maturing in 2025 and paying coupon interest of 1.625%) and €1,000,000 thousand (maturing in 2027 and paying coupon interest of 1.875%).

Atlantia's Euro Medium Term Note (EMTN) Programme and the terms and conditions of the bonds originally issued by Atlantia, with guarantees provided by Autostrade per l'Italia (for which, as at the date of these financial statements, the latter is the sole debtor as a result of the issuer substitution that took place in December 2016), and which will continue to be guaranteed by Atlantia through to September 2025, 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 certain exceptions, including borrowings in the form of project debt.

The acquisition financing of €14,700,000 thousand obtained to service the Offer for Abertis and amounting to €11,647,759 as at 31 December 2017, has yet to be drawn down as at this date and requires compliance with a number of covenants in line with normal market practices: a maximum threshold for i) Funds from Operations (FFO) / Net Debt and ii) the Debt Coverage Ratio, both measured on a consolidated basis, and a minimum threshold for Equity.

With regard to the financial commitments of the foreign project companies, the related debt does not envisage recourse to direct or indirect parents and is subject to covenants typical of international practice. The main commitments provide for a pledge on all the companies' assets and receivables in favour of their creditors.

SHORT-TERM FINANCIAL ABILITIES

€114,570 thousand (€1,601,707 thousand)

The composition of short-term financial liabilities is shown below.

€000	CARRYING AMOUNT AS AT 31 DECEMBER 2017	CARRYING AMOUNT AS AT 31 DECEMBER 2016
Short-term borrowings	100,000	1,600,000
Current derivative liabilities	14,040	1,120
Other current financial liabilities	530	587
Short-term financial liabilities	114,570	1,601,707

This item is down €1,487,137 thousand compared with 31 December 2016, substantially due to repayment of short-term bank borrowings of €1,600,000 obtained at the end of 2016.

The balance of "Current derivative liabilities" essentially includes fair value losses as at 31 December 2017 on the Forward-Starting Interest Rate Swaps, subject to "deal contingent hedge" provisions connected with the Offer and entered into in June 2017. These instruments are classified as non-hedge accounting and register fair value losses of €13,511 thousand.

Further details are provided in note 7.2, "Financial risk management".

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

An analysis of total 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 net debt).

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€000	NOTE	31 December 2017	of which related party transactions	31 December 2016	of which related party transactions
Cash		-2,185,930		-13,959	
Cash equivalents and intercompany current account receivables due from related parties		-907,448	-507,448	-205,539	-205,539
Cash and cash equivalents (A)	5.7	-3,093,378		-219,498	
Current financial assets (B)	5.4	-1,009,972	-1,008,659	-12,872	-12,212
Short-term borrowings		100,000		1,600,000	
Current portion of medium/long-term financial liabilities		1,020,424		5,134	
Other financial liabilities		14,570	528	587	
Current financial liabilities (C)		1,134,994		1,605,721	
Current net debt (D=A+B+C)		-2,968,356		1,373,351	
Bond issues		1,732,021		989,224	
Non-current financial liabilities (E)		1,732,021		989,224	
(Net funds) / Net debt as defined by ESMA recommendation F= (D+E)		-1,236,335		2,362,575	
Non-current financial assets (G)	5.4	-617,504	-540,203	-1,332,892	-1,289,634
Net debt H= (F+G)		-1,853,839		1,029,683	

5.13 Net deferred tax liabilities

€13,285 thousand (€12,695 thousand)

The following tables show deferred tax liabilities, after offsetting against deferred tax assets.

€000	31 December 2017	31 December 2016
Deferred tax liabilities (IRES)	13,414	12,872
Deferred tax liabilities (IRAP)	480	358
Deferred tax liabilities	13,894	13,230
Deferred tax assets eligible for offset (IRES)	607	531
Deferred tax assets eligible for offset (IRAP)	2	4
Deferred tax assets eligible for offset	609	535
Net deferred tax liabilities	13,285	12,695

The nature of the temporary differences giving rise to deferred tax assets and liabilities and changes during the year are summarised in the following table.

€000	CHANGES DURING THE YEAR				
	31 December 2016	Provisions	Releases	Provisions/ (releases) recognised in other comprehensive income	31 December 2017
Derivative assets	1,901	-	-	657	2,558
Difference between carrying amounts and fair values of assets and liabilities acquired through business combinations (the merger with Gemina with effect from 1 December 2013)	11,001	-	-	-	11,001
Other temporary differences	328	7	-	-	335
Deferred tax liabilities	13,230	7	-	657	13,894
Other temporary differences	535	524	-450	-	609
Deferred tax assets eligible for offset	535	524	-450	-	609
Net deferred tax liabilities	12,695	-517	450	657	13,285

The balance of net deferred tax liabilities is broadly in line with 31 December 2016.

5.14 Other non-current liabilities

€5,715 thousand (€2,445 thousand)

Other non-current liabilities are up €3,270 thousand compared with 31 December 2016. This is primarily due to recognition of the accrued amount payable under management incentive plans for the period 2017-2019 (€1,580 thousand), and to recognition of the accrued portion of share-based plans to be settled in cash (€3,257 thousand), offset by reclassification of the portion of the plans exercisable in 2018 (€2,191 thousand).

5.15 Trading liabilities

€23,468 thousand (€8,540 thousand)

Trade payables primarily regard amounts due to Group companies (€5,782 thousand) and amounts due to suppliers (€17,686 thousand).

The increase of €14,928 thousand compared with 31 December 2016 reflects professional services connected with the Offer for Abertis, as described in note 4.3, "Voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras".

The carrying amount of trade payables approximates to fair value.

5.16 Other current liabilities

€23,361 thousand (€25,337 thousand)

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The composition of this item is shown in the following table.

€000	31 December 2017	31 December 2016
Payable to staff	8,717	10,626
Sundry amounts due to subsidiaries	7,868	7,777
Social security contributions payable	3,198	3,047
Taxation other than income taxes	2,298	1,298
Other payables	1,280	2,589
Other current liabilities	23,361	25,337

Other current liabilities are down €1,976 thousand compared with 31 December 2016, primarily as a result the €1,909 thousand reduction in amounts payable to staff. This essentially reflects the payment of amounts due under the management incentive plan for the period 2014-2016.

6. NOTES TO THE INCOME STATEMENT

This section contains analyses income statement items. Negative components of the income statement are indicated with a minus sign in the headings and tables in the notes, whilst amounts for 2016 are shown in brackets. Details of amounts in the income statement deriving from related party transactions are provided in note 8.2, "Related party transactions".

6.1 Operating revenue

€2,876 thousand (€2,170 thousand)

Operating revenue primarily regards rental income and cost recoveries received from subsidiaries. The item is up €706 thousand, primarily due to the recognition of income dating back to previous years (€476 thousand).

6.2 Raw and consumable materials

-€51 thousand (-€61 thousand)

These costs relate primarily to purchases of office materials.

6.3 Service costs

-€22,414 thousand (-€12,326 thousand)

An analysis of service costs is provided below.

€000	2017	2016	INCREASE/ (DECREASE)
Professional services	-18,505	-8,980	-9,525
Advertising and promotions	-1,347	-799	-548
Remuneration of Statutory Auditors	-323	-329	6
Insurance	-252	-293	41
Other services	-1,987	-1,925	-62
Service costs	-22,414	-12,326	-10,088

The increase in this item primarily reflects the cost of external consultants engaged in the sale of a non-controlling interest in Autostrade per l'Italia.

6.4 Staff costs

-€24,451 thousand (-€21,429 thousand)

An analysis of staff costs is provided below.

€000	2017	2016	INCREASE/ (DECREASE)
Wages and salaries	-15,186	-10,487	-4,699
Social security contributions	-3,740	-2,770	-970
Cost of share-based incentive plans	-4,660	-2,310	-2,350
Post-employment benefits (including payments to supplementary pension funds or to INPS)	-1,670	-1,918	248
Early retirement incentives	-	-1,490	1,490
Directors' remuneration	-730	-1,411	681
Recovery of cost of seconded staff	4,003	1,349	2,654
Other staff costs	-2,468	-2,392	-76
Staff costs	-24,451	-21,429	-3,022

The increase in this item reflects an increase in the average workforce following the recruitment of staff for a number of departments, as shown in the following table, which presents the average workforce broken down by category.

Workforce	2017	2016	INCREASE/ (DECREASE)
Senior managers	33	23	10
Middle managers and administrative staff	63	42	21
Average workforce	96	65	31

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 8.3, "Disclosures regarding share-based payments".

6.5 Other operating costs

-€7,768 thousand (-€4,406 thousand)

The composition of this item and details of changes between the two comparative periods are shown in the following table.

€000	2017	2016	INCREASE/ (DECREASE)
Lease expense	-1,127	-1,006	-121
Indirect taxes and duties	-5,466	-2,991	-2,475
Grants and donations	-298	-286	-12
Other	-877	-123	-754
Other costs	-6,641	-3,400	-3,241
Other operating costs	-7,768	-4,406	-3,362

The increase in this item primarily reflects the greater amount of non-deductible VAT on the fees paid to external consultants engaged in the sale of a minority interest in Autostrade per l'Italia (€2,797 thousand).

6.6 Financial income/(expenses)

€2,824,182 thousand (€954,487 thousand)

Financial income €2,955,851 thousand (€1,440,007 thousand)

Finance expenses -€131,115 thousand (-€485,740 thousand)

Foreign exchange gains/(losses) -€554 thousand (€220 thousand)

An analysis of financial income and expenses and details of changes between the two comparative periods are shown below.

€000	2017	2016	INCREASE/ (DECREASE)
Dividends received from investees	1,799,809	979,791	820,018
Gains from sale of investments	1,052,052	-	1,052,052
Reversals of impairment losses on financial assets and investments	11,824	-	11,824
Interest income	53,839	294,673	-240,834
Income from derivative financial instruments	16,564	135,442	-118,878
Income from measurement of financial instruments at amortised cost	3,935	5,819	-1,884
Financial income accounted for as an increase in financial assets	8,469	-	8,469
Other	9,359	24,282	-14,923
Other financial income	92,166	460,216	-368,050
Total financial income (a)	2,955,851	1,440,007	1,515,844
Financial expenses from discounting of provisions	-6	-11	5
Impairments of financial assets and investments	-3,996	-31,509	27,513
Interessi passivi	-58,329	-289,903	231,574
Losses on derivative financial instruments	-29,985	-112,792	82,807
Losses on measurement of financial instruments at amortised cost	-12,568	-16,944	4,376
Interest expense accounted for as an increase in financial liabilities	-	-3,007	3,007
Other	-26,231	-31,574	5,343
Other financial expenses	-127,113	-454,220	327,107
Total financial expenses (b)	-131,115	-485,740	354,625
Foreign exchange gains/(losses)(c)	-554	220	-774
Financial income/(expenses) (a+b+c)	2,824,182	954,487	1,869,695

Net financial income is up, primarily as a result of:

- recognition of the distribution, by Autostrade per l'Italia, of a special dividend in kind via the transfer, based on the related carrying amounts, of its entire interests in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development, amounting to €755,070 thousand, as described in note 4.I, "Restructuring of the Group";
- the recognition of cash dividends from Telepass (€59,253 thousand) and Stalexport Autostrady (€6,417 thousand);

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- c) the recognition of gains on the sale of non-controlling interests in Autostrade per l'Italia (€1,010,484 thousand) and Azzurra Aeroporti (€1,464 thousand), and on the sale of the entire investment in SAVE (€40,104 thousand), described in greater detail in note 5.3, "Investments".

"Reversals of impairment losses on financial assets and investments" include reversal of the impairment loss on the carrying amount of the investment in Pavimental, whilst "Impairments of financial assets and investments" relate to the write-off of the residual carrying amount of the investment in Compagnia Aerea Italiana.

In 2016, an impairment loss of €21,089 thousand was recognised on the investment in the subsidiary, Pavimental, whilst an impairment loss of €9,622 thousand was recognised on the carrying amount of the investment in Compagnia Aerea Italiana.

Further details of impairment testing are provided in note 5.3, "Investments".

Other financial expenses include €23,769 thousand in costs described in note 4.3, "Voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras". These expenses regard the commitment fees payable on the committed financing obtained to service the Offer and accrued fees on the guarantees required by the regulatory authorities.

6.7 Income tax (expense)/benefit

-€49,710 thousand (-€1,263 thousand)

A comparison of the income tax expense and benefit for 2017 and the comparative period is shown in the following table.

€000	2017	2016	INCREASE/ (DECREASE)
IRES	-48,884	-5,702	-43,182
IRAP	-	-	-
Current tax expense (a)	-48,884	-5,702	-43,182
Recovery of previous years' income taxes	1,361	6,746	-5,385
Previous years' income taxes	-2,254	-	-2,254
Differences on current tax expense for previous years (b)	-893	6,746	-7,639
Provisions	524	337	187
Releases	-450	-191	-259
Changes in prior year estimates	-	-3	3
Deferred tax income	74	143	-69
Provisions	-7	-57	50
Releases	-	147	-147
Changes in prior year estimates	-	-14	14
Deferred tax expense	-7	76	-83
Deferred tax income/(expense) (c)	67	219	-152
Income tax (expense)/benefit (a+b+c)	-49,710	1,263	-50,973

The change essentially reflects the recognition of current tax expense of:

- €33,804 thousand on Autostrade per l'Italia's distribution of reserves and of a special dividend in kind;
- €19,393 thousand on the sale of a non-controlling interest in Autostrade per l'Italia.

Further details on the transactions referred to in points a) and b) are provided in note 4.1, "Restructuring of the Group" and 4.2 "Sale of 11.94% of Autostrade per l'Italia SpA".

The following table shows a reconciliation of the statutory rates of taxation and the effective charge for the year.

€000	2017			2016		
	Taxable Income	Tax expense Tax	Tax rate	Taxable Income	Tax expense Tax	Tax rate
Profit/(Loss) before tax from continuing operations	2,772,020			917,967		
IRES tax expense/(benefit) at statutory rate		665,285	24.00%		252,441	27.50%
Temporary differences deductible in future years	2,183	524	0.02%	1,222	336	0.04%
Temporary differences taxable in future years	-267	-64	-	-191	-53	-0.01%
Reversal of temporary differences arising in previous years	-1,633	-392	-0.01%	-251	-69	-0.01%
Tax free dividends	-1,709,819	-410,357	-14.80%	-930,801	-255,970	-27.88%
Non-taxable gains on investments	-966,533	-231,968	-8.37%	-	-	-
Reversals of impairment losses/(Impairment losses) on financial assets and investments	-7,828	-1,879	-0.07%	31,509	8,665	0.94%
Permanent differences for dividends in kind and the distribution of reserves by Autostrade per l'Italia	103,097	24,743	0.89%	-	-	-
Other permanent differences	12,462	2,992	0.11%	1,285	352	0.04%
Taxable income assessable to IRES	203,682			20,740		
Current IRES charge for the year		48,884	1.76%		5,702	0.62%
Current IRAP charge for the year		-	-		-	-
Current tax expense		48,884	1.76%		5,702	0.62%

6.8 Earnings per share

The following table shows the calculation of basic and diluted earnings per share with comparative amounts.

	2017	2016
Weighted average number of shares outstanding	825,783,990	825,783,990
Weighted average number of treasury shares in portfolio	-8,265,777	-2,360,179
Weighted average of number of shares outstanding for the calculation of basic earnings per share	817,518,213	823,423,811
Weighted average number of diluted shares held under share-based incentive plans	549,692	1,064,682
Weighted average number of all shares outstanding for the calculation of diluted earnings per share	818,067,905	824,488,493
Profit for the year (€000)	2,722,310	919,230
Basic earnings per share (€)	3.33	1.12
Diluted earnings per share (€)	3.33	1.11
Profit from continuing operations	2,722,310	919,230
Basic earnings per share from continuing operations (€)	3.33	1.12
Diluted earnings per share from continuing operations (€)	3.33	1.11

The weighted average number of treasury shares in portfolio rose in 2016, primarily due to purchases in January and February 2017 linked to the programme announced in December 2016, partially offset by the exercise/conversion of certain options or units awarded under share-based incentive plans.

7. OTHER FINANCIAL INFORMATION

7.1 Notes to the statement of cash flows

Cash flows during 2017 resulted in an increase in cash and cash equivalents of €2,873,880 thousand, compared with a net cash outflow of €197,982 thousand in 2016.

Cash generated from operating activities amounts to €958,577 thousand, down €30,819 thousand on 2016 (€989,396 thousand). This primarily reflects the costs incurred on the sale of a non-controlling interest in Autostrade per l'Italia (€12,223 thousand) and financial expenses incurred in relation to the Offer for Abertis (€23,769 thousand).

Cash from investing activities, totalling €2,624,554 thousand, primarily reflects the proceeds from Autostrade per l'Italia's distribution of a portion of its available reserves (€1,101,312 thousand), and proceeds from the sale of interests in the same subsidiary (€1,733,228 thousand) and in Azzurra Aeroporti (€136,434 thousand), in addition to the sale of the entire investment in SAVE (€220,645 thousand).

Cash used in investing activities in 2016, totalling €680,044 thousand, essentially reflected a combination of the following:

- a) purchases of investments, totalling €1,998,487 thousand, linked primarily to the acquisition of investments in Telepass (€1,148,000 thousand) and Stalexport Autostrady (€143,270 thousand) and to the issue of new shares by Azzurra Aeroporti (€488,042 thousand);
- b) the reduction of €215,184 thousand in accrued income, primarily on loans to Autostrade per l'Italia and on cash flow hedges entered into with the same subsidiary and included in the issuer substitution at the end of 2016;
- c) repayment of the remaining amount due on the loan granted to Autostrade per l'Italia in 2009, totalling €880,472 thousand, and partial early repayment of certain other loans to the same subsidiary, amounting to €220,100 thousand.

Cash used in financing activities, totalling €709,251 thousand essentially reflects a combination of the following:

- a) the repayment of short-term bank borrowings obtained in December 2016, totalling €1,600,000 thousand;
- b) payment to shareholders of the final dividend for 2016 (€433,012 thousand) and the interim dividend for 2017 (€466,119 thousand);
- c) the issue of bonds (€1,750,000 thousand).

Cash used in financing activities in 2016, totalling €507,334 thousand, essentially reflected a combination of the following:

- a) the redemption of bonds issued in 2009, totalling €880,472 thousand, and the partial buyback of certain other bonds, amounting to €220,100 thousand;
- b) payment to shareholders of the final dividend for 2015 (€395,065 thousand) and the interim dividend for 2016 (€362,442 thousand);
- c) a reduction in accrued expenses on bond issues and cash flow hedges, amounting to €203,927 thousand, due to the issuer substitution at the end of 2016;
- d) disbursement, in December 2016, of the above short-term borrowings (€1,600,000 thousand).

7.2 Financial risk management

Financial risk management objectives and policies

In the normal course of business, the Company 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 financial 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 the Board of Directors, within the scope of medium- to long-term projections reviewed annually.

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.

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

The main objectives set out in this Financial Policy are as follows:

- a) to protect the scenario in the Company's long-term plan from the effects 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 2017, the Company's derivatives described below are classified, in application of IAS 39, as:

- a) cash flow hedges, consisting of Cross Currency Swaps ("CCSs") and Forward-Starting Interest Rate Swaps ("IRSs");
- b) non-hedges, primarily certain Forward-Starting Interest Rate Swaps ("IRSs") with a deal contingent hedge provision, linked to the Offer for Abertis.

The residual average term to maturity of debt as at 31 December 2017 is five years and seven months. The average cost of medium to long-term debt in 2017 was 2.7%.

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:

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- a) cash flow risk: this is linked to financial assets and liabilities, including those that are highly likely, with cash flows indexed to a market interest rate. In 2017, Atlantia entered into new Forward-Starting IRSs with a total notional value of €1,000 million and fair value gains of €1,523 thousand as at 31 December 2017. They have a duration of 10 years, are subject to a weighted average fixed rate of approximately 0.879% and have been entered into to hedge highly likely future financial liabilities linked to Atlantia's voluntary public offer for all of the shares of Abertis Infraestructuras SA. In addition, the Company entered into Forward-Starting IRSs with a deal contingent hedge provision with a total notional value of €2,500,000 thousand, an average term of 9.4 years and a weighted average fixed rate of approximately 0.853%. These derivatives are classified as non-hedges. Fair value losses on the instruments, recognised in profit or loss in 2017, amount to €13,511 thousand;
- 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 interest and market rates. As at 31 December 2017, the Company has not entered into derivatives classified as fair value hedges.

In terms of type of interest rate, 100% of the Company's debt is fixed rate.

Currency risk

Currency risk is mainly incurred through the assumption of financial liabilities denominated in a currency other than the Company's currency of account.

As at 31 December 2017, all of the Company's medium/long-term debt is denominated in euros, partly as a result of the issuer substitution at the end of 2016.

Following the Company's repurchase of 99.87% of the sterling-denominated notes issued by Romulus Finance in 2015 (settled in October 2017) and transferred to Aeroporti di Roma in 2016 as described in note 5.4, "Financial assets"), the Company entered into CCSs with notional values and maturities matching those of the underlying asset. This was done to hedge the currency and interest rate risk associated with the underlying in foreign currency.

The CCSs qualify as cash flow hedges. Following tests of the effectiveness of these hedges, changes in fair value were recognised in other comprehensive income.

The following table summarises outstanding derivative financial instruments at 31 December 2017 (compared with 31 December 2016) and shows the corresponding market value.

€000	Type	Purpose of hedge	31 December 2017		31 December 2016	
			Fair value asset/(liability)	Notional amount	Fair value asset/(liability)	Notional amount
Cash flow hedges (1)						
	Cross Currency Swaps	Currency and interest rate risk	51,798	286,682	42,320	286,682
	Interest Rate Swaps	Interest rate risk	1,523	1,000,000		
	Cash flow hedges (1)		53,321	1,286,682	42,320	286,682
Non-hedge accounting derivatives						
	Interest Rate Swaps	Interest rate risk	-13,511	2,500,000		
	FX Forwards	Currency risk	528	37,308		
	FX Forwards	Currency risk	-528	-37,308		
	Interest rate floors	Interest rate risk	-	-	-1,120	1,000,000
	Non-hedge accounting derivatives		-13,511	2,500,000	-1,120	1,000,000
	Total derivatives		39,810	3,786,682		
	of which					
		fair value (asset)	53,849		42,320	
		fair value (liability)	-14,040		-1,120	

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

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Company is exposed would have had on the income statement for 2017 and on equity as at 31 December 2017.

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 other comprehensive income, the 10 bps shift in the curve was assumed to have occurred at the measurement date. The following outcomes resulted from the analysis carried out:

- 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 €207 thousand, and on other comprehensive income, totalling €10,430 thousand, before the related taxation;
- in terms of currency risk, an unexpected and unfavourable 10 bps shift in the exchange rate would have had no impact on the income statement.

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 Company believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

As at 31 December 2017, the Company has cash reserves of €11,647,759 thousand as a result of committed acquisition financing connected with the Offer for Abertis. The financing has an average residual term of approximately 3 years and is to be used solely within the context of the Offer. The various lines of credit are as follows:

- "Bridge Facility B" ("to Bonds"), amounting to €4,940,423 thousand and having a duration of 18 months and 15 days from 25 September 2017, with an option to extend the final expiry date by a further 6 months, subject to certain conditions;
- "Bridge Facility C" ("to Treasury Shares"), amounting to €1,107,336 thousand and having a duration of 18 months and 15 days from the date the facility agreement was signed;

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- c) an amortising “Term Loan” of €5,600,000 thousand, with a duration of 5 years and 6 months from 25 September 2017, and an average residual term of approximately 4.6 years.

In addition, as described in note 5.7, “Cash and cash equivalents”, as at 31 December 2017, the Company has cash and cash equivalents of €3,093,378 thousand, essentially generated by the bond issue of July 2017 and the sale of a number of interests in Group companies and other investees.

As a result of these transactions, €3,052,241 thousand of the above committed acquisition financing, originally amounting to €14,700,000 thousand, has been cancelled, in accordance with the obligatory early repayment provision in the facility agreement.

Under the commitments given in relation to the financing, the remaining amount will continue to be available to the Company solely to meet its payment obligations in relation to Offer.

The following tables show the time distributions of medium/long-term financial liabilities by term to maturity as at 31 December 2017 and comparable figures as at 31 December 2016, excluding accrued expenses at these dates.

€000	31 December 2017					
	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities						
Retail bond 2012-2018	994,749	-1,036,250	-1,036,250	-	-	-
Bond 2017-2025	747,491	-847,502	-12,188	-12,188	-36,563	-786,563
Bond 2017-2027	984,530	-1,187,500	-18,750	-18,750	-56,250	-1,093,750
Total bond issues	2,726,770	-3,071,252	-1,067,188	-30,938	-92,813	-1,880,313

€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						
Retail bond 2012-2018	989,224	-1,072,500	-36,250	-1,036,250	-	-
Total bond issues	989,224	-1,072,500	-36,250	-1,036,250	-	-

The amounts in the above tables include interest payments and exclude the impact of any offset agreements.

The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available.

The distribution for transactions with amortisation schedules is based on the date on which each instalment falls due.

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 2017						31 December 2016					
	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	1,523	1,523	-1,362	-10,576	-11,530	24,991						
Cross currency swaps												
Derivative assets	51,798	51,738	-951	-870	-2,254	55,813	42,320	42,234	-1,636	-1,641	-5,001	50,512
Derivative liabilities												
Total cash flow hedges	53,321	53,261	-2,313	-11,446	-13,784	80,804	42,320	42,234	-1,636	-1,641	-5,001	50,512
Accrued expenses on cash flow hedges	-433						-459					
Accrued income on cash flow hedges	373						373					
Total cash flow hedge derivative assets/liabilities	53,261	53,261	-2,313	-11,446	-13,784	80,804	42,234	42,234	-1,636	-1,641	-5,001	50,512
€000	31 December 2017					31 December 2016						
	Expected cash flows ⁽¹⁾	Within 12 months	Between 1 and 2	Between 3 and 5	After 5 years	Expected cash flows ⁽¹⁾	Within 12 months	Between 1 and 2	Between 3 and 5	After 5 years		
Interest rate swaps												
Income from cash flow hedges	28,729	-	-	-	28,729							
Losses on cash flow hedges	-27,206	-2,612	-17,125	-7,469	-							
Cross currency swaps												
Income from cash flow hedges	344,296	12,136	12,091	85,776	234,293	356,335	11,787	11,433	34,087	299,028		
Losses on cash flow hedges	-292,498	-13,056	-12,956	-78,104	-188,382	-314,015	-13,540	-13,469	-39,511	-247,495		
Total income (losses) from cash flow hedges	53,321	-3,532	-17,990	203	74,640	42,320	-1,753	-2,036	-5,424	51,533		

(1) As at 31 December 2017, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements in 2018. Future cash flows relating to IRS differentials have been calculated on the basis of the latest established rate and applied and held constant to expiry of the contract.

Credit risk

Credit risk represents the Company's exposure to potential losses resulting from a counterparty's failure to discharge an obligation.

This risk may result from factors that are strictly technical, commercial, administrative or legal in nature, or from those of a typically financial nature, relating to the counterparty's credit standing.

The Company manages credit risk essentially through recourse to counterparties with high credit ratings and does not report significant credit risk concentrations as defined in the Financial Policy.

Credit risk deriving from derivative financial instruments can also be considered marginal in that the counterparties involved are major financial institutions.

Specific provisions for impairment losses on material items 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.

8. OTHER INFORMATION

8.1 Guarantees

The Company has certain personal and collateral guarantees in issue. As at 31 December 2017, these include, listed by importance:

- a) the guarantee (€5,441,112 thousand, equal to 120% of the underlying liability) issued in favour of bondholders, following the issuer substitution of December 2016, and on behalf of Autostrade per l'Italia, valid through to maturity for the public bonds and until September 2025 for the private bonds;
- b) guarantees issued on behalf of Autostrade per l'Italia in favour of the European Investment Bank, as security for loans granted to the subsidiary (€1,900,664 thousand, equal to 120% of the underlying liability);
- c) counter-indemnities issued on behalf of the subsidiary, Electronic Transaction Consultants Corporation, to the insurance companies (a "surety") that have issued performance bonds totalling €89,433 thousand (at the euro/US dollar exchange rate as at 31 December 2017), for free-flow tolling projects being carried out by the subsidiary;
- d) the guarantee issued in favour of credit institutions on behalf of Strada dei Parchi as a safeguard against the impact on the company's cash flow hedges of movements in interest rates. The amount of the guarantee, based on the fair value of the hedges, has been capped at €40,000 thousand, which corresponds to the value as at 31 December 2017. This guarantee was renewed for a further 12 months in February 2018. The guarantee can only be enforced if the concession held by Strada dei Parchi is terminated, whilst Atlantia has received a counter-indemnity from Toto Holding (the company's majority shareholder), which has undertaken to assume Atlantia's guarantee obligations by 31 October 2018;
- e) assumption of Aeroporti di Roma's obligation to the tax authorities (€11,365 thousand) as part of the procedure for settling Group VAT for 2015, following the transfer of refundable VAT from Aeroporti di Roma to Atlantia;
- f) the Debt Service Guarantee issued on behalf of Azzurra Aeroporti in favour of the syndicate of banks who have provided financing to the subsidiary, guaranteeing fulfilment of its payment obligations resulting from the acquisition financing provided and the Interest Rate Swaps entered into, up to a maximum of six months of borrowing costs. The maximum amount guaranteed by the Company is €7,126 thousand;
- g) a portion (25.5%) of the Company's holding of shares in Pune Solapur Expressways pledged to credit institutions.

8.2 Related party transactions

The principal related party transactions between the Company and its related parties are described below. The transactions have been identified based on the criteria set out in the Procedure for Related Party Transactions adopted by the Company in implementation of the provisions 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. This procedure, published in the section, "Articles of Association, codes and procedures" on the Company'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 to the relevant bodies.

The following table shows amounts in the income statement and statement of financial position generated by related party transactions, broken down by nature of the transaction (trading or financial) and including those with Directors, Statutory Auditors and the Company's key management personnel.

€000	Principal financial transactions with related parties										
	Assets					Liabilities		Income		Expenses	
	Financial assets					Financial liabilities		Financial income		Financial expenses	
	Other non-current financial assets	Intercompany current account receivables due from related parties	Current portion of medium/long-term loans	Other current financial assets	Total	Derivative liabilities	Total	Other financial income (1)	Total	Other financial expenses (1)	Total
	31 December 2017										
Autostrade dell'Atlantico	258,940	-	-	-	258,940	528	528	8,469	8,469	3,223	3,223
Autostrade per l'Italia	-	7,448	999,703	707	1,007,858	-	-	50,488	50,488	1,541	1,541
Electronic Transaction Consultants Co	-	-	-	7,656	7,656	-	-	1,060	1,060	-	-
Aeroporti di Roma group	281,263	-	434	21	281,718	-	-	13,293	13,293	-	-
Other subsidiaries (2)	-	-	-	138	138	-	-	31	31	-	-
Total subsidiaries	540,203	7,448	1,000,137	8,522	1,556,310	528	528	73,341	73,341	4,764	4,764
	31/12/2016										
Autostrade per l'Italia	992,321	205,539	3,447	897	1,202,204	-	-	344,713	344,713	13,202	13,202
Azzurra Aeroporti (4)	-	-	-	-	-	-	-	-	-	42,549	42,549
Electronic Transaction Consultants Co	-	-	-	7,264	7,264	-	-	1,105	1,105	-	-
Aeroporti di Roma group	297,313	-	459	7	297,779	-	-	14,324	14,324	-	-
Other subsidiaries (2)	-	-	-	138	138	-	-	7	7	-	-
Total subsidiaries	1,289,634	205,539	3,906	8,306	1,507,385	-	-	360,149	360,149	55,751	55,751

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

(3) The total also includes amounts for indirect subsidiaries.

(4) The balance of financial expenses for 2016 included the result of the measurement of derivative liabilities entered into with Azzurra Aeroporti, with Atlantia holding matching positions in derivatives with banks. Both Atlantia's positions, classified as non-hedge accounting were unwound in November 2016.

In 2017, as in 2016, no atypical or unusual transactions, having a material impact on the Company's income statement and statement of financial position, were entered into with related parties.

Moreover, there were no non-recurring events and/or transactions with related parties, having a material impact on the Company's income statement and statement of financial position, in 2017.

On the other hand, an issuer substitution was completed in 2016, resulting in Autostrade per l'Italia taking Atlantia's place as the issuer of certain bonds entered into by the latter. Whilst this transaction had a significant impact on the financial position, it did not have an impact on the Company's results of operations for that year, as described in more detail in note 4.3, "Issuer substitution", in the separate financial statements as at and for the year ended 31 December 2016.

The principal transactions entered into with related parties are described below.

Atlantia SpA's relations with its subsidiaries

The Company primarily engages in transactions of a trading and financial nature with the subsidiary, Autostrade per l'Italia, over which it exercises management and coordination.

With regard to transactions of a trading nature, Autostrade per l'Italia provides the Company with administrative services, in addition to providing support for activities not relating to the core business (training, welfare, procurement, IT).

The Company has also entered into commercial agreements with other subsidiaries (EssediEsse, Telepass, Azzurra Aeroporti and Autostrade Meridionali) regarding the provision of staff services.

As a result of the tax consolidation arrangement headed by the Company, the statement of financial position as at 31 December 2017 includes amounts receivable from and payable to Group companies, amounting to €87,311 thousand and €51,714 thousand, respectively. These amounts are recognised by the Company in order to mirror matching amounts due to and from the tax authorities. The arrangement is described in note 5.8, "Current tax assets and liabilities".

With regard, on the other hand, to other current liabilities, the Company owes the sum of €7,470 thousand to Aeroporti di Roma and its subsidiaries, essentially in relation to the tax consolidation arrangement in force between these companies and Gemina prior to this company's merger with the Company.

With regard to transactions of a financial nature with Autostrade per l'Italia:

- a) the Company has granted a medium/long-term loan to the subsidiary with a face value of €1,000,000 thousand and maturing in 2018, as described in note 5.4, "Financial assets"; the loan was granted on the same terms as those applied to Atlantia's retail bond issue, increased by a spread that takes account of the cost of managing the loan;
- b) the Company has an intercompany current account with the subsidiary, having a credit balance of €7,448 thousand as at 31 December 2017, and has deposited €500,000 thousand, maturing within twelve months, with the subsidiary, as described in note 5.7 "Cash and cash equivalents".

The Company also holds bonds issued by Aeroporti di Roma (€281,263 thousand as at 31 December 2017), and, in January 2017, issued a loan to Autostrade dell'Atlantico (€258,940 thousand), as described in note 5.4, "Financial assets".

As at 31 December 2017, the Company has issued a number of guarantees in favour of direct or indirect subsidiaries, as described in note 8.I, "Guarantees".

With respect to the information provided in the tables in this section, it should also be noted that Autostrade per l'Italia distributed a special dividend in kind and a portion of its "Reserve for transactions under common control", as described above in note 4.I, "Restructuring of the Group".

8.3 Disclosures regarding share-based payments

In order to incentivise and foster the loyalty of directors and employees holding key positions and responsibilities within Atlantia or in Group companies, and to promote and disseminate a value creation culture in all strategic and operational decision-making processes, driving the Group's growth and boosting management efficiency, a number of share incentive plans based on Atlantia's shares have been introduced in previous years. The plans entail payment in the form of shares or cash and are linked to the achievement of predetermined corporate objectives.

There were no changes, during 2017, in the share-based incentive plans already adopted by the Group as at 31 December 2016 and originally approved by the Annual General Meetings of shareholders held on 20 April 2011 (later amended by subsequent Annual General Meetings) and 16 April 2014.

In addition, two new plans were approved in 2017. These are the "2017 Phantom Share Option Plan" and the "2017 Phantom Share Grant Plan" and are described below.

Finally, on 2 August 2017, the General Meeting of Atlantia's shareholders, held in ordinary and extraordinary session in order to approve the capital increase and amendments to the articles of association to service the Offer for Abertis, also approved adoption of a supplementary phantom share option plan for a limited number of core people involved in the process of building and creating value at the new Group that will be formed following successful completion of the Offer. Under this supplementary plan (which entails the award of phantom share options free of charge, 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 over a determinate period), no awards were therefore made in 2017.

Details of each plan are contained in specific information circulars prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as amended, and in the 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 the Company's website at www.atlantia.it.

The following table shows the main aspects of existing incentive plans as at 31 December 2017, including the options and units awarded to directors and employees of the Group and changes during 2017 (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 2017									
- 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 June 2015	14 June 2018	9.66	2.21	6.0	1.39%	28.0%	5.05%
- 8 November 2013 grant	1,592,367	8 November 2016	9 November 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	(**)	(**)	(**)	(**)	(**)
- 14 June 2015 grant	52,359	N/A (**)	14 June 2018	N/A	(**)	(**)	(**)	(**)	(**)
- 8 November 2016 grant	526,965	N/A (**)	9 November 2019	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-981,459								
- options lapsed	-279,110								
Total	1,739,314								
Changes in options in 2017									
- options exercised	-1,461,216								
- options lapsed	-50,722								
Options outstanding as at 31 December 2017	227,376								
2011 SHARE GRANT PLAN									
Units outstanding as at 1 January 2017									
- 13 May 2011 grant	192,376	13 May 2014	14 May 2016	N/A	12.9	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 June 2015	15 June 2017	N/A	7.12	4.0 - 5.0	1.12%	29.9%	5.05%
- 8 November 2013 grant	209,420	8 November 2016	9 November 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 converted into shares on 16 May 2016	-103,197								
- units converted into shares on 16 June 2016	-98,582								
- units elapsed	-64,120								
Total	406,576								
Changes in units in 2017									
- units converted into shares on 15 June 2017	-136,572								
- units converted into shares on 13 November 2017	-77,159								
- units elapsed	-95,509								
Units outstanding as at 31 December 2017	97,336								
MBO SHARE GRANT PLAN									
Units outstanding as at 1 January 2017									
- 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								
- units converted into shares on 3 May 2016	-41,077								
- units converted into shares on 9 May 2016	-49,446								
Total	61,627								
Changes in units in 2017									
- units converted into shares on 15 May 2017	-61,627								
Units outstanding as at 31 December 2017	-								

(*) 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, and which, therefore, do not represent the award of new benefits.

2011 Share Option Plan

Description

As approved by the Annual General Meeting of shareholders on 20 April 2011, and amended by the Annual General Meeting of shareholders on 30 April 2013 and 16 April 2014, the 2011 Share Option Plan entails the award of up to 2,500,000 options free of charge in three annual award cycles (2011, 2012 and 2013). Each option will grant beneficiaries the right to purchase one ordinary Atlantia share held in treasury, with settlement involving either physical delivery or, at the beneficiary's option, a cash payment equivalent to the proceeds from the sale of the shares on the stock exchange organised and managed by Borsa Italiana SpA, after deduction of the full exercise price. The exercise price is equivalent to the average of the official prices of Atlantia's ordinary shares in the month prior to the date on which Atlantia's Board of Directors announces the beneficiary and the number of options to be awarded.

The options granted will vest in accordance with the Plan terms and conditions and, in particular, only if, on expiration of the vesting period (three years from the date of award of the options to beneficiaries by the Board of Directors), cumulative FFO for the three annual reporting periods preceding expiration of the vesting period, adjusted for a number of specific items (total operating cash flow of the Group, Atlantia or of certain of its subsidiaries – depending on the role held by the various beneficiaries of the Plan), is higher than a pre-established target, unless otherwise decided by the Board of Directors, which has the authority to assign beneficiaries further targets. Vested options may be exercised, in part, from the first day following expiration of the vesting period and, in part, from the end of the first year following expiration of the vesting period and, in any event, in the three years following expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to retain a minimum holding). The maximum number of exercisable options will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and the exercise price, plus any dividends paid, so as to cap the realisable gain.

Changes in options in 2017

During 2017, with regard to the second and third award cycles (the vesting periods for both of which have expired), a number of beneficiaries exercised vested options and paid the established exercise price; this entailed the allocation to them of Atlantia's ordinary shares held by the Company as treasury shares. This resulted in the transfer of:

- a) 33,259 of Atlantia's ordinary shares to beneficiaries in connection with the second cycle; moreover, 14,774 phantom options awarded in 2015 were exercised;
- b) 1,016,629 of Atlantia's ordinary shares to beneficiaries in connection with the third cycle; moreover, 396,554 phantom options awarded in 2016 were exercised.

Thus, as at 31 December 2017, taking into account lapsed options at that date, the remaining options outstanding total 227,376, including 112,644 phantom options awarded under the second cycle and third cycle (the unit fair values of which, as at 31 December 2017, was measured as €23.28 and €14.22 respectively, in place of the unit fair values at the grant date).

2011 Share Grant Plan

Description

As approved by the Annual General Meeting of shareholders on 20 April 2011, and amended by the Annual General Meeting of 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 the 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 2017

With regard to the second award cycle, the vesting period for which expired on 14 June 2015, on 15 June 2017 further vested units were converted, in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 136,572 shares held by the Parent Company as treasury shares. The second award cycle for this Plan has thus also expired.

Moreover, on 13 November 2017, the units awarded during the third award cycle (the vesting period for which expired on 9 November 2017) were converted, in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 77,159 shares held by the Company as treasury shares. The remaining options are convertible into Atlantia's ordinary shares from 9 November 2018.

As at 31 December 2017, taking into account lapsed units at that date, the remaining units outstanding total 97,336.

MBO Share Grant Plan

Description

As approved by the Annual General Meetings of 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 2017

On 10 March 2017, Atlantia's Board of Directors, exercising the authority provided for in the Plan Terms and Conditions, awarded the beneficiaries of the MBO plan linked to the objectives for 2013 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

4. Separate financial statements as at and for the year ended 31 December 2017

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.

In addition, on 12 May 2017, the related vesting period expired. 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 61,627 shares held by the Company as treasury shares.

As at 31 December 2017, all the units awarded under this plan have thus lapsed.

The following table shows the main aspects of the cash-settled incentive plans. 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 2017. 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 SHARE OPTION PLAN									
Options outstanding as at 1 January 2017									
- 9 May 2014 grant	385,435	9 May 2017	9 May 2020	N/A (*)	2.88	6.0	1.10%	28.9%	5.47%
- 8 May 2015 grant	642,541	8 May 2018	8 May 2021	N/A (*)	2.59	6.0	1.01%	25.8%	5.32%
- 10 June 2016 grant	659,762	10 June 2019	10 June 2022	N/A (*)	1.89	3.0 - 6.0	0.61%	25.3%	4.94%
- transfers/secondments	33,356								
	1,721,094								
Changes in options in 2017									
- options exercised	-175,165								
- transfers/secondments	104,778								
- options lapsed	-12,120								
Options outstanding as at 31 December 2017	1,638,587								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2017									
	-								
Changes in options in 2017									
- 12 May 2017 grant	585,324	14 June 2020	1 July 2023	N/A (*)	2.37	3.13 - 6.13	1.31%	25.6%	4.40%
- options lapsed	-7,411								
Options outstanding as at 31 December 2017	577,913								
2017 PHANTOM SHARE GRANT PLAN									
Units outstanding as at 1 January 2017									
	-								
Changes in units in 2017									
- 12 May 2017 grant	53,007	15 June 2020	1 July 2023	N/A (*)	23.18	3.13 - 6.13	1.31%	25.6%	4.40%
- options lapsed	-738								
Units outstanding as at 31 December 2017	52,269								

(*) Given that these are cash bonus plans, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan and the 2017 Phantom Share Option Plan do not require an exercise price. However, the Terms and Conditions of the plans indicate an "Exercise price" (equal to the arithmetic mean of Atlantia's share price in a determinate period) as the basis on which to calculate the gross amount to be paid to beneficiaries.

2014 Phantom Share Option Plan

Description

On 16 April 2014, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2014 Phantom Share Option Plan", subsequently approved, within the scope of their responsibilities, by the boards of directors of the subsidiaries employing the beneficiaries. 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 2017

The vesting period for the first cycle of the Plan expired on 9 May 2017. From this date until 31 December 2017 a total of 175,165 phantom options awarded under the first award cycle were exercised. Thus, as at 31 December 2017, after taking into account lapsed options at that date, the remaining options outstanding amount to 1,638,587. The unit fair values of the options awarded under the first, second and third award cycles were remeasured as at 31 December 2017 as €5.63, €3.37 and €3.05, respectively.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan", subsequently also approved, within the scope of their responsibilities, by the boards of directors of the subsidiaries employing the beneficiaries. The Plan entails the award of phantom share options free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The options grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant period.

In accordance with the Terms and Conditions of the Plan, the options granted will only vest if, at the end of the vesting period (15 June 2020 for options awarded in 2017, 15 June 2021 for options awarded in 2018 and 15 June 2022 for options awarded in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Atlantia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested options may be exercised from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2017

On 12 May 2017, Atlantia's Board of Directors selected the beneficiaries for the first cycle of the Plan in question. This resulted in the award of a total of 585,324 phantom options with a vesting period from 12 May 2017 to 15 June 2020 and an exercise period from 1 July 2020 to 30 June 2023.

As at 31 December 2017, after taking into account lapsed options at that date, the remaining options outstanding amount to 577,913. The unit fair value of the options at that date was remeasured as €2.9, in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Grant Plan", subsequently also approved, within the scope of their responsibilities, by the boards of directors of the subsidiaries employing the beneficiaries. The Plan

entails the award of phantom shares free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The units grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the value of Atlantia's ordinary shares in the period prior to the period in which the units are awarded.

In accordance with the Terms and Conditions of the Plan, the units granted will only vest if, at the end of the vesting period (15 June 2020 for units granted in 2017, 15 June 2021 for units granted in 2018 and 15 June 2022 for units granted in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Atlantia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested units will be convertible from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year of the exercise period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value and initial value of the shares, in order to cap the realisable gain.

Changes in units in 2017

On 12 May 2017, Atlantia's Board of Directors selected the beneficiaries for the first cycle of the Plan in question. This resulted in the award of a total of 53,007 units, vesting in the period from 12 May 2017 to 15 June 2020 and exercisable in the period from 1 July 2020 to 30 June 2023.

As at 31 December 2017, after taking into account lapsed units at that date, the remaining units outstanding amount to 52,269. The unit fair value of the options at that date was remeasured as €26.44, in place of the unit fair value at the grant date.

The official prices of Atlantia's ordinary shares in the various periods covered by the above plans are shown below:

- a) price as at 31 December 2017: €26.43;
- b) price as at 12 May 2017 (the grant date for new options or units, as described): €24.31;
- c) the weighted average price for the period 2017: €24.99;
- d) the weighted average price for the period 12 May 2017 – 31 December 2017: €26.33;

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2017 the Company has recognised staff costs of €4,660 thousand, based on the accrued fair value of the options and units awarded at that date, including €457 thousand accounted for as an increase in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2017 have been recognised in other current and non-current liabilities, based on the assumed exercise date.

Finally, following the exercise, by Atlantia's Board of Directors, of its authority to award phantom options in place of any additional options due, at the end of the third cycle of the "MBO Share Grant Plan", the amount of €387 thousand was reclassified from equity reserves to other current liabilities, corresponding to the initial estimate of the fair value of the additional options.

8.4 Events after 31 December 2017

Extraordinary General Meeting of Atlantia SpA's shareholders

On 21 February 2018, an Extraordinary General Meeting of Atlantia's shareholders voted to extend the deadline for execution of the capital increase to service the Offer for Abertis from 30 April to 30 November 2018, and to reschedule the lock-up period for the special shares, to be issued as a result of the capital increase to service the tender offer, making it 90 days from issue of the shares (as opposed to a set date).

Atlantia acquires stake in Eurotunnel (Getlink)

Following on from the agreement entered into on 2 March 2018, on 9 March 2018, Atlantia acquired a 100% interest in Aero I Global & International Sàrl, a Luxembourg-based investment vehicle, from a number of funds managed by Goldman Sachs Infrastructure Partners. Aero I Global & International Sàrl holds a 15.49% interest in Groupe Eurotunnel SE (Getlink), representing 26.66% of the related voting rights (percentages based on the total number of shares in issue, amounting to 550,000,000, and on the total number of voting rights, amounting to 639,030,648, in accordance with information published by Getlink on 16 February 2018).

The total cost of the acquisition is €1,056 million.

Voluntary public tender offer, in cash and/or shares, for all the shares of Abertis Infraestructuras

Information on events relating to the voluntary public tender offer, in cash and/or shares, for all the shares of Abertis Infraestructuras, after 31 December 2017, is provided in the section, "Other information", in the Report on Operations.

9. PROPOSED APPROPRIATION OF PROFIT FOR THE YEAR FOR ATLANTIA SPA'S ANNUAL GENERAL MEETING

Dear Shareholders,

In conclusion, we invite you:

- a) to approve the financial statements as at and for the year ended 31 December 2017, which report profit of €2,722,310,342.07, having taken note of the accompanying documents;
- b) to appropriate the remaining €2,256,191,374.32 in profit for the year, after payment of the interim dividend of €466,118,967.75 (equal to €0.57 per share) in 2017, to:
 - 1) pay a final dividend of €0.65 per share, payable to holders of each of the shares with a par value of €1.00. The total value of the final dividend, based on the number of shares outstanding as at 28 February 2018 (817,801,713), is estimated at €531,571,113.45;
 - 2) take the remaining profit for the year to retained earnings. This amount, based on the number of shares outstanding as at 28 February 2018, is estimated at €1,724,620,260.87;
- c) to establish the dividend payment date as 23 May 2018, the ex-dividend date for coupon 32 as 21 May 2018 and the record date as 22 May 2018.

For the Board of Directors

The Chairman

ANNEXES TO THE FINANCIAL STATEMENTS

ANNEX I

DISCLOSURES PURSUANT TO ART. 149-*DUODECIES* OF THE CONSOB
REGULATIONS FOR ISSUERS 11971/1999

The above annex has not been audited.

Annex I

Disclosures pursuant to art. 149-*duodecies* of the CONSOB Regulations for Issuers II97I/1999

Atlantia SpA

Type of service	Provider of service	Note	Fees (€000)
Audit	Parent Company's auditor		48
Certification	Parent Company's auditor	(1)	23
Other services	Parent Company's auditor	(2)	1,103
Other services	Associate of Parent Company's auditor	(3)	24
Total Parent Company			1,198

(1) Opinion on payment of interim dividends.

(2) In relation to the offer, in cash and/or shares, for the shares of Abertis Infraestructuras, the fairness opinion in accordance with art. 2441 of the Italian Civil Code and checks on pro forma financial information. In addition, as in previous years, this includes signature of consolidated and 770 tax forms, agreed upon procedures on data and accounting information, checks carried out to meet the requirements for tenders in which the Group has taken part, the review of the sustainability report and a comfort letter on the offering circular.

(3) Audit of the internal control system.

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REPORTS

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 2017.

2. The administrative and accounting procedures adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2017 were drawn up, and their adequacy assessed, on the basis of the regulations and methods adopted 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;
 - b) are consistent with the underlying accounting books and records;
 - c) present a true and fair view of the financial position and results of operations of the issuer and the consolidated companies;
 - 3.2 the Report on Operations contains a reliable analysis of operating trends and results, in addition to the state of affairs of the issuer and the consolidated companies, together with a description of the principal risks and uncertainties to which they are exposed.

2 March 2018

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 2017.

2. The administrative and accounting procedures adopted in preparation of the separate financial statements as at and for the year ended 31 December 2017 were drawn up, and their adequacy assessed, on the basis of the regulations and methods adopted 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.

2 March 2018

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. 153 of Legislative Decree 58/1998)

Dear Shareholders,

The Board of Statutory Auditors of Atlantia SpA (“Atlantia” or the “Company”), pursuant to art. 153 of Legislative Decree 58/1998 (the “Consolidated Finance Act” or “CFA”), is required to report to the Annual General Meeting, called to approve the financial statements, on the audit activities conducted during the financial year within the scope of our responsibilities, on any omissions and irregularities observed and on the results for the Company’s financial year. The Board of Statutory Auditors is also required to make proposals regarding the financial statements and their approval and on any other matters falling within the scope of our responsibilities.

This report regards the Board of Statutory Auditors’ activities during the year ended 31 December 2017.

Preamble and relevant legislation, regulations and ethical guidelines

The Board of Statutory Auditors in office at the date of this report was elected by the Annual General Meeting of 24 April 2015 and its members are Corrado Gatti (Chairman), Alberto di Nigro (standing Auditor), Lelio Fornabaio (standing Auditor), Silvia Olivotto (standing Auditor) and Livia Salvini (standing Auditor).

During the annual reporting period ended 31 December 2017, we performed the audit procedures required by law (and, in particular by art. 149 of the CFA and art. 19 of Legislative Decree 39/2010), adopting the Standards recommended by the Italian accounting profession and in compliance with CONSOB requirements regarding corporate controls, and the recommendations in the Corporate Governance Code.

Audit procedures required by art. 149 of the CFA

In accordance with the provisions of art. 149 of the CFA, the Board of Statutory Auditors is required to oversee:

- compliance with the law and the articles of association;
- compliance with the principles of corporate governance;
- the adequacy of the Company’s organisational structure, as regards the aspects falling within the scope of our responsibilities, of the internal control system and of the administrative/accounting system and its ability to correctly represent operating activities;
- effective implementation of the corporate governance rules contained in the codes of conduct drawn up stock market regulators or by trade bodies, and with which the Company, in its public announcements, has declared that it is compliant;

- the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to article 114, paragraph 2 of the CFA.

Audit of compliance with the law and the articles of association

The Board of Statutory Auditors obtained the information needed in order to conduct its assigned audit activities by participating in meetings of the Board of Directors and of the various board committees, during discussions with the management of the Company and the Group, during meetings with the independent auditors and with the boards of statutory auditors of Group companies, through examination of the information obtained by the relevant company departments and through further audit activities.

The above audit procedures were carried out during 17 meetings of the Board of Statutory Auditors, by taking part in 12 meetings of the Board of Directors, and through the participation of the Chairman of the Board of Statutory Auditors, or another Auditor, in meetings of the Internal Control, Risk and Corporate Governance Committee and the Human Resources and Remuneration Committee, and the Board's participation in the General Meetings of shareholders held on 21 April 2017 and 2 August 2017. In addition, 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.

Moreover, the Board of Statutory Auditors:

- pursuant to art. 150, paragraphs 1 and 3 of the CFA:
 - (i) obtained reports from the Directors, on at least a quarterly basis, 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. Particularly significant transactions in 2017 are described in full in the notes to Atlantia SpA's financial statements in the section "Acquisition and corporate actions during the period" (restructuring of the Group, the sale of 11.94% of Autostrade per l'Italia SpA; the voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras SA) and in the section "Events after 31 December 2017" (the Extraordinary General Meeting of Atlantia's shareholders held on 21 February 2018, which voted to extend the deadline for execution of the capital increase to service the voluntary public tender offer, in cash and/or shares, for the entire issued capital of Abertis Infraestructuras SA from 30 April to 30 November 2018; the agreement reached with ACS, Actividades de Construccion y Servicios and Hochtief AG relating to a joint investment in Abertis Infraestructuras SA, in accordance with the which, on the fulfilment of certain conditions, Atlantia will hold 50% + 1 one share of a special purpose vehicle that will control Abertis Infraestructuras SA, which will therefore be consolidated by Atlantia; under this agreement, Atlantia has exercised its call option on a 29.9% interest in Cellnex Telecom SA held by Abertis Infraestructuras SA; the acquisition of a 100% interest in Aero 1 Global & International Sàrl, a vehicle that holds a 15.49% interest in Groupe Eurotunnel SE (Getlink), representing 26.66% of the related voting rights);
 - (ii) held meetings with representatives of the independent auditors and no significant information that should be included in this report has come to light;
- pursuant to art. 151, paragraphs 1 and 2 of the CFA, exchanged information with the board of statutory auditors of Atlantia's direct subsidiaries (Autostrade per l'Italia SpA, Aeroporti di Roma SpA, Telepass SpA, Autostrade dell'Atlantico Srl, Pavimental SpA, Spea Engineering SpA and Fiumicino Energia Srl) regarding activities carried out during the year;

- received information from the Supervisory Board, set up in accordance with Legislative Decree 231/2001, on its activities, which did not find any problems or significant irregularities;
- oversaw compliance with the requirements relating to “Market abuse” and “Protections for savers”, as they relate to financial reporting, and those relating to “Internal dealing”, with particular regard to the processing of confidential information and the procedure for publishing news releases and announcements. The Board of Statutory Auditors monitored compliance with the provisions of art. 115-bis of the CFA and the statutory requirements governing updates of the register of persons with access to confidential information.

Audit of compliance with the principles of corporate governance and of the adequacy of the organisational structure

The Board of Statutory Auditors:

- within the scope of our responsibilities, 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 particular observations to make;
- 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; in this regard we have no particular observations to make.

The Board of Statutory Auditors observed that adequate supporting documentation on matters to be discussed at Board of Directors’ meetings was made available to the Directors and Statutory Auditors with reasonable in advance by publication in a specific internal database. In addition, during the year, the Company organises induction sessions for Directors and Statutory Auditors (3 were held in 2017), focusing on issues relating to Atlantia’s operations, its business and the strategies of its key subsidiaries.

Based on the information obtained, the Board of Statutory Auditors notes that strategic decisions are correctly informed and reasonable and that Directors are aware of the risks involved and the impact of the transactions carried out.

The Board of Statutory Auditors did not find evidence of material atypical and/or unusual transactions, including intra-group or intra-group and other related party transactions

The Board has also assessed the adequacy of the information provided in the management report on operations, regarding the absence of atypical and/or unusual transactions, including intra-group or intra-group and other related party transactions.

Oversight of effective implementation of corporate governance rules

With regard to the provisions of art. 149, paragraph 1.c-bis of the CFA relating to the Board of Statutory Auditors’ supervision “*of the methods of actually implementing the corporate governance rules laid down in the corporate governance codes prepared by stock exchange companies and the related trade associations, with which the Company has publicly declared it will comply*”, the Board of Statutory Auditors reports that:

- we oversaw the methods for implementing the governance rules laid down in Atlantia’s Corporate Governance Code, the latest version of which was approved by the Board of Directors at its meeting on 15 December 2016;
- notes that the Annual Report on Corporate Governance and the Ownership Structure, in compliance with the related legal and regulatory obligations, contains information on the ownership structure, application of the codes of conduct and fulfilment of the resulting

commitments, highlighting the choices made by the Company in applying corporate governance standards;

- with regard to the periodic assessment to be conducted in accordance with the Corporate Governance Code, the Directors issued the necessary representations confirming their compliance with the relevant independence requirements, as established by art. 148, paragraph 3 of Legislative Decree 58/1998 (referred to in art. 147-ter, paragraph 4 of Legislative Decree 58/1998) and art. 3.1 of Atlantia's Corporate Governance Code;
- with regard to the periodic assessment to be carried out pursuant to art. 15, paragraph 2 of the Corporate Governance Code, we have established that all the Statutory Auditors meet the related independence requirements, notifying the outcome of our assessment to the Board of Directors, which has reported the outcome in the Company's corporate governance report.

Audit of relations with subsidiaries and parents and related party transactions

The Board of Statutory Auditors has verified ordinary or recurring related party and/or intra-group transactions, with regard to which we report the following:

- intra-group transactions, whether of a trading or financial nature, between subsidiaries and parents are conducted on an arm's length basis. Such transactions are adequately described in the Annual Report. In particular, note 10.5 to the consolidated financial statements provides details of the impact on the income statement and financial position of trading and financial transactions between the Atlantia Group and related parties, including Atlantia's Directors, Statutory Auditors and key management personnel. Related party transactions did not include exceptional and/or unusual transactions and, during 2017, the Atlantia Group did not engage in material trading or financial relations with Atlantia's direct or indirect parents;
- with reference to the Atlantia Group's transactions with other related parties, note 10.5 to the consolidated financial statements states that, for the purposes of the CONSOB Regulations adopted in Resolution 17221 of 12 March 2012, as amended, on 11 November 2010 Atlantia's Board of Directors, with the prior agreement of the Committee of Independent Directors with responsibility for Related Party Transactions, approved the Procedure for Related Party Transactions entered into directly by the Company and/or indirectly through one of its subsidiaries.

The Procedure (which is revised at least every three years by the Board of Directors, in consultation with the Committee of Independent Directors with responsibility for Related Party Transactions) was last revised by the Board of Directors on 15 December 2017, with the prior agreement of the Committee of Independent Directors with responsibility for Related Party Transactions communicated on 22 November 2017, in order to reflect organisational changes within Atlantia and the Group and to ensure correct flows of information between the various parties involved in the process;

- with reference to Atlantia's related party transactions, note 8.2 to the separate financial statements, "Related party transactions", shows the principal items in the income statement for 2017 and statement of financial position as at 31 December 2017 resulting from related party transactions and states that the Company primarily engages in transactions with its 88.06%-owned subsidiary, ASPI, over which it exercises management and coordination;
- the "Remuneration Report 2017", prepared pursuant to art. 123-ter of the CFA, provides details of the remuneration paid to Directors, Statutory Auditors and key management personnel for 2017. Disclosures regarding the remuneration policy are included in the Remuneration Report, the basis of preparation of which was examined by the Board of Statutory Auditors and agreed on with the Human Resources and Remuneration Committee and the Internal Control, Risk and Corporate Governance Committee.

Audit procedures required by Legislative Decree 39/2010

Pursuant to art. 19 of Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, the committee responsible for the internal and statutory audits of an entity, whose role, in entities of

public interest (which include listed companies) that have adopted a traditional governance system, is fulfilled by the board of statutory auditors, is responsible for:

- a) informing the management body of the audited entity of the outcome of the statutory audit and submitting to this body the additional report required by article 11 of the European Regulation (EU) 537/2014, accompanied any eventual observations;
- b) monitoring the financial reporting process and submitting recommendations or suggestions designed to safeguard its integrity;
- c) controlling the effectiveness of the entity's internal quality control and risk management systems and, where applicable, its internal audit systems, in relation to the audited entity's financial reporting, without impinging on its independence;
- d) overseeing the statutory audit of the separate and consolidated financial statements, also taking into account the results and conclusions of the quality controls conducted by the CONSOB in accordance with article 26, paragraph 6 of the European Regulation, where available;
- e) verifying and monitoring the independence of the statutory auditors or the independent auditors in accordance with articles 10, 10-*bis*, 10-*ter*, 10-*quater* and 17 of the above decree and article 6 of the European Regulation, above all with regard to the appropriateness of any non-audit services provided to the audited entity, in compliance with article 5 of the Regulation;
- f) the procedure for selecting statutory or independent auditors and recommending the statutory or independent auditors to be engaged pursuant to article 16 of the European Regulation.

The Board of Statutory Auditors interacted with the Internal Control, Risk and Corporate Governance Committee, a Board committee, with the aim of coordinating expertise, exchanging information, engaging in ongoing consultation and avoiding any overlap between their activities.

* * *

With specific reference to Legislative Decree 39/2010, the following should be noted.

A) Reporting to the Board of Directors on the outcome of the statutory audit and on the additional report required by art. 11 of the European Regulation (EU) 537/2014

The Board states that the independent auditors, Deloitte & Touche SpA (“Deloitte & Touche”) issued the additional report required by art. 11 of the European Regulation on 29 March 2018, describing the results of its statutory audit of the accounts and including the written confirmation of independence required by art. 6, paragraph 2.a) of the Regulation, in addition to the disclosures required by art. 11 of the Regulation, without noting any significant shortcomings. The Board of Statutory Auditors will inform the Company's Board of Directors of the outcome of the statutory audit, submitting to Directors the additional report, accompanied by any eventual observations pursuant to art. 19 of Legislative Decree 39/2010.

B) 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 Annual Report on Corporate Governance and the Ownership Structure 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 enabled the manager responsible for financial reporting and the Chief Executive Officer to issue the attestations required by art. 154-*bis* of the CFA on the occasion of publication of the separate and consolidated annual financial statements and of the interim half-year report.

With reference to the oversight required by art. 19 of Legislative Decree 39/2010, relating to financial reporting, the Board of Statutory Auditors has verified that the administrative and accounting aspects

of the internal control system, as they relate to the attestations to be issued by the Chief Executive Officer and the manager responsible for financial reporting, were revised in 2017. The process entailed Group-level analyses of significant entities and the related significant processes, through the mapping of activities carried out to verify the existence of controls (at entity and process level) designed to oversee compliance risk in respect of the law and accounting regulations and standards relating to periodic financial reporting. Effective application of the administrative and accounting procedures was verified by the manager responsible for financial reporting, with the assistance of the relevant internal departments (including the Internal Audit department) and leading firms of consultants.

The Board of Statutory Auditors also verified the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to article 114, paragraph 2 of the CFA and, with regard to art. 36 of the CONSOB Regulation on markets, adopted with resolution 16191 of 29 October 2007 (which has introduced requirements for subsidiaries incorporated under, or regulated by, the laws of non-EU states and of material significance for the purposes of the consolidated financial statements), verified that the Group companies to which the regulations are applicable have adopted procedures enabling them to submit reporting packages, for use during preparation of the consolidated financial statements, on a regular basis to the Company's management and the Parent Company's independent auditors.

On 2 March 2018, 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.

C) Oversight of the effectiveness of the internal control, internal audit and risk management systems

The Board of Statutory Auditors has overseen the adequacy and efficiency of the internal control and risk management systems. You will recall that, in order to assess the correct functioning of the internal control system, in 2017 the Board of Directors made use of the Internal Control, Risk and Corporate Governance Committee, the Head of the Group's Internal Audit department (operating with an adequate level of independence and suitably equipped to carry out the assigned role), who reported on her activities to the Chairman, Chief Executive Officer, the Internal Control, Risk and Corporate Governance Committee, the Board of Statutory Auditors, the Group Control and Risk Management department, the Supervisory Board and the Ethics Officer.

As reported in the Annual Report on Corporate Governance and the Ownership Structure, in the fourth quarter of 2017, the Head of Group Compliance and Security was appointed Head of Anti-corruption for the Group and Atlantia.

In particular, during our periodic meetings with the Head of Internal Audit and the Head of Group Control and Risk Management, 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 Risk Management activities, which is responsible for overseeing the management of risk via correct implementation and development of the COSO Enterprise Risk Management (ERM), a methodological framework that Atlantia has adopted to identify, measure, manage and monitor the risks inherent in the Company's current Business Risk Model (compliance, regulatory and operational risks). In this regard, a memorandum of 4 December 2017 appointed a Risk Officer to operate within the Group Control and Risk Management department. The Risk Officer is responsible for (i) the annual preparation of the Company's Risk Appetite (on the basis of the methodological guidelines on Risk Management issued by the Parent Company and in keeping with the Group's Risk Appetite, and (ii) the annual update of the Company's catalogue of risks, in agreement with the Risk Owners.

It should be remembered that, on 11 December 2014, the Board of Directors, at the recommendation of the Director Responsible for the Internal Control and Risk Management System, with the prior

agreement of the Internal Control, Risk and Corporate Governance Committee and having consulted with the Board of Statutory Auditors, established an Internal Audit department (later named “Group Internal Audit”), effective from 1 January 2015, and appointed, with effect from the same date, the Group’s Head of Internal Audit. In accordance with art. 11.3 of Atlantia’s Corporate Governance Code, *“the Head of Internal Audit is responsible for verifying that the internal control and risk management system is properly functioning and fit for purpose”*. The same person is required to prepare *“periodic reports containing sufficient information on audit activities, the method of risk management and compliance with plans developed for risk mitigation. The periodic reports must contain an assessment of the internal control and risk management system”*. On 16 February 2017, the Head of Group Internal Audit issued her report on the fitness of the internal control and risk management system, which supplements the reports prepared periodically and submitted to the Internal Control, Risk and Corporate Governance Committee and the Board of Statutory Auditors, and contains an assessment of whether or not the internal control and risk management system is fit for purpose (to the extent of her responsibilities). This assessment then forms the basis for the overall assessment of the internal control system that Atlantia’s Internal Control, Risk and Corporate Governance Committee submits annually to the Company’s Board of Directors. The report for 2017, issued on 15 February 2018, states that the internal control and risk management system is fit to ensure that the Company is managed in a way that is sound, proper and consistent with pre-established objectives.

At the Board of Directors’ meeting of 15 December 2016, art. 1.3 of the Corporate Governance Code was implemented. This requires the Board of Directors to define the nature and degree of risk compatible with the issuer’s strategic goals, specifying that the Directors must include an assessment of all the risks that may affect the medium/long-term sustainability of the Company’s operations.

On the recommendation of the Director Responsible for the Internal Control and Risk Management System, with the agreement of the Internal Control, Risk and Corporate Governance Committee and in consultation with the Board of Statutory Auditors, at its meeting of 10 March 2017, the Board of Directors set out the guidelines for the internal control and risk management system and gave a positive assessment of Atlantia’s internal control and risk management system.

At its meeting of 9 June 2017, the Board of Directors established the nature and degree of risk compatible with the strategic goals of Atlantia and the Group.

At its meeting of 15 December 2017, the updated catalogue of risks was presented to the Board of Directors.

Finally, at the meeting of 2 March 2018, after noting the conclusions of the analysis by the Control, Risk and Corporate Governance Committee of the information provided by staff responsible for the internal control and risk management system, the Board of Directors concluded that the internal control and risk management system can be deemed adequate, efficacious and in good working order.

In addition, the Board of Statutory Auditors also notes that, during 2017, Atlantia’s Supervisory Board (set up in compliance with Legislative Decree 231/2001) continued its review of the organisational, management and control model (“OMCM”) adopted by Atlantia, 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.

During the second half of 2017, the Supervisory Board completed its revision of the OMCM in view of changes in the related legislation and in the Company’s operating environment and organisational structure. The revised OMCM was approved by Atlantia’s Board of Directors on 15 December 2017, without any amendments to the text proposed by the Supervisory Board.

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 has examined the Supervisory Board’s reports on their activities in the first and second halves of 2017 and we do not have anything to mention in this regard in this report.

D) Oversight of the statutory audit of the separate and consolidated financial statements

We declare that:

- the accounts have been subjected to the required controls by the independent auditors, Deloitte & Touche, appointed by the Annual General Meeting of 24 April 2012 for the annual reporting periods 2012-2020. During their periodic meetings with the Board of Statutory Auditors, the independent auditors had nothing to report on this matter;
- the Board of Statutory Auditors: (i) has analysed the activities of the independent auditors and, in particular, the methods adopted, the audit approach used for significant aspects of the financial statements and the audit planning process; (ii) discussed issues relating to the Company's risks with the independent auditors, enabling us to establish the appropriateness of the auditors' plans in terms of their approach in view of the structural and risk profiles of the Company and the Group;
- on 10 November 2017, Deloitte & Touche SpA issued the opinion required by article 2433-*bis* of the Italian Civil Code on payment of an interim dividend for 2017, as approved on the same date by the Board of Directors;
- on 29 March 2018, Deloitte & Touche issued the additional report required by art. 11 of the above European Regulation;
- on 29 March 2018, Deloitte & Touche issued their audit reports on the separate and consolidated financial statements. In this regard, the following should be noted:
 - both the reports contain: (i) the auditors' opinion on the fact that the financial statements provide a true and fair of the financial position of Atlantia SpA and of the Group as at 31 December 2017, and of the results of operations and cash flows for the year then ended, in compliance with the International Financial Reporting Standards adopted by the European Union and the measures introduced in application of art. 9 of Legislative Decree 38/2005; (ii) the description of the key aspects of the audit and the audit procedures performed in response to those key aspects; (iii) the auditors' opinion on the consistency of the report on operations and of certain specific disclosures in the report on corporate governance and the ownership structure with the separate and consolidated financial statements as at and for the year ended 31 December 2017 and the reports' compliance with statutory requirements; (iv) confirmation that the opinions on the separate and consolidated financial statements expressed in the two reports are in line with the opinion expressed in the additional report sent to the Board of Statutory Auditors, in its role as the committee responsible for internal and statutory audits, prepared pursuant to art. 11 of the European Regulation;
 - neither of the above reports contains a qualification or emphasis of matter;
 - in their report on the consolidated financial statements, Deloitte & Touche state that they have verified that the Directors have approved the non-financial statement.

E) Independence of the independent auditors, above all with regard to non-audit services

The Board of Statutory Auditors verified, also with reference to the provisions of art. 19 of Legislative Decree 39/2010, the independence of the independent auditors, Deloitte & Touche, checking the nature and entity of any non-audit services provided to Atlantia, its subsidiaries and entities under common control by the auditors and by their associates. The fees paid by the Atlantia Group to the independent auditors, Deloitte & Touche or associates of Deloitte & Touche, are as follows:

	€000
Audit	1,069
Certification (audit-related)	46
Other services	1,413
Total	2,528

It should be noted that the category “Other services” (those other than audit or certification) includes a total of €1,000 thousand relating to the fairness opinion required by art. 2441 of the Italian Civil Code (€800 thousand) and the checks carried out on the pro forma financial information (€200 thousand) relating to the voluntary public tender offer, in cash and/or shares, for Abertis Infraestructuras SA. In addition, €219 thousand regards the 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, a review of the sustainability report and comfort letters for offering circulars. A further €24 thousand regards checks on the internal control system (services provided by associates of the independent auditors), whilst €170 thousand regards checks on the internal control system and agreed-upon procedures on accounting data and information (services provided by associates of the independent auditors).

“Other Services” accounted for 126.73% of the total fees paid for “Audit” and “Certification (audit-related)” services, whilst “Other services” accounted for 55.89% of the total value of the engagements assigned to the independent auditors.

The Board of Statutory Auditors deems that therefore deems that the fairness opinion required by art. 2441 of the Italian Civil Code, and the checks carried out on the pro forma financial information relating to the voluntary public tender offer, in cash and/or shares, for Abertis Infraestructuras SA, are of an exceptional and non-recurring nature. As a result, after excluding the related fees, “Other Services” accounted for 37.04% of the fees paid for “Audit” and “Certification (audit-related)” services. In the light of the above, the Board therefore believes that the independent auditors, Deloitte & Touche, meet the requirements for independence. Deloitte & Touche provided their annual confirmation of independence on 29 March 2018.

Finally, it should be noted that, pursuant to art. 13, paragraph 1 of Legislative Decree 39/2010, on 27 February 2018, the Board of Statutory Auditors submitted its reasoned proposal, to be put to shareholders, in relation to Deloitte & Touche’s request for the payment of additional fees of €10 thousand, received by the Company on 16 February 2018. The request follows an increase, of a recurring nature, in the workload of the independent auditors as a result of the new legislative framework for statutory audits and the new audit standards (ISA Italy) for each of the years between 2017 and 2020.

F) Procedure for selecting independent auditors

The Board has adopted the procedure for selecting independent auditors and the recommendation for independent auditors pursuant to article 16 of European Regulation 537/2014.

Negligence, irregularities, other opinions provided, initiatives undertaken

The Board of Statutory Auditors states that:

- we issued a favourable opinion, pursuant to art. 2389, paragraph 3 of the Italian Civil Code, regarding the remuneration of executive Directors;
- we did not issue further opinions during the year, other than those referred to above;
- no complaints have been lodged under art. 2408 of the Italian Civil Code, and no petitions of any kind have been presented.

Separate and consolidated financial statements and the report on operations

With specific regard to our examination of the financial statements as at and for the year ended 31 December 2017, the consolidated financial statements (prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and in compliance with the measures introduced by the CONSOB in application of paragraph 3 of art. 9 of Legislative Decree 38/2005) and the report on operations, the Board of Statutory Auditors states the following:

- the Annual Report was delivered to the Board of Statutory Auditors in sufficient time to ensure that it will be filed at the Company's registered office accompanied by this report;
- we have checked the overall basis of presentation of the separate and consolidated financial statements and their general compliance with the laws relating to their preparation and structure, and that they are accompanied by the documents required by the civil code and the CFA;
- we have checked the reasonableness of the valuation procedures applied and their compliance with the requirements of IFRS; Atlantia's Board of Directors, in keeping with the recommendations in the joint document issued by the Bank of Italy/CONSOB/ISVAP on 3 March 2010, has approved the impairment testing procedure and results independently and prior to approval of the financial statements;
- we have 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;
- to the best of the Board of Statutory Auditors' knowledge, in preparing the financial statements, the Directors did not elect to apply any of the exemptions permitted by art. 2423, paragraph 4 of the Italian Civil Code;
- we verified compliance with the laws governing preparation of the management report on operations and have no particular observations to make in this regard;
- we note that, as described in the Introduction to the section "Financial review for Atlantia SpA" in the report on operations, the Company has presented the reclassified consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the statement of changes in the Atlantia Group's consolidated net debt for the year ended 31 December 2017, and the reclassified consolidated statement of financial position as at 31 December 2017, which include comparative amounts for the previous year. In the Introduction to the "Group financial review", it is reported that the scope of consolidation at 31 December 2017 is unchanged with respect to 31 December 2016. However, amounts for 2017 include the contribution of Aéroports de la Côte d'Azur ("ACA") and its subsidiaries following completion of the French company's acquisition at the end of 2016 through the acquisition vehicle, Azzurra Aeroporti. In this regard, during 2017, the process of identifying the fair values of the ACA group's assets and liabilities was completed. As a result, certain amounts in the statement of financial position for 2016 have been restated and therefore differ from the information published in the Atlantia Group's Annual Report for the year ended 31 December 2016.

Consolidated Non-financial Statement – Integrated Report

Atlantia's Board of Directors has approved the Consolidated Non-financial Statement – Integrated Report for 2017, prepared pursuant to Legislative Decree 254/2016.

On 29 March 2018, the independent auditors issued their report on the compliance of the information provided in the consolidated non-financial statement with statutory requirements and reporting standards adopted.

The Board of Statutory Auditors oversaw compliance with the provisions of Legislative Decree 254/2016 and we do not have anything to mention in this regard in this report.

Proposal to the Annual General Meeting

The Board of Statutory Auditors is in favour of approval of the financial statements as at and for the year ended 31 December 2017 and has no objections regarding the Board of Directors' proposal for the appropriation of profit for the year.

Election of the new Board of Statutory Auditors

The term of office of the Board of Statutory Auditors elected by the Annual General Meeting of 24 April 2015 expires with approval of the financial statements as at and for the year ended 31 December

2017. You are thus invited, in accordance with the law and the Company's articles of association, to elect a new Board of Statutory Auditors.

In the meantime, we would like to take this opportunity to thank you for the trust you have placed in us during the our term of office.

Pursuant to art. 144 *quinquiesdecies* of the Regulations for Issuers, approved by the CONSOB with Resolution 11971/99, as amended, the list of positions held by members of the Board of Statutory Auditors at the companies in Book V, Section V, Chapters V, VI and VII of the Italian Civil Code is published by the CONSOB on its website (www.consob.it).

Rome, 29 March 2018

Board of Statutory Auditors
The Chairman
Corrado Gatti



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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 AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Atlantia S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Atlantia S.p.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Atlantia S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF THE PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY AND AIRPORT INFRASTRUCTURE AND THE PROVISIONS FOR AIRPORT REFURBISHMENT

Description of the key audit matter

The consolidated financial statements as at 31 December 2017 include "provisions for repair and replacement of motorway and airport infrastructure", equal to €1,483 million (of which €1,121 million relate

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to Autostrade per l'Italia), and "provisions for airport refurbishment" equal to €183 million related to the Aeroporti di Roma group. These provisions reflect estimates of the present value of the costs to be incurred by the Group's operators (the "Operators") in order to meet the contractual obligations envisaged by their concession arrangements (the "Concessions"); in order to ensure the serviceability and safety of the motorways and airport infrastructure operated under concession.

The estimation process for the aforementioned provisions is highly detailed and complex and is based on a series of variables and expectations. These include technical assumptions about planning for the repair, replacement and refurbishment of each component of the infrastructure. Specifically, the main assumptions concern the duration of maintenance cycles, the serviceability of the infrastructure and the estimated costs to be incurred for each homogeneous class of intervention.

In consideration of the above, we considered the valuation of these provisions as a key audit matter for the consolidated financial statements of the Atlantia Group as at 31 December 2017.

Notes 3 and 7.14 to the consolidated financial statements for 2017, respectively, illustrate the accounting standards and policies applied by the Group and the movements in the aforementioned provisions during the year.

Audit procedures performed

Our audit procedures included, among others, the following:

- an understanding of the process used by the Operators for the purpose of the recognition and measurement of the provisions in question;
- testing of the design and implementation of the key controls around the provisions in question carried out by the Operators and, with reference to the Group's main concession holder - Autostrade per l'Italia S.p.A., testing of their operating effectiveness;
- obtaining and analyzing the reports prepared by the technical managers of the motorway operators regarding planning for the repair and replacement works. In particular, we reviewed the technical assumptions underlying the calculation models, the costs to be incurred for each intervention and the average estimated period of repair and replacement;
- checking the accuracy and completeness of the data used by the Operators in estimating the provisions;
- assessing the reasonableness of the discount rates used by the Operators to calculate the present value of the provisions;
- checking the mathematical accuracy of calculations of the provisions;
- performing a retrospective review of the estimates based on prior year information, including an analysis of potential differences between the actual costs incurred compared with previous estimates for a sample of works completed by Autostrade per l'Italia S.p.A. during 2017;
- assessing the adequacy of the disclosures provided in the notes to the financial statements and their compliance with the applicable accounting standards.

IMPAIRMENT TESTING OF GOODWILL

Description of the key audit matter

Goodwill amounts to €4,535 million in the consolidated financial statements as at 31 December 2017, of which €4,383 million is allocated to the Autostrade per l'Italia cash generating unit ("CGU") and €152 million to the Aéroports de la Côte d'Azur CGU.

In accordance with the requirements of accounting standard IAS 36 - Impairment of Assets, Goodwill is not amortized but is tested for impairment at least once a year, by comparing the recoverable amount of the CGUs, determined on the basis of the "value in use" method, and its carrying amount, which include both goodwill and other tangible and intangible assets allocated to the CGUs.

In determining the recoverable amount, the Group considered future cash flows based on the long-term business plans prepared by the Operators on the basis of the assumptions and regulatory mechanisms envisaged by the concession arrangements. In particular, the assumptions include traffic forecasts, future investment to be carried out and the toll rates that are expected to be recognised.

In consideration of the significance of the value of the Goodwill recorded in the consolidated financial statements of the Atlantia Group and of the complexity of the related valuation process, we considered the impairment test a key audit matter for the consolidated financial statements of the Atlantia Group as at 31 December 2017.

Note 7.2 to the Atlantia Group's consolidated financial statements for 2017 provides information regarding the impairment test conducted by the Group and the effects of the sensitivity analyses deriving from changes in the key variables used in carrying out the impairment test.

Audit procedures performed

As part of our audit we have, among other things, carried out the following procedures, also with the support of our experts:

- analysis of the methodology adopted by the Group in identifying the individual CGUs;
- testing of the design and implementation of the key controls over the impairment testing process;
- assessment of the reasonableness of the assumptions used by the Operators in preparation of long-term business plans. In particular, we checked the consistency of the assumptions used in preparation of the long-term business plans with the provisions of the concession arrangements;
- analysis of the forecast traffic trends used in the long-term business plan prepared by Autostrade per l'Italia S.p.A., also by obtaining the assessment reports prepared by an external expert specialising in the sector;
- analysis of the differences between the historical data and the forecast data, in order to assess the reliability of the process followed by Autostrade per l'Italia S.p.A. in preparing the long-term business plan;
- analysis of the impairment test carried out by the Group, with particular reference to:
 - i. technical evaluation of the method used by the Group to determine the discount rate (WACC) used in the test;
 - ii. verification of the mathematical accuracy of the calculation model used by the Group to determine "value in use";
 - iii. verification of the sensitivity analyses prepared by the Group.



- analysis of the adequacy of the disclosures related to the impairment tests and their compliance with accounting standard IAS 36.

ACQUISITION OF THE AÉROPORTS DE LA CÔTE D'AZUR GROUP

Description of the key audit matter

During the 2017 financial year, the Group completed fair value measurement of the assets acquired and the liabilities assumed as a result of the acquisition of the Aéroports de la Côte d'Azur Group at the end of 2016 and the related allocation (Purchase Price Allocation - "PPA ") of these values in accordance with accounting standard IFRS 3 - Business Combinations.

Completion of the measurement process carried out by the Group's management, also with the support of an external consultant, has resulted in an increase in the fair value of the net assets acquired of €1,799 million, of which €1,151 million attributable to the Group, compared with the consideration paid of €1,303 million. The allocation of PPA values has resulted, among other things, in the recognition of Concession Rights of €2,619 million, of Deferred Tax Liabilities of €636 million and of Goodwill of €152 million.

Again in accordance with IFRS 3, the above-mentioned fair values have been recognized retrospectively and back-dated to the date of acquisition, resulting in the restatement and upward adjustment of the assets and liabilities previously included in the consolidated financial statements as at 31 December 2016.

In consideration of the significance of the transaction, combined with the degree of judgement associated mainly with the determination of the fair value of the net assets acquired, we considered this issue a key audit matter for the consolidated financial statements of Atlantia Group as at 31 December 2017.

The disclosure in Note 6.1 to the Atlantia Group's consolidated financial statements as at December 31, 2017 provides details of the effects of completion of the process of accounting for the acquisition of Aéroports de la Côte d'Azur, as well as of the final amounts of the related fair values identified.

Audit procedures performed

As part of our audit we have, among other things, carried out the following procedures, also with the support of our experts:

- testing of the design and implementation of the key controls over the business combination accounting process;
- assessment of the competence, capabilities and objectivity of the external expert involved in the PPA valuation process;
- examination of the PPA valuation report prepared by the external expert;
- assessment of the reasonableness of the main assumptions adopted in determining the fair value of the assets acquired and liabilities assumed, also by obtaining information and by interviewing management and in further interviews with the external expert, and of the key variables used to determine the respective fair values;
- verification of the accuracy of accounting records;
- checks of the adequacy and completeness of the disclosure provided by the Group in the consolidated financial statements compared with the provisions of international accounting standard IFRS 3.



Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Atlantia S.p.A. has appointed us on April 24, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Atlantia S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Atlantia Group as at December 31, 2017, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Atlantia Group as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

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In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Atlantia Group as at December 31, 2017 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Atlantia S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Fabio Pompei
Partner

Rome, Italy
March 29, 2018

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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 AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Atlantia S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Atlantia S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2017, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RECOVERABILITY OF INVESTMENTS

Description of the key audit matter

"Investments" amount to €9,699 million in the financial statements as at 31 December 2017, of which €5,686 million related to investments in subsidiaries that include the value of goodwill. These investments include €5,333 million relating to Autostrade per l'Italia S.p.A. and €353 million relating to Azzurra Aeroporti S.r.l., the holding company that controls the Aéroports de la Côte d'Azur group. Both investments correspond to cash generating units ("CGUs").

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In accordance with the provisions of accounting standard IAS 36 - Impairment of Assets, the Company verifies the recoverability of the carrying amount of the aforementioned investments at the reporting date ("impairment test").

Specifically, the impairment test is performed by comparing the recoverable amounts of the CGUs, determined on the basis of the "value in use" method, and the carrying amounts of the investments, which include both goodwill and other tangible and intangible assets allocated to the CGUs.

In determining the recoverable amount, the Company considered future cash flows based on the long-term business plans prepared by the subsidiaries on the basis of the assumptions and regulatory mechanisms envisaged by the concession arrangements. In particular, the assumptions include traffic forecasts, future investment to be carried out and the toll rates that are expected to be recognised.

In consideration of the significance of the value of the investments combined with the complexity of the related valuation process, we considered the impairment test to be a key audit matter for Atlantia S.p.A.'s financial statements.

Notes 3 and 5.3 to the financial statements for 2017 provide, respectively, information regarding the valuation criteria applied by the Company and changes of the line item during the year.

Audit procedures performed

As part of our audit we have, among other things, carried out the following procedures, also with the support of our experts:

- analysis of the methodology adopted by the Company in identifying the individual CGUs;
- testing of the design and implementation of the key controls over the impairment testing process;
- assessment of the reasonableness of the assumptions used in the preparation of the long-term business plans of the subsidiaries. In particular, we checked the consistency of the assumptions used in preparation of the long-term business plans with the provisions of the concession arrangements;
- analysis of the forecast traffic trends used in the long-term business plan prepared by Autostrade per l'Italia S.p.A., also by obtaining the assessment reports prepared by an external expert specialising in the sector;
- analysis of the differences between the historical data and the forecast data, in order to assess the reliability of the process followed by Autostrade per l'Italia S.p.A. in preparing the long-term business plan;
- analysis of the impairment test carried out by the Company, with particular reference to:
 - i. technical evaluation of the method used by the Company to determine the discount rate (WACC) used in the test;
 - ii. verification of the mathematical accuracy of the calculation model used by the Company to determine "value in use";
 - iii. verification of the sensitivity analyses prepared by the Company.
- analysis of the adequacy of the disclosures related to the impairment tests and their compliance with accounting standard IAS 36.



Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Atlantia S.p.A. has appointed us on April 24, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Atlantia S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Atlantia S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Atlantia S.p.A. as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Atlantia S.p.A. as at December 31, 2017 and are prepared in accordance with the law.

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With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by

Fabio Pompei
Partner

Rome, Italy
March 29, 2018

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



**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**

Key indicators extracted from the financial statements of subsidiaries, associates and joint ventures, as defined by paragraphs 3 and 4 of art. 2429 of the Italian Civil Code

The figures provided below were extracted from the most recent financial statements approved by the companies' respective boards of directors. The companies' reporting date is 31 December of each year, unless otherwise indicated. The companies prepare their financial statements in accordance with international financial reporting standards, with the exception of Autostrade dell'Atlantico, Azzurra Aeroporti, Fiumicino Energia, Pavimental, SPEA Engineering, Autostrade Indian Infrastructure and Pune Solapur Expressways Private, which prepare their financial statements in accordance with accounting principles generally accepted in their countries.

Subsidiaries

Autostrade per l'Italia SpA

€000	FINANCIAL POSITION	31 DECEMBER 2016	31 DECEMBER 2015
	Non-current assets	18,803,703	19,958,335
	Current assets	4,852,538	3,218,223
	Total assets	23,656,241	23,176,558
	Equity	3,605,115	2,565,608
	<i>of which issued capital</i>	622,027	622,027
	Liabilities	20,051,126	20,610,950
	Total equity and liabilities	23,656,241	23,176,558

€000	RESULTS OF OPERATIONS	2016	2015
	Operating revenue	3,717,539	3,778,650
	Operating costs	-2,076,373	-2,102,128
	Operating profit/(loss)	1,641,166	1,676,522
	Profit/(loss) for the period	619,121	954,953

Aeroporti di Roma SpA

€000	FINANCIAL POSITION	31 DECEMBER 2016	31 DECEMBER 2015
	Non-current assets	2,524,722	2,231,667
	Current assets	417,812	554,415
	Total assets	2,942,534	2,786,082
	Equity	1,101,042	1,128,704
	<i>of which issued capital</i>	62,225	62,225
	Liabilities	1,841,492	1,657,378
	Total equity and liabilities	2,942,534	2,786,082

€000	RESULTS OF OPERATIONS	2016	2015
	Operating revenue	1,170,210	941,220
	Operating costs	-796,219	-692,693
	Operating profit/(loss)	373,991	248,527
	Profit/(loss) for the period	215,742	134,556

Autostrade dell'Atlantico Srl

€000	FINANCIAL POSITION	31 December 2017	31 DECEMBER 2016
Non-current assets		424,783	516,342
<i>of which non-current investments</i>		378,236	470,897
Current assets		14,568	68,750
Other assets		-	-
Total assets		439,351	585,092
Equity		178,507	574,490
<i>of which issued capital</i>		1,000	1,000
Provisions and post-employment benefits		-	2,492
Payables		260,844	8,110
Other liabilities		-	-
Total equity and liabilities		439,351	585,092

€000	RESULTS OF OPERATIONS	2017	2016
Value of production		-	-
Cost of production		-3,216	-102
Operating profit/(loss)		-3,216	-102
Profit/(loss) for the period		2,270	2,701

Azzurra Aeroporti Srl

€000	FINANCIAL POSITION	31 December 2017	31 DECEMBER 2016
Non-current assets		1,303,049	1,303,049
<i>of which non-current investments</i>		1,303,049	1,303,049
Current assets		34,470	8,307
Other assets		18	-
Total assets		1,337,537	1,311,356
Equity		690,430	662,789
<i>of which issued capital</i>		2,500	2,500
Provisions and post-employment benefits		-	-
Payables		646,966	648,458
Other liabilities		141	109
Total equity and liabilities		1,337,537	1,311,356

€000	RESULTS OF OPERATIONS	2017	2016
Value of production		-	-
Cost of production		-1,686	-10,388
Operating profit/(loss)		-1,686	-10,388
Profit/(loss) for the period		27,641	-7,215

6. Key performance indicators for subsidiaries, associates and joint ventures

Stalexport Autostrady SA

THOUSANDS OF ZLOTY	FINANCIAL POSITION	31 DECEMBER 2016	31 DECEMBER 2015
Non-current assets		78,950	76,516
Current assets		310,721	134,574
Total assets		389,671	211,090
Equity		387,585	206,836
<i>of which issued capital</i>		<i>185,447</i>	<i>185,447</i>
Liabilities		2,086	4,254
Total equity and liabilities		389,671	211,090

THOUSANDS OF ZLOTY	RESULTS OF OPERATIONS	2016	2015
Operating revenue		3,820	3,907
Operating costs		-7,294	-7,688
Operating profit/(loss)		-3,474	-3,781
Profit/(loss) for the period		180,747	5,118

Telepass SpA

€000	FINANCIAL POSITION	31 December 2017	31 DECEMBER 2016
Non-current assets		63,136	41,138
Current assets		842,695	577,757
Total assets		905,831	618,895
Equity		115,863	108,734
<i>of which issued capital</i>		<i>26,000</i>	<i>26,000</i>
Liabilities		789,968	510,161
Total equity and liabilities		905,831	618,895

€000	RESULTS OF OPERATIONS	2017	2016
Operating revenue		172,168	157,742
Operating costs		-88,699	-80,172
Operating profit/(loss)		83,469	77,570
Profit/(loss) for the period		66,310	59,253

Fiumicino Energia Srl

€000	FINANCIAL POSITION	31 December 2017	31 DECEMBER 2016
Non-current assets		5,486	3,710
<i>of which non-current investments</i>		266	266
Current assets		7,174	6,468
Other assets		22	8
Total assets		12,682	10,186
Equity		11,653	9,578
<i>of which issued capital</i>		742	742
Provisions and post-employment benefits		248	17
Payables		781	591
Other liabilities		-	-
Total equity and liabilities		12,682	10,186
€000	RESULTS OF OPERATIONS	2017	2016
Value of production		5,888	5,380
Cost of production		-2,990	-5,163
Operating profit/(loss)		2,898	217
Profit/(loss) for the period		2,075	235

Pavimental SpA

€000	FINANCIAL POSITION	31 December 2017	31 DECEMBER 2016
Non-current assets		101,623	89,521
<i>of which non-current investments</i>		5,392	5,392
Current assets		279,922	290,165
Other assets		5,990	6,376
Total assets		387,535	386,062
Equity		31,477	15,394
<i>of which issued capital</i>		10,116	10,116
Provisions and post-employment benefits		12,823	15,117
Payables		343,093	355,546
Other liabilities		142	5
Total equity and liabilities		387,535	386,062
€000	RESULTS OF OPERATIONS	2017	2016
Value of production		397,388	318,116
Cost of production		-371,862	-361,954
Operating profit/(loss)		25,526	-43,838
Profit/(loss) for the period		15,794	-33,707

6. Key performance indicators for subsidiaries, associates and joint ventures

SPEA Engineering SpA

€000	FINANCIAL POSITION	31 December 2017	31 DECEMBER 2016
Non-current assets		7,689	6,459
<i>of which non-current investments</i>		168	168
Current assets		182,410	186,785
Other assets		1,088	1,001
Total assets		191,187	194,245
Equity		88,349	93,628
<i>of which issued capital</i>		6,966	6,966
Provisions and post-employment benefits		20,380	19,525
Payables		82,458	81,092
Other liabilities		-	-
Total equity and liabilities		191,187	194,245

€000	RESULTS OF OPERATIONS	2017	2016
Value of production		112,943	125,987
Cost of production		-102,511	-100,404
Operating profit/(loss)		10,432	25,583
Profit/(loss) for the period		6,870	17,734

Autostrade Indian Infrastructure Ltd

THOUSANDS OF RUPEES	FINANCIAL POSITION	31 March 2017	31 March 2016 ^(*)
Non-current assets		5,469	4,568
Current assets		86,333	75,742
Total assets		91,802	80,310
Equity		80,509	63,776
<i>of which issued capital</i>		500	500
Liabilities		11,293	16,534
Total equity and liabilities		91,802	80,310

THOUSANDS OF RUPEES	RESULTS OF OPERATIONS	1 April 2016 - 31 March 2017	1 April 2015 - 31 March 2016
Operating revenue		44,312	41,194
Operating costs		-24,497	-31,526
Operating profit/(loss)		19,815	9,668
Profit/(loss) for the period		16,734	6,608

(*) Data modified in application of "Indian Accounting Standards (Ins AS), 2015 notified under Section 133 of the Companies".

Associates

Aeroporto Guglielmo Marconi di Bologna SpA

€000	FINANCIAL POSITION	31 DECEMBER 2016	31 DECEMBER 2015
	Non-current assets	194,971	174,206
	Current assets	54,807	77,527
	Total assets	249,778	251,733
	Equity	162,286	158,048
	<i>of which issued capital</i>	90,314	90,250
	Liabilities	87,492	93,685
	Total equity and liabilities	249,778	251,733

€000	RESULTS OF OPERATIONS	2016	2015
	Operating revenue	85,390	75,825
	Operating costs	-69,400	-62,385
	Operating profit/(loss)	15,990	13,440
	Profit/(loss) for the period	10,543	6,548

Joint ventures

Pune Solapur Expressways Private Ltd

THOUSANDS OF RUPEES	FINANCIAL POSITION	31 March 2017	31 March 2016 ^(*)
	Non-current assets	10,141,278	10,577,609
	Current assets	456,736	392,415
	Total assets	10,598,014	10,970,024
	Equity	754,988	1,088,137
	<i>of which issued capital</i>	47,334	47,334
	Liabilities	9,843,026	9,881,887
	Total equity and liabilities	10,598,014	10,970,024

THOUSANDS OF RUPEES	RESULTS OF OPERATIONS	1 April 2016 - 31 March 2017	1 April 2015 - 31 March 2016
	Operating revenue	1,262,946	1,234,498
	Operating costs	-1,596,293	-1,948,756
	Operating profit/(loss)	-333,347	-714,258
	Profit/(loss) for the period	-333,347	-714,258

(*) Data modified in application of "Indian Accounting Standards (Ins AS), 2015 notified under Section 133 of the Companies".

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Legal information and contacts

Registered office

Via Antonio Nibby 20 - 00161 Roma
Tel. +39 06 44172652
www.atlantia.it

Legal information

Issued capital: €825,783,990.00, fully paid-up.
Tax code, VAT number and Rome Companies'
Register no. 03731380261
REA no. 1023691

Investor Relations

e-mail: investor.relations@atlantia.it

Media relations

e-mail: media.relations@atlantia.it



www.atlantia.it