ANNUAL REPORT 2019

Atlantia

Atlantia

Annual Report 2019

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1 INTRODUCTION

Statement to shareholders

Fabio Cerchiai
Chairman

Carlo Bertazzo
Chief Executive Officer

The COVID-19 emergency

In writing this statement accompanying the presentation of our results for the year just ended, we would like to take a moment to think about the families and communities hit by the current pandemic, as well as the health and aid workers who are in the front line in our efforts to combat the spread of the virus.
In the difficult situation created by the health emergency, Atlantia, like many other companies, has done what we could to demonstrate our support and solidarity by playing our part through donations and support for projects involved in managing the emergency, alongside various research, diagnostic and health care initiatives.
The legal restrictions on movement imposed by the authorities in response to the spread of the epidemic have had a major impact on our sector, resulting in a dramatic reduction in motorway traffic in Italy (with falls of up to 80%) and in airport use (where the drop in passengers is close to 100%). Similar falls have been seen in the other countries in which our Group operates, as the spread of the virus has progressed.

The effects of the epidemic and the impact that its spread may have on mobility over the medium term and, more generally, on the domestic and global economies, is at the moment difficult to predict, but it is likely that the impact will not be limited to the current year.

2019, the year to which the results we are presenting refer, currently seems a long way from where we are today.
Against this difficult and unpredictable backdrop, the Atlantia Group is, in compliance with the requirements introduced by the authorities, taking the steps necessary to ensure the appropriate safeguards are in place for both our customers and personnel.

A year of change

2019 placed many demands on our Group, which has, however, been able to count on the tremendous professionalism, commitment and passion shown by all our colleagues. Wherever they are located, our people represent our key strength, having helped us create history by playing their part in making Atlantia a global leader in the infrastructure sector.
Despite this, the tragedy linked to the collapse of the Morandi road bridge in Genoa requires us to reflect on events and ask ourselves what it was that clearly didn't work – and for this we offer our deepest apologies – in our efforts to prevent what happened.
Once the investigating magistrates have completed their investigation, with which the Group has cooperated fully and transparently, everyone will be held to account for any responsibility that may emerge.
In the meantime, in the difficult and dramatic situation following the tragedy, Autostrade per l'Italia did everything it could to support the people of Genoa and as far as possible ease the suffering of the victims' families and of anyone else damaged by the collapse of the bridge (the injured, the homeless, businesses in difficulty). We are, however, only too aware that whatever we do will never be sufficient to make up for the damage caused.
Our commitment is now to ensure that Autostrade per l'Italia continues to do all it can, by taking effective action, to regain the confidence of road users and the nation as a whole.
Autostrade per l'Italia has drawn up and launched a detailed action and investment plan that will result in a completely modernised motorway network by the end of the concession term.
Anyone travelling along the Italian motorway network will see a lot of roadworks in progress and this will also have an impact on traffic flow. For this reason, we have immediately declared our willingness to compensate for any major disruption by adopting a flexible approach to tolls.
For this purpose, Autostrade per l'Italia has already informed the Government that it intends to take a series of initiatives including, once the ongoing dispute over the company's alleged breach of its obligations under the concession arrangement has been resolved, the allocation of provisions totalling €1.5 billion to fund measures benefitting road users.
As part of the proposals put forward, Autostrade per l'Italia has also given an undertaking to boost investment by 40% with respect to the current programme, increasing expenditure from €10.4 billion to up to €14.5 billion by 2038. This will also be accompanied by increased spending on

maintenance of the network, which will rise to €7 billion, including new investment in technology and innovation.
Autostrade per l'Italia has always been open to dialogue, highlighting the need to protect its financial solidity, so as to ensure that it is able to raise funds in the market to finance its large-scale investment programme whilst, at the same time, protecting the interests of its employees and stakeholders. We in fact feel confident in saying that, given the right conditions, we can play a key role in supporting the country as it strives to recover from the current emergency.

Other key events

Key events in relation to the Group's development in 2019 include the agreement reached by Abertis Infraestructuras, in partnership with the Government of Singapore Investment Corporation (GIC), for the acquisition of a 70% stake in Red de Carreteras de Occidente (RCO) in Mexico. This company's 5 operators manage a total of 876 km of the country's motorway network.
The transaction is expected to close in the coming months, extending the Group's footprint to 24 countries, with approximately 15,000 km of motorway operated under concession around the world, in addition to managing the airport systems serving Rome, Nice and the Cote d'Azure, which handle a total of around 60 million passengers a year.
Our airports are indeed an example of our ability to deliver improvements in customer satisfaction. Rome Fiumicino airport again ranked top in the league table produced by Airport Council International in terms of the quality of the services provided, beating all the other European and American airports with over 40 million passengers a year.

Future challenges

We are aware of the Group's global importance and the role we play in helping to drive economic growth in each of the countries in which we operate, above all at a time of crisis such as we are currently facing. As a result, we are keen to step up our operational capabilities by refreshing our management team, investing in young talent and implementing a radical cultural change.
We also intend to alter the Group's structure, transforming Atlantia into a strategic holding company and increasingly opening the door to outside investors looking to take stakes in our operating companies. This will mean engaging with partners who, over the long term, will not only be able to make a contribution in terms of capital, but also in the form of industrial know-how, technologies, new markets and relationships, as well as with regard to discipline and method.
In this way, we aim to expand the size and scope of our investment portfolio, offering our customers an experience centred around emerging mobility needs and changing consumer habits, partly caused by the fallout from the current health emergency.

In this context, we believe that the response lies in simplifying our daily lives, through digital forms of payment, shared mobility and new smart city services. It is here that Telepass brings the Group unique, distinctive potential, capable of facilitating and accelerating the exploitation of innovative strategic growth opportunities, where appropriate working together with new partners. There are further opportunities in the field of eco-sustainability and in promoting the areas served by our infrastructure, thanks to growing attention among users and stakeholders towards such aspects on the back of similar experiences around the world.
All of us also sense that we have an enormous responsibility and one primarily objective: to restore trust and credibility both within and outside the Group, giving ethics a central role to play and operating with professionalism and passion, within a renewed governance framework based on these principles.
With an eye on these challenges, we believe it is right to ask shareholders to approve our decision not to pay a dividend this year, despite closing 2019 in profit. This will help us to retain the cash needed to help us maintain and increase the Group's value over time.
With an equal sense of responsibility, partly in view of the financial sacrifices that the crisis will require many citizens and colleagues to make, we have decided to also introduce a series of additional initiatives in 2020. The first regards a reduction of 25% in the fixed pay of the Chairman and the Chief Executive Officer from May, with the money saved to be contributed to the appeal launched by the Group's management to raise funds to support disadvantaged members of the Genoese community and initiatives designed to help parents within the Group's workforce. The second regards the cancellation of all the Group's management incentive plans.
We have also proposed a free share scheme that will result in the Group's over 12,000 employees in Italy receiving shares in Atlantia, entirely at the Company's expense.
We are aware that the current year again promises to be extremely demanding. We will face the related challenges with determination, rigour and responsibility, with the aim of delivering a positive performance for the Company, its employees and its stakeholders.

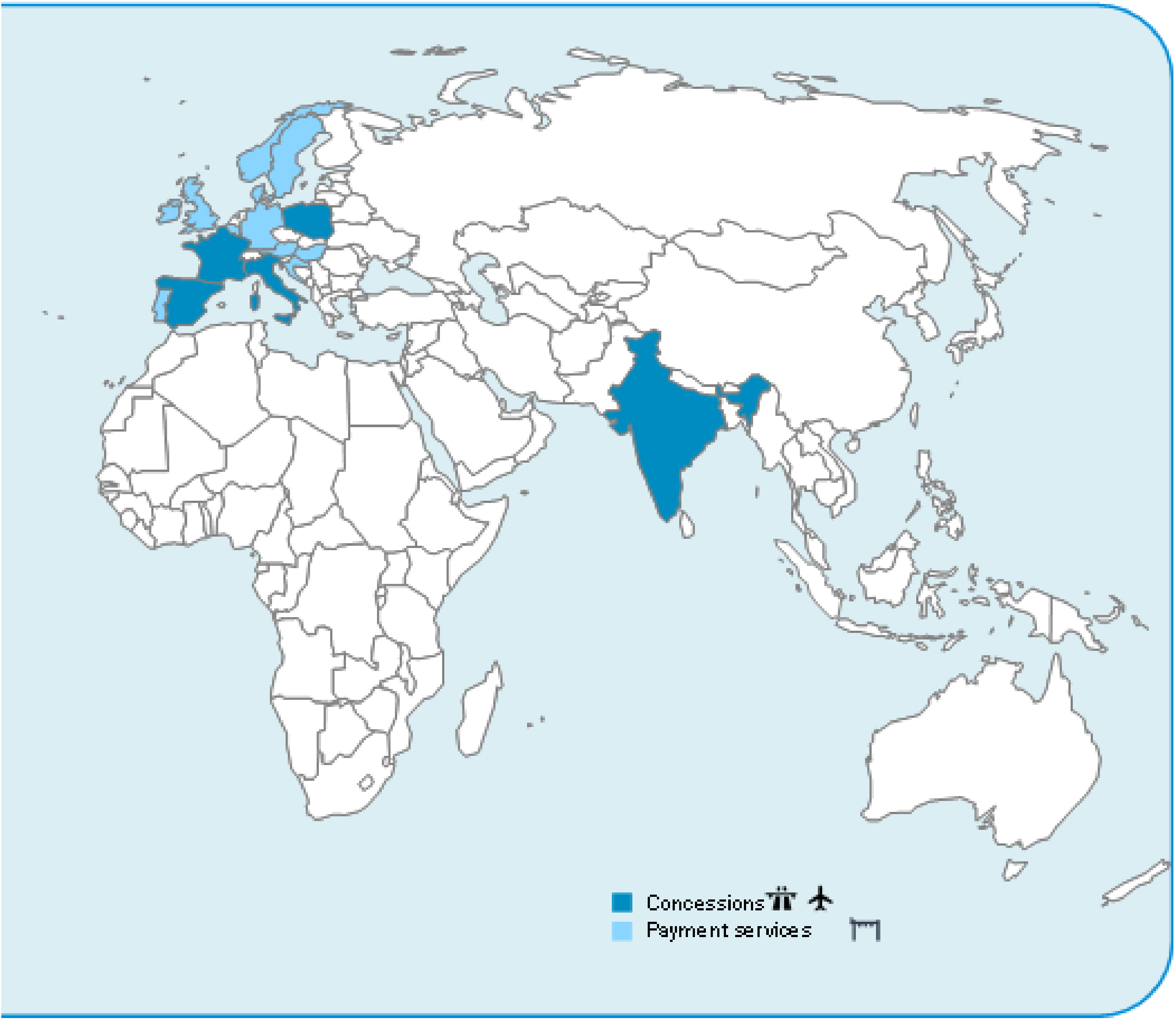
Fabio Cerchiai
Chairman

Carlo Bertazzo
Chief Executive Officer

Our global footprint

Note: also includes unconsolidated operators.

(1) Includes Mexico, where Abertis Infraestructuras has agreed to acquire a 70% interest in Red de Carreteras de Occidente (RCO) from Goldman Sachs Infrastructure Partners (GSIP). The transaction is expected to close in the coming months.


Concessions
Payment services

MOTORWAYS

Italy

Atlantia	Interest held by Atlantia	Km	Concession expiry
Autostrade per l'Italia	**88.06%**	**2,855**	**2038**
Società Italiana per il Traforo del Monte Bianco	44.91%	6	2050
Raccordo Autostradale Valle d'Aosta	21.54%	32	2032
Tangenziale di Napoli	88.06%	20	2037
Autostrade Meridionali (1)	51.94%	52	2012
Autostrada Tirrenica (2)	88.06%	55	2046
Abertis	**Interest held by Abertis**	**Km**	**Concession expiry**
Autostrada Brescia Padova	90.03%	236	2026
Total		3,256	

Spain

Abertis	Interest held by Abertis	Km	Concession expiry
Autopistas España	**100%**		
Acesa	100%	479	2021
Aucat	100%	47	2039
Aulesa	100%	38	2055
Aumar	100%	468	2019
Avasa	100%	294	2026
Castellana/Iberpistas	100%	120	2029
Autopistes Catalanes	**100%**		
Invicat	100%	66	2021
Túnels de Barcelona	50.01%	46	2037
Trados-45	51.00%	15	2029
Total		1,573	

France

Abertis	Interest held by Abertis	Km	Concession expiry
Sanef	100%	1,396	2031
Sapn	99.97%	372	2033
Total		1,768	

Polonia

Atlantia	Interest held by Atlantia	Km	Concession expiry
Stalexport Autostrada Malopolska	61.20%	61	2027

Brazil

Atlantia	Interest held by Atlantia	Km	Concession expiry
AB Concessões	**50.00%**		
Rodovias das Colinas	50.00%	307	2028
Concessionária da Rodovia MG050	50.00%	372	2032
Triangulo do Sol Auto Estradas	50.00%	442	2021
Abertis	**Interest held by Abertis**	**Km**	**Concession expiry**
Arteris	**41.97%**		
Fernão Dias	41.97%	570	2033
Litoral Sul	41.97%	406	2033
Planalto Sul	41.97%	413	2033
Via Paulista (3)	41.97%	721	2047
Régis Bittencourt	41.97%	390	2033
Intervias	41.97%	380	2028
Fluminense	41.97%	320	2033
Centrovias (4)	41.97%	218	2020
Total		4,539	

Chile

Atlantia	Interest held by Atlantia	Km	Concession expiry
Grupo Costanera	**50.01%**		
Litoral Central	50.01%	81	2031
Costanera Norte	50.01%	43	2033
Autopista Nororiente (5)	50.01%	22	2042
Vespucio Sur	50.01%	24	2032
AMB (5)	50.01%	10	2024
Vespucio Oriente (AVO II) (6)	50.01%	5	2052
Ruta 78-68 (6)	50.01%	9	2049
Los Lagos	**100%**	**134**	**2023**
Abertis	**Interest held by Abertis**	**Km**	**Concession expiry**
Vias Chile	**80.00%**		
Rutas del Elqui	80.00%	229	2022
Rutas del Pacífico	80.00%	141	2024
Autopistas del Sol	80.00%	133	2021
Autopista de Los Libertadores	80.00%	116	2026
Autopista de Los Andes	80.00%	92	2036
Autopista Central	80.00%	62	2032
Total		1,100	

India

Abertis	Interest held by Abertis	Km	Concession expiry
Trichy Tollway	100%	94	2026
Jadcherla Expressways	100%	58	2026
Total		152	

Puerto Rico

Abertis	Interest held by Abertis	Km	Concession expiry
Autopista Puerto Rico	100%	2	2044
Metropistas	51%	88	2061
Total		90	

Argentina

Abertis	Interest held by Abertis	Km	Concession expiry
GCO	48.60%	56	2030
Ausol	31.59%	119	2030
Total		175	

AIRPORTS

	Interest held by Atlantia	No. of airports	Concession expiry
Aeroporti di Roma	99.38%	2	2044
Azzurra Aeroporti	**60.40%**		
Aéroports de la Côte D'Azur	38.66%	3	2044

OTHER BUSINESSES		
Atlantia	Interest held by Atlantia	Sector
Telepass (7)	100%	Electronic tolling systems
Electronic Transaction Consultants	64.46%	Electronic tolling systems
Spea Engineering	97.49%	Motorway and airport infrastructure engineering services
Pavimental	96.89%	Motorway and airport infrastructure construction and maintenance
Abertis	Interest held by Abertis	Sector
Abertis Mobility services	100%	Electronic tolling systems

Note: The figures in the table refer to operators consolidated on a line-by-line basis. Atlantia holds 50%+1 share in Abertis.

(1) For information on the process of awarding the new concession, reference should be made to the section, "Significant regulatory aspects".
(2) A draft addendum to the concession arrangement is currently being negotiated with the Grantor.
(3) Includes 317 km of motorway operated by Autovias, whose concession expired in July 2019.
(4) Concession extended until the beginning of May 2020.
(5) The concession term is estimated on the basis of agreements with the Grantor.
(6) Through its Chilean subsidiary, Grupo Costanera, Atlantia has been awarded the contract to build and operate the Amerigo Vespucio Oriente II and Conexión Vial Ruta 78-68 sections of motorway.
(7) Present in 11 European countries: Italy, France, Spain, Belgium, Portugal, Poland, Austria, Germany, Denmark, Norway and Sweden.

OTHER INVESTMENTS (8)		
Atlantia	Interest held by Atlantia	Sector
Aeroporto di Bologna	29.38%	
Hochtief	23.86%	Construction
Getlink	15.49%	Operation and management of the Channel Tunnel

(8) Companies not consolidated on a line-by-line basis.

Consolidated financial highlights

€M	2019 (1)	2018 (restated) (2)	Increase/(Decrease) Absolute	%
Operating revenue	**11,630**	**6,916**	**4,714**	**68%**
Toll revenue	9,256	4,992	4,264	85%
Aviation revenue	826	834	-8	-1%
Other operating income	1,548	1,090	458	42%
Net operating costs	**-5,903**	**-3,148**	**-2,755**	**88%**
Cost of materials and external services	-2,386	-1,206	-1,180	98%
Concession fees	-609	-532	-77	14%
Net staff costs	-1,482	-973	-509	52%
Operating change in provisions (3)	-1,426	-437	-989	n.s.
Gross operating profit (EBITDA)	**5,727**	**3,768**	**1,959**	**52%**
Operating profit (EBIT)	**1,666**	**1,985**	**-319**	**-16%**
Profit for the year	**357**	**984**	**-627**	**-64%**
Profit attributable to owners of the parent	**136**	**775**	**-639**	**-82%**
Operating cash flow	**4,969**	**2,984**	**1,985**	**67%**
Capital expenditure	**1,794**	**1,125**	**669**	**59%**

€M	2019 pro forma	2018 pro forma (4)	Increase/(Decrease) Absolute	%
Like-for-like operating revenue (5)	**11,572**	**11,130**	**442**	**4%**
Like-for-like gross operating profit (EBITDA) (5)	**7,203**	**7,147**	**56**	**1%**
EBITDA margin	*62%*	*64%*	*n.s.*	*n.s.*

€M	2019 (1)	2018 (restated) (2)	Increase/(Decrease) Absolute	%
Net invested capital	51,625	55,659	-4,034	-7%
Equity (6)	14,903	16,868	-1,965	-12%
Equity attributable to owners of the parent	7,408	8,391	-983	-12%
Net debt	36,722	38,791	-2,069	-5%
Net financial debt (7)	39,536	40,937	-1,401	-3%

a) Operating revenue for 2019 amounts to €11,630 million, an increase of €4,714 million compared with 2018, including €4,534 million from the full-year contribution of the Abertis group, compared with the group's consolidation for just two months in 2018;

b) Gross operating profit (EBITDA) of €5,727 million is up €1,959 million, reflecting the increased contribution of the Abertis group, partially offset by the increased provisions made in relation to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT (€1,500 million);

c) On a pro forma like-for-like basis, revenue and EBITDA are up €442 million (4%) and €56 million (1%), respectively, essentially reflecting traffic growth and toll increases applied by the overseas motorway operators and the Abertis group.

(*) The amounts shown in the table have been extracted from the reclassified consolidated financial statements included in the "Financial review for the Atlantia Group" in the report on operations, which also includes a reconciliation of the reclassified financial statements and the statutory financial statements presented in section 3, "Consolidated financial statements as at and for the year ended 31 December 2019". 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".

Notes:

(1) The figures for 2019 include the Abertis group's full-year contribution, whilst those for 2018 only include the Abertis group's contribution for two months of the year.

(2) Completion of the process of measuring and allocating the assets and liabilities resulting from the acquisition of the Abertis group, the effects of which are described in more detail in note 6, "Completion of the process of accounting for the acquisition of control of Abertis Infraestructuras SA" in section 3, "Consolidated financial statements", has resulted in changes to certain items in the in the statement of financial position and income statement for 2018. These changes reflect final measurement of the fair value of the assets acquired and liabilities assumed .

(3) In 2019, this item primarily reflects provisions of €1,500 million linked to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT, as described below, in addition to uses to fund work involved in the demolition and reconstruction of the Polcevera road bridge, following the event of 14 August 2018. In relation to this event, the figure for 2018 included provisions of €455 million.

(4) Pro forma disclosure for 2018, presenting the material effects of the acquisition of the Abertis group on the Atlantia Group's reclassified consolidated income statement down to "Gross operating profit" (EBITDA), had the transaction been effective from 1 January 2018, rather than from the end of October 2018.

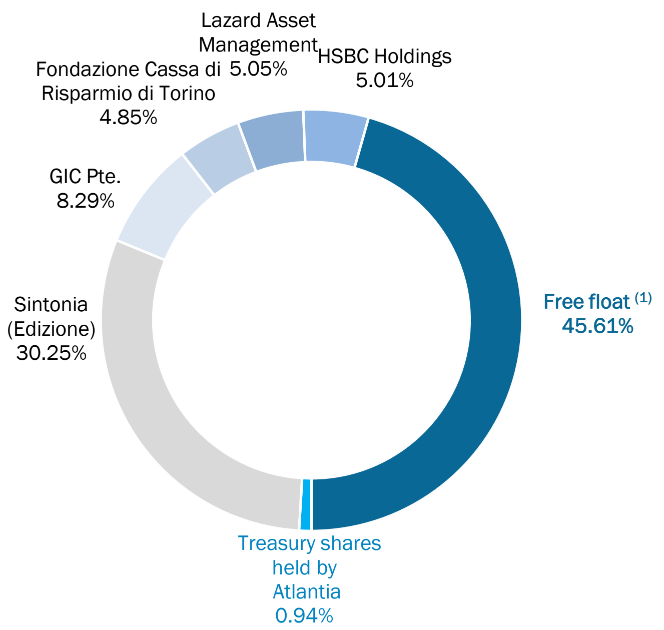
(5) Like-for-like pro forma operating revenue and gross operating profit are presented in "Pro forma reclassified consolidated income statement and like-for-like changes" included in the section, "Financial review for the Atlantia Group" (to which reference should be made) and have been determined by stripping out the impact of the following, where applicable, from pro forma consolidated amounts: (i) changes in the scope of consolidation, (ii) changes in exchange rates on the value of assets and liabilities of consolidated companies that use 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. These amounts include the provisions made by Autostrade per l'Italia, in 2019, in relation to the undertaking given in order to resolve the dispute with the MIT (€1,500 million).

(6) Equity is down €1,965 million, essentially due to distribution, in 2018, of reserves (€466 million) and dividends (€1,193 million), and the other comprehensive loss of €357 million.

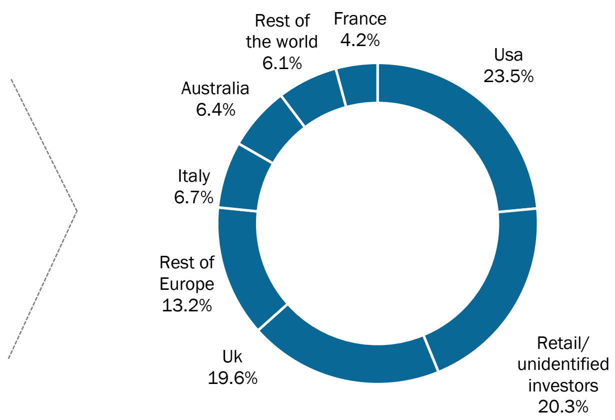
(7) Compared with the information published in the Annual Report for 2018, a further alternative performance indicator, "net financial debt" has been added. With respect to net debt, this new indicator only includes the nominal value of bond issues and bank borrowings, after deducting cash. Further details are provided in the section, "Alternative performance indicators", in the "Report on operations".

Atlantia share price performance

Atlantia's ownership structure



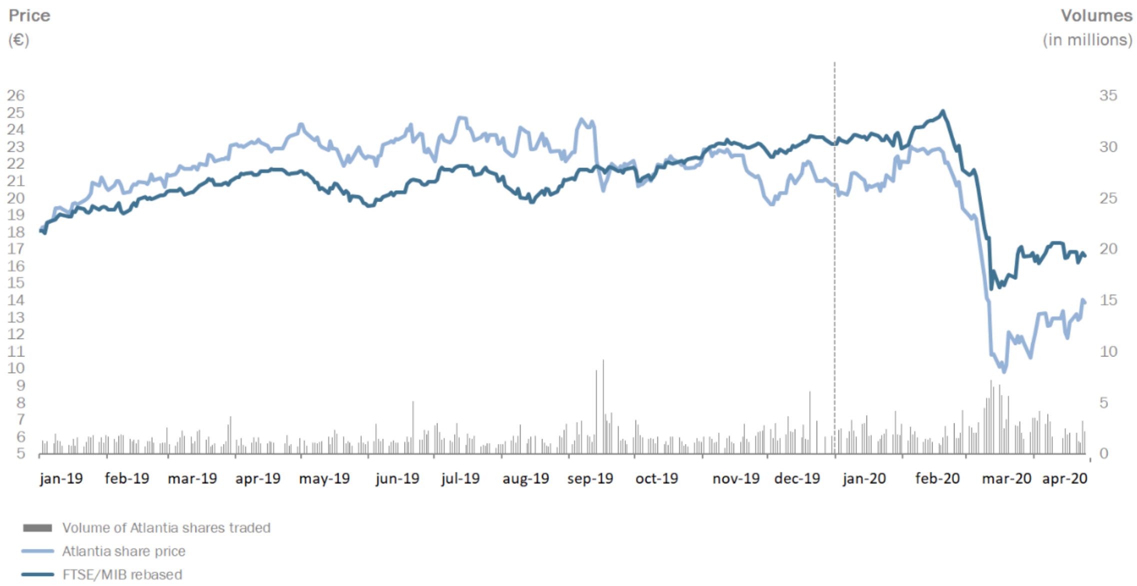
Geographical breakdown of the free float (1)



Source: CONSOB data as at 31 December 2019.
(1) Source: Nasdaq data as at 31 December 2019.

KEY SHARE INFORMATION	2019
Issued capital (as at 31 December) (€)	825,783,990
Number of shares	825,783,990
Operating cash flow per share (€)	6.07
Share price / Cash flow per share (2)	3.42
Market to book value (2)	1.15
Atlantia as % of FTSE/Mib index (2)	0.96%

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



ATLANTIA SHARE PRICE PERFORMANCE	YTD(1)	2019
Closing price (€)	13.89	20.79 (2)
High (€)	23.03	24.70
Low (€)	9.82	18.07
Stock market capitalisation (€m) (3)	11,466	17,168

Source: Thomson Reuters.

(1) Period from 1 January to 24 April 2020.
(2) Closing price for 2019.
(3) The figures for 2019 are based on the closing price on 30 December 2019, whilst the YTD figures are based on the closing price on 24 April 2020.

Corporate bodies

Board of Directors	Chairman	Fabio Cerchiai
in office for the period 2019-2021	Chief Executive Officer	Carlo Bertazzo (1)
	Directors	Sabrina Benetton (2) Andrea Boitani *(independent)* Riccardo Bruno *(independent)* Mara Anna Rita Caverni *(independent)* Cristina De Benetti *(independent)* Dario Frigerio *(independent)* Gioia Ghezzi *(independent)* Giuseppe Guizzi *(independent)* Anna Chiara Invernizzi *(independent)* Carlo Malacarne *(independent)* Valentina Martinelli (3) Ferdinando Nelli Feroci *(independent)* Licia Soncini *(independent)*
	Secretary	Stefano Cusmai
Internal Control, Risk and Corporate Governance Committee	Chairwoman	Cristina De Benetti *(independent)*
	Members	Andrea Boitani *(independent)* Mara Anna Rita Caverni *(independent)* Dario Frigerio *(independent)*
Committee of Independent Directors with responsibility for Related Party Transactions	Chairman	Dario Frigerio *(independent)*
	Members	Riccardo Bruno *(independent)* Carlo Malacarne *(independent)*

(1) The Director, Carlo Bertazzo, was appointed the Company's Chief Executive Officer by the Board of Directors on 13 January 2020, following Giovanni Castellucci's resignation as Chief Executive Officer and as a member of the Nominations Committee on 17 September 2019. With effect from 1 March 2020, Carlo Bertazzo has also assumed the role of General manager of Atlantia SpA.
(2) Sabrina Benetton was appointed a Director, in accordance with art. 2386 of the Italian Civil Code, by the Board of Directors on 31 October 2019, to replace Marco Patuano, who resigned as a Director and as a member of the Nominations Committee on 24 June 2019.
(3) Valentina Martinelli was co-opted on to the Board of Directors as a non-executive Director, in accordance with art. 2386 of the Italian Civil Code, on 6 March 2020.
(4) Appointed a member of the Committee on 17 January 2020 to replace Carlo Bertazzo.

Nominations Committee	Chairwoman	Gioia Ghezzi *(independent)*
	Members	Carlo Bertazzo
		Ferdinando Nelli Feroci *(independent)*
		Licia Soncini *(independent)*
Human Resources and Remuneration Committee	Chairman	Riccardo Bruno *(independent)*
	Members	Andrea Boitani *(independent)*[(4)]
		Giuseppe Guizzi *(independent)*
		Anna Chiara Invernizzi *(independent)*
		Carlo Malacarne *(independent)*
Board of Statutory Auditors in office for the period 2018-2020	Chairman	Corrado Gatti
	Auditors	Alberto De Nigro
		Sonia Ferrero
		Lelio Fornabaio
		Livia Salvini
	Alternate Auditors	Laura Castaldi
		Michela Zeme
Independent Auditor for the period 2012-2020	Deloitte & Touche SpA	

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02 REPORT ON OPERATIONS

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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 (the "Group") is described below.
The APIs shown in this Annual Report are deemed relevant to an assessment of the performance based on the overall results of the Atlantia 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 determined applying the international financial reporting standards (IFRS) applied by the Atlantia Group described in section 3 of the "Consolidated financial statements as at and for the year ended 31 December 2019: financial statements and notes" (the "statutory financial statements").

With regard to the APIs, Atlantia presents reclassified financial statements, for both the Group and the Parent Company, in the "Financial review for the Atlantia Group" and the "Financial review for Atlantia SpA". These statements differ from the statutory consolidated financial statements. In addition to amounts from the income statement and statement of financial position measured and presented 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 "Financial review for the Atlantia Group" 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.

Compared with the APIs used in the previous Annual Report for 2018, the Annual Report for 2019 does not show "Adjusted EBITDA" or "Adjusted operating cash flow", calculated by stripping out the impact of application of the "financial model", introduced by IFRIC 12, by certain of the Atlantia Group's operators. This is because these indicators are no longer deemed significant in an analysis of the Group's operating and financial performance, partly in view of changes affecting the Group. A new alternative performance indicator, "Net financial debt", is, on the other hand, presented and is described below.

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) **"Operating revenue"** includes toll revenue, aviation revenue and other operating income, and differs from revenue in the statutory consolidated income statement in that revenue from construction services, recognised in accordance with IFRIC 12 on the basis of the cost of materials and external services, service costs, staff costs, other operating costs and financial expenses relating to construction services incurred, is presented in the reclassified income statement as a reduction in the respective items under operating costs and financial expenses;

b) "**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, provisions for the renewal of assets held under concession and other adjustments, from operating revenue;
c) "**Operating profit (EBIT)**" is the indicator that measures the operating return on the capital invested in the business, calculated by deducting amortisation, depreciation, impairment losses and reversals of impairment losses, provisions for the renewal of assets held under concession and other adjustments from EBITDA. Like EBITDA, EBIT does not include the capitalised component of financial expenses relating to construction services, which is shown in a specific item under financial income and expenses in the reclassified statement. This component is, however, included in revenue in the statutory consolidated income statement, thereby representing the sole difference with respect to operating profit;
d) "**Net invested capital**", showing the total value of non-financial assets, after deducting non-financial liabilities;
e) **"Net financial debt"** is a synthetic indicator of the Group's financial structure and is based on the nominal redemption value of bond issues, medium/long-term and short-term borrowings, including bank overdrafts repayable on demand, and after deducting cash;
f) "**Net debt**", being the indicator of the portion of net invested capital funded by net financial liabilities, which consist of "Current and non-current financial liabilities" after deducting "Current and non-current financial assets" and "Cash and cash equivalents";
g) "**Capital expenditure**", being the indicator of the total amount invested in development of the Atlantia Group's businesses, and reflecting cash used in investment in property, plant and equipment, in assets held under concession and in other intangible assets, not including investments in investees;
h) "**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 in excess of requirements and uses of provisions + other adjustments + financial expenses from discounting of provisions + dividends received from investees accounted for using equity method +/- the share of profit/(loss) of investees accounted for using equity method in profit or loss +/- (losses)/gains on sale of assets +/- other non-cash items +/- deferred tax assets/liabilities recognised in profit or loss.

A number of APIs, calculated as above, are also presented after applying certain adjustments in order to provide a consistent basis for comparison over time. This is deemed to be more effective in describing the Group's operating and financial performance.
In particular, following the consolidation of the Abertis group at the end of 2018, in order to provide a consistent basis for comparison of "Operating revenue" and "Gross operating profit (EBITDA)" for the comparative periods, the adjustments were applied to the pro forma amounts ("Pro forma like-for-like changes") computed on the assumption that the Abertis group had been consolidated from 1 January 2018. This was done as this treatment was deemed to be more representative of the Group's operating performance. The statement showing "Pro forma like-for-like changes" is shown in the paragraph, "Pro forma reclassified consolidated income statement", included in the section, "Financial review for the Atlantia Group". Pro forma like-for-like amounts have been determined by stripping out the impact of the following, where applicable, from pro forma consolidated amounts: (i) changes in the scope of

consolidation, (ii) changes in exchange rates on the value of assets and liabilities of consolidated companies that use 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.

Financial review for the Atlantia Group

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 2019, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified statement of financial position as at 31 December 2019, compared with comparative amounts as at 31 December 2018, and the reconciliation of Atlantia's equity and profit for the year ended 31 December 2019 with the corresponding consolidated amounts.

The international accounting standards (IFRS) endorsed by the European Commission and in effect as at 31 December 2019 were applied in the preparation of the consolidated financial statements for 2019. In this regard, it should be noted that IFRS 16 - Leases was adopted for the first time from 1 January 2019. The new standard has introduced a single approach to accounting for lease agreements, removing the distinction between operating and finance leases for the lessee. On first-time adoption, the Atlantia Group elected to avail itself of the practical expedient allowed by the standard, recognising the cumulative effects deriving from adoption of the standard in the statement of financial position as of 1 January 2019, without any change in the comparative income statement. This resulted in an increase of €137 million in non-current non-financial assets, an increase of €116 million in non-current financial liabilities and an increase of €21 million in current financial liabilities, as described in greater detail in the section, "Consolidated financial position". A description of the key assumptions used on first-time adoption of the new accounting standard is provided in note 3, "Accounting standards and policies applied", in the "Consolidated financial statements as at and for the year ended 31 December 2019".

At the date of preparation of the Annual Report for the year ended 31 December 2019, there are certain significant uncertainties, primarily surrounding the concession arrangement and regulatory framework of the subsidiary, Autostrade per l'Italia, linked to the events of 14 August 2018 and recent legislation (Law 8 of 28 February 2020, the so-called *Milleproroghe* Decree) as well as the liquidity and financial risks of Autostrade per l'Italia and Atlantia consequent also to the legal restrictions resulting from the spread of the Covid-19 pandemic, which has led many governments to limit the movement of people, with a major impact on traffic and revenue at the Atlantia Group's main subsidiaries.

In preparing the Annual Report for the year ended 31 December 2019, the Parent Company assessed whether the going concern basis is appropriate, as required by law and by the applicable accounting standards.
This included an assessment of the uncertainties and risks relating to the subsidiary, Autostrade per l'Italia, and of Atlantia's liquidity and financial risk, within a time-frame of 12 months from the date of approval of the Annual Report for the year ended 31 December 2019.

In brief, with regard to Autostrade per l'Italia, the assessment conducted also by the subsidiary's Board of Directors, based on opinions from leading legal and technical experts, confirmed that the going concern basis is appropriate. This reflects the Company's belief that:

a) the risk of termination of the concession arrangement is reasonably unlikely and that there is a reasonable likelihood that an arrangement will be reached with the Ministry of Infrastructure and Transport (the "MIT"), thereby resolving the dispute with Autostrade per l'Italia;
b) the occurrence of liquidity and financial risk (the early repayment of existing debt) is reasonably unlikely in the 12 months from the date of approval of the Annual Report for the year ended 31 December 2019, as also confirmed by leading independent experts, in view of the actions taken and to be taken to meet financial requirements, including Atlantia's willingness to provide Autostrade per l'Italia with financial support of up to €900 million, after the subsidiary's available alternative financial sources of funding.

With regard to the risks assessed in relation to Atlantia's ability to continue as a going concern, the following should be noted:

a) the liquidity risk is deemed reasonably unlikely, in view of the Parent Company's cash reserves at the date of preparation of this Annual Report and its existing debt obligations;
b) the financial risk potentially resulting from the impact on Atlantia of the situation surrounding the subsidiary, Autostrade per l'Italia (the risk of accelerated repayment of debt guaranteed by Atlantia), and from the restrictions on movement introduced as a result of the spread of the Covid-19 pandemic, is deemed reasonably unlikely, on the basis also of the above conclusions reached by the Board of Directors of Autostrade per l'Italia.

The Company and its subsidiaries are also engaged in assessing all the available options, including those provided by the recent Law Decree 23 of 8 April 2020, regarding liquidity support for businesses.

Based on the guidance provided by the relevant accounting and auditing standards, assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.
The Company will constantly continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable the Company, should it prove necessary, to take the required corrective action.

With regard to Autostrade per l'Italia, the MIT launched alleged that the subsidiary is in serious breach of its contractual obligations under the Single Concession Arrangement, following the tragic events of 14 August 2018. The resulting dispute could, in the Ministry's view, lead to termination of the concession. At this time, no action has been taken in this sense and the subsidiary, without prejudice to any subsequent findings regarding liability for the collapse and whilst contesting any and all accusations levelled against it, has expressed a willingness to enter into talks with the MIT with a view to identifying agreed solutions that would lead to a resolution of the dispute, which would also be in the public interest.

Following a series of contacts between the parties, the latest on 5 March 2020, when Autostrade per l'Italia sent the MIT a letter in which the subsidiary, whilst continuing to refute the accusations made against it and confirming its willingness to work towards an agreed resolution of the ongoing dispute, set out details of the various elements of the proposal. The proposal includes, among other things, a commitment to assume sole responsibility for meeting expenditure totalling €2,900 million. This sum breaks down as follows:

a) €1,500 million to be allocated on the basis of agreements to be reached by the parties in order to fund the development of the country's infrastructure, the upgrade of the motorway network operated by Autostrade per l'Italia and/or its subsidiaries, and toll discounts for road users;
b) an increase of €700 million (to be borne entirely by the subsidiary) in improvement maintenance in the period 2019-2023, compared with the commitments included in the financial plan submitted to the Grantor in June 2018;
c) without affecting the Company's previous commitment to bear the cost of construction of the new Polcevera road bridge (including any ancillary expenses), estimated at €600 million, an undertaking to make up to a further €100 million available to the Special Commissioner to cover any additional reconstruction costs.

In this regard, it should be noted that work on demolition and reconstruction of the road bridge continued in 2019, as did support for the people and businesses directly affected by the collapse. This took the form of:

a) a total of €280 million was paid at the request of the Special Commissioner for Genoa, without prejudice to the reservations expressed in the legal challenges brought (including €225 million to fund demolition and reconstruction of the road bridge), with this sum paid from the provisions made as at 31 December 2018;
b) the sum of €53 million was paid in compensation for the families of the victims and the injured, with this sum already included in the provisions made as at 31 December 2018.

During 2019, Autostrade per l'Italia and other Group companies also made additional provisions of €14 million, essentially to cover compensation for victims' families and for the injured, and incurred further operating costs of €12 million, thereby increasing the charges of €506 million (including €455 million in the form of provisions) reported in the financial statements as at 31 December 2018. In addition to these charges, the decision to exempt road users in the Genoa area from the payment of tolls during 2019 resulted in an estimated reduction in toll revenue of €19 million.
As a result, in the two-year period 2018-2019, Autostrade per l'Italia has incurred total costs of €546 million, including the expected cost of demolition and reconstruction of the bridge, compensation for victims and lost revenue. Autostrade per l'Italia has already paid out €356 million over the same two-year period.
Finally, insurance proceeds of €38 million were also recognised in 2019, in line with the quantification of the amount payable to Autostrade per l'Italia solely under existing third-party liability insurance policies.

More detailed information on the events of 14 August 2018 is provided in note 8.17, "Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa".

Further details of the assessments of the uncertainties and the risks relating to application by the subsidiary and the Parent Company of the going concern basis including the steps taken and to be taken to mitigate such risks, are provided in note 2 to the consolidated financial statements, "Going concern assumption and basis of preparation".

The reclassified consolidated financial statements for 2018 present a number of differences compared with the information published in the Annual Report for 2018. These reflect completion of the process of measuring and allocating the assets and liabilities resulting from the acquisition of the Abertis group (the "Purchase Price Allocation" or "PPA" process), completed at the end of October 2018. The nature and effects of the above changes on the reclassified consolidated income statement and the reclassified consolidated statement of financial position are summarized below:

€M	2018	Impact of final PPA of Abertis group	2018 (restated)
Total operating revenue	6,916		6,916
Total net operating costs	-3,148		-3,148
Gross operating profit (EBITDA)	3,768		3,768
Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work	-1,525	-258	-1,783
Operating profit (EBIT)	2,243	-258	1,985
Financial income/(expenses)	-724	119	-605
Profit/(Loss) before tax from continuing operations	1,519	-139	1,380
Income tax expense	-440	40	-400
Profit/(Loss) from continuing operations	1,079	-99	980
Profit for the year	1,083	-99	984
Profit/(Loss) attributable to non-controlling interests	265	-56	209
Profit/(Loss) attributable to owners of the parent	818	-43	775

Adjustments to the income statement essentially regard:

a) amortisation and depreciation, totalling €258 million, of the gains allocated to the concession rights acquired following the PPA, taking into account the acquisition and consolidation of the Abertis group from the end of October 2018;

b) a reduction of €119 million in financial expenses due to release of the accrued portion of fair value losses on medium/long-term borrowings and bond issues recognized by Abertis group companies.

€M	31 December 2018	Impact of final PPA of Abertis group	31 December 2018 (restated)
Property, plant and equipment	696	-	696
Intangible assets	57,627	4,733	62,360
of which Goodwill	*16,773*	*-8,904*	*7,869*
Other non-current assets	5,333	456	5,789
Total non-current non-financial assets (A)	**63,656**	**5,189**	**68,845**
Total working capital (B)	**-176**	**60**	**-116**
Gross invested capital (C=A+B)	**63,480**	**5,249**	**68,729**
Total non-current non-financial liabilities (D)	**-9,217**	**-3,853**	**-13,070**
NET INVESTED CAPITAL (E=C+D)	**54,263**	**1,396**	**55,659**
Equity attributable to owners of the parent	8,442	-51	8,391
Equity attributable to non-controlling interests	7,890	587	8,477
Total equity (F)	**16,332**	**536**	**16,868**
Total non-current net debt (G)	**39,614**	**860**	**40,474**
Total current net debt/(funds) (H)	**-1,683**	**-**	**-1,683**
Total net debt (I = G+H)	**37,931**	**860**	**38,791**
NET DEBT AND EQUITY (L=F+I)	**54,263**	**1,396**	**55,659**

Adjustments to the statement of financial position primarily regard:

a) an increase in the Abertis group's concession rights, estimated at €13.6 billion;
b) the recognition of final goodwill (€7.9 billion) compared with the provisional amount recognized in 2018 (€16.8 billion);
c) an increase of €3.9 billion in non-current non-financial liabilities (deferred tax liabilities on the increase in the value of concession rights) and an increase in net debt due to the fair value adjustment (€0.9 billion).

More detailed information on the accounting effects of completion of the process of identification and fair value measurement of the assets acquired and liabilities assumed following the acquisition of Abertis Infraestructuras SA is provided in note 6, "Completion of the process of accounting for the acquisition of control of Abertis Infraestructuras SA" in section 3, "Consolidated financial statements".

The Atlantia Group's scope of consolidation as at 31 December 2019 is unchanged with respect to 31 December 2018. However, it should be noted that amounts for 2019 reflect the full-year contribution of the Abertis group, consolidated from the end of October 2018, and the line-by-line consolidation of the Spanish operator, Autopistas Trados-45 (in which Iberpistas SA, a wholly owned subsidiary of Abertis Autopista España SA, already held a 50% interest). In addition, Abertis Infraestructuras completed the sale of its 89.7% stake in Hispasat SA during the year, resulting in the deconsolidation of this company and its subsidiaries. In addition, whilst not having an impact on the scope of consolidation, as provided for in the related partnership agreements, the merger of Abertis Participaciones with and into Abertis Infraestructuras was completed on 15 March 2019.

It should also be noted that, in March 2019, Atlantia entered into a derivative financial instrument called a "funded collar", involving 5.6 million shares in Hochtief (representing approximately 33% of the total shares held). The aim is to mitigate the shares' exposure to the risk that movements in the market price would take the share price below a certain floor (the put strike price) and to benefit from increases in the share price up to a certain cap (the call strike price). The derivative is being used to secure a loan of €752 million with an average term to maturity of 6.5 years and with scheduled repayments between September 2024 and March 2026, potentially via the sale of the Hochtief shares at prices within the above range.

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

Pro forma reclassified consolidated income statement and like-for-like changes

Comparison of the reclassified income statement for 2019 with pro forma amounts for 2018

The following table shows the reconciliation of pro forma like-for-like consolidated amounts for operating revenue and gross operating profit (EBITDA), as defined in the section, "Alternative performance indicators", and the corresponding amounts presented in the reclassified consolidated income statement.

The term "Pro forma like-for-like amounts", used in the analysis of changes in certain consolidated financial indicators, refers to the fact that amounts for 2018 have been restated to provide a consistent basis for comparison with consolidated amounts for 2019.

The following table shows the comparison, on a consistent basis across the two comparative periods, of operating revenue and gross operating profit (EBITDA), based on the assumption that the acquisition of the Abertis group was effective from 1 January 2018.

In addition, the statement and a description of the assumptions relating to restatement of the pro forma consolidated results for 2018 are provided below, together with the statement showing like-for-like changes.

€M	ATLANTIA 2019 (LIKE-FOR-LIKE)	ATLANTIA PRO FORMA 2018 (LIKE-FOR-LIKE)	INCREASE/ (DECREASE)	
			ABSOLUTE	%
Total operating revenue	11,572	11,130	442	4%
Gross operating profit (EBITDA)	7,203	7,147	56	1%

"**Operating revenue**" for 2019 amounts to €11,572 million, an increase of €442 million (4%) compared with 2018 (€11,130 million). This primarily reflects the increase in toll revenue (€436 million) contributed by the Abertis group (€304 million), overseas motorway operators (€88 million) and Italian motorway operators (€44 million).

"**Gross operating profit**" (EBITDA) of €7,203 million is up €56 million compared with 2018 (€7,147 million). This essentially due to the above increase in operating revenue, partially offset by the greater volume of maintenance work carried out (€102 million) and increased provisions (€194 million) relating to a revised estimate of the repair work to be carried out on the network by Autostrade per l'Italia, as well as an increase in staff costs (€48 million).

Below is the reconciliation of the pro forma disclosure, provided in order to present the material effects of the acquisition of the Abertis group on the Atlantia Group's reclassified consolidated income statement down to "Gross operating profit" (EBITDA), had the transaction been effective from 1 January 2018, rather than from the end of October 2018. The assumptions used in preparation of the pro forma data are the same as those used and described in the Annual Report for 2018.

€M	CONSOLIDATED FINANCIAL STATEMENTS 2018 ATLANTIA GROUP (A)	CONTRIBUTION OF ABERTIS GROUP (LAST 2 MONTHS OF 2018) (B)	ATLANTIA 2018 (C) = (A) - (B)	ABERTIS 2018 (D)	ATLANTIA PRO FORMA 2018 (E) = (D) + (C)
Total operating revenue	6,916	827	6,089	5,239	11,328
Total net operating costs	-3,148	-277	-2,871	-1,690	-4,561
Gross operating profit (EBITDA)	3,768	550	3,218	3,549	6,767

To facilitate a correct interpretation of the information provided in the pro forma consolidated results for 2018, the following should be taken into account:

a) given that the pro forma income statement presents a hypothetical situation, had the acquisition actually been consummated at the date to which the pro forma consolidated results refer, the resulting impact on the accounts would not necessarily have been identical to the pro forma data presented below;
b) the pro forma adjustments shown represent material effects on the results linked directly to the acquisition;
c) the pro forma information has been prepared solely for the purposes of presenting the objectively measurable effects of the acquisition and, therefore, does not take account of the potential effects resulting from changes in management strategy and operational decisions resulting from implementation of that strategy;
d) at the date to which the pro forma consolidated income statement refers, there were no direct relationships of control or affiliation between the companies participating in the acquisition, nor were they under common control as defined by IFRS 3;
e) the amounts calculated in order to compute the "Pro forma adjustments" are consistent with the accounting presentation of the transaction presented in detail in note 6.2 in section 3, "Consolidated financial statements as at and for the year ended 31 December 2019: financial statements and notes";
f) the accounting information for Abertis group companies, used in the preparation of this pro forma disclosure, has been extracted from the financial information published by the Abertis group and prepared applying the same accounting standards and policies applied by the Atlantia Group. This follows the decision to standardise the basis of accounting and presentation used for financial reporting purposes following completion of the acquisition.

The above statement presents:

a) the consolidated results for 2018, based on the financial information published by the Atlantia Group, in the column headed "Consolidated financial statements 2018 Atlantia Group";
b) amounts representing the Abertis group's contribution for the last two months of 2018 in the column headed "Contribution of Abertis group";
c) the Atlantia Group's results for 2018, after stripping out the Abertis group's contribution, in the column headed "Atlantia 2018";
d) the Abertis group's results for 2018, based on the financial information published by the Abertis group, after restatement as above, in the column headed "Abertis";
e) the sum of the consolidated results of the Atlantia Group and the Abertis group for 2018 in the column headed "Atlantia pro forma 2018".

Pro forma like-for-like changes

Adjustments for non like-for-like items in the two comparative periods are shown below:

€M	Note	2019 OPERATING REVENUE	2019 GROSS OPERATING PROFIT (EBITDA)	2018 PRO FORMA OPERATING REVENUE	2018 GROSS OPERATING PROFIT (PRO FORMA EBITDA)
Aggregate pro forma amounts (A)		11,630	5,727	11,328	6,767
Adjustments for non like-for-like items					
Change in scope and other concession arrangements	*(1)*	127	77	187	104
Exchange rate movements and impact of hyperinflation	*(2)*	-88	-40	18	7
Change in discount rate applied to provisions	*(3)*	-	-21	-	22
Impact connected with collapse of section of Polcevera road bridge	*(4)*	19	-1,508	-7	-513
New accounting policies	*(5)*	-	16	-	-
Sub-total (B)		58	-1,476	198	-380
Like-for-like pro forma amounts (C) = (A) - (B)		11,572	7,203	11,130	7,147

Notes:

(1) for 2019, the contributions of the Brazilian operator, Via Paulista, which began operating in January 2019, and of the Spanish operator, Trados-45, consolidated during 2019; for 2018, the contribution of the Brazilian operator, Vianorte, which terminated its concession arrangement in May 2018, in addition to the adjustment to revenue to take account of the amounts due to the motorway operators in Argentina following the agreement reached with the grantor. For both comparative periods, the operating costs incurred by Atlantia in order to complete the acquisition of the Abertis group and to establish the special purposes vehicles used in the acquisition;

(2) the difference between foreign currency amounts for 2019 for companies with functional currencies other than the euro, converted at average exchange rates for the period, and the matching amounts converted using average exchange rates for 2018, and the impact of application of accounting standard IAS 29 – Financial Reporting in Hyperinflationary Economies in response to inflation in Argentina;

(3) from consolidated amounts for both comparative periods, the impact of the difference in the discount rates applied to the provisions accounted for among the Atlantia Group's liabilities;

(4) for both comparative periods, the reduction in toll revenue, insurance proceeds and expenses in relation to the collapse of a section of the Polcevera road bridge. For 2019 alone, the provisions made by Autostrade per l'Italia in relation to the undertaking given in order to resolve its dispute with the MIT;

(5) for 2019 alone, the operating costs linked to the accrued amount payable for the period under a profit-sharing mechanism and that the Polish operator, Stalexport Autostrada Malopolska, must hand over to the Grantor under specific agreements in the concession arrangement, in addition to the after-tax impact on operating costs, depreciation and financial expenses of first-time adoption of the new accounting standard IFRS 16 - Leases.

Consolidated results of operations

Reclassified consolidated income statement(*)

€M	2019	2018 (restated)	INCREASE/ (DECREASE) ABSOLUTE	%
Toll revenue	9,256	4,992	4,264	85%
Aviation revenue	826	834	-8	-1%
Other operating income	1,548	1,090	458	42%
Total operating revenue	**11,630**	**6,916**	**4,714**	**68%**
Cost of materials and external services	-2,386	-1,206	-1,180	98%
Concession fees	-609	-532	-77	14%
Net staff costs	-1,482	-973	-509	52%
Operating change in provisions	-1,426	-437	-989	n/s
Total net operating costs	**-5,903**	**-3,148**	**-2,755**	**88%**
Gross operating profit (EBITDA)	**5,727**	**3,768**	**1,959**	**52%**
Amortisation, depreciation, impairment losses and reversals of impairment losses	-3,957	-1,615	-2,342	n/s
Provisions for renewal work and other adjustments	-104	-168	64	-38%
Operating profit (EBIT)	**1,666**	**1,985**	**-319**	**-16%**
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants	259	110	149	n/s
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-78	-53	-25	47%
Other financial expenses, net	-1,426	-674	-752	n/s
Capitalised financial expenses on intangible assets deriving from concession rights	29	9	20	n/s
Share of profit/(loss) of investees accounted for using the equity method	21	3	18	n/s
Profit/(Loss) before tax from continuing operations	**471**	**1,380**	**-909**	**-66%**
Income tax expense	-107	-400	293	-73%
Profit/(Loss) from continuing operations	**364**	**980**	**-616**	**-63%**
Profit/(Loss) from discontinued operations	-7	4	-11	n/s
Profit for the year	**357**	**984**	**-627**	**-64%**
(Profit)/Loss attributable to non-controlling interests	221	209	12	6%
(Profit)/Loss attributable to owners of the parent	**136**	**775**	**-639**	**-82%**

	2019	2018 (restated)	INCREASE/ (DECREASE)
Basic earnings per share attributable to the owners of the parent (€)	**0.17**	**0.95**	**-0.78**
of which:			
- from continuing operations	0.17	0.95	-0.78
- from discontinued operations	-	-	-
Diluted earnings per share attributable to the owners of the parent (€)	**0.17**	**0.95**	**-0.78**
of which:			
- from continuing operations	0.17	0.95	-0.78
- from discontinued operations	-	-	-

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

"**Operating revenue**" for 2019 amounts to €11,630 million, an increase of €4,714 million compared with 2018 (€6,916 million), including the full-year contribution from the Abertis group compared with the group's consolidation for just two months in 2018 (€4,534 million). On a pro forma like-for-like basis, operating revenue is up €442 million (4%), primarily reflecting the increase in toll revenue (€436 million) contributed by the Abertis group (€304 million), overseas motorway operators (€88 million) and Italian motorway operators (€44 million).

"**Toll revenue**" of €9,256 million is up €4,264 million compared with 2018 (€4,992 million). After stripping out the impact of exchange rate movements, which had a negative impact of €19 million and the contribution from the Abertis group, totalling €4,164 million, toll revenue is up €119 million, primarily as a result of the following:

a) an improved contribution from overseas operators (up €88 million), linked to both the application of toll increases and traffic growth registered by the operators in Chile (up 4.7%), Brazil (up 4.6%) and Poland (up 0.6%);
b) traffic growth on the Italian network (up 0.7%), boosting revenue by an estimated €32 million after also taking into account the positive impact of the different traffic mix. The decision to exempt road users in the Genoa area from the payment of tolls resulted in reductions in toll revenue of approximately €12 million in the two comparative periods.

"**Aviation revenue**" of €826 million is down €8 million compared with 2018 (€834 million), primarily reflecting the impact on the Aéroports de la Côte d'Azur group of the decision taken by the French regulator (ASI) regarding tariffs.

"**Other operating income**" totals €1,548 million, an increase of €458 million compared with 2018 (€1,090 million). After stripping out the contribution from the Abertis group, totalling €370 million, other operating income is up €88 million, essentially due to recognition, in 2019, of the above insurance proceeds of approximately €38 million received by Autostrade per l'Italia under third-party liability insurance policies in relation to the events of 14 August 2018. The increase also reflects growth in contract work carried out by Pavimental for external customers (approximately €38 million).

"**Net operating costs**" of €5,903 million are up €2,755 million compared with 2018 (€3,148 million).

The "**Cost of materials and external services and other costs**", totalling €2,386 million, is up €1,180 million compared with 2018 (€1,206 million). After stripping out the contribution from the Abertis group, totalling €878 million, the cost of materials and external services is up €302 million, primarily reflecting a combination of the following:

a) the costs connected with the collapse of the section of the Polcevera road bridge, covered by use of the provisions made in the previous year;
b) an increase in motorway maintenance costs at Autostrade per l'Italia (approximately €103 million), reflecting the greater volume of work on the motorway network as a result of the early implementation of operational programmes and the new and more complex tender procedures introduced in 2017, resulting in delays to work in 2018.

"**Concession fees**" of €609 million are up €77 million compared with 2018 (€532 million). After stripping out the increase in the Abertis group's contribution (€53 million), concession fees are up €24 million, primarily due to recognition in operating costs of the accrued amount payable (€21 million) by the Polish operator, Stalexport Autostrada Maloposka, to the Grantor under its concession arrangement.

The "**Operating change in provisions**" in 2019 generated an expense of €1,426 million (an expense of €437 million in 2018). This marks an increase in expense of €989 million compared with the comparative period, primarily reflecting provisions of €1,500 million linked to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT, compared with provisions (€455 million) recorded in 2018, following the collapse of a section of the Polcevera road bridge.
In 2019, this also item reflects the use of provisions to fund work connected with the demolition and reconstruction of the Polcevera road bridge, totalling €225 million, offset by provisions of €210 million made primarily due to a revised estimate of the cost of the repairs to the network included in Autostrade per l'Italia's new strategic plan, and the performance of the discount rates used to discount the provisions to present value.

"**Net staff costs**" of €1,482 million are up €509 million (€973 million in 2018), primarily due to the increased contribution from the Abertis group (€444 million), as well as the agreed termination of Atlantia's then Chief Executive Officer in September 2019 (€20 million) and the increased cost of staff incentive plans, partly in relation to changes in the fair value of rights vesting between 2018 and 2019 (€20 million).

"**Gross operating profit**" **(EBITDA)** of €5,727 million is up €1,959 million compared with 2018 (€3,768 million). This essentially reflects the increased contribution of the Abertis group (€3,186 million), partially offset by the above provisions made in relation to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT (€1,500 million). On a pro forma like-for-like basis, gross operating profit is up €56 million (1%), essentially due to the above increase in operating revenue, partially offset by the greater volume of maintenance work carried out (€132 million) and increased provisions (€194 million), essentially due to a revised estimate of renewal work to be carried out on Autostrade per l'Italia's network, as well as an increase in staff costs (€48 million).

"**Amortisation, depreciation, impairment losses and reversals of impairment losses**", totalling €3,957 million, are up €2,342 million compared with 2018 (€1,615 million), primarily reflecting the Abertis group's contribution (€2,224 million). This is due to the different contributions in the two comparative periods and the increase in amortisation (€1,188 million) recognised following the above-mentioned completion of allocation of the fair value of the intangible assets acquired.

"**Provisions for renewal work and other adjustments**", amounting to €104 million, are down €64 million compared with the previous year (€168 million). This primarily reflects an updated estimate, in 2018, of the present value of future renewal work to be carried out on the infrastructure operated under concession by Aéroports de la Côte d'Azur.

"**Operating profit**" **(EBIT)** of €1,666 million is down €319 million compared with 2018 (€1,985 million).

"**Financial income recognised as an increase in financial assets deriving from concession rights and government grants**" amounts €259 million, an increase of €149 million compared with 2018 (€110 million). This reflects the contribution of certain motorway operators belonging to the Abertis group (€151 million) who have significant financial assets resulting from amounts due from their respective grantors.

Financial expenses from discounting of provisions for construction services required by contract and other provisions" amount to €78 million, an increase of €25 million compared with 2018 (€53 million), essentially reflecting the increased contribution from the Abertis group.

"**Net other financial expenses**" of €1,426 million are up €752 million compared with 2018 (€674 million), essentially reflecting a combination of the following:

a) the increased financial expenses contributed by the Abertis group and Abertis HoldCo (totalling €730 million), including financial expenses on the acquisition financing used to fund the acquisition of control of Abertis Infraestructuras;
b) an increase in the cost of derivative financial instruments (€108 million) at Atlantia and Autostrade per l'Italia, primarily due to the recognition of differentials on derivative financial instruments and the reclassification of fair value losses from the cash flow hedge reserve to profit or loss, given that the related hedges no longer relate to a highly probable forecast transaction, represented by the bond issue planned for 2020;
c) recognition in 2019 of dividends declared by Hochtief, totalling €63 million;
d) a reduction in interest expense (€43 million) following repayment, in November 2018, of retail bonds issued by Atlantia and repayment, in February 2019, of bonds issued by Autostrade per l'Italia in 2012.

"**Capitalised financial expenses**" of €29 million are up €20 million compared with 2018 (€9 million), primarily due to the increased contribution from the Abertis group (€16 million).

The "**Share of (profit)/loss of investees accounted for using the equity method**" amounts to a profit of €21 million, an improvement of €18 million compared with 2018 (a profit of 3 million), essentially due to recognition of the Group's share of the profit reported by the investee, Getlink, in 2019.
Total "**Income tax expense**" amounts to €107 million, a reduction of €293 million compared with 2018 (€400 million) and broadly in line with the reduction in "Profit before tax from continuing operations". The item includes €480 million relating to the recognition of deferred tax assets on the above provisions made in relation to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT. In addition, introduction of the 3.5% IRES surtax by art. 1, paragraphs 716-718 of Law 160/2019 (the 2020 Budget Law), applicable to the earnings of motorway and airport operators, has increased current income tax expense in the consolidated financial statements for 2019 by €46 million.

"**Profit for the year**" of €357 million includes the increased contribution from the Abertis group, totalling €223 million, and is down €627 million compared with 2018 (€984 million).

"**Profit for the period attributable to owners of the parent**", amounting to €136 million, is down €639 million compared with 2018 (€775 million). This reflects increased provisions made during the year, only partially offset by the increased contribution from the Abertis group.

"**Profit attributable to non-controlling interests**" amounts to €221 million, an increase of €12 million compared with 2018 (€209 million).

Consolidated statement of comprehensive income

€M		2019	2018 (restated)
Profit for the year	**(A)**	357	**984**
Fair value gains/(losses) on cash flow hedges		-507	-119
Fair value gains/(losses) on net investment hedges		-25	13
Gains/(Losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-325	-383
Other comprehensive income of investments accounted for using the equity method		-84	-1
Other fair value gains/(losses)		-4	-
Tax effect		129	28
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	**(B)**	-816	**-462**
Gains/(Losses) from actuarial valuations of provisions for employee benefits		-7	1
(Losses)/Gains on fair value measurement of investments		-67	-427
Gains/(Losses) on fair value measurement of fair value hedges		101	-
Tax effect		4	4
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	**(C)**	31	**-422**
Reclassifications of other comprehensive income to profit or loss for the year	**(D)**	80	**3**
Tax effect of reclassifications of other comprehensive income to profit or loss for the year	**(E)**	-9	**-2**
Total other comprehensive income/(loss) for the year	**(F=B+C+D+E)**	-714	**-883**
of which relating to discontinued operations		6	-
Comprehensive income/(loss) for the year	**(A+F)**	-357	**101**
Of which attributable to owners of the parent		-278	*129*
Of which attributable to non-controlling interests		-79	*-28*

The "**Other comprehensive loss for the period**", after the related taxation, amounts to €714 million for 2019 (a loss of €883 million for 2018). This primarily reflects a combination of the following:

a) an increase in fair value losses on cash flow hedges, totalling €507 million, primarily due to a sharp reduction in interest rates in 2019;
b) losses on the translation of the assets and liabilities of consolidated companies denominated in functional currencies other than the euro, totalling €325 million, primarily due to the reduction in value of a number of South American currencies against the euro as at 31 December 2019, compared with 31 December 2018; the currencies recorded similar performances in 2018, registering losses of €383 million;
c) the loss resulting from fair value measurement of the investment in Hochtief, amounting to €67 million; in 2018, the loss was €427 million;
d) an increase in the fair value gain on the funded collar entered into by Atlantia (€100 million) using its shareholding in Hochtief.

The resulting comprehensive loss for 2019 amounts to €357 million (income of €101 million in 2018).

Consolidated financial position

Reclassified consolidated statement of financial position(*)

€M	31 December 2019	31 December 2018 (restated)	INCREASE/ (DECREASE)
Non-current non-financial assets			
Property, plant and equipment	820	696	124
Intangible assets	59,472	62,360	-2,888
Investments	3,662	3,888	-226
Deferred tax assets	2,113	1,772	341
Other non-current assets	77	129	-52
Total non-current non-financial assets (A)	**66,144**	**68,845**	**-2,701**
Working capital			
Trading assets	2,575	2,387	188
Current tax assets	1,006	899	107
Other current assets	565	603	-38
Non-financial assets held for sale or related to discontinued operations	4	1,582	-1,578
Current portion of provisions for construction services required by contract	-571	-428	-143
Current provisions	-2,650	-1,324	-1,326
Trading liabilities	-2,243	-2,140	-103
Current tax liabilities	-283	-233	-50
Other current liabilities	-1,117	-1,239	122
Non-financial liabilities related to discontinued operations	-	-223	223
Total working capital (B)	**-2,714**	**-116**	**-2,598**
Gross invested capital (C=A+B)	**63,430**	**68,729**	**-5,299**
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2,473	-2,787	314
Non-current provisions	-2,694	-2,658	-36
Deferred tax liabilities	-6,280	-7,091	811
Other non-current liabilities	-358	-534	176
Total non-current non-financial liabilities (D)	**-11,805**	**-13,070**	**1,265**
NET INVESTED CAPITAL (E=C+D)	**51,625**	**55,659**	**-4,034**

(*) 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".

Reclassified consolidated statement of financial position(*)

€M	31 December 2019	31 December 2018 (restated)	INCREASE/ (DECREASE)
Equity attributable to owners of the parent	7,408	8,391	-983
Equity attributable to non-controlling interests	7,495	8,477	-982
Total equity (F)	14,903	16,868	-1,965
Net debt			
Non-current net debt			
Non-current financial liabilities	43,826	45,178	-1,352
Bond issues	26,628	21,546	5,082
Medium/long-term borrowings	15,204	22,084	-6,880
Non-current derivative liabilities	1,301	921	380
Other non-current financial liabilities	693	627	66
Non-current financial assets	-4,784	-4,704	-80
Non-current financial assets deriving from concession rights	-3,009	-2,991	-18
Non-current financial assets deriving from government grants	-214	-282	68
Non-current term deposits	-321	-350	29
Non-current derivative assets	-245	-144	-101
Other non-current financial assets	-995	-937	-58
Total non-current net debt (G)	39,042	40,474	-1,432
Current net debt			
Current financial liabilities	4,220	4,386	-166
Bank overdrafts repayable on demand	30	-	30
Short-term borrowings	391	294	97
Current derivative liabilities	42	11	31
Current portion of medium/long-term financial liabilities	3,620	3,271	349
Other current financial liabilities	137	495	-358
Financial liabilities related to discontinued operations	-	315	-315
Cash and cash equivalents	-5,232	-5,073	-159
Cash in hand	-4,172	-3,884	-288
Cash equivalents	-1,060	-1,148	88
Cash and cash equivalents related to discontinued operations	-	-41	41
Current financial assets	-1,308	-996	-312
Current financial assets deriving from concession rights	-559	-536	-23
Current financial assets deriving from government grants	-63	-74	11
Current term deposits	-433	-245	-188
Current derivative assets	-	-2	2
Current portion of other medium/long-term financial assets	-136	-109	-27
Other current financial assets	-117	-30	-87
Attività finanziarie destinate alla vendita o connesse ad attività operative cessate	-	-	-
Total current net debt/(funds) (H)	-2,320	-1,683	-637
Total net debt (I=G+H) (1)	36,722	38,791	-2,069
NET DEBT AND EQUITY (L=F+I)	51,625	55,659	-4,034

(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.

(*) 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".

As at 31 December 2019, "**Non-current non-financial assets**" of €66,144 million are down €2,701 million compared with 31 December 2018 (€68,845 million).

"**Property, plant and equipment**" of €820 million is up €124 million compared with 31 December 2018 (€696 million). This primarily reflects the recognition of right-of-use assets (€137 million), following first-time adoption of IFRS 16 - Leases from 1 January 2019, as mentioned in the "Introduction". These assets relate to the lease contracts in which Atlantia group companies are the lessee and are recognised with a matching entry in financial liabilities.

"**Intangible assets**" total €59,472 million (€62,360 million as at 31 December 2018) and essentially relate to the Atlantia Group's concession rights, amounting to €46,500 million. This amount includes goodwill of €12,426 million, essentially attributable to the amount recognised following the acquisition of the Abertis group (€7,869 million), which has been remeasured compared with 31 December 2018 following completion of the measurement and allocation process referred to in the "Introduction". This item also includes goodwill recognised as at 31 December 2003, following acquisition of the majority shareholding in the former Autostrade – Concessioni e Costruzioni Autostrade SpA (€4,383 million).
The reduction of €2,888 million in intangible assets is primarily due to the following:
a) amortisation for the period (€3,707 million);
b) a reduction due to the effect of currency translation differences recognised as at 31 December 2019, amounting to €399 million, essentially due to falls in the value of the Brazilian real and Chilean peso against the euro;
c) investment during the period in construction services for which additional economic benefits are received, (€903 million);
d) the contribution of Autopistas Trados-45 (€146 million) following the acquisition of control of this company in 2019;
e) an increase in intangible assets deriving from concession rights due to construction services for which no additional benefits are received (€93 million), following an updated estimate of the present value on completion of investment to be carried out through to the end of the concession, essentially attributable to Autostrade per l'Italia.

"**Investments**", totalling €3,662 million, are down €226 million compared with 31 December 2018 (€3,888 million), primarily reflecting:
a) the loss (€67 million) resulting from fair value measurement of the investment in Hochtief, recognised in other comprehensive income;
b) elimination of the carrying amount of Autopistas Trados-45 (€64 million) following the acquisition of control of this company and its resulting line-by-line consolidation in 2019;
c) a reduction in the carrying amount of the investment in Getlink (€60 million), following the receipt of dividends during the year (€31 million) and the loss recognised in other comprehensive income (€53 million), partially offset by recognition in profit or loss of the Group's share of the investee's profit for the year (€22 million).

"**Deferred tax assets**" of €2,113 million are up €341 million compared with 31 December 2018 (€1,772 million). This primarily reflects recognition of deferred tax assets on the above provisions of €1,500 million made in relation to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT (€480 million).

"**Working capital**" reports a negative balance of €2,714 million compared with a negative balance of €116 million as at 31 December 2018, marking an increase of €2,598 million.
This primarily reflects a combination of the following:

a) the reduction in non-financial assets and liabilities held for sale, totalling €1,355 million, due to the sale of Hispasat by Abertis Infraestructuras;
b) a €1,326 million increase in the current portion of provisions, essentially due to the provisions of €1,500 million made in relation to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT, partially offset by the use of provisions for the repair and replacement of motorway infrastructure, reflecting work on reconstruction of the Polcevera road bridge, and the use of provisions to cover the cost of compensation payable to victims' families and for people injured as a result of the events of 14 August 2018.

"**Non-current non-financial liabilities**", totalling €11,805 million, are down €1,265 million compared with 31 December 2018 (€13,070 million). This is primarily due to the following:

a) the reclassification of provisions to the current portion of provisions for construction services required by contract (€416 million), partially offset by an updated estimate of the present value and of investment to be carried out through to the end of the concession (€89 million);
b) a reduction in deferred tax liabilities (€811 million), partly reflecting the release of deferred tax liabilities linked to amortisation of the gains recognised as a result of the acquisition of the Abertis group.

As a result, "**Net invested capital**" totals €51,625 million (€55,659 million as at 31 December 2018).

"**Equity attributable to owners of the parent and non-controlling interests**" totals €14,903 million (€16,868 million as at 31 December 2018).

"**Equity attributable to owners of the parent**", totalling €7,408 million, is down €983 million compared with 31 December 2018 (€8,391 million). This essentially reflects a combination of the following:

a) dividends declared by Atlantia for 2018 (€736 million);
b) the comprehensive loss for the period (€278 million), as described above.

"**Equity attributable to non-controlling interests**" of €7,495 million is down €982 million compared with 31 December 2018 (€8,477 million), essentially due to combination of the following:

a) the distribution of equity reserves to non-controlling shareholders (€466 million), primarily by Abertis HoldCo;
b) dividends declared by a number of Group companies that are not wholly owned subsidiaries, totalling €457 million;
c) the comprehensive loss for the year attributable to non-controlling interests (€79 million);
d) the contribution from the share attributable to non-controlling interests in Autopistas Trados-45 (€63 million), following the acquisition of control of this company in 2019.

Statement of changes in consolidated equity

€M					EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
	ISSUED CAPITAL	RESERVES AND RETAINED EARNINGS	CASH FLOW HEDGE RESERVE	NET INVESTMENT HEDGE RESERVE	RESERVE FOR TRANSLATION DIFFERENCES ON TRANSLATION OF ASSETS AND LIABILITIES OF CONSOLIDATED COMPANIES DENOMINATED IN FUNCTIONAL CURRENCIES OTHER THAN THE EURO	RESERVE FOR GAINS/(LOSSES) ON FAIR VALUE MEASUREMENT OF INVESTMENTS	OTHER RESERVES AND RETAINED EARNINGS	TREASURY SHARES	PROFIT/(LOSS) FOR YEAR	TOTAL 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
Balance as at 31 December 2017	826	7,409	-109	-36	-303	-	7,857	-169	706	8,772	2,991	11,763
Effect of application of IFRS 9 as at 1 January 2018	-	29	-	-	-	-	29	-	-	29	3	32
Balance as at 1 January 2018	826	7,438	-109	-36	-303	-	7,886	-169	706	8,801	2,994	11,795
Comprehensive income for the year	-	-646	-76	10	-157	-422	-1	-	775	129	-28	101
Owner transactions and other changes												
Atlantia SpA's final dividend (€0.650 per share)	-	-	-	-	-	-	-	-	-532	-532	-	-532
Transfer of profit/(loss) for previous period to retained earnings	-	174	-	-	-	-	174	-	-174	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-235	-235
Share-based incentive plans	-	-1	-	-	-	-	-1	2	-	1	-	1
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-	-	2,369	2,369
Contributions from and returns of capital to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	3,377	3,377
Reclassifications and other changes	-	-8	-	-	-	-	-8	-	-	-8	-	-8
Balance as at 31 December 2018 (restated)	826	6,957	-185	-26	-460	-422	8,050	-167	775	8,391	8,477	16,868
Comprehensive income for the year	-	-414	-252	-13	-115	-67	33	-	136	-278	-79	-357
Owner transactions and other changes												
Atlantia SpA's final dividend (€0.90 per share)	-	-	-	-	-	-	-	-	-736	-736	-	-736
Transfer of profit/(loss) for previous period to retained earnings	-	39	-	-	-	-	39	-	-39	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-457	-457
Share-based incentive plans	-	-	-	-	-	-	-	1	-	1	-	1
Monetary revaluation (IAS 29)	-	20	-	-	-	-	20	-	-	20	86	106
Distributions and returns of capital to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-466	-466
Changes in scope of consolidation	-	-3	-	-	-	-	-3	-	-	-3	-49	-52
Reclassifications and other changes	-	13	1	11	3	-	-2	-	-	13	-17	-4
Balance as at 31 December 2019	826	6,612	-436	-28	-572	-489	8,137	-166	136	7,408	7,495	14,903

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

€M	EQUITY AS AT 31 DECEMBER 2019	PROFIT FOR 2019
Amounts in financial statements of Atlantia SpA	**10,809**	**427**
Recognition in consolidated financial statements of equity and profit/(loss) for the year of consolidated investments	22,676	1,096
Elimination of carrying amount of consolidated investments	-22,858	-
Elimination of equity and profit/(loss) for the year, after related dividends, attributable to non-controlling interests	-7,495	-211
Elimination of impairment losses (less reversals of impairment losses) on consolidated investments	110	91
Elimination of intercompany dividends	-	-1,223
Elimination of after-tax intercompany profits	-3,775	30
Recognition of goodwill less the the share attributable to non-controlling shareholders (*)	7,806	-30
Measurement of investments using the equity method, less share attributable to non-controlling interests	-65	-13
Other consolidation adjustments, less share attributable to non-controlling interests (**)	200	-30
Consolidated carrying amounts (attributable to owners of the parent)	**7,408**	**136**

(*) *This item includes the recognition of goodwill following completion of the process of measurement and allocation of the net assets resulting from the acquisition of the Abertis group, the effects of which are described in greater detail in note 6 in section 3, "Consolidated financial statements". The share of this goodwill attributable to owners of the parent amounts to €3,887 million based on the percentage interest in Abertis Infraestructuras SA held indirectly by Atlantia SpA, amounting to 49.39%.*

(**) *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 Atlantia Group's net debt as at 31 December 2019 amounts to €36,722 million (€38,791 million as at 31 December 2018).

In 2019, Abertis Infraestructuras assumed €9,817 million in debt used to fund its acquisition from Abertis HoldCo via the distribution of equity reserves. In order to extend the average term of the debt, the company also proceeded to refinance the debt assumed and to reduce it by a net amount of €6,609 million.

"**Non-current net debt**", amounting to €39,042 million, is down €1,432 million compared with 31 December 2018 (€40,474 million) and consists of:

a) "**Non-current financial liabilities**" of €43,826 million, a reduction of €1,352 million compared with 31 December 2018 (€45,178 million), primarily reflecting:
   1) the reclassification to short-term of bonds and borrowings maturing in 2020, totalling €4,999 million, repayment by Abertis Infraestructuras of a portion of the debt assumed as part of the above transaction, totalling €6,609 million, and repayment by Abertis HoldCo of previous financing of €966 million;
   2) the issue of new bonds amounting to €7,217 million, essentially by Abertis Infraestructuras (a face value of €5,867 million), primarily as part of the Above refinancing, and by a number of this company's subsidiaries operating in Chile, Brazil and Puerto Rico (a total face value of €1,291 million);
   3) new medium/long-term borrowings of €3,530 million, including the use of new credit facilities by Abertis HoldCo, totalling €966 million, the borrowing obtained by Atlantia, totalling €752 million, as part of the funded collar on its Hochtief shares, the use of new credit facilities by Abertis Infraestructuras, totalling €717 million, in relation to the above refinancing, and new loans totalling €352 million obtained by Costanera Norte;
   4) an increase of €380 million in "Non-current derivative liabilities", reflecting the sharp fall in the interest rates applicable to hedging instruments as at 31 December 2019, compared with those used as at 31 December 2018;
   5) an increase of €137 million following first-time adoption of IFRS 16 - Leases from 1 January 2019;

b) "**Non-current financial assets**" of €4,784 million, an increase of €80 million compared with 31 December 2018 (€4,704 million), essentially reflecting the recognition of net fair value gains of €101 million on the funded collars described above.

"**Current net funds**" of €2,320 million have increased by €637 million compared with 31 December 2018, when current net funds amounted to €1,683 million. This debt consists of:

a) "**Current financial liabilities**" of €4,220 million, a reduction of €166 million compared with 31 December 2018 (€4,386 million). This is essentially due to:
   1) the repayment of medium/long-term borrowings of €2,992 million, including the repayment of borrowings by Abertis Infraestructuras and certain of its subsidiaries operating in Brazil and Puerto Rico, totalling €2,015 million, Atlantia's repayment of €675 million of the Revolving Credit Facility obtained in July 2018, and amounts due for repayment by Autostrade per l'Italia in

2019, totalling €128 million, primarily in relation to loans from the EIB and Cassa Depositi e Prestiti;

2) the redemption of bonds, totalling €1,990 million, essentially reflecting repayments made by Abertis group companies, totalling €1,223 million, primarily attributable to Abertis Infraestructuras and Sanef, and by Autostrade per l'Italia, which repaid bonds issued in 2012 (€593 million);
3) a reduction of €56 million following falls in the value of the Chilean peso and the Brazilian real against the euro as at 31 December 2019, compared with 31 December 2018;
4) the above reclassification to short-term of bonds and borrowings maturing by 31 December 2020, totalling €4,999 million.

b) "**Cash and cash equivalents**" of €5,232 million, an increase of €159 million compared with 31 December 2018 (€5,073 million). In addition to operating cash flows during the period, capital expenditure and the new borrowings and repayments of debt referred to above, the change reflects Atlantia's payment to shareholders of dividends for 2018 (€736 million), dividends paid to the non-controlling shareholders of certain Group companies (€457 million), and the distribution of equity reserves by Abertis HoldCo to non-controlling shareholders, totalling €466 million.

c) "**Current financial assets**" of €1,308 million, an increase of €312 million compared with 31 December 2018 (€996 million), primarily reflecting an increase in term deposits.

The residual weighted average term to maturity of the Group's interest-bearing debt is five years and four months as at 31 December 2019.
72.5% of the Group's debt is fixed rate. After taking into account the related hedges, fixed rate debt represents 83.7% of the total. As at 31 December 2019, the weighted average cost of the Atlantia Group's medium/long-term borrowings, including differentials on hedging instruments, was 3.3% (reflecting the combined effect of the 2.8% paid by the companies operating in the euro area, the 4.9% paid by the Chilean companies and the 8.4% paid by the Brazilian companies).
As at 31 December 2019, the Group has cash reserves totalling €15,655 million, consisting of:

a) €5,232 million in cash and cash equivalents, including €551 million attributable to Atlantia;
b) €10,423 million in undrawn committed lines of credit (including €3,250 million attributable to Atlantia), having an average residual term of approximately four years and nine months and a weighted average residual drawdown period of approximately four years and two months. These lines of credit include €1,300 million consisting of two lines of credit obtained by Autostrade per l'Italia from Cassa Depositi e Prestiti, which is currently processing an application for the drawdown of funds with a view to excluding any reason that would prevent the bank from disbursing the requested amount.

The Group's net debt, as defined in the European Securities and Market Authority – ESMA (formerly CESR) Recommendation of 20 March 2013 (which does not permit the deduction of non-current financial assets from debt), amounts to €41,506 million as at 31 December 2019 (€43,495 million as at 31 December 2018).

In January 2020, Atlantia drew down €3,250 million under available lines of credit that were unused as at 31 December 2019 (the Revolving Credit Facilities agreed by Atlantia on July 2018 and October 2018, respectively).

A detailed assessment of the financial risk linked to the uncertainties surrounding the Group's ability to continue as a going concern, referred to in the "Introduction", is provided in note 9.2 to the consolidated financial statements.

Consolidated cash flow

Consolidated statement of changes in net debt(*)

€M		2019		2018 (restated)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Profit for the year		357		984
Adjusted by:				
Amortisation and depreciation	3,907		1,623	
Operating change in provisions(**)	1,400		599	
Financial expenses from discounting of provisions for construction services required by contract and other provisions	78		53	
Impairment losses/(Reversals of impairment losses) on financial assets and investments accounted for at fair value	175		-5	
Dividends received and share of (profit)/loss of investees accounted for using the equity method	25		29	
Impairment losses/(Reversals of impairment losses) and adjustments of current and non-current assets	63		-1	
(Gains)/Losses on sale of non-current assets	-1		-	
Net change in deferred tax (assets)/liabilities through profit or loss	-904		-118	
Other non-cash costs (income)	-131		-180	
Operating cash flow		4,969		2,984
Change in operating capital		-70		114
Other changes in non-financial assets and liabilities		-237		-155
Net cash generated from/(used in) operating activities (A)		4,662		2,943
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS				
Investment in assets held under concession	-1,479		-962	
Purchases of property, plant and equipment	-207		-93	
Purchases of other intangible assets	-108		-70	
Capital expenditure		-1,794		-1,125
Government grants related to assets held under concession		8		1
Increase in financial assets deriving from concession rights (related to capital expenditure)		84		26
Purchases of investments		-4		-2,438
Investment in consolidated companies, including net debt assumed		-12		-31,337
Proceeds from sale of property, plant and equipment, intangible assets and unconsolidated investments		23		6
Proceeds from sale of consolidated companies, including net debt transferred		1,191		-
Net change in other non-current assets		48		-124
Net cash from/(used in) investment in non-financial assets (B)		-456		-34,991
NET EQUITY CASH INFLOWS/(OUTFLOWS)				
Dividends declared by Atlantia		-736		-532
Dividends declared by Group companies and payable to non-controlling shareholders		-457		-235
Contributions from non-controlling shareholders		-		3,455
Proceeds from exercise of rights under share-based incentive plans		1		1
Distribution of reserves and returns of capital to non-controlling shareholders		-466		-74
Net equity cash inflows/(outflows) (C)		-1,658		2,615
Increase/(Decrease) in cash and cash equivalents during year (A+B+C)		2,548		-29,433
Change in fair value of hedging derivatives		-431		-106
Non-cash financial income/(expenses)		243		186
Effect of foreign exchange rate movements on net debt and other changes		-154		58
Impact of first-time adoption of IFRS 16 as at 1 January 2019		-137		-
Other changes in net debt (D)		-479		138
Increase/(Decrease) in net debt for year (A+B+C+D)		2,069		-29,295
Net debt at beginning of year		-38,791		-9,496
Net debt at end of year		-36,722		-38,791

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

(**) This item does not include uses of provisions for the renewal of assets held under concession and includes uses of provisions for risks and charges.

"**Net cash from operating activities**" amounts to €4,662 million for 2019, an increase of €1,719 million compared with 2018 (€2,943 million). This primarily reflects an increase in operating cash flow of €1,985 million, mainly due to the increased contribution from the Abertis group, amounting to €2,204 million, and an increase in the cash outflow due to changes in operating capital in 2019, primarily due to the payment of amounts due to the non-controlling shareholders of the Chilean holding company, Invin (€188 million).

"**Cash used for investment in non-financial assets**" amounts to €456 million (€34,991 million in 2018). The reduction of €34,535 million compared with 2018 primarily reflects:

a) the cost of investment in consolidated companies, which last year included the €29,302 million cost of the acquisition of control of the Abertis group, inclusive of the total debt assumed;
b) increased purchases of investments in 2018, which primarily included the acquisition of a 23.86% interest in Hochtief for €2,411 million.

The outflow in 2019, amounting to €456 million, essentially reflects:

a) capital expenditure after the related government grants, totalling €1,794 million (€1,125 million in 2018), including €701 million contributed by the Abertis group;
b) proceeds from the disposal of consolidated companies, totalling €1,191 million, primarily regarding the sale of an 89.7% stake in Hispasat by Abertis Infraestructuras;
c) an increase of €84 million in financial assets deriving from concession rights related to capital expenditure, primarily attributable to certain Chilean operators.

"**Net equity cash outflows**" amount to €1,658 million, primarily reflecting the dividends declared by Atlantia (€736 million), dividends declared by a number of Group companies and payable to non-controlling shareholders (€457 million) and the distribution of equity reserves to non-controlling shareholders (€466 million), primarily by Abertis HoldCo. The corresponding inflow of €2,615 million in 2018 mainly included contributions from Abertis HoldCo's non-controlling shareholders, amounting to €3,455 million, partly offset by the final dividend for 2017 declared by Atlantia (€532 million) and dividends declared by other Atlantia Group companies and payable to non-controlling shareholders (€235 million).

There was also an increase in net debt of €479 million in 2019, essentially due to an increase in fair value losses on hedging instruments (€431 million), mainly reflecting a sharp fall in reduction in interest rates during the year.

The overall impact of the above cash flows has resulted in an increase in net debt of €2,069 million, compared with an increase of €29,295 million in 2018, which reflected the impact of the acquisition of control of the Abertis group.

Analysis of net financial debt

Net financial debt is presented below as a synthetic indicator of the financial structure and is based on the nominal redemption value of bond issues, medium/long-term and short-term borrowings, including bank overdrafts repayable on demand, and after deducting cash.

The statement has been prepared to enable readers to assess the Group's financial structure, distinguishing between financial liabilities in the form of bank borrowings, and thus in the form of borrowing in the financial market in general, from other types of financial asset and liability.
To enable a reconciliation with amounts presented in the statutory statement of financial position, a series of notes on the items shown has been provided below, in accordance with ESMA requirements.
The reduction (€1,401 million) in net financial debt as at 31 December 2019 compared with 31 December 2018 is essentially linked to a combination of the following:

a) early repayment of a total of €7,574 million in acquisition financing obtained in order to acquire the Abertis group by Abertis Infraestructuras, which in April 2019 assumed €9,824 million in financial liabilities used to fund its acquisition from Abertis HoldCo;
b) Atlantia's repayment of the Revolving Credit Facility of 4 July 2018, €675 million of which was partially used in September 2018, and the repayment of bonds by Autostrade per l'Italia, totalling €593 million, by Abertis Infraestructuras, totalling €364 million, and by Sanef, totalling €300 million;
c) the issue of bonds totalling €5,867 million by Abertis Infraestructuras, including €3,770 million used to repay the above financing;
d) the issue of bonds totalling €1,291 million by Group companies operating in Brazil, Chile and Puerto Rico;
e) Atlantia's agreement of collar financing of €751 million.

Reconciliation of net financial debt with net debt

€M	2019	2018	INCREASE/ (DECREASE)
Bond issues (nominal value)	26,586	21,307	5,279
Bank borrowings (nominal value)	14,694	21,633	-6,939
Non-current debt, gross (A)	**41,280**	**42,940**	**-1,660**
Bond issues (nominal value)	1,875	1,625	250
Bank borrowings (nominal value)	1,192	1,151	41
Short-term borrowings and bank overdrafts repayable on demand	421	294	127
Current debt, gross (B)	**3,488**	**3,070**	**418**
Cash (C)	**-5,232**	**-5,073**	**-159**
Net financial debt (D=A+B+C)	**39,536**	**40,937**	**-1,401**
Amortised cost and fair value of financial liabilities included in gross debt (E)	208	449	-241
Other current and non-current financial liabilities (F)[1]	1,331	1,925	-594
Other borrowings (G)[2]	396	248	148
Derivatives (H)[3]	1,098	786	312
Financial assets deriving from concession rights and other current and non-current financial assets (I)[4]	-5,847	-5,554	-293
Net debt (I=D+E+F+G+H+I)	**36,722**	**38,791**	**-2,069**

(1) Includes the value of the "Other medium/long-term financial liabilities" reported in note 7.15 in section 3, "Consolidated financial statements as at and for the year ended 31 December 2019", net of "Short-term borrowings" and the items, "Current derivative liabilities" and "Bank overdrafts repayable on demand".

(2) Includes the value of "Other borrowings", as reported in note 7.15 in section 3, "Consolidated financial statements as at and for the year ended 31 December 2019".

(3) Derivative liabilities net of fair value gains, as reported in the respective items in the statement of financial position.

(4) Includes the financial statement items, "Non-current financial assets" and "Current financial assets" net of the items, "Non-current derivative assets" and "Current derivative assets". This item essentially includes financial assets deriving from concession rights (€3,568 million as at 31 December 2019) atrributable to the concessions held by the Group in Spain, Chile and Argentina and Autostrade Meridionali's takeover rights (€410 million as at 31 December 2019). The other financial assets included in this item primarily regard term deposits and government grants to fund construction work.

Reconciliation of the reclassified and statutory financial statements

Reconciliations of the reclassified financial statements presented above with the statutory income statement, statement of financial position and statement of cash flows prepared under international financial reporting standards (IFRS), and presented in the consolidated financial statements as at and for the year ended 31 December 2019, are included below.

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

€M	2019						2018 (restated)					
Reconciliation of items	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
Toll revenue			9,256			9,256			4,992			4,992
Aviation revenue			826			826			834			834
Revenue from construction services			989						518			
Revenue from construction services - government grants and cost of materials and external services	(a)	906					(a)	455				
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	50					(b)	47				
Revenue from construction services: capitalised financial expenses	(c)	29					(c)	9				
Revenue from construction services provided by sub-operators	(d)	4					(d)	7				
Other revenue	(e)		1,544				(e)		1,083			
Other operating income				(e+d)		1,548				(e+d)		1,090
Total revenue			12,615						7,427			
TOTAL OPERATING REVENUE						11,630						6,916
Raw and consumable materials			-537		-537				-383		-383	
Service costs			-2,782		-2,782				-1,467		-1,467	
Gain/(Loss) on sale of elements of property, plant and equipment			1		1				-		-	
Other operating costs			-1,003						-721			
Concession fees	(f)		-609				(f)		-532			
Lease expense			-34		-34				-30		-30	
Other			-361		-361				-160		-160	
Other capitalised operating costs			1		1				1		1	
Use of provisions for construction services required by contract				(k)	350					(k)	302	
Revenue from construction services: government grants and capitalised cost of materials and external services				(a)	906					(a)	455	
Use of provisions for renewal of airport infrastructure				(i)	70					(i)	76	
COST OF MATERIALS AND EXTERNAL SERVICES						-2,386						-1,206
CONCESSION FEES				(f)		-609				(f)		-532
Staff costs	(g)		-1,605				(g)		-1,085			
NET STAFF COSTS				(b+g+l)		-1,482				(b+g+l)		-973
OPERATING CHANGE IN PROVISIONS				(h+j)		-1,426				(h+j)		-437
TOTAL NET OPERATING COSTS						-5,903						-3,148
GROSS OPERATING PROFIT (EBITDA)						5,727						3,768
PROVISIONS FOR RENEWAL WORK AND OTHER ADJUSTMENTS						-104						-168
Operating change in provisions			-1,447						-523			
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure	(h)		125				(h)		-347			
(Provisions)/ Uses of provisions for renewal of assets held under concession			-21						-86			
Provisions for renewal of assets held under concession		-91			-91			-162			-162	
Use of provisions for renewal of assets held under concession	(i)	70					(i)	76				
Provisions for risks and charges	(j)		-1,551				(j)		-90			
(Impairment losses)/Reversals of impairment losses				(o)	-13					(o)	-6	
Use of provisions for construction services required by contract			423						367			
Use of provisions for construction services required by contract	(k)	350					(k)	302				
Capitalised staff costs - construction services for which no additional economic benefits are received	(l)	73					(l)	65				
Amortisation and depreciation	(m)		-3,907				(m)		-1,622			
Depreciation of property, plant and equipment			-200						-94			
Amortisation of intangible assets deriving from concession rights			-3,585						-1,440			
Amortisation of other intangible assets			-122						-88			
(Impairment losses)/Reversals of impairment losses			-63						1			
(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets	(n)	-50					(n)	7				
(Impairment losses)/Reversals of impairment losses	(o)	-13					(o)	-6				
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(m+n)		-3,957				(m+n)		-1,615
TOTAL COSTS			-10,920						-5,433			
OPERATING PROFIT/(LOSS)			1,695						1,994			
OPERATING PROFIT/(LOSS) (EBIT)						1,666						1,985
Financial income			737						399			
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants			259			259			110			110
Dividends received from investees accounted for at fair value	(p)		73				(p)		4			
Other financial income	(q)		405				(q)		285			
Financial expenses			-2,110						-1,020			
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-78			-78			-53			-53
Other financial expenses	(r)		-2,032				(r)		-967			
Foreign exchange gains/(losses)	(s)		128				(s)		4			
Other financial expenses, after other financial income				(p+q+r+s)		-1,426				(p+q+r+s)		-674
Capitalised financial expenses on intangible assets deriving from concession rights				(c)		29				(c)		9
FINANCIAL INCOME/(EXPENSES)			-1,245						-617			
Share of (profit)/loss of investees accounted for using the equity method			21			21			3			3
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			471			471			1,380			1,380
Income tax (expense)/benefit			-107			-107			-400			-400
Current tax expense			-1,034						-538			
Differences on tax expense for previous years			23						20			
Deferred tax income and expense			904						118			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			364			364			980			980
Profit/(Loss) from discontinued operations			-7			-7			4			4
PROFIT FOR THE YEAR			357			357			984			984
of which:												
Profit attributable to owners of the parent			136			136			775			775
Profit attributable to non-controlling interests			221			221			209			209

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

€M	31 December 2019						31 December 2018 (restated)					
Reconciliation of items	Reported basis			Reclassified basis			Reported basis			Reclassified basis		
	Ref.		Main entries	Ref.		Main entries	Ref.		Main entries	Ref.		Main entries
Non-current non-financial assets												
Property, plant and equipment	(a)		820			820	(a)		696			696
Intangible assets	(b)		59,472			59,472	(b)		62,360			62,360
Investments	(c)		3,662			3,662	(c)		3,888			3,888
Deferred tax assets	(d)		2,113			2,113	(d)		1,772			1,772
Other non-current assets	(e)		77			77	(e)		129			129
Total non-current non-financial assets (A)						66,144						68,845
Working capital												
Trading assets	(f)		2,575			2,575	(f)		2,387			2,387
Current tax assets	(g)		1,006			1,006	(g)		899			899
Other current assets	(h)		565			565	(h)		603			603
Non-financial assets held for sale or related to discontinued operations				(w)		4				(w)		1,582
Current portion of provisions for construction services required by contract	(i)		-571			-571	(i)		-428			-428
Current provisions	(j)		-2,650			-2,650	(j)		-1,324			-1,324
Trading liabilities	(k)		-2,243			-2,243	(k)		-2,140			-2,140
Current tax liabilities	(l)		-283			-283	(l)		-233			-233
Other current liabilities	(m)		-1,117			-1,117	(m)		-1,239			-1,239
Non-financial liabilities related to discontinued operations				(x)		-				(x)		-223
Total working capital (B)						-2,714						-116
Gross invested capital (C=A+B)						63,430						68,729
Non-current non-financial liabilities												
Non-current portion of provisions for construction services required by contract	(n)		-2,473			-2,473	(n)		-2,787			-2,787
Non-current provisions	(o)		-2,694			-2,694	(o)		-2,658			-2,658
Deferred tax liabilities	(p)		-6,280			-6,280	(p)		-7,091			-7,091
Other non-current liabilities	(q)		-358			-358	(q)		-534			-534
Total non-current non-financial liabilities (D)						-11,805						-13,070
Net invested capital (E=C+D)						51,625						55,659
Total equity (F)			14,903			14,903			16,868			16,868
Net debt												
Non-current net debt												
Non-current financial liabilities	(r)		43,826			43,826	(r)		45,178			45,178
Non-current financial assets	(s)		-4,784			-4,784	(s)		-4,704			-4,704
Total non-current net debt (G)						39,042						40,474
Current net debt												
Current financial liabilities	(t)		4,220			4,220	(t)		4,071			4,386
Bank overdrafts repayable on demand		30			30			-			-	
Short-term borrowings		391			391			294			294	
Current derivative liabilities		42			42			11			11	
Current portion of medium/long-term borrowings		3,620			3,620			3,271			3,271	
Other current financial liabilities		137			137			495			495	
Current financial liabilities related to discontinued operations				(y)	-					(y)	315	
Cash and cash equivalents	(u)		-5,232			-5,232	(u)		-5,032			-5,073
Cash in hand		-4,172			-4,172			-3,884			-3,884	
Cash equivalents		-1,060			-1,060			-1,148			-1,148	
Cash and cash equivalents related to discontinued operations				(z)	-					(z)	-41	
Current financial assets	(v)		-1,308			-1,308	(v)		-996			-996
Current financial assets deriving from concession rights		-559			-559			-536			-536	
Current financial assets deriving from government grants		-63			-63			-74			-74	
Current term deposits		-433			-433			-245			-245	
Current derivative assets		-			-			-2			-2	
Current portion of other medium/long-term financial assets		-136			-136			-109			-109	
Other current financial assets		-117			-117			-30			-30	
Total current net debt (H)						-2,320						-1,683
Total net debt (I=G+H)						36,722						38,791
Net debt and equity (L=F+I)						51,625						55,659
Assets held for sale or related to discontinued operations	(-z+w)		4				(-z+w)		1,623			
Liabilities related to discontinued operations	(+y-x)		-				(+y-x)		538			
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e-s)		70,928				(a+b+c+d+e-s)		73,549			
TOTAL CURRENT ASSETS	(f+g+h-u-v-z+w)		10,690				(f+g+h-u-v-z+w)		11,540			
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)		55,631				(-n-o-p-q+r)		58,248			
TOTAL CURRENT LIABILITIES	(-i-j-k-l-m+t+y-x)		11,084				(-i-j-k-l-m+t+y-x)		9,973			

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

€M		2019				2018 (restated)			
Reconciliation of items	Note	Consolidated statement of cash flows		Changes in consolidated net debt		Consolidated statement of cash flows		Changes in consolidated net debt	
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES									
Profit for the year			357	357			984	984	
Adjusted by:									
Amortisation and depreciation			3,907	3,907			1,623	1,623	
Operating change in provisions(*)			1,400	1,400			599	599	
Financial expenses from discounting of provisions for construction services required by contract and other provisions			78	78			53	53	
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or fair value			175	175			-5	-5	
Share of (profit)/loss of investees accounted for using the equity method			25	25			29	29	
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets			63	63			-1	-1	
(Gains)/Losses on sale of non-current assets			-1	-1			-	-	
Net change in deferred tax (assets)/liabilities through profit or loss			-904	-904			-118	-118	
Other non-cash costs (income)			-131	-131			-180	-180	
Operating cash flow					4,969				2,984
Change in operating capital	(a)				-70				114
Other changes in non-financial assets and liabilities	(b)				-237				-155
Change in working capital and other changes	(a+b)		-307				-41		
Net cash generated from/(used in) operating activities (A)			4,662		4,662		2,943		2,943
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS									
Investment in assets held under concession			-1,479	-1,479			-962	-962	
Purchases of property, plant and equipment			-207	-207			-93	-93	
Purchases of other intangible assets			-108	-108			-70	-70	
Capital expenditure					-1,794				-1,125
Government grants related to assets held under concession			8		8		1		1
Increase in financial assets deriving from concession rights (related to capital expenditure)			84		84		26		26
Purchase of investments			-4		-4		-2,438		-2,438
Cost of acquisition	(c)	*-12*		*-12*		*-17,576*		*-17,576*	
Cash and cash equivalents acquired	(d)	*64*		*64*		*2,477*		*2,477*	
Net financial liabilities assumed, excluding cash and cash equivalents acquired	(e)			*-64*				*-16,238*	
Acquisitions of additional interests and/or investments in consolidated companies, net of cash acquired	(c+d)		52				-15,099		
Purchases of interests in consolidated companies, including net debt assumed	(c+d+e)				-12				-31,337
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments			23		23		6		6
Sale price	(f)	933		933					
Cash and cash equivalents transferred	(g)	- 29		-29					
Net financial liabilities transferred, excluding cash and cash equivalents transferred	(h)			287					
Proceeds from disposals of consolidated companies, after cash and cash equivalents transferred	(f+g)		904				-		-
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred	(f+g+h)				1,191				
Net change in other non-current assets			48		48		-124		-124
Net change in current and non-current financial assets	(i)		-542				80		
Net cash from/(used in) investment in non-financial assets (B)	(j)				-456				-34,991
Net cash generated from/(used in) investing activities (C)	(i+j-e-h)		-1,221				-18,673		
NET EQUITY CASH INFLOWS/(OUTFLOWS)									
Dividends declared by Atlantia	(k)				-736				-532
Dividends declared by Atlantia and Group companies and payable to non-controlling shareholders	(l)				-457				-235
Contributions from non-controlling shareholders			-		-		3,455		3,455
Dividends paid by Atlantia	(m)		-736				-532		
Dividends paid by Group companies to non-controlling shareholders	(n)		-468				-249		
Proceeds from exercise of rights under share-based incentive plans			1		1		1		1
Distribution of reserves and returns of capital to non-controlling shareholders			-466		-466		-74		-74
Net equity cash inflows/(outflows) (D)					-1,658 -				2,615
Net cash (used)/generated during the year (A+B+D)					2,548				-29,433
Issuance of bonds			7,434				315		
Increase in medium/long term borrowings (excluding lease liabilities)			3,583				13,929		
Increase in lease liabilities			42				-		
Bond redemptions			-1,990				-1,223		
Repayments of medium/long term borrowings (excluding lease liabilities)			-10,530				-349		
Payment of lease liabilities			-39				-		
Net change in other current and non-current financial liabilities			-119				-50		
Net cash generated from/(used in) financing activities (E)			-3,288				15,223		
Change in fair value of hedging derivatives	(o)				-431				-106
Non-cash financial income/(expenses)	(p)				243				186
Effect of foreign exchange rate movements on net debt and other changes	(q)				-154				58
Impact of first-time adoption of IFRS 16 as at 1 January 2019					-137				-
Other changes in net debt (F)					-479				138
Net effect of foreign exchange rate movements on net cash and cash equivalents (G)			-24				-33		
Increase/(decrease) in net debt for year (A+B+D+F)					2,069				-29,295
Net debt at beginning of year					-38,791				-9,496
Net debt at end of year					-36,722				-38,791
Increase/(Decrease) in cash and cash equivalents during year (A+C+E+G)			129				-540		
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			5,073				5,613		
NET CASH AND CASH EQUIVALENTS AT END OF YEAR			5,202				5,073		

(*) This item does not include uses of provisions for the renewal of assets held under concession and includes uses of provisions for risks and charges.

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 when purchasing investments in consolidated companies;
d) “Cash and cash equivalents acquired” includes the cash acquired as a result of the acquisition of consolidated 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 consolidated companies;
f) the “Sale price” refers to the proceeds received from the disposal of consolidated companies;
g) “Cash and cash equivalents transferred” represents the cash of consolidated companies transferred;
h) “Net financial liabilities transferred, excluding cash and cash equivalents transferred” represent the share of net debt of consolidated companies transferred;
i) 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;
j) “Net cash from/(used in) investment in non-financial assets” excludes changes in the financial assets and liabilities referred to in note i) that do not have an impact on net debt;
k) “Dividends declared by Atlantia” regard the dividends declared by the Parent Company, regardless of the reporting period in which they are paid;
l) “Dividends declared by Atlantia Group companies and payable to non-controlling shareholders” regard the dividends declared by Atlantia Group companies attributable to non-controlling interests, regardless of the reporting period in which they are paid;
m) “Dividends paid by Atlantia” refer to amounts effectively paid by the Parent Company during the reporting period;
n) “Dividends paid by Atlantia Group companies to non-controlling shareholders” refer to amounts effectively paid to non-controlling shareholders during the reporting period;
o) the amount represents the change in the fair value of hedging instruments, before the related taxation, as shown in the respective items in the consolidated statement of comprehensive income;
p) 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 in note 7.15 to the consolidated financial statements;
q) this item essentially includes the impact of exchange rate movements on financial assets (including cash and cash equivalents) and financial liabilities denominated in currencies other than the euro held by Atlantia Group companies.

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 2019, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified statement of financial position as at 31 December 2019, compared with comparative amounts as at 31 December 2018.

The international accounting standards (IFRS) approved by the European Commission and in force at 31 December 2019 were applied in the preparation of the consolidated financial statements for 2019. Compared with the accounting standards used in the preparation of the financial statements as at and for the year ended 31 December 2018, the Company adopted IFRS 16 - Leases for the first time from 1 January 2019. Adoption of the new standard has not had a material impact on the Company's accounts. The new standard has introduced a single approach to accounting for lease agreements, removing the distinction between operating and finance leases for the lessee. On first-time adoption, the Company elected to avail itself of the practical expedient allowed by the standard, recognising the cumulative effects deriving from adoption of the standard in the statement of financial position as of 1 January 2019, without any change in the comparative income statement. A description of the key assumptions used on first-time adoption of the new accounting standard is provided in note 3, "Accounting standards and policies applied", in the "Financial statements as at and for the year ended 31 December 2019".

At the date of preparation of the Annual Report for the year ended 31 December 2019, there are certain significant uncertainties, primarily surrounding the concession arrangement and regulatory framework of the subsidiary, Autostrade per l'Italia, linked to the events of 14 August 2018 and recent legislation (Law 8 of 28 February 2020, the so-called *Milleproroghe* Decree).
as well as the liquidity and financial risks of Autostrade per l'Italia and Atlantia consequent also to the legal restrictions resulting from the spread of the Covid-19 pandemic, which has led many governments to limit the movement of people, with a major impact on traffic and revenue at the Atlantia Group's main subsidiaries.

In preparing the Annual Report for the year ended 31 December 2019, the Parent Company assessed whether the going concern basis is appropriate, as required by law and by the applicable accounting standards.
This included an assessment of the uncertainties and risks relating to the subsidiary, Autostrade per l'Italia, and of Atlantia's liquidity and financial risk, within a time-frame of 12 months from the date of approval of the Annual Report for the year ended 31 December 2019.

In brief, with regard to Autostrade per l'Italia, the assessment conducted also by the subsidiary's Board of Directors, based on opinions from leading legal and technical experts, confirmed that the going concern basis is appropriate. This reflects the company's belief that:

a) the risk of termination of the concession arrangement is reasonably unlikely and that there is a reasonable likelihood that an arrangement will be reached with the Ministry of Infrastructure and Transport (the "MIT"), thereby resolving the dispute with Autostrade per l'Italia;
b) the occurrence of liquidity and financial risk (the early repayment of existing debt) is reasonably unlikely in the 12 months from the date of approval of the Annual Report for the year ended 31 December 2019, as also confirmed by leading independent experts, in view of the actions taken and to be taken to meet financial requirements, including Atlantia's willingness to provide Autostrade per l'Italia with financial support of up to €900 million, after the subsidiary's available alternative financial sources of funding.

With regard to the risks assessed in relation to Atlantia's ability to continue as a going concern, the following should be noted:

a) the liquidity risk is deemed reasonably unlikely, in view of the Parent Company's cash reserves at the date of preparation of this Annual Report and its existing debt obligations;
b) the financial risk potentially resulting from the impact on Atlantia of the situation surrounding the subsidiary, Autostrade per l'Italia (the risk of accelerated repayment of debt guaranteed by Atlantia), and from the restrictions on movement introduced as a result of the spread of the Covid-19 pandemic, is deemed reasonably unlikely, on the basis also of the above conclusions reached by the Board of Directors of Autostrade per l'Italia.

The Company and its subsidiaries are also engaged in assessing all the available options, including those provided by the recent Law Decree 23 of 8 April 2020, regarding liquidity support for businesses.

Based on the guidance provided by the relevant accounting and auditing standards, in assessing whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.
The Company will constantly continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable the Company, should it prove necessary, to take the required corrective action.

Further details of the assessments of the uncertainties and the risks relating to application by the subsidiary and the Parent Company of the going concern basis including the steps taken and to be taken to mitigate such risks, are provided in note 2 to the separate financial statements, "Going concern assumption and basis of preparation".

With regard to financial transactions during the year, on 27 March 2019, the Company entered into a derivative financial instrument called a "funded collar" with Goldman Sachs International ("GS"), involving 5.6 million shares in Hochtief (representing approximately 33% of the total shares held by

Atlantia and approximately 8% of the interest in Hochtief). The aim is to mitigate the shares' exposure to the risk that movements in the market price would take the share price below a certain floor (the put strike price) and to benefit from increases in the share price up to a certain cap (the call strike price).
The derivative is associated with a collar financing transaction with a value of €752 million (disbursed by GS on 1 April 2019). The financing has an average term to maturity of 6.5 years and with scheduled repayments between September 2024 and March 2026, potentially via the sale of the Hochtief shares at prices within the agreed range.
At the same time, Atlantia and GS agreed a stock lending facility involving the shares used to secure the financing (5.6 million shares, as above). Under this facility, the Company has transferred the financial rights (dividends) and non-financial rights (voting rights) attaching to the shares securing the loan, whilst retaining the rights attaching to the remaining shares.

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

Results of operations

€M	2019	2018	INCREASE/ (DECREASE) ABSOLUTE	%
Operating revenue	3	3	-	n/s
Total operating revenue	**3**	**3**	**-**	**n/s**
Cost of materials and external services	-33	-80	47	-59%
Staff costs	-59	-20	-39	n/s
Total net operating costs	**-92**	**-100**	**8**	**-8%**
Gross operating loss (EBITDA)	**-89**	**-97**	**8**	**-8%**
Amortisation, depreciation, impairment losses and reversals of impairment losses	-1	-	-1	n/s
Operating loss (EBIT)	**-90**	**-97**	**7**	**-7%**
Dividends received from investees	636	861	-225	-26%
(Impairment losses)/Reversals of impairment losses on investments	-44	-	-44	n/s
Other financial income/(expenses), net	-115	-111	-4	4%
Profit before tax from continuing operations	**387**	**653**	**-266**	**-41%**
Income tax (expense)/benefit	40	42	-2	-5%
Profit from continuing operations	**427**	**695**	**-268**	**-39%**
Profit for the year	**427**	**695**	**-268**	**-39%**

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

As in the comparative period, "**Operating revenue**" for 2019 amounts to €3 million and primarily consists of rental income, service revenue and cost recoveries from Atlantia Group companies.

"**Net operating costs**" for 2019 amount to €92 million, down €8 million compared with 2018, primarily due to a combination of the following:

a) recognition, in 2018, of consultants' fees (€54 million) recognised in relation to the acquisition of control of Abertis, completed in October 2018;
b) an increase in staff costs (€39 million) in 2019, essentially due to:
    1. charges (€20 million) resulting from the agreed termination of the then Chief Executive Officer in September 2019;
    2. increased costs (€10 million) relating to staff incentive plans, partly in relation to changes in the fair value of rights vesting between 2018 and 2019.

The "**Gross operating loss**" **(negative EBITDA)** amounts to €89 million for 2019 (a loss of €97 million in 2018).

"**Dividends received from investee companies**" amount to €636 million, compared with €861 million in 2018. The reduction of €225 million primarily regards the impact of a reduction in the dividends declared by Autostrade per l'Italia (€182 million) and Aeroporti di Roma (€116 million), partially offset by dividends declared by Hochtief in 2019 (€63 million).

"**Impairment losses on investments**" reflect the partial impairment of the carrying amounts of the investments in Azzurra Aeroporti (€39 million) and Pavimental (€5 million).

"**Net other financial expenses**" amount to €115 million and primarily regard the expenses connected with bond issues (€32 million), Term Loans and the collar financing (€35 million), in addition to other net expenses on derivatives (€47 million).
The increase of €4 million compared with 2018 (€111 million) primarily reflects:
a) increased expenses (€30 million) on the Term Loans disbursed in September 2018, and used to fund the acquisition of control of Abertis, and on the collar financing involving Hochtief shares;
b) an increase in expenses incurred on derivative financial instruments (€15 million), relating essentially to the differentials realised on Forward-Starting Interest Rate Swaps;
c) an increase in financial expenses linked to commitment and up-front fees payable (€11 million) on the Revolving Credit Facility obtained in October 2018, totalling €2,000 million;
d) commitment and up-front fees, accruing in 2018, linked to the combination of credit facilities obtained during the phase prior to completion of the acquisition of control of Abertis (€52 million).

Tax benefits amount to €40 million in 2019, broadly reflecting the benefit resulting from the tax loss for the year (after taking into account the limited impact of dividends on taxation), which is fully recoverable in view of the tax consolidation agreement established by the Company.

"**Profit for the year**" thus amounts to €427 million for 2019 (€695 million for 2018).

€M		2019	2018
Profit for the year	**(A)**	**427**	**695**
Fair value gains/(losses) on cash flow hedges		-172	-60
Tax effect of fair value gains/(losses) on cash flow hedges		50	18
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	**(B)**	**-122**	**-42**
Fair value (losses)/gains on investments		-67	-427
Tax effect of fair value (losses)/gains on investments		1	5
Fair value gains/(losses) on fair value hedges		101	-
Tax effect of fair value gains/(losses) on fair value hedges		1	-
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	**(C)**	**36**	**-422**
Reclassifications of other comprehensive income to profit or loss for the year	**(D)**	**-**	**-**
Total other comprehensive income/(loss) for the year	**(E=B+C+D)**	**-86**	**-464**
Comprehensive income for the year	**(A+E)**	**341**	**231**

Compared with profit for the year, the **"Total other comprehensive loss for the year"** in 2019 reflects the following:

a) fair value losses (€172 million, before taxation) on the Forward-Starting Interest Rate Swaps, reflecting the reduction in interest rates in 2019;
b) fair value losses (€67 million, before taxation) on the investment in Hochtief, reflecting the stock market performance of the company's shares in 2019.

These losses were partially offset by an increase in fair value gains (€101 million, before taxation) on fair value hedges (entered into in connection with the collar financing involving shares in Hochtief) between the execution date for the funded collar contract and the end of the year.

The "Total other comprehensive loss for the year" in 2018 amounted to €464 million, essentially reflecting represented by fair value losses (between the acquisition date and 31 December 2018) on the investment in Hochtief.

As a result, comprehensive income for 2019 amounts to €341 million (€231 million for 2018).

Financial position

Reclassified statement of financial position (*)

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Non-current non-financial assets			
Property, plant and equipment	20	6	14
Investments	15,521	16,095	-574
Deferred tax assets, net	60	9	51
Total non-current non-financial assets (A)	**15,601**	**16,110**	**-509**
Working capital			
Trading assets	9	14	-5
Current tax assets	88	117	-29
Other current assets	18	1	17
Current provisions	-1	-1	-
Trading liabilities	-16	-24	8
Current tax liabilities	-35	-46	11
Other current liabilities	-33	-26	-7
Total working capital (B)	**30**	**35**	**-5**
Gross invested capital (C=A+B)	**15,631**	**16,145**	**-514**
Non-current non-financial liabilities			
Non-current provisions	-	-1	1
Other non-current liabilities	-21	-2	-19
Total non-current non-financial liabilities (D)	**-21**	**-3**	**-18**
NET INVESTED CAPITAL (E=C+D)	**15,610**	**16,142**	**-532**
Equity			
Issued capital	826	826	-
Reserves and retained earnings	9,722	9,849	-127
Treasury shares	-166	-167	1
Profit for the year	427	695	-268
Total equity (F)	**10,809**	**11,203**	**-394**
Net debt/(net funds)			
Non-current net debt/(net funds)			
Non-current financial liabilities	**5,968**	**5,042**	**926**
Bond issues	1,736	1,734	2
Medium/long-term borrowings	3,986	3,233	753
Non-current derivative liabilities	246	75	171
Non-current financial assets	**-686**	**-604**	**-82**
Non-current derivative assets	-208	-56	-152
Other non-current financial assets	-478	-548	70
Total non-current net debt/(net funds) (G)	**5,282**	**4,438**	**844**
Current (net funds)/net debt			
Current financial liabilities	**135**	**802**	**-667**
Intercompany current account payables due to related parties	6	2	4
Current portion of medium/long-term borrowings	48	718	-670
Current derivative liabilities	1	2	-1
Other current financial liabilities	80	80	-
Cash and cash equivalents	**-597**	**-281**	**-316**
Cash in hand	-551	-218	-333
Intercompany current account receivables due from related parties	-46	-63	17
Current financial assets	**-19**	**-20**	**1**
Current portion of other medium/long-term financial assets	-1	-1	-
Current derivative assets	-1	-2	1
Other current financial assets	-17	-17	-
Total current (net funds)/net debt (H)	**-481**	**501**	**-982**
Total net debt/(net funds) (I=G+H) (1)	**4,801**	**4,939**	**-138**
NET DEBT AND EQUITY (L=F+I)	**15,610**	**16,142**	**-532**

(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.

(*) 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".

"**Non-current non-financial assets**" of €15,601 million are down €509 million compared with 31 December 2018 (€16,110 million). This reflects a combination of the following:

a) the distribution of reserves by Abertis HoldCo (€432 million in May 2019) and Aero 1 Global & International (€30 million in December 2019), recognised in the accounts as a direct reduction in the respective investments in the two subsidiaries;
b) the negative impact (€67 million) of fair value measurement of the investment in Hochtief, recognised in other comprehensive income;
c) partial impairment of the carrying amounts of the investments in Azzurra Aeroporti and Pavimental (€44 million);
d) the increase in net deferred tax assets (€51 million), recognised in other comprehensive income, broadly connected with the increase in fair value losses on cash flow hedges;
e) recognition, in property, plant and equipment, of right-of-use assets (€14 million) following first-time adoption of IFRS 16 - Leases from 1 January 2019. These assets relate to lease contracts where the Company is the lessee and are recognised with a matching entry in financial liabilities.

Positive "**Working capital**" of €30 million is down €5 million compared with 31 December 2018 (€35 million), essentially reflecting a combination of the following:

a) collection of the tax benefit for 2018 (€58 million);
b) the recognition of current tax assets (€40 million), broadly relating to the tax loss for the year;
c) recognition, in other current assets, of receivables in the form of withholding tax paid in Germany (€17 million) on the dividends received from Hochtief.

As a result, "**Net invested capital**" of €15,610 million is down €532 million compared with 31 December 2018 (€16,142 million).

Statement of changes in equity

€M	Issued capital	Reserves and retained earnings	Treasury shares	Profit for the year	TOTAL EQUITY
Balance as at 31 December 2017	826	8,590	-169	2,256	11,503
Comprehensive income for the year	-	-464	-	695	231
Owner transactions and other changes					
Final dividend (€0.65 per share)	-	-	-	-532	-532
Transfer of remaining profit/(loss) for previous year to retained earnings	-	1,724	-	-1,724	-
Share-based incentive plans	-	-1	2	-	1
Balance as at 31 December 2018	826	9,849	-167	695	11,203
Comprehensive income for the year	-	-86	-	427	341
Owner transactions and other changes					
Dividend paid from profit for the previous year (€0.84 per share)	-	-	-	-687	-687
Transfer of remaining profit/(loss) for previous year to retained earnings	-	8	-	-8	-
Dividend paid from retained earnings (€0.06 per share)	-	-49	-	-	-49
Share-based incentive plans	-	-	1	-	1
Balance as at 31 December 2019	826	9,722	-166	427	10,809

"Equity" amounts to €10,809 million, down €394 million compared with the figure for 31 December 2018 (€11,203 million). This reflects a combination of the following:

a) the declaration of dividends for 2018 (€736 million), including distribution of a portion of the distributable reserve, "Retailed earnings";
b) comprehensive income for the year (€341 million), as described above.

As at 31 December 2019, the Company's **net debt** amounts to a €4,801 million, a reduction of €138 million compared with 31 December 2018 (€4,939 million).

Non-current net debt, amounting to €5,282 million, is up €844 million compared to 31 December 2018 (€4,438 million). This is broadly due to disbursement, in April 2019, of the medium/long-term loan of €752 million obtained as part of the collar financing transaction described in the "Introduction". It also reflects partial repayment (€75 million) of the loan granted to Autostrade dell'Atlantico, recognized in other non-current financial assets.

Current net funds amount to €481 million, a difference of €982 million compared with 31 December 2018, when current net debt totalled €501 million. This broadly reflects:

a) repayment, in April 2019, of the Revolving Credit Facility agreed in July 2018 (of which €675 million was disbursed in September 2018), following agreement of the above collar financing;
b) net cash (€216 million) generated essentially from the receipt of dividends and distributions of reserves by investees, offset by the dividends paid to shareholders.

The residual weighted average term to maturity of the Company's debt is approximately four years and six months as at 31 December 2019. 43.5% of the Company's debt is fixed rate. After taking into account hedges, fixed rate debt accounts for 95.7% of the total.
The average cost of medium/long-term borrowings in 2019, including differentials on hedging instruments, was approximately 2.0%.

In January 2020, the Company drew down the entire amount available, totalling €3,250 million, on its lines of credit that were unused as at 31 December 2019 (the Revolving Credit Facilities agreed on July 2018 and October 2018, respectively), and assigned receivables due on sterling-denominated bonds (amounting to €278 million).

Cash flow

Statement of changes in net debt (*)

€M	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	427	695
Adjusted by:		
Amortisation and depreciation	1	
Impairment losses/(Reversals of impairment losses) on investments	44	-
Net change in deferred tax (assets)/liabilities through profit or loss	-	1
Other non-cash costs (income)	-7	-17
Operating cash flow	**465**	**679**
Change in operating capital	-3	-4
Other changes in non-financial assets and liabilities	27	-102
Net cash generated from/(used in) operating activities (A)	**489**	**573**
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Purchase of investments	-	-6,926
Proceeds from sale of interests in investees	-	2
Proceeds from distribution of reserves by subsidiaries	462	100
Net change in other non-current assets	-	32
Net cash from/(used in) investment in non-financial assets (B)	**462**	**-6,792**
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared	-736	-532
Proceeds from exercise of rights under share-based incentive plans	1	1
Net equity cash inflows/(outflows)(C)	**-735**	**-531**
Increase/(Decrease) in cash and cash equivalents during year (A+B+C)	**216**	**-6,750**
OTHER CHANGES IN NET DEBT/NET FUNDS		
Change in fair value of hedging derivatives	-71	-60
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	7	8
Impact of first-time adoption of IFRS 16 - Leases as at 1 January 2019	-14	-
Other changes in financial assets and liabilities	-	9
Other changes in net debt/net funds (D)	**-78**	**-43**
Change in net debt/net funds for year (A+B+C+D)	**138**	**-6,793**
(Net debt)/Net funds at beginning of year	**-4,939**	**1,854**
(Net debt)/Net funds at end of year	**-4,801**	**-4,939**

(*) 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".

"**Cash generated from operating activities**" amounts to €489 million for 2019, down €84 million on the corresponding figure for 2018 (€573 million). This essentially reflects a combination of the following:

a) a reduction in operating cash flow (€214 million), primarily linked to the reduction in dividends distributed by investees (€225 million);
b) the inflow from changes in non-financial assets and liabilities (€130 million), linked mainly to taxation, with regard to:
    1. inflows generated in 2019 (€18 million), following collection of the tax benefit for 2018 (€58 million), after the recognition of current tax income (€40 million);
    2. outflows in 2018 (€102 million) due essentially to payment (€57 million) of outstanding tax for 2017 (reflecting the positive impact of the corporate transactions completed in 2017) and of the payment on account for 2018, in addition to the recognition of current tax income (€42 million).

"**Net cash from investment in non-financial assets**", amounting to €462 million, is totally attributable to the distribution of reserves by the subsidiaries, Abertis HoldCo and Aero 1 Global & International. In 2018, the corresponding outflows related to the subscription for shares issued by Abertis HoldCo (€3,459 million), and the acquisition of shares in Hochtief (€2,411 million) and Aero 1 Global & International (€1,056 million).

"**Net equity cash outflows**" amounted to €735 million in 2019, essentially reflecting the impact of the declaration of dividends for 2018, including the distribution of distributable reserves. In 2018, the outflow of €531 million essentially reflected payment of the final dividend for 2017, totalling €532 million.

"**Other changes in net debt /net funds**", resulting in an outflow of €78 million in 2019 (an outflow of €43 million in 2018), essentially regard the negative impact of the change in hedging derivatives (€71 million) and first-time adoption of IFRS 16 – Leases which, with regard to lease contracts where the Company is the lessee, has resulted in the recognition of financial liabilities (€14 million) as a matching entry to the right-of-use assets recognized in property, plant and equipment.

The above cash flows resulted in a reduction of €138 million in net debt in 2019, compared with the increase of €6,793 million in net debt in 2018.

Analysis of net financial debt

Net financial debt is presented below as a synthetic indicator of Atlantia SpA's financial structure and is based on the nominal redemption value of bond issues, medium/long-term and short-term borrowings, including bank overdrafts repayable on demand, and after deducting cash.
The statement has been prepared to enable readers to assess the Company's financial structure, distinguishing between financial liabilities in the form of bank borrowings, and thus in the form of borrowing in the financial market in general, from other types of financial asset and liability.
To enable a reconciliation with amounts presented in the statutory statement of financial position, a series of notes on the items shown has been provided below, in accordance with ESMA requirements.
The reduction (€235 million) in net financial debt as at 31 December 2019 compared with 31 December 2018 is essentially linked to a combination of the following:

a) repayment, in April 2019, of the Revolving Credit Facility used in September 2018 (€675 million);
b) the cash inflow generated by the receipt of dividends (€636 million) and distributions of reserves by investees (€462 million), offset by dividends paid to shareholders (€736 million);
c) the disbursement, in April 2019, of a loan with a face value of €752 million as part of the collar financing transaction.

Reconciliation of net financial debt with net debt

€M	2019	2018	INCREASE/ (DECREASE)
Bond issues (nominal value)	1,750	1,750	-
Bank borrowings (nominal value)	4,002	3,250	752
Non-current debt, gross (A)	**5,752**	**5,000**	**752**
Bond issues (nominal value)	-	-	-
Bank borrowings (nominal value)	-	675	(675)
Intercompany current account payables due to related parties	6	2	4
Current debt, gross (B)	**6**	**677**	**(671)**
Cash[1] (C)	**(597)**	**(281)**	**(316)**
Net financial debt (D=A+B+C)	**5,161**	**5,396**	**(235)**
Amortised cost of gross debt (E)	(43)	(33)	(10)
Other current and non-current financial liabilities [2] (F)	141	123	18
Derivatives[3] (G)	38	19	19
Current and non-current financial assets [4] (H)	(496)	(566)	70
Net debt (I= D+E+F+G+H)	**4,801**	**4,939**	**(138)**

(1) "Cash and cash equivalents", including intercompany current account receivables due from related parties of €46 million as at 31 December 2019 (€63 million as at 31 December 2018).

(2) "Current financial liabilities" and non-current lease liabilities (included in the item, "Medium/long-term borrowings"), net of intercompany current account payables due to related parties and derivative liabilities.

(3) Derivative assets (included in the items, "Non-current financial assets" and "Current financial assets") and derivative liabilities (included in the items, "Non-current financial liabilities" and "Current financial liabilities").

(4) "Current financial assets" and "Non-current financial assets" (both net of derivative assets). The figure essentially includes the investment in bond receivables and the loan to Autostrade dell'Atlantico.

Reconciliation of Atlantia SpA's reclassified and statutory financial statements

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

Reconciliation of the income statement with the reclassified income statement

€m	2019					
Reconciliation of items	Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Operating revenue			3			3
TOTAL REVENUE			**3**			
Total operating revenue						**3**
Service costs			**-24**		-24	
Other operating costs			**-9**			
Lease expense			-1		-1	
Other			-8		-8	
Cost of materials and external services						**-33**
Staff costs			**-59**			
Staff costs						**-59**
Total net operating costs						**-92**
Gross operating profit/(loss) (EBITDA)						**-89**
Amortisation and depreciation			**-1**			
Depreciation of property, plant and equipment			-			
Depreciation of right-of-use assets			-1			
Depreciation of investment property			-			
Amortisation of other intangible assets			-			
Amortisation, depreciation, impairment losses and reversals of impairment losses						**-1**
TOTAL COSTS			**-93**			
OPERATING PROFIT/(LOSS)			**-90**			
Operating profit/(loss) (EBIT)						**-90**
Financial income			**695**			
Dividends received from investees			636			**636**
Gains on sale in investments			-			-
Reversals of impairment losses on financial assets and investments	*(m)*		-			
Other financial income	*(a)*		59			
Financial expenses			**-218**			
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-			-
Impairment losses on financial assets and investments	*(n)*		-44			-44
Other financial expenses	*(b)*		-174			
Foreign exchange gains	*(c)*		-			
Reversals of impairment losses/(Impairment losses) on investments				*(m+n)*		**-44**
Other financial income/(expenses), net				*(a+b+c)*		**-115**
FINANCIAL INCOME/(EXPENSES)			**477**			
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			**387**			**387**
Income tax (expense)/benefit			**40**			**40**
Current tax (expense)/benefit			39			
Positive/(negative) differences on tax expense for previous years			-			
Deferred tax income and expense			1			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			**427**			**427**
PROFIT FOR THE YEAR			**427**			**427**

Reconciliation of the income statement with the reclassified income statement

€m	2018					
Reconciliation of items	**Reported basis**			**Reclassified basis**		
	Ref.	**Sub-items**	**Main entries**	**Ref.**	**Sub-items**	**Main entries**
Operating revenue			3			3
TOTAL REVENUE			**3**			
Total operating revenue						**3**
Service costs			**-62**		-62	
Other operating costs			**-18**			
Lease expense			-1		-1	
Other			-17		-17	
Cost of materials and external services						**-80**
Staff costs			**-20**			
Staff costs						**-20**
Total net operating costs						**-100**
Gross operating profit/(loss) (EBITDA)						**-97**
Amortisation and depreciation			**-**			
Depreciation of property, plant and equipment			-			
Depreciation of right-of-use assets			-			
Depreciation of investment property			-			
Amortisation of other intangible assets			-			
Amortisation, depreciation, impairment losses and reversals of impairment losses						
TOTAL COSTS			**-100**			
OPERATING PROFIT/(LOSS)			**-97**			
Operating profit/(loss) (EBIT)						**-97**
Financial income			**960**			
Dividends received from investees			861			**861**
Gains on sale in investments			-			-
Reversals of impairment losses on financial assets and investments	(m)		-			
Other financial income	(a)		99			
Financial expenses			**-210**			
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-			-
Impairment losses on financial assets and investments	(n)		-			-
Other financial expenses	(b)		-210			
Foreign exchange gains	(c)		-			
Reversals of impairment losses/(Impairment losses) on investments				(m+n)		-
Other financial income/(expenses), net				(a+b+c)		**-111**
FINANCIAL INCOME/(EXPENSES)			**750**			
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			**653**			**653**
Income tax (expense)/benefit			**42**			**42**
Current tax (expense)/benefit			41			
Positive/(negative) differences on tax expense for previous years			2			
Deferred tax income and expense			-1			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			**695**			**695**
PROFIT FOR THE YEAR			**695**			**695**

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

€M	31 December 2019				31 December 2018			
Reconciliation of items	Reported basis		Reclassified basis		Reported basis		Reclassified basis	
	Ref.	Main entries	Ref.	Main entries	Ref.	Main entries	Ref.	Main entries
Non-current non-financial assets								
Property, plant and equipment	*(a)*	20		20	*(a)*	6		6
Investments	*(b)*	15,521		15,521	*(b)*	16,095		16,095
Deferred tax assets	*(c)*	60		60	*(c)*	9		9
Other non-current assets	*(d)*	-		-	*(d)*	-		-
Total non-current non-financial assets (A)				**15,601**				**16,110**
Working capital								
Trading assets	*(e)*	9		9	*(e)*	14		14
Current tax assets	*(f)*	88		88	*(f)*	117		117
Other current assets	*(g)*	18		18	*(g)*	1		1
Current provisions	*(h)*	-1		-1	*(h)*	-1		-1
Trading liabilities	*(i)*	-16		-16	*(i)*	-24		-24
Current tax liabilities	*(j)*	-35		-35	*(j)*	-46		-46
Other current liabilities	*(k)*	-33		-33	*(k)*	-26		-26
Total working capital (B)				**30**				**35**
Gross invested capital (C=A+B)				**15,631**				**16,145**
Non-current non-financial liabilities								
Non-current provisions	*(l)*	-		-	*(l)*	-1		-1
Deferred tax liabilities, net	*(m)*	-		-	*(m)*	-		-
Other non-current liabilities	*(n)*	-21		-21	*(n)*	-2		-2
Total non-current non-financial liabilities (D)				**-21**				**-3**
NET INVESTED CAPITAL (E=C+D)				**15,610**				**16,142**
Total equity (F)		**10,809**		**10,809**		**11,203**		**11,203**
Net debt/(net funds)								
Non-current net debt/(net funds)								
Non-current financial liabilities	*(o)*	5,968		5,968	*(o)*	5,042		5,042
Non-current financial assets	*(p)*	-686		-686	*(p)*	-604		-604
Total non-current net debt/(net funds) (G)				**5,282**				**4,438**
Current net debt/(net funds)								
Current financial liabilities	*(q)*	135		135	*(q)*	802		802
Intercompany current account payables due to related parties		*6*		*6*		*2*		*2*
Current portion of medium/long-term borrowings		*48*		*48*		*718*		*718*
Current derivative liabilities		*1*		*1*		*2*		*2*
Other current financial liabilities		*80*		*80*		*80*		*80*
Cash and cash equivalents	*(r)*	-597		-597	*(r)*	-281		-281
Cash		*-551*		*-551*		*-218*		*-218*
Intercompany current account receivables due from related parties		*-46*		*-46*		*-63*		*-63*
Current financial assets	*(s)*	-19		-19	*(s)*	-20		-20
Current derivative assets		*-1*		*-1*		*-2*		*-2*
Current portion of other medium/long-term financial assets		*-1*		*-1*		*-1*		*-1*
Other current financial assets		*-17*		*-17*		*-17*		*-17*
Total current (net funds)/net debt (H)				**-481**				**501**
Total (net funds)/net debt (I=G+H)				**4,801**				**4,939**
NET DEBT AND EQUITY (L=F+I)				**15,610**				**16,142**
TOTAL NON-CURRENT ASSETS	*(a+b+c+d-p)*	**16,287**			*(a+b+c+d-p)*	**16,714**		
TOTAL CURRENT ASSETS	*(+e+f+g-r-s)*	**731**			*(+e+f+g-r-s)*	**433**		
TOTAL NON-CURRENT LIABILITIES	*(-l-m-n+o)*	**5,989**			*(-l-m-n+o)*	**5,045**		
TOTAL CURRENT LIABILITIES	*(-h-i-j-k+q)*	**220**			*(-h-i-j-k+q)*	**899**		

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

€m		2019		2018	
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		427	427	695	695
Adjusted by:					
Amortisation and depreciation		1	1	-	-
(Reversals of impairment losses)/Impairment losses on investments		44	44	-	-
Net change in deferred tax (assets)/liabilities through profit or loss		-	-	1	1
Other non-cash (income)/costs		-7	-7	-17	-17
Change in operating capital	(a)		-3		-4
Other changes in non-financial assets and liabilities	(b)		27		-102
Change in working capital and other changes	(a+b)	24		-106	
Net cash generated from/(used in) operating activities (A)		489	489	573	573
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Purchase of investments		-	-	-6,926	-6,926
Proceeds from distribution of reserves by subsidiaries		462	462	100	100
Proceeds from sale of interests in investees		-	-	2	2
Net change in other non-current assets		-	-	32	32
Net change in current and non-current financial assets	(c)	21		1,012	
Net cash from/(used in) investment in non-financial assets (B)	(d)		462		-6,792
Net cash generated from/(used in) investing activities (C)	(c+d)	483		-5,780	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Dividends declared	(e)		-736		-532
Proceeds from exercise of rights under share-based incentive plans		1	1	1	1
Dividends paid	(f)	-736		-532	
Net equity cash inflows/(outflows) (D)			-735		-531
Net cash generated during the year (A+B+D)			216		-6,750
Increase in medium/long term borrowings (excluding lease liabilities)		732		3,903	
Redemption of bonds		-		-1,000	
Increase in lease liabilities		1		-	
Repayments of medium/long term borrowings (excluding lease liabilities)		-675		-	
Net change in other current and non-current financial liabilities		17		21	
Net cash generated from/(used in) financing activities (E)		-660		2,393	
Change in fair value of hedging derivatives	(g)		-71		-60
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	(h)		7		8
Impact of first-time adoption of IFRS 16 - Leases as at 1 January 2019	(i)		-14		-
Other changes in financial assets and liabilities	(l)		-		9
Other changes in net debt/net funds (F)			-78		-43
Change in net funds/net debt for the year (A+B+D+F)			138		-6,793
(Net debt)/Net funds at beginning of year			-4,939		1,854
Net funds/Net debt at end of year			-4,801		-4,939
Increase/(Decrease) in cash and cash equivalents during year (A+C+E)		312		-2,814	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		279		3,093	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		591		279	

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 changes in the fair value of cash flow hedges and fair value hedged, before the related taxation, as shown in “Fair value gains/(losses) on cash flow hedges” and "Fair value gains/(losses) on fair value 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 5.13 in the separate financial statements;
i) this refers to the first-time adoption of IFRS 16 - Leases which, with regard to lease contracts in which the Company is the lessee, requires the recognition of financial liabilities as a contra-entry for right-of-use assets;
l) in 2018, this item included the impact on the change in net debt of the measurement of derivative financial instruments with a "deal contingent hedge" provision, connected with Atlantia's public tender offer and not qualifying for the application of hedge accounting.

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, geographical area of operation and the organisational structure of the various areas of business.

There are no changes in the structure of operating segments as at 31 December 2019 with respect to the situation presented in the Annual Report for 2018. As a result, the composition of 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, 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 includes Autostrade per l'Italia's subsidiaries (AD Moving, Giove Clear, Essediesse, Autostrade Tech), which provide support for the above Italian motorway operators;
b) Overseas motorways: this includes the activities of the companies holding motorway concessions in Brazil, Chile and Poland not controlled by the Abertis group, 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) Abertis group: this includes the Spanish, French, Chilean, Brazilian, Argentine, Puerto Rican and Indian motorway operators and the companies that produce and operate tolling systems controlled by Abertis Infraestructuras, and the holding established in relation to its acquisition, Abertis HoldCo;
d) 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;
e) Overseas airports: this includes the airport operations of the companies controlled by Aéroports de la Côte d'Azur (ACA), the company that operates the airports of Nice, Cannes-Mandelieu and Saint-Tropez and the international network of ground handlers, Sky Valet, in addition to the activities of Azzurra Aeroporti (the direct parent of ACA);
f) Atlantia and other activities: this segment essentially 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) Telepass and Electronic Transaction Consultants, the companies that develop and operate free-flow tolling systems, traffic management systems, mobility solutions and electronic payment systems;
    3) the companies whose business is the design, construction and maintenance of infrastructure, essentially carried out by Spea Engineering and Pavimental;

4) Aereo I Global & International Sarl, the Luxembourg-registered investment vehicle that holds a 15.49% interest in Getlink.

A summary of key financial performance indicators for the identified sectors is provided below, in line with the requirements of IFRS 8.

Key financial performance indicators by operating segment

KEY PERFORMANCE INDICATORS BY OPERATING SEGMENT	ITALIAN MOTORWAYS		OVERSEAS MOTORWAYS		ABERTIS GROUP		ITALIAN AIRPORTS		OVERSEAS AIRPORTS		ATLANTIA AND OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL ATLANTIA GROUP	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REPORTED AMOUNTS																
External revenue	4,012	3,954	694	625	5,361	827	952	934	290	305	321	271	-	-	11,630	6,916
Intersegment revenue	71	50	1	1	-	-	1	1	-	-	444	401	-517	-453	-	-
Total operating revenue	4,083	4,004	695	626	5,361	827	953	935	290	305	765	672	-517	-453	11,630	6,916
EBITDA	710	1,991	522	457	3,735	550	596	580	122	139	44	51	-2	-	5,727	3,768
Operating cash flow	1,435	1,708	392	388	2,566	354	437	437	90	98	51	-1	-2	-	4,969	2,984
Capital expenditure	559	592	112	64	701	175	258	183	70	67	108	55	-14	-11	1,794	1,125

(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, "Financial review for the Atlantia Group".

Italian motorways[1]

Traffic

Traffic on the motorway network operated by Autostrade per l'Italia and its motorway subsidiaries is up 0.7% compared with the previous year. The number of kilometres travelled by vehicles with 2 axles is up 0.4%, with the figure for those with 3 or more axles up 2.9%.

OPERATOR	KM TRAVELLED (IN MILLIONS) VEHICLES WITH 2 AXLES	VEHICLES WITH 3+ AXLES	TOTAL VEHICLES	% CHANGE VERSUS 2018
Autostrade per l'Italia	41,535.4	6,827.0	48,362.4	0.7
Autostrade Meridionali	1,674.6	27.3	1,701.9	0.1
Tangenziale di Napoli	906.5	15.7	922.2	-0.6
Autostrada Tirrenica	277.2	25.2	302.4	-0.4
Raccordo Autostradale Valle d'Aosta	94.5	20.8	115.4	2.0
Società Italiana per il Traforo del Monte Bianco	8.0	3.6	11.6	0.4
Total Italian operators	**44,496.3**	**6,919.7**	**51,416.0**	**0.7**

Any apparent inconsistencies in the totals for km travelled are due to rounding.
(1) ATVD = Average theoretical vehicles per day, equal to the total number of kilometres travelled/journey length /number of days.

The Group's Italian motorway operations generated operating revenue of €4,083 million in 2019, an increase of €79 million (2%) compared with 2018.
Toll revenue of €3,690 million is up €32 million (1%) compared with 2018. The increase is primarily due to traffic growth of 0.7% and the positive impact of the different traffic mix[2]. Autostrade per l'Italia's decision to exempt road users in the Genoa area from the payment of tolls has resulted in an estimated reduction in toll revenue of approximately €19 million (an estimated €7 million in 2018).
Other operating income is up €47 million and includes €38 million in insurance proceeds following agreement with the Group's insurance company regarding quantification of the amount payable to Autostrade per l'Italia solely under existing third-party liability insurance policies for the Polcevera road bridge.
The cost of materials and external services and other costs reflects increased maintenance work (up €106 million), primarily on the network operated by Autostrade per l'Italia and reflecting the new and more complex tender procedures introduced in 2017, resulting in delays to work in the previous year, and the early implementation of operational programmes.
EBITDA totals €710 million for 2019. This is down €1,281 million compared with 2018 (€1,991 million). In addition to the above components, the reduction primarily reflects:

(1) The results of the Abertis group's Italian motorway businesses, presented on an aggregate basis in the operating segment named "Abertis group" and consolidated from the last two months of 2018, are not included.
(2) Reflecting the different rates of increase for traffic in the individual categories of vehicle, each having their own pricing structure.

- the undertaking offered by Autostrade per l'Italia with the aim of resolving the dispute with the MIT (provisions of €1,500 million);
- a reduction in expenses linked to the tragic events of 14 August 2018 which, in 2019, amounted to €18 million, compared with €502 million in 2018(3)
- the change in provisions for the repair and replacement of motorway infrastructure (excluding items attributable to reconstruction of the Polcevera road bridge), primarily reflecting net provisions made by Autostrade per l'Italia (€210 million) following a revised estimate of the repair work to be carried out on the network under the new strategic plan and the performance of the interest rates used to discount the provisions to present value (down €46 million).

After adjusting for the undertaking offered to the MIT, the expenses relating to the collapse of a section of the Polcevera road bridge and the change in discount rates used to discount provisions to present value, EBITDA is down €247 million (10%).

Capital expenditure in 2019

Capital expenditure by companies operating in the Italian motorway segment amounted to €559 million in 2019.

(€M)	2019	2018
Autostrade per l'Italia -projects in Agreement of 1997	214	216
Autostrade per l'Italia - projects in IV Addendum of 2002	98	121
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	194	171
Other operators (including capitalised costs)	11	35
Total investment in infrastructure operated under concession	**517**	**543**
Investment in other intangible assets	22	27
Investment in property, plant and equipment	20	22
Total capital expenditure	**559**	**592**

Work on the following projects continued:

- *with regard to the works included in the Agreement of 1997*, widening of the A1 to three lanes between Barberino and Florence North and between Florence South and Incisa, and improvements to feeder roads for the Tuscan stretch of the A1;
- *with regard to the works included in the IV Addendum of 2002,* complementary works connected with the widening of the A14 motorway to three lanes, work on the second phase of the Tunnel Safety Plan and construction of the fourth free-flow lane for the A4 in the Milan area.

With regard to the new road and motorway system serving Genoa (the so-called "*Gronda di Genova*"), for

(3) With regard to provisions made in 2018, in 2019 a total of €280 million was paid at the request of the Special Commissioner for Genoa, without prejudice to the reservations expressed in correspondence with the Commissioner and in the legal challenges brought (including €225 million to fund demolition and reconstruction of the road bridge, net of the remaining advance payment for the start-up of work and VAT, with this sum paid from the provisions made as at 31 December 2018). A further €51 million was also paid in the form of compensation for the families of the victims and the injured, as well as to cover legal expenses, with this sum again paid from the provisions made as at 31 December 2018.

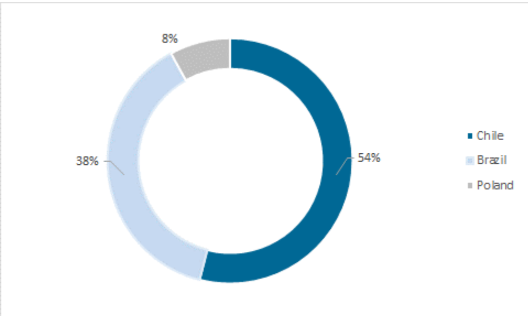
which the final design was approved by the Grantor in September 2017, the detailed designs for all the 10 lots forming the project were submitted to the Ministry of Infrastructure and Transport between February and August 2018. To date, most of the work involved in preparing for the start-up of work has been completed (surveys, expropriations, the movement of existing services interfering with construction, etc.), with the costs incurred so far amounting to over €180 million. Tenders have been called for works amounting to a further €800 million, whilst awaiting the Grantor's formal approval of the detailed designs, which is necessary before contracts can be awarded.
A revised design for the Bologna Interchange was recently agreed on with the Ministry of Infrastructure and Transport, partly after talks with the relevant local authorities. The addendum including the agreed design solution has been finalised.

Autostrade per l'Italia is one of Italy's biggest investors in infrastructure. The proposed revision of its financial plan, which was recently submitted to the Ministry of Infrastructure and Transport, would result in investment of €13.2 billion through to expiry of its concession term. In addition, the plan proposes to invest a further €1.3 billion in modernisation projects of interest to the Grantor, which Autostrade per l'Italia would include among its investment commitments.
Autostrade per l'Italia's Strategic Transformation Plan, launched in January 2020, aims to speed up all investment programmes, with around a third of the remaining investment to be completed by 2023.

Overseas motorways[4]

The overseas motorways segment generated operating revenue of €695 million, up €69 million (11%) compared with 2018. At constant exchange rates, operating revenue is up €90 million (14%), primarily reflecting toll increases and the performance of traffic.
EBITDA amounts to €522 million, up €65 million (14%) compared with 2018. At constant exchange rates and on a like-for-like basis, EBITDA is up €102 million (22%), primarily reflecting increased toll revenue at the Chilean and Brazilian operators.
Financial and operational data is provided below for each country.

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



Chile

OPERATOR	TRAFFIC - KM TRAVELLED (IN MILLIONS) 2019	2018	% change	
Grupo Costanera				
Costanera Norte	1,380	1,324	4.2%	
Vespucio Sur	990	969	2.2%	
Nororiente	146	110	33.5%	(1)
Litoral Central	144	137	5.0%	
AMB	29	28	2.4%	
Los Lagos	1,159	1,108	4.6%	
Total	**3,849**	**3,676**	**4.7%**	

(1) From July 2018, the operator introduced free-flow tolling, which significantly increased the attractiveness of the motorway operated by Nororiente compared with alternative routes.

(4) The results of the Abertis group's overseas motorway businesses, presented on an aggregate basis in the operating segment named "Abertis group" and consolidated from the last two months of 2018, are not included.

Chilean operators' total operating revenue for 2019 amounts to €386 million, up €57 million (17%) on 2018. At constant exchange rates, revenue is up €71 million (22%), reflecting traffic growth of 4.7% (despite the fact that the last quarter was hit by protests around the country against the Government), toll increases applied from January 2019 and, in the case of Costanera Norte and Vespucio Sur, an additional tariff component represented by a congestion charge. EBITDA of €283 million is up €54 million (24%) compared with 2018. At constant exchange rates, EBITDA is up €65 million (28%).

Capital expenditure in 2019 totalled €77 million[5]. In this regard:

- work began, in March 2019, on the last part of the *Santiago Centro Oriente* upgrade programme. The programme, which is 98% completed, involving investment of approximately 255 billion pesos (equal to approximately €350 million) in upgrading the section of motorway operated by Costanera Norte;
- design work has begun for the investment programmes for the new Americo Vespucio Oriente II and Conexión Vial Ruta 78 asta Ruta 68 concessions and the Group's initial contributions to the cost of expropriations have been paid to the Grantor in accordance with the related concession arrangements.

Brazil

	TRAFFIC - KM TRAVELLED (IN MILLIONS)		
OPERATOR	2019	2018	% change
Triangulo do Sol	1,525	1,463	4.3%
Rodovias das Colinas	2,108	2,005	5.2%
Rodovia MG050	873	842	3.7%
Total	**4,506**	**4,309**	**4.6%**

Operating revenue for 2019 amounts to €278 million, up €13 million (5%) compared with 2018. At constant exchange rates, revenue is up €20 million (8%), reflecting annual toll increases and traffic growth of 4.6% compared with 2018, when the performance was affected by the truck drivers' strike of May 2018. The performance of revenue also reflects the exemption from tolls for vehicles with raised axles in the State of Sao Paulo, following protests (operators will be compensated for the lost revenue in accordance with their existing concession arrangements).
EBITDA of €198 million is up €35 million (21%) compared with 2018. At constant exchange rates, EBITDA is up €39 million (24%), reflecting reduced provisions for renewal work compared with 2018, in addition to the increase in revenue.
Capital expenditure amounted to €27 million in 2019, primarily in relation to the investment programme provided for in the TA07 Addendum agreed by the operator, Nascentes das Gerais.

(5) Including €8 million relating to the change in assets resulting from application of IFRS16.

Poland

OPERATOR	TRAFFIC - KM TRAVELLED (IN MILLIONS) 2019	2018	% change
Stalexport Autostrada Malopolska	1,015	1,009	0.6%

The Stalexport Autostrady group's operating revenue for 2019 amounts to €83 million, an increase of €2 million (2.4%) compared with 2018. This reflects traffic growth of 0.6% and the new tolls for heavy vehicles introduced from March 2019. EBITDA of €43 million is down €26 million, reflecting recognition in operating costs of the increase in concession fees linked to the entry into effect of the new profit-sharing mechanism agreed with the Grantor (€21 million) as part of Stalexport Autostrada Malopolska's concession arrangement and amounting to approximately €1 million in 2018, and the impact of the release, in 2018, of provisions for maintenance work. After adjusting for these factors, EBITDA is in line with the previous year. Exchange rate movements did not have a material effect on the results.
Capital expenditure amounted to €8 million in 2019, primarily relating to the investment programme included in the concession arrangement.

Abertis group

Traffic

Traffic growth was positive in the main markets in which Abertis operates. The comparison with the same period of the previous year has benefitted from the negative impact of adverse weather conditions in Spain and France in early 2018, as well as from the application of discounted tolls for heavy vehicles introduced by the Spanish operators, Acesa and Aumar, from September 2018. Traffic growth in Brazil reflects the impact of the truck drivers' strike in May 2018, whilst traffic in Chile was negatively impacted by social unrest in October 2019. In Argentina, traffic was affected by the country's economic situation and toll increases.

COUNTRY	TRAFFIC (millions of km travelled)			
	2019	2018	Change	% change
Spain	13,229	12,265	964	7.9%
France	16,398	16,239	160	1.0%
Italy	5,635	5,624	10	0.2%
Brazil	21,763	20,962	801	3.8%
Chile	7,547	7,794	-246	-3.2%
Argentina	5,204	5,253	-49	-0.9%
Puerto Rico	2,278	2,271	6	0.3%
India	1,245	1,153	91	7.9%
Total	73,299	71,562	1,737	2.4%

As indicated in the introduction to the "Financial review for the Atlantia Group", the Atlantia Group's results for 2019 include the contribution of Abertis Infraestructuras and its subsidiaries (the Abertis group), consolidated by Atlantia solely from October 2018.
For information purposes, this section reports on the Abertis group's key performance indicators for 2019, compared with the previous year[6].
Total operating revenue amounts to €5,361 million, up 2.3% on the previous year. The figure benefitted primarily from traffic growth of 2.4% and toll increases. This growth was partially offset by adverse currency movements (above all, declines in the Argentine peso and the Chilean peso) and the impact of social unrest in Chile in October 2019. The figure also reflects changes in the scope of concessions in Spain and Brazil, following consolidation of the operator, Trados-45, the expiry of the concessions held by Vianorte (May 2018) and Autovias (July 2019) and the entry into effect of Via Paulista's concession from January 2019.

(6) Amounts for Abertis group companies are based on the same accounting standards and policies applied by the Atlantia Group.

The performance of revenue in Argentina reflects recognition of the agreements entered into with the Argentine Government in July 2018, which have resulted in the transition to a financial model from the previous intangible model. This transition resulted in a non-recurring increase in revenue in 2018 (reflecting the change in financial assets deriving from concession rights) and, from July 2018, the recognition of revenue based on a predetermined margin on motorway operating costs.

COUNTRY	Operating revenue (€M)		
	2019	2018	% change
Spain	1,529	1,424	7.4%
France	1,806	1,749	3.3%
Italy	429	430	-0.2%
Brazil	625	607	3.0%
Chile	554	537	3.2%
Argentina	130	233	-44.2%
Puerto Rico	162	138	17.4%
India	32	30	6.7%
Abertis Holding and other activities	94	91	3.3%
Total	**5,361**	**5,239**	**2.3%**

EBITDA of €3,737 million is up 5.3%. On a like-for-like basis, and thus without considering the above changes in scope and the impact of IFRS 16 - Leases, and at constant 2018 exchange rates, EBITDA is up 6.7%.

COUNTRY	EBITDA (€M)		
	2019	2018	% change
Spain	1,284	1,172	9.6%
France	1,257	1,200	4.8%
Italy	232	235	-1.3%
Brazil	338	293	15.4%
Chile	445	420	6.0%
Argentina	27	124	-78.2%
Puerto Rico	115	92	25.0%
India	23	20	15.0%
Abertis Holding and other activities	14	-7	n/a
Total	**3,735**	**3,549**	**5.2%**

Capital expenditure

The group's capital expenditure amounts to €701 million[7]. This included investment in Brazil (€283 million), primarily relating to the investment programmes being carried out by the Brazilian operators, in France (€257 million), primarily due to work on the *Plan de Relance* investment programme being implemented by the operators, SANEF and SAPN, and in Chile (€91 million), mainly relating to work on the construction of third lanes and the implementation of free-flow tolling systems.

[7] Includes the change in assets resulting from application of IFRS16, amounting to €24 million.

COUNTRY	CAPITAL EXPENDITURE (€M) 2019	2018
Spain[8]	18	19
France	257	227
Italy	23	15
Brazil	283	304
Chile	91	28
Abertis Holding and other activities	29	12
Total	701	605

Acquisition of 70% of Red de Carreteras de Occidente in Mexico

On 11 October 2019, Abertis Infraestructuras, in partnership with the Government of Singapore Investment Corporation (GIC), reached agreement with Goldman Sachs Infrastructure Partners (GSIP) for the acquisition of a 70% stake in Red de Carreteras de Occidente (RCO) in Mexico. The acquired company's 5 operators manage 876 km of motorway network serving the industrial corridor between Mexico City and Guadalajara, under concessions with an average remaining term of over 20 years.
The structure of the transaction involves the acquisition by Abertis of a 50.1% interest in RCO for a consideration of €1.5 billion, with GIC acquiring a 19.9% interest. This will give Atlantia (though Abertis) control and mean that RCO will be consolidated on a line-by-line basis by Atlantia. The transaction is expected to complete in the coming months, following clearance from all the relevant authorities and a public tender offer[9] for the remaining 30% of RCO currently held by Mexican pension funds.

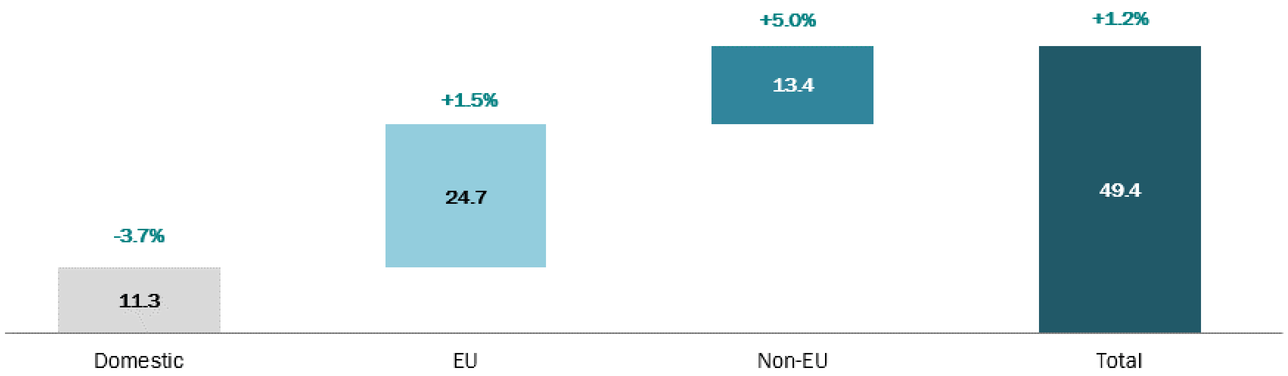
(8) Includes the cost of acquiring Trados-45.
(9) Abertis and GIC have the option of acquiring up to a further 6% of RCO as part of the public tender offer.

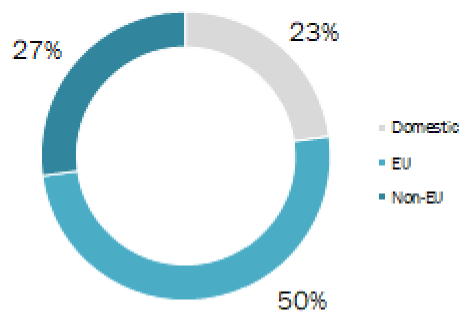
Italian airports

Traffic

The Roman airport system handled 49.4 million passengers in 2019, marking an increase of 1.2% compared with the previous year.
The EU segment, which accounts for 50% of total traffic, is up 1.5% on the previous year, whilst the Non-EU segment, accounting for 27% of total traffic, is up 5.0%, primarily due to growth in long-haul flights, which are up 6.3%.
The Domestic segment is down 3.7%, reflecting the reduced frequency of flights to northern Italy (due partly to the closure of Milan's Linate airport for work to take place and reduced capacity on Alitalia flights to Venice) and reduced load factors. The decline was further added to by cancellations and reduced capacity on routes to Sicily served by Vueling and Ryanair.

Breakdown of traffic using the Roman airport system 2019
(millions of pax and change 2019 vs 2018)

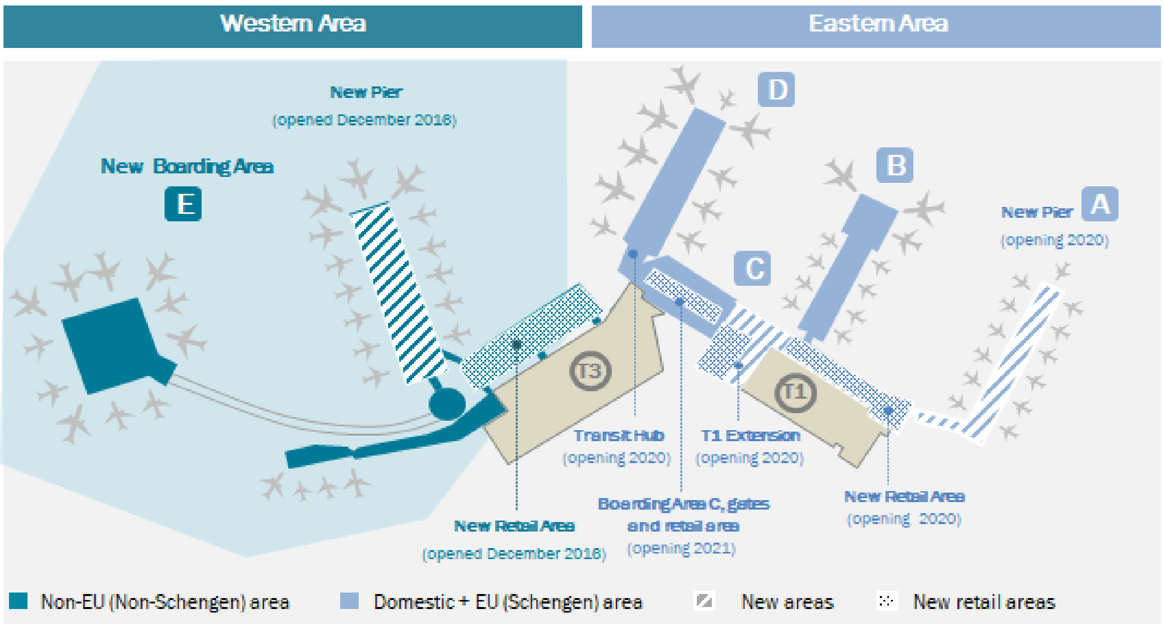




The Group's Italian airports generated operating revenue of €953 million in 2019, an increase of €18 million (2%) compared with the previous year.
Aviation revenue of €673 million is up by a total of €6 million (1%) on 2018, reflecting the positive impact of volume growth and the type of passenger handled (passengers were up 1.2%). This was partially offset, however, by a 1.4% reduction in the tariff applied from April.
Other operating income of €280 million is up €12 million (4.5%) compared with the previous year, primarily due to the positive performances of both non-aviation revenue, which benefitted from the increase in passengers and a higher spending traffic mix, and revenue from the sub-concession of retail space.
EBITDA of €596 million is up approximately €16 million (3%) on the previous year, entirely due to revenue growth.

Capital expenditure

Capital expenditure totalled €258 million in 2019.
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.
Major infrastructure works are taking place in the Eastern area, in readiness to host domestic and Schengen flights.



Note: Opening dates are subject to change depending on the impact of the Covid-19 pandemic on airport traffic.

The new infrastructure will include:
- a new departure area towards the far side of the terminal (Pier A), which will host 23 new gates, with 13 equipped with loading bridges;

- the expansion to the north of Terminal 1, with construction of a new retail area, linked to the new pier;
- the extension of Terminal 1 towards the west, taking up the space occupied by the now demolished Terminal 2, and the complete upgrade of Departure Area C, with construction of a new retail area and the movement of gates to apron level;
- the new "Transit Hub" at one end of boarding area D, where passport controls for transit passengers will be located.

On completion, the terminals in the Eastern area will offer a total of approximately 18,000 square metres of retail space. Departure Area A will also be certified as Gold Class under the Leadership in Energy and Environmental Design (LEED) certification system: the materials, construction and working technologies and methods and technological components are designed to cut energy consumption and ensure the reuse of materials, as well as optimising the organisation of procurement during construction and once the building has entered service.
36 new check-in desks were also opened in Terminals 1 and 3 at Fiumicino in 2019. These desks are based on a new concept that uses high-quality materials and provides more comfort for check-in staff and improved levels of service for passengers.

In terms of flight infrastructure, a further 9 aircraft aprons were built and opened in the Western area in 2019.

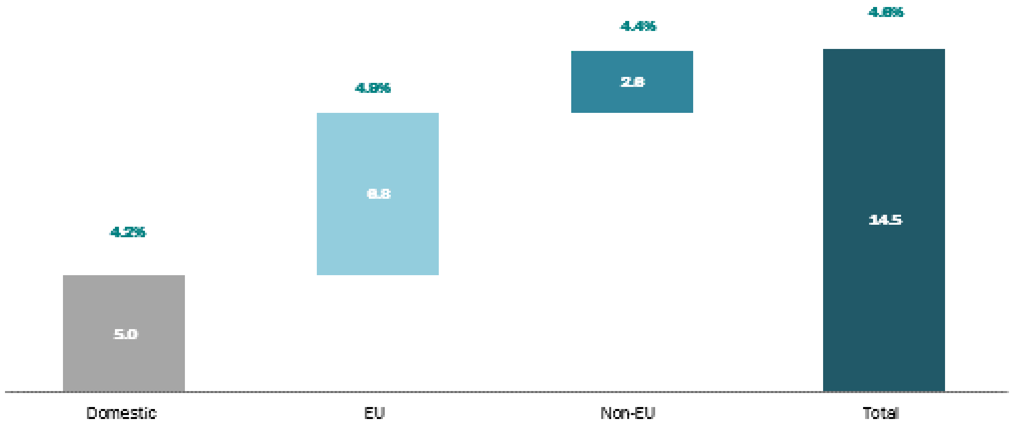
Overseas airports

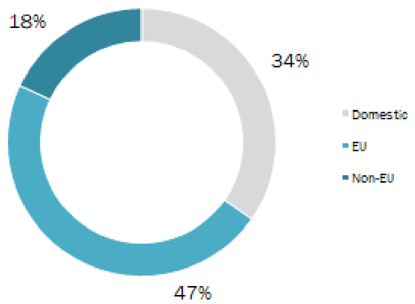
Traffic

Nice airport handled 14.5 million passengers in 2019, an increase of 4.6% compared with the previous year. The Domestic segment, which accounts for 35% of total traffic, is up 4.2% compared with the previous year. The EU segment, accounting for 47% of total traffic, is up 4.9%, whilst the Non-EU segment is up 4.4%.

Breakdown of traffic using Nice airport in 2019

(millions of pax and change 2019 versus 2018)





The Group's overseas airports segment generated operating revenue of €290 million in 2019, a reduction of €15 million (4.9%) compared with the previous year (down €10 million after stripping out non-recurring items[10])

(10) The sale of an area belonging to Nice airport under agreements regarding the exchange of land in relation to property development schemes, resulting in the recognition of income of €5 million in 2018.

Aviation revenue, consisting primarily of fees earned by the airports of Nice, Cannes and Saint-Tropez, in addition to the contribution from the Sky Valet FBO network, amounts to €153 million, down €14 million compared with the previous year. This reflects a combination of the negative impact of the decision by the Independent Supervisory Authority (ASI) to cut tariffs by 33% from 15 May 2019 (a reduction of €23.6 million)[11] and growth in passenger traffic (up 4.6%) and in other aviation revenue.
Other operating income of €137 million is down €1 million compared with 2018; after stripping out non-recurring items, other operating income is up €4 million, reflecting the performance of retail and other non-aviation revenue.
EBITDA of €122 million is down €17 million (12%) compared with the previous year. After adjusting for the above non-recurring items, EBITDA is down €12 million (9%).

Capital expenditure

The Aéroports de la Côte d'Azur group's capital expenditure amounted to €70 million in 2019, including €39 million invested primarily in the construction of new aircraft aprons in front of Terminal 2 at Nice airport, and in preparations for work to begin on the future extension of Terminal 2, with the goal of boosting capacity. Thanks to extension of the boarding area in Terminal 1, two additional aircraft aprons with new jet bridges are now in operation.

(11) Further details are provided in the section, “Significant regulatory aspects".

Other activities

Telepass

The Telepass group is responsible for operating electronic tolling systems in Italy and overseas, supplies other transport-related payment systems (car parks, restricted traffic zones, vehicle tracking systems, etc.) and provides insurance and breakdown services (breakdown cover in Italy and Europe, travel insurance, etc.). Operating revenue for 2019 amounts to €228 million[12], an increase of €17 million compared with 2018. Telepass's contribution to this revenue is €211 million, up €11 million compared with 2018 and primarily generated by Consumer and Business subscription fees, totalling €124 million, Viacard subscription fees, amounting to €21 million, and payments for Premium services of €27 million.
The Group's EBITDA amounts to €125 million for 2019, an increase of approximately €8 million compared with the previous year.
As at 31 December 2019, there are a total of 9.0 million active Telepass devices in circulation (an increase of approximately 382,000 or 4.4% compared with 31 December 2018), whilst the number of subscribers to the Premium Option totals 2.2 million (around 61,000 of 2.9% more than as at 31 December 2018).
Telepass Pay, established in November 2016 to expand the offering of payment services linked to both urban and inter-city transport, has 447,000 active customers as at 31 December 2019, up 144 compared with 2018 (303,000 active customers as at 31 December 2018, an increase of 47.5%).
The Telepass group's scope of consolidation also includes Urban Next, a company incorporated under Swiss law that develops software and applications relating to urban transport, K-Master, which operates monitoring and management systems for truck fleets via a computer platform and various dedicated software applications, Telepass Broker, an insurance broker, and a 75% interest in Infoblu, a company that provides traffic information and data processing services.

Pavimental

The company operates primarily in Italy, carrying out major infrastructure works for the Group (89%) and external customers (11%), as well as providing motorway and airfield surface maintenance services. Operating revenue for 2019 amounts to €407 million, up approximately €114 million compared with 2018. This primarily reflects an increased volume of work on boring the Santa Lucia Tunnel on the section of the A1 between Barberino and Florence North, work carried out on construction of Pier A at Fiumicino and the award of new contracts by external customers (e.g., Nardò Technical Center Porsche Engineeringe and the Voltri-Polcevera COCIV-Interconnection). EBITDA amounts to €33 million (€1 million in 2018), reflecting the positive performances in the various areas of activity.

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

(12) Total Telepass group revenue.

infrastructure. Operating revenue for 2019 amounts to €66 million, a reduction of €42 million compared with 2018. This primarily reflects a reduction in work on motorway projects, above all in design work, and prudent adjustments to the value of closing inventories and the related provisions for risks (€8.9 million), prudently increased with respect to the previous year following preliminary discussions with Autostrade per l'Italia as part of preparations for the potential sale of business units.
92% of the company's total revenue during the period was earned on services provided to the Group.
Negative EBITDA for 2019 amounts to €21.9 million, €21.7 million higher than the negative EBITDA registered in 2018. This primarily reflects reduced margins on motorway work, partly due to provisioning.

Electronic Transaction Consultants

Electronic Transaction Consultants (ETC) operates in the USA as a provider of systems integration, maintenance and support services in the field of free-flow electronic tolling systems, including in combination with traditional methods of tolling (cash and cards).
The company generated operating revenue of €69 million in 2019, up €5 million on 2018. EBITDA for 2019 amounts to €9 million, in line with the figure for 2018

Innovation, research and development

The Group's expenditure on innovation, research and development in 2019 amounts to €59 million. This sum includes operating costs, staff costs and capital expenditure.
The Group's innovation, research and development activities aim to offer innovative, technologically advanced solutions designed to improve the levels of quality and safety provided and minimise the impacts of the Group's activities right from the start of the design process.

These activities, some of which are long-term in nature, are undertaken by Group companies, sometimes in collaboration with national and international research centres and universities. Numerous projects were carried out in 2019, some of which were co-financed at EU and national level.

The main activities carried out in 2019 include:

- the creation of an automated detection and traffic control system for free-flow lanes, using AID techniques with high-precision radar;
- the adaptation of free-flow tollgates using innovative technologies (e.g. stereoscopy, machine vision, etc.), including for use in identifying the correct class of vehicle for tolling purposes and in tracking and managing vehicles on motorways;
- the development of software for use in automated number plate recognition, using deep learning technologies;
- a new higher performance tri-standard satellite device;
- digitalisation of the process of managing motorway assets by adopting key enabling technologies for use in the development of innovative approaches to data management and the theoretical modelling of information: the production of a new platform, based on IBM's Maximo Enterprise Asset Management software;
- improvements to the standards and procedures applied in the surveillance, monitoring and assessment of motorway assets;
- predictive maintenance for pavements based on innovative Pavement Management Systems, thanks to new measuring systems and artificial intelligence algorithms, with a pilot project being tested by area offices around the network;
- the development of integrated systems to assess the resilience of transport networks to climate events and the required levels of performance and service;
- the testing of new pavement solutions designed to cut road noise;
- the application of studies of fluid dynamics and fire engineering in initiatives designed to mitigate noise when entering stretches of road with noise barriers on the approach to natural tunnels, as part of work on the noise abatement plan;
- the development of ITS-G5 technologies for use in the provision of smart road services;
- the development of hardware and software to enable On Board Units to be used to pay for parking;
- the development of services linked to mobility, including the payment of taxi fares by mobile app;

- the creation of support systems for Telepass Pay, its customers, the services offered to them and the merchants providing the services.

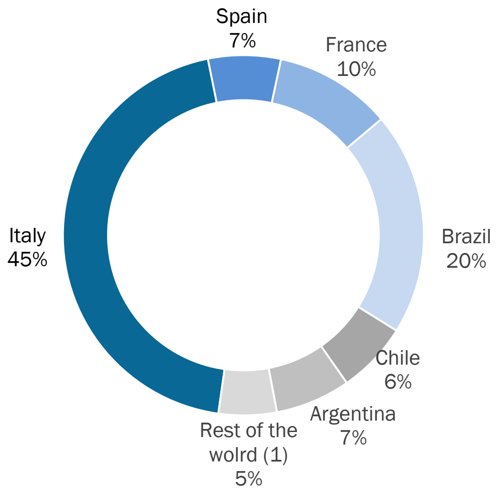
EU-funded projects include the following:

- 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, involving development of the systems necessary to collect tolls using satellite technology in Belgium and Germany.

Workforce

As at 31 December 2019, the Atlantia Group employs 28,955 staff on permanent contracts and 1,678 temporary staff, resulting in a total workforce of 30,633, including 13,668 in Italy and 16,965 overseas.

Geographical breakdown of the Group's total workforce in 2019



(1) Includes the workforces of the operators that manage networks in Poland, India and Puerto Rico, and those of the Group's electronic tolling system and smart mobility solutions providers (USA, Hungary, Croatia, Canada, Ireland and the UK).

Compared with the total workforce as at 31 December 2018[13], at the end of 2019 is down 82, primarily reflecting:

- **Abertis group**: (down 601), primarily due to reduced requirements at the companies operating in Brazil (down 191), Chile (down 128), France (down 93), Spain (down 56); Italy (down 53) and Argentina (down 40);
- **Italian motorways**: Italian motorway operators (down 168), primarily due to a slowdown in turnover among the toll collectors, partially offset by the recruitment of new operating and technical personnel;
- **Overseas motorways**: Grupo Costanera (up 150), primarily due to the insourcing of maintenance and road surfacing activities and the Santiago Centro Oriente expansion programme;
- **Italian airports**: Aeroporti di Roma group (up 106), primarily due to the transfer of personnel on temporary contracts to permanent deals;
- **Other activities**: Pavimental (up 304), primarily reflecting the acquisition of a new railway tunnelling contract and an increase in work on the Italian motorway network; the Telepass group (up 45); and Spea (up 29), primarily relating to the recruitment of operating personnel and for

(13) This figure does not include personnel attributable to non-current assets held for sale (188 permanent employees of Hispasat, an Abertis group company, as at 31 December 2018).

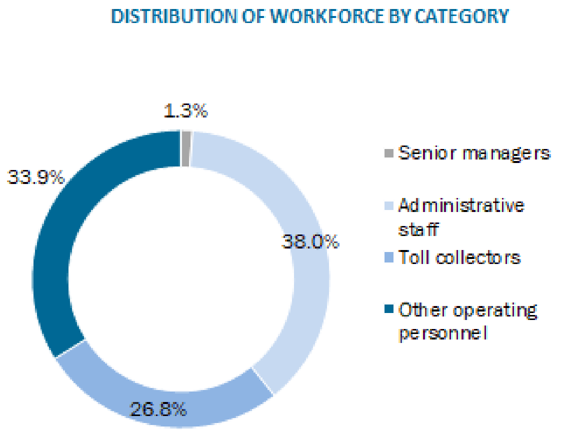
the airport unit.

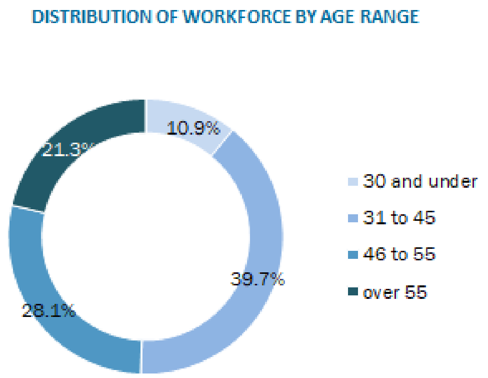
Information on the performance of staff costs is provided in the "Financial review for the Atlantia Group".

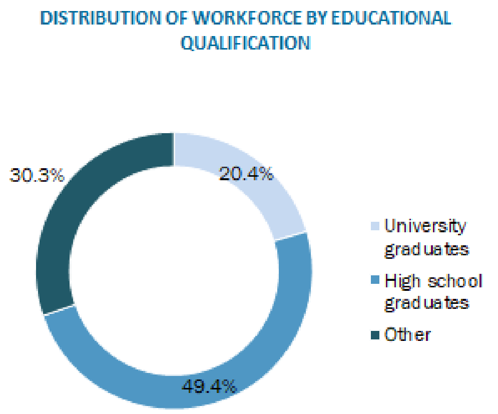
Breakdown of the Group's total workforce in 2019

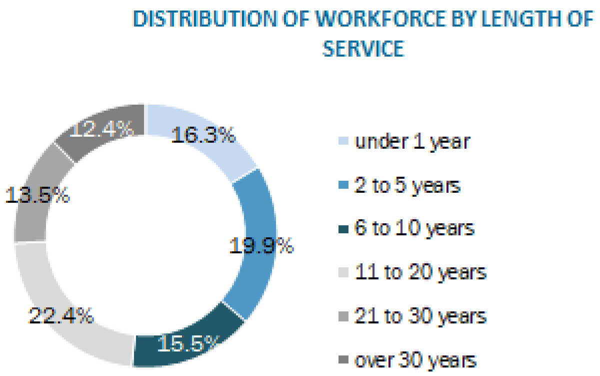
CATEGORY	31 DECEMBER 2019	31 DECEMBER 2018	INCREASE/(DECREASE)	
			ABSOLUTE	%
Senior managers	387	409	(22)	-5%
Middle managers and administrative staff	11,637	11,768	(131)	-1%
Toll collectors	8,213	8,573	(360)	-4%
Other operating personnel	10,396	9,965	431	4%
Total	**30,633**	**30,715**	**-82**	**-0.3%**

Breakdown of the Group's workforce in 2019









The Atlantia Group's human resources policies

The Atlantia Group's business model depends on the knowledge and skills provided by our human capital. In line with the challenges the Group is faced with, in 2019 we extended our commitment looking for and developing the in-house expertise needed to support organisational change.

Autostrade per l'Italia embarked on a structured development programme, in partnership with one of the leading specialists in the assessment of potential, with the aim of gauging the senior management potential of approximately 150 middle managers under the age of 40. The programme has already resulted in promotions for 17 of the best candidates, with specific initiatives designed to support them as they took up their new roles, above all in the form of coaching carried out with the help of selected external consultants operating in the sector.

Abertis is continuing with specific its "Executive Development Program", "Mentoring" and "Abantis" initiatives. The latter, run by the ESADE Business School, is a tailor-made course focusing on the organisational needs of the Abertis group and featuring an academic course lasting two years.

At Telepass, the launch of new services was supported by training programmes, assessments and Team Building initiatives designed to strengthen the Company's management team and set individuals on the path to promotion from first- to second-level positions.

Details of remuneration policies are provided in Atlantia's Remuneration Report for 2019 (as approved by the Board of Directors on 7 March 2019) and in the information circulars for the various equity plans, prepared pursuant to art.84-bis, paragraph 1 of the Regulations for Issuers and available for inspection on the Company's website at http://www.atlantia.it/it/corporate-governance/remunerazione.html

Training

The Group plans and implements large-scale training programmes, at all levels, in all the countries in which it operates. The programmes are centred around skill families and specialist courses of a strategic and highly technical nature.

The main training programmes offered by Atlantia Group companies regard the following topics:

- Safety;
- Cross-functional skills;
- Management and Behavioural training;
- Business Language Skills;
- Health, Safety and the Environment;
- Quality.

The onboarding training programme also continued in 2019. This programme involves all the Group's new young recruits in Italy and consists of two year-long components: the first year is spent finding out about the various business units that make up the Group, including site visits and meetings with senior managers from Atlantia, Telepass, Aeroporti di Roma and Autostrade per l'Italia; the second year, carried out with the support of a specialist external supplier, enables participants to acquire greater knowledge of themselves and to work on their personal development within the working environment.

Industrial relations

In 2019, extensive talks with the unions focused on renewal of the national collective labour agreement for the employees of motorway and tunnel operators, the previous agreement having expired on 31 December 2018. Agreement was reached on 16 December 2019 and signature of the new national collective labour agreement took place. The new deal features changes to both pay and conditions. Finally, the Funded Training Committee Agreement of 28 November 2019 has established guidelines for training the personnel of the Group's Italian companies in 2020.

Health and safety of people

Protecting the health and safety of their people is of primarily importance for Atlantia Group companies. The business environments in which the Group operates are subject to continuous change, requiring each company to make the promotion of a health and safety culture an essential part of the way they do business. A total of 185,195 hours of HSE training was provided by Group companies in 2019.
Employees who have to travel to overseas destinations are provided with specific information on the health situation and safety conditions in the countries they are due to visit.
From 2019, the system used to book business trips automatically sends travellers, before they leave, a Security Travel Guide and a Health Guide.
With regard to specific destination risks, where necessary, Group companies prepare suitable preventive measures. The entire process is managed 24/7 by a team set up to provide support to people when travelling, to monitor news from around the world and to coordinate the response in the event of danger or emergency situations. This approach has been adopted from 2019 for all Group companies in Italy with employees who travel abroad, providing support for all international and intercontinental trips.

Corporate governance

In addition to the rules contained in its Articles of Association, 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 was last revised on 18 January 2019. The Code 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 2018.
In accordance with the current Articles of Association, management of the Company is assigned to the Board of Directors, whilst oversight functions are the responsibility of the Board of Statutory Auditors and responsibility for auditing the Group's accounts is assigned to the Independent Auditor. 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 Nominations Committee, the Human Resources and Remuneration Committee and the Internal Control, Risk and Corporate Governance Committee. The Board has also appointed the Director, Mara Anna Rita Caverni, 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 Auditor, the Procedure for Reporting to the Board of Statutory Auditors, the Code of Conduct for Internal Dealing, the Whistleblowing Policy and the Atlantia Group's Anti-corruption Policy.
The Company's governance system is completed by 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 18 April 2019 - 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 2017, 2018 and 2019 was representative of approximately 76.66% of the issued capital.

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 Borsa Italiana's recommendations for corporate governance reporting, is available in the "Corporate Governance" section of the Company's website at www.atlantia.com.

Sustainability

Alongside the disclosures regarding the operating results and financial performance indicators required by article 2428 of the Italian Civil Code, the "Sustainability" section of this report summarises the Atlantia Group's main environmental responsibility policies. Other non-financial aspects are dealt with in the Non-financial Statement – Integrated Report for 2019, 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.com.

Environmental responsibility

Environmental responsibility permeates all levels of the organisation and is extended to all parties the Group has dealings with in the course of its operations. This is particularly so during the phases of design, implementation and use of infrastructure, when appropriate solutions are identified with the aim of achieving ever higher levels of environmental compatibility. The Group is committed to using and sustainably managing environmental inputs and outputs.
This is linked to the issue of how we use and manage resources, which plays a key role above all in relation to energy consumption, the production of waste and water usage, the impact of which on the environment is constantly monitored and mitigated.

1) Energy and the climate

The Atlantia Group's commitment with regard to energy translates into a long-standing commitment to improving energy efficiency, energy saving and renewable energy production.
This approach also brings benefits in terms of the ability to monitor, manage and contain both direct and indirect CO_2 emissions, and more generally in terms of 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 5,218 TJoules of energy in 2019, including electricity, natural gas and diesel.
Despite shifts in energy consumption linked to the Atlantia Group's infrastructure investment programmes, as far as day-to-day operations are concerned the aim is to reduce consumption and promote greater efficiency through the following:

- the installation of monitoring systems;
- the implementation of energy saving projects, focusing on the efficiency of equipment, plant and processes;
- the development of renewables.

Energy efficiency

With regard to energy efficiency initiatives in 2019, Group companies continued to implement initiatives related to lighting, with widespread use of LED technology in both motorway tunnels and at airports, as

well as in buildings, saving a total of approximately 5.4 GWh of electricity.
In terms of air-conditioning, in addition to proceeding with the replacement of equipment with more efficient systems, such as chillers, significant results were achieved through the use of monitoring and diagnostics, helping to reduce waste and resulting in total savings of 3.7 GWh of electricity.

Cogeneration

Combined production (power, heat and cold) plays an important role within the Atlantia Group, with Fiumicino airport served by a cogeneration plant fuelled by natural gas, which meets almost all the airport's energy needs. Autostrade per l'Italia also has three cogeneration plants at its Rome headquarters and at its Calenzano (FI) data processing centre. 162,478 MWh of electricity and 60,264 MWh of thermal energy was produced in 2019, almost all of which consumed by Fiumicino airport.
Efficiency improvements to the cogeneration plant were also implemented at Fiumicino, resulting in more efficient production and saving over 180,000 cubic metres of natural gas.

Renewable sources

In 2019, the Group produced approximately 14,059 MWh of electricity from renewable sources, including 38% consumed on site. A further 440 MWh was produced in the form of thermal energy, all of which consumed on site.
90% of this production comes from renewable sources installed in Italy, almost all on Autostrade per l'Italia's network, with other plants present in Spain, Brazil, France and Puerto Rico.
In addition to the various photovoltaic plants, accounting for 91% of the electricity produced, the Group also produced hydroelectric, solar and wind power in 2019.
A significant amount of renewable energy is also purchased, above all for the airports of Nice, Cannes and Saint Tropez managed by ACA Aéroports de la Côte d'Azur, where 100% of the electricity used is from renewable sources.
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.

Climate change

With regard to greenhouse gas emissions, in 2019, the Atlantia Group produced approximately 356 thousand tonnes of CO2 equivalent (Scope 1 + Scope 2), due primarily to emissions caused by production of the electricity consumed (46%) and emissions linked to the consumption of fuel for motor vehicles (21%) and cogeneration (20%). The remaining emissions are of a direct nature due to consumption related to heating, power for equipment and emergency generators.
All the airports operated by the Atlantia Group are also carbon neutral, as confirmed by their accreditation under the Airport Carbon Accreditation scheme set up by ACI Europe (http://www.airportcarbonaccreditation.org) in order to encourage virtuous behaviours in the effort to combat climate change. Accreditation has been received by both Aeroporti di Roma and Aéroports de la Côte d'Azur for their respective airports.

2) Waste

The total amount of waste produced by the Group in 2019 amounted to around 1.6 million tonnes, 94% of which waste produced during operations, maintenance and infrastructure construction. Over 1.2 million tonnes is mixed waste resulting from construction and demolition, of which 87% is recovered.

3) Water withdrawn

The Group withdrew over 6.4 million cubic metres of water in 2019. 36% of the total water withdrawn is recycled and reused, for the most part in operations at the airports of Fiumicino and Nice and to a lesser extent in the production of bituminous conglomerate.

KEY ENVIRONMENTAL INDICATORS	2018	2019(14)	Like-for-like % change versus 2018[15]
Energy consumption by type (TJoules)	3,479	**5,218**	**3.7%**
Petrol	27	72	-37%
LPG	33	24	-39.4%
Diesel	549	1,291	49.2%
Electricity	1,264	2,255	-0.4%
Natural gas	1,543	1,469	-7.1%
Fuel oil	53	44	-17%
Thermal energy	5	6	20%
Ethanol	5	59	+120%
CO2 emissions (t)	230,051	**355,989**	**7.1%**
Direct emissions [16]	135,271	192,427	8.9%
Indirect emissions from electricity consumption	94,780	163,562	4.6%
Waste produced (t)	3,040,509	**1,613,662**	**-82%**
% of waste recycled /recovered	99.9	86.7	-4.8%
Water withdrawn (‘000s of m³)	4,710	**6,436**	**22.9%**
Water recycled (%)	48	36	-17.3%

(14) Abertis group companies are also consolidated from 2019.
(15) The % change on a like-for-like basis of comparison for 2018, after stripping out the Abertis group acquired at the end of October 2018.
(16) This type of emission includes fuel consumption for heating and air conditioning buildings, for motor vehicles, running generators and road maintenance works.

Risk management

Risk management

In 2005 the Atlantia Group implemented an Enterprise Risk Management (ERM) model for the identification, assessment and management of business risk, with the aim of developing a risk culture within the organization.
The ERM model has evolved over time with the introduction of a Risk Appetite (a framework aimed at defining the nature and level of risk compatible with strategic objectives) and the definition of Group Risk Management Guidelines, which are continuously revised to keep pace with industry best practices.
From an organizational viewpoint, all Group companies have appointed a Risk Officer to oversee the Risk Management process. The Officer also supports the Risk Owners, who are responsible for managing specific risks, in applying risk management policies.

INTEGRATED RISK CONTROL SYSTEM

Risk management an ongoing process of analysis and assessment of the risks - both generated or suffered - resulting from the Company's operations. The goal is to orient the Company's strategic decisions according to the Risk Appetite approved by the respective boards of directors, with a direct impact on development strategies, business decisions and the internal control system.
The integrated risk control system is a widespread process with the Group's individually significant companies. It involves:

- the revision and dissemination of the Methodological Guidelines for conducting risk management activities;
- annual review of the Risk Appetite of individual companies, as approved by the respective boards of directors;
- revision of the risk catalogue (Risk Assessment) by the Group's individually significant companies; this activity involves Risk Owners and Risk Officers and consists of the identification and assessment of risks, and identification of any corrective actions needed to align the level of risk with the respective Risk Appetites;
- approval by the boards of directors of each company of the results of the Risk Assessment and the presentation to Atlantia's Board of Directors (following validation by Atlantia's Internal Control, Risk and Corporate Governance Committee) of risk management activities during the year and the results of Atlantia SpA's risk assessment.

With the support of a leading firm of consultants, the Group began the process of integrating the risk assessment and management policies applied by the Atlantia Group and the Abertis group in 2019.
In addition, Autostrade per l'Italia launched a project designed to upgrade its risk analysis and assessment system and management coaching, with the aim of increasing risk management awareness among its Risk Owners. The project is being conducted with the support of a leading international company that provides

specialist business risk management expertise to companies operating in the motorway and transport sectors.

Atlantia Group's main risks

As noted above in the sections, "Financial review for the Atlantia Group" and "Financial review for Atlantia SpA", also for the purpose of assessing the going concern assumption in preparation of the Annual Report for 2019, discussed in more detail in note 2 to both the consolidated and separate financial statements as at and for the year ended 31 December 2019 surround the concession arrangement and regulatory framework of the subsidiary, Autostrade per l'Italia, linked to the events of 14 August 2018 and recent legislation (Law 8 of 28 February 2020, the so-called *Milleproroghe* Decree) as well as the liquidity and financial risks of Autostrade per l'Italia and Atlantia consequent also to the legal restrictions resulting from the spread of the Covid-19 pandemic, which has led many governments to limit the movement of people, with a major impact on traffic and revenue at the Atlantia Group's main subsidiaries.

With regard to Autostrade per l'Italia's concession arrangement and regulatory framework, the key considerations leading to the belief that the risk of termination of the concession arrangement is reasonably unlikely, and that there is a reasonable possibility that an agreement will be reached with the MIT, thereby bringing an end the dispute between the MIT and Autostrade per l'Italia, are as follows:

1) the fact that, to date, Autostrade per l'Italia has yet to receive a response to the counter-arguments sent to the MIT on 3 May 2019, following receipt of the memorandum of 16 August 2018 and subsequent communications, in which the MIT accused the subsidiary of serious breaches of the concession arrangement as a result of the collapse of the section of the Polcevera road bridge;
2) the technical opinion produced by the Cross-Institutional Working Group set up by the MIT, and published on 2 July 2019, which concluded by recommending a negotiated solution, as opposed to other solutions that would give rise to the risk of litigation and additional expenses, and have operational repercussions in the event of termination;
3) the *Milleproroghe* Decree, governing the financial impact of any early termination of the Concession Arrangement, such as forfeiture or revocation - in principle, is "neutral" regarding the potential termination of the arrangement;
4) again with reference to the *Milleproroghe* Decree, it is believed that the legislation contains a series of evident breaches of constitutional law and is in violation of EU law, as confirmed by leading experts in constitutional law, with particular regard, but not limited, to aspects governing the termination of the concession due to breaches of contract on the part of the Operator. In particular, as described at some length in the section, "Significant regulatory aspects", the opinions highlight the fact that the legislation introduced is unlawful, in that it is in breach of European principles, including those regarding legal certainty and lawful legitimate expectations, and a number of provisions in the Constitution. Again with regard to the principle of legal certainty, it should be noted that, in December 2019, Genoa Regional Administrative Court, requested to rule on an application for the implementing provisions of the so-called Genoa Decree to be set aside (as described in the section, "Significant regulatory aspects"), issued a judgement containing statements emphasizing the need for the Grantor to comply with the terms

of the existing Concession Arrangement (art. 9) in effecting termination of the Concession, including the need to provide prior evidence of a serious breach of contract;

5) based on the progress made in discussions with the MIT, and the outcome of the challenges contesting the legislation contained in the *Milleproroghe* Decree, Autostrade per l'Italia will in any event have the right to take advantage of all the safeguards provided for in the Concession Arrangement, due to the unilateral changes to the Arrangement introduced in part by art. 13 of the Decree, as confirmed by the opinions provided by the company's legal advisors.

The objective elements described above, the legal opinions acquired and initial (though interlocutory) judgements handed down have led Autostrade per l'Italia's Board of Directors to believe that it is reasonably unlikely that the Government is close to deciding to revoking the concession arrangement, and to augur well for the achievement of the arranged solution. Should such a decision be taken, the subsidiary's Board of Directors believes that it has strong arguments in its favour.

In the light of the above, and with a view to finding an agreed solution, which would also be in the public interest, Autostrade per l'Italia has, since July 2019, engaged in discussions with the Grantor with the aim of reaching agreement regarding amendments to the Single Concession Arrangement and the resolution of the dispute referred to in point 1) above.

Autostrade per l'Italia has made a series of specific proposals aimed at resolving the dispute that arose following the collapse of the section of the Polcevera road bridge, as set out in the latest proposal sent to the MIT on 5 March 2020, and reiterated in the subsequent letter to the Grantor of 6 April 2020. These proposals are described in the section, "Significant regulatory aspects".

With regard to Autostrade per l'Italia's liquidity and financial risk, the situation of uncertainty linked to the unilateral, retroactive changes (*in peius*) to the concession and regulatory framework, introduced by Law Decree 162 of 30 December 2019 (the so-called *Milleproroghe* Decree, later converted into Law 8 of 28 February 2020), has reduced Autostrade per l'Italia's ability to borrow in the financial market in order to meet its financial needs.

In addition, the restrictions on movements introduced in response to the spread of Covid-19 has reduced Autostrade per l'Italia's ability to generate cash to finance its capital expenditure investment programme and service its debt.

In response, the subsidiary has taken a series of measures designed to continuously monitor its financial situation and assess the available options for meeting its financial needs, not excluding recourse to the measures introduced by Law Decree 23 of 8 April 2020 and support from the Parent Company, Atlantia, amounting to up to €900 million, after the subsidiary's available alternative financial sources of funding. In this scenario, the actions taken to support Autostrade per l'Italia's finances lead us to believe that the above risks are not reasonably likely, based on the assumption that there is a reasonabley likelihood that an agreement will be reached with the MIT, thus enabling the subsidiary to stabilise its long-term financial position thanks to improved access to credit.

With regard to the Group's liquidity risk, as at 31 December 2019, the Atlantia Group has cash reserves of €15,665 million, consisting of:

a) €5,232 million in cash and cash equivalents, including €551 million attributable to Atlantia;
b) €10,423 million in undrawn committed lines of credit, including €3,250 million attributable to Atlantia.

With regard to assessment of the risk of early repayment of Autostrade per l'Italia's borrowings from the EIB and CDP (€2.1 billion, including €1.7 billion guaranteed by Atlantia), as a result of the downgrade of the rating review to sub-investment grade by the rating's agencies, following publication of the *Milleproroghe* Decree, at the date of preparation of this Annual Report for 2019, the subsidiary, Autostrade per l'Italia has not received a request for early repayment from the two financial institutions and that, from the discussions had the parties are monitoring developments. The failure to satisfy a request for early repayment from the EIB or CDP, provided that it was lawful, could result in similar requests from Autostrade per l'Italia's other creditors, including bondholders.

The financial tensions caused by the restrictions on movement imposed in response to the spread of the Covid-19 pandemic, and the consequent impact on traffic and the results of the Atlantia Group's operators, could affect the covenants attaching to the various loan agreements and have a negative impact on the certain operators' liquidity.

Other than the above situation regarding Autostrade per l'Italia, the other Group companies do not appear to have significant problems in terms of liquidity. The companies are monitoring developments and assessing the option of accessing new lines of credit available on the market or the option of taking advantage of the aid provided by the various governments in the countries in which they operate in order to meet their planned financial requirements.

With regard to Atlantia's liquidity risk, at the date or preparation of this Annual Report, the Company has cash reserves of approximately €4.0 billion, including approximately €3.25 billion in liquidity resulting from use, on 14 January 2020, of available revolving credit facilities.

The Company does not have debt falling due before November 2021 (the maturity date for a revolving facility of €2 billion).

As a result, liquidity risk, excluding the risk of early repayment of the Company's debt linked to the risk of default by the subsidiary Autostrade per l'Italia, or repayment of the guaranteed amounts, is deemed reasonably unlikely.

This judgement is also confirmed in the event of an absence of dividends received from investees in 2020, as a result of the situation caused by the restrictions on movement imposed in response to the Covid-19 pandemic, and considering Atlantia's willingness to provide Autostrade per l'Italia with up to €900 million in financial support, also taking into account the proposal not to pay any dividend for 2019 in 2020.

With regard to Atlantia's financial risk, it should be remembered that the Company's loan agreements and bond issues contain early repayment provisions triggered by the occurrence of certain events.
In addition, loan agreements and bond issues of the main subsidiaries, including Autostrade per l'Italia, contain early repayment provisions which, if triggered, could lead to enforcement of the guarantees provided by the Company, where present, or, via cross-default provisions, the early repayment Company's obligation of its own borrowings.

In addition to the risks of early repayment reported above in relation to the Autostrade per l'Italia's borrowings from the EIB and CDP, other events that might trigger early repayments of debt for Autostrade per l'Italia and Atlantia (also bearing in mind that there are further guarantees issued by Atlantia in relation to bonds issued by the subsidiary, totalling €3.4 billion), under the various applicable terms and conditions, in view of the circumstances and also based on the legal opinions received, are not considered reasonably likely to occur.

In the light of these considerations and bearing in mind the above, the circumstances and the expert opinions received, it is not believed reasonably likely that liquidity or financial risk will occur over the Group.

The main areas of risk identified by the Group are described below.

	Risk factors	Impacts	Mitigation strategy
Financial risk	Liquidity, credit/counterparty, currency and interest rate, inflation and equity/market risks	Reference should be made to note 9.2 to the consolidated financial statements.	
Compliance risk	Compliance with the law, regulations and concession arrangements	Involvement in criminal, civil and administrative actions, and financial and/or reputational damage	- Guidelines, procedures and training (Legislative Decree 231/01, Law 262/05, etc.) - Continuous monitoring by the Company's legal department of ongoing disputes and litigation, - Accurate assessment of the operational and financial impact of new legislation and ongoing proceedings
	Compliance with the Group's ethical standards	Image and reputational risk	- Adequate dissemination and training in the ethical standards adopted by the Group and adoption of organisational solutions designed to monitor compliance
Development and diversification risk	Changes to the Group's existing risk profile (country risk, geographical and sectoral concentration risk, additional debt risk) Integration of acquired businesses	Impact on the Group's operational and financial targets (e.g. liquidity risk, dividend flows, value of assets) and on earnings due to lower post-acquisition synergies	- Monitoring of developments in the macroeconomic and regulatory environments in each country - Continuous monitoring of the financial performance of each business unit and assessment of investment - Post-acquisition integration plans
	Risk factors	**Impacts**	**Mitigation strategy**
Regulatory risk	Changes to the related regulatory framework (renewals /reviews of concessions imposing less favourable conditions than existing ones, the loss of title to concessions)	Impact on earnings, the value of assets recognised in the accounts and to the Company's financial stability	- A transparent, collaborative and proactive approach to relations with government and regulatory bodies - Scenario analysis and stress tests during long-term planning and/or specific events
Market risk	Adverse market movements (e.g. traffic risk, the economic cycle, pandemics, competition)	Major impacts on ability to meet operational and financial targets	- Geographical and sectoral diversification - Short- and long-term scenario analyses, monitoring demand trends

			- Scenario analysis and stress tests during long-term planning and/or specific events - Investment planning in close cooperation with stakeholders and in line with demand
Operational risk	Delays in or failure to implement planned investment	Additional investment costs and potential imposition of penalties by grantors, need for additional financial resources	- Definition of project requirements with the involvement of all the interested parties, in order to shorten consents process and assess financial impacts - Early launch of tender procedures - Adoption of technical and organisational solutions designed to ensure that construction of the planned works takes place in accordance with approved designs and related legal and technical requirements
	Risk factors	**Impacts**	**Mitigation strategy**
Operational risk	Shortcomings in management of the infrastructure operated / maintenance (preventive and improvement) to ensure the best possible operating conditions and safety	Loss / closure of a part of the infrastructure Disruption to services Reputational damage Financial damage	- Adoption of technical and organisational solutions designed to ensure the safety of the infrastructure and users - Periodic reviews of the state of infrastructure (including the use of external, independent contractors) and resulting amendment of long-term maintenance programmes
	Risk to people and equipment	Reputational impacts Financial impacts	- Safety & security management system - Progressive investment in safety, security and staff training - Adoption of technical and organisational solutions to continuously monitor compliance with safety standards - Periodic review of insurance cover
	Systems failure/malfunction (interruption to services) and cyber	Loss of business continuity with a potential adverse impact on ability to meet financial targets	- Adoption of IT security standards and policies designed to ensure correct functioning of systems and cyber security (security planning and disaster

	security (cybercrime, data loss)	Increased costs due to fines from data protection agencies, litigation, damage to image	recovery and business continuity plans) - Periodic vulnerability assessments and penetration tests - Different levels of service based on critical nature of service - Insurance cover
	Risk factors	**Impacts**	**Mitigation strategy**
	Climate change (impact of extreme weather events and natural disasters on infrastructure and potential disruption to services)	Impact on the value of assets and financial targets, based on loss or limited availability of infrastructure	- Adoption of technical and organisational solutions to monitor the risks resulting from atmospheric events - Periodic adjustments to long-term maintenance programmes - Implementation, on the occurrence of extreme weather events and based on emergency procedures, of all the actions put in place to ensure the safety of users - Periodic review of insurance cover

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

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

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

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

Article 35, on the other hand, has introduced new regulations regarding termination of the concession for a breach of the arrangement by the Operator, providing for: on the one hand, pending completion of the tender to award the concession, the possibility of for Anas to provisionally manage the concession; and, on the other, new criteria for calculating the compensation due to an operator in the event of early termination of the concession due to a breach of the arrangement, which would result in a significantly lower amount than the one provided for in the existing Single Concession Arrangement. In addition, the following provisions have been introduced: (i) invalidates any non-compliant provisions of the concession arrangement; (ii) the immediate effectiveness of the revocation, forfeiture or termination provision, once notified, which is no longer subject to prior payment of the above-mentioned compensation to the operator; (iii) also as a result of article 35, the operator will be unable to invoke the termination by law provision in the existing Concession Arrangement, as in fact provided for in the Single Concession Arrangement.

Given the significant negative repercussions of the above provisions for the Concession Arrangement, Autostrade per l'Italia has asked a number of experts for their opinion on the lawfulness or otherwise of the legislation, as well as on the validity and effectiveness of the new contractual provisions, with particular reference to the one governing forfeiture of the concession for breach of contract by the Operator.

All the above opinions deemed that the provisions in the above legislation were unlawful with regard to numerous procedural and substantive aspects, as they are in breach of EU principles, including those of legal certainty ("*pacta sunt servanda*") and legitimate expectations, as well as with constitutional principles, with regard to, among other things, art. 77 of the Constitution (lack of consistency, in terms of both content and purpose) and articles 102 and 104 (legislative interference in cases subject to pending litigation).
Similar issues of conflict with EU and constitutional law were raised with regard to art. 13 in the legal challenges filed before Lazio Regional Administrative Court by Autostrade per l'Italia, contesting the measures implementing the provisions of the legislation.

Following enactment of the law converting Law Decree 162 of 2019, Autostrade per l'Italia filed a legal challenge with Lazio Regional Administrative Court to ascertain - subject to disapplication of art. 35 of the Law Decree, or referral of questions of interpretation of European law and incidental matters of constitutional legitimacy - that articles 8, 9 and 9-*bis* of the Single Concession Arrangement governing Autostrade per l'Italia's concession are still valid and in force. On 3 April 2020, Autostrade per l'Italia filed an application for the legal challenge to be accelerated and for a hearing for discussion of the case to be held as soon as possible. At the date of preparation of this Annual Report the case is pending.

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

Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa

A section of the Polcevera road bridge on the A10 Genoa-Ventimiglia, granted in concession to Autostrade per l'Italia, collapsed on 14 August 2018. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report. The most significant legal and regulatory implications arising from this incident are described below.

Correspondence with the Ministry of Infrastructure and Transport regarding the procedure for serious breach of the concession arrangement

Regarding the procedure for serious breach of the concession arrangementagreement initiated by the MIT in a letter dated 16 August 2018, following the collapse of a section of the Polcevera road bridge - to which Autostrade per l'Italia presented its counterarguments on 31 August 2018 - on 20 December 2018 and 5 April 2019, the Ministry requested further clarifications, setting a deadline of 3 May 2019 for responding to both letters with counterarguments.
On 3 May 2019, Autostrade per l'Italia submitted a detailed document presenting additional counterarguments to those expressed in its letter sent on 31 August 2018, providing precise responses to the Ministry's requests for clarifications, reaffirming that it had acted correctly at all times and reiterating its concerns and objections regarding the procedure for serious breach of the concession arrangement initiated by the Grantor.

On 4 June 2019, solely for precautionary purposes, Autostrade per l'Italia challenged the MIT's letter of 5 April 2019 before Lazio Regional Administrative Court. In this letter the Ministry, in connection with the allegation of a serious breach, speculates that the compensation provided for in art. 9-*bis*, part c.1 of the Single Concession Arrangement does not apply.
On 2 July 2019, following a request for access, the Grantor provided Autostrade per l'Italia with a copy of the report produced by the Cross-Institutional Working Group set up by the MIT. On the one hand, the report states that there is evidence to suggest the occurrence of "serious breaches", based on the alleged violation of the operator's obligations relating to the safety and maintenance of the infrastructure, whilst on the other, highlighting the significant risks for the Grantor in engaging in a dispute with Autostrade per l'Italia, should it decide unilaterally to terminate the concession arrangement. Were such action to be taken, this could, in the opinion of the Working Group, result in an obligation for the government to pay a "*a very large sum*" in compensation. In conclusion, the report thus recommends a "*negotiated solution*".

On becoming aware of the content of the above report, in a letter dated 5 July 2019, Autostrade per l'Italia, while challenging the observations made in the report regarding the alleged breaches, requested a meeting with the MIT in order to deal constructively with the issues raised in the report. Several meetings were held with representatives of the MIT, the MEF and the Cabinet Office to establish the conditions for a negotiated settlement of the procedure for serious breach of the concession arrangement.
Subsequent to these meetings, in a letter dated 28 November 2019, Autostrade per l'Italia formalised an initial proposal, aimed at the reaching a resolution of the proceedings, which envisaged: (i) determination of a series of measures to benefit road users (such as discounts for commuters and toll exemptions for the urban section of motorway within Genoa) and the provision of a total amount of €1.5 billion; (ii) a commitment to bear the costs and charges relating to the demolition and reconstruction of the Polcevera road bridge up to a certain amount, withdrawing the proceedings brought before the Liguria Regional Administrative Court against the Special Commissioner's measures; and (iii) an amount to be borne entirely by the company to fund an extraordinary maintenance plan. These measures would also represent the desire to step up maintenance activities and expand the investment plan - accelerating the realisation of all investment, amounting to a total of more than €14.5 billion - and the company's willingness to evaluate possible improvements to the project relating to the *Gronda di Genova* bypass. In the above-mentioned letter of 28 November 2019, Autostrade per l'Italia also expressed its willingness to enter into discussions with the authorities regarding the possible agreed application, in accordance with principle of reasonableness, of the Transport Regulator's determinations.
Following early reports in specialist news outlets regarding possible legislative measures to be taken in relation to the current concession arrangement, on 22 December 2019, Autostrade per l'Italia sent a memorandum to the MIT, with a copy sent to the Cabinet Office, indicating that if such an eventuality were to occur, this would trigger the contractual provisions in the arrangement governing termination.
After subsequent meetings, in a letter dated 6 February 2020 from Atlantia and Autostrade per l'Italia, the measures that Autostrade per l'Italia intended to implement to overcome the current difficulties in its relations with the Grantor were explained in greater detail, and the investment and maintenance commitments relating to the implementation and upkeep of the network operated under concession were set out. In the same letter, Autostrade per l'Italia, in agreement with Atlantia, set out its willingness to accept amendments to the contractual arrangement by participating in an agreed rewriting of art. 9 of the Concession Arrangement (this article regulates the possibility that the concession may be forfeited due to a breach on the part of the Operator), and in the definition of a new regulatory framework that provides

greater certainty, objectivity and effectiveness for the checks to be carried out by the Grantor. Autostrade per l'Italia also confirmed its willingness to enter into discussions with the authorities regarding the agreed implementation of the Transport Regulator's determinations by July 2020. Finally, Atlantia stated its willingness - once certainty with regard to the Concession Arrangement and the applicable rules has been restored - to assess the possibility of selling interests in the company to new minority shareholders, to be done in such a way as tom protect the rights of the existing minority shareholders.

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

- revise art. 9 of the Arrangement to, on the one hand, provide for a clear definition of the serious breach and, on the other, regulate its consequences in line with the provisions contained in similar agreements concluded with major Italian infrastructure operators, under which compensation is determined with reference to the return on fixed assets;
- undertake financial commitments, totalling €2,900 million, as broken down below:
  a) initiatives aimed at contributing to Italy's development, providing an amount of €1,500 million to be allocated to: (i) toll reductions to be applied on the motorway sections included in the investment programme over the next five years; (ii) measures to benefit commuters, by liberalising tolls on the urban sections of the A7, A10 and A12 motorways; (iii) further contributions to Italy's infrastructure development, to be used in the implementation of projects to upgrade the motorway network operated by Autostrade per l'Italia and/or its subsidiaries;
  b) initiatives aimed at raising maintenance standards, in particular via a commitment to implement an improvement maintenance plan for the period 2019 – 2023, totalling €2 billion, an increase of €700 million on the financial plan presented by Autostrade per l'Italia in June 2018, and to be borne entitrely by Autostrade per l'Italia;
  c) without affecting the Company's previous commitment to bear the cost of construction of the new road bridge (including any ancillary expenses), estimated at €600 million, an undertaking to make up to a further €100 million available to the Special Commissioner to cover any additional reconstruction costs. In this context, and following the handover of the rebuilt bridge to Autostrade per l'Italia, the company would waive its legal challenges to the so-called Genoa Decree.

- to implement, as part of Italy's recovery strategy, a volume of investment amounting to €14.5 billion, marking an increase of €4 billion with respect to the proposed financial plan presented in June 2018, confirming, in this context, its willingness to review the *Gronda di Genova* project with a view to making further improvements;
- to undertake further commitments in terms of sharing inspection and work plans in order to resolve the main outstanding issues, assessing and monitoring motorway sections through the engagement of independent specialists with proven expertise, and reviewing the full range of penalties provided for in the Concession Arrangement;
- to submit the financial plan drawn up in accordance with the Transport Regulator's model by 30 March 2020, discussing its content by 31 July 2020, with a view to its agreed application, without prejudice to the fact that in the absence of an agreement Autostrade per l'Italia will be able to take action to protect its rights, and will continue to operate under the Arrangement, applying temporarily, and subject to reservations, the 1.93% toll increase proposed by the Grantor, which Autostrade per l'Italia deems inconsistent with the application principles of the Transport Regulator's

model, adjusting it to the actual volume of agreed investment, until the applicable tariff regime and the related measures have been settled in court.

Subsequently, following a further meeting with the Minister of Infrastructure and Transport, held on 11 March 2020, Autostrade per l'Italia sent another letter on 19 March 2020, explaining to the Minister of Infrastructure and Transport that the very difficult time Italy is going through - due to the health emergency caused by the spread of the Covid-19 pandemic and the consequent application of extraordinary measures to contain the spread - has exacerbated the deep uncertainty already created by the entry into force of art. 35 of the *Milleproroghe* Decree. In particular, Autostrade per l'Italia reported that this situation is having negative effects on its ability to continue with work in progress and works to be started, which will be subject to suspensions and/or delays, some of which will be very significant, as well as on the workforce, as the company has been forced to lay off over 2,000 employees (both its own and those of its subsidiaries), as per Legislative Decree of 17 March 2020, due to the reduction in traffic. Therefore, Autostrade per l'Italia has reiterated its willingness to meet in order to find an agreed solution to the current legal proceedings and to overcome the critical issues described above.

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

In brief:

- with regard to the financial aspects, the Ministry is requesting an increase of the amount specified in the proposal of 5 March 2020 with a balanced distribution of the entire sum over the concession period;
- with regard to the contractual provision governing the alleged serious breach, the request is to identify future "catastrophic events" that may be attributed the operator, to which application of the provisions of art. 35 of the *Milleproroghe* Decree would apply once the operator's liability had been ascertained;
- finally, with regard to the tariff regime set out in the Transport Regulator's determinations, Autostrade per l'Italia is requested to accept the Regulator's tariff regime and, as a result, withdraw its legal challenges.

In its letter of 6 April 2020, Autostrade per l'Italia stated that, with regard to the above terms, it wished to see further adjustments made in order to reach a fair conclusion of the process, that would ensure the operator's financial sustainability. Therefore, the company requested a meeting to complete a final draft of the possible agreement, to be submitted to decision-making bodies, whilst indicating that it would submit its financial plan well in advance of the extended deadline, albeit with all the necessary reservations, in accordance with the Transport Regulator's Determination 71/2019.

As already promised in its letter of 6 April 2020, Autostrade per l'Italia sent the Grantor an updated version of the financial plan for the period 2020-2024 on 8 April 2020, in the hopes of, at the same time, arriving at a certain and effective legal and regulatory framework. The company also stated that submission of the financial plan does not imply acceptance of the legislative provisions, the Transport Regulator's determinations or the measures relating to the new tariff regime, all of which are subject to legal challenges before the courts and have not been withdrawn at this stage. Autostrade per l'Italia thus concluded with the hope that a fair and constructive dialogue would take place on the updated financial plan, and that the Regulator's determinations would be applied in a reasonable manner.

In a letter also dated 8 April 2020, Atlantia and Autostrade per l'Italia wrote to the Cabinet Office, the Minister for Infrastructure and Transport and the Minister for the Economy and Finance, confirming

their commitment to finding a negotiated solution to the dispute. The operator thus reiterated its intention to finalise the discussions as soon as possible by defining an agreement between the parties that would restore certainty with regard to the rules applicable to the concession relationship and, at the same time, implement the other public interest measures already discussed, and which Autostrade per l'Italia has already agreed to do. Moreover, as a prerequisite, everything should take place in a context that allows the operator to return to a situation in which it is able to finance its business and ensure its financial sustainability. In the above letter, with reference to the financial plan submitted to the Grantor on the same date, Autostrade per l'Italia's expressed its willingness to immediately start talks on the issues relating to the new tariff regime, pointing out the need for dialogue, not only on the other aspects already under discussion, but also on the impact the pandemic has had and will have on Italy's economy, and therefore the consequent repercussions on the operator's finances. In conclusion, the company called for a final round of meetings to complete a final draft of the possible agreement.
In a letter dated 21 April 2020, the Grantor provided an initial response to the updated financial plan, requesting certain additional information. The letter also closes by stating that submission and examination of the documentation in question does not have any implicit effect on the procedure for serious breach of contract initiated on 16 August 2018, and does not prejudice any potential decision regarding the resolution of such procedure.

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

Autostrade per l'Italia has brought legal challenges against the actions taken by the Special Commissioner for the reconstruction of the road bridge with regard to the following: (i) the procedure for awarding contracts for the demolition and reconstruction of the road bridge; (ii) the procedure for awarding contracts for project management and the related activities; (iii) the Special Commissioner's request for the handover of the connecting sections of motorway affected by work on the reconstruction; (iv) the Special Commissioner's request for the sums of money needed to fund reconstruction and demolition of the road bridge. Following the hearing of 22 May 2019, in four injunctions published on 6 December 2019, deeming the issues of constitutional legitimacy raised by Autostrade per l'Italia to be relevant and not manifestly unfounded, Genoa Regional Administrative Court asked the Constitutional Court for a preliminary ruling on the matters raised.
First of all, the Regional Administrative Court noted that, with regard to the contested legislation, the legislator had intervened with no valid reason within the framework of the contractual relationship, to which the company was and still is a party, "authoritatively affecting the latter's obligation/right to carry out any activity relating to the demolition and reconstruction of the bridge". The Regional Administrative Court acknowledged that in the context of this contractual relationship the parties (Grantor and Operator) "have an equal contractual position". Furthermore, the Regional Administrative Court confirmed that "the obligation to ensure that the infrastructure operated under concession in serviceable through timely maintenance and repair regards any repair initiative relating - it should be noted - to the entire infrastructure, not just the Polcevera road bridge which, compared to the extent of the road under concession, is only a small part. Therefore, as Autostrade per l'Italia is under an obligation, it must also be considered that Autostrade per l'Italia has the right to fulfil this obligation, taking into account the particular importance - including with regard to non-financial aspects (in terms of professional credibility, for example) - that the performance of such services has in relation to the legal situation of the debtor".

The Regional Administrative Court then found that the exclusionary measures taken against Autostrade per l'Italia were implemented in the absence of any appropriate and complete investigation, and are not based on any alleged liability of the company for the collapse of the section of the Polcevera road bridge, "which has not been ascertained, not even circumstantially". The contested legislation are based on "mere suspicion" and "on a hypothetical and uncertain assumption" since, as the court correctly stated, the alleged liability of the company "has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded".
The Regional Administrative Court also noted the "punitive" nature of the contested legislation, highlighting how they have affected the rights expressly granted to the company by the concession arrangement, and resulted in an unjustified restriction of the company's freedom of financial initiative, without, on the other hand, "appreciably benefiting the activities of the Special Commissioner" or the public interest in the rapid reconstruction of the infrastructure. In the absence of investigations to prove the company's liability for the incident, the legislation was, therefore, deemed unjustified "by the need to protect constitutional interests".
The Regional Administrative Court highlighted the unreasonableness and lack of proportionality of the legislation which, "on the one hand, deprive the debtor of the right to perform the service due, without in the meantime having ascertained - at least as a precautionary and circumstantial measure or even only as an administrative procedure - any breach of contract, and on the other hand, also requiring the company to pay the cost of the works, which are also determined by other parties. This is even more true after taking into account the guarantees provided for in articles 8, 9 and 9-*bis* of the Concession Arrangement".
With regard to the breach of contract, the Regional Administrative Court also established that, in accordance with the provisions of the Concession Arrangement, the procedural provisions contained therein should be complied with, which, in particular, establish the need for a prior investigation by the Grantor of the Operator's serious breach of the concession arrangement, by setting a deadline to fulfil contractual obligations (art. 8) within which the Operator, following warnings from the Grantor, is able to fulfil these contractual obligations, and only in the event of continuous non-fulfilment may the Grantor activate the procedure regarding forfeiture of the concession (art. 9). "Therefore", according to the Regional Administrative Court, "even a continued breach of contract is insufficient, and the Grantor must undertake an administrative procedure (sending notice of a breach of contract), within which the Operator may exercise its rights under art. 10 of Law 241/90. Only if a further notice of breach of contract is issued in the event of a further breach of contract within the specified period, and in any case not less than 60 days, is it possible, under the above conditions, to declare the forfeiture of the concession".
Finally, the Regional Administrative Court found that not even supposed precautionary requirements could have justified the adoption of the contested legislation, as in any event it would have been necessary to determine liability "through the judicial bodies authorised to do so and after an appropriate trial" or, at least, "the use of an appropriate procedural form to guarantee the right of defence and an effective adversarial process" for the company, as required by the constitutional principles set out in articles 24 and 111 of the Constitution.
In another respect, the Regional Administrative Court stated that "it is impossible to infer from the disputed provisions why public interest in a more rapid reconstruction of the infrastructure, set out in the preamble to Law Decree109/2018, would have been better safeguarded by removing responsibility for reconstruction from the current operator, rather than allowing the latter to do so within the framework of the obligations provided for under the Single Concession Arrangement".

Subsequently, on 5 January 2020, the authorities challenged Liguria Regional Administrative Court's rulings before the Council of State. The challenges were restricted to the headings of the rulings on the preliminary questions proposed by the authorities, while no observations were made regarding the referral to the Constitutional Court of the constitutional legitimacy issues raised by Autostrade per l'Italia. Autostrade per l'Italia appeared before the Council of State on 17 March 2020.

Toll increases for 2019

A decree issued by the Ministry of Infrastructure and Transport (the "MIT") and Ministry of the Economy and Finance (the "MEF") on 31 December 2018 set the toll increase to be applied on the Autostrade per l'Italia network at 0.81% (instead of the 0.87% requested by the company), deferring its application until 1 July 2019, unless otherwise agreed by Autostrade per l'Italia and the Grantor. Implementation of this deferral reflects the willingness of Autostrade per l'Italia and other motorway operators to postpone application of the net toll increase for a period of six months.
The increase of 0.81% included a component equal to 0.43% designed to compensate for the discounts applied to tolls for frequent motorway users in 2018 under the agreement between the MIT, AISCAT and motorway operators.
Regarding the shortfall in the increase with respect to the requested amount, equal to 0.06% (relating to the "X" component), Autostrade per l'Italia reserved the right to produce additional documentation with the aim of obtaining the remaining increase and, to this end, gained access to the documentation relating to the review conducted by the Grantor.
Following further talks between Autostrade per l'Italia and the MIT, and after specific requests were made by the Grantor, during 2019 the company announced and then temporarily extended postponement of the toll increase, with the tolls charged to road users remaining unchanged through to 31 December 2019.
In response to the Grantor's request of 19 December 2019 to further extend the suspension of the 2019 toll increase, in a letter dated 27 December 2019 Autostrade per l'Italia expressed its willingness to meet the request, without prejudice to the company's right to apply the increase at any time and at its sole discretion. Such willingness was based on the assumption that the Grantor's request was part of the ongoing discussions aimed at finding a negotiated solution to the procedure alleging a serious breach of the concession agreement brought by the Grantor on 16 August 2018, whilst reaffirming that the suspension is a voluntary initiative on the part of the company, which is not based on any legal or contractual obligation.
At present, partly due to the crisis that has arisen in Italy following the spread of the Covid-19 virus, Autostrade per l'Italia has extended the suspension of application of the 2019 toll increase until 30 June 2020.
The MIT and the MEF also issued decrees on 31 December 2018 by which toll increases were applied for Tangenziale di Napoli, Società Autostrada Tirrenica and Autostrade Meridionali that differed from the request submitted. The companies have appealed against this decision.

Toll increases for 2020

Autostrade per l'Italia's request for a toll increase for 2020 submitted on 15 October 2019 amounted to 1.21% (0.84% corresponding to the 70% inflation rate, and 0.37% to the "X" component), which the Grantor, after conducting its review, had reduced by 0.02% due to ineligible costs relating to investment, initially resulting in an overall increase of 1.19%.

With regard to the toll increase that should have come into effect from 1 January 2020, the Grantor informed Autostrade per l'Italia that, "having completed its review" of the request for toll increases for 2020, "and in view of the provisions of Article 13 of the *Milleproroghe* Decree of 30 December 2019, "no toll increase would be applied from 1 January 2020". Moreover, given the willingness Autostrade per l'Italia expressed in its letter of 27 December 2019 to further extend the initiative to suspend the toll increase for 2019 - without prejudice to the company's right to apply the increase at any time and at its sole discretion - with the above determination, the Grantor notified that the toll increase for 2019 would also not be applied.
With regard to the provisions of the *Milleproroghe* Decree, including the above-mentioned art. 13 and its effects, reference should be made to the relative paragraph in this section.

Autostrade per l'Italia appealed against the above determination issued by the Grantor on 31 December 2019 before the Lazio Regional Administrative Court, challenging its legitimacy on a number of grounds, claiming in particular that the determination:

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

With reference to art. 13 of the above Decree, the legal challenge raises questions of constitutional legitimacy, particularly with regard to art. 77 of the Constitution (lack of consistency, in terms of both content and purpose), and to Articles 102 and 104 (legislative interference in cases subject to pending litigation), as well as in relation to the constitutional provisions and EU legislation that protect the above principles of legitimate expectations and legal certainty.
Moreover, in determinations issued on 31 December 2019, the Grantor also notified Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica that, in view of the provisions of the disputed Article 13 of the *Milleproroghe* Decree of 31 December 2019, "no toll increases would be applied from 1 January 2020". It should be noted that, under the agreements in force, Raccordo Autostradale Valle d'Aosta had submitted a proposal to increase tolls by 6.51%, Tangenziale di Napoli by 1.33%, and Società Autostrada Tirrenica by 41.03%, taking into account the difference between the companies' requests and the amounts recognised by the Grantor for the years 2014-2019. All of the above companies have brought an action to have the Grantor's provisions annulled, for similar reasons to the action brought by Autostrade per l'Italia.
With regard to Autostrade Meridionali, which had submitted a proposal for a 2.41% increase, in a memo dated 31 December 2019, the Grantor, taking into account that the increase for 2019 had not been granted, forwarded the decree adopted on the same date by the MIT and the MEF, which ruled that no increase would be applied, "given that the transitional operational and financial plan - which governs the contractual relationship for the period after the agreed expiry of the Agreement in 2012 - has not yet been approved". Autostrade Meridionali has also challenged this rejection ruling, deeming it to be unlawful, and lodged an appeal.

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

Transport Regulator – Tariff regimes

On 29 March 2019, Autostrade per l'Italia - alongside other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica - lodged an appeal before the Piedmont Regional Administrative Court against Resolution 16 issued by the Transport Regulator ("ART") on 18 February 2019. The legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes relating to Autostrade per l'Italia's Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. Moreover, the company took part in the relevant consultation process, challenging the scope of application of the tariff regime drawn up by ART - on the basis of the same arguments presented in the above legal challenge - and submitting its observations on the related operational and financial aspects.
On 18 September 2019, as part of the legal challenge filed against ART Resolution16/2019 which initiated the consultation, Autostrade per l'Italia appealed on additional grounds against ART Resolution71/2019 which concluded the action brought by the regulator. The other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrada Tirrenica, also appealed on additional grounds against the specific determinations relating to them issued by the ART. The appeals are still pending.

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

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

- an extraordinary appeal to the Head of State seeking annulment of the determination of 4 December 2018;
- a legal action requesting investigation of the illegality of the Grantor's failure to respond to the proposal to update Autostrade per l'Italia's Financial Plan for the regulatory period 2018-2022. In relation to the latter ruling, on 2 December 2019, Lazio Regional Administrative Court handed down a judgement upholding it, which established that the Grantor must issue an express determination within 30 days. The Attorney General's Office challenged the judgement before the Council of State.

In a subsequent letter dated 3 January 2020, the Grantor, in compliance with the above ruling of the Regional Administrative Court, informed Autostrade per l'Italia that the proposal to update the financial plan submitted on 15 June 2018 "is unacceptable". These reasons were given: (i) the proposal submitted would not implement ART Resolution 71/2019; (ii) application of the new regime introduced by the

Transport Regulator would be a qualifying and essential element of the concession relationship; (iii) art. 13 of the *Milleproroghe* Decree would require operators to submit new proposals for updating their financial plans on the basis of ART determinations, entailing cancellation of the plans already submitted, by 30 March 2020.
Autostrade per l'Italia filed an appeal before Lazio Regional Administrative Court, challenging the legitimacy of the determination implemented by the Grantor in the above letter dated 3 January 2020 on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the Law Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. The case is pending.
Subsequently, in a memo dated 20 March 2020 and sent to all motorway operators, citing art. 103 of Law Decree103 of 17 March 17 2020, which, as part of the measures adopted to cope with the emergency arising from the spread of the Covid-19 virus, "established the suspension of deadlines for administrative proceedings and regulated the effects of expiring administrative measures", the Grantor announced, with regard to the application of art. 13 of Legislative Decree162/2019 that "the deadline of 30 March 2020 for submission of financial plans should be deemed automatically postponed in accordance with the provisions of the above law".
With regard to the provisions of the *Milleproroghe* Decree, including the aforementioned art. 13 and its effects, reference should be made to the relevant paragraph in this section.
With regard to Autostrade per l'Italia's submission of the updated version of the financial plan for the period 2020 - 2024 to the Grantor on 8 April 2020, reference should be made to the paragraph "Correspondence with the Ministry of Infrastructure and Transport regarding the alleged serious breach of contract".

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

In 2012, the MIT issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. Following an invitation issued by the Grantor on 9 July 2019, both bidders for the previous cancelled tender submitted a new bid.
Subsequent to the above tender procedure, the MIT has notified the provisional bidder, namely the SIS Consortium. On 3 March 2020, Autostrade Meridionali appealed to the Campania Regional Administrative Court against the decision to award Consorzio SIS the contract, requesting its cancellation after suspension of the award. At a hearing on 25 March 2020, the judge did not grant the precautionary suspension requested by Autostrade Meridionali and scheduled collective discussion of the precautionary phase for a hearing on 22 April 2020. At this hearing, having noted the submission of a cross-appeal by SIS, requesting the disqualification of Autostrade Meridionali's bid, the hearing on the application for injunctive relief was adjourned until 13 May 2020.

Adoption of Autostrade Meridionali's financial recovery plan

On 30 October 2019, CIPE Resolution 38/2019 was published. This sets out criteria for the assessment and definition of financial relations with motorway operators, exclusively regarding the period between the expiry date of the concession and the actual date it is taken over by the new operator.
In a subsequent letter of 13 November 2019, the Ministry of Infrastructure and Transport requested Autostrade Meridionali to prepare and submit, by 25 November 2019, a special transitional Financial

Plan regarding the period from 1 October 2013 until the new operator of the A3 Naples - Salerno takes over, in accordance with the criteria established by the above CIPE Resolution 38/2019.
The latter introduces a method for calculating the Return on Net Invested Capital (NIC), as well as any imbalance between revenue and eligible costs. This new method penalises Autostrade Meridionali and is not provided for in any previous legislation or regulations, and is also "special" as it only applies retroactively to expired concession relationships.
In challenging the content of the resolution, and recalling the regulations established in the Single Concession Arrangement, in a memo sent to the Grantor on 22 November 2019, Autostrade Meridionali submitted its financial plan for the period 2013-2022, drawn up in compliance with the criteria set out in the previous CIPE resolution 37/2007 and consistent with the Single Concession Arrangement signed in July 2009.
In a subsequent legal challenge, filed with Lazio Regional Administrative Court on 31 December 2019, Autostrade Meridionali requested that the Grantor's determination of 13 November 2019 and the relevant CIPE resolution be set aside.

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

In a ruling dated 18 September 2019, European the Court of Justice set out the proceedings brought by the European Commission challenging the extension from 2028 to 2046 that was granted to Autostrada Tirrenica ("SAT") under the Single Concession Arrangement signed on 11 March 2009. In particular, the Court of Justice rejected the European Commission's appeal in which it challenged the legitimacy of the extension of the concession for the Cecina-Grosseto and Grosseto-Civitavecchia sections of the A12 motorway, thus confirming the legitimacy of the extension to 2046 for these sections. However, the Court upheld the appeal with regard to the Cecina-Livorno section, for which the expiry date was put back to 2028. Previously, SAT had told the MIT it was willing to identify shared solutions that could support investments of common interest, developing possible intervention scenarios and defining concession periods in order to find a proactive solution to the problem. In the light of the Court of Justice's clarification, SAT has reassured the MIT of its willingness to find a shared solution.
Subsequently, Law 8 of 28 February 2020, converting the *Milleproroghe* Decree, introduced art. 1-*ter* (art. 35 of the *Milleproroghe* Decree relating to provisions regarding motorway concessions) with which, on the one hand, art. 9 of Law 531 of 1982, which authorised SAT to build the Livorno-Grosseto-Civitavecchia motorway, was repealed, and on the other hand, on the basis of the current agreement, SAT was made exclusively responsible for management of the sections of the A12 motorway already open to traffic (Livorno-Grosseto-Civitavecchia), as well as the review of the current agreement with the MIT, taking into account the regulations regarding public contracts and in compliance with the Transport Regulator's determinations.
In particular, art. 1-*ter* states that "Article 9 of Law 531 of 12 August 1982 has been repealed. Consequently, until 31 October 2028, Autostrada Tirrenica, pursuant to the Single Concession Arrangement signed on 11 March 2009, will exclusively manage the sections of the A12 Livorno-Grosseto-Civitavecchia motorway link that were open to traffic on the date of entry into force of the law converting this decree. The Ministry of Infrastructure and Transport and Autostrada Tirrenica will review the above Single Concession Arrangement, taking into account the current provisions regarding public contracts and the provisions of the first sentence of this paragraph, in accordance with the determinations adopted by the Transport Regulator pursuant to art. 37 of Law Decree 201 of 6 December 2011, converted, with

amendments, into Law 214 of 22 December 2011". The company is currently assessing the action to take in order to protect its rights.

Investigation by the Public Prosecutor's Office of Ancona regarding the collapse of the SP10 overpass above the A14 Bologna-Taranto

The collapse of the SP10 overpass over the A14 at km 235+794 on 9 March 2017 resulted in the death of the driver and one passenger of a vehicle, and injuries to three workers from a Pavimental subcontractor, to whom Autostrade per l'Italia had previously allocated the works for widening the third lane along the A14 Bologna-Bari-Taranto in the Rimini North-Porto Sant'Elpidio section. Criminal proceedings have been brought regarding the offences provided for and punished by Articles 113, 434, paragraph 2, and 449 of the criminal code ("accessory to culpable collapse"), 113 and 589, last paragraph, of the Italian Criminal Code ("accessory to multiple negligent homicide"), 113 and 589-*bis*, paragraph 1, and the last paragraph of the criminal code, ("accessory to vehicular homicide"), against the Client, the three Sole Project Managers who succeeded one another during the works, the Director and the Operations Manager of the Pescara VII area office and the Head of Autostrade per l'Italia's "Tender Management Department", as well as the company pursuant to art. 25-*septies* of Legislative Decree 231/2001 ("culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations").
On 7 October 2019, the preliminary investigating magistrate issued a dismissed the charges against 4 of Autostrade per l'Italia's managers: the Principal, the Director and the Head of Operations at the Pescara VII area office and the Head of the "Tender Management Department". The criminal proceedings thus continued solely against the 3 Autostrade per l'Italia Sole Project Managers and the company itself pursuant to Legislative Decree 231/2001.
At the first preliminary hearing held on 9 December 2019, the preliminary investigating magistrate scheduled the next hearing for 23 April 2020, partly in order to define the preliminary questions regarding the civil claims brought and to start to hear the respective evidence.

Investigation of the collapse of a section of the Polcevera road bridge by the Public Prosecutor's Office in Genoa

The collapse of a section of the Polcevera road bridge, on the A10 Genoa-Ventimiglia on 14 August 2018, resulted in criminal action before the Court of Genoa against 39 personnel, including executives and other people employed at the company's Rome headquarters and the relevant area office in Genoa, in relation to offences provided for in articles: 449-434 of the criminal code ("accessory to culpable collapse"); 449-432 of the criminal code ("violation of transport safety regulations aggravated by culpable disaster"); 589-*bis*, paragraph 1 of the criminal code ("culpable vehicular homicide"); 590-*bis*, paragraph 1 of the criminal code ("grievous or very grievous bodily harm caused by road traffic violations"); 589, paragraphs 1, 2 and 3 of the criminal code ("culpable homicide resulting from breaches of occupational health and safety regulations"); 590, paragraphs 1, 3 and 4 of the criminal code ("negligent injury resulting from breaches of occupational health and safety regulations"). Three of Autostrade per l'Italia's executives were subsequently also placed under investigation for the offence provided for in Articles 110 and 479 of the criminal code ("false statements by a public officer in a public office").
As part of the same procedure, Autostrade per l'Italia is also under investigation pursuant to art. 25-*septies* of Legislative Decree 231/2001, relating to "Culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations".

Two pre-trial hearings were arranged by the preliminary investigating magistrate. The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial report prepared by experts on 7 August, followed by a hearing to examine it on 20 September 2019.
With regard to the second pre-trial hearing, the purpose of which is to determine the causes of the collapse, on 9 December 2019 the preliminary investigating magistrate accepted a request to extend the deadline for filing the expert technical report, initially scheduling the related hearing for discussion on 2020. Subsequently, on 11 March 2020 the preliminary investigating magistrate ordered an additional extension of the expert investigation to 14 June 2020.

Entry into Atlantia's head office by the *Guardia di Finanza* (Finance Police)

Although Atlantia is not involved in the proceedings, as part of the investigation instigated by the Genoa Public Prosecutor's Office into the collapse of the Polcevera road bridge, the *Guardia di Finanza* (Finance Police) carried out a number of visits to the Company's head office to seize documentation relating to the minutes of meetings of the Board of Directors and of the Internal Control, Risk and Corporate Governance Committee, and material relating to Internal Audit and Enterprise Risk Management activities. The Company promptly delivered all the required documentation and confirmed its willingness to cooperate with the judiciary in order to ascertain the facts.

Investigation by the Public Prosecutor's Office in Genoa of bridges and road bridges managed by Autostrade per l'Italia and the initiatives undertaken

As part of a second investigation initiated by the Genoa Public Prosecutor's Office of a series of allegations regarding false statements in relation to inspection reports relating to certain bridges and road bridges on Autostrade per l'Italia's network, four executives and a company employee, among others, were investigated.
According to the charge, some reports prepared by the technicians responsible for testing, monitoring and design were improperly drafted in order to make the maintenance conditions of the road bridges appear better than they actually were.
The imputed offences are the ones provided for in articles 81, 110 and 479 of the criminal code ("false statements by a public officer in a public office").
In September 2019, the preliminary investigating magistrate issued an injunction applying a personal precautionary measure (house arrest) and a prohibitive measure (suspension from work for a period of 12 months) against, among others, two of the above-mentioned Autostrade per l'Italia managers.
In opposition to these measures, the lawyers of the persons under investigation proposed a review, which led to the house arrest measure being replaced with suspension from practising a public service for one year and a ban on exercising any professional activity similar to the one carried out previously for one year, while the prohibitive measure was confirmed, and following the subsequent rejection of the appeal before the Court of Cassation became enforceable.
Once the company became aware of the prohibitive injunctions, it promptly initiated disciplinary proceedings against the four executives under investigation, which then led to the dismissal of three of them, and the suspension from work of the other one.

Investigation by the Public Prosecutor's Office in Genoa with regard to Spea Engineering's inspection reports on road bridges and viaducts managed by Autostrade per l'Italia and the initiatives undertaken

As part of a second investigation pending before the Genoa Public Prosecutor's Office, regarding alleged false statements in relation to inspection reports on certain road bridges and viaducts managed by Autostrade per l'Italia's, five managers and 17 employees of Spea Engineering are under investigation, with regard to some of whom the company has already taken disciplinary action.
The imputed offences are the ones provided for in articles 81, 110 and 479 of the criminal code ("false statements by a public officer in a public office").
Preliminary investigations are still underway, and in September 2019 prohibitive measures were ordered against some employees as well as a series of seizures and searches.
On 13 September 2019, an injunction applying precautionary measures was notified, involving two of the five managers and four of the company's seventeen employees of Spea. The precautionary measures applied entailed house arrest for the managers, and for the four employees "suspension of the practice of public service with a ban on exercising any activity relating to it, and, jointly, a temporary ban on exercising any activity, on behalf of public or private entities, relating to road safety and transport for a period of 12 months".
The lawyers of some of the persons under investigation have also notified Spea regarding the application of additional precautionary measures of a prohibitive nature against eleven employees, also in relation to allegations of making false statements, but with regard to two other viaducts.
All the persons involved in these two injunctions have been suspended from their duties.

Investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

On 10 December 2019, the *Guardia di Finanza* (Finance Police) of Genoa made several visits to the Genoa and Rome offices of Autostrade per l'Italia and a number of Group companies in order to seize technical documents (i.e., designs, calculation reports, test certificates) and organisational documents (i.e. service orders and organisational agreements in place since 2013) regarding the installation and maintenance of "Integautos" model noise barriers. The investigation involves four Autostrade per l'Italia managers suspected of carrying out the offences pursuant to articles 110 (aiding and abetting), 81 (continuing offence), 356 (public procurement fraud) and 432 (endangerment of transport safety) of the criminal code.
According to the charge, these barriers are dangerous as they are at risk of overturning, partly due to the effects caused by wind.

Overseas motorways

Chile

Toll increases

From January 2019, Grupo Costanera's motorway operators applied the following annual toll increases, determined on the basis of their concession arrangements:

- 6.4% for Costanera Norte, Vespucio Sur and Nororiente, reflecting a combination of the increase linked to inflation in 2018 (2.8%) and a further increase of 3.5%;

- 4.3% for AMB, reflecting a combination of the increase linked to inflation in 2018 (2.8%) and a further increase of 1.5%;
- 2.8% for Litoral Central, reflecting the increase linked to inflation in 2018.

From January 2019, the tolls applied by Los Lagos are broadly unchanged, reflecting a combination of the increase linked to inflation in 2018 (2.8%) and a reduction in the bonus for safety improvements (the bonus of 2.0% for 2019, less the bonus for safety improvements awarded in 2018, amounting to 5.0%).
On 31 January 2020, Supreme Decrees of the President of the Chilean Republic were published that implemented the agreements signed at the end of 2019 between the Ministry of Public Works and the main motorway operators in Santiago, including Costanera Norte and Vespucio Sur, which provide for the elimination of the payment of the actual toll increase of 3.5% as from 1 January 2020, compensated for by extension of the concession or, at the discretion of the Ministry, with a specific payment. The agreements enable the Ministry to tell the operators each year whether to apply the increase in real terms (up to a maximum of 3.5%), and whether any shortfall in revenue for the year should be accounted for as credit (remunerated at a rate in real terms of 4% per year) or compensated for with quarterly payments.

Brazil

Toll increases

From 1 July 2019, Triangulo do Sol and Rodovias das Colinas have applied their annual toll increase of 4.7% based on the rate of general price inflation in the period between 1 June 2018 and 31 May 2019, as this figure was lower than the rate of consumer price inflation in the same period (7.7%). The difference will be adjusted for in accordance with the concession arrangement. From 13 June 2019, the tolls applied by Rodovia MG050 have been increased by 4.9%, based on the rate of consumer price inflation in the period between 1 May 2018 and 30 April 2019, as provided for in the concession arrangement.

Italian airports

Tariff review for 2019

The consultation with airport users came to a conclusion on 5 November 2018 and, on 24 December 2018, the Civil Aviation Authority (ENAC) announced the new airport fees to be applied at Fiumicino and Ciampino airports.
The revised fees approved by ENAC for the period 1 March 2019 - 29 February 2020 envisage a 1.4% reduction for Fiumicino airport and a 2.2% increase for Ciampino with respect to the fees for 2018.

Tariff proposal for 2020

On 6 August 2019, ADR began a consultation process, involving the users at Fiumicino and Ciampino airports, on the proposed revision of regulated fees for the 2020 annual period (1 March 2020 - 28 February 2021). In order to ensure the broadest possible dialogue with users, on 10 August 2019 ADR published information documents on its website relating to the proposed revised tariffs for 2020, regarding which users were asked to send initial comments by the deadline of 4 October 2019.
A public hearing was held with users on 15 October, and a deadline of 31 October 2019 was set for receiving any further final comments. As no further comments were received after the latest updates

published on the ADR website, on 7 and 12 November 2019, and via a conference call with users on 11 November 2019, work on the consultation regarding the revision of fees at Fiumicino and Ciampino airports was completed on 28 November 2019. The revised fees for the period 1 March 2020 - 28 February 2021 envisage a 0.8% reduction for Fiumicino airport and a 2.2% reduction for Ciampino with respect to the fees currently in force.

European Law 2018: new responsibilities for the Transport Regulator regarding planning agreements "in derogation"

Law 37 of 3 May 2019, concerning "Provisions regarding the fulfilment of obligations deriving from Italy's membership of the European Union - European Law 2018", in art. 10 (Provisions regarding airport fees - Infringement procedure 2014/4187) includes a provision relating to airport fees by which the functions of the National Supervisory Authority are transferred to the Transport Regulator with regard to planning agreements pursuant to art. 17, paragraph 34-*bis* of Law Decree78/2019, converted, with amendments, into Law 102/2009 (the so-called planning agreements in derogation law).

Transport Regulator – Tariff regimes

ADR has challenged Determination 118, published by the Transport Regulator ("ART") on 1 August 2019, before Lazio Regional Administrative Court. The determination regards "Proceedings initiated by Determination 84/2018 - Introduction of a public consultation relating to the review of the airport fee regulation models approved by Determination 92/2017", claiming that the Regulator does not have the power to introduce changes to the tariff regime provided for in the Planning Agreement signed between the Civil Aviation Authority and ADR in October 2012, pursuant to art. 17, paragraph 34-*bis*, of Law Decree 78/2009. Indeed, by express legal provision, the tariff regime provided for in the planning agreements "in derogation" is a "long-term" tariff regime, including review procedures that are "valid for the entire duration of the concession arrangement". A hearing on the merits of the case has not yet been scheduled.

Alitalia in extraordinary administration

Law 58 of 28 June 2019 converting, with amendments, Law Decree 34 of 30 April 2019 (the so-called "Growth" Decree), in art. 37, paragraph 1, authorises the Ministry of the Economy and Finance to subscribe for shares - within the limit of the amount accrued as interest on the government loan and paid in accordance with the terms set out in paragraph 3 - in the Alitalia NewCo to which the company's assets are to be transferred. The transaction criteria and procedures will be defined in a subsequent Cabinet Office Decree on the recommendation of the Minister of the Economy and Finance. Article 37 also amends the regulations governing repayment of the government loan, which is brought back within the scope of the procedure relating to distribution of the assets of Alitalia - Società Aerea Italiana SpA in extraordinary administration within the limits of the available assets.
Law Decree 137 of 2 December 2019 sets out further urgent measures to ensure the continuity of the service provided by Alitalia under extraordinary administration. It provides for a government loan of €400 million to enable the procedures regarding the transfer of the business units of the Alitalia group in extraordinary administration to be completed by 31 May 2020. Law 2 of 30 January 2020, converting with amendments Law Decree 137 of 2 December 2019, set a deadline for repayment of the government

loan of €400 million, granted pursuant to Law Decree 137/2019, namely within six months of the date of disbursement.
Finally, art. 79 of Law Decree 18 of 17 March 2020, given the impact on the activities of Alitalia - Società Aerea Italiana SpA and Alitalia Cityliner SpA - both of which are in extraordinary administration - of the Covid-19 epidemic, authorises the establishment of a new company either wholly owned by the Ministry of the Economy and Finance or controlled by a company directly or indirectly under majority public ownership.
One or more Decrees of the Minister of the Economy and Finance, representing the memorandum of association of the new company, will define its business purpose, the articles of association and the initial share capital, as well as the corporate bodies appointed in derogation of the relevant provisions in force, and any other necessary aspect of the incorporation and operation of the company.
A decree issued by the Minister of the Economy and Finance, to be adopted in agreement with the Minister for Economic Development, has established, among other things, the amounts to be allocated for implementation of the above provisions within the air transport support fund - established by the same art. 79 - with an amount of €500 million to be used for 2020.

Airport fees – Annual monitoring of the Planning Agreement

In an extraordinary appeal to the President of the Republic on 11 April 2019, ADR challenged the measure of 24 December 2018 in which the Director General of the Civil Aviation Authority - in implementation of the annual monitoring of tariff parameters k, v and ε provided for in art. 37-*bis*, paragraph 4 of the Concession Arrangement/Planning Agreement entered into by the Civil Aviation Authority and ADR - revised the fees for regulated services provided to users by the airport operator in 2019. On 10 June 2019, the Civil Aviation Authority challenged the extraordinary appeal and, therefore, ADR transferred the appeal to Lazio Regional Administrative Court in accordance with art. 48, paragraph 1, of the Code of Administrative Procedure.

Overseas airports

Tariff review for the 2018-2019 period

On 14 July 2018, a decree was published by the French Minister of Transport who, within the scope of the Minister's powers, has established the criteria for determining the fees payable in return for the airport services provided by the Aéroports de la Côte d'Azur group ("ACA"). Specifically, the decree (i) defines and differentiates the scope of regulated and non-regulated activities (essentially commercial and real estate activities, with the exception of car parks that come under regulated activities), and (ii) establishes a tariff regulation mechanism for activities regulated by a price cap system (*plafond tarifaire*) linked to inflation, notwithstanding the limit on the allowed return on invested capital.
ACA then submitted its tariff proposal for the 2018 – 2019 period, in keeping with the provisions of the above ministerial decree, for endorsement by the Independent Supervisory Authority (ASI). On 21 January 2019, ASI rejected the tariffs proposed by ACA - which, in accordance with the provisions of the decree, envisaged an average reduction in fees of 0.65% - and independently set tariffs for the period from 15 May 2019 to 31 October 2019, involving a reduction of 33.4%, compared with previous levels.

ACA, believing this decision to be unlawful, brought a legal challenge before the French Council of State, to request its annulment. In addition, two associations of minor airlines had brought an action for annulment of the above Decree against the issuing Ministry. ACA intervened in the proceedings, joining the Ministry's defence.
On 31 December 2019, the decision of the French Council of State regarding these challenges was published.
With regard to the challenge filed by the two associations of minor airlines, the Council of State ruled that the Decree of 14 July 2018 is partially invalid, in the part in which the cap for aviation fees/revenue is defined, whilst confirming the validity of the part of the Decree that defines the scope of regulation regarding application of the dual-till approach for the entire period of the concession.
However, the Council of State rejected the challenge filed by ACA against the decisions of the ASI, deeming the fee reduction to be congruent in the light of an interpretation of article R224-3-1 of the *Code de l'aviation civile* which also provides for the possibility of taking into account income from non-regulated activities in the determination of fees.
On 3 February 2020, a new order was issued by the Minister of Transport, which, having superseded the previous one, confirms the dual-till approach for the entire period of the concession and expressly excludes the possibility of taking into account income from non-regulated activities in the determination of aviation fees. This regulatory system will thus be applied under an annual approval regime or, if necessary, as part of long-term contracts, and in any event in accordance with the principle of moderating fee increases established by the Regulator.
Therefore, in 2020, the company is expected to maintain the current level of fees, with a possible fee increase applied only for the last quarter of 2020, given the time frame needed for the various stages of the consultation process with users and for the approval process with ART (the Transport Regulator, which took over airport responsibilities from ASI as the result of a ruling by the French government).

Other activities

Spea Engineering - Investigation by the Public Prosecutor's Office in Genoa

Following the incident relating to the collapse of a section of the Polcevera road bridge, the Genoa Public Prosecutor's Office has opened an investigation regarding twentyone people, including current and former employees and executives of Spea Engineering, in relation to the same offences for which Autostrade per l'Italia personnel are under investigation.
Five employees, a former employee, two executives and a former executive have been charged with an offence pursuant to Article 479 of the criminal code ("false statements by a public officer in a public office"), while two employees, one of whom has been dismissed, are also charged with an offence pursuant to Article 378 of the criminal code ("aiding and abetting").
The company is also under investigation for an administrative offence pursuant to Article 25-septies of Legislative Decree 231/2001 ("culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations"). Two pre-trial hearings were arranged by the preliminary investigating magistrate.
The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial report prepared by experts on 7 August 2019, followed by a hearing to examine it on 20 September 2019.

The second pre-trial hearing, the purpose of which is to determine the causes of the collapse, is in progress. On 9 December 2019, the preliminary investigating magistrate accepted a request to extend the deadline for filing the expert technical report, initially scheduling the related hearing for discussion on 22 April 2020. Subsequently, on 11 March 2020 the preliminary investigating magistrate ordered an additional extension of the expert investigation to 14 June 2020.
The company's Chief Executive Officer resigned on 17 September 2019.
Due to the particularly complex nature of the case, and as it is a provisional charge, the lawyers who are assisting Spea Engineering deem it impossible to forecast any potential liability for the company in relation to the proceedings pursuant to Legislative Decree 231/2001.

Spea Engineering - Investigation by the Public Prosecutor's Office in Savona regarding the Madonna Del Monte road bridge

On 24 November 2019, due to a landslide, part of the deck of the Madonna del Monte road bridge collapsed. This road bridge is located on the A6 Turin-Savona, a section that is no longer managed by the Group. This section is operated under concession by Autostrada Torino Savona SpA, which was a subsidiary of Autostrade per l'Italia until 2012, when it was sold to the Gavio Group. The investigating magistrates visited the offices of Spea Engineering, requesting documentation relating to the road bridge and inspections carried out. All the requested documents were handed over. For the time being, the action has been brought against unknown persons regarding an alleged offence pursuant to Article 449 of the criminal code (culpable damage).

Spea Engineering - Investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

On 10 December 2019, the *Guardia di Finanza* (Finance Police) of Genoa made several visits to the company's offices in order to seize technical (i.e., designs, calculation reports, test certificates) and organisational documents (i.e. service orders and organisational agreements in place since 2013) regarding the installation and maintenance of "Integautos" model noise barriers. The investigation involves the former Chief Executive Officer of Spea Engineering who is suspected of carrying out offences pursuant to articles 110 (aiding and abetting), 81 (continuing offence), 356 (public procurement fraud) and 432 (endangerment of transport safety) of the criminal code.
According to the charge, these barriers are dangerous as they are at risk of overturning, partly due to the effects caused by wind.

Auditing activities entrusted to third-party and independent auditors

In the light of the precautionary measures ordered by the judiciary, which appear to allege serious misconduct on the part of some employees of Group companies in relation to the investigation by the Genoa Public Prosecutor's Office into the inspection reports produced by the subsidiary, Spea Engineering, on Autostrade per l'Italia's road bridges and viaducts[17], Atlantia's Board of Directors has commissioned an audit by KPMG Advisory SpA - Forensic Services to verify the correct application of corporate procedures by Autostrade per l'Italia and Spea Engineering and the persons involved.
Moreover, SGS Italia SpA, a subsidiary of SGS SA, a world leader in key business sectors with respect to

([17]) See "Investigation by the Public Prosecutor's Office in Genoa with regard to inspection reports on road bridges and viaducts managed by Autostrade per l'Italia and the initiatives undertaken" and "Spea Engineering - Investigation by the Public Prosecutor's Office in Genoa".

inspection, verification, analysis and certification services, has been commissioned to carry out an analysis of the quality and fitness for purpose of the methodological framework and procedural agreements adopted by Autostrade per l'Italia and Spea Engineering. Atlantia will assess the findings of these activities - which will be made available to the investigating magistrates - and will follow the investigations as they unfold, partly with a view to taking any further measures deemed necessary.

Electronic Transaction Consultants (ETC)

Following the withholding of payment by the Miami-Dade Expressway Authority ("MDX") for the on-site and electronic tolling systems' management and maintenance services provided by ETC, on 28 November 2012 ETC petitioned the Miami Dade County Court in Florida to order MDX to settle unpaid claims and pay any additional costs incurred and damages for breach of contact. In January 2018, the court issued judgement at first instance upholding ETC's claim for breach of contract by MDX, awarding ETC damages of US$43 million, together with accrued interest of approximately US$10 million, making a total of approximately US$53 million, in addition to interest payable until settlement. In another ruling, the court also awarded ETC costs to cover reasonable legal expenses, amounting to the sum of US$8 million following an agreement between ETC and MDX.
In April 2018, MDX appealed both of the above judgements.
On 2 January 2020, the judgement of the appeal proceedings was handed down, which confirmed the provisions of the first instance judgement (ETC was awarded compensation of US$43 million, as well as legal costs and expenses amounting to US$8 million relating to the first instance judgement), except for determination of the interest accrued until the first instance judgement, regarding which the Court of Appeal referred the case to the first instance judge for identification of the relevant commencement date and the consequent calculation. The first instance judgment had awarded ETC interest of US$10 million, without specifying the calculation procedure.
The appeal judgment also awarded ETC legal costs relating to the same appeal proceedings, with the amount to be determined by the court of first instance to which the proceedings were referred.
The appeal judgement is subject to further appeal by MDX, including an appeal to the Florida State Supreme Court. The enforceability of this judgment would be suspended, pending any further penalty that may be proposed by MDX. MDX filed an application for review, which was rejected on 21 February 2020.

Abertis group

Spain

Toll increases for 2019

From 1 January 2019, the Spanish operators applied the following annual toll increases, as per the applicable contracts:

- +1.7% for state concessions (Acesa, Aumar, Iberpistas – Castellana, Avasa, Aulesa), to adjust for the full rate of inflation, calculated as the annual average rate of change of the inflation index in the period between 1 November 2017 – 31 October 2018;
- +2.2% for the concessions with the regional Government of Catalonia (Aucat, Invicat, Tunels), to adjust for 95% of the annual rate of change of the inflation index in October 2018 (2.3%).

Royal Decree 457/2006 (Acesa)

Acesa has filed a complaint against the Grantor in relation to the failure to pay the compensation payable under the agreement of 2006 between the Spanish government and the company (approved with Royal Decree 457/2006) and the subject of litigation in 2015. The agreement called for, among other things, compensation for investment in certain sections of the AP-7 motorway, and for possible negative impacts on traffic deriving from the construction of second lanes on parallel roads (N-II and CN). The compensation linked to investment in the construction of additional lanes on the AP-7 motorway, amounting to approximately €948 million, has been recognised in full in these interim financial statements, whilst the amount receivable in relation to the loss of traffic has not been accounted for, as it is disputed. This latter amount has been estimated on the basis of the Royal Decree as approximately €2.3 billion, as presented in Abertis Infraestructuras's consolidated financial statements for the year ended 31 December 2019.

Following the legal proceedings, on 5 June 2019, Acesa received notice of the Supreme Court judgement, which – without taking a position with regard to the amount of the compensation - has established that the amount due may only be determined by the parties on expiry of the concession on 31 August 2021.

Royal Decree 1132/1986 (Aumar)

In February 2011, Aumar requested the Grantor to provide compensation in relation to loss of revenues deriving from the construction of roads parallel to the toll road under concession.

This request for compensation includes the revenue lost by the company for the period 2002-2019 (end of the concession).

In the face of the Grantor's rejection of the request for compensation, Aumar filed several complaints, the last of which was reviewed by the Council Chamber of the Supreme Court on 22 May 2019. Aumar submitted an application for annulment to the Supreme Court against this judgement, which was unsuccessful. Therefore, the company appealed to the Constitutional Court, deeming that the lack of grounds underlying the decision violated the company's right to a fair trial. This appeal was declared inadmissible on 17 February 2020.

The company has not recognised any receivable in its financial statements relating to the compensation claimed.

Investment in Alazor

Regarding a dispute related to the obligations assumed under the financial support agreement between Iberpistas and Acesa with the lending banks of the investee, Alazor Inversiones SA (a company undergoing liquidation proceedings), on 22 January 2019, 5 funds deemed to be the current creditors for part of Alazor Inversiones SA's debt, began legal proceedings in order to obtain payment of a total amount of €228 million, corresponding to the guarantees provided by the above-mentioned financial support agreement. As described in note 7.14, provisions for risks and charges have been made for this sum as at 31 December 2019.

France

Toll increases for 2019

In February 2019, the French operators raised their rates by 1.7%, to reflect the combined effect of 70% of the 2018 inflation rate (+1.9%), the adjustments related to the recovery of the frozen 2015 toll increases, and the return on the additional investment plan known as "*Plan de Investissement Autoroutier*" (+0.3%).

Italy

Toll increases for 2019

In 2019, the rates charged by the Italian operator of the A4 - Brescia Padova motorway did not increase. The operator's requests for an increase were not approved by the Ministry of Infrastructure and Transport, pending the finalisation of the financial plan and on the basis of an analysis of the amount of expenditure on maintenance. The analysis of the progress of work on the maintenance plan is outdated, so the inflation and quality components of the tariff, which were frozen in 2019, will be compensated for in setting the tariff in the updated financial plan.

Chile

Toll increases for 2019

The Chilean operators implemented the following annual toll increases in 2019, as per the applicable contracts:

- from 1 January 2019, the rates charged by Autopista Central and Autopista del Los Andes have increased by 6.4%, to reflect the combined effect of the inflation adjustment for the period 1 December 2017 – 30 November 2018 (+ 2.8%) and the increase factor of 3.5%;
- from 1 January 2019, the rates charged by Autopista del Sol have increased by 1.3%, to reflect the inflation adjustment for the six months between 1 June – 30 November 2018; the rates were increased again by 1.4% from 1 July 2019 in line with inflation in the six months from 1 December 2018 to 31 May 2019;
- from 1 January 2019, the rates charged by Rutas del Pacifico have increased by 2.8%, reflecting the effect of inflation for the period 1 December 2017 – 30 November 2018 and confirmation of the safety premium awarded in the previous year;

- from 1 January 2019, the rates charged by Elqui have increased by 2.8%, reflecting the effect of inflation for the period 1 December 2017 – 30 November 2018 and confirmation of the safety premium awarded in the previous year;
- from 1 February 2018, the rates charged by Autopista del Los Libertadores have increased by 2.6%, reflecting the effect of inflation for the period 1 January to 31 December 2018 (+2.6%) and confirmation of the safety premium awarded in the previous year.

As was reported in the section "Overseas motorways", with regard to Costanera Norte and Vespucio Sur, Autopista Central is also one of the Santiago motorway operators that signed the agreement with the Ministry of Public Works at the end of 2019. This agreement came into effect with the publication of the related Supreme Decree of the President of the Republic on 31 January 2020. The agreement provides for the elimination of the payment of the actual toll increase of 3.5% as from 1 January 2020, compensated for by extension of the concession or, at the discretion of the Ministry, with a payment in accordance with the instructions provided by the Ministry to the operators concerned each year.

Brazil

Toll increases for 2019

The rates charged by Centrovias, Autovias and Intervias have increased by 4.7% from 1 July 2019. This corresponds with general price inflation in the period between 1 June 2018 and 31 May 2019, as it was lower than the rate of consumer price inflation in the same period (7.7%). The difference will be adjusted for in accordance with the concession arrangement.
The rates applied by the new operator, ViaPaulista, have been increased:

- by 5.7% from 26 May 2019, in order to compensate for extension of the exemption from toll payments for heavy vehicles with suspended axles to include the State of Sao Paulo from 31 May 2018;
- by 2.9% from 22 November 2019, linked to the general inflation rate between 1 November 2018 and 31 October 2019.

On 16 August 2019, Fluminense raised its rates, reflecting the change in general price inflation between 1 February 2018 and 31 January 2019 (+3.7%) and other tariff components. Litoral Sul did not raise its rates, as the change in general price inflation between 1 February 2018 and 31 January 2019 was offset by the negative effect of other tariff components.
The annual rate review due to take place in December 2019 for the federal concessions of Planalto Sul, Fernão Dias and Régis Bittencourt,, linked to the general inflation rate between 1 December 2018 and 30 November 2019 (+3.5%), has not yet been approved by the grantor (ANTT – Agencia Nacional de Transportes), whilst awaiting determination of other tariff components.

Argentina

Toll increases for 2019

On 5 January 2019, tolls were raised by 38% for both the GCO and Ausol concessions. The additional increases requested during 2019 under the agreements with the grantor signed in July 2018 were not approved by the regulator.

Puerto Rico

Toll increases for 2019

On 1 January 2019:

- Metropistas raised its tolls by 3.6%, to reflect the rate of inflation in the US (+2.1%) plus an increase in real terms of 1.5%;
- Autopista de Puerto Rico raised its tolls by 1.5%, to reflect the rate of inflation in Puerto Rico.

India

Toll increases for 2019

On 1 September 2019, the Indian operators, Jadcherla Expressways and Trichy Tollway, raised their tolls by 3.1%, reflecting an adjustment to the Wholesale Price Index (WPI).

Other information

As at 31 December 2019, Atlantia SpA holds 7,772,693 treasury shares, representing 0.94% of its issued capital. Atlantia 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 the year, share options awarded under share-based incentive plans for certain of the Group's managers were exercised, amounting to a total of 46,795 shares, and no share grants were converted.
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.
Since 2013, the Board of Directors has 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 therefore exercises 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.

Extended term of 180 days for approval by the Annual General Meeting

Atlantia's Board of Directors has approved the financial statements after having taken advantage of the extended term of 180 days from the end of the financial year, within which the Annual General Meeting is required to approve the financial statements, in compliance with art. 2364, paragraph 2 of the Italian Civil Code and art. 16 of the Company's Articles of Association. This was done in view of the decision taken by the Board of Directors of the subsidiary, Autostrade per l'Italia, to postpone approval of the subsidiary's financial statements in order to fully assess the impact of recent developments on the preparation of its financial statements for the year ended 31 December 2019.

Accounts of Non-EU companies (in accordance with art. 15 of the CONSOB Regulation on Markets)

With regard to the requirements of art. 15 of the CONSOB Regulation on Markets, setting out conditions for the listing of shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU Member States, the Group is required to apply the above article. The Group has thus adopted the procedures necessary to ensure compliance with the regulation. As at 31 December 2019, the related requirements apply to the following subsidiaries: Sociedad Concesionaria Costanera Norte SA, Sociedad Concesionaria Autopista Nueva Vespucio Sur SA, Grupo Costanera SpA, Sociedad Concesionaria Autopista Central SA, Viàs Chile SA, Rodovias das Colinas SA, AB Concessões SA, Triangulo do Sol Auto-Estradas SA, Arteris SA, Autopista Litoral Sul SA and Autopistas Metropolitanas de Puerto Rico LLC.

As required by the regulation in question, information on the above companies is made available to the public at the registered office of the Parent Company, Atlantia.

Admission to the cooperative compliance scheme

On 26 July 2019, the Italian tax authorities admitted Atlantia SpA to the Cooperative Compliance scheme introduced by Legislative Decree 128/2015. Admission has been backdated to 1 January 2018.
Admission to the scheme has required the Company to formalise its internal tax risk control system, capable of promptly monitoring and correctly managing risks connected with the interpretation of tax law and compliance with tax requirements.
Among other things, Cooperative Compliance enables taxpayers to discuss uncertainties or disputes regarding taxation with the tax authority in advance, so as to arrive at an agreed assessment, thereby anticipating and avoiding the need for further checks and controls.
The Company's Board of Directors has, therefore, approved the Tax Control Model, setting out guidelines for the management of tax risk through a system designed to identify, measure, manage and control tax risk.
Among the roles and responsibilities assigned under the Tax Control Model, the Tax Risk Officer is responsible for monitoring the tax risk control system, with the aim of identifying any shortcomings or errors in the control system and taking any necessary corrective action.
During 2019 the Tax Risk Officer, a position created specifically for this purpose, submitted their first report in accordance with art. 4, paragraph 2 of Legislative Decree 128/2015.

Events after 31 December 2019

Evolution of the regulatory framework

Key developments affecting the regulatory frameworks within which the Group's subsidiaries operate are described in the section, "Significant regulatory aspects".

Correspondence with the Ministry of Infrastructure and Transport regarding the alleged serious breach of contract

As described in greater detail in the section, "Significant regulatory aspects", talks with the Grantor with a view to reaching agreement over amendment of the Single Concession Arrangement, and to resolving the dispute initiated by the MIT following the collapse of a section of the Polcevera road bridge in 2018, are continuing in 2020. As part of these talks, Autostrade per l'Italia has made a number of proposals, the latest contained in a letter dated 6 April 2020, which commits the subsidiary to an undertaking to provide funding of approximately €2,900 million to be used on the basis of agreements to be reached with the Grantor.

Rating downgrades

In response to the uncertainty resulting from the approval of Law Decree 162 of 30 December 2019 (the *Milleproroghe* Decree), later converted into Law 8 of 28 February 2020, Atlantia's ratings were downgraded by the leading rating agencies (Moody's: Ba3 Outlook Negative, Fitch: BB Rating Watch Negative and Standard & Poor's: BB- Credit Watch Negative). This was accompanied by downgrades of the subsidiary, Autostrade per l'Italia (Moody's: Ba3 Outlook Negative, Fitch: BB+ Rating Watch Negative and Standard & Poor's: BB- Credit Watch Negative), Aeroporti di Roma (Moody's: Baa3 Outlook Negative, Fitch: BBB- Rating Watch Negative and Standard & Poor's: BB+ Credit Watch Negative) and Abertis Infraestructuras (Fitch: BBB Outlook Negative and Standard & Poor's: BBB- Outlook Negative).

The terms and conditions applicable to Atlantia SpA's borrowings do not provide for early repayment in the event of a rating downgrade.

The rating agencies' decision to downgrade the Group's rating to sub-investment grade, following publication of the *Milleproroghe* Decree in case of early repayment exercise right from the EIB and CDP, could result in early repayment of loans totalling €2.1 billion, including €1.7 billion guaranteed by Atlantia. At the date of preparation of the Annual Report for 2019, the subsidiary has not received any request for early repayment from either of the two financial institutions and, from the discussions had the parties are monitoring developments.

Use of revolving credit facilities

On 14 January 2020, Atlantia drew down the full amount available, amounting to €3,250 million, under the Revolving Credit Facility agreed in July 2018, totalling €1,250 million, and the Revolving Back Stop Facility agreed in October 2018, totalling €2,000 million.

Bond issue by Abertis Infraestructuras

On 30 January 2020, the subsidiary, Abertis Infraestructuras, completed the issue of bonds worth €600 million. The bonds will mature in February 2028 and pay a coupon of 1.25%.

Assignment of amount receivable on bonds issued by Romulus

On 28 January 2020, Atlantia, in relation to management of its financial assets, agreed to sell the amount receivable on bonds issued by Romulus, collecting proceeds of approximately €278 million.

Covid-19

In compliance with the CONSOB's "Warning notice no. 6/20 of 9 April 2020", specific information on the impact of the spread of the Covid-19 pandemic on Group companies is provided below.
Since the end of February 2020, the legal restrictions on movement, imposed by many governments in response to the global spread of the Covid-19 pandemic, have had an impact on the motorways and airports infrastructures' traffic volumes operated under concession by the Group. This situation remains ongoing at the date of preparation of the Annual Report.
Group companies have adopted the preventive measures required by the authorities in the various countries to protect the health of their employees, where it has not been possible to adopt alternative arrangements in order to continue to provide services.
The effects have varied from country to country, primarily reflecting differences in the extent and timing of the movement legal restrictions introduced by governments.
Initial analysis shows that the most significant effects on the infrastructure operated under concession by the Group have been seen in Europe (Italy, Spain and France), more than in South America (Brazil and Chile). In terms of sector of operation, airports have been deeper than motorways.
The following table shows weekly traffic figures from the beginning of 2020, compared with the corresponding period of 2019, for the main sectors and geographical areas in which the infrastructure operate under concession by the Group.

	MOTORWAYS					AIRPORTS	
Provisional data Changes versus same week in 2019	**Italy** (ASPI)	**Spain** (Abertis)	**France** (Abertis)	**Brazil** (Atlantia + Abertis)	**Chile** (Atlantia + Abertis)	**ADR** (FCO+CIA)	**NCE**
	ADT	*ADT*	*ADT*	*ADT*	*ADT*	*pax*	*pax*
week 2	2.9%	-0.8%	4.4%	2.1%	-8.0%	3.5%	5.0%
week 3	0.9%	2.5%	5.9%	2.9%	-7.5%	-1.3%	3.5%
week 4	2.9%	1.0%	10.2%	1.4%	-5.3%	-0.6%	3.8%
week 5	6.5%	8.1%	9.0%	2.2%	-9.2%	-3.0%	8.0%
week 6	-0.2%	3.2%	-1.4%	1.1%	-6.4%	-8.5%	-5.5%
week 7	-0.5%	2.9%	0.6%	4.5%	-6.5%	-8.4%	4.9%
week 8	0.0%	5.0%	3.6%	14.3%	-5.6%	-7.3%	2.1%
week 9	-17.3%	2.1%	-1.3%	-4.2%	-5.5%	-32.6%	-0.2%
week 10	-23.6%	-3.0%	-10.1%	-2.8%	-9.5%	-55.6%	-19.2%
week 11	-59.9%	-22.0%	-11.4%	4.1%	-10.2%	-81.1%	-48.8%
week 12	-75.1%	-66.9%	-58.8%	-16.1%	-36.7%	-93.7%	-80.8%
week 13	-80.9%	-73.4%	-79.6%	-47.0%	-57.2%	-94.9%	-97.6%

week 14	-77.0%	-79.5%	-81.3%	-42.4%	-59.3%	-97.2%	-99.2%
week 15	-75.5%	-84.8%	-82.2%	-41.1%	-62.6%	-98.6%	-99.5%
week 16	-79.7%	-81.8%	-83.5%	-43.3%	-52.6%	-98.7%	-99.5%
Progressive as at 19 April 2020	**-32.2%**	**-26.9%**	**-26.1%**	**-10.1%**	**-21.6%**	**-46.7%**	**-39.7%**

These reductions in traffic are having impacts on the ability of Group companies to generate sufficient cash to fund capital expenditures planned and to service their debt, and on their future ability to comply with certain covenants attached to their borrowings.
The Group has responded rapidly to the impact of the reduction in traffic, taking plans to implement cost-efficiencies and cost-savings and review its capital expenditures programmes, whilst at the same time guaranteeing works linked to the safety of the infrastructures. We are also assessing all the various forms of aid being provided by governments and regulators in the various countries.
As explained in more detail on the "Outlook", at the date of this Annual Report, it is not possible to predict how the situation will develop or how long it will take to return to pre-existing Group levels of traffic and activity.
The overall impact on traffic will depend on how the virus develops, on the extent and duration of the legal restrictions on movement introduced by the various governments and on the impact the measures will have on the economy, specifically on consumer spending and demand for motorway and airport services.

Redemption of bonds

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

Law Decree 23 of 8 April 2020

In Law Decree 23 of 8 April 2020 (the "Liquidity Decree"), published in Official Gazette no. 94 of 8 April 2020, the Italian Government introduced a series of measures designed to support businesses during the emergency caused by the Covid-19 epidemic. These include measures aimed at providing liquidity to businesses in order to enable them to continue operating, the deferral of deadlines for the payment of tax and contributions and changes to the going concern notion during the emergency. The legislation has also strengthened the special powers covered by the so-called "Golden Power" legislation, which applies to strategic sectors.
The Liquidity Decree has also amended previous legislation regarding civil, criminal and administrative justice, as well as administrative proceedings, extending the period for the adjournment of civil and criminal hearings and suspending the time limits for cases.

Request for the drawdown of funds from Cassa Depositi e Prestiti

On 3 April 2020, Autostrade per l'Italia requested the disbursement of funds totalling €200 million under the credit facility agreed with Cassa Depositi e Prestiti SpA ("CDP") on 15 December 2017. The request regards use of the Revolving Credit Facility tranche to meet the company's working capital requirements.
In a letter dated 24 April 2020, Cassa Depositi e Prestiti replied that not all the suspensive conditions that would permit the requested disbursement had been met (including those "*relating to the absence of Potential Material Events*"), noting, among other things, that the *Milleproroghe* Decree had "*[...]*

established a regulatory framework for the motorway sector that expressly (i) provides that early termination of motorway concessions, including the concession held by Autostrade per l'Italia, is not subject to the payment of compensation, (ii) establishes new criteria for determining such compensation in the event of termination due to breach of contract on the part of the operator, and (iii) invalidates any non-compliant provisions of the concession arrangement.", and that "*this regulatory framework must also be considered in the light of the announcement made by the Ministry of Infrastructure and Transport on 20 August 2018, in the which the Ministry alleged that Autostrade per l'Italia was in serious breach of the concession arrangement*". Moreover, in view "*[...] (i) of the ongoing emergency and the corresponding need to support the recovery effort, and (ii) the need, stated by Autostrade per l'Italia, to use the requested funds to also finance implementation of its business plan, including significant investment [...]*", CDP stated that the request for disbursement could only be assessed following discussions with the company.

Letter of financial support issued by Atlantia for the benefit of Autostrade per l'Italia

On 24 April 2020, Atlantia provided Autostrade per l'Italia with a letter of support worth up to €900 million, in order to cover the subsidiary's financial needs in the period 2020-2021. Atlantia's financial support through this intra-group line of credit is contingent and after the subsidiary's available alternative financial sources of funding and subject to the disbursement conditions set out in the letter above mentioned.

Free share scheme

On 24 April 2020, Atlantia's Board of Directors approved a free share scheme for the over 12,000 workers employed by the Group's Italian companies. Under the scheme, each employee will receive 75 shares in Atlantia, worth approximately €1,000 based on the current share price. The scheme will involve up to 975,000 shares, equal to 12% of the treasury shares currently held by the Company. The scheme will be submitted for approval by the Annual General Meeting of shareholders to be held on 29 May 2020 and the shares will be granted to employees by the end of this year. The shares will be deposited free of charge in a securities escrow account for a period of three years, at the end of which the employee will have full title. The scheme aims to further strengthen the bond between the Atlantia Group and its Italian workforce, during a period of major difficulty for the entire country.

During the meeting, the Chairman, Fabio Cerchiai, and the Chief Executive Officer, Carlo Bertazzo, also informed the Board of their decision to cut their fixed pay for 2020 by 25% between May and the end of the year. The money saved, together with the funds raised by the appeal launched by the Group's management, will be handed over to the Municipality of Genoa to finance the distribution of food vouchers for members of the Genoese community and to support initiatives for the families of the Group's employees.

Finally, in view of the serious economic difficulties faced by the country, there will be no short- and long-term management incentive plans launched in 2020.

Bond issue by HIT

On 24 April 2020, the subsidiary, HIT, completed the issue of bonds worth €600 million. The bonds will mature in May 2027 and pay a coupon of 2.5%.

Outlook

As noted above in the sections, "Financial review for the Atlantia Group", "Financial review for Atlantia SpA" and "Risk management", at the date of preparation of this Annual Report, there are certain significant uncertainties, primarily surrounding the concession arrangement and regulatory framework of the subsidiary, Autostrade per l'Italia, and the Group's potential and the related exposure to liquidity and financial risk, resulting in part from the spread of the Covid-19 pandemic, with the potential to have a material impact on Group companies.

As described in greater detail in the section, "Events after 31 December 2019", since the end of February 2020, the legal restrictions on movement, imposed by many governments in response to the global spread of the Covid-19 pandemic, have had an impact on the motorways and airports infrastructures' traffic volumes operated under concession by the Group. This situation remains ongoing at the date of preparation of the Annual Report.

These reduction in traffic are having impacts on the ability of Group companies to generate sufficient cash to fund capital expenditures planned and to service their debt, and on their future ability to comply with certain covenants attached to their borrowings.

The Group has responded rapidly to the impact of the reduction in traffic, taking plans to implement cost-efficiencies and cost-savings and review its capital expenditures programmes, whilst at the same time guaranteeing works linked to the safety of the infrastructures. We are also assessing all the various forms of aid being provided by governments and regulators in the various countries.

At the date of preparation of this Annual Report, it is not possible to predict how the situation will develop or how long it will take to return to pre-existing levels of traffic and of activity for the Group. The overall impact on traffic will depend on how the virus develops, on the extent and duration of the movement restrictions on movement introduced by the various governments and on the impact the measures will have on the economy, specifically on consumer spending and demand for motorway and airport services.

Considering the traffic figures up to this point and assuming a relaxation of the existing movement restrictions and a gradual recovery from the second half of 2020 onwards, a preliminary sensitivity analysis results in an estimated average annual reduction in the Group's motorway traffic of approximately 30% and in airport traffic of approximately 50%. This would result in a potential reduction in the Group's revenue of around €3 billion, when compared with the figures for 2019, and a potential reduction in operating cash flow, after capital expenditure, of €2 billion, again when compared with the figures for 2019.
The assumptions underlying such a sensitivity analysis are, however, subject to change depending on events and on a number of risk factors and uncertainties. As a result, the impacts may differ, perhaps

significantly, from the above figures. The above impacts should be considered as forecasts of a purely indicative nature and based on the above assumptions. They are subject to revision based on future traffic projections as the situation evolves and, as such, do not constitute the outlook for the Group or future performance targets.

The Board of Directors is closely monitoring developments and the need for further efficiencies and changes to subsidiaries' capital expenditure programmes. The Board is also looking at the possibility of taking advantage of government initiatives introduced in the various countries in which the Group operates, with the aim of mitigating the effects on corporate earnings and financial situations.

With regard to Autostrade per l'Italia, in the coming months the subsidiary intends to continue to engage with the MIT with a view to identifying agreed solutions that would lead to a resolution of the dispute, even in the public interest, and that would at the same time ensure the financial sustainability of the proposed development plan.
The subsidiary will also continue to monitor its financial position, partly in relation to the effects of the legal restrictions on movement introduced as a result of the Covid-19 pandemic. It will also assess potential liquidity support options, including those offered by the measures designed to provide liquidity support for businesses introduced by Law Decree 23 of 8 April 2020.

Finally, it should be noted that the results for the second half of 2020 are expected to include the contribution of the Mexican group, Red de Carreteras de Occidente (RCO), whose consolidation by Abertis Infraestructuras is expected to increase the Group's revenue and EBITDA and further diversify the geographical footprint of the motorways operated under concession.

Proposals for Atlantia SpA's Annual General Meeting

Dear Shareholders,

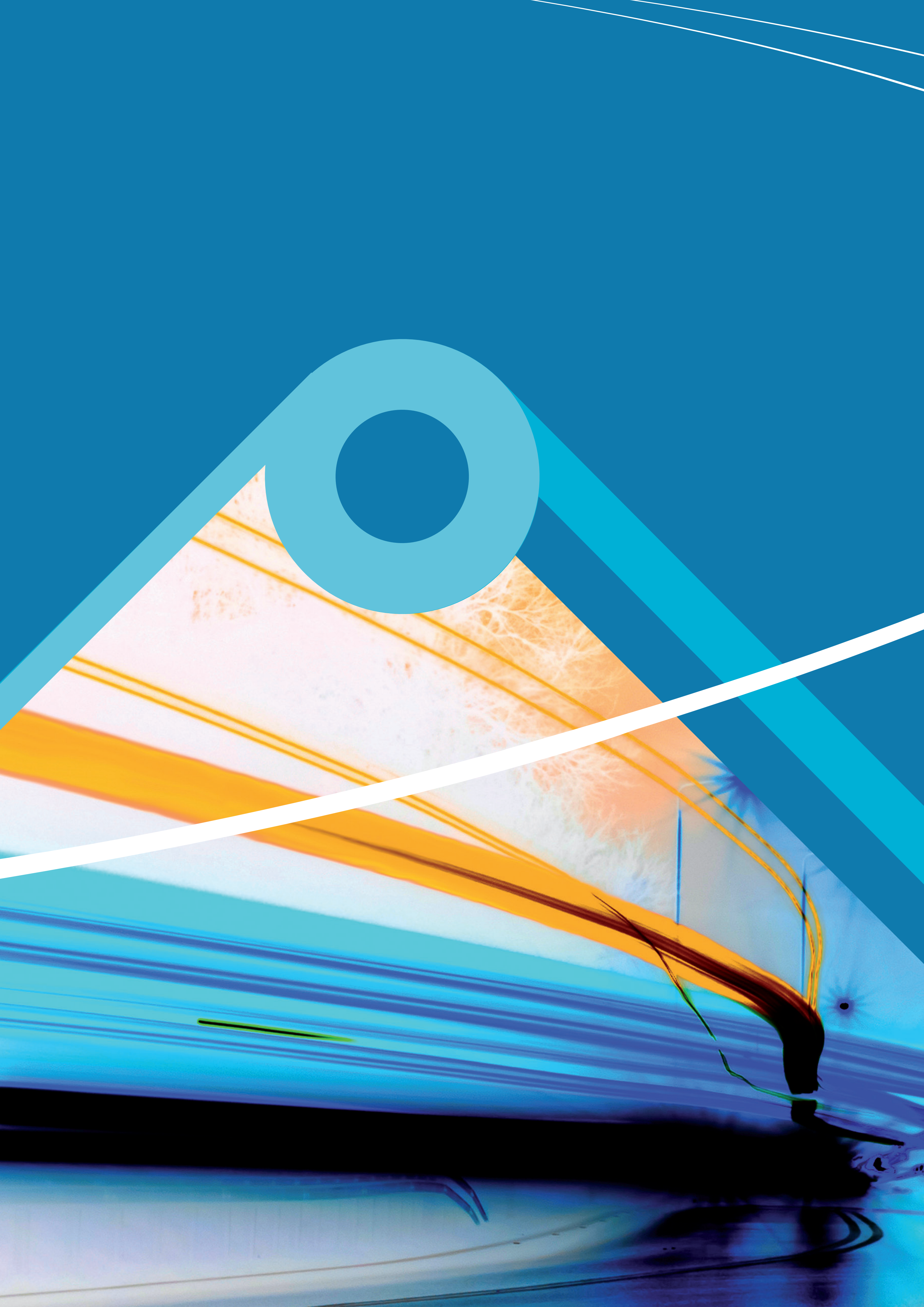
In conclusion, we invite you:

a) to approve the financial statements as at and for the year ended 31 December 2019, which report profit of €426,613,505, having taken note of the accompanying documents;
b) to take the profit for the year, amounting to €426,613,505, to the distributable "Retained earnings" reserve.

For the Board of Directors

The Chairman

Fabio Cerchiai



03

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated financial statements

Consolidated statement of financial position

€M	NOTE	31 December 2019	OF WHICH RELATED PARTY TRANSACTIONS	31 December 2018 (restated)	OF WHICH RELATED PARTY TRANSACTIONS
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7.1	820		696	
Property, plant and equipment		819		695	
Investment property		1		1	
Intangible assets	7.2	59,472		62,360	
Intangible assets deriving from concession rights		46,500		49,380	
Goodwill and other intangible assets with indefinite lives		12,426		12,418	
Other intangible assets		546		562	
Investments	7.3	3,662		3,888	
Investments accounted for at fair value		2,044		2,170	
Investments accounted for using the equity method		1,618		1,718	
Other non-current financial assets	7.4	4,784		4,704	
Non-current financial assets deriving from concession rights		3,009		2,991	
Non-current financial assets deriving from government grants		214		282	
Non-current term deposits		321		350	
Non-current derivative assets		245		144	
Other non-current financial assets		995	19	937	55
Deferred tax assets	7.5	2,113		1,772	
Other non-current assets	7.6	77		129	
TOTAL NON-CURRENT ASSETS		70,928		73,549	
CURRENT ASSETS					
Trading assets	7.7	2,575		2,387	
Inventories		96		99	
Contract assets		32		20	
Trade receivables		2,447	47	2,268	48
Cash and cash equivalents	7.8	5,232		5,032	
Cash		4,172		3,884	
Cash equivalents		1,060		1,148	
Other current inancial assets	7.4	1,308		996	
Current financial assets deriving from concession rights		559		536	
Current financial assets deriving from government grants		63		74	
Current term deposits		433		245	
Current derivative assets		-		2	
Current portion of medium/long-term financial assets		136		109	
Other current financial assets		117		30	
Current tax assets	7.9	1,006	7	899	7
Other current assets	7.10	565		603	
Assets held for sale and related to discontinued operations	7.11	4		1,623	
TOTAL CURRENT ASSETS		10,690		11,540	
TOTAL ASSETS		81,618		85,089	

Consolidated statement of financial position

€M	NOTE	31 December 2019	OF WHICH RELATED PARTY TRANSACTIONS	31 December 2018 (restated)	OF WHICH RELATED PARTY TRANSACTIONS
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the parent		7,408		8,391	
Issued capital		826		826	
Reserves and retained earnings		6,612		6,957	
Treasury shares		-166		-167	
Profit/(Loss) for the period		136		775	
Equity attributable to non-controlling interests		7,495		8,477	
Issued capital and reserves		7,284		8,310	
Profit/(Loss) for the period net of interim dividends		211		167	
TOTAL EQUITY	7.12	14,903		16,868	
NON-CURRENT LIABILITIES					
Non-current portion of provisions for construction services required by contract	7.13	2,473		2,787	
Non-current provisions	7.14	2,694		2,658	
Non-current provisions for employee benefits		291		292	
Non-current provisions for repair and replacement obligations		1,599		1,492	
Non-current provisions for renewal of assets held under concession		303		271	
Other non-current provisions		501		603	
Non-current financial liabilities	7.15	43,826		45,178	
Bond issues		26,628		21,546	
Medium/long-term borrowings		15,204	9	22,084	8
Non-current derivative liabilities		1,301		921	
Other non-current financial liabilities		693		627	
Deferred tax liabilities	7.5	6,280		7,091	
Other non-current liabilities	7.16	358	*19*	534	6
TOTAL NON-CURRENT LIABILITIES		55,631		58,248	
CURRENT LIABILITIES					
Trading liabilities	7.17	2,243		2,140	
Contract liabilities		1		1	
Trade payables		2,242	5	2,139	*11*
Current portion of provisions for construction services required by contract	7.13	571		428	
Current provisions	7.14	2,650		1,324	
Current provisions for employee benefits		47		65	
Current provisions for repair and replacement of motorway infrastructure		915		951	
Current provisions for renewal of assets held under concession		79		86	
Other current provisions		1,609		222	
Current financial liabilities	7.15	4,220		4,071	
Bank overdrafts repayable on demand		30		-	
Short-term borrowings		391		294	
Current derivative liabilities		42		11	
Current portion of medium/long-term financial liabilities		3,620		3,271	
Other current financial liabilities		137		495	
Current tax liabilities	7.9	283		233	
Other current liabilities	7.18	1,117	*23*	1,239	*12*
Liabilities related to discontinued operations	7.11	-		538	
TOTAL CURRENT LIABILITIES		11,084		9,973	
TOTAL LIABILITIES		66,715		68,221	
TOTAL EQUITY AND LIABILITIES		81,618		85,089	

Consolidated income statement

€M	NOTE	2019	OF WHICH RELATED PARTY TRANSACTIONS	2018 (restated)	OF WHICH RELATED PARTY TRANSACTIONS
REVENUE					
Toll revenue	8.1	9,256		4,992	
Aviation revenue	8.2	826		834	
Revenue from construction services	8.3	989		518	
Other revenue	8.4	1,544	136	1,083	94
TOTAL REVENUE		12,615		7,427	
COSTS					
Raw and consumable materials	8.5	-537		-383	
Service costs	8.6	-2,782		-1,467	
Gain/(Loss) on sale of elements of property, plant and equipment		1		-	
Staff costs	8.7	-1,605	-59	-1,085	-33
Other operating costs	8.8	-1,003		-721	
Concession fees		-609		-532	
Lease expense		-34		-30	
Other		-361		-160	
Other capitalised costs		1		1	
Operating change in provisions	8.9	-1,447		-523	
Provisions/(Uses of provisions) for repair and replacement of motorway infrastructure		125		-347	
(Provisions)/ Uses of provisions for renewal of assets held under concession		-21		-86	
Provisions for risks and charges		-1,551		-90	
Use of provisions for construction services required by contract	8.10	423		367	
Amortisation and depreciation		-3,907		-1,622	
Depreciation of property, plant and equipment	7.1	-200		-94	
Amortisation of intangible assets deriving from concession rights	7.2	-3,585		-1,440	
Amortisation of other intangible assets	7.2	-122		-88	
(Impairment losses)/Reversals of impairment losses	8.11	-63		1	
TOTAL COSTS		-10,920		-5,433	
OPERATING PROFIT/(LOSS)		1,695		1,994	
Financial income		737		399	
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants		259		110	
Dividends received from investees measured at fair value		73		4	
Other financial income		405	6	285	3
Financial expenses		-2,110		-1,020	
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-78		-53	
Other financial expenses		-2,032		-967	
Foreign exchange gains/(losses)		128		4	
FINANCIAL INCOME/(EXPENSES)	8.12	-1,245		-617	
Share of profit/(loss) of investees accounted for using the equity method	8.13	21		3	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		471		1,380	
Income tax (expense)/benefit	8.14	-107		-400	
Current tax expense		-1,034		-538	
Differences on tax expense for previous years		23		20	
Deferred tax income and expense		904		118	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		364		980	
Profit/(Loss) from discontinued operations	8.15	-7		4	
PROFIT FOR THE YEAR		357		984	
of which:					
Profit attributable to owners of the parent		136		775	
Profit attributable to non-controlling interests		221		209	

€M		2019	2018 (restated)
Basic earnings per share attributable to owners of the parent	8.16	0.17	0.95
of which:			
- continuing operations		0.17	0.95
- discontinued operations		-	-
Diluted earnings per share attributable to owners of the parent	8.16	0.17	0.95
of which:			
- continuing operations		0.17	0.95
- discontinued operations		-	-

Consolidated statement of comprehensive income

€M		2019	2018 (restated)
Profit for the year	**(A)**	**357**	**984**
Fair value gains/(losses) on cash flow hedges		-507	-119
Fair value gains/(losses) on net investment hedges		-25	13
Gains/(Losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-325	-383
Other comprehensive income of investments accounted for using the equity method		-84	-1
Other fair value gains/(losses)		-4	-
Tax effect		129	28
Other comprehensive income/(loss) for the year reclassifiable to profit or loss	**(B)**	**-816**	**-462**
Gains/(Losses) from actuarial valuations of provisions for employee benefits		-7	1
(Losses)/Gains on fair value measurement of investments		-67	-427
Gains/(Losses) on fair value measurement of fair value hedges		101	-
Tax effect		4	4
Other comprehensive income/(loss) for the year not reclassifiable to profit or loss	**(C)**	**31**	**-422**
Reclassifications of other comprehensive income to profit or loss for the year	**(D)**	**80**	**3**
Tax effect of reclassifications of other comprehensive income to profit or loss for the year	**(E)**	**-9**	**-2**
Total other comprehensive income/(loss) for the year	**(F=B+C+D+E)**	**-714**	**-883**
of which relating to discontinued operations		**6**	-
Comprehensive income/(loss) for the year	**(A+F)**	**-357**	**101**
Of which attributable to owners of the parent		*-278*	*129*
Of which attributable to non-controlling interests		*-79*	*-28*

Statement of changes in consolidated equity

€M	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT											
	ISSUED CAPITAL	RESERVES AND RETAINED EARNINGS	CASH FLOW HEDGE RESERVE	NET INVESTMENT HEDGE RESERVE	RESERVE FOR TRANSLATION DIFFERENCES ON TRANSLATION OF ASSETS AND LIABILITIES OF CONSOLIDATED COMPANIES DENOMINATED IN FUNCTIONAL CURRENCIES OTHER THAN THE EURO	RESERVE FOR GAINS/(LOSSES) ON FAIR VALUE MEASUREMENT OF INVESTMENTS	OTHER RESERVES AND RETAINED EARNINGS	TREASURY SHARES	PROFIT/(LOSS) FOR YEAR	TOTAL 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
Balance as at 31 December 2017	826	7,409	-109	-36	-303	-	7,857	-169	706	8,772	2,991	11,763
Effect of application of IFRS 9 as at 1 January 2018	-	29	-	-	-	-	29	-	-	29	3	32
Balance as at 1 January 2018	826	7,438	-109	-36	-303	-	7,886	-169	706	8,801	2,994	11,795
Comprehensive income for the year	-	-646	-76	10	-157	-422	-1	-	775	129	-28	101
Owner transactions and other changes												
Atlantia SpA's final dividend (€0.650 per share)	-	-	-	-	-	-	-	-	-532	-532	-	-532
Transfer of profit/(loss) for previous period to retained earnings	-	174	-	-	-	-	174	-	-174	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-235	-235
Share-based incentive plans	-	-1	-	-	-	-	-1	2	-	1	-	1
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-	-	2,369	2,369
Contributions from and returns of capital to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	3,377	3,377
Reclassifications and other changes	-	-8	-	-	-	-	-8	-	-	-8	-	-8
Balance as at 31 December 2018 (restated)	826	6,957	-185	-26	-460	-422	8,050	-167	775	8,391	8,477	16,868
Comprehensive income for the year	-	-414	-252	-13	-115	-67	33	-	136	-278	-79	-357
Owner transactions and other changes												
Atlantia SpA's final dividend (€0.90 per share)	-	-	-	-	-	-	-	-	-736	-736	-	-736
Transfer of profit/(loss) for previous period to retained earnings	-	39	-	-	-	-	39	-	-39	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-457	-457
Share-based incentive plans	-	-	-	-	-	-	-	1	-	1	-	1
Monetary revaluation (IAS 29)	-	20	-	-	-	-	20	-	-	20	86	106
Distributions and returns of capital to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-466	-466
Changes in scope of consolidation	-	-3	-	-	-	-	-3	-	-	-3	-49	-52
Reclassifications and other changes	-	13	1	11	3	-	-2	-	-	13	-17	-4
Balance as at 31 December 2019	826	6,612	-436	-28	-572	-489	8,137	-166	136	7,408	7,495	14,903

Consolidated statement of cash flows

€M	NOTE	2019	OF WHICH RELATED PARTY TRANSACTIONS	2018 (restated)	OF WHICH RELATED PARTY TRANSACTIONS
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the year		357		984	
Adjusted by:					
Amortisation and depreciation		3,907		1,623	
Operating change in provisions (*)		1,400		599	
Financial expenses from discounting of provisions for construction services required by contract and other provisions		78		53	
Impairment losses/(Reversals of impairment losses) on financial assets and investments accounted for at fair value	8.12	175		-5	
Dividends received and share of (profit)/loss of investees accounted for using the equity method		25		29	
Impairment losses/(Reversals of impairment losses) and adjustments of current and non-current assets		63		-1	
(Gains)/Losses on sale of non-current assets		-1		-	
Net change in deferred tax (assets)/liabilities through profit or loss		-904		-118	
Other non-cash costs (income)		-131		-180	
Change in trading assets and liabilities and other non-financial assets and liabilities		-307	20	-41	-1
Net cash generated from operating activities [a]	9.1	4,662		2,943	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	7.2	-1,479		-962	
Purchases of property, plant and equipment	7.1	-207		-93	
Purchases of other intangible assets	7.2	-108		-70	
Government grants related to assets held under concession		8		1	
Increase in financial assets deriving from concession rights (related to capital expenditure)		84		26	
Purchases of investments		-4		-2,438	
Acquisitions of additional interests and/or investment in consolidated companies, net of cash acquired		52		-15,099	
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		23		6	
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred		904		-	
Net change in other non-current assets		48		-124	
Net change in current and non-current financial assets		-542	13	80	-
Net cash generated used in investing activities [b]	9.1	-1,221		-18,673	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Dividends paid by Atlantia		-736		-532	
Dividends paid by Group companies to non-controlling shareholders		-468		-249	
Contributions from non-controlling shareholders		-		3,455	
Distribution of reserves and returns of capital to non-controlling shareholders	7.12	-466		-74	
Proceeds from exercise of rights under share-based incentive plans		1		1	
Issuance of bonds	7.15	7,434		315	
Increase in medium/long term borrowings (excluding lease liabilities)	7.15	3,583		13,929	
Increase in lease liabilities	7.15	42		-	
Redemption of bonds	7.15	-1,990		-1,223	
Repayments of medium/long term borrowings (excluding lease liabilities)	7.15	-10,530		-349	
Repayments of finance lease liabilities	7.15	-39		-	
Net change in other current and non-current financial liabilities		-119		-50	
Net cash generated used in financing activities [c]	9.1	-3,288		15,223	
Net effect of foreign exchange rate movements on net cash and cash equivalents equivalenti [d]		-24		-33	
Increase/(Decrease) in cash and cash equivalents for year [a+b+c+d]		129		-540	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,073		5,613	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		5,202		5,073	

(*) This item does not include uses of provisions for the renewal of assets held under concession and includes uses of provisions for risks.

Additional information on the statement of cash flows

€M	Note	2019	2018 (restated)	2018
Income taxes paid		1,194	665	665
Interest and other financial income collected		146	85	85
Interest and other financial expenses paid		1,425	840	840
Dividends received	8.13	118	36	36
Foreign exchange gains collected		27	2	2
Foreign exchange losses incurred		17	5	5

Reconciliation of net cash and cash equivalents

€M	Note	2019	2018 (restated)	2018
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,073	5,613	5,613
Cash and cash equivalents	7.8	5,032	5,624	5,624
Bank overdrafts repayable on demand	7.15	-	-18	-18
Cash and cash equivalents related to discontinued operations	7.11	41	7	7
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		5,202	5,073	5,073
Cash and cash equivalents	7.8	5,232	5,032	5,032
Bank overdrafts repayable on demand	7.15	-30	-	-
Cash and cash equivalents related to discontinued operations	7.11	-	41	41

Notes

1. INTRODUCTION

The core business of the Atlantia Group is the management of concessions, involving the construction, operation, improvement and upkeep of motorway and airport infrastructure in Italy and abroad. Further information on the Atlantia 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 *Commisione 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 (hereinafter also the "significant shareholder") 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 Board of Directors of the subsidiary, Autostrade per l'Italia, opted to take advantage of the extended term of 180 days from the end of the financial year, within which the Annual General Meeting is required to approve the financial statements, in accordance with the provisions of art. 2364, paragraph two of the Italian Civil Code and art. 16 of the Articles of Association. In view of this decision, and in the light of the activites linked to preparation of the consolidated financial statements, Atlantia's Board of Directors also decided to similarly postpone preparation and approval of its separate financial statements as at and for the year ended 31 December 2019, which were approved at the Board meeting held on 28 April 2020, together with these consolidated financial statements as at and for the year ended 31 December 2019.

2. GOING CONCERN ASSUMPTION AND BASIS OF PREPARATION

Going concern assumption

At the date of preparation of the consolidated financial statements as at and for the year ended 31 December 2019, there are certain significant uncertainties, primarily surrounding the concession arrangement and regulatory framework of the subsidiary, Autostrade per l'Italia, linked to the events of 14 August 2018 and recent legislation (Law 8 of 28 February 2020, the so-called *Milleproroghe* Decree) as well as the liquidity and financial risks of Autostrade per l'Italia and Atlantia consequent also to the legal restrictions resulting from the spread of the Covid-19 pandemic, which has led many governments to limit the movement of people, with a major impact on traffic and revenue at the Atlantia Group's main subsidiaries.

With regard to the assessment of whether the going concern basis is appropriate, the main uncertainties relating to Autostrade per l'Italia, as also assessed by the subsidiary's Board of Directors, are as follows:
a) existing relations with and ongoing procedures involving Autostrade per l'Italia and the Grantor (the Ministry of Infrastructure and Transport, or otherwise the "MIT"), resulting from the subsidiary's

alleged responsibility for the events of 14 August 2018, and which, on 16 August 2018, led the MIT to dispute serious breaches of its contractual maintenance and caring obligations over the infrastruture. As previously reported, in its response to the MIT dated 3 May 2019, the operator stated its belief that it had at all times acted correctly. The operator has yet to receive a response. In this regard, in July 2019, the Cross-Institutional Working Group set up by the MIT highlighted, among other things, the risks for the Grantor associated with litigation with the operator, should the MIT unilaterally decide to terminate the concession arrangement. In response to this technical opinion, Autostrade per l'Italia entered into talks with the MIT, the Ministry of the Economy and Finance and the Cabinet Office in order to find an agreed solution to the dispute over the serious breach. These talks are ongoing;

b) the Italian Government's approval of the *Milleproroghe* Decree, governing the eventual "revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways", providing among other things that (i) where termination of the concession is the result of a breach of contract by the operator, the provisions of article 176, paragraph 4.a) of Legislative Decree 50 of 18 April 2016 (the "public tenders code") shall apply, even if such provisions are in contrast with substantial and procedural provisions in concession arrangements, which shall be understood to be cancelled (art. 35 of the Decree) and that (ii) the adoption of such procedure shall not result in any termination by law. Law 8 of 28 February 2020 also provides that effectiveness of revocation, forfeiture or termination of the concession shall not be subject to payment, by the Grantor, of the compensation provided for in the arrangement;

c) the downgrade of Autostrade per l'Italia's credit rating to sub-investment grade by the international agencies, Moody's, Fitch and Standard & Poor's, following enactment of the *Milleproroghe* Decree, was based on the agencies' view that the legislation has unilaterally and retroactively altered (*in peius*) the rules governing termination of the Single Concession Arrangement, above all with regard to determination of the compensation and the fact that its payment does not necessarily have to coincide with the effectiveness of termination of the concession in accordance with art. 35 of the Decree. The downgrade has had a major impact on Autostrade per l'Italia's creditworthiness, increasing the uncertainties surrounding Autostrade per l'Italia's future relations with the MIT and, ultimately, financial and business outlook for Autostrade per l'Italia and its ability to borrow in the financial markets (including from banks).

With regard to the subsidiary's financial situation, existing loan agreements with the EIB and CDP contain early repayment provisions relating to loans amounting to approximately €2.1 billion as at 31 December 2019 (including approximately €1.7 billion guaranteed by Atlantia), in the event of a rating downgrade. At the date of preparation of the Annual Report, the subsidiary has not received a request for early repayment from the two financial institutions and that, from the onging discussions had, the parties are monitoring developments. Any non compliance with a request for early repayment from the EIB or CDP, provided that it was lawful, could result in similar requests from Autostrade per l'Italia's other creditors, including bondholders.

In addition, the implementation of legal restrictions on movement in response to the spread of the Covid-19 pandemic has led to a signficant decline in motorway traffic from the last week of February 2020, with a significant impact in terms of lower toll service areas revenue. This has had evident repercussions for Autostrade per l'Italia's ability to generate sufficient cash to fund capital expenditures planned and meet its operating costs, whilst maintaining financial stability.
The above downgrade, essentially reflecting the uncertain regulatory environment, is also preventing Autostrade per l'Italia from borrowing in the markets (including from banks) in order to meet its financial requirements, resulting in a further heightening existing liquidity tensions. In this situation, the subsidiary's Board of Directors has taken additional measuress to conserve cash, in addition to Atlantia's

willingness to provide Autostrade per l'Italia with financial support of up to €900 million, after the subsidiary's available alternative financial sources of funding.

On completion of the assessment, conducted also by the subsidiary's Board of Directors, and based on opinions from leading legal and technical experts, it was confirmed that the going concern basis is appropriate. This reflects the Company's belief that the risk of termination of the concession arrangement is reasonably unlikely and that there is a reasonable likelihood that an arrangement will be reached with the Ministry of Infrastructure and Transport (the "MIT"), thereby resolving the dispute with Autostrade per l'Italia. In brief, the objective elements described above, the legal opinions acquired and initial (though interlocutory) judgements handed down have led the Board of Directors to believe that it is reasonably unlikely that the Government is close to deciding to revoking the concession arrangement, and to augur well for the achievement of the arranged solution. Should such a decision be taken, the Board of Directors believes that it has strong arguments in its favour.

The arrangement would also enable it to restore long-term financial stability, also due to the impact of improved access to credit.

As a result of the above, the subsidiary's Directors decided to prepare the company's separate financial statements as at and for the year ended 31 December 2019 on a going concern basis.

With regard to the risks and uncertainties to which Atlantia is exposed and above all liquidity risk, it should be noted that, at the date or preparation of this Annual Report, the Company has cash reserves of approximately €4.0 billion, including approximately €3.25 billion in liquidity resulting from use, on 14 January 2020, of available revolving credit facilities.
The Company does not have debt falling due before November 2021 (the maturity date for a revolving facility of €2 billion).
As a result, Atlantia's liquidity risk, excluding the risk of early repayment of the Company's debt linked to the risk of default by the subsidiary, Autostrade per l'Italia, is deemed reasonably unlikely.
This judgement is also confirmed in the event of an absence of dividends received from investees in 2020, as a result of the Covid-19 pandemic, as described in the sensitivity analysis referred to in the section, "Outlook", in the report on operations, and considering Atlantia's willingness to provide Autostrade per l'Italia with up to €900 million in contingent financial support, taking into account the proposal not to pay any dividend for 2019 in 2020.
The Company and its subsidiaries are also engaged in assessing all the available options, including those provided by the recent Law Decree 23 of 8 April and other legislation introduced in the countries in which the Group operates, with a view to providing liquidity support for businesses.

With regard to Atlantia's financial risk, it should be remembered that the Company's loan agreements and bond issues contain early repayment provisions triggered by the occurrence of certain events.
In addition, loan agreements and bond issues of the main subsidiaries, including Autostrade per l'Italia, contain early repayment provisions which, if triggered, could lead to enforcement of the guarantees provided by the Company, where present, or, via cross-default provisions, the Company's early repayment obligation of its own borrowings.

The other events that might trigger early repayment of debt for Autostrade per l'Italia and Atlantia (also bearing in mind that there are further guarantees issued by Atlantia in relation to bonds issued by the subsidiary, totalling €3.4 billion), under the various applicable terms and conditions, in view of the circumstances and also based on the legal opinions received, are not considered reasonably likely to occur. The financial tensions after 2019 year end caused by the legal restrictions on movement imposed in response to the spread of the Covid-19 pandemic, and the consequent impacts on traffic and the results of the Atlantia Group's operators, could affect the covenants attaching to the various loan agreements and have a negative impact on some operators' liquidity.

In the light of the assessment conducted and bearing in mind the above considerations and the facts, as also assessed in the opinions received, the occurrence of liquidity and financial risks is considered reasonably unlikely.

Despite these significant uncertainties, which raise material doubts about use of the going concern assumption, the Directors believe that it is appropriate for the Parent Company to prepare the financial statements as at and for the year ended 31 December 2019 on a going concern basis. This is based on the information currently available, the opinions obtained from leading independent experts in regulatory, administrative, accounting and financial matters, the examination and assessment of the impacts on potential alternative scenarios, and in view of the actions taken to improve the financial and operating performances of the Company and its Group companies.

Assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.

The Company will continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable the Company, should it prove necessary, to take the required corrective action.

Finally, it should be noted that, on 8 April 2020, the Italian Government issued a Law Decree containing measures regarding liquidity support for businesses and financial reporting standards.

Basis of preparation

The consolidated financial statements as at and for the year ended 31 December 2019 have been prepared in accordance with articles 2 and 3 of Legislative Decree 38/2005 and art. 154-*ter* "Financial reporting" in the Consolidated Finance Act ("CFA"). They have been prepared 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 and have been prepared in accordance with IAS 1 – Presentation of Financial Statements. 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, "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. 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.

In this regard, it should be noted that:

a) no non-recurring, atypical or unusual transactions, having a material impact on the Atlantia Group's income statement and statement of financial position, were entered into in 2019, either with third or related parties. As a result, the consolidated financial statements therefore show material amounts relating to related party transactions during the reporting period;
b) the consolidated financial statements as at and for the year ended 31 December 2019 (like those for the previous year) include the impact on profit or loss and on the financial position of the non-recurring event that took place in August 2018, relating to the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway operated by Autostrade per l'Italia, as described in greater detail in note 8.17.

In view of the significant increase in the value of the Group's financial indicators following the acquisition of the Abertis group, in order to provide greater clarity for readers of the consolidated financial statements, and to standardise the basis of presentation used for the accounts and the report on operations with the basis used in these notes, with effect from these consolidated financial statements as at and for the year ended 31 December 2019, amounts are shown in millions 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, the following should be noted:

a) completion of the process of measuring and allocating the assets and liabilities resulting from the acquisition of the Abertis group, the effects of which are described in more detail in note 6, has resulted in changes to certain items in the in the statement of financial position and income statement for 2018. These changes reflect final measurement of the fair value of the assets acquired and liabilities assumed as part of the business combination. As a result, the consolidated financial statements present restated amounts as at 31 December 2018, after taking account of the final allocation of the fair value of the assets acquired and liabilities assumed, and of goodwill resulting from the acquisition. The following notes explain the various changes during 2019, compared with the restated consolidated amounts for 2018;
b) IFRS 16 - Leases was adopted for the first time from 1 January 2019. The new standard has introduced a single approach to accounting for lease agreements, removing the distinction between operating and finance leases for the lessee. On first-time adoption, the Atlantia Group elected to avail itself of the practical expedient allowed by the standard, recognising the cumulative effects deriving from adoption of the standard in the statement of financial position as of 1 January 2019, without any change in the income statement for 2018. Further information on key aspects of the new standard and its impact on the Group's accounts is provided below in note 3 below.

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 2019. These accounting standards and policies are consistent with those applied in preparation of the consolidated financial statements for the previous year, with the exception of the changes resulting from first-time adoption, from 1 January 2019, of the new accounting standard IFRS 16 – *Leases* ("IFRS 16"), the impact of which is described below, and interpretation IFRIC 23 – *Uncertainty over Income Tax Treatments*. The latter deals with how to apply the rules for recognising and measuring current and deferred tax assets and/or liabilities, as defined in IAS 12, when there is uncertainty over the income tax treatment to use.
In dealing with the issue of uncertainty over income tax treatment, interpretation IFRIC 23 requires an entity to identify and analyse any uncertain income tax treatment (either separately or together with other uncertain tax treatments, depending on their characteristics), always on the assumption that the tax authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes, it is not probable that the tax authority will accept an uncertain tax treatment, the entity must reflect the effect of uncertainty in determining current and deferred tax assets and liabilities. In doing this, the entity must use one of two methods indicated by the standard, choosing the one that best resolves the uncertainty from:

a) the most likely amount method;
b) the expected value method.

Adoption of this interpretation has not had an impact on the consolidated financial statements, in that the approach adopted by Group companies, in determining taxation, is in line with the requirements of IFRIC 23.

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 2019 are shown in the table below by asset class:

PROPERTY, PLANT AND EQUIPMENT	RATE OF DEPRECIATION
Buildings	2.5% - 33.33%
Leased buildings	lease term
Plant and machinery	10% - 33%
Industrial and business equipment	4.5% - 40%
Other assets	8.6% - 33.33%

Leased assets 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 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as described below in the paragraph, "Impairment of assets and reversals". Property, plant and equipment is derecognised on disposal. Any gains or losses (determined as the difference between disposal proceeds, less costs to sell, and the carrying amount of the asset) are recognised in 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 and/or upgrade services carried out on behalf of the Grantor (measured as described in the note on "Revenue"), less finance-related amounts, consisting of (i) the amount funded by government grants, (ii) the amount that will be unconditionally paid by replacement operators on termination of the concession (so-called "takeover rights"), and/or (iii) any minimum level of tolls or revenue guaranteed by the Grantor. In particular, the following give rise to intangible assets deriving from concession rights:
    1) rights received as consideration for specific obligations to provide construction services for road widening and improvement for which the operator does not receive additional economic benefits.

These rights are initially recognised at the fair value of the construction services to be provided in the future (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services), with a contra entry of an equal amount in "Provisions for construction services required by contract", accounted for in liabilities in the statement of financial position. In addition to the impact of amortisation, the initial value of the rights changes over time as a result of periodic reassessment of the fair value of the part of the construction services still to be rendered at the end of the reporting period (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services);

2) rights received as consideration for construction and/or upgrade services rendered for which the operator receives additional economic benefits in the form of specific toll increases and/or significant increases in the expected number of users as a result of expansion/upgrade of the infrastructure;
3) rights to infrastructure constructed and financed by service area concession holders which 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 control of a company that holds a concession).

Concession rights 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 the case of concession rights deriving from construction and/or upgrade services for which additional economic benefits are received, amortisation is charged from the date on which application of the related toll increase is applied, or from the date on which the infrastructure is opened to users (if the additional economic benefit is represented by expectations of a significant increase in the number of users).

In contrast, amortisation of other intangible assets with finite useful lives begins when the asset is ready for use, in relation to their residual useful lives.

The bands of annual rates of amortisation used in 2019 are shown in the table below by asset class:

INTANGIBLE ASSETS	RATE OF AMORTISATION
Concession rights	On the commencement of generation of economic benefits for the entity, based on the residual term of the concession 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.
Ancillary costs directly attributable to the business combination are recognised as an expense in the income statement when incurred.
In compliance with IFRS 3, goodwill is initially measured as the positive difference between:

a) the sum of:
    1) the acquisition cost, as defined above;
    2) the fair value at the acquisition date of any previous non-controlling interests held in the acquiree;
    3) the value of non-controlling interests held by third parties in the acquiree (at fair value or prorated to the current net asset value of the acquiree), and the fair value of the net assets acquired; and

b) the fair value, at the acquiasition date, of the net assets acquired.

The goodwill, as measured at the acquisition date, is allocated to each of the substantially independent cash generating units (CGU) or groups of cash generating units which are expected to benefit from the synergies of the business combination. If the expected benefits regard several CGUs, goodwill is allocated to the relevant group of CGUs.
A negative difference between the amounts referred to in points a) and b) above is recognised as income in profit or loss in the year of acquisition.
Goodwill on acquisitions of non-controlling interests is included in the carrying amount of the relevant investments.
If the Group is not in possession of all the information necessary to determine the fair value of the assets acquired and the liabilities assumed, these are recognised on a provisional basis in the year in which the business combination is completed and retrospectively adjusted within twelve months of the acquisition date.
After initial recognition, goodwill is no longer amortised and is carried at cost less any accumulated impairment losses, determined as described in the note on impairment testing.
IFRS 3 was not applied retrospectively to acquisitions prior to 1 January 2004, 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 equity instruments as defined by IFRS 9, are initially accounted for at cost at the settlement date, in that this represents fair value, plus any directly attributable transaction costs.
After initial recognition, these investments are measured at fair value through profit or loss, with the exception of investments not held for trading and for which, as permitted by IFRS 9, the Group has exercised the option, at the time of purchase, to designate the investment at fair value through other comprehensive income.

Inventories

Inventories, primarily consisting of stocks and spare parts used in the maintenance and assembly of plant, are measured at the lower of purchase or conversion costs and net realisable value obtained on their sale in the ordinary course of business. The purchase cost is determined using the weighted average cost method.

Financial instruments

Financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (as defined by IFRS 9 and including, among other things, trade receivables and payables). Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash 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 IFRS 9, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically assessed effectiveness of the hedge is high.
Changes in the fair value of cash flow hedges hedging assets and liabilities (including those that are pending and highly likely to arise in the future) are recognised in the statement of comprehensive income and the gain or loss relating to the ineffective portion is recognised in profit or loss. Accumulated changes

on fair value taken to the cash flow hedge reserve are reclassified in profit or loss in the year in which the hedging relationship ceases.
Changes in the fair value of fair value hedges are recognised in profit or loss for the period. Accordingly, the hedged assets and liabilities are also measured at fair value through profit or loss.
If an entity enters into a fair value hedge to hedge the exposure to changes in the fair value of an asset and/or liability whose changes in fair value are recognised in other comprehensive income, in keeping with the changes in the fair value of the derivative instrument, these changes are also recognised in other comprehensive income for the period.
Since derivative contracts deemed net investment hedges in accordance with IFRS 9, because they were concluded to hedge the risk of unfavourable movements in the exchange rates used to translate net investments in foreign operations, are treated as cash flow hedges, the effective portion of fair value gains or losses on the derivatives is recognised in other comprehensive income, thus offsetting changes in the foreign currency translation reserve for net investments in foreign operations. Accumulated fair value gains and losses, recognised in the net investment hedge reserve, are reclassified from comprehensive income to profit or loss on the disposal or partial disposal of the foreign operation.
Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised in profit or loss.

Financial assets
The classification and related measurement are 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, initially recognised at fair value, is measured at amortised cost subject to both of the following conditions:

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

A financial asset meeting the conditions to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value through profit or loss, to the extent that this accounting treatment would eliminate or significantly reduce a measurement or recognition inconsistency (an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
Receivables measured at amortised cost are initially recognised at the fair value of the underlying asset, after any directly attributable transaction proceeds. The receivables are measured at amortised cost using the effective interest method, less provisions for impairment losses (recognised in profit or loss) for amounts considered uncollectible. Amounts considered uncollectible are estimated on the basis of the method described in the section, "Impairment of financial assets". Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised.
Trade receivables subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.

Financial assets measured at amortised cost include the following receivables arising from assets held under concession:

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

The financial asset is measured at fair value through other comprehensive income if the objectives of the business model are to hold the financial asset to collect the contractual cash flows, or to sell it, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that solely represent a return on the financial asset.
The financial assets may, however, be designated as a financial asset at fair value through profit or loss, if this approach enables the accounting mismatch to be eliminated or reduced, when this would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
Finally, any remaining financial assets, other than those described above, are classified as held for trading and measured at fair value through profit or loss.
No financial instruments were reclassified from one of the above categories to another in 2019.

Impairment of financial assets

Assessment of the recoverability of financial assets that are debt instruments measured at amortised cost is conducted by estimating expected credit losses (ECLs), based on expected cash flows. These flows, taking into account the estimated probability of a default occurring, are determined in relation to the expected time needed to recover the amount due, the estimated realizable value, any guarantees received, and the costs that the Group expects to incur in recovering the amounts due. In the case of trade and other receivables, the probability of a default is determined on the basis of internal customer ratings, which are periodically reviewed, including with reference to historical information.
In the case of amounts due from counterparties where there has not been a significant increase in risk, ECLs are determined on the basis of expected losses in the 12 months after the reporting date. In other cases, the expected losses are estimated through to the end of the financial instrument's life.

Financial liabilities

Financial liabilities are initially recognised at fair value, after any directly attributable transaction costs. After initial recognition, financial liabilities are measures at amortised cost using the effective interest method, with the exception of those for which the Group irrevocably elects, at the time of recognition, to measure at fair value through profit or loss, so as to eliminate or reduce the accounting mismatch at the time of measurement or recognition, compared with an asset also measured at fair value.
Trading liabilities subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value. If there is a modification of one or more terms of an existing financial liability (including as a result of its novation), it is necessary to conduct a qualitative and quantitative assessment in order to decide whether or not the modification is substantial with respect to the existing contractual terms. In the absence of substantial modifications, the difference between the present value of the modified cash flows (determined using the instrument's effective interest

rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss. As a result, the value of the financial liability is adjusted and the instrument's effective interest rate recalculated. If the modifications are substantial, the existing instrument is derecognised and the fair value of the new instrument is recognised, with the related difference recognised in profit or loss.

Derecognition of financial instruments
Financial instruments are derecognised in the financial statements when, following their sale or settlement, the Group is no longer involved in their management and has transferred all the related risks and rewards of ownership and, therefore, no longer has the right to receive cash flows from the financial asset, settles its debt or no longer has the primarily responsibility for the financial liabilities.

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 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. The costs incurred during the year, in relation to the effective performance of motorway construction and/or upgrade services for which no additional economic benefits are received, are recognised by nature in individual items in the consolidated income statement. Matching entries are made in the consolidated income statement item, "Uses of provisions for construction services required by contract", to represent the use of provisions previously made as an indirect adjustment of the costs incurred.
"Other provisions" are recognised when: (i) the Group has a present (actual or constructive) obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the related amount can be reliably estimated. Provisions are measured on the basis of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the discount to present value is material, provisions are determined by discounting future expected cash flows to their present value at a rate that reflects the market view of the time value of money and risks specific to the asset. Subsequent to the computation of present value, the increase in provisions over time is recognised as a financial expense. The costs incurred during the year to settle the obligation are accounted for as a direct reduction in the provisions previously made.
"Provisions for the repair and replacement of motorway infrastructure" cover the liability represented by the contractual obligation to repair and replace infrastructure, as required by the concession

arrangements entered into by the Group's motorway operators and the respective grantors with the aim of ensuring the necessary serviceability and safety. 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. In this case, provisions are determined by discounting expected future cash flows to present value using a discount rate that reflects the current market assessments of the time value of money and risks specific to the asset, which from 2019 are based on the yield on the government securities of the country in which the obligation is to be settled. Routine maintenance costs are, in contrast, recognised in the income statement when incurred and are not, therefore, included in the provisions.

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

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

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

a) the "Operating change in provisions", reflecting the impact of the revision of estimates as a result of technical assessments (the value of the works to be carried out and the expected timing of such works) and the change in the discount rate used compared with the previous year;
b) "Financial expenses from discounting of provisions", reflecting the time value of money, calculated on the basis of the value of the provisions and the interest rate used to discount the provisions to present value at the prior year reporting date.

When the cost of the works is actually incurred, the cost is recognised by nature in individual items in the consolidated income statement and the item, "Operating change in provisions", reflects use of the provisions previously made.

In accordance with existing contractual obligations, "Provisions for the renewal of motorway infrastructure" reflect the present value of the estimated costs to be incurred over time in 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. Discounting to present value is carried out, if significant, using a discount rate that reflects the current market assessments of the time value of money and risks specific to the asset, which from 2019 are based on the yield on the government securities of the country in which the obligation is to be settled. When the cost of the works is actually incurred, the cost is recognised by nature in individual items in the consolidated income statement and the item, "Operating change in provisions", reflects use of the provisions previously made.

Employee benefits

Short-term employee benefits, provided during the period of employment, are 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. The amount recognised as revenue reflects the consideration to which the Group is entitled in exchange for goods transferred to the customer and services rendered. This revenue is recognised when the performance obligations under the contract have been satisfied.

Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

a) toll revenue is accrued with reference to traffic volumes;
b) 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 the percentage of completion of the work, on the basis of the contract revenue and costs that can be reliably estimated with reference to the stage of completion of the contract, in accordance with the percentage of completion method, as determined by a survey of the works carried out or on a cost-to-cost basis. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue and profit in each reporting period in proportion to the stage of completion.
   In addition to contract payments, contract revenues include variations, price revisions and any additional payments to the extent that their payment is probable and that their amount can be reliably measured. In the event that a loss is expected to be incurred on the completion of a contract, this loss shall be immediately recognised in profit or loss regardless of the stage of completion of the contract.
   Any positive or negative difference between the accrued revenue and any advance payments is recognised in assets or liabilities in the statement of financial position, taking into account any impairment recognised in order to reflect the risks linked to the inability to recover the value of work performed on behalf of customers. When service revenue cannot be reliably determined, it is only recognised to the extent that expenses are considered to be recoverable. This category revenue is classified in "Other operating income";
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.

Provision of the above services also includes construction and/or upgrade services provided to Grantors, in application of IFRIC 12, and relating to concession arrangements to which certain Group companies are party. These revenues represent the consideration for services provided and are measured at fair value, calculated on the basis of the total costs incurred (primarily consisting of the costs of materials and external services, the relevant employee benefits and attributable financial expenses, the latter only in the case of construction and/or upgrade services for which the operator receives additional economic benefits) plus any arm's length profits realised on construction services provided by Group entities (insofar as they represent the fair value of the services). The double entry of revenue from construction and/or upgrade services is represented by a financial asset (concession rights and/or government grants) or an intangible asset deriving from concession rights.

Government grants

Government grants are accounted for at fair value when: (i) the related amount can be reliably determined and there is reasonable certainty that (ii) they will be received and that (iii) the conditions attaching to them will be satisfied.

Grants related to income are accounted for in the income statement for the accounting period in which they accrue, in line with the corresponding costs.

Grants received for investment in motorways and airports are accounted for as construction service revenue, as explained in the note on "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.

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) 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) a deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or from investments in subsidiaries, associates or joint ventures, when the Parent Company is able to control the timing of the reversal of temporary differences and it is probable that they will not be reversed in the foreseeable future.

Deferred taxes are calculated on the basis of the tax rate expected to be in effect at the time the related temporary differences will reverse, taking into account any legislation enacted by the end of the reporting period. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer considered probable that there will be sufficient future taxable profits against which the asset can be fully or partially utilised.

Current and deferred tax assets and liabilities are recognised in profit or loss, with the exception of those relating to items recognised directly in equity, and for which the related taxation is also recognised in equity.
The Parent Company, Atlantia SpA, has again operated a tax consolidation agreement 2019, in which certain Italian-registered subsidiaries participate.

Share-based payments

The cost of services provided by directors and/or employees remunerated through share-based incentive plans, and settled through the award of financial instruments, is based on the fair value of the rights at the grant date. Fair value is computed using actuarial assumptions and with reference to all characteristics, at the grant date (vesting period, any consideration due and conditions of exercise, etc.), of the rights and the plan's underlying securities. The obligation is determined by independent actuaries. The cost of these plans is recognised in profit or loss, with a contra-entry in equity, over the vesting period, based on a best estimate of the number of options that will vest.
The cost of any services provided by Directors and/or employees and remunerated through share-based payments, but settled in cash, is instead measured at the fair value of the liability assumed and recognised in profit or loss, with a contra entry in liabilities, over the vesting period, based on a best estimate of the number of options that will vest. Fair value is remeasured at the end of each reporting period until such time as the liability is settled, with any changes recognised in profit or loss.

Impairment of assets and reversals

At the end of the reporting period, the Group tests property, plant and equipment, intangible assets, financial assets and investments (other than those measured at fair value) for impairment. If there are indications that these assets have been impaired, the value of such assets is estimated in order to verify the recoverability of the carrying amounts and eventually measure the amount of the impairment loss.
Irrespective of whether there is an indication of impairment, intangible assets with indefinite lives (e.g. goodwill, trademarks, etc.) 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 or group of CGUs to which a particular asset belongs or has been allocated, as is the case of goodwill, is estimated.
This entails estimating the recoverable amount of the asset (represented by the higher of the asset's fair value less costs to sell and its value in use) and comparing it with the carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. In calculating value in use, expected future pre-tax cash 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

in the statement of financial position is tested and any reversal of the impairment loss through profit or loss determined. The reversal may under no circumstances exceed the amount of the impairment loss previously recognised. Impairments of goodwill 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 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 entity is prepared using the functional currency of the economy in which the entity 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.

Activities in hyperinflationary economies

As required by IAS 29, the Group assesses whether or not any of the functional currencies used by subsidiaries are the currencies of a hyperinflationary economy.

For this purpose, the group examines the nature of the economic environment of the country in which the entity operates, with reference to the presence of one or more of the following key features:

a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency, in order to maintain purchasing power;
b) prices, wages and interest rates are linked to a price index, or are expressed (or the related transactions are conducted in) a relatively stable foreign currency;

c) the cumulative inflation rate over three years is approaching, or exceeds, 100%.

If the assessment concludes that the entity operates in a hyperinflationary economy, the non-monetary assets and liabilities (as defined by IAS 29, essentially represented by non-current assets and liabilities not linked by contract to price movements) expressed in the related functional currency are restated on the basis of the general level of inflation in the country and the impact of this restatement recognised in profit or loss. Monetary assets and liabilities should continue to be recognised at their historical cost.
Following the restatement, the reporting packages of the related entities are converted into euros applying the method described in the section, "Translation of foreign currency items", in these notes.

Earnings per share

Basic earnings per share is computed by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the accounting period.
Diluted earnings per share is computed by dividing profit attributable to owners of the parent by the above weighted average, also taking into account the effects deriving from the subscription, exercise or conversion of all potential shares that may be issued as a result of the exercise of any outstanding rights.

New accounting standard adopted from 1 January 2019: IFRS 16 – Leases

The new standard (which replaced IAS 17, IFRIC 4, SIC 15 and SIC27) provides a different definition of lease and introduces a criterion based on control of the asset, to distinguish a lease agreement from a service contract, indicating as discriminating factors the identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to direct the use of the asset underlying the contract.
The new financial reporting standard removes the distinction between operating and finance leases for the lessee. In fact, IFRS 16 requires the lessee to recognise a right-of-use asset in the statement of financial position at lease commencement (i.e. in the same item where the corresponding assets would be recognised if they were owned), to be depreciated over the term of the right-of-use. At lease commencement, the lessor also recognises, as a contra-entry to the above right-of-use, a liability arising from the contract, for an amount equal to the present value of the minimum lease payments due.
IFRS 16 clarifies that, within the context of the lease contract, a lessee must separate the components related to the lease (which are accounted for as per IFRS 16) from those related to other services, which are accounted for in accordance with other IFRS.
The lessee may elect not to apply the new standard lease contracts of up to 12 months and those concerning low-value assets, considering that they have little significance.
Regarding the lessor, instead, the distinction between finance lease and operating lease continues to apply, depending on the characteristics of the contract, as per IAS 17. Consequently, the lessor will recognise a financial receivable (if a finance lease) or a tangible asset (if an operating lease).

Impact of first-time adoption of IFRS 16

The process of assessing the impact of the new standard on the Group's accounts took place in stages, including one involving the mapping of contracts that might potentially include a lease and the analysis of such contracts to understand the main provisions that would be relevant in relation to the application of IFRS 16. The assessment revealed that the Group does not hold significant assets as a lessee, with the relevant contracts referring mainly to the operating lease of property.

In addition, the Group availed itself of the following practical expedients allowed by the standard on first-time adoption:

a) modified retrospective approach, with recognition in the statement of financial position as of 1 January 2019 of the cumulative effects deriving from the adoption of the standard, without any impact on equity and without any change in the comparative consolidated income statement for 2018;
b) use of the information available at the transition date in determining the lease term, with special emphasis given to the exercise of extension and early termination options;
c) exclusion of the new accounting method for lease contracts of little significance, with a residual term of up to 12 months (starting from 1 January 2019) or for low-value assets, relating essentially to computers, telephones and other electronic devices. For these assets, lease payments will continue to be recognised through profit or loss, based on the duration of the relevant contracts;
d) exclusion of initial direct costs from the measurement of the right as of 1 January 2019;
e) exclusion of the application of the new standard for contracts containing leases of intangible assets.

The right-of-use assets recognised in application of IFRS 16 - Leases are included in "Property, plant and equipment" in the consolidated statement of financial position, with details provided in the respective items in note 7.1.
It should also be noted that the item "Property, plant and equipment held under finance leases", included in the consolidated statement of financial position as at 31 December 2018, is no longer presented and the related amount has been included in the item "Property, plant and equipment", with details provided in note 7.1 with regard to the same items in which the assets recognised in application of IFRS 16 – Leases have been classified.

The following table shows the impact of adoption of IFRS 16 on the Group's financial position as at 1 January 2019.

Reclassified statement of financial position

€M	31 December 2018 (restated)	Impact of adoption of IFRS 16	1 January 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	696	137	833
Intangible assets	62,360	-	62,360
Investments	3,888	-	3,888
Non-current financial assets	4,704	-	4,704
Deferred tax assets	1,616	-	1,616
Other non-current assets	128,481	-	128,481
TOTAL NON-CURRENT ASSETS	73,393	137	73,530
CURRENT ASSETS			
Trading assets	2,387	-	2,387
Cash and cash equivalents	5,032	-	5,032
Current financial assets	996	-	996
Current tax assets	899	-	899
Other current assets	603	-	603
Assets held for sale or related to discontinued operations	1,624	-	1,624
TOTAL CURRENT ASSETS	11,541	-	11,541
TOTAL ASSETS	84,934	137	85,071

Reclassified statement of financial position

€M	31 December 2018 (restated)	Impact of adoption of IFRS 16	1 January 2019
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the parent	8,390	-	8,390
Equity attributable to non-controlling interests	8,477	-	8,477
TOTAL EQUITY	**16,867**	**-**	**16,867**
NON-CURRENT LIABILITIES			
Non-current portion of provisions for construction services required by contract	2,787	-	2,787
Non-current provisions	2,658	-	2,658
Non-current financial liabilities	45,179	116	45,295
Deferred tax liabilities	6,936	-	6,936
Other non-current liabilities	534	-	534
TOTAL NON-CURRENT LIABILITIES	**58,094**	**116**	**58,210**
CURRENT LIABILITIES			
Trading liabilities	2,140	-	2,140
Current portion of provisions for construction services required by contract	428	-	428
Current provisions	1,324	-	1,324
Current financial liabilities	4,071	21	4,092
Current tax liabilities	233	-	233
Other current liabilities	1,239	-	1,239
Liabilities related to discontinued operations	538	-	538
TOTAL CURRENT LIABILITIES	**9,973**	**21**	**9,994**
TOTAL LIABILITIES	**68,067**	**137**	**68,204**
TOTAL EQUITY AND LIABILITIES	**84,934**	**137**	**85,071**

The incremental borrowing rate applied to the financial liabilities resulting from lease agreements recognized in the statement of financial position as at 1 January 2019 is between 0.6% and 6.27%.

With regard to the impact on profit or loss, the recognition of depreciation of right-of-use assets and of the interest expense on the financial liabilities of an amount equal to the present value of the minimum lease payments due, in place of lease expense (operating lease payments under IAS 17), has had the following effects:

a) a positive impact on service costs, totalling €37 million;
b) a negative impact on depreciation of property, plant and equipment, totalling €34 million;
c) a negative impact on financial expenses of €6 million;
d) use of the assessment conducted as at 31 December 2018 applying the rules in IAS 37 in relation to an assessment of whether a lease is an onerous contract, as an alternative to performing an impairment review.

With regard to contracts in which Group companies are the lessor, these leases continue to be classified as operating leases (essentially relating to the sub-concessions for the lease of retail and refreshment areas on motorways operated under concession). The introduction of IFRS 16 has therefore not had any impact in relation to these transactions.

New accounting standards and interpretations, or 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 as at 31 December 2019 and that may in the future be applied in the Group's consolidated financial statements.

Name of document	Effective date of IASB document	Date of EU endorsement
Amendments to existing standards and interpretations		
Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Change in Accounting estimates and Errors	1 January 2020	November 2019
Amendments to IFRS 9, IAS 39 and IFRS 7 relating to "Interest Rate Benchmark Reform"	1 January 2020	January 2020
Amendments to IFRS 3 – Business Combinations	1 January 2020	Not endorsed

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

On 31 October 2018, the IASB published "Definition of Material (Amendments to IAS 1 and IAS 8)", which has introduced an amendment designed to make the definition of "material" used in IAS 1 and IAS 8 more specific. The amendment also introduces the concept of "obscured information", in addition to the concepts of "omitted" and "misstated" information already present in the two amended standards. The amendment clarifies that information is "obscured" if it is provided in such a way as to produce for general users of financial statements an effect similar to that which would be produced if such information had been omitted or misstated.

Amendments to IFRS 9, IAS 39 and IFRS 7 on "Interest Rate Benchmark Reform"

On 26 September 2019, the IASB published the document entitled "Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)", which has amended certain of the requirements for the application of hedge accounting, introducing temporary exemptions to such requirements. This is to mitigate the impact of uncertainty over the reform of IBOR, which is still in progress, on future cash flows, whilst awaiting completion of the process. The amendment was also rendered necessary in response to the report, "Reforming Major Interest Rate Benchmarks", published by the European Financial Stability Board. The report contains recommendations designed to strengthen existing benchmarks and other potential benchmarks based on interbank rates, and develop alternative nearly risk-free benchmarks. The amendment also requires entities to disclose the hedging relationships directly impacted by the uncertainties caused by the reform and to which the above exemptions apply. It also permits entities to continue to meet the requirements of IFRS assuming that the existing interest rate benchmarks are not altered because of the interbank offered rate reform.

Amendments to IFRS 3 – Business Combinations

On 22 October 2018 the IASB published "Definition of a Business (Amendments to IFRS 3)", to amend IFRS 3 in such a way as to clarify the definition of a business.
In particular, the amendment clarifies that an output is not the necessary condition to identify a business in the presence of a set of activities/processes and assets. However, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced "ability to create outputs" with "contribution to the ability to create outputs" to clarify that a business can exist also without all the inputs and processes necessary to create an output.
Moreover, the amendment has introduced an optional concentration test, to determine whether an acquired set of activities and assets is a business. To that end, the amendment added a large number of illustrative examples to IFRS 3, to allow comprehension of the practical application of the new definition of a business in specific cases. The amendments apply to all business combinations and acquisitions occurring after 1 January 2020, but early application is permitted.

The Atlantia Group is assessing the potential impact, which cannot currently be reasonably estimated, of future application of all the newly issued standards and revisions and amendments of existing standards.

4. CONCESSIONS

The Atlantia Group's core business is the operation of motorways and airports under concessions held by Atlantia Group companies. The purpose of the concessions is the construction and operation of motorway and airport infrastructure in Italy and abroad.
Essential information regarding the concessions held by Group companies is set out below.
Further details of events of a regulatory nature, linked to the Atlantia 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 collect 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.

A summary of the changes to the motorway concessions held by the companies included in the "Italian motorways" operating segment, compared with 2018, is provided below:

a) on 15 June 2018, Autostrade per l'Italia submitted a proposal to the Grantor regarding a five-year update of its financial plan, to be formalised via an addendum to the current Agreement and yet to be approved. The company has lodged two administrative appeals, as the Grantor, in a memorandum dated 4 December 2018, failed to approve the plan, claiming that regulatory responsibility has been transferred to the Transport Regulator by Law Decree 109/2018. The Grantor, in a subsequent letter dated 3 January 2020, informed Autostrade per l'Italia that the proposed update of its financial plan, submitted on 15 June 2018, was "not acceptable".
   On 8 April 2020, Autostrade per l'Italia sent the Grantor the update of its financial plan for the period 2020-2024. In a letter dated 21 April 2020, the Grantor provided an initial response to the updated financial plan, requesting certain additional information;
b) the agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna, already signed by Autostrade per l'Italia, the Ministry of Infrastructure and Transport, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and Bologna City Council in April 2016, was discussed and subjected to an in-depth review at the request of the Ministry, resulting in the production of a revised design to be included in an addendum to the agreement of 15 April 2016, signed on 6 November 2019;
c) the legal challenge filed by Autostrade per l'Italia with Piedmont Regional Administrative Court in March 2019, contesting determination 16 issued by the Transport Regulator ("ART") on 18 February 2019, marking the start of consultations on the new tariff regime. The legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes in connection with Autostrade per l'Italia's Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. In Determination 71 of 19 June 2019, ART announced the

conclusion of the process, a determination that was also challenged by Autostrade per l'Italia on additional grounds on 18 September 2019;

d) the process of awarding the concession for the A3 Naples-Pompei-Salerno motorway, in that Council of State judgement 01248/2019 has upheld the judgement handed down by Campania Regional Administrative Court in July 2018 and, thus confirming the disqualification of the company's earlier bid in relation to the tender for the award of the concession for the A3 Naples-Pompei-Salerno motorway. Similarly, the Council of State also confirmed the disqualification of the competing bidder, the SIS Consortium. In the meantime, Autostrade Meridionali is continuing to operate the motorway whilst awaiting the selection of a new operator. Following the new tender procedure launched by the Ministry of Infrastructure and Transport on 9 July 2019 (following which Autostrade Meridionali SpA had submitted its bid in accordance with the content of the letter of invitation), at the public meeting held on 19 December 2019, the Tender Committee announced that the SIS Consortium was the highest ranked bidder and that it had therefore ordered an investigation to identify any irregularities in the bid tendered by the SIS Consortium. Autostrade Meridionali requested access to the documents and the Grantor has announced that access will be granted once the irregularities have been investigated.

The process of revising the financial plans of Raccordo Autostradale Valle d'Aosta, Tangenziale di Naples 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 €10.9 billion already completed as at 31 December 2019 (€10.4 billion as at 31 December 2018). This programme essentially regards the upgrade of existing motorways.

Overseas motorways

The concessions included in the "Overseas motorways" operating segment, 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. On expiry, all the motorway assets covered by the concessions must be returned to the Grantor in a good state of repair. The main changes in 2019 are described below.

Brazil

On 6 February 2019, under addendum n. 23/2019 to the concession arrangement, Triangulo do Sol's concession was extended by 58 days until 14 September 2021, thereby compensating the operator for the imbalance caused in the period between 2013 and 2017 following the decision to increase tolls in line with the general price inflation rate rather than the rate of consumer price inflation provided for in the original concession arrangement.

Chile

At the end of 2019, the Chile's Ministry of Public Works signed an agreement with the principal motorway operators in the Santiago area, including Costanera Norte and Vespucio Sur, regarding elimination of the real increase in tolls and establishment of the related method of compensation.

The Abertis group

Abertis group companies' principal concession arrangements regard the maintenance and operation of sections of motorway operated by the group's operators. At the end of the concession terms, the infrastructure must be returned to the Grantor in a good state of repair. Tolls are indexed to inflation according to specific formulas for each concession. The principal changes in 2019 are described below.

Spain

The Abertis group acquired control of Autopistas Trados-45 in 2019. This company holds the concession, expiring in August 2029, for approximately 15 km of the M-45 orbital motorway serving Madrid.
The concession held by Aumar expired on 31 December 2019. The total of 468 km operated was, therefore, handed back to the Grantor.

France

On 29 November 2019, the operator, Société des Autoroutes du Nord-Est de la France, SA (Sanef), opened a new 8-km section on the A16, including the section between L'Isle-Adam and La Francilienne.

Brazil

The sections of motorway included in the concession held by Autovias (317 km), which expired on 3 July 2019, have been transferred to the concession newly awarded to ViaPaulista, which covers approximately 721 km and expires in November 2047.
The operator, Centrovias, has agreed an addendum to its existing concession arrangement with the Grantor, ARTESP. This regards the settlement of prior regulatory receivables in return for a 9-month extension of the concession term to May 2020.

Chile

The Ministry of Public Works did not exercise the option to pay the regulatory receivable included in the agreements covering the installation of a free-flow tolling system. As a result, Autopista del Sol's concession has been extended by 8 months through to November 2021, in order to compensate for the above receivable.
Similarly, as reported in the section, "Overseas motorways" in the report on operations, at the end of 2019, the Ministry of Public Works signed an agreement with the principal motorway operators in the Santiago area, including Autopista Central, regarding elimination of the real increase in tolls and establishment of the related method of compensation. At the same time, the Ministry agreed to extend Autopista Central's concession until 4 July 2032 to compensate for the company's investment in the Puente Maipo project.

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 Agreement 2820, dated 26 June 1974. The Single Deed regulates, in one 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 (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 €233 million was effectively completed in 2019 on the basis of the regulatory accounts, including €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. Paragraph 4 of art. 20-*bis* of the Planning Agreement states that, on natural expiry of the concession, ADR 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 2019, ADR has a limited number of assets in service 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, prior to its privatisation, 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 and for subsequent periods. 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. Following the Independent Supervisory Authority's failure to endorse the contract agreed by ACA and the Grantor for the 2017-2018 tariff period, the previously endorsed tariffs have remained in effect.
On 14 July 2018, a decree was published by the French Minister of Transport who, within the scope of the Minister's powers, has established the criteria for determining the fees payable in return for the airport services provided by Nice-Côte d'Azur and Cannes-Mandelieu airports (ACA). The decree expressly distinguishes between the scope of regulated and non-regulated activities for the purpose of setting the related fees, introducing a price cap system for the duration of the concession.

On 3 February 2020, the *Ministère de la transition écologique et solidaire* (France's Ministry for the Ecological and Inclusive Transition) issued a new decree replacing the previous *Arrêté* decree issued in July 2018. The new decree confirms the validity of the dual-till approach to ACA's regulation, whilst specifying that "the income generated by non-regulated activities is not to be taken into account in setting aviation fees". In addition, the new decree has also eliminated the provision setting a cap on tariff increases throughout the concession term.
On the basis of this new legislation, the next tariff increase is reasonably expected to take place in the last quarter of 2020, in view of the time needed for consultation with users and for the receipt of approval from the regulator.

The following table shows a list of the motorway and airport concessions held by the Atlantia Group and the expiry dates for the various agreements.

COUNTRY	OPERATOR	KILOMETRES IN SERVICE	EXPIRY DATE
ITALIAN MOTORWAYS			
Italy	Autostrade per l'Italia	2,854.6	Dec 2038
	Autostrade Meridionali	51.6	Dec 2012 (1)
	Raccordo Autostradale Valle d'Aosta	32.3	Dec 2032
	Tangenziale di Napoli	20.2	Dec 2037
	Società Autostrada Tirrenica	54.8	Dec 2046
	Società Italiana per azioni Traforo del Monte Bianco	5.8	Dec 2050
OVERSEAS MOTORWAYS			
Brazil	Triangulo do Sol Auto-Estradas	442.2	Sept 2021
	Rodovias das Colinas	307.0	Jul 2028
	Concessionaria da Rodovia MG050	371.6	Jun 2032
Chile	Sociedad Concesionaria de Los Lagos	134.2	Sept 2023
	Sociedad Concesionaria Litoral Central	80.6	Nov 2031
	Sociedad Concesionaria Vespucio Sur	23.5	Dec 2032
	Sociedad Concesionaria Costanera Norte	43.1	Jun 2033
	Sociedad Concesionaria Autopista Nororiente	21.5	2042 (2)
	Sociedad Concesionaria AMB	10.0	2024 (3)
	Sociedad Concesionaria Conexion Vial Ruta 78 - 68	9.0	2049 (4)
	Sociedad Concesionaria Americo Vespucio Oriente II	5.2	2052 (5)
Poland	Stalexport Autostrada Malopolska	61.0	Mar 2027
ABERTIS GROUP			
Spain	Autopistas Concesionaria Española (Acesa)	478.5	Aug 2021
	Infraestructuras Viàries de Catalunya (Invicat)	66.4	Aug 2021
	Autopistes de Catalunya (Aucat)	47.3	Jan 2039
	Autopistas Aumar S.A. Concesionaria del Estado (Aumar)	467.7	Dec 2019
	Iberbistas (Iberpistas-Castellana)	120.4	Nov 2029
	Autopistas de León (Aulesa)	37.7	Mar 2055
	Autopistas Vasco-Aragonesa (Avasa)	294.4	Nov 2026
	Túnels de Barcelona I Cadí concesionaria de la generalitat de Catalunya (Túnels)	46.4	Dec 2037
	Trados 45	14.4	Aug 2029
France	Société des Autoroutes du Nord-Est de la France, S.A (Sanef)	1,396.0	Dec 2031
	Sociétés des Autoroutes Paris Normandie, S.A. (Sapn)	372.4	Aug 2033
Italy	Autostrade BS VR VI PD SpA	235.6	Dec 2026
Brazil	Autovias S.A.	316.5	Jul 2019
	ViaPaulista S.A.	720.6	Nov 2047 (6)
	Centrovias sistemas rodoviários	218.2	May 2020
	Concesionaria de Rodovias do Interior Paulista (Intervias)	380.3	Jan 2028
	Autopista Fluminense	320.1	Feb 2033
	Autopista Fernão Dias	570.4	Feb 2033
	Autopista Régis Bittencourt	389.8	Feb 2033
	Autoèpista Litoral Sul	405.9	Feb 2033
	Autopista Planalto Sul	412.7	Feb 2033
Chile	Sociedad Concesionaria Autopista Central	62.3	Jul 2032
	Sociedad Concesionaria Rutas del Pacífico	141.4	Mar 2024 (7)
	Sociedad Concesionaria del Elqui	228.7	Dec 2022
	Sociedad Concesionaria Autopista los Libertadores	115.7	Mar 2026
	Sociedad Concesionaria Autopista del Sol	132.6	Nov 2021
	Sociedad Concesionaria Autpista de los Andes	92.3	Jul 2036
Puerto Rico	Autopistas Metropolitanas de Puerto Rico (Metropistas)	87.7	Sept 2061
	Autopistas de Puerto Rico y Compania (APR)	2.3	Feb 2044
Argentina	Grupo Concesionario del Oeste (Gco)	56.0	Dec 2030
	Autopistas del Sol (Ausol)	119.0	Dec 2030
India	Jadcherla Espressways Private Limited (Jepl)	58.0	Aug 2026
	Trichy Tollway Private Limited (Ttpl)	94.0	Dec 2026

COUNTRY	OPERATOR	AIRPORT	EXPIRY DATE
ITALIAN AIRPORTS			
Italy	Aeroporti di Roma	Leonardo da Vinci di "G.B. Pastine" di	Jun 2044
OVERSEAS AIRPORTS			
France	Aéroport de la Côte d'Azur	Aéroport Nice Côte d'Azur	Dec 2044
		Aéroport Cannes	Dec 2044
		Aéroport Golfe Saint-Tropez	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. Information on the process of awarding the new concession by the Ministry of Infrastructure and Transport is provided in note 10.7, "Significant legal and regulatory aspects".

(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) 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 5.0%, reaches the agreed threshold and, in any event, no later than 2063.

(5) 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 5.0%, reaches the agreed threshold and, in any event, no later than 2063.

(6) Includes 317 km operated by Autovias, which expired in July 2019.

(7) 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 6.5%, reaches the agreed threshold.

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 1. A number of companies listed in Annex 1 have not been consolidated due to their quantitative and qualitative immateriality to a true and fair view of the Atlantia 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 Atlantia Group acquires control, as defined above, whilst they are deconsolidated from the date on which the Atlantia 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 Atlantia 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 the assets, liabilities, revenues and costs of subsidiaries, regardless of the Atlantia Group's percentage interest;
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 allocation of the related amounts 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 recognsied 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 Atlantia Group;
e) translation of the reporting packages of consolidated companies in functional currencies other than the euro applying the method prevsiously described in the policy regarding the "Translation of foreign currency items", included in note 3.

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

CURRENCY	2019		2018		
	Spot exchange rate as at 31 December	Average exchange rate	Spot exchange rate as at 31 December	Average exchange rate	Average exchange rate from 1 November to 31 December 2018(1)
Euro/US dollar	1.123	1.120	1.145	1.181	1.138
Euro/Polish zloty	4.257	4.298	4.301	4.262	n/a
Euro/Chilean peso	844.860	786.890	794.370	756.940	773.950
Euro/Brazilian real	4.516	4.413	4.444	4.309	4.355
Euro/Swiss franc	1.085	1.112	1.127	1.155	n/a
Euro/Indian rupee	80.187	78.836	79.730	80.733	81.123
Euro/Argentine peso(2)	67.275	67.275	45.159	n/a	45.159
Euro/Canadian dollar	1.460	1.486	1.561	n/a	1.513
Euro/Colombian peso	3,688.660	3,674.520	3,721.810	n/a	3,643.170
Euro/Hungarian forint	330.530	325.297	320.980	n/a	322.519
Euro/Pound sterling	0.851	0.878	0.895	n/a	0.889
Euro/Croatian kuna	7.440	7.418	7.413	n/a	7.417
Euro/Mexican peso	21.220	21.557	22.492	n/a	22.952

(1) Average exchange rate for the last two months of 2018 alone, taking into account the fact that the Abertis group was consolidated from 1 November 2018.

(2) As required by IAS 21 and IAS 29 in relation to hyperinflationary economies, the spot and average exchange rates used to translate the Argentine peso are the same.

Movements in the index used to rebase the Argentine peso in application of IAS 29 are also shown below:

Index	2019	2018
Consumer price index: *"Índice de precios al consumidor con cobertura nacional"*	53.83%	47.65%

The scope of consolidation as at 31 December 2019 has not undergone significant changes with respect to 31 December 2018. Despite this, the following changes took place:

a) the acquisition by Iberpistas SA of control of Autopista Trados-45 SA (in which Iberpistas SA, a 100% owned subsidiary of Abertis Autopista España SA, already held a 50% interest) in 2019. This was completed via the purchase of a further 1% stake (at a price of €5 million, in return for net cash of €64 million acquired with Autopista Trados-45 SA), and on the basis of existing partnership and governance agreements. In preparing these consolidation financial statements, the transaction has been accounted for using the acquisition method, in accordance with IFRS 3, allocating the effects of the transaction on a provisional basis, as permitted by the standard. For this purpose, whilst awaiting the Group's definition of a long-term, post-acquisition business plan, it was decided to temporarily continue using the IFRS amounts for the assets and liabilities recognised in Autopista Trados-45's financial statements, allocating the entire difference with respect to the purpose cost to goodwill. Line-by-line consolidation of Autopista Trados-45 SA has led to the recognition, as the only assets of significant value, of concession rights deriving from the concession held by the company, consisting of a 15-km section of Spain's M-45 motorway, amounting to €88 million, and of provisional goodwill of €58 million. Considering the immaterial nature of this transaction and the insignificant contribution of this company's operations to the Group's profit or loss or financial position, the full disclosure provided for in IFRS 3 has not been presented;

b) the sale, on 3 October 2019, of Abertis Infraestructuras's 89.7% stake in Hispasat SA to Red Eléctrica for a price of €933 million, resulting in the deconsolidation of this company and its subsidiaries. The net assets of the Hispasat group had already been classified as held for sale pursuant to IFRS 5 as at 31 December 2018.

In addition, the merger of Abertis Participaciones with and into Abertis Infraestructuras was completed on 15 March 2019, as provide for in the agreements entered to by Atlantia, ACS and Hochtief in 2018 in relation to the acquisition of Abertis Infraestructuras. This transaction has, however, not had any impact on the consolidated financial statements.

6. ACQUISITIONS AND CORPORATE ACTIONS DURING THE PERIOD

6.1 Completion of the process of accounting for the acquisition of control of Abertis Infraestructuras SA

The process of identification and fair value measurement of the assets acquired and liabilities assumed following the acquisition of control of Abertis Infraestructuras SA, on 29 October 2018, has been completed. The acquired company is the parent company of a group engaged in the operation of motorway concessions in Europe, the Americas and India.

The transaction is described in full in note 6.2 to the consolidated financial statements as at and for the year ended 31 December 2018, to which reference should be made. The transaction was completed though the establishment of a Spanish-registered special purpose entity, Abertis HoldCo SA (controlled by Atlantia as a result of both its holding of 50% plus one share and under existing agreements with the minority shareholders, ACS and Hochtief), which in turn established the Spanish-registered wholly owned subsidiary, Abertis Participaciones SA (later merged with and into Abertis Infraestructuras SA under a reverse merger transaction with effect from 1 January 2019), which at the end of October 2018 acquired 98.7% of the shares issued by Abertis Infraestructuras SA.

The transaction has been accounted for using the acquisition method, in accordance with IFRS 3.

Following the transaction and the acquisition of 23.86% of Hochtief (as described in the consolidated financial statements as at and for the year ended 31 December 2018, to which reference should be made for further details), at the acquisition date, Atlantia's interest in Abertis Infraestructuras SA, held through the two special purpose entities under its control and the shareholding in Hochtief, was 54.06%.

However, as permitted by IFRS 3, a policy election has been made under IAS 8 which, in consolidating Abertis (and attributing the value of the interests held by Abertis's non-controlling shareholders), takes into account solely the 49.39% equity interest held directly by Atlantia in Abertis through the wholly-owned special purpose entities consolidated on a line-by-line basis.

The table below shows the carrying amounts of the assets acquired and liabilities assumed and final recognition of the fair value of the identifiable net assets.

€M	Carrying amount	Elimination of pre-existing goodwill and fair value adjustments	Fair value
Net assets acquired:			
Property, plant and equipment	394		394
Goodwill	4,386	-4,386	-
Other intangible assets	14,440	13,923	28,363
Investments	300	292	592
Other assets	334		334
Trading assets	586		586
Current tax asets	762		762
Financial assets	2,628	166	2,794
Cash and cash equivalents	2,436		2,436
Assets held for sale and discontinued operations	1,718	-74	1,644
Provisions	-1,585		-1,585
Net deferred tax liabilities	-757	-3,740	-4,497
Trading liabilities	-393		-393
Other liabilities	-951		-951
Current tax liabilities	-188		-188
Financial liabilities	-17,565	-1,146	-18,711
Liabilities related to discontinued operations	-559		-559
Total net assets acquired	**5,986**	**5,035**	**11,021**
Equity attributable to non-controlling interests			2,370
Total net assets acquired by the Group			**8,651**
Goodwill			7,869
Total consideration			**16,520**
Cash and cash equivalents acquired			-2,436
Net effective cash outflow for the acquisition			**14,084**

Completion of the measurement process has resulted in net fair value adjustments of the net assets acquired amounting to €5,035 million, reflecting:

a) recognition of a higher value for the Abertis group's intangible assets, estimated at €13,923 million (including €13,824 million deriving from concession rights);

b) the derecognition of goodwill previously recognised in Abertis's consolidated financial statements at the time of the Group's acquisition, amounting to €4,520 million, of which €4,386 million classified in "Goodwill" and €134 million in "Assets held for sale and discontinued operations";

c) a fair value adjustment to financial liabilities, resulting in an increase in such liabilities of €1,146 million;

d) the fair value of financial assets, of investments in associates and joint ventures and net assets held for sale, totalling €518 million, of which €60 million recognized in "Assets held for sale and discontinued operations";

e) net deferred tax liabilities on the adjustments referred in points a), c) and d), totalling €3,740 million.

Net of the share of the fair value of identifiable net assets attributable to non-controlling shareholders, totalling €2,370 million, the fair value of the net assets acquired by the Group amounts to €8,651 million, compared with a purchase price of €16,520 million. This has resulted in the recognition of goodwill (thus recognised solely on the basis of the share attributable to the Group) of €7,869 million, attributed to Abertis and the group of CGUs it controls. This goodwill indistinctly represents the Abertis group's ability to generate or acquire additional business in the operation of infrastructure under concession and in the related services (including business beyond its activities or geographical footprint at the acquisition date).

As required by IFRS 3, the above amounts have been retrospectively reflected at the acquisition date, with the resulting changes and additions to amounts previously included on a provisional basis in the consolidated financial statements as at and for the year ended 31 December 2018.

The above goodwill is lower than the amount provisionally recognised in consolidated financial statements as at and for the year ended 31 December 2018 (€16,774 million), which had already been tested for impairment at that date, as required by IAS 36. The test confirmed that the related carrying amount was fully recoverable, as described in note 7.2 to the consolidated financial statements as at and for the year ended 31 December 2018.

7. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following notes provide information on items in the consolidated statement of financial position as at 31 December 2019. Comparative amounts as at 31 December 2018 are shown in brackets. Amounts in the statement of financial position as at 31 December 2018 have been restated, as described in note 6, following completion of the process of identification and measurement of the fair value of the assets and liabilities of the Abertis group.
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 €820 million (€696 million)

As at December 2019, property, plant and equipment amounts to €820 million, compared with a carrying amount of €696 million as at 31 December 2018. 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.

€M	31 December 2019			31 December 2018		
	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT
Property, plant and equipment	2,933	-2,114	819	2,650	-1,955	695
Investment property	11	-10	1	7	-6	1
Total property, plant and equipment	**2,944**	**-2,124**	**820**	**2,657**	**-1,961**	**696**

The increase in the carrying amount with respect to 31 December 2018, amounting to €124 million, primarily reflects first-time adoption of IFRS 16, which has involved the recognition of right-of-use assets and matching financial liabilities, in relation to lease contracts in which the Group is the lessee, as described in note 3.
The following table shows changes during the period.

€M		CHANGES DURING THE YEAR					
	CARRYING AMOUNT AS AT 31 DECEMBER 2018	FIRST-TIME ADOPTION OF IFRS 16	ADDITIONS	DEPRECIATION	NET CURRENCY TRANSLATION DIFFERENCES	RECLASSIFICATIONS AND OTHER ADJUSTMENTS	CARRYING AMOUNT AS AT 31 DECEMBER 2019
Property, plant and equipment							
Land	24	-	14	-	-	-8	30
Leased land	-	-	2	-	-	3	5
Buildings	72	-	6	-5	-1	-16	56
Leased buildings	-	108	5	-13	-	15	115
Plant and machinery	132	-	20	-46	-	-	106
Leased plant and machinery	-	23	14	-10	-	2	29
Industrial and business equipment	122	-	15	-40	-	4	101
Other assets	308	-	73	-75	-	1	307
Other leased assets	2	6	18	-11	-	-1	14
Property, plant and equipment under construction and advance payments	35	-	40	-	-	-19	56
Total	**695**	**137**	**207**	**-200**	**-1**	**-19**	**819**
Investment property							
Buildings	1	-	-	-	-	-	1
Total	**1**	-	-	-	-	-	**1**
Total property, plant and equipment	**696**	**137**	**207**	**-200**	**-1**	**-19**	**820**

"Investment property" of €1 million di euro as at 31 December 2019, refers to land and buildings not used in operations and is stated at cost. The total fair value of these assets is estimated to be €7 million, based on independent appraisals and information on property markets relevant to these types of investment property.
There were no significant changes in the expected useful lives of these assets during 2019.
As at 31 December 2019, property, plant and equipment is subject to encumbrances in the form of mortgages, liens and other collateral guarantees, amounting to €63 million and essentially attributable to the Abertis group, above all Autopistas Metropolitanas De Puerto Rico (€49 million) and A4 Holding (€13 million).

7.2 Intangible assets
€59,472 million (€62,360 million)

The item consists of:
a) intangible assets deriving from concession rights, totalling €46,500 million (€49,380 million as at 31 December 2018), and regarding the following main categories:

1) rights acquired from third parties (€31,690 million), essentially reflecting the fair value of the concession rights resulting from the acquisitions completed by the Atlantia Group over time;
2) rights recognised as a result of the commitment to perform construction services for which no additional economic benefits are received (€7,550 million);
3) rights deriving from construction services for which additional economic benefits are received (€7,153 million);
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 million);

b) goodwill and other intangible assets with indefinite lives, totalling €12,426 million, which includes the goodwill resulting from completion of the identification and measurement of the fair value of the acquired net assets of the Abertis group, amounting to €7,869 million;
c) other intangible assets of €546 million, primarily consisting of contractual rights attributable to Aeroporti di Roma, recognised at the time of acquiring control of the company.

€M	31 December 2019				31 December 2018			
	COST	ACCUMULATED AMORTISATION	ACCUMULATED IMPAIRMENTS	CARRYING AMOUNT	COST	ACCUMULATED AMORTISATION	ACCUMULATED IMPAIRMENTS	CARRYING AMOUNT
Intangible assets deriving from concession rights	78,177	-31,498	-179	46,500	77,523	-27,964	-179	49,380
Goodwill and other intangible assets with indefinite lives	12,481	-	-55	12,426	12,423	-	-5	12,418
Other intangible assets	1,483	-929	-8	546	1,384	-816	-6	562
Intangible assets	**92,141**	**-32,427**	**-242**	**59,472**	**91,330**	**-28,780**	**-190**	**62,360**

During 2019 Intangible assets recorded a net decrease of €2,888 million, primarily due to a combination of the following:
a) amortisation for the year of €3,707 million, primarily attributable to rights acquired from third parties;
b) the negative impact of currency translation differences, amounting to €399 million, primarily due to a significant decline in the value of the Brazilian real and Chilean peso against the euro;

c) the impairment loss on goodwill allocated to the Aéroports de la Côte d'Azur CGU, amounting to €50 million, following the impairment test conducted, as described in detail below;
d) investment of €1,011 million, primarily relating to concession rights deriving from construction services for which additional economic benefits are received (€903 million);
e) the change in the scope of consolidation due to the consolidation of Autopistas Trados-45, amounting to €146 million and following the acquisition of control of this company in 2019, as described in note 5 above;
f) an increase of €93 million in intangible assets deriving from concession rights due to construction services for which no additional benefits are received, with a matching increase in provisions for construction services required by contract as a result of an updated estimate of the present value of construction services to be provided in the future.

The following table shows intangible assets at the beginning and end of the period and changes during 2019 in the different categories of intangible asset.

€M	CARRYING AMOUNT AS AT 31 DECEMBER 2018	CHANGES DURING THE YEAR							CARRYING AMOUNT AS AT 31 DECEMBER 2019
		ADDITIONS DUE TO COMPLETION OF CONSTRUCTION SERVICES, ACQUISITIONS AND CAPITALISATIONS	AMORTISATION	IMPAIRMENTS	CHANGES DUE TO REVISED PRESENT VALUE OF CONTRACTUAL OBLIGATIONS	NET CURRENCY TRANSLATION DIFFERENCES	RECLASSIFICATIONS AND OTHER ADJUSTMENTS	CHANGE IN SCOPE OF CONSOLIDATION	
Intangible assets deriving from concession rights									
Acquired concession rights	34,706	-	-2,751	-	-	-357	4	88	31,690
Concession rights accruing from construction services for which no additional economic benefits are received	7,860	-	-423	-	93	3	17	-	7,550
Concession rights accruing from construction services for which additional economic benefits are received	6,705	903	-405	-	-	-46	-4	-	7,153
Concession rights accruing from construction services provided by sub-operators	109	-	-6	-	-	-	4	-	107
Total	**49,380**	**903**	**-3,585**	**-**	**93**	**-400**	**21**	**88**	**46,500**
Goodwill and other intangible assets with indefinite lives									
Goodwill and other intangible assets with indefinite lives	12,418	-	-	-50	-	-	-	58	12,426
Total	**12,418**	**-**	**-**	**-50**	**-**	**-**	**-**	**58**	**12,426**
Other intangible assets									
Commercial contractual relations	230	-	-32	-	-	-	-	-	198
Development costs	32	48	-37	-	-	-	3	-	46
Industrial patents and intellectual property rights	18	11	-14	-	-	-	-	-	15
Concessions and licenses	57	23	-19	-	-	-	2	-	63
Other leased intangible assets	-	2	-1	-	-	-	-	-	1
Other	173	6	-19	-	-	-1	-	-	159
Intangible assets under development and advances	52	18	-	-	-	2	-8	-	64
Total	**562**	**108**	**-122**	**-**	**-**	**1**	**-3**	**-**	**546**
Intangible assets	**62,360**	**1,011**	**-3,707**	**-50**	**93**	**-399**	**18**	**146**	**59,472**

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

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.

€M	NOTE	2019	2018	INCREASE/ (DECREASE)
Use of provisions for construction services required by contract for which no additional economic benefits are received	7.13 / 8.10	423	367	56
Use of provisions for renewal of assets held under concession	7.14	71	76	-5
Increase in intangible concession rights accruing from completed construction services for which additional economic benefits are received	8.3	903	486	417
Increase in financial assets deriving from motorway construction services	7.4 / 8.3	82	33	49
Investment in assets held under concession		**1,479**	**962**	**517**

Research and development expenditure of approximately €3 million has been recognised in the consolidated income statement for 2019. These activities are carried out in order to improve infrastructure, the services offered, safety levels and environmental protection and in relation to the internal development of software and IT systems.

"Goodwill and other intangible assets with indefinite lives", totalling €12,426 million, essentially consist of:

a) €7,869 million in goodwill recognised following the acquisition of control of the Abertis group, representing the difference between the purchase cost and the carrying amount of the net assets acquired, as described in note 6. This goodwill has not been allocated to the CGUs controlled by the Abertis group, as it represents the group's collective ability to generate or acquire additional business in the operation of infrastructure under concession and in the related services (including business beyond its activities or geographical footprint at the acquisition date);
b) the goodwill allocated to the CGU represented by Autostrade per l'Italia, amounting to €4,383 million, 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 1;
c) €116 million in goodwill recognised following the acquisition of control of ACA and its subsidiaries in 2016;
d) €58 million in goodwill resulting from the acquisition of control of Autopistas Trados-45 in 2019, as described in note 5 above.

With regard to the recoverability of these intangible assets, as required by IAS 36, the carrying amounts of the net invested capital of the following CGUs as at 31 December 2019 have been tested for impairment:
a) those to which goodwill has been allocated (as above) or that include other intangible assets with indefinite lives (such as the Aéroport Golfe de Saint-Tropez CGU), or
b) those for which there are indications that an impairment loss may have occurred.

It should be noted that, in view of the timing of the World health Organisation's announcement of the Covid-19 pandemic, this was considered a subsequent event (covered in note 10.8) of a "non-adjusting" type and, as such, not classifiable as an indicator of impairment at the end of 2019. Accordingly, the financial forecasts and discount rates used in the impairment tests are based on the existing conditions and information as at 31 December 2019. The sensitivity analyses described below can also include useful elements for assessing the potential impact of this health emergency.

There was no evidence of potential reversals of impairment losses on CGUs recognised in previous years.

In terms of the methodology used in impairment testing, 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.
The impairment tests were conducted on the basis of the method required by IAS 36 and examined by the Board of Directors. The assumptions used as the basis for the quantification of cash flows and discount rate were primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

The following should be noted with regard to impairment tests of the CGUs to which goodwill has been allocated or that include other intangible assets with indefinite lives:
a) in the case of the operators Autostrade per l'Italia and Aéroports de la Côte d'Azur ("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 (through to 2038 and 2044, respectively). 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 agreements;

b) in the case of Abertis group and 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.

In the case of Autostrade per l'Italia, as indicated in note 2 and above all with regard to the reasonable likelihood of reaching agreement with the Government as a result of the talks currently in progress, operating cash flows resulting from the long-term business plan, accordingly prepared by the company, were discounted to present value at a rate of 6.02%.
The impairment tests confirmed that the net assets accounted for in the financial statements and allocated to the above CGUs are fully recoverable, including the related goodwill.
In addition to the above impairment tests, sensitivity analyses were conducted on the recoverable values, increasing the indicated discount rates by 1%, and reducing the average annual rate of traffic growth by 1%. This did not, in any event, result in material differences with respect to the outcomes of the impairment test described above.

In terms of Aéroports de la Côte d'Azur, operating cash flows resulting from the long-term business plan prepared by the company were discounted to present value at a rate of 4.41%. The impairment test has indicated that the value of goodwill allocated to this CGU is partially recoverable, resulting in recognition of an impairment loss of €50 million in the item "(Impairment losses)/ Reversals of impairment losses" in the income statement for the year.
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 indicated:

a) potential impairment losses of €116 million on goodwill and of €86 million on intangible assets deriving from concession rights in the event of a 1% increase in the discount rate;
b) a potential impairment loss of €62 million on goodwill in the event of a 1% reduction in the average annual rate of air traffic growth.

In the case of Aéroport Golfe de Saint-Tropez, operating cash flows resulting from the first five years of the long-term business plan prepared by the company were discounted to present value at a rate of 5.76%. The terminal value was determined 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"). In line with expected inflation, the impairment test confirmed that the net assets accounted for in the financial statements and allocated to the above CGU are fully recoverable.
In addition to the above impairment test, sensitivity analyses were also conducted on the recoverable values of the Aéroport Golfe de Saint-Tropez CGU, increasing the indicated discount rates by 1%, and reducing the average annual rate of traffic growth by 1%.
The results of these analyses indicated:

a) potential impairment losses of €1 million on the net assets recognised in the event of a 1% increase in the discount rate;
b) full recoverability of the net assets recognised in the event of a 1% reduction in the average annual rate of air traffic growth.

As regards impairment testing of the goodwill allocated to the Abertis group CGU, explicitly projected cash flows for the first five years of the long-term business plan were discounted at a rate of 5.78%, determined on the basis of weighted discount rates for the individual countries in which the group operates, based on estimated EBITDA for each country in the fifth year of the forecast. 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 long-term growth rate (the so-called "g rate") in line with the average expected rate of inflation and an average discount rate of 7.78%. This discount rate prudently takes into account potential uncertainties linked to the group's ability to maintain this level of normalised operating cash flow over the long term.
The impairment test confirmed that the net assets accounted for in the financial statements and allocated to the above CGU are fully recoverable, including the related goodwill.
The sensitivity analyses applied to the recoverable value, determined by increasing the indicated discount rates by 1% and reducing the long-term growth rate by 1%, did not, in any event, result in material differences with respect to the outcomes of the impairment test described above.

With regard to CGUs where there is evidence of potential impairment losses, the recoverable value of the carrying amount of net invested capital of Pavimental, Spea Engineering and Autostrade Meridionali has been tested.

In carrying out the impairment test for Pavimental and Spea Engineering, which essentially provides support services to the Atlantia Group's operators (in connection with their construction and maintenance activities), it was deemed appropriate to estimate value in use on the basis of the same time-frame used in the long-term plans of the companies to which it provides its services, being 2044, without estimating terminal value. The estimated cash flows in the subsidiaries' long-term plans, after taxation, were discounted at a rate of 6.02%. The results of the test confirmed the recoverability of the CGU's net assets.

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 selection of a new operator. On 3 February 2020, the MIT announced that the SIS Consortium had been provisionally awarded the concession to operate and maintain the A3 Naples – Pompei – Salerno motorway. Further information on Autostrade Meridionali's request for this decision to be set aside and for injunctive relief is provided in note 10.7.
A new operator will be required (i) to pay the company a takeover right equal to the unamortised carrying amount of the capital expenditure carried out in the final years of the concession arrangement, and (ii) to 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, recoverability of the takeover right is dealt with in note 7.4.

7.3 Investments
€3,662 million (€3,888 million)

As at 31 December 2019, this item is down €226 million, primarily due to a combination of the following:

a) a reduction of €141 million resulting from the measurement of investments, essentially due to recognition in other comprehensive income of fair value losses on hedges entered into by Getlink (€41 million) and A'lienor (€20 million), resulting from the measurement of these investments using the equity method, and €67 million resulting from fair value measurement of the investment in Hochtief;
b) a reduction of €64 million, following the acquisition of control of Autopistas Trados-45 in 2019, after this company was accounted for using the equity method until 31 December 2018 in that it was classified as a joint venture;
c) a reduction in the carrying amount of the investments following the collection of dividends in 2019, amounting to €46 million;
d) recognition in the income statement of the Group's share of the results of investees accounted for using the equity method, amounting to a profit of €21 million, primarily attributable to Getlink.

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 the year.

€M	31 December 2018	CHANGES DURING THE YEAR					31 December 2019
				MEASURMENT USING EQUITY METHOD			
	OPENING BALANCE	ACQUISITIONS AND CAPITAL INJECTIONS	DIVIDENDS	PROFIT OR LOSS	OTHER COMPREHENSIVE INCOME	CHANGE IN SCOPE OF CONSOLIDATION AND RECLASSIFICATIONS	CLOSING BALANCE
Investments accounted for using the equity method in:							
- associates and unconsolidated subsidiaries	1,647	3	-45	21	-74	60	1,612
- joint ventures	71	-	-1	-	-	-64	6
Investments accounted for at fair value	2,170	1	-	-	-67	-60	2,044
Investments	**3,888**	**4**	**-46**	**21**	**-141**	**-64**	**3,662**

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 2019 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 the Atlantia Group's accounting policies. The process of accounting for acquired investments using the equity method also takes into account the gains allocated in application of IFRS 3.

The fair value measurement of the investment in Hochtief (amounting to €1,916 million as at 31 December 2019) was based on the closing price of the shares on the Frankfurt Stock Exchange on 30 December 2019.
At the date of preparation of this document, the preliminary estimate of the fair value of the investment (not considering the transactions entered into to hedge share price risk described in note 9.2), compared with 31 December 2019, reflects a fall in the investee's share price.

With regard to the additional disclosures required by IFRS 12, the following table shows key financial indicators for the Atlantia Group's individually material investments as at 31 December 2019.

€M	Getlink	Aeroporto Guglielmo Marconi di Bologna	A'lienor
Non-current assets	15,523	588	1,519
of which gain allocated in accordance with IFRS3	*8,176*	*370*	*443*
Current assets	685	51	45
Non-current liabilities	9,542	31	947
of which gain allocated in accordance with IFRS3	*3,486*	*-*	*-*
Current liabilities	337	60	19
Equity	**6,330**	**548**	**598**
of which gain allocated in accordance with IFRS3	*4,691*	*370*	*443*
Revenue	1,085	125	67
EBITDA (*)	560	45	14
Profit/(Loss) for the year (reported)	159	21	10
Profit/(Loss) for the year adjusted in accordance with IFRS 3 (**)	139	9	-
Other comprehensive income/(loss)	-342	-	-58
Total comprehensive income/(loss)	**-203**	**9**	**-58**
% interest	**15.49%**	**29.38%**	**35.00%**
Atlantia's share of profit	22	3	-
Atlantia's share of comprehensive income/(loss)	-31	3	-20
Carrying amount	**980**	**161**	**209**
Dividends received	31	5	-

(*) EBITDA is not a measure of performance defined in the IFRS adopted by the European Union. It is calculated by deducting operating costs, with the exception of amortisation, depreciation, impairment losses and reversals of impairment losses, provisions for the renewal of assets held under concession and other adjustments, from operating revenue.

(**) "Profit/(Loss) for the year adjusted in accordance with IFRS 3" reflects the release to profit or loss, after the related taxation, of the increased amounts recognised as a result of the PPA in accordance with IFRS 3.

As at 31 December 2019, the Atlantia Group does not hold individually material in joint ventures.

As required by IAS 36, the carrying amount of the investment in Aeroporto Guglielmo Marconi di Bologna as at 31 December 2019 was tested for impairment, in response to indicators of a potential impairment.
The impairment test was conducted using the Dividend Discount Model, based on the related long-term plans and applying a discount rate of 5.38% to the estimated dividends expected to be received from this investee.
The impairment test confirmed that the carrying amounts of the investments in the above company are fully recoverable.

Further information on the impact of Covid-19 is provided in note 7.2.

The investment in Rodovias do Tieté was not tested for impairment, despite the presence of indicators, as the carrying amount, calculated using the equity method, had been written off as at 31 December 2018.

There was no evidence of potential reversals of impairment losses on investments recognised in previous years.

Annex 1 provides a list of the Group's investments as at 31 December 2019, as required by CONSOB Ruling DEM/6064293 of 28 July 2006.

7.4 Financial assets
(non-current) / €4,784 million (€4,704 million)
(current) / €1,308 million (€996 million)

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.

€M	31 December 2019			31 December 2018		
	CARRYING AMOUNT	CURRENT PORTION	NON-CURRENT PORTION	CARRYING AMOUNT	CURRENT PORTION	NON-CURRENT PORTION
Takeover rights	409	410	-	408	408	-
Guaranteed minimum tolls	649	93	556	648	72	576
Other concession rights	2,510	56	2,453	2,471	56	2,415
Financial assets deriving from concession rights (1)	**3,568**	**559**	**3,009**	**3,527**	**536**	**2,991**
Financial assets deriving from government grants related to construction services (1)	**277**	**63**	**214**	**356**	**74**	**282**
Term deposits (2)	**754**	**433**	**321**	**595**	**245**	**350**
Derivative assets (3)	375	130	245	247	103	144
Other medium/long-term financial assets (1)	1,001	6	995	943	6	937
Other medium/long-term financial assets	**1,376**	**136**	**1,240**	**1,190**	**109**	**1,081**
Current derivative assets (3)	-	-	-	**2**	**2**	-
Other current financial assets (1)	**117**	**117**	-	**30**	**30**	-
Financial assets	**6,092**	**1,308**	**4,784**	**5,700**	**996**	**4,704**

(1) These assets include financial instruments primarily classified as "financial assets measured at amortised cost" in accordance with IFRS 9.
(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 2019 in financial assets deriving from concession rights:

€M	31 December 2018							31 December 2019
	CARRYING AMOUNT	ADDITIONS DUE TO REVISED PRESENT VALUE	ADDITIONS DUE TO COMPLETION OF CONSTRUCTION SERVICES	REDUCTIONS DUE TO AMOUNTS COLLECTED	CURRENCY TRANSLATION DIFFERENCES	IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS	RECLASSIFICATIONS AND OTHER CHANGES	CARRYING AMOUNT
Takeover rights	408	-	-	-	-		1	409
Guaranteed minimum tolls	648	53	-	-124	-20		92	649
Other concession rights	2,471	198	92	-68	-33	-105	-45	2,510
Financial assets deriving from concession rights	**3,527**	**251**	**92**	**-192**	**-53**	**-105**	**48**	**3,568**

Financial assets deriving from concession rights of €3,568 million, include:

a) the Abertis group's operators, totalling €2,154 million, as a result of accrued receivables due from the various grantors:
   1) as a return on capital expenditure (€2,036 million), above all regarding the Spanish operator, Acesa, on the basis of Royal Decree 457/2006, amounting to €851 million (this amount does not include disputed receivables relating to compensation due to Acesa, as described in greater detail in note 10.7), and the Spanish operators, Invicat, Aucat and Castellana, amounting to €400 million, €293 million and €179 million, respectively;
   2) guarantees of a minimum level of toll revenue, amounting to €118 million (relating solely to the Chilean companies, Elqui and Autopista Los Libertadores);
b) 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 Atlantia Group's Chilean operators (€531 million);
c) other financial assets deriving from concession rights (€474 million), 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");
d) the takeover right attributable to Autostrade Meridionali (€409 million), 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. Further information is provided below in this note.

Financial assets deriving from concession rights are up €41 million compared with 31 December 2018, primarily due to interest accruing in 2019 on receivables due to operators from the various grantors, partially offset by amounts collected during the year.
Other medium/long-term financial assets are up €186 million compared with 31 December 2018, essentially following the recognition of fair value gains on the derivative financial instrument called a "funded collar" entered into by Atlantia with Goldman Sachs International, in March 2019, to mitigate the exposure to the risk deriving from movements in the market price Hochtief's shares (€170 million).

Other medium/long-term financial assets also include the amount due to the subsidiary, AB Concessões from Infra Bertin Empreendimentos (a subsidiary of the Bertin group and a shareholder of AB Concessões), which controls SPMAR, totalling €573 million (and that earns interest at the CDI rate plus a spread of 2.64%), in addition to a number of seizures of amounts deposited in the bank accounts of AB Concessões and its subsidiaries under injunctions ordered by Brazilian courts in relation to labour disputes between the Bertin group and its employees.

The recoverability of financial assets was tested in accordance with the procedures contained in IFRS 9 in the event of a significant increase in credit risk following initial recognition. This related to the following assets:

a) Autostrade Meridionali's takeover right, being the amount payable to the company by an incoming operator (as indicated in note 10.7 in relation to CIPE Resolution 38/2019);
b) the financial assets deriving from concession rights of the Argentine companies, GCO and Ausol (in which Atlantia holds interests of 20.0% and 15.6%, respectively);

c) the amount due to AB Concessões from Infra Bertin Empreendimentos (a subsidiary of the Bertin group and a shareholder of AB Concessões with 50% -1 share), guaranteed by a pledge issued by Huaolimau (another Bertin group subsidiary) on the right to receive dividends due to it.

Further information on the impact of Covid-19 is provided in note 7.2.

The impairment test confirmed that the carrying amounts of financial assets are fully recoverable, with the exception of the financial assets of the Argentine operators, GCO and Ausol, guaranteed by the Grantor. In this case, the test resulted in an estimated impairment loss of €140 million, after taking into account the country's worsening economic situation, recognised in "Other financial expenses" in the consolidated income statement. The above loss is partially offset by the rise in the value of the US dollar against the Argentine peso, to which the value of these financial assets deriving from concession rights is indexed. During the year this resulted in a revaluation of the assets amounting to €127 million. Further details are providing in note 8.12.

Finally, the amounts due to AB Concessões from Rodovias de Tieté, totalling €27 million, were written off during the year, as described in note 8.12.

7.5 Deferred tax assets and liabilities
Deferred tax assets €2,113 million (€1,772 million)
Deferred tax liabilities €6,280 million (€7,091 million)

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.

€M	31 December 2019	31 December 2018
Deferred tax assets	3,294	2,863
Deferred tax liabilities eligible for offset	-1,181	-1,091
Deferred tax assets less deferred tax liabilities eligible for offset	**2,113**	**1,772**
Deferred tax liabilities	**-6,280**	**-7,091**
Difference between deferred tax assets and liabilities	**-4,167**	**-5,319**

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.

€M	31 December 2018	CHANGES DURING THE YEAR						31 December 2019
		PROVISIONS	RELEASES	PROVISIONS (RELEASES) FOR ITEMS IN OTHER COMPREHENSIVE INCOME	CHANGE IN TAX RATE	CURRENCY TRANSLATION DIFFERENCES	CHANGE IN SCOPE OF CONSOLIDATION AND OTHER CHANGES	
Deferred tax assets on:								
Provisions	927	749	-250	-	21	-4	10	1,453
Tax loss carryforwards	380	55	-19	-	-	-9	3	410
Restatement of global balance on application of IFRIC 12 by Autostrade per l'Italia	382	-	-20	-	10	-	-	372
Derivative liabilities	155	14	-1	109	1	-	-5	273
Differences between carrying amounts and fair values of assets and liabilities acquired through business combinations	317	-	-87	-	-	-	-	230
Deductible infra-group goodwill	202	-	-112	-	27	-	-	117
Impairment of receivables and inventories	79	35	-1	-	-	-7	1	107
Impairments and depreciation of non-current assets	127	-	-77	1	2	-	22	75
Other temporary differences	294	56	-80	6	-	-2	-17	257
Total	2,863	909	-647	116	61	-22	14	3,294
Deferred tax liabilities on:								
Differences between carrying amounts and fair values of assets and liabilities	-6,922	-13	641	-	-15	105	-	-6,204
Financial assets deriving from concession rights and government	-388	-	11	-	2	47	-	-328
Derivative assets	-44	-	-	7	-	-	-	-37
Other temporary differences	-828	-126	67	1	-3	24	-27	-892
Total	-8,182	-139	719	8	-16	176	-27	-7,461
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-5,319	770	72	124	45	154	-13	-4,167

As shown in the table, the balance of deferred tax assets as at 31 December 2019 primarily includes:

a) deferred tax assets on the portion of provisions for risks and charges deductible in future years (€1,453 million), which in 2019 include the increase connected with the provisions of €1,500 million recognised by Autostrade per l'Italia, as described in detail in note 8.17;

b) deferred tax assets recognised on tax losses eligible to be carried forward to future years (€410 million), essentially attributable to the impairment of amounts due to Acesa from the grantor, following a dispute over the failure to pay the compensation payable under Royal Decree 457/2006, which approved the agreement between the Spanish government and the company regarding changes to the terms and conditions of the related concession arrangement;

c) deferred tax assets recognised as a result of the impact on taxation of adoption of IFRIC 12 by Autostrade per l'Italia (€372 million);

d) deferred tax assets on fair value losses on derivative financial instruments (€273 million), recognised essentially in equity;

e) the tax effects of the negative impact of fair value measurement of the liabilities assumed as a result of business combinations carried out by the Atlantia Group (€230 million), as shown in the following table.

Deferred tax liabilities, totalling €7,461 million, essentially regard:

a) deferred tax liabilities on fair value gains recognised on assets acquired as a result of past business combinations carried out by the Atlantia Group (€6,204 million), as shown in the following table;

b) the amounts accounted for following the Atlantia Group's recognition of financial assets deriving from concession rights and from government grants (€328 million).

As shown in the following table, the gains recognised on the fair value measurement of liabilities assumed following business combinations primarily refer to remeasurement at fair value of the financial liabilities attributable to the French motorway operators and to Abertis Infraestructuras.

€M	Deferred tax assets from business combination	Financial liabilities	Provisions
31 December 2019	230	210	20
31 December 2018	317	297	20

The gains recognised as a result of the fair value measurement of assets acquired following business combinations primarily include remeasurement at fair value of the intangible assets deriving from concession rights attributable to the French and Italian motorway and airport operators and to the Chilean and Spanish motorway operators.

€M	Deferred tax liabilities from business combination	Intangible assets deriving from concession rights	Other intangible assets	Financial assets	Other assets
31 December 2019	6,204	5,847	195	44	118
31 December 2018	6,922	6,545	207	42	128

7.6 Other non-current assets €77 million (€129 million)

The reduction of €52 million, compared with 2018, is primarily linked to the reduction in the non-current assets linked to the concession arrangements entered into by the Chilean operators, Ruta 78-68 and Avo II.

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Other medium/long-term non-financial receivables - current portion	6	7	-1
Non-current non-trading prepaid expenses and other tax credits	71	122	-51
Other non-current assets	**77**	**129**	**-52**

7.7 Trading assets €2,575 million (€2,387 million)

As at 31 December 2019, trading assets consist of:

a) inventories of €96 million (€99 million as at 31 December 2018), consisting of stocks and spare parts used in the maintenance or assembly of plant;

b) trade receivables of €2,447 million (€2,268 million as at 31 December 2018), the detailed composition of which is shown in the following table.

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Trade receivables due from:			
Motorway users	2,002	1,718	284
Airport users	368	375	(7)
Sub-operators at motorway service areas	93	89	4
Sundry customers	453	421	32
Gross trade receivables	**2,916**	**2,603**	**313**
Allowance for bad debts	**(614)**	**(459)**	**(155)**
Other trading assets	**145**	**124**	**21**
Net trade receivables	**2,447**	**2,268**	**179**

Trade receivables, after the allowance for bad debts, amount to €2,916 million, an increase of €313 million compared with 31 December 2018 (€2,603 million). This primarily reflects an increase in receivables due from motorway customers, reflecting both growth in motorway traffic in 2019 and the performance of billing, which led to a delay, until early January 2020, in the collection of tolls billed in arrears.

The following table shows an ageing schedule for trade receivables.

€M	TOTAL RECEIVABLES AS AT 31 DECEMBER 2019	TOTAL NOT YET DUE	LESS THAN 90 DAYS OVERDUE	BETWEEN 90 AND 365 DAYS OVERDUE	MORE THAN ONE YEAR OVERDUE
Trade receivables	2,916	1,654	227	215	820

Trade receivables more than one year overdue, totalling €820 million, regard unpaid motorway tolls and uncollected payments for airport services, royalties due from service area operators and sales of other goods and services, primarily attributable to the Chilean motorway operators (€381 million), Aeroporti di Roma (€210 million) and Abertis group (€118 million).

The following table shows movements in the allowance for bad debts for trade receivables in 2019. 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.

€M	31 December 2018	ADDITIONS	USES	RECLASSIFICATIONS AND OTHER CHANGES	31 December 2019
Allowance for bad debts	459	173	-3	-15	614

7.8 Cash and cash equivalents €5,232 million (€5,032 million)

Cash and cash equivalents consists of cash on hand and short-term investments and is up €200 million compared with 31 December 2018. The balance as at 31 December 2019 primarily consists of the following:

a) bank deposits and cash on hand, totalling €4,172 million;

b) terms deposits of €1,055 million, primarily attributable to the Abertis group (€733 million). In particular, the most important items regard deposits falling due in less than 3 months and attributable to Abertis Infraestructuras (€250 million) and Abertis Infra BV (€60 million).

7.9 Current tax assets and liabilities Current tax assets €1,006 million (€899 million) Current tax liabilities €283 million (€233 million)

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

€M	CURRENT TAX ASSETS		CURRENT TAX LIABILITIES	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
IRES	60	83	49	1
IRAP	19	3	2	8
Taxes attributable to foreign operations	927	813	232	224
Total	**1,006**	**899**	**283**	**233**

As at 31 December 2019, the Group reports net current tax assets of €723 million, primarily reflecting the fact that payments on account made exceed estimated tax expense for 2019, which is up €57 million compared with the balance as at 31 December 2018 (€666 million).
Net current tax assets essentially include the balance for the Group's overseas companies, totalling €695 million (€589 million as at 31 December 2018), and primarily regard withholding tax paid in 2018 on dividends received and the gain resulting from the sale of the investment in Cellnex by Abertis Infraestructuras. Under Spanish tax law, these amounts, whilst exempt from taxation, are included in the computation of payments on account for 2018 and were refunded following a claim filed by Abertis Infraestructuras in February 2020.

7.10 Other current assets €565 million (€603 million)

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.

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Amounts due from public entities	185	198	-13
Tax credits other than for income tax	234	151	83
Amounts due from users and insurance companies as compensation	18	19	-1
Non-trading prepaid expenses	4	6	-2
Amounts due from staff	3	3	-
Social security receivables	3	4	-1
Advances paid to suppliers and other current assets	148	255	-107
Other current assets (gross)	**595**	**636**	**-41**
Allowance for bad debts	-30	-33	3
Other current assets	**565**	**603**	**-38**

This item primarily consists of:

a) amounts receivable from public entities, primarily including amounts due from grantors to certain Spanish operators (primarily Acesa, totalling €38 million) and Chilean operators (Rutas del Pacifico, totalling €25 million, and Autopista Central, totalling €13 million) for construction services outside the scope of IFRIC 12. This item also includes amounts receivable by Autostrade per l'Italia in the form of advances paid to the Special Commissioner in relation to demolition and reconstruction of the Polcevera road bridge (€29 million);

b) tax credits other than for income tax, primarily attributable to the Abertis group €82 million) in the form of refundable VAT (€50 million) and the tax relief granted under the "Contribution Economique Territoriale" scheme in France (€27 million). The increase in tax credits is partly due to VAT on the invoices received by Autostrade per l'Italia in relation to demolition and reconstruction of the Polcevera road bridge (€26 million).

7.11 Non-current assets held for sale or related discontinued operations €4 million (€1,623 million) Liabilities related to discontinued operations – (€538 million)

Net assets held for sale or related to discontinued operations, totalling €4 million as at 31 December 2019, primarily include the remaining 2% interest in Strada dei Parchi, totalling €4 million. The stake is covered by put and call options entered into with Toto Costruzioni Generali as part of the agreements relating to the transfer of the controlling interest in this company in 2011.

As at 31 December 2018, primarily include the net assets of the Hispasat group, amounting to a net amount of €1,082 million. On 12 February 2019, Abertis Infraestructuras agreed to sell its 89.7% interest in Hispasat to Red Eléctrica. The sale, which was subject to clearance by the relevant authorities, was completed on 3 October 2019 for a consideration of €933 million, as described in note 5.

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

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Property, plant, equipment and intangible assets	-	1,424	-1,424
Investments	4	67	-63
Financial assets	-	41	-41
of which cash and cash equivalents	*-*	*41*	*-41*
Trading and other assets	-	91	-91
Assets held for sale and related to discontinued operations	**4**	**1,623**	**-1,619**
Financial liabilities	-	315	-315
Current provisions	-	9	-9
Trading and other liabilities	-	214	-214
Liabilities related to discontinued operations	**-**	**538**	**-538**

7.12 Equity
€14,903 million (€16,868 million)

Equity attributable to the owners of the Atlantia Group's parent as at 31 December 2019 consists of the following:

a) Atlantia's issued capital, fully subscribed and paid-in and consisting of 825,783,990 ordinary shares with a par value of €1 each, totalling €826 million, did not undergo any changes in 2019;
b) the cash flow hedge reserve (a negative balance of 436 million), reflecting changes in the fair value of cash flow hedges;
c) the net investment hedge reserve (a negative balance of €28 million), reflecting changes in the fair value of net investment hedges;
d) the reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro (a negative balance of €572 million);
e) the reserve for gains/(losses) on fair value measurement of investments (a negative balance of €489 million), primarily reflecting the changes in the fair value of the investment in Hochtief;
f) other reserves and retained earnings (a positive balance of €8,137 million);
g) Atlantia's treasury shares (€166 million).

Equity attributable to owners of the parent, totalling €7,408 million, is down €983 million compared with 31 December 2018. The most important changes during the period are shown in detail in the statement of changes in consolidated equity. These regard:

a) payment of the final dividend for 2018, totalling €736 million (€0.90 per share);
b) the other comprehensive loss for the year (after the related taxation), amounting to €414 million, primarily reflecting increased fair value losses on cash flow hedges (€252 million) and losses on the translation of the assets and liabilities of consolidated companies denominated in functional currencies other than the euro (€115 million), essentially reflecting reductions in the value of the Brazilian real and Chilean peso against the euro during the period, partially offset by a fair value gain on the funded collar (€103 million, after the related taxation), as described above in note 7.4;
c) profit for the year attributable to owners of the parent, totalling €136 million.

Equity attributable to non-controlling interests of €7,495 million is down €982 million compared with 31 December 2018 (€8,477 million), essentially reflecting a combination of the following main changes:

a) the distribution of equity reserves and returns of capital to non-controlling shareholders, totalling €466 million, mainly regarding Abertis HoldCo (€432 million);
b) dividends declared to non-controlling shareholders (€457 million);
c) the other comprehensive loss for the year, totalling €300 million, after the related taxation, primarily due to losses on the translation of the assets and liabilities of consolidated companies denominated in functional currencies other than the euro, reflecting the above reductions in the value of the Brazilian real and Chilean peso against the euro, in addition to the increase in fair value losses on derivatives;
d) profit for the year attributable to non-controlling interests, totalling €221 million.

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) €2,473 million (€2,787 million) (current) €571 million (€428 million)

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 2019, showing the non-current and current portions.

€M	31 December 2018			CHANGES DURING THE YEAR				31 December 2019		
	CARRYING AMOUNT	NON-CURRENT PORTION	CURRENT PORTION	CHANGES DUE TO REVISED PRESENT VALUE OF OBLIGATIONS	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	3,215	2,787	428	93	16	-423	143	3,044	2,473	571

7.14 Provisions (non-current) €2,694 million (€2,658 million) (current) €2,650 million (€1,324 million)

As at 31 December 2019, provisions amount to €5,344 million (€3,982 million as at 31 December 2018).
The following table shows details of provisions by type, showing the non-current and current portions.

€M	31 December 2019			31 December 2018		
	CARRYING AMOUNT	NON-CURRENT PORTION	CURRENT PORTION	CARRYING AMOUNT	NON-CURRENT PORTION	CURRENT PORTION
Provisions for employee benefits	338	291	47	357	292	65
Provisions for repair and replacement of motorway infrastructure	2,514	1,599	915	2,443	1,492	951
Provisions for renewal of assets held under concession	382	303	79	357	271	86
Other provisions	2,110	501	1,609	825	603	222
Total provisions	**5,344**	**2,694**	**2,650**	**3,982**	**2,658**	**1,324**

The following table shows provisions at the beginning and end of the period and changes in 2019.

€M	31 December 2018	CHANGES DURING THE YEAR						31 December 2019
	CARRYING AMOUNT	OPERATING PROVISIONS	FINANCE-RELATED PROVISIONS	REDUCTIONS DUE TO USES AND RELEASE OF EXCESS PROVISIONS	ACTUARIAL GAINS/(LOSSES) RECOGNISED IN OTHER COMPREHENSIVE INCOME	CURRENCY TRANSLATION DIFFERENCES, RECLASSIFICATIONS AND OTHER CHANGES	CHANGE IN SCOPE OF CONSOLIDATION	CARRYING AMOUNT
Provisions for employee benefits								
Post-employment benefits	168	1	1	-20	7	-	-	157
Other employee benefits	189	28	1	-24	-	-13	-	181
Total	**357**	**29**	**2**	**-44**	**7**	**-13**	**-**	**338**
Provisions for repair and replacement of motorway infrastructure	**2,443**	**825**	**55**	**-950**	**-**	**139**	**2**	**2,514**
Provisions for renewal of assets held under concession	**357**	**92**	**4**	**-71**	**-**	**-**	**-**	**382**
Other provisions								
Provisions for impairments exceeding carrying amounts of investments	4	-	-	-	-	-	-	4
Provisions for disputes, liabilities and sundry charges	821	1,572	1	-118	-	-170	-	2,106
Total	**825**	**1,572**	**1**	**-118**	**-**	**-170**	**-**	**2,110**
Provisions	**3,982**	**2,518**	**62**	**-1,183**	**7**	**-44**	**2**	**5,344**

PROVISIONS FOR EMPLOYEE BENEFITS
(non-current) €291 million (€292 million)
(current) €47 million (€65 million)

As at 31 December 2019, this item consists of provisions for post-employment benefits to be paid to staff employed under Italian law, amounting to €157 million (€168 million as at 31 December 2018). The change in this item primarily reflects the recognition of service and interest costs, each amounting to approximately €1 million, actuarial gains of €7 million and an overall reduction of €20 million, essentially reflecting advances and benefits paid during the year, including €12 million paid by Autostrade per l'Italia.
This item also includes provisions for other termination benefits of €181 million (€189 million as at 31 December 2018), primarily consisting of defined benefit plans representing obligations to pay benefits to overseas employees on termination of their employment (primarily in France, totalling €46 million), other forms of benefits to be paid to employees on the achievement of certain targets, seniority bonuses governed by collective employment contracts, totalling approximately €14 million, and €108 million in provisions for early retirement schemes (primarily in Spain, France and Italy) associated in part to an efficiency drive at the Abertis group. The reduction in this item primarily reflects the payment of benefits on the expiry of concession held by Aumar, totalling €7 million.

The most important actuarial assumptions used to measure the provision for post-employment benefits at 31 December 2019 are summarised below.

FINANCIAL ASSUMPTIONS*	
Annual discount rate*	from 0.37% to 0.50%
Annual inflation rate	from 1.2% to 1.75%
Annual rate of increase in post-employment benefits	from 2.4% to 2.81%
Annual rate of increase in real salaries	from 0.65% to 3.08%
Annual turnover rate	from 0.5% to 7%
Duration (years)	from 5.1 to 24.74

* The **annual discount rate** used to determine the present value of the obligation was determined, in line with paragraph 83 of *IAS 19*, with reference to the average yield curve taken from the IBOXX Eurozone Corporates AA index on the valuation date for durations of 7-10 years, reflecting the overall duration of the relevant provisions as at 31 December 2019.

DEMOGRAPHIC ASSUMPTIONS	
Mortality	RG48 mortality tables published by the General Accounting Office in Italy / PERMF200p tables for the Spanish state / TGHG/F 2005 tables for the French State
Disability	INPS tables by age and gender/ InvAbs_OM77 tables for Spain
Retirement age	Mandatory state pension retirement age (revised in accordance with Law Decree 4/2019)

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.

€M	CHANGE IN ASSUMPTION					
	TURNOVER RATE		INFLATION RATE		DISCOUNT RATE	
	+ 1 %	- 1 %	+ 1/4 %	- 1/4 %	+ 1/4 %	- 1/4 %
POST-EMPLOYMENT BENEFITS	155.52	157.17	157.79	154.88	154.03	158.69

PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE
(non-current) €1,599 million (€1,492 million)
(current) €915 million (€951 million)

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 €71 million, reflecting a combination of the following:

a) operating and finance-related provisions, totalling €880 million, primarily regarding Autostrade per l'Italia (€647 million) and the Abertis group's Brazilian and French motorway operators (€138 million);
b) uses of provisions for the repair and replacement, totalling €951 million, primarily regarding Autostrade per l'Italia (€644 million), of which €225 million to finance demolition and reconstruction of the Polcevera road bridge, and the Abertis group's motorway operators (€246 million), primarily in Brazil, Italy and France. Further details on the costs incurred as a result of the collapse of a section of the Polcevera road bridge are provided in note 8.17.

PROVISIONS FOR THE RENEWAL OF ASSETS HELD UNDER CONCESSION
(non-current) €303 million (€271 million)
(current) €79 million (€86 million)

The provisions for the renewal of assets held under concession 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 Atlantia Group's motorway and airport concession arrangements, with the objective of ensuring that the infrastructure is fit for purpose and safe. Compared with 31 December 2018, the provisions are up €25 million, essentially due to operating and finance-related provisions, partially offset by uses for work carried out during the year.

OTHER PROVISIONS FOR RISKS AND CHARGES (non-current) €501 million (€603 million) (current) €1,609 million (€222 million)

The other provisions for risks and charges essentially regard provisions of €1,500 million recognized, in 2019, by Autostrade per l'Italia in relation to the undertaking given during talks with the Government and the Ministry of Infrastructure and Transport with a view to reaching an agreed resolution of the ongoing dispute, as described in note 8.17. Direct uses of these provisions included €51 million, used primarily to pay compensation for a number of the families of victims directly impacted by the collapse of a section of the Polcevera road bridge, and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect the Autostrade per l'Italia's rights and those of its employees who are under investigation
In addition, these provisions 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 maintenance contractors (the latter amount to €44 million, as specified in note 10.4).

The following material amounts regard:

a) provisions relating to the investment in Alazor Inversiones SA, amounting to €228 million, and relating to financial guarantees provided by Iberbistas and Acesa to banks. Further details regarding this litigation are provided in note 10.7;
b) provisions made by Abertis Infraestructuras, totalling €84 million, primarily linked to a tax audit regarding VAT and other indirect taxes.

7.15 Financial liabilities
(non-current) €43,826 million (45,178 million)
(current) €4,220 million (€4,071 million)

MEDIUM/LONG-TERM BORROWINGS
(non-current) €43,826 million (€45,178 million)
(current) €3,620 million (€3,271 million)

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);

€M	31 December 2019						31 December 2018			
					Term					
	Face value	Carrying amount	Current portion	Non-current portion	between 13 and 60 months	after 60 months	Face value	Carrying amount	Current portion	Non-current portion
Bond issues (1) (2) (3)	28,461	28,499	1,871	26,628	10,569	16,059	22,932	23,161	1,615	21,546
- listed fixed rate		26,677	1,652	25,025	9,472	15,553		21,582	1,360	20,222
- listed floating rate		1,822	219	1,603	1,097	506		1,521	255	1,266
- unlisted floating rate	-	-	-	-	-	-		58	-	58
Bank borrowings	15,886	16,056	1,187	14,869	11,643	3,226	22,784	23,004	1,141	21,863
- fixed rate		6,052	873	5,179	2,882	2,297		4,949	237	4,712
- floating rate		10,004	314	9,690	8,761	929		18,055	904	17,151
Other borrowings	410	396	61	335	212	123	259	248	27	221
- floating rate		2	-	2	2	-		8	2	6
- non-interest bearing		394	61	333	210	123		240	25	215
Medium/long-term borrowings (2) (3)	16,296	16,452	1,248	15,204	11,855	3,349	23,043	23,252	1,168	22,084
Derivative liabilities (4)	-	1,301	-	1,301	-	-		921	-	921
Accrued expenses on medium/long-term financial liabilities (2)	-	498	498	-	-	-		484	484	-
Other financial liabilities	-	696	3	693	-	-		631	4	627
Other medium/long-term financial liabilities	-	1,194	501	693	-	-		1,115	488	627
Total		47,446	3,620	43,826	22,424	19,408		48,449	3,271	45,178

(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 IFRS 9.

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

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

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

€M		31 December 2019		31 December 2018	
	MATURITY	CARRYING AMOUNT (1)	FAIR VALUE (2)	CARRYING AMOUNT (1)	FAIR VALUE (2)
Bond issues					
- listed fixed rate	from 2020 to 2039	26,677	26,502	21,582	19,877
- listed floating rate	from 2020 to 2031	1,822	1,863	1,521	1,903
- unlisted floating rate	2022	-	-	58	63
Total bond issues (a)		**28,499**	**28,365**	**23,161**	**21,843**
Bank borrowings					
- fixed rate	from 2020 to 2034	6,052	5,881	4,949	5,106
- floating rate	from 2020 to 2045	10,004	11,831	18,055	17,835
Total bank borrowings (b)		**16,056**	**17,712**	**23,004**	**22,941**
Other borrowings					
- floating rate	from 2020 to 2034	2	2	8	8
- non-interest bearing	from 2020 to 2020	394	394	240	251
Total other borrowings (c)		**396**	**396**	**248**	**259**
Medium/long-term borrowings (d)=(b+c)		**16,452**	**18,108**	**23,252**	**23,200**
Derivative liabilities (e)		**1,301**	**1,301**	**921**	**921**
Accrued expenses on medium/long-term financial liabilities		498	498	484	484
Other financial liabilities		696	696	631	631
Other medium/long-term financial liabilities (f)		**1,194**	**1,194**	**1,115**	**1,115**
Total (a+d+e+f)		**47,446**	**48,968**	**48,449**	**47,079**

(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.

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, and the corresponding average and effective interest rates;

€M	31 December 2019				31 December 2018	
	FACE VALUE	CARRYING AMOUNT	AVERAGE INTEREST RATE APPLIED TO 31 DECEMBER 2019	EFFECTIVE INTEREST RATE AS AT 31 DECEMBER 2019	FACE VALUE	CARRYING AMOUNT
Euro (EUR)	38,036	38,264	2.11%	2.76%	40,294	40,794
Chilean peso (CLP) / Unidad de fomento (UF)	2,177	2,236	5.63%	4.89%	1,676	1,650
Sterling (GBP)	1,058	1,007	5.79%	4.91%	559	517
Brazilian real (BRL)	2,169	2,145	7.58%	8.37%	2,101	2,089
Yen (JPY)	328	382	4.17%	5.72%	319	318
Polish zloty (PLN)	-	67	4.04%	13.78%	18	10
Indian Rupee (INR)	63	839	9.48%	9.50%	73	72
US dollar (USD)	926	11	6.61%	8.37%	935	963
Total	**44,757**	**44,951**	**2.75%**	**3.33%**	**45,975**	**46,413**

As at 31 December 2019, the weighted average cost of the Atlantia Group's medium/long-term borrowings, including differentials on hedging instruments, was 3.3% (reflecting the combined effect of the 2.8% paid by the companies operating in the euro area, the 4.9% paid by the Chilean companies and the 8.4% paid by the Brazilian companies).

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

€M	Bond issues	Bank borrowings	Other borrowings
Carrying amount as at 31 December 2017	**12,534**	**4,033**	**324**
Monetary changes			
Issuance of bonds	315		
Redempion of bonds	-1,223		
Increase in medium/long-term borrowings		13,927	
Repayments of medium/long-term borrowings		-349	
Increase in lease liabilities			-
Repayment of lease liabilities			-
Total monetary changes	**-908**	**13,578**	**-**
Non-monetary changes			
Currency translation differences	-108	-30	-52
Changes in scope of consolidation	11,676	5,534	-
Other changes	-33	-111	-24
Total non-monetary changes	**11,535**	**5,393**	**-76**
Carrying amount as at 31 December 2018	**23,161**	**23,004**	**248**

€M	Bond issues	Bank borrowings	Other borrowings
Carrying amount as at 31 December 2018	**23,161**	**23,004**	**248**
Monetary changes			
Issuance of bonds	7,434		
Redempion of bonds	-1,990		
Increase in medium/long-term borrowings(1)		3,573	
Repayments of medium/long-term borrowings(1)		-10,524	
Increase in lease liabilities			42
Repayment of lease liabilities			-39
Other changes(2)			-6
Total monetary changes	**5,444**	**-6,951**	**-3**
Non-monetary changes			
Currency translation differences	15	-56	-1
Changes in scope of consolidation	-	71	
Other changes	-121	-12	152
Total non-monetary changes	**-106**	**3**	**151**
Carrying amount as at 31 December 2019	**28,499**	**16,056**	**396**

(1) This item "Increase in medium/long-term borrowings" and "Repayments of medium/long-term borrowings" of the consolidated cash flow statement include also issuance and repayments of other financial liabilities

(2) This item contains repayments not relating to lease liabilities

The Group uses derivative financial instruments to hedge certain current and highly likely future financial liabilities, consisting of interest rate swaps (IRSs) and Cross Currency Swap (CCS), classified as cash flow hedges pursuant to IFRS 9. The fair value of the hedging instruments as at 31 December 2019 is recognised in "Derivative liabilities".

More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Group, is contained in note 9.2.

In January 2020, Atlantia SpA drew down the entire amount available, totalling €3,250 million, under the Revolving Credit Facility entered into in July 2018 (once again available for the full amount of €1,250 million in April 2019 following repayment) and the Revolving Back Stop Facility of October 2018, totalling €2,000 million (unused as at 31 December 2019).

Atlantia's and Autostrade per l'Italia's loan agreements and bond issues include provisions requiring early repayment in the following cases:

a) *cross acceleration* when the debt of Atlantia or a significant subsidiary becomes immediately repayable, unless this follows the loss of a concession;
b) *cross-default* if Atlantia or one of its significant subsidiaries non compliance to repay debt at maturity or within the applicable grace period;
c) *change in the nature of the business*, where there is a change in the nature or substantially the sale of the business by Atlantia or one of its significant subsidiaries. The bond issues exclude cases in which the change is linked to revocation/termination of the concession under the terms of the related concession arrangement.

Atlantia's and Autostrade per l'Italia's loan agreements and bond issues also include negative pledge provisions.

The loan agreements include further provisions requiring early repayment in the following cases:

a) *legal, regulatory or administrative proceedings* involving Atlantia or Autostrade per l'Italia that might reasonably have a material adverse effect on Atlantia;
b) *insolvency*, if Atlantia or a significant subsidiary were to become insolvent, and not be able to meet its repayment obligations or suspend such repayments. All the loan agreements contain an explicit exception covering cases in which insolvency is the result of the loss of a concession;
c) *further restrictions*: in the event of revocation, forfeiture, cancellation or termination of the concession held by a significant subsidiary, further restrictions may be applicable, such as disposal, new debt, guarantees and new acquisitions, the breach of which may trigger early repayment.

The principal provisions applicable to Autostrade per l'Italia's loans and bonds are described below. The loans from the EIB and Cassa Depositi e Prestiti ("CDP") are subject to early repayment provisions, including:

a) *minimum rating requirement*; as previously announced, in 2020, following the issue of the *Milleprorogue* Decree, the rating agencies downgraded Autostrade per l'Italia's ratings to sub-investment grade and this could, if adequate credit guarantees cannot be provided, trigger early repayment of Autostrade per l'Italia's borrowings from the EIB and CDP (€2.1 billion and €1.7 billion, guaranteed by Atlantia), enforcement of the guarantees provided by Atlantia and, in the event of non-payment, the potential cross-default of Autostrade per l'Italia and Atlantia. At the date of preparation of this Annual Report for 2019, the subsidiary, Autostrade per l'Italia has not received a request for early repayment from the two financial institutions and that, from the ongoing discussions, the parties are monitoring developments;

b) *concession events,* where the concession lapses or where action is taken with a view to declaring the concession resolved or in the event of changes to it that have a material adverse effect;
c) *regulatory events*, regarding a change in the concession's regulatory framework, where this, in the bank's reasonable judgement, has a negative impact on the financial position of Autostrade per l'Italia or of the guarantor, Atlantia;
d) *material adverse event*;
e) *cross-default and/or cross-acceleration events*.

Autostrade per l'Italia's bond issues contain put provisions that could trigger early repayment in the event of, among other things, changes to the concession that could have a material adverse effect on Autostrade per l'Italia, or in the event of termination or revocation of the concession.

Further details are dscribed in note 9.2, "Financial Risk management".

Bond issues
(non-current) €26,628 million (€21,546 million)
(current) €1,871 million (€1,615 million)

The item principally refers to: i) €10,156 million in bonds issued by Abertis Infraestructuras; ii) €7,423 million in bonds issued by Autostrade per l'Italia; iii) €3,098 million in bonds issued by HIT (the French holding company that controls the motorway operators, Sanef and Sapn); iv) €1,736 million in bonds issued by Atlantia; v) €909 million in bonds issued by Sanef and €869 million in bonds issued by Aeroporti di Roma.
The overall increase of €5,338 million essentially reflects a combination of the following:
a) issues by Abertis Infraestructuras under its EMTN programme of 6 March 2019, totalling €5,870 million as part of the transaction refinancing loans obtained by Abertis Holdco in 2018 to fund the acquisition of control of the Abertis group, which were transferred to Abertis Infraestructuras in 2019;
b) bonds issued by a number of the Group's Brazilian and Chilean companies and the Puerto Rican operator, Metropistas, totalling €1,407 million;
c) redemptions of €1,990 million, primarily attributable to Abertis group companies (€1,223 million), essentially Abertis Infraestructuras and Sanef, and redemption of bonds issued by Autostrade per l'Italia in 2012 (€593 million).

The bonds attributable to Autostrade per l'Italia that were transferred to the subsidiary from Atlantia in 2016 as part of an Issuer Substitution transaction are backed, through to 2025, by a guarantee of €4,729 million provided by Atlantia through to maturity.
Guarantees have also been provided for bonds issued by the Chilean companies, Autopista Central and Vias Chile, totalling €555 million, and by the Puerto Rican motorway operator, Metropistas, totalling €62 million, providing security for the bondholders.

Medium/long-term borrowings
(non-current) €15,204 million (€22,084 million)
(current) €1,248 million (€1,168 million)

The balance of this item, amounting to €16,452 million, including the current and non-current portions, is down €6,800 million compared with 31 December 2018 (€23,252 million). This essentially reflects the following:

a) partial early repayment by Abertis Infraestructuras of the financing obtained by Abertis HoldCo in 2018 in relation to the acquisition of control of the Abertis group and which were transferred to the former in 2019 (€7,574 million);
b) repayments by Abertis group companies of lines of credit totalling €2,015 million, primarily attributable to Abertis Infraestructuras (€790 million), the Brazilian motorway operator, Regis Bittencourt (€368 million) and Metropistas (€256 million);
c) repayment of the Revolving Credit Facility obtained by Atlantia in July 2018 (of which €675 million was disbursed in September 2018);
d) the use by Abertis Infraestructuras of lines of credit available as at 31 December 2018, totalling €1,535 million;
e) new loans obtained by Atlantia as part of the Collar Financing transaction (€752 million), by Costanera Norte (€355 million), Abertis Infraestructuras (€250 million), and number of Chilean motorway operators, Rutas del Pacifico and Autostrada Los Libertadores (€262 million) and by Arteris via Paulista, an Abertis group company operating in Brazil (€98 million).

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 criteria for determining the economic and financial items used to compute the ratios are specified in 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 loan agreements entered into during the year, in part to meet its financial needs resulting from the acquisition of Abertis Infrastructuras and the acquisition of a 23.9% interest in Hochtief (TL1 + TL2), together with revolving credit facilities (RCFs) for general corporate purposes, require compliance with a minimum threshold for the Interest Coverage Ratio, FFO/Total Net Debt and Consolidated Net Worth;
b) in Autostrade per l'Italia's case, the loan agreements with Cassa Depositi e Prestiti (totalling €739 million as at 31 December 2019) require compliance with a minimum threshold for "Operating Cash Flow available for Debt Service/Debt Service" (DSCR);
c) in Aeroporti di Roma's case, the company's revolving line of credit requires compliance with a maximum leverage ratio. The medium/long-term loan agreements financing the company's capital expenditure programme, entered into with the European Investment Bank and Cassa Depositi e Prestiti in December, also require the company, in addition to the compliance with with a maximum leverage ratio (based on the long-term rating assigned to Aeroporti di Roma by the relevant rating

agencies), to ensure that its interest coverage ratio remains within certain limits linked to the company's rating.

In December 2019, Autostrade per l'Italia extended the original agreement with the EIB signed in December 2018. This provides for the suspension, until September 2021, of the application of certain provisions allowing the bank to withdraw from the loan agreement and request early repayment following a rating downgrade to below certain levels and/or the Grantor's launch of formal proceedings that may result in early termination of the Single Concession Arrangement.
The EIB loans also benefit from a guarantee of repayment provided by Atlantia through to maturity, totalling €1,659 million.

Non-current derivative liabilities (non-current) €1,301 million (€921 million) (current) - (-)

This item represents fair value losses on outstanding derivatives as at 31 December 2019 and primarily includes:

a) fair value losses (€509 million) on Atlantia's and Autostrade per l'Italia's Interest Rate Swap (IRSs), which do not qualify for the application of hedge accounting as the required economic relationship resulting from a highly probable forecast transaction (bond issues planned for 2020 and 2021) no longer exists;
b) fair value losses (€293 million) on Interest Rate Swap (IRSs) classified as cash flow hedges in accordance with IFRS 9, entered into by Abertis, Aeroporti di Roma, Azzurra Aeroporti, Aéroports de la Côte d'Azur and Pavimental to hedge interest rate risk on their existing non-current financial liabilities and those that are highly likely to be assumed in the future, in accordance with the Group's financial plan;
c) fair value losses (€203 million) on Cross Currency Swaps (CCSs) entered into by Autostrade per l'Italia to hedge bond issues denominated in pounds sterling;
d) fair value losses (€106 million) on Aeroporti di Roma's Cross Currency Swaps relating to the bond issue denominated in pounds sterling;
e) fair value losses (€19 million) on IPCA vs CDI Swap offsets entered into by the Brazilian companies, Triangulo do Sol and Rodovia das Colinas, to crystallise the mark-to-market value of IPCA vs CDI Swaps at the date of agreeing the Offset.

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) €693 million (€627 million) (current) €501 million (€488 million)

This item is broadly in line with the balance for 31 December 2018 and primarily consists of the following:
a) the liabilities of Abertis Internacional, totalling €527 million, relating to deferred payments linked to the acquisition of Group A4 and to be settled by 2021;
b) financial liabilities primarily attributable to Túnels de Barcelona (€62 million) and Aulesa (€44 million), relating to guarantees received from the government and for tolls in excess of those provided for in the financial plan.

SHORT-TERM FINANCIAL LIABILITIES €600 million (€800 million)

The composition of short-term financial liabilities is shown below.

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Current account overdrafts repayable on demand	30	-	30
Short-term borrowings	391	294	97
Derivative liabilities (1)	42	11	31
Other current financial liabilities	137	495	-358
Short-term financial liabilities	**600**	**800**	**-200**

The balance is down €200 million compared with 31 December 2018, due primarily to the repayment of amounts due to the non-controlling shareholders of Inversora de Infraestructuras, a Chilean company belonging to the Abertis group. This was partially offset by a new loan of €100 million, maturing in 2020, obtained by Telepass.

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 2019	*of which related party transactions*	31 December 2018	*of which related party transactions*
Cash	7.8	-4,172		-3,884	
Cash equivalents	7.8	-1,060		-1,148	
Cash and cash equivalents related to discontinued operations	7.11	-		-41	
Cash and cash equivalents (A)		**-5,232**		**-5,073**	
Current financial assets (B)		**-1,308**		**-996**	
Current account overdrafts repayable on demand		30		-	
Current portion of medium/long-term financial liabilities		3,620		3,271	
Other financial liabilities		570		800	
Financial liabilities related to discontinued operations	7.11	-		315	
Current financial liabilities (C)		**4,220**		**4,386**	
Current net debt (D=A+B+C)		**-2,320**		**-1,683**	
Bond issues		26,628		21,546	
Medium/long-term borrowings		15,204	9	22,084	8
Other non-current borrowings		1,994		1,548	
Non-current financial liabilities (E)	7.15	**43,826**		**45,178**	
(Net funds) / Net debt as defined by ESMA recommendation F= (D+E)		**41,506**		**43,495**	
Non-current financial assets (G)	7.4	**-4,784**	***19***	**-4,704**	**55**
Net debt H= (F+G)		**36,722**		**38,791**	

7.16 Other non-current liabilities €358 million (€534 million)

The following table shows a breakdown of this item.

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Amounts payable to grantors	121	163	-42
Accrued expenses of a non-trading nature	83	67	16
Liabilities deriving from contractual obligations	43	45	-2
Amounts payable to staff	32	10	22
Tax liabilities other than for income tax	1	-	1
Social security payables	2	-	2
Other payables	76	249	-173
Other non-current liabilities	**358**	**534**	**-176**

The balance of this item is down €176 million compared with the figure for 2018, broadly due to the payment of amounts due to the non-controlling shareholders of Invin, totalling €188 million as at 31 December 2018 and included in other payables.

The balance primarily includes amounts payable to the French Government by the French operators, Sanef and Sapn, under agreements entered into in relation to the *Plan Relance* project, amounting to a total of €117 million.

7.17 Trading liabilities €2,243 million (€2,140 million)

An analysis of trading liabilities is shown below.

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Contract liabilities	1	**1**	-
Amounts payable to suppliers	1,476	1,297	179
Payable to operators of interconnecting motorways	596	624	-28
Tolls in the process of settlement	83	86	-3
Accrued expenses, deferred income and other trading liabilities	87	132	-45
Trade payables	**2,242**	**2,139**	**103**
Trading liabilities	**2,243**	**2,140**	**103**

This item is up €103 million, essentially due to increased amounts payable to suppliers (€179 million). This reflects:

a) Pavimental (€64 million), due to an increase in the volume of work carried out during the year and above all in the closing months of the year, as well as the procurement of materials in readiness for the start-up of work on the Voltri interchange and on completion of the Polcevera road bridge;

b) Autostrade per l'Italia (€58 million), reflecting an increase in maintenance during the last quarter of 2019 compared with the same period of 2018;

c) the Abertis group (€52 million), resulting from the execution of new contracts and tenders during the year, above all connected with new free-flow tolling projects in Chile. These changes were partially offset by a reduction in trading liabilities following year-end falls in the value of the Brazilian real and Chilean peso against the euro.

7.18 Other current liabilities €1,117 million (€1,239 million)

The following table shows a breakdown of this item.

€M	31 December 2019	31 December 2018	INCREASE/ (DECREASE)
Sundry taxes other than current income tax	334	308	26
Concession fees payable	105	104	1
Amounts payable to staff	225	190	35
Social security contributions payable	71	63	8
Guarantee deposits from users who pay by direct debit	45	46	-1
Amounts payable to public entities	52	34	18
Amounts payable for expropriations	2	7	-5
Other payables	283	487	-204
Other current liabilities	**1,117**	**1,239**	**-122**

This item, totalling €1,117 million as at 31 December 2019, primarily reflects:

a) sundry taxes other than current income tax (€334 million), primarily attributable to VAT payable of €159 million, essentially relating to the French (€67 million) and Chilean (€25 million) operators, and the amount payable to Lazio Regional Authority in the form of IRESA due from Aeroporti di Roma, amounting to €23 million (this is a levy introduced by Lazio Regional Authority and payable by airlines, who must pay the required sums to the airport operator, who must in turn periodically pass them on to the Regional Authority);
b) other payables of €283 million, primarily including €86 million for a payable recognised by Traforo del Monte Bianco following the collection of one-off toll increases permitted jointly by the Italian and French governments for the periods 2010-2015 and 2018-2019, and for which the Italian operator is awaiting a decision from the relevant authorities on the use of the sum raised;
c) amounts payable to staff, totalling €225 million, in the form salaries and other payables relating the management of personnel, primarily relating to the French motorway operators (€59 million), Autostrade per l'Italia (€40 million), Aeroporti di Roma (€17 million), Atlantia (€16 million) and ACA (€15 million).

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 2018 are shown in brackets. The results of operations and cash flow for 2019 include the contribution of the Abertis group, consolidated for the last two months of the comparative period, 2018.
Details of amounts in the consolidated income statement deriving from related party transactions are provided in note 10.5.

8.1 Toll revenue
€9,256 million (€4,992 million)

Toll revenue of €9,256 million is up €4,264 million on 2018 (€4,992 million). This item is up primarily as a result of the following:

a) traffic growth on the Italian network (up 0.6%), boosting revenue by an estimated €32 million after taking into account the positive impact of the different traffic mix. The decision to exempt road users in the Genoa area from the payment of tolls resulted in a reduction in toll revenue of approximately €19 million in 2019 (€7 million in 2018);
b) an improved contribution from overseas operators (up €69 million), linked to the application of toll increases on the overseas network and traffic growth registered by the operators in Chile (up 4.7%), Brazil (up 4.6 %) and Poland (up 0.6%);
c) the full-year contribution for 2019 of the Abertis group, amounting to €4,918 million (€754 million for the last two months of 2018). On an annual basis, the Abertis group's toll revenue has risen as a result of (i) the positive performance of traffic in the main countries in which the group operates, (ii) toll increase applied by various operators, and (iii) the consolidation, following the acquisition of control, of Trados 45 (a Spanish motorway operator) in 2019 and the full-year of operation of ViaPaulista (a Brazilian motorway operator), partially offset by (iv) declines in the value of a number of currencies against the euro (above all the Brazilian real, the Chilean peso and the Argentine peso).

8.2 Aviation revenue
€826 million (€834 million)

Aviation revenue of €826 million is down €8 million (-1%) compared with 2018 (€834 million), primarily reflecting the impact of the decision taken by the French regulator (ASI) to reduce, from 15 May 2019, the tariffs applied by Nice airport, which is owned by the Aéroports de la Côte d'Azur group.

€M	2019	2018	INCREASE/ (DECREASE)
Airport fees	585	598	-13
Centralised infrastructure	21	24	-3
Security services	164	160	4
Other	56	52	4
Aviation revenue	**826**	**834**	**-8**

8.3 Revenue from construction services €989 million (€518 million)

An analysis of revenue from construction services is shown below.

€M	2019	2018	INCREASE/ (DECREASE)
Revenue from construction services for which additional economic benefits are received	903	486	417
Revenue from investments in financial concession rights	82	25	57
Revenue from construction services provided by sub-operators	4	7	-3
Revenue from construction services	**989**	**518**	**471**

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, determined on the basis of the operating costs and financial expenses incurred (the latter solely in relation to intangible assets deriving from concession rights) and the eventual margin on services provided by entities within the Atlantia Group.
Revenue from construction services is up €471 million compared with 2018, primarily due to:

a) the Abertis group's contribution for the full year in 2019, totalling €548 million (€139 million in 2018);
b) an increase in "Revenue from construction services for which additional benefits are received" at Aeroporti di Roma (€62 million), primarily due to the progress of work on construction of the new terminal layout in the eastern area.

In 2019, the Atlantia Group carried out additional construction services for which no additional benefits are received, amounting to €423 million, 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 8.10.

8.4 Other operating income €1,544 million (€1,083 million)

An analysis of other operating income is provided below.

€M	2019	2018	INCREASE/ (DECREASE)
Revenue from sub-concessions	556	488	68
Revenue from Telepass and Viacard fees	172	166	6
Maintenance revenue	45	42	3
Other revenue from motorway operation	37	39	-2
Damages and compensation	80	37	43
Revenue from products related to the airport business	58	58	-
Refunds	34	34	-
Revenue from the sale of technology devices and services	201	39	162
Advertising revenue	11	4	7
Other income	350	176	174
Other operating income	**1,544**	**1,083**	**461**

Other operating income of €1,544 million is up €461 million compared with 2018 (€1,083 million). After stripping out the Abertis group's contribution in 2019, amounting to €443 million (€73 million in 2018), the increase is €91 million, primarily reflecting the impact of the agreement between Autostrade per l'Italia and its insurance company regarding quantification of the amount payable to Autostrade per l'Italia under third-party liability insurance policies covering the collapse of a section of the Polcevera road bridge (€38 million).
The Abertis group's contribution relates primarily to revenue from tolling products sold by Emovis and the sub-concession of space at service areas on the motorways operated by the French and Italian motorway operators.

8.5 Raw and consumable materials -€537 million (-€383 million)

Details of the cost of raw and consumable materials are shown in the following table:

€M	2019	2018	INCREASE/ (DECREASE)
Construction materials	-172	-153	-19
Electrical and electronic materials	-58	-45	-13
Lubricants and fuel	-60	-41	-19
Other raw and consumable materials	-248	-153	-95
Cost of materials	**-538**	**-392**	**-146**
Change in inventories of raw, ancillary and consumable materials and goods for resale	**1**	**8**	**-7**
Capitalised cost of raw materials	**-**	**1**	**-1**
Raw and consumable materials	**-537**	**-383**	**-154**

This item, which consists of purchases of materials and the change in inventories of raw and consumable materials, is up €154 million on 2018, mainly due to an increase in costs incurred by Autostrade per l'Italia in order to purchase civil properties and industrial buildings following the collapse of a section of the Polcevera road bridge. These expenses of €115 million are almost entirely covered by use of the provisions for the repair and replacement of motorway infrastructure already made as at 31 December 2018. Further details are provided in note 8.17.

8.6 Service costs -€2,782 million (-€1,467 million)

An analysis of service costs is provided below.

€M	2019	2018	INCREASE/ (DECREASE)
Construction and similar	-1,813	-630	-1,183
Professional services	-262	-221	-41
Transport and similar	-65	-58	-7
Utilities	-107	-59	-48
Insurance	-68	-43	-25
Statutory Auditors' fees	-2	-2	-
Other services	-466	-455	-11
Gross service costs	**-2,783**	**-1,468**	**-1,315**
Capitalised service costs for assets other than concession assets	1	1	-
Service costs	**-2,782**	**-1,467**	**-1,315**

This item is up, essentially due to:

a) the full-year contribution of the Abertis group in 2019, amounting to €1,279 million (€271 million in 2018), primarily relating to construction services (€522 million), maintenance costs (€245 million) and toll collection services (€32 million), broadly in relation to the operators in Brazil, France and Chile;

b) an increase of €271 million in the costs incurred by Autostrade per l'Italia, essentially due to the increase in construction services linked to the increase in maintenance of motorway infrastructure. The item, "Construction and similar" includes the costs related to the progress of work on demolition and reconstruction of the Polcevera road bridge, amounting to €89 million. These expenses are entirely covered by use of the provisions for the repair and replacement of motorway infrastructure, in relation to the reconstruction of Polcevera road bridge, already made as at 31 December 2018. Further details are provided in note 8.17.

8.7 Staff costs
-€1,605 million (-€1,085 million)

An analysis of staff costs is shown below.

€M	2019	2018	INCREASE/ (DECREASE)
Wages and salaries	-1,050	-745	-305
Social security contributions	-321	-223	-98
Payments to supplementary pension funds, INPS and post-employment benefits	-44	-37	-7
Directors' remuneration	-7	-7	-
Other staff costs	-187	-76	-111
Gross staff costs	**-1,609**	**-1,088**	**-521**
Capitalised staff costs for assets other than concession assets	4	3	1
Staff costs	**-1,605**	**-1,085**	**-520**

Staff costs of €1,605 million are up €520 million (€1,085 million in 2018), primarily reflecting the full-year contribution of the Abertis group in 2019, amounting to €559 million (€110 million in 2018). These costs regard the operators in France (€179 million), Spain (€110 million), Brazil (€67 million) and Italy (€50 million). There was an increase in the cost of staff incentive plans in 2019, partly in relation to changes in the fair value of rights vested as at 31 December 2018, linked to the positive performance of Atlantia's share price at the end of 2019.

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	2019	2018	INCREASE/ (DECREASE)
Senior managers	294	293	1
Middle managers and administrative staff	8,323	8,162	161
Toll collectors	2,939	3,033	-94
Other operating personnel	4,479	4,318	161
Total Atlantia Group	**16,035**	**15,806**	**229**
Senior managers	104	129	-25
Middle managers and administrative staff	951	1,020	-69
Operating personnel and toll collectors	11,935	12,731	-796
Abertis group(*)	**12,990**	**13,880**	**-890**
Total Group	**29,025**	**29,686**	**-661**

(*) Figures for 2018 provided for information purposes only as they refer to the full year.

8.8 Other operating costs -€1,003 million (-€721 million)

An analysis of other operating costs is shown below.

€M	2019	2018	INCREASE/ (DECREASE)
Concession fees	-609	-532	-77
Lease expense	-34	-30	-4
Grants and donations	-27	-46	19
Direct and indirect taxes	-326	-74	-252
Other	-8	-40	32
Other operating costs	-361	-160	-201
Other capitalised costs	1	1	-
Other costs	-1,003	-721	-282

Other operating costs, totalling €1,003 million, are up €282 million compared with the comparative period, primarily due to the contribution from the Abertis group in 2019, totalling €392 million (€57 million in 2018). This essentially relates to indirect and direct taxation paid by the French companies on owned properties and in the form of the *Redevance Domaniale*, a fee paid to the French State in return for the use of motorway infrastructure (amounting to €233 million), as well as indirect property taxes paid by the Spanish operators (€38 million).

After stripping out the Abertis group's contribution in the comparative periods, other operating costs are down €53 million, primarily due to the increased costs incurred in 2018, and classified in this item, as a result of the collapse of a section of the Polcevera road bridge. Finally, operating costs for 2019 also include the accrued amount payable (€21 million) by the Polish operator, Stalexport Autostrada Maloposka, to the Grantor under its concession arrangement.

8.9 Operating change in provisions -€ 1,447 million (-€523 million)

This item consists of operating changes in provisions, excluding those for employee benefits (classified in staff costs), made during the period in order to meet legal and constructive obligations requiring the use of financial resources in future years.
The negative balance of €1,447 million reflects a combination of the following:

a) provisions of €1,500 million linked to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT, as previously described note 8.17;
b) the operating change in the provisions for the repair and replacement of motorway infrastructure, represented by income of €125 million, essentially attributable to Autostrade per l'Italia's use of €225 million to fund the demolition and reconstruction of the Polcevera road bridge. After stripping out this item, provisions less uses are up €100 million, primarily reflecting (i) a revised estimate of the cost of the repairs to the motorway network, primarily those included in Autostrade per l'Italia's new strategic plan (€210 million), and (ii) the increased costs resulting from the performance of the discount rates used to discount the provisions to present value, partially offset by (iii) an increase in net uses by the Italian, Spanish, Brazilian and French operators in the Abertis group, amounting to €78 million.

8.10 Use of provisions for construction services required by contract €423 million (€367 million)

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 motorway operators, above all Autostrade per l'Italia, whose concesssion agreements provide for such obligations. The increase of €56 million primarily regards investment by the Chilean motorway operator, Autopista del Sol, in the construction of third lanes. Further information on construction services and capital expenditure during the period is provided in notes 7.2 and 8.3.

8.11 (Impairment losses) and reversals of impairment losses -€63 million (€1 million)

In 2019, this item primarily includes the impact of the impairment test of the Aéroports de la Côte d'Azur CGU, which indicated that the initially recognised carrying amount of goodwill was partially recoverable, resulting in an impairment loss of €50 million. Further information is provided in note 7.2.

8.12 Financial income/(expenses) -€1,245 million (-€617 million) Financial income €737 million (€399 million) Financial expenses -€2,110 million (-€1,020 million) Foreign exchange gains/(losses) €128 million (€4 million)

An analysis of financial income and expenses is shown below.

€M	2019	2018	INCREASE/ (DECREASE)
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants	259	110	149
Dividends received from investees accounted for at fair value	73	4	69
Income from derivative financial instruments	123	116	7
Financial income accounted for as an increase in financial assets	65	58	7
Interest and fees receivable on bank and post office deposits	53	24	29
Other	164	87	77
Other financial income	405	285	120
Total financial income (a)	737	399	338
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-78	-53	-25
Interest on bonds	-639	-418	-221
Losses on derivative financial instruments	-379	-210	-169
Interest on medium/long-term borrowings	-428	-154	-274
Interest expense on lease liabilities	-6	-	-6
Interest expense accounted for as an increase in financial liabilities	-24	-17	-7
Interest and fees payable on bank and post office deposits	-1	-2	1
Other financial expenses	-555	-166	-389
Other financial expenses	-2,032	-967	-1,065
Total financial expenses (b)	-2,110	-1,020	-1,090
Foreign exchange gains/(losses) (c)	128	4	124
Financial income/(expenses) (a+b+c)	-1,245	-617	-628

Net other financial expenses, totalling €1,627 million are up €945 million compared with 2018 (€682 million), primarily reflecting a combination of the following:

a) the full-year contributions of the Abertis group and Abertis HoldCo for 2019 (€924 million), compared with 2018 when the Abertis group contributed for just the last two months of the year (€31 million). The Abertis group's contribution includes the financial expenses connected with the acquisition financing used to fund the acquisition of control of Abertis itself, which was refinanced during 2019. The balance also includes:
   1) the expenses resulting from the impairment loss on the financial assets of the Argentine operators, GCO and Ausol, guaranteed by the Grantor, amounting to €140 million, after taking into account the country's worsening economic situation; the assets have already been the subject of a revaluation under existing agreements, as described below;
   2) net financial expenses amounting to €147 million, recognised in application of IAS 29 and relating to financial reporting in hyperinflationary economies in connection with the Argentine operators (amounting to €13 million in 2018);

b) an increase in the net cost of derivative financial instruments (€103 million), reflecting the increase ineffective hedges entered into by Autostrade per l'Italia and Atlantia compared with 2018, following the measurement of the two companies' Interest Rate Swaps as at 31 December 2019, and the recognition of accrued differentials on derivative instruments;

c) a reduction in interest expense (€58 million) linked to the redemption, in November 2018, of retail bonds issued by Atlantia (€35 million) and, in February 2019, of bonds issued by Autostrade per l'Italia in 2012 (€23 million);

d) the impairment loss on amounts due to AB Concessões from Rodovias de Tieté, totalling €27 million, reflecting the company's worsening financial situation.

The item, "Foreign exchange gains/(losses)" includes the impact of the rise in the value of the US dollar against the Argentine peso on the financial assets deriving from concession rights attributable to the motorway operators, GCO and Ausol, amounting to €128 million, subject to the above impairment losses. These concession rights are described in note 7.4.

8.13 Share of profit/(loss) of investees accounted for using the equity method €21 million (€3 million)

The "Share of (profit)/loss of investees accounted for using the equity method" for 2019 amounts to a profit of €21 million, reflecting the Group's share of the profit or loss of its associates and joint ventures, essentially due to the contribution from the associate Getlink.

8.14 Income tax expense -€107 million (-€400 million)

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

€M	2019	2018	INCREASE/ (DECREASE)
IRES	-356	-327	-29
IRAP	-84	-93	9
Income taxes attributable to foreign operations	-603	-128	-475
Current tax benefit of tax loss carry-forwards	9	10	-1
Current tax expense	**-1,034**	**-538**	**-496**
Recovery of previous years' income taxes	39	20	19
Previous years' income taxes	-16	-	-16
Differences on current tax expense for previous years	**23**	**20**	**3**
Provisions	909	311	598
Releases	-647	-377	-270
Changes in prior year estimates	67	-2	69
Deferred tax income	**329**	**-68**	**397**
Provisions	-139	-79	-60
Releases	727	265	462
Changes in prior year estimates	-13	-	-13
Deferred tax expense	**575**	**186**	**389**
Deferred tax income/(expense)	**904**	**118**	**786**
Income tax (expense)/benefit	**-107**	**-400**	**293**

Income tax expense amounts to €107 million, down €293 million compared with 2018 (€400 million). This relates to the reduction in pre-tax profit for 2019, essentially due to the reduction in pre-tax profit at Autostrade per l'Italia.
In addition, introduction of the 3.5% IRES surtax for the period 2019-2021 by art. 1, paragraphs 716-718 of Law 160/2019 (the 2020 Budget Law), applicable to the earnings of motorway and airport operators, has increased current income tax expense in the consolidated financial statements for 2019 by €46 million.
Deferred tax assets for the year include an increase of €480 million relating to the provisions made in relation to the undertaking given by Autostrade per l'Italia with the aim of resolving the dispute with the MIT.

The following table shows the reconciliation of the IRES charge calculated at the statutory tax rate and the effective charge in the comparative periods.

€M	2019			2018		
	TAXABLE INCOME	TAX	TAX RATE	TAXABLE INCOME	TAX	TAX RATE
Pre-tax profit/(loss) from continuing operations	471			1,380		
Tax expense computed using statutory rate applied by Parent Company		113	24.0%		331	24.0%
IRAP		84	17.8%		93	6.7%
Tax expense for the year relating to the Abertis group(*)		-	0.0%		16	1.2%
Effect of different oevrseas tax rates		31	6.6%		-3	-0.2%
Differences on current taxation for previous year		-23	-4.9%		-20	-1.4%
Adjustments to deferred tax assets/liabilities for previous year		-17	-3.6%		-	
Tax benefit of deduction of depreication and amortisation from tax		-31	-6.6%		-	0.0%
Changes in tax due to tax losses		-32	-6.8%		-10	-0.7%
Other changes		-18	-3.8%		-7	-0.5%
TOTAL		107	22.7%		400	29.0%

(*) In order to best present the impact of consolidation of the Abertis group's results for the last two months of 2018, the group's contribution to computation of the Atlantia Group's current tax expense has been shown separately.

8.15 Profit/(Loss) from discontinued operations -€7 million (€4 million)

An analysis of the net profit/(loss) from discontinued operations for the two comparative periods is shown below.

€M	2019	2018	INCREASE/ (DECREASE)
Operating income	129	27	102
Operating costs	-109	-4	-105
Financial expenses	-61	-32	-29
Financial income	42	30	12
Tax benefit/(expense)	-8	-17	9
Profit/(Loss) from discontinued operations	-7	**4**	**-11**

The net loss of 2019 and the net profit of 2018 regard the contribution of the Hispasat group's discontinued operations, whose sale was agreed on 12 February 2019 and completed on 3 October 2019, following clearance from the relevant authorities. Further information is provided in note 5.

8.16 Earning per share

The following table shows the calculation of basic and diluted earnings per share for the two comparative periods.

	2019	2018
Weighted average number of shares outstanding	825,783,990	825,783,990
Weighted average number of treasury shares in portfolio	-7,804,365	-7,914,925
Weighted average of shares outstanding for calculation of basic earnings per share	**817,979,625**	**817,869,065**
Weighted average number of diluted shares held held under share-based incentive plans	8,722	105,409
Weighted average of all shares outstanding for calculation of diluted earnings per share	**817,988,346**	**817,974,474**
Profit for the year attributable to owners of the parent (€m)	136	775
Basic earnings per share (€)	**0.17**	**0.95**
Diluted earnings per share (€)	**0.17**	**0.95**
Profit from continuing operations attributable to owners of the parent (€m)	139	773
Basic earnings per share from continuing operations (€)	**0.17**	**0.95**
Diluted earnings per share from continuing operations (€)	**0.17**	**0.95**
Profit/(Loss) from discontinued operations attributable to owners of the parent (€m)	-3	2
Basic earnings/(losses) per share from discontinued operations (€)	-	-
Diluted earnings/(losses) per share from discontinued operations (€)	-	-

8.17 Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa

With regard to the tragic collapse of a section of the Polcevera road bridge (the "road bridge") on the A10 Genoa-Ventimiglia motorway operated by da Autostrade per l'Italia (the "operator") on 14 August 2018, the impact of this event on the accounts in 2019 and 2018 is described below. Reference should be made to the information already provided in note 8.17 to the consolidated financial statements as at and for the year ended 31 December 2018 for full details relating to 2018.
Developments relating to legal and regulatory aspects in 2019 are described below in note 10.7.

Convinced that it has fully complied with its concession obligations and whilst awaiting the outcome of the ongoing investigation into the causes of the collapse, the operator has, in any event, an obligation to reconstruct the Polcevera road bridge in compliance with the terms of the Single Concession Arrangement. This obligation falls within the scope of provisions to be made to the "Provisions for the repair and replacement of motorway infrastructure", in application of the accounting standards and policies applied and described in note 3.
In particular, the provisions already made in the financial statements for 2018 meet the requirements of IAS 37 in relation to provisions, being that:
a) there is a present obligation as a result of a past event;
b) it is probable that an outflow of resources will be required to settle the obligation; and
c) the related amount can be reliably estimated.

Moreover, fulfilment of the obligation will not qualify for recognition of an intangible asset, either as a right deriving from construction services for which no additional economic benefits are received or as a right deriving from construction services for which additional benefits are received.
Autostrade per l'Italia has an obligation to reconstruct the infrastructure previously operated under concession and this reconstruction of the road bridge:
a) does not form part of specific obligations to perform certain construction services (services that do not give rise to any form of toll increase or other benefit) assumed at the time of signing the Concession Arrangement;
b) does not generate any additional economic benefit, in that it relates to the mere reconstruction /replacement of pre-existing infrastructure. Any indirect benefits, such as, for example, the fact that the new road bridge will result in lower maintenance costs in future years cannot result in recognition of an intangible asset, as this would not meet the requirements of IAS 38.

With regard to the above, in accordance with the accounting treatment applicable had the operator proceeded directly to carry out reconstruction based on the terms of the Single Concession Arrangement (rather than responsibilities for these activities being assigned by law to a Special Commissioner appointed by the Government), a series of expenses resulting from the events in question were already recognised in the consolidated income statement for 2018, as described in detail in note 8.17 to the consolidated financial statements as at and for the year ended 31 December 2018.
As described in the above note, with regard to the method of accounting for the risks and charges connected with the "direct" and "indirect" damages, it should be noted that:
a) so-called "direct damages", meaning damages directly linked to the events as a direct and immediate consequence of the collapse of the road bridge and regardless of any theoretical hypothesis on the

cause of the collapse, may be divided into two types:
(i) the costs connected with demolition and reconstruction, including the payment of compensation to the businesses located beneath the road bridge, for which the operator has made provision in the "Provisions for the repair and replacement of motorway infrastructure"; and
(ii) the charges related to the compensation paid to the victims' families and to the injured, which have been accounted for in "Other provisions for risks and charges";

b) with regard to so-called "indirect damages" hypothetically identified in relation to the collapse, it should be noted that, as regards determination of the probability of an adverse outcome and, as a result, identification of the accounting category provided for in IAS 37 (provisions or a contingent liability) with which it is reasonable to associate the legal risks in question, the operator's considerations are based on, and are in consistent with, a series of technical and legal opinions from professionals specialising in the related areas, in which the circumstances surrounding the collapse of the road bridge and the related disputes have been analysed in detail in order to estimate the probability of an adverse outcome for Autostrade per l'Italia and the expected value of any liabilities in the event of such an outcome.

With regard to the "indirect damages", the opinions received provide useful, if not decisive, elements on which Autostrade per l'Italia has based its classification of the provision (as a contingent liability). This means assessing the degree to which it is likely that an adverse outcome will occur as a result of the disputes and the possibility of arriving with reasonable certainty at an estimate of the size of the loss connected with the occurrence of this event.
The above technical and legal opinions have demonstrated that it is currently impossible to construct an ex ante hypothesis, and that it will be necessary to assess the concrete evidence that may emerge from time to time, and that, as to any identification of the entity responsible for the event, Autostrade per l'Italia has not been identified as being responsible for the occurrence of the event in any final court or out-of-court ruling.
Thus, based on the fact that:

a) it is not possible to construct an ex ante hypothesis regarding Autostrade per l'Italia's responsibility for the occurrence of the event, nor, as a result, regarding whether or not any damages are due or the size of any damages;
b) at the present time, there are further causes of uncertainty regarding whether or not any damages are due, or the size of any damages payable by Autostrade per l'Italia, in view of the disputes resulting from assessment process relating to insurance connected to the collapse of the road bridge, and from an accounting viewpoint, the necessary conditions referred to in paragraph 14 of IAS 37 for recognition of a provision to "Other current provisions for risks and charges" have so far not been met.

Finally, Autostrade per l'Italia continued to implement the company's decision to exempt road users in the Genoa area from the payment of tolls, resulting in an estimated overall reduction in toll revenue in 2018 and 2019 of approximately €26 million, including €19 million attributable to 2019.

In keeping with the above accounting treatment, in 2019 Autostrade per l'Italia:

a) recognised costs of €225 million as a result of requests from the Special Commissioner to fund reconstruction of the road bridge, as set out in a letter dated 21 December 2018, in implementation of the provisions of art. 1, paragraphs 5 and 6, art. 1-*bis*, art. 4-*bis* of Law Decree 109, converted with amendments into Law 130 of 16 November 2018; this amount is entirely covered by use of "Provisions for the repair and replacement of motorway infrastructure" previously set aside in the consolidated financial statements as at and for the year ended 31 December 2018, and its impact on the income statement has been offset by indirect use of the above provisions in the "Operating change in provisions";

b) paid a total of €51 million directly from "Other provisions for risks and charges", already made as at 31 December 2018, in the form of compensation for a number of the families of victims impacted by the collapse of the road bridge, in grants for small businesses and firms hit by the collapse and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect the Autostrade per l'Italia's rights and those of its employees who are under investigation;

c) made further provisions of €12 million to the "Other provisions for risks and charges" following an updated estimate of the charges to be incurred in order to pay further compensation to victims' families.

Agreement was reached with the insurance company in 2019 regarding quantification of the amount payable to Autostrade per l'Italia under existing third-party liability insurance policies for the Polcevera road bridge, amounting to €38 million. This amount has been recognised in "Other operating income" in the consolidated income statement for 2019, as it relates to costs for which provision had already been made in the consolidated financial statements as at and for the year ended 31 December 2018. These proceeds were not recognised in the financial statements at such date as they did not meet the requirements for reasonable certainty regarding either the amount to be collected or the date on which collection would occur.
Similarly, as at 31 December 2019, no further proceeds that may in future be collected on other insurance policies relating to the Polcevera road bridge have been recognised, as they do not meet the requirements of IFRS.

Again with regard to the impact of the collapse of a section of the Polcevera road bridge on profit or loss, in 2019, other Atlantia Group companies, namely Pavimental and Spea Engineering, have:

a) recognised charges totalling €7 million, essentially attributable to consultants' fees;
b) made provisions of €2 million to the "Other provisions for risks and charges".

Following the payments and provisions recognised in 2019, remaining provisions made in relation to the collapse of a section of the Polcevera road bridge in the consolidated financial statements as at and for the year ended 31 December 2019 consist of:

a) "Provisions for the repair and replacement of motorway infrastructure", totalling €172 million;
b) "Other provisions for risks and charges", totalling €19 million.

Following the collapse of the road bridge, the Ministry of Infrastructure and Transport formally accused Autostrade per l'Italia of certain breaches of its contractual obligations under the Single Concession Arrangement, as described in note 10.7.
As described in that note, and in the section, "Going concern assumption" in the above note 2, to which reference should be made, Autostrade per l'Italia, without prejudicing any determination of liability for the collapse, proceeded to enter into discussions with the Government, the MIT and the Ministry of the Economy and Finance with the aim of agreeing on a resolution of the dispute, in return for the subsidiary's withdrawal of certain legal actions challenging aspects of the legislation introduced by the Government, which in some respects were in breach of Autostrade per l'Italia's rights.

Following a series of contacts between the parties, the latest on 5 March 2020, when Autostrade per l'Italia sent the MIT a letter in which the subsidiary, whilst continuing to refute the accusations made against it and confirming its willingness to work towards an agreed resolution of the ongoing dispute, set out details of the various elements of the proposal. The proposal includes, among other things, a commitment to assume sole responsibility for meeting expenditure totalling €2,900 million. This sum breaks down as follows:

a) €1,500 million to be allocated on the basis of agreements to be reached by the parties in order to fund the development of the country's infrastructure, the upgrade of the motorway network operated by Autostrade per l'Italia and/or its subsidiaries, and toll discounts for road users;
b) an increase of €700 million (to be borne entirely by the subsidiary) in improvement maintenance in the period 2019-2023, compared with the commitments included in the financial plan submitted to the Grantor in June 2018;
c) without affecting the Company's previous commitment to bear the cost of construction of the new road bridge (including any ancillary expenses), estimated at €600 million, an undertaking to make up to a further €100 million available to the Special Commissioner to cover any additional reconstruction costs.

With regard to the commitments in point b), these are maintenance works that Autostrade per l'Italia had already provided for in its current programme of works, included in its business plan, to be carried out in relation to the commitments assumed in the Single Concession Agreement. These maintenance works are therefore accounted for in the financial statements in accordance with the criteria previously described in note 3. The works are quantified as part of the process of measuring the value of the "Provisions for the repair and replacement of motorway infrastructure", which take into account the commitments assumed by the company, including with regard to the impact on the estimate of the duration of the upcoming cycle of repair or replacement work on the various components of motorway infrastructure.
With regard to the expenses incurred in relation to demolition and/or reconstruction of the road bridge referred to in point c), in accordance with the previously noted requirements, amounts representing a probable outflow and that can be reliably estimated were already included in the measurement of the related "Provisions for the repair and replacement of motorway infrastructure" in the financial statements as at and for the year ended 31 December 2018.

As described in note 2, with regard to the uncertainties surrounding the ability of Autostrade per l'Italia and the Group to continue operating as going concerns, a detailed assessment has been conducted. Following this assessment, based on the belief that the risk of the initiation of the termination process is unlikely and the effective state of ongoing talks with the MIT, and on the assumption that there is a reasonable likelihood that an agreement will be reached as a result of these talks, the subsidiary has deemed that preparation of its financial statements on a going concern basis is appropriate. As a result, in these consolidated financial statements as at and for the year ended 31 December 2019, the Group has made a further provision to "Other current provisions for risks and charges" amounting to €1,500 million, corresponding with the current best estimate of the amount of Autostrade per l'Italia's undertaking, despite the previously noted fact that the manner in which these funds are to be used has yet to be decided on. This approach is based on the requirements of IAS 37 have been met, above all based on the fact that the company has assumed a specific current constructive obligation that has been indicated to the

counterparty, resulting from the event represented by the collapse of the road bridge. At the date of approval of these financial statements by the Company's Board of Directors, there are no further actions or formal obligations assumed by the Company that, under IFRS, must be reflected in specific items in the financial statements.
Given that, the above talks are still ongoing, it is not at this time possible to accurately predict the content of the final agreement that may be reached with the Government. However, despite the uncertainty surrounding the ongoing talks, at this time, the Group believes that the above amount of €1,500 million represents the best estimate of the expenses to be met by Autostrade per l'Italia and to be reflecting in provisions, in accordance with the requirements of IAS 37 and the accounting standards adopted, as described in note 3.

The following table shows the consolidated income statement for 2019 and 2018, showing the non-recurring impact on each line item, as required by CONSOB resolution 15519 of 27 July 2006, resulting from the events of 14 August 2018. These non-recurring impacts include items recognised by Autostrade per l'Italia, Atlantia, Pavimental and Spea Engineering directly in relation to the above events, as described in detail above.

€M	2019	OF WHICH IMPACT OF NON-RECURRING ITEMS	2018	OF WHICH IMPACT OF NON-RECURRING ITEMS
REVENUE				
Toll revenue	9,256	-	4,992	-
Aviaton revenue	826	-	834	-
Revenue from construction services	989	-	518	-
Other operating income	1,544	38	1,083	-
TOTAL REVENUE	12,615	38	7,427	-
COSTS				
Raw and consumable materials	-537	-115	-383	-
Service costs	-2,782	-99	-1,467	-11
Gains/(Losses) on sales of components of fixed assets	1	-	-	-
Staff costs	-1,605	-	-1,085	-1
Other operating costs	-1,003	-24	-721	-38
Concession fees	-609	-	-532	-
Lease expense	-34	-	-30	-
Other	-361	-24	-160	-38
Other capitalised costs	1	-	1	-
Operating change in provisions	-1,447	-1,289	-523	-455
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure	125	225	-347	-397
(Provisions)/ Uses of provisions for renewal of assets held under concession	-21	-	-86	-
Provisions for risks and charges	-1,551	-1,514	-90	-58
Use of provisions for construction services required by contract	423	-	367	-
Amortisation and depreciation	-3,907	-	-1,622	-
Depreciation of property, plant and equipment	-200	-	-94	-
Amortisation of intangible assets deriving from concession rights	-3,585	-	-1,440	-
Amortisation of other intangible assets	-122	-	-88	-
(Impairment losses)/Reversals of impairment losses	-63	-	1	-
TOTAL COSTS	-10,920	-1,527	-5,433	-506
OPERATING PROFIT/(LOSS)	1,695	-1,489	1,994	-506
Financial income	737	-	399	-
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants	259	-	110	-
Dividends received from investees accounted for at fair value	73	-	4	-
Other financial income	405	-	285	-
Financial expenses	-2,110	-	-1,020	-
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-78	-	-53	-
Other financial expenses	-2,032	-	-967	-
Foreign exchange gains/(losses)	128	-	4	-
FINANCIAL INCOME/(EXPENSES)	-1,245	-1,489	-617	-
Share of profit/(loss) of investees accounted for using the equity method	21	-	3	-
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	471	-1,489	1,380	-506
Income tax (expense)/benefit	-107	481	-400	140
Current tax expense	-1,034	30	-538	10
Differences on tax expense for previous years	23	-	20	-
Deferred tax income and expense	904	451	118	129
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	364	-1,008	980	-366
Profit/(Loss) from discontinued operations	-7	-	4	-
PROFIT FOR THE YEAR	357	-1,008	984	-366
of which:				
Profit attributable to owners of the parent	136	-889	775	-323
Profit attributable to non-controlling interests	221	-119	209	-43

9. OTHER FINANCIAL INFORMATION

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flow in 2019, compared with 2018, is analysed below. The consolidated statement of cash flows is included in the "Consolidated financial statements".
Cash flows during 2019 resulted in an increase of €129 million in cash and cash equivalents (a decrease of €540 million in 2018).

Operating activities generated cash flows of €4,662 million in 2019, up €1,719 million on the figure for 2018 (€2,943 million). The increase is primarily attributable to a combination of the following:
a) the increase of €1,985 million in operating cash flow compared with 2018, mainly due to the increased contribution from the Abertis group in 2019, amounting to €2,204 million, following the acquisition of control completed at the end of October 2018;
b) an increase of €307 million in the cash outflow due to changes in working capital and other changes in 2019, compared with the outflow in 2018, amounting to €41 million, primarily linked to the Abertis group's contribution (€260 million), and in particular to the settlement of amounts due to Invin's non-controlling shareholders (€188 million).

Cash used for investing activities, totalling €1,221 million, is linked to a combination of the following:
a) investment during the year, amounting to €1,794 million (further details are provided in notes 7.1 and 7.2);
b) the cash outflow relating to investment in current and non-current financial assets, totalling €542 million, primarily reflecting an increase in term deposits (€188 million) and the discounting to present value of the financial assets deriving from the concession rights of the Chilean and Argentine operators (€259 million);
c) proceeds from the sale of the 89.7% interest in Hispasat, amounting to a net €904 million, based on gross proceeds of €933 million less cash transferred of €29 million, as described in note 5.

Cash used for investing activities in the comparative period, totalling €18,673 million, primarily regards:
a) the acquisition of control of the Abertis group for a net amount of €14,043 million, reflecting an outflow of €16,520 million less cash acquired, totalling €2,476 million;
b) the purchase of a 23.86% interest in Hochtief for €2,411 million;
c) capital expenditure for the year of €1,125 million;
d) the purchase of a 100% interest in Aero 1 for €1,056 million.

Net cash used in financing activities in 2019 amounts to €3,288 million, reflecting a combination of the following:
a) the repayment borrowings totalling €10,530 million, primarily regarding early repayment of a part of Abertis Infraestructuras's borrowings following the transfer to this company of the debt assumed by Abertis HoldCo in order to acquire the former (€6,608 million), in addition to the repayment of loans by the Abertis group (€1,989 million), Abertis HoldCo (€966 million) and Atlantia (€675 million);
b) the redemption of bonds, amounting to €1,990 million, essentially relating to Abertis group companies (€1,223 million) and Autostrade per l'Italia (€593 million);

c) dividends paid to the Group's shareholders and non-controlling shareholders, totalling €1,204 million;
d) the distribution of reserves and returns of capital to non-controlling shareholder, totalling €466 million, essentially due to the distribution of reserves by Abertis HoldCo (€432 million);
e) new bond issues, totalling €7,434 million, essentially attributable to Abertis Infraestructuras (€5,800 million) and new issues by a number of Group companies operating in Chile, Brazil and Puerto Rico;
f) new borrowings (excluding lease liabilities) totalling €3,583 million, primarily attributable to Abertis HoldCo (€966 million), Abertis Infraestructuras and the Abertis group's Brazilian operators (€1,428 million), in addition to the funded collar entered into by Atlantia (with a nominal value of €752 million).

Details of movements in financial liabilities are provided in note 7.15.

The inflow from financing activities in 2019 amounts to €15,223 million, reflecting a combination of the following:

a) new bank borrowings obtained during the year by Abertis HoldCo to finance the acquisition of Abertis, amounting to €9,775 million;
b) the new borrowings obtained by Atlantia, totalling €3,323 million, in relation to completion of the acquisition of control of Abertis;
c) the contribution of the non-controlling shareholders of Abertis HoldCo, totalling €3,455 million;
d) Atlantia's redemption of retail bonds, totalling €1,000 million;
e) dividends paid to the Atlantia Group's shareholders and to non-controlling shareholders, totalling €781 million.

The following table shows net cash flows generated from discontinued operations, including the contributions of Hispasat, 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.

Net cash flows generated from discontinued operations

€M	2019	2018
Net cash generated from/(used in) operating activities	79	26
Net cash generated from/(used in) investing activities	-23	-4
Net cash generated from/(used in) financing activities	68	-30

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:

a) market risk, principally linked to the effect of movements in interest and foreign exchange rates on financial assets acquired and financial liabilities assumed;
b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund the Group's operating activities and repayment of the liabilities assumed;
c) credit risk, linked to both ordinary trading relations and the likelihood of the risk of default by financial counterparties;
d) inflation risk, connected with the impact on profit or loss and on the real value of assets and liabilities resulting from movements in market inflation rates.

The Atlantia Group's financial risk management strategy is derived from and consistent with the business goals set by the Atlantia Board of Directors.

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:

a) 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;
b) to pursue a potential reduction of the Atlantia Group's borrowing costs within the risk limits determined by the Board of Directors;
c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

The Atlantia Group's hedges are classified, in accordance with IFRS 9, as cash flow hedges, fair value hedges or hedges of a net investment in foreign operations, depending on the type of risk hedged and in accordance with the standard.
As at 31 December 2019, the notional amount of the Group's derivatives portfolio has decreased by €553 million (a total of €16,752 million), with fair value losses of €1,032 million compared with €749 million as at 31 December 2018. The reduction primarily reflects a significant fall in interest rates in 2019. The change in the fair value of derivative instruments as at 31 December 2019 and 31 December 2018 is reflected in equity and amounts to a negative amount of €431 million. This includes €507 million in fair value losses on cash flow hedges (primarily Interest Rate Swaps), €25 million in fair value losses on net investment hedges (represented by Cross Currency Swaps) and €101 million in fair value gains on fair value hedges (the Collar).
The Group's portfolio also includes non-hedge accounting transactions, including the derivatives embedded in certain short-term borrowings obtained by Autostrade Meridionali and Pavimental, with a notional value of €269 million and fair value losses of €1 million.

Further details are provided in note 7.15.
Information on the fair value measurement of derivative financial instruments is provided in note 3.
Foreign currency amounts are converted into euros using the closing exchange rates published by the Bank of Italy.
The residual average term to maturity of the Group's debt as at 31 December 2019 is approximately 5 years and 4 months. As at 31 December 2019, the weighted average cost of the Atlantia Group's medium/long-term borrowings, including differentials on hedging instruments, was 3.3% for 2019 (reflecting a combination of 2.8% for the companies operating in the euro area, 4.9% for the Chilean companies and 8.4% for the Brazilian companies). Specific monitoring procedures have been implemented in order to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

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

a) cash flow risk: linked to financial assets and liabilities, with cash flows indexed to a market interest rate. In order to reduce the amount of floating rate debt, the Group has entered into Interest Rate Swaps (IRSs), classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Following changes in market conditions in early 2020, bond issues by Autostrade per l'Italia planned to take place in 2020 are no longer considered possible and this has, therefore, resulted in reclassification of a part of the Forward-Starting Interest Rate Swaps, with a fair value of €67 million, as no longer qualifying for hedge accounting in compliance with IFRS 9. In addition, planned issues by Atlantia in 2020 and 2021 and by Autostrade per l'Italia in 2021 are considered possible and no longer highly probable. As a result, the two companies' remaining Forward-Starting Interest Rate Swaps (and Autostrade per l'Italia's IRSs) have been classified, after 30 June 2019, as no longer qualifying for the application of hedge accounting;
b) fair value risk: the risk of losses deriving from an unexpected change in the value fixed rate financial assets and liabilities following an unfavourable shift in the market yield curve. As at 31 December 2019, the Group reports transactions classifiable as fair value hedges in accordance with IFRS 9, regarding IPCA x CDI Swaps entered into by the Brazilian companies, Triangulo do Sol and Rodovia das Colinas, with the aim of converting the real IPCA rate bonds issued to a floating CDI rate. Changes in the fair value of such instruments are recognised in profit or loss and are offset by the change in the fair value of the underlying hedged liability. In addition, an Offset Swap was entered into in 2018 to crystallise the positive mark-to-market value of the IPCA x CDI Swaps at the date of execution of the Offset. The value of the IPCA x CDI Swaps as at 31 December 2019, net of the value if the Offset Swaps, is a negative €11.36 million.

72.5% of the Group's debt is fixed rate. After taking into account the related interest rate hedges, fixed rate debt represents 83.7% of the total.

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;

c) transaction exposure incurred by making deposits or obtaining loans in currencies other than the individual companies' functional currency.

The Group's prime objective of currency risk is to minimise transaction exposure through the assumption of liabilities in currencies other than the functional 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 an issuer substitution, the Group has entered into Cross Currency Swaps (CCS) with notional values and maturities equal to those of the underlying financial liabilities. These swaps also qualify as cash flow hedges.
Following Atlantia's buyback of 99.87% of the sterling-denominated notes, amounting to £215 million, originally issued by Romulus Finance (a vehicle company controlled by Aeroporti di Roma and wound up in 2017 with the transfer of the liabilities assumed to the parent), the Cross Currency Swaps entered into by Atlantia and Aeroporti di Roma to hedge interest and currency risk associated with the underlying in foreign currency, no longer qualify for hedge accounting in the consolidated financial statements.
In January 2020, the receivables due on the sterling-denominated bonds issued by Romulus and held by Atlantia were assigned, resulting in the reissue of the liabilities in the consolidated accounts. As part of this transaction, the Company entered into two Cross Currency Offset Swaps with the same notional value in sterling as the above CCS, in order to crystallise the mark-to-market value of the original CCS at the date of execution of the offset.
15% of the Group's debt is denominated in currencies other than the euro.

Share price risk

Share price risk reflects the potential for the market prices of the shares held by an entity move in response to changes in market conditions.
In this regard, in March 2019, Atlantia entered into a derivative financial instrument called a "funded collar", involving 5.6 million shares in Hochtief (representing approximately 33% of the total shares held). The aim is to mitigate the shares' exposure to the risk that movements in the market price would take the share price below a certain floor and to benefit from increases in the share price up to a certain cap. The derivative instrument consists of a put option (with fair value gains amounting to €212 million) and a call option (with fair value losses amounting to €42 million). The derivative is being used to secure a loan of €752 million with an average term to maturity of 6.5 years and with scheduled repayments between September 2024 and March 2026, potentially via the sale of the Hochtief shares at prices within the above range. Fair value gains on these derivatives as at 31 December 2019 amount to €170 million and are recognised in other comprehensive income, in keeping with the accounting treatment applied to the underlying (the Hochtief shares), as required by IFRS 9 for fair value hedges.

The following table summarises outstanding derivative financial instruments as at 31 December 2019 (compared with 31 December 2018) and shows the corresponding market and notional values.

€M Type	PURPOSE OF HEDGE	31 December 2019 FAIR VALUE ASSET/(LIABILITY)	31 December 2019 NOTIONAL AMOUNT	31 December 2018 FAIR VALUE ASSET/(LIABILITY)	31 December 2018 NOTIONAL AMOUNT
Cash flow hedges (1)					
Cross Currency Swap	Currency rate risk	-339	1,726	-380	1,264
Interest Rate Swap	Interest rate risk	-329	5,341	-314	13,742
FX Forward	Currency rate risk	21 (2)	1,450	-	-
	Total cash flow hedges	**-647**	**8,517**	**-694**	**15,006**
Fair value hedges (1)					
IPCA x CDI Swap	Interest rate risk	8	80	4	163
Collar	Share price risk	170	639	-	-
	Total fair value hedges	**178**	**719**	**4**	**163**
Net investment in foreign operation (1)					
	Currency rate risk	60	215	51	822
	Total net investment in a foreign operation hedges	**60**	**215**	**51**	**822**
Non-hedge accounting derivatives (1)					
Cross Currency Swap	Currency rate risk	-93	761	-102	761
Interest Rate Swap	Interest rate risk	-509	6,111	-	-
Derivati incorporati nei finanziamenti	Interest rate risk	-1	269	-1	273
FX Forward	Currency rate risk	-1 (2)	41	1 (2)	170
IPCA x CDI Swap	Interest rate risk	-19	119	-8	110
	Total non-hedge accounting derivatives	**-623**	**7,301**	**-110**	**1,314**
TOTAL		-1,032	16,752	-749	17,305
	fair value (asset)	311		183	
	fair value (liability)	-1,343		-932	

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

(2) The fair value of these derivatives is classified in short-term financial assets and liabilities.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Atlantia Group is exposed would have had on the consolidated income statement for 2019 and on equity as at 31 December 2019.

The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the year, assuming, in terms of the impact on the income statement, a 1% (100 bps) shift in the market yield curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on other comprehensive income, the 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 100 bps shift in market interest rates would have resulted in a negative impact on the consolidated income statement, totalling €787 million and on other comprehensive income, totalling €329 million, 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 €245 million and on other comprehensive income, totalling €35 million, linked respectively to the change in the net result reported by the Atlantia Group's overseas subsidiaries 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.

As at 31 December 2019, the Group has estimated cash reserves of €15,655 million, consisting of:

a) €5,232 million in cash and cash equivalents, including €551 million attributable to Atlantia;
b) €10,423 million in undrawn committed lines of credit (including €3,250 million attributable to Atlantia), having an average residual term of approximately four years and nine months and a weighted average residual drawdown period of approximately four years and two months. These lines of credit include €1,300 million consisting of two lines of credit obtained by Autostrade per l'Italia from Cassa Depositi e Prestiti, which is currently processing an application for the drawdown of funds with a view to excluding any reason that would prevent the bank from disbursing the requested amount.

With regard to assessment of the risk of early repayment of Autostrade per l'Italia's borrowings from the EIB and CDP (€2.1 billion, including €1.7 billion guaranteed by Atlantia), as a result of the rating downgrade to sub-investment grade by the rating's agencies, following publication of the *Milleproroghe* Decree, at the date of preparation of this Annual Report for 2019, the subsidiary, Autostrade per l'Italia has not received a request for early repayment from the two financial institutions and that, from the ongoing discussions t the parties are monitoring developments. Any non compliance with a request for early repayment from the EIB or CDP, provided that it was lawful, could result in similar requests from Autostrade per l'Italia's other creditors, including bondholders.

The financial tensions caused by the legal restrictions on movement imposed in response to the spread of the Covid-19 pandemic, and the consequent impact on traffic and the results of the Atlantia Group's operators, could affect the covenants attaching to the various loan agreements and have a negative impact on the certain operators' liquidity.

With regard to Autostrade per l'Italia, the subsidiary has taken a series of initiatives to ensure it is able to meet its financial requirements, including a request to draw down sums available under the credit facility obtained from Cassa Depositi e Prestiti, recourse to new borrowings, by taking advantage of the measures introduced by Decree 23 of 8 April 2020 (SACE guarantees) and, finally, by recourse to the support provided by Atlantia, amounting to up to €900 million, after the subsidiary's available alternative financial sources of funding.

The other Group companies do not appear to have significant problems in terms of liquidity. The companies, partly in order to mitigate the impact on liquidity resulting from the Covid-19 emergency, are monitoring developments and assessing the option of accessing new lines of credit available on the market or the option of taking advantage of the aid provided by the various governments in the countries in which they operate in order to meet their planned financial requirements.

Information on Atlantia's liquidity risk is provided in note 7.2, "Financial risk management" in the separate financial statements.

Details of drawn and undrawn committed lines of credit of the Group as at 31 December 2019 are shown below.

€M					31 December 2019	
BORROWER	LINE OF CREDIT	DRAWDOWN PERIOD EXPIRES	FINAL MATURITY	AVAILABLE	DRAWN	UNDRAWN
Atlantia	Revolving facility €1,250m of 4 July 2018	4 June 2023	4 July 2023	1,250	-	1,250
Atlantia	Revolving facility €2,000m of 12 October 2018	05 Oct 2021	5 Nov 2021	2,000	-	2,000
Abertis Infraestructuras	Société Générale	1 Feb 2021	1 Feb 2021	150	-	150
Abertis Infraestructuras	NatWest Markets Plc	7 Mar 2021	7 Mar 2021	100	-	100
Abertis Infraestructuras	Bankinter	11 Mar 2021	11 Mar 2021	100	-	100
Abertis Infraestructuras	Bankia	07/04/2021	07/04/2021	150	-	150
Abertis Infraestructuras	BNP Paribas	29 Apr 2021	29 Apr 2021	100	-	100
Abertis Infraestructuras	Intesa San Paolo	18 May 2021	18 May 2021	150	-	150
Abertis Infraestructuras	Barclays Bank	16 June 2021	16 June 2021	150	-	150
Abertis Infraestructuras	Sabadell Atlantico	28 June 2021	28 June 2021	50	-	50
Abertis Infraestructuras	Goldman Sachs	15 July 2021	15 July 2021	100	-	100
Abertis Infraestructuras	ING	21 Sept 2021	21 Sept 2021	100	-	100
Abertis Infraestructuras	Citi	30 Sept 2021	30 Sept 2021	100	-	100
Abertis Infraestructuras	Abanca	28 Mar 2022	28 Mar 2022	100	-	100
Abertis Infraestructuras	Santander	20 Apr 2022	20 Apr 2022	450	-	450
Abertis Infraestructuras	CaixaBank	30 Apr 2022	30 Apr 2022	350	-	350
Abertis Infraestructuras	BBVA	20 Feb 2023	20 Feb 2023	200	-	200
Abertis Infraestructuras	Unicredito Grupo	31 July 2024	31 July 2024	150	-	150
Abertis Infraestructuras	MUFG Bank	30 Sep 2024	30 Sep 2024	100	-	100
Abertis Infraestructuras	ICBC	9 Nov 2024	9 Nov 2024	50	-	50
Abertis Infraestructuras	JP Morgan Chase	31 Mar 2022	31 Mar 2022	100	-	100
Abertis Infraestructuras	Morgan Stanley	31 Mar 2022	31 Mar 2022	100	-	100
Abertis Infraestructuras	CaixaBank	03 June 2023	03 June 2023	150	-	150
Abertis Infraestructuras	Unicaja	31 Mar 2024	31 Mar 2024	50	-	50
Abertis Infraestructuras	Bankia	05 Dec 2024	05 Dec 2024	150	-	150
Abertis Infraestructuras	BBVA	12 Dec 2024	12 Dec 2024	150	-	150
Abertis Infraestructuras	Unicredito Grupo	30 Mar 2025	30 Mar 2025	300	-	300
A4 Holding	Sparkasse	5 Feb 2021	5 Feb 2021	15	-	15
Arteris Via Paulista	BNDES	15 Sept 2045	15 Sept 2045	807	97	710
Autopista del Sol	Santander	21 Mar 2021	21 Mar 2021	104	-	104
Autostrada Bs Vr Vi Pd SpA	Intesa San Paolo	30 Sept 2024	30 Sept 2024	50	-	50
Autostrada Bs Vr Vi Pd SpA	Intesa San Paolo	30 Sept 2025	30 Sept 2025	200	-	200
Fernão Dias	BNDES	15 Dec 2029	15 Dec 2029	43	26	17
HIT	Syndicated Loans	18 Dec 2022	18 Dec 2022	200	-	200
Litoral Sul	BNDES	15 June 2026	15 June 2026	109	86	23
Planalto Sul	BNDES	15 Mar 2027	15 Mar 2027	8	7	1
Sanef	Syndicated Loans	09 Oct 2022	09 Oct 2022	300	-	300
Autostrade per l'Italia	Linea Committed a medio-lungo termine CDP Term Loan 2017	31 Dec 2021	31 Dec 2021	1,100	400	700
Autostrade per l'Italia	Linea Revolving CDP 2017	02 Oct 2022	02 Oct 2022	600	-	600
Autostrade Meridionali	Finanziamento a breve termine Banco di Napoli	31 Dec 2020	31 Dec 2020	300	245	55
Aeroporti di Roma	BEI Loan 2018	23 Mar 2021	23 Mar 2021	200	-	200
Aeroporti di Roma	CDP "Aeroporti di Roma – Fiumicino Sud"	31 Mar 2020	20 Sept 2031	150	70	80
Aeroporti di Roma	Committed Revolving Facility	11 Apr 2023	11 July 2023	250	-	250
Aéroports de la Côte d'Azur	Linea Committed a medio-lungo termine BEI 2014 "Potenziamento Aeroporto"	31 Mar 2021	5 Nov 2037	92	74	18
			Lines of credit	**11,428**	**1,005**	**10,423**

The following schedules show the distribution of loan maturities outstanding as at 31 December 2019 and 31 December 2018. The amounts in the above tables include interest payments and exclude the impact of any offset agreements. The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available. The distribution for transactions with amortisation schedules is based on the date on which each instalment falls due.

€M	31 December 2019					
	CARRYING AMOUNT	TOTAL CONTRACTUAL FLOWS	WITHIN 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	AFTER 5 YEARS
Non-derivative financial liabilities (1)						
Bond issues (A)	28,499	-33,616	-2,657	-4,593	-7,411	-18,955
Total bank borrowings	16,056	-18,015	-1,522	-1,876	-9,651	-4,966
Total other borrowings	396	-467	-67	-9	-231	-160
Total medium/long-term borrowings (B)	16,452	-18,482	-1,589	-1,885	-9,882	-5,126
Total non-derivative financial liabilities (C)= (A)+(B)	**44,951**	**-52,098**	**-4,246**	**-6,478**	**-17,293**	**-24,081**
Derivatives (2) (3)						
Interest rate swaps	838	-941	-92	-144	-267	-438
IPCA x CDI Swaps	19	-25	-1	-6	-18	0
Cross currency swaps	484	-563	109	-64	-359	-249
Embedded Floors	1	-	-	-	-	-
Fx Forwards	1	-1	-1	-	-	-
Total derivatives	**1,343**	**-1,530**	**15**	**-214**	**-644**	**-687**

(1) Future cash flows relating to interest on bond issues and floating rate loans have been projected on the basis of the latest established rate and applied and held constant to final maturity.
(2) As at 31 December 2018, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities.
(3) Expected future cash flows from differentials on derivatives have been projected on the basis of the exchange rate fixed at the measurement date.

€M	31 December 2018					
	CARRYING AMOUNT	TOTAL CONTRACTUAL FLOWS	WITHIN 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	AFTER 5 YEARS
Non-derivative financial liabilities (1)						
Bond issues (A)	23,161	-24,643	-3,131	-2,135	-5,270	-14,107
Total bank borrowings	22,993	-23,336	-1,809	-7,852	-10,255	-3,420
Total other borrowings	259	-266	-27	-29	-116	-94
Total medium/long-term borrowings (B)	23,252	-23,602	-1,836	-7,881	-10,371	-3,514
Total non-derivative financial liabilities (C)= (A)+(B)	**46,413**	**-48,245**	**-4,967**	**-10,016**	**-15,641**	**-17,621**
Derivatives (2) (3)						
Interest rate swaps	341	-485	-77	-110	-157	-141
IPCA x CDI Swaps	9	-8	-	7	-2	-12
Cross currency swaps	582	-588	-16	-20	-391	-161
Embedded Floors	1	-1	-1	-	-	-
Total derivatives	**933**	**-1,082**	**-94**	**-123**	**-550**	**-314**

(1) Future cash flows relating to interest on bond issues and floating rate loans have been projected on the basis of the latest established rate and applied and held constant to final maturity.
(2) As at 31 December 2018, expected contractual flows are linked to the hedging of outstanding and highly likely future financial liabilities to meet funding requirements through to 2020.
(3) Expected future cash flows from differentials on derivatives have been projected on the basis of the exchange rate fixed at the measurement date.

The following table shows the time distribution of expected cash flows from cash flow hedges, and the financial years in which they will be recognised in profit or loss.

€M	31 December 2019						31 December 2018					
	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	35	1,560	274	192	193	901	29	30	1	-	-10	39
Derivative liabilities	-682	-2,107	-228	-254	-497	-1,128	-723	-761	-74	-120	-379	-188
Fair value hedges												
Derivative assets	178	210	10	11	25	165	4	40	8	8	24	-
Net investment hedges												
Derivative assets	60	-16	69	-6	-24	-55	93	951	290	402	112	147
Total cash flow hedges	**-409**	**-353**	**125**	**-57**	**-303**	**-117**	**-639**	**-672**	**-56**	**-155**	**-362**	**-99**
Accrued expenses on cash flow hedges	-28						-94					
Accrued income on cash flow hedges	83						61					
Total cash flow hedge derivative assets/liabilities	-354	-353	125	-57	-303	-117	-672	-672	-56	-155	-362	-99

€M	31 December 2019					31 December 2018				
	EXPECTED CASH FLOWS (1)	WITHIN 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	AFTER 5 YEARS	EXPECTED CASH FLOWS (1)	WITHIN 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	AFTER 5 YEARS
Interest rate swaps										
Income from cash flow hedges	2,109	246	187	172	1,504	794	-13	-28	20	815
Losses on cash flow hedges	-2,678	-229	-351	-368	-1,730	-1,488	-86	-114	-398	-889
Fair Value hedge										
Income from cash flow hedges	8	-23	11	20	-	4	-28	8	24	-
Net investment hedges										
Income from cash flow hedges	825	183	103	51	488	983	322	402	112	147
Losses on cash flow hedges	-842	-114	-109	-75	-544	-932	-281	-445	-109	-97
Total income (losses) from cash flow hedges	-578	63	-159	-200	-282	-638	-86	-177	-351	-24

(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.

9.3 Law 124 of 4 August 2017 – Annual markets and competition law

Article 1, paragraphs 125 to 129, of Law 124 of 4 August 2017 has introduced a number of measures designed to ensure the transparency of the government grants system.
In the Atlantia Group's case, the legislation translates into the obligation to disclose in the notes to its financial statements (paragraph 126) the grants received from:

a) the government bodies and entities referred to in article 2-*bis* of Legislative Decree 33 of 14 March 2013;
b) companies directly or indirectly controlled, in law or in fact, by government bodies, including companies listed on regulated markets and their investees;
c) publicly owned companies, including those that issue listed shares and other entities.

The legislation provides for penalties for failure to comply with the disclosure requirement, involving repayment of the grants received (paragraph 125).
The following table summarises the grants collected/released in relation to "Financial assets deriving from government grants".

€000 Grantor	Grant collected	Description
Anas SpA for the Ministry of Infrastructure and Transport	27,630	Collection of term deposits following disbursement of grants by banks in relation to loans entered into in order to activate the grants provided by laws 662/96, 345/1997 and 135/1997 - IFRIC 12 construction services for which no additional benefits are received
Ravenna Provincial Authority	1,270	Transformation of a part (approximately 14 km) of the motorway link between Ravenna (A/14/DIR) and the Bologna – Bari – Taranto motorway (A/14) from a "closed" to an "open" system - IFRIC 12 works for which no additional economic benefits are received
Ministry for Education, Universities and Research	575	Grant for the Pon-01503 Project in Calabria linked to integrated monitoring, early warning and mitigation systems for hydroegological risk along arterial roads
Ferrovie Nord Milano SpA	256	Fourth free-flow lane Fiorenza-S.S. Giovanni L1 - IFRIC 12 construction services for which no additional benefits are received
Cesena City Council	198	Grant to fund installation of noise barriers - IFRIC 12 construction services for which no additional benefits are received
Ministry for Education, Universities and Research	59	Grant for participation in the Easy Rider Project for sustainable mobility
Ministry of Infrastructure and Transport	5	Grant for participation in the 2014-EU-TM-0317-S "EU EIP" Project involving the development and standardisation of ITS systems in Europe
Total	29,993	

10. 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. There are no changes in the structure of operating segments as at 31 December 2019 with respect to the situation presented in the Annual Report for 2018. As a result, the composition of operating segments is as follows:

a) Italian motorways: this includes the Italian motorway operators (Autostrade per l'Italia, Autostrade Meridionali, Tangenziale di Naples, 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, Essediesse 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 not held by the Abertis group, 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) Abertis group: this includes the Spanish, French, Chilean, Brazilian, Argentine, Puerto Rican and Indian motorway operators and the companies that produce and operate tolling systems controlled by Abertis Infraestructuras, and the investment vehicles used in its acquisition: Abertis HoldCo;
d) 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;
e) 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);
f) 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;
    4) Aereo I Global & International S.a.r.l., the Luxembourg-registered investment vehicle that holds a 15.49% interest in Getlink.

A summary of the key financial performance indicators for each segment, identified in accordance with the requirements of IFRS 8, is shown below.

2019

€M	ITALIAN MOTORWAYS	OVERSEAS MOTORWAYS	ABERTIS GROUP	ITALIAN AIRPORTS	OVERSEAS AIRPORTS	ATLANTIA AND OTHER ACTIVITIES	CONSOLIDATION ADJUSTMENTS	UNALLOCATED ITEMS	TOTAL CONSOLIDATED AMOUNTS
External revenue	4,012	694	5,361	952	290	321	-		11,630
Intersegment revenue	71	1	-	1	-	444	-517		-
Total operating revenue	4,083	695	5,361	953	290	765	-517		11,630
EBITDA	710	522	3,735	596	122	44	-2		5,727
Amortisation, depreciation, impairment losses and reversals of								-3,957	-3,957
Provisions and other adjustments								-104	-104
EBIT									1,666
Financial income/(expenses)								-1,195	-1,195
Profit/(Loss) before tax from continuing operations									471
Income tax (expense)/benefit								-107	-107
Profit/(Loss) from continuing operations									364
Profit/(Loss) from discontinued operations								-7	-7
Profit for the period									357
Operating cash flow	1,435	392	2,566	437	90	51	-2		4,969
Capital expenditure	559	112	701	258	70	108	-14		1,794

2018

€M	ITALIAN MOTORWAYS	OVERSEAS MOTORWAYS	ABERTIS GROUP	ITALIAN AIRPORTS	OVERSEAS AIRPORTS	ATLANTIA AND OTHER ACTIVITIES	CONSOLIDATION ADJUSTMENTS	UNALLOCATED ITEMS	TOTAL CONSOLIDATED AMOUNTS
External revenue	3,954	625	827	934	305	271	-		6,916
Intersegment revenue	50	1	-	1	-	401	-453		-
Total operating revenue	4,004	626	827	935	305	672	-453		6,916
EBITDA	1,991	457	550	580	139	51	-		3,768
Amortisation, depreciation, impairment losses and reversals of impairment losses								-1,615	-1,615
Provisions and other adjustments								-168	-168
EBIT									1,985
Financial income/(expenses)								-605	-605
Profit/(Loss) before tax from continuing operations									1,380
Income tax (expense)/benefit								-400	-400
Profit/(Loss) from continuing operations									980
Profit/(Loss) from discontinued operations								4	4
Profit for the period									984
Operating cash flow	1,708	388	354	437	98	-1	-		2,984
Capital expenditure	592	64	175	183	67	55	-11		1,125

The following should be noted with regard to the operating segment information presented in the above tables:

a) intersegment revenue regards intragroup transactions between companies in different operating segments. It relates primarily to the design and construction of infrastructure carried out by Pavimental, Autostrade Tech and Spea Engineering for the Atlantia Group's Italian operators, totalling €289 million, Italian airports, totalling €131 million, and for Atlantia and other businesses, totalling €46 million;

b) total operating revenue does not include the balance of revenue from construction services, totalling €993 million in 2019 and €518 million in 2018;

c) EBITDA is calculated by deducting all operating costs, with the exception of amortisation, depreciation, impairment losses on assets and reversals of impairment losses, provisions for renewal work and other adjustments, from operating revenue;
d) EBIT is calculated by deducting amortisation, depreciation, impairment losses on assets and reversals of impairment losses, provisions for renewal work 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 €29 million in 2019 and €9 million in 2018;
e) operating cash flow is calculated as profit for the period + amortisation/depreciation +/- impairments/reversals of impairments of assets +/- provisions/releases of provisions in excess of requirements and uses of provisions + other adjustments + financial expenses from discounting of provisions + dividends received from investees accounted for using equity method +/- the share of profit/(loss) of investees accounted for using equity method in profit or loss +/- (losses)/gains on sale of assets +/- other non-cash items +/- deferred tax assets/liabilities recognised in profit or loss;
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.

Finally, operating revenue, EBITDA, EBIT, operating cash flow and capital expenditure are not measures of performance defined by IFRS and have not, therefore, been audited.
Finally, it should be noted that, in 2019, the Group did not earn revenue from any specific customer in excess of 10% of the Group's total revenue for the year.

The following table shows a breakdown of revenue depending on whether or not they are recognised at a point in time or over time, as required by IFRS 15.

2019							
€M	ITALIAN MOTORWAYS	OVERSEAS MOTORWAYS	ABERTIS GROUP	ITALIAN AIRPORTS	OVERSEAS AIRPORTS	ATLANTIA AND OTHER ACTIVITIES	TOTAL CONSOLIDATED AMOUNTS
Net toll revenue	3,690	648	4,918	-	-	-	9,256
At point in time	*3,690*	*648*	*4,918*	-	-	-	*9,256*
Over the time	-	-	-	-	-	-	-
Out of scope	-	-	-	-	-	-	-
Aviation revenue	-	-	-	673	153	-	826
At point in time	-	-	-	*663*	*85*	-	*748*
Over the time	-	-	-	*10*	-	-	*10*
Out of scope	-	-	-	-	*68*	-	*68*
Other revenue	322	46	443	279	137	321	1,548
At point in time	*63*	*44*	*373*	*5*	*38*	*6*	*529*
Over the time	*8*	-	*24*	*60*	-	*121*	*213*
Out of scope	*251*	*2*	*46*	*214*	*99*	*194*	*806*
Total external revenue	4,012	694	5,361	952	290	321	11,630

2018							
€M	ITALIAN MOTORWAYS	OVERSEAS MOTORWAYS	ABERTIS GROUP	ITALIAN AIRPORTS	OVERSEAS AIRPORTS	ATLANTIA AND OTHER ACTIVITIES	TOTAL CONSOLIDATED AMOUNTS
Net toll revenue	3,658	580	754	-	-	-	4,992
At point in time	*3,658*	*580*	*754*	-	-	-	*4,992*
Over the time	-	-	-	-	-	-	-
Out of scope	-	-	-	-	-	-	-
Aviation revenue	-	-	-	667	167	-	834
At point in time	-	-	-	*658*	*167*	-	*825*
Over the time	-	-	-	*9*	-	-	*9*
Out of scope	-	-	-	-	-	-	-
Other revenue	296	45	73	267	138	271	1,090
At point in time	*58*	*24*	*41*	*5*	*41*	*2*	*171*
Over the time	*8*	*1*	*22*	*61*	-	*84*	*176*
Out of scope	*230*	*20*	*10*	*201*	*97*	*185*	*743*
Total external revenue	3,954	625	827	934	305	271	6,916

It should be noted that, given the specific nature of the Atlantia Group's business and the fact it is prevalently regulated, revenue is almost entirely classifiable as recognised "at a point in time", as shown in the table. There is no potential for a significant judgement regarding the time at which the customer obtains control of the services provided. For the same reasons, the disclosure containing a description of the nature of the individual obligations assumed (e.g. the nature of the goods/services to be transferred, payment terms, obligations for returns, etc.) is not significant.

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 (1)	
	2019	2018 (2)	31 December 2019	31 December 2018
Italy	5,958	5,429	22,444	22,898
France	2,350	674	15,824	16,599
Brazil	1,183	435	3,970	4,064
Chile	1,002	423	5,859	6,642
Spain	1,546	230	12,143	12,983
Poland	85	84	164	168
USA	72	65	46	47
Argentina	138	28	16	6
Puerto Rico	162	24	1,388	1,395
UK	45	7	22	20
India	33	5	188	210
Portugal	3	3	40	40
Germany	-	-	1,916	1,984
Colombia	-	-	5	10
Other countries	38	20	6	7
Total	**12,615**	**7,427**	**64,031**	**67,073**

(1) In accordance with IFRS 8, non-current assets do not include non-current financial assets or deferred tax assets.

(2) The figures include the contribution of Abertis group companies for the last two months of 2018.

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:

a) Autostrade per l'Italia and its subsidiaries;
b) the Spanish-registered sub-holding company, Abertis HoldCo, established with the non-controlling shareholders, ACS and Hochtief, and the parent of Abertis Infraestructuras with a 98.8% interest;
c) Abertis Infraestructuras, the parent of companies holding motorway concessions in Europe, America and India;
d) the Brazilian sub-holding company, AB Concessões, and its subsidiaries;
e) the Chilean sub-holding company, Grupo Costanera, and its direct and indirect subsidiaries;
f) 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) non-controlling interests in Abertis HoldCo, held by ACS and Hochtief, with interests of 30% and 20% (less one share);

c) non-controlling interests in Abertis are represented by the non-controlling interests contributed by the direct and indirect subsidiaries, not wholly owned by Abertis Infraestructuras, and the non-controlling interest of 1.2% in Abertis Infraestructuras itself;
d) the non-controlling interest in AB Concessões is held by a sole shareholder (a Bertin group company from Brazil);
e) the non-controlling interest in Grupo Costanera (49.99%) is held by the Canadian fund, Canada Pension Plan Investment Board;
f) Azzurra Aeroporti, which directly controls Aéroports de la Côte d'Azur with a 64% interest, is owned by Atlantia and Aeroporti di Roma through their respective interests of 52.69% e 7.77% interest, and by the Principality of Monaco, which has a 20.15% interest and by EDF Invest which has a 19.39% interest. The Atlantia Group's total interest amounts to 60.40% representing the sum of Atlantia's interest (52.69%) and Aeroporti di Roma's interest (7.71%).

A full list of the investments and related ownership interests held by the Group and non-controlling shareholders as at 31 December 2019 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	AUTOSTRADE PER L'ITALIA and direct subisdiaries		ABERTIS HOLDCO		ABERTIS INFRAESTRUCTURAS and direct and indirect subsidiaries (3) (4)		AB CONCESSOES and direct subsidiaries		GRUPO COSTANERA and direct and indirect subsidiaries		AZZURRA AEROPORTI and direct subsidiaries	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2018	2018
Revenue (1)	4,222	4,168	-	-	5,910	966	286	272	366	269	329	353
Profit for the year	-274	599	-21	-28	310	87	32	8	193	165	-38	-21
Profit/(Loss) for the year attributable to non-controlling interests (2)	**-22**	**83**	**-10**	**-14**	**144**	**47**	**16**	**4**	**97**	**82**	**-11**	**-11**
Net cash generated from operating activities(2)	1,371	1,610	28	-28	2,327	380	86	54	186	338	87	110
Net cash used in investing activities(2)	-492	-559	17	-13,063	-141	2,068	-30	-49	-101	-139	-66	-70
Net cash generated from/(used in) financing activi	-1,059	-2,098	-406	29,689	-1,582	-16,574	2	33	-74	-190	-56	-38
Effect of exchange rate movements on cash and cash equivalents (2)	-	-	-	-	-11	-11	-3	-9	-9	-10	-	-
Increase/(Decrease) in cash and cash equivalents(1)	**-180**	**-1,047**	**-361**	**16,598**	**593**	**-14,137**	**55**	**29**	**2**	**-1**	**-35**	**2**
Dividends paid to non-controlling shareholde	41	88	432	-	221	41	4	-	171	69	33	40

€M	AUTOSTRADE PER L'ITALIA and direct subisdiaries		ABERTIS HOLDCO		ABERTIS INFRAESTRUCTURAS and direct and indirect subsidiaries (3) (4)		AB CONCESSOES and direct subsidiaries		GRUPO COSTANERA and direct and indirect subsidiaries		AZZURRA AEROPORTI and direct subsidiaries	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Non-current assets	18,453	18,397	5,821	16,520	37,882	40,244	1,819	1,900	2,882	2,994	4,067	4,098
Current assets	3,113	3,061	236	3	4,811	6,276	254	209	603	584	112	130
Non-current liabilities	13,433	14,288	-	9,783	31,255	23,982	1,022	1,106	1,854	1,585	1,586	1,505
Current liabilities	5,876	4,302	211	10	3,603	3,767	308	276	230	319	150	129
Net assets	**2,257**	**2,868**	**5,846**	**6,730**	**7,835**	**18,771**	**743**	**727**	**1,401**	**1,674**	**2,443**	**2,594**
Net assets attributable to non-controlling interests (1)	**585**	**657**	**2,923**	**3,365**	**1,972**	**2,255**	**372**	**364**	**742**	**857**	**798**	**874**

Note
(1) This item includes toll revenue, aviation revenue, contract revenue and other operating revenue.
(2) The amounts shown contribute to the Atlantia Group's consolidated amounts and, therefore, include the impact of any consolidation adjustments.
(3) Amounts have been restated to reflect final PPA of Abertis group.
(4) In 2019, Abertis Participaciones was merged with and into the subsidiary, Abertis Infraestructuras.

Disclosures regarding structured entities not included in the scope of consolidation

On 26 February 2019, Atlantia SpA sold its entire investment (a 99.99% interest) in Gemina Fiduciary Services, a company identified by the Group as a structured entity until its sale.

10.3 Guarantees

The Group has certain personal guarantees in issue to third parties as at 31 December 2019, amounting to a total of €695 million, including €454 million guaranteeing performance of the contractual obligations of Group companies and €241 million guaranteeing future payments. These include, listed by importance:

a) the guarantees issued by the Abertis group's Spanish and Chilean operators to their respective grantors with whom they have entered int concession arrangements, guaranteeing both the performance of construction services and fulfilment of the related contractual obligations, above all the guarantees given to the Spanish Ministry for Development, totalling €92 million;
b) bank guarantees provided to the Ministry of Infrastructure and Transport, under the obligations assumed in the relevant concession agreement, by the Italian operators, Autostrade Brescia Verona Padova (€28 million), Tangenziale di Naples (€26 million), Autostrade Meridionali (€16 million), Società Autostrada Tirrenica (€14 million), Raccordo Autostradale Valle d'Aosta (€6 million) and Autostrada A31 Valdastico Sud (€2 million);
c) the guarantees issued by Group companies to Italian and Spanish local authorities with the aim of guaranteeing the performance of construction services and claims, totalling €71 million;
d) 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 million, which corresponds to the value as at 31 December 2019. This guarantee was extinguished in February 2020;
e) guarantees issued by the subsidiary, Electronic Transaction Consultants (Performance Bonds and Maintenance Bonds), totalling approximately €36 million, to guarantee projects in progress;
f) the guarantee of €33 million given to the Italian Civil Aviation Authority in order to guarantee compliance with the obligations assumed in Aeroporti di Roma's concession agreement.

As at 31 December 2019, the shares of certain of the Group's overseas operators (Rodovias das Colinas, Concessionária da Rodovia MG050, Triangulo do Sol, Intervias, Arteris Via Paulista in Brazil; Sociedad Concesionaria Costanera Norte, Sociedad Concesionaria de Los Lagos, Sociedad Concesionaria Autopista Nororiente, Sociedad Concesionaria Litoral Central, Sociedad Concesionaria Vespucio Sur, Elqui and Libertadores in Chile, Autostrada A4 in Italy, and Tunels de Barcelona, Aulesa, Trados in Spain) have also been pledged to the respective providers of project financing. The shares of the investees, Pune-Solapur Expressways, Lusoponte, Tangenziale Esterna and Bologna & Fiera Parking have also been pledged. Finally, i) all of Azzurra Aeroporti's shares and ii) this company's shareholding in Aèroports de la Côte d'Azur (ACA) have been pledged as collateral to the providers of Azzurra Aeroporti's project financing.
The loan agreements to which certain Group companies are party (Rodovias das Colinas, Concessionária da Rodovia MG050, Triangulo do Sol, Intervias, Arteris Via Paulista in Brazil; Sociedad Concesionaria Costanera Norte, Sociedad Concesionaria de Los Lagos, Sociedad Concesionaria Autopista Nororiente, Sociedad Concesionaria Litoral Central, Sociedad Concesionaria Vespucio Sur, Rutas Pacifico, Los Andes, Autopista Central, Elqui e Libertadores in Chile; Autostrada A4 in Italy, Metropistas in Puerto Rico, Avasa, Tunels and Aulesa in Spain, in addition to the Indian subsidiaries) are subject to encumbrances on certain of the companies' assets, including fixed assets relating to the infrastructure operated under concession, guarantee deposits and receivables.

10.4 Reserves

As at 31 December 2019, Group companies have recognised contract reserves quantified by contractors in relation to:

a) investing activities, totalling €958 million (€982 million as at 31 December 2018). Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in intangible assets deriving from concession rights;
b) non-investing activities, amounting to approximately €44 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 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.

€M	Trading and other assets				Trading and other liabilities				Trading and other income		Trading and other expenses				
	Trade receivables	Current tax assets	Other trading and other assets	Total	Trade payables	Other current liabilities	Other non-current liabilities	Total	Revenue from construction services and other operating income	Total	Raw and consumable materials	Service costs	Staff costs	Other operating costs	Total
	31 December 2019								2019						
Sintonia	-	7	-	7	-	-	-	-	-	-	-	-	-	-	-
Significant shareholder	**-**	**7**	**-**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Biuro Centrum	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1
Bip & Drive	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-
Leonord	-	-	-	-	-	-	-	-	10	10	-	-	-	-	-
Routalis	-	-	-	-	-	-	-	-	4	4	-	-	-	-	-
C.I.S.	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-
A'lienor	2	-	-	2	1	-	-	1	9	9	-	-	-	-	-
Autoroute De Liaison Seine-Sarthe (ALIS)	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-
Total associates	**6**	**-**	**-**	**6**	**2**	**-**	**-**	**2**	**23**	**23**	**-**	**1**	**-**	**-**	**1**
Areamed 2000	5	-	-	5	-	-	-	-	9	9	-	-	-	-	-
Total joint ventures	**5**	**-**	**-**	**5**	**-**	**-**	**-**	**-**	**9**	**9**	**-**	**-**	**-**	**-**	**-**
Autogrill	35	-	-	35	3	-	-	3	97	97	-	2	-	-	2
Benetton Group	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-
Autogrill Cote France	1	-	-	1	-	-	-	-	1	1	-	-	-	-	-
Autogril Iberia Slu	-	-	-	-	-	-	-	-	6	6	-	-			
Total companies under common control	**36**	**-**	**-**	**36**	**3**	**-**	**-**	**3**	**105**	**105**	**-**	**2**	**-**	**-**	**2**
ASTRI pension fund	-	-	-	-		6	-	6	-	-	-	-	17	-	17
CAPIDI pension fund	-	-	-	-	-	2	-	2	-	-	-	-	4	-	4
Total pension funds	**-**	**-**	**-**	**-**	**-**	**8**	**-**	**8**	**-**	**-**	**-**	**-**	**21**	**-**	**21**
Key management personnel	-	-	-	-	-	15	19	34	-	-	-	-	38	-	38
Total key management personnel (1)	**-**	**-**	**-**	**-**	**-**	**15**	**19**	**34**	**-**	**-**	**-**	**-**	**38**	**-**	**38**
TOTAL	**47**	**7**	**-**	**54**	**5**	**23**	**19**	**47**	**137**	**137**	**-**	**3**	**59**	**-**	**62**
	31 December 2018								2018						
Sintonia	-	7	-	7	4	-	-	4	-	-	-	-	-	-	-
Significant shareholder	**-**	**7**	**-**	**7**	**4**	**-**	**-**	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Biuro Centrum	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1
Pedemontana Veneta (in liquidazione)	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Società Infrastrutture Toscane (in liquidazione)	-	-	2	2	-	-	-	-	-	-	-	-	-	-	-
Bip & Drive	3	-	-	3	-	-	-	-	-	-	-	-	-	-	-
Leonord	-	-	-	-	-	-	-	-	2	2	-	-	-	-	-
Routalis	1	-	-	1	-	-	-	-	1	1	-	-	-	-	-
Rio dei Vetrai	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
C.I.S.	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-
Autoroute De Liaison Seine-Sarthe (ALIS)	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-
A'lienor	2	-	-	2	1	-	-	1	1	1	-	-	-	-	-
Total associates	**10**	**-**	**2**	**12**	**2**	**-**	**-**	**2**	**4**	**4**	**-**	**1**	**-**	**-**	**1**
Areamed 2000	4	-	-	4	-	-	-	-	2	2	-	-	-	-	-
Total joint ventures	**4**	**-**	**-**	**4**	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**-**	**-**	**-**	**-**
Autogrill	34	-	-	34	5	-	-	5	88	88	2	1	-	1	4
Benetton Group	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-
Nuova Sidap	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-
Total companies under common control	**34**	**-**	**-**	**34**	**5**	**-**	**-**	**5**	**90**	**90**	**2**	**1**	**-**	**1**	**4**
ASTRI pension fund	-	-	-	-	-	6	-	6	-	-	-	-	17	-	17
CAPIDI pension fund	-	-	-	-	-	2	-	2	-	-	-	-	5	-	5
Total pension funds	**-**	**-**	**-**	**-**	**-**	**8**	**-**	**8**	**-**	**-**	**-**	**-**	**22**	**-**	**22**
Key management personnel	-	-	-	-	-	4	6	10	-	-	-	-	11	-	11
Total key management personnel (1)	**-**	**-**	**-**	**-**	**-**	**4**	**6**	**10**	**-**	**-**	**-**	**-**	**11**	**-**	**11**
TOTAL	**48**	**7**	**2**	**57**	**11**	**12**	**6**	**29**	**96**	**96**	**2**	**2**	**33**	**1**	**38**

(1) Atlantia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel as a whole. Expenses for each period include emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans) for Atlantia staff and staff of the relevant subsidiaries. In addition to the information shown in the table, the consolidated financial statements include contributions of €9.3 million in 2019 paid on behalf of Directors, Statutory Auditors and other key management personnel and liabilities of €9.2 million payable to such persons as at 31 December 2019.

€M	Financial assets				Financial liabilities		Financial income		Financial expenses	
	Other non-current financial assets	Current financial assets deriving from government grants	Other current financial assets	Total	Medium/long-term borrowings	Total	Other financial income	Total	Other financial expenses	Total
	31 December 2019						2019			
Leonord	1	-	-	1	-	-	-	-	-	-
Rio dei Vetrai	-	-	-	-	-	-	1	1	-	-
Road Management Group LTD (RMG)	18	-	-	18	9	9	2	2	-	-
Total associates	**19**	**-**	**-**	**19**	**9**	**9**	**3**	**3**	**-**	**-**
Rodovias do Tietê	-	-	-	-	-	-	3	3	-	-
Total joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**3**	**3**	**-**	**-**
Autogrill	-	1	-	1	-	-	-	-	-	-
Total companies under common control	**-**	**1**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**
Pavimental Est	-	-	1	1	-	-	-	-	-	-
Total other companies	**-**	**-**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**19**	**1**	**1**	**21**	**9**	**9**	**6**	**6**	**-**	**-**
	31 December 2018						2018			
Sintonia	-	-	-	-	-	-	-	-	4	4
Total parents	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**4**
Leonord	1	-	-	1	-	-	-	-	-	-
Rio dei Vetrai	9	-	-	9	-	-	-	-	-	-
Autoroute De Liaison Seine-Sarthe (ALIS)	6	-	-	6	-	-	-	-	-	-
Road Management Group LTD (RMG)	15	-	-	15	8	8	-	-	-	-
Total associates	**31**	**-**	**-**	**31**	**8**	**8**	**-**	**-**	**-**	**-**
Rodovias do Tietê	24	-	-	24	-	-	3	3	-	-
Total joint ventures	**24**	**-**	**-**	**24**	**-**	**-**	**3**	**3**	**-**	**-**
Autogrill	-	1	-	1	-	-	-	-	-	-
Total companies under common control	**-**	**1**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**
Pavimental Est	-	-	1	1	-	-	-	-	-	-
Total other companies	**-**	**-**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**55**	**1**	**1**	**57**	**8**	**8**	**3**	**3**	**4**	**4**

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.

Atlantia Group's transactions with its parents

As at 31 December 2019, the Group is owed €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 agreement.
During 2019, 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 2019, Autogrill operates 140 concessions at service areas along the Atlantia Group's motorway network and 13 food service concessions at the airports managed by the Atlantia Group. During 2019, the Atlantia Group earned revenue of approximately €96 million on transactions with Autogrill, including €83 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 2019, trading assets due from Autogrill amount to €35 million, whilst trading liabilities total €3 million.
In addition, amounts due to AB Concessões from the associate, Rodovias de Tieté, totalling €24 million as at 31 December 2018, were written off in 2019.

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 2019, in the share-based incentive plans already adopted by the Atlantia Group as at 31 December 2018.

Details of each plan are contained in specific information circulars prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as amended, and in 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 website at **www.atlantia.it**.
The following table shows the main aspects of existing incentive plans as at 31 December 2019, including the options and units awarded to directors and employees of the Group at that date, and changes during 2019. 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.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2019 the Group has recognised staff costs of €27 million, based on the accrued fair value of the options and units awarded at that date, whilst the liabilities relating to the fair value of outstanding phantom options as at 31 December 2019 have been recognised in other current and non-current liabilities, based on the assumed exercise date, and total €29 million.
Further details of cost items are provided in note 8.7, "Staff costs" in these consolidated financial statements.

	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
EQUITY-SETTLED PLANS									
2011 SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
- 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	-2,573,344								
- options lapsed	-335,021								
Total	**91,518**								
Changes in options in 2019									
- options exercised	-91,518								
Options outstanding as at 31 December 2019	-								
Total equity-settled plans	-								
CASH-SETTLED PLANS									
2014 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
- 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%
- options lapsed	-2,422,063								
- options exercised	-1,920,087								
Total	**4,415,536**								
Changes in options in 2019									
- options exercised	-1,643,993								
- options lapsed	-36,411								
Options outstanding as at 31 December 2019	**2,735,132**								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2018									
- 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%
- 3 August 2018 grant	1,761,076	15 June 2021	1 July 2024	N/A (***)	2.91	5.9	2.35%	21.9%	4.12%
- options lapsed	-205,902								
Total	**3,666,525**								
Changes in options in 2019									
- 7 June 2019 grant	2,422,319	15 June 2022	1 July 2025	N/A (***)	2.98	6.06	1.72%	24.3%	4.10%
- options lapsed	-1,063,101								
Options outstanding as at 31 December 2019	**5,025,743**								
SUPPLEMENTARY INCENTIVE PLAN 2017 - PHANTOM SHARE OPTIONS									
Options outstanding as at 1 January 2019									
- 29 October 2018 grant	4,134,833	29 Oct 2021	29 Oct 2024	N/A (***)	1.79	3.0 - 6.0	2.59%	24.6%	4.12%
Total	**4,134,833**								
Changes in options in 2019	-								
Options outstanding as at 31 December 2019	**4,134,833**								
2017 PHANTOM SHARE GRANT PLAN									
Units outstanding as at 1 January 2019									
- 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%
- 3 August 2018 grant	181,798	15 June 2021	1 July 2024	N/A	24.5	5.9	2.35%	21.9%	4.12%
- options lapsed	-21,153								
Total	**356,985**								
Changes in options in 2019									
- 7 June 2019 grant	231,293	15 June 2022	1 July 2025	N/A	22.57	6.06	1.72%	24.3%	4.10%
- options lapsed	-82,189								
Units outstanding as at 31 December 2019	**506,089**								
Total cash-settled plans	**12,401,797**								

(*) 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, the 2017 Phantom Share Option Plan and the Supplementary Incentive Plan 2017 – Phantom Share Options 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.

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 2019

During 2019, with regard to the third award cycle, all the remaining options outstanding had been exercised as at 31 December 2018, amounting to 91,518, including 44,722 phantom options.

As at 31 December 2019, all the units awarded under this plan have thus lapsed.

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 2019

The vesting period for the third cycle of the Plan expired on 10 June 2019. A total of 1,643,993 vested options were exercised in 2019. Following the exercise of these options, there are no further options awarded under the first cycle to be exercised.
The unit fair values of the options awarded under the second and third award cycles were remeasured as at 31 December 2019 as €1.83 and €2.03, respectively, in place of the unit fair values at the grant date.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan", 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 2019

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question. This resulted in the award of a total of 2,422,319 phantom options with a vesting period from 7 June 2019 to 15 June 2022 and an exercise period from 1 July 2022 to 1 July 2025.
As at 31 December 2019, the unit fair values of the options for the first, second and third award cycles at that date were remeasured as €2,54, €2,35 and €2,41, respectively, in place of the unit fair value at the grant date.

Supplementary Incentive Plan 2017 – Phantom Share Options

Description

On 20 April 2018, the General Meeting of Atlantia's shareholders approved certain changes to the incentive plan known as the "Supplementary Incentive Plan 2017 – Phantom Share Option", previously approved by the General Meeting of Atlantia's shareholders on 2 August 2017. The plan entails the award of up to 5 million phantom share options free of charge, in a single cycle and within 3 months of the date of the acquisition of control of Abertis (completed in October 2018) (being options that give beneficiaries the right to payment of a gross amount in cash). The options are to be awarded to the Chairman, Chief Executive Officer and employees of the Company and its subsidiaries, for a limited number of core people particularly involved in the process of building and creating value at the new Atlantia Group.
The options awarded will vest in accordance with the specified Terms and Conditions and may in part be exercised from the first day immediately after the vesting period, with the remaining options exercisable at the end of the first year following the end of the vesting period, and in any event in the three years following the expiry of this period (without prejudice to the provisions of the Plan Terms and Conditions as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

There were no changes in options outstanding as at 31 December 2018 during 2019.
The unit fair value of the options awarded as at 31 December 2019 was remeasured as €2,48 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 2019

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question. This resulted in the award of a total of 231,293 units, vesting in the period from 7 June 2019 to 15 June 2022 and exercisable in the period from 1 July 2022 to 1 July 2025.
As at 31 December 2019, the unit fair values of the options from the first, second and third award cycles were remeasured as €23.14, €21.60 and €20.54, in place of the unit fair values at the grant date.

The official prices of Atlantia's ordinary shares in the various periods covered by the above plans are shown below:
price as at 31 December 2019: €20.80;
price as at 7 June 2019 (the grant date for new options or units, as described): €22.92;
the weighted average price for 2019: €22.11;
the weighted average price for the period 7 June 2019– 31 December 2019: €22.32.

10.7 Significant legal and regulatory aspects

This section describes the main disputes outstanding and key regulatory aspects of importance to Atlantia Group companies.
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 2019.

Italian motorways

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

On 31 December 2019, Law Decree 162 of 30 December 2019 (the so-called *Milleproroghe* Decree, later converted into Law 8 of 28 February 2020), was published in the Official Gazette. The Law Decree introduced two provisions that have a direct impact on motorway operators, amending the terms and conditions in current agreements.
Article 13 provides for postponement of the deadline for increasing motorway tolls for 2020 for operators whose regulatory period had expired when it came into force, until the procedure for revising the operators' financial plans, drawn up in accordance with the Transport Regulator's resolutions, has been completed. Specifically, paragraph 3 states that: "For operators whose five-year regulatory period has expired, the deadline for increasing motorway tolls for 2020 has been postponed until the procedure has been defined for revising the financial plans prepared in compliance with the resolutions adopted pursuant to art. 16, paragraph 1 of Law Decree 109 of 2018, by the Transport Regulator, pursuant to art. 37 of Law Decree 201 of 6 December 2011, converted, with amendments, into Law 214 of 22 December 2011. By 30 March 2020, the operators are to submit proposals to the Grantor for revising their financial plans, to be reformulated in accordance with the above regulations, which annul and replace any previous update proposals. The update of the financial plans submitted by the deadline of 30 March 2020 must be completed by 31 July 2020 at the latest".
Article 35, on the other hand, has introduced new regulations regarding termination of the concession for a breach of the agreement by the Operator, providing for: on the one hand, pending completion of the tender to award the concession, the possibility of for Anas to provisionally manage the concession; and, on the other, new criteria for calculating the compensation due to an operator in the event of early termination of the concession due to a breach of the agreement, which would result in a significantly lower amount than the one provided for in the existing Single Concession Agreement. In addition, the following provisions have been introduced: (i) invalidates any non-compliant provisions of the concession agreement; (ii) the immediate effectiveness of the revocation, forfeiture or termination provision, once notified, which is no longer subject to prior payment of the above-mentioned compensation to the operator; (iii) also as a result of article 35, the operator will be unable to invoke the termination by law provision in the existing Concession Agreement, as in fact provided for in the Single Concession Agreement.
Given the significant negative repercussions of the above provisions for the Concession Agreement, Autostrade per l'Italia has asked a number of experts for their opinion on the lawfulness or otherwise of the legislation, as well as on the validity and effectiveness of the new contractual provisions, with particular reference to the one governing forfeiture of the concession for breach of contract by the Operator.

All the above opinions deemed that the provisions in the above legislation were unlawful with regard to numerous procedural and substantive aspects, as they are in breach of EU principles, including those of legal certainty ("*pacta sunt servanda*") and legitimate expectations, as well as with constitutional principles, with regard to, among other things, art. 77 of the Constitution (lack of consistency, in terms of both content and purpose) and articles 102 and 104 (legislative interference in cases subject to pending litigation).
Similar issues of conflict with EU and constitutional law were raised with regard to art. 13 in the legal challenges filed before Lazio Regional Administrative Court by Autostrade per l'Italia, contesting the measures implementing the provisions of the legislation.
Following enactment of the law converting Law Decree 162 of 2019, Autostrade per l'Italia filed a legal challenge with Lazio Regional Administrative Court to ascertain - subject to disapplication of art. 35 of the Law Decree, or referral of questions of interpretation of European law and incidental matters of constitutional legitimacy - that articles 8, 9 and 9-*bis* of the Single Concession Agreement governing Autostrade per l'Italia's concession are still valid and in force. On 3 April 2020, Autostrade per l'Italia filed an application for the legal challenge to be accelerated and for a hearing for discussion of the case to be held as soon as possible. At the date of preparation of this Annual Report the case is pending.

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

Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa

A section of the Polcevera road bridge on the A10 Genoa-Ventimiglia, granted in concession to Autostrade per l'Italia, collapsed on 14 August 2018. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report. The most significant legal and regulatory implications arising from this incident are described below.

Correspondence with the Ministry of Infrastructure and Transport regarding the procedure for serious breach of the concession agreement

Regarding the procedure for serious breach of the concession agreement initiated by the MIT in a letter dated 16 August 2018, following the collapse of a section of the Polcevera road bridge - to which Autostrade per l'Italia presented its counterarguments on 31 August 2018 - on 20 December 2018 and 5 April 2019, the Ministry requested further clarifications, setting a deadline of 3 May 2019 for responding to both letters with counterarguments.
On 3 May 2019, Autostrade per l'Italia submitted a detailed document presenting additional counterarguments to those expressed in its letter sent on 31 August 2018, providing precise responses to the Ministry's requests for clarifications, reaffirming that it had acted correctly at all times and reiterating its concerns and objections regarding the procedure for serious breach of the concession agreement initiated by the Grantor.
On 4 June 2019, solely for precautionary purposes, Autostrade per l'Italia challenged the MIT's letter of 5 April 2019 before Lazio Regional Administrative Court. In this letter the Ministry, in connection with the

allegation of a serious breach, speculates that the compensation provided for in art. 9-*bis*, part c.1 of the Single Concession Agreement does not apply.
On 2 July 2019, following a request for access, the Grantor provided Autostrade per l'Italia with a copy of the report produced by the Cross-Institutional Working Group set up by the MIT. On the one hand, the report states that there is evidence to suggest the occurrence of "serious breaches", based on the alleged violation of the operator's obligations relating to the safety and maintenance of the infrastructure, whilst on the other, highlighting the significant risks for the Grantor in engaging in a dispute with Autostrade per l'Italia, should it decide unilaterally to terminate the concession agreement. Were such action to be taken, this could, in the opinion of the Working Group, result in an obligation for the government to pay a "*a very large sum*" in compensation. In conclusion, the report thus recommends a "*negotiated solution*".

On becoming aware of the content of the above report, in a letter dated 5 July 2019, Autostrade per l'Italia, while challenging the observations made in the report regarding the alleged breaches, requested a meeting with the MIT in order to deal constructively with the issues raised in the report. Several meetings were held with representatives of the MIT, the MEF and the Cabinet Office to establish the conditions for a negotiated settlement of the procedure for serious breach of the concession agreement.
Subsequent to these meetings, in a letter dated 28 November 2019, Autostrade per l'Italia formalised an initial proposal, aimed at the reaching a resolution of the proceedings, which envisaged: (i) determination of a series of measures to benefit road users (such as discounts for commuters and toll exemptions for the urban section of motorway within Genoa) and the provision of a total amount of €1.5 billion; (ii) a commitment to bear the costs and charges relating to the demolition and reconstruction of the Polcevera road bridge up to a certain amount, withdrawing the proceedings brought before the Liguria Regional Administrative Court against the Special Commissioner's measures; and (iii) an amount to be borne entirely by the company to fund an extraordinary maintenance plan. These measures would also represent the desire to step up maintenance activities and expand the investment plan - accelerating the realisation of all investment, amounting to a total of more than €14.5 billion - and the company's willingness to evaluate possible improvements to the project relating to the *Gronda di Genova* bypass. In the above-mentioned letter of 28 November 2019, Autostrade per l'Italia also expressed its willingness to enter into discussions with the authorities regarding the possible agreed application, in accordance with principle of reasonableness, of the Transport Regulator's determinations.
Following early reports in specialist news outlets regarding possible legislative measures to be taken in relation to the current concession agreement, on 22 December 2019, Autostrade per l'Italia sent a memorandum to the MIT, with a copy sent to the Cabinet Office, indicating that if such an eventuality were to occur, this would trigger the contractual provisions in the agreement governing termination.
After subsequent meetings, in a letter dated 6 February 2020 from Atlantia and Autostrade per l'Italia, the measures that Autostrade per l'Italia intended to implement to overcome the current difficulties in its relations with the Grantor were explained in greater detail, and the investment and maintenance commitments relating to the implementation and upkeep of the network operated under concession were set out. In the same letter, Autostrade per l'Italia, in agreement with Atlantia, set out its willingness to accept amendments to the contractual agreement by participating in an agreed rewriting of art. 9 of the Concession Agreement (this article regulates the possibility that the concession may be forfeited due to a breach on the part of the Operator), and in the definition of a new regulatory framework that provides greater certainty, objectivity and effectiveness for the checks to be carried out by the Grantor. Autostrade per l'Italia also confirmed its willingness to enter into discussions with the authorities regarding the agreed

implementation of the Transport Regulator's determinations by July 2020. Finally, Atlantia stated its willingness - once certainty with regard to the Concession Agreement and the applicable rules has been restored - to assess the possibility of selling interests in the company to new minority shareholders, to be done in such a way as tom protect the rights of the existing minority shareholders.
After subsequent discussions with representatives from the Ministry of Infrastructure and Transport, in a letter dated 5 March 2020, Autostrade per l'Italia sent a new proposal in which - whilst confirming the objections raised - the company reiterated its willingness, shared by Atlantia, to find an agreed and final solution to the dispute that would also be in the public interest. In particular, Autostrade per l'Italia expressed its willingness to:

a) revise art. 9 of the Agreement to, on the one hand, provide for a clear definition of the serious breach and, on the other, regulate its consequences in line with the provisions contained in similar agreements concluded with major Italian infrastructure operators, under which compensation is determined with reference to the return on fixed assets;
b) undertake financial commitments, totalling €2,900 million, as broken down below:
    1) initiatives aimed at contributing to Italy's development, providing an amount of €1,500 million to be allocated to: (i) toll reductions to be applied on the motorway sections included in the investment programme over the next five years; (ii) measures to benefit commuters, by liberalising tolls on the urban sections of the A7, A10 and A12 motorways; (iii) further contributions to Italy's infrastructure development, to be used in the implementation of projects to upgrade the motorway network operated by Autostrade per l'Italia and/or its subsidiaries;
    2) initiatives aimed at raising maintenance standards, in particular via a commitment to implement an improvement maintenance plan for the period 2019 – 2023, totalling €2 billion, an increase of €700 million on the financial plan presented by Autostrade per l'Italia in June 2018, and to be borne entitrely by Autostrade per l'Italia;
    3) without affecting the Company's previous commitment to bear the cost of construction of the new road bridge (including any ancillary expenses), estimated at €600 million, an undertaking to make up to a further €100 million available to the Special Commissioner to cover any additional reconstruction costs. In this context, and following the handover of the rebuilt bridge to Autostrade per l'Italia, the company would waive its legal challenges to the so-called Genoa Decree.
c) to implement, as part of Italy's recovery strategy, a volume of investment amounting to €14.5 billion, marking an increase of €4 billion with respect to the proposed financial plan presented in June 2018, confirming, in this context, its willingness to review the Gronda di Genova project with a view to making further improvements;
d) to undertake further commitments in terms of sharing inspection and work plans in order to resolve the main outstanding issues, assessing and monitoring motorway sections through the engagement of independent specialists with proven expertise, and reviewing the full range of penalties provided for in the Concession Arrangement;
e) to submit the financial plan drawn up in accordance with the Transport Regulator's model by 30 March 2020, discussing its content by 31 July 2020, with a view to its agreed application, without prejudice to the fact that in the absence of an agreement Autostrade per l'Italia will be able to take action to protect its rights, and will continue to operate under the Agreement, applying temporarily, and subject to reservations, the 1.93% toll increase proposed by the Grantor, which Autostrade per l'Italia deems inconsistent with the application principles of the Transport Regulator's model,

adjusting it to the actual volume of agreed investment, until the applicable tariff regime and the related measures have been settled in court.

Subsequently, following a further meeting with the Minister of Infrastructure and Transport, held on 11 March 2020, Autostrade per l'Italia sent another letter on 19 March 2020, explaining to the Minister of Infrastructure and Transport that the very difficult time Italy is going through - due to the health emergency caused by the spread of the Covid-19 pandemic and the consequent application of extraordinary measures to contain the spread - has exacerbated the deep uncertainty already created by the entry into force of art. 35 of the *Milleproroghe* Decree. In particular, Autostrade per l'Italia reported that this situation is having negative effects on its ability to continue with work in progress and works to be started, which will be subject to suspensions and/or delays, some of which will be very significant, as well as on the workforce, as the company has been forced to lay off over 2,000 employees (both its own and those of its subsidiaries), as per Legislative Decree of 17 March 2020, due to the reduction in traffic. Therefore, Autostrade per l'Italia has reiterated its willingness to meet in order to find an agreed solution to the current legal proceedings and to overcome the critical issues described above.

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

In brief:

a) with regard to the financial aspects, the Ministry is requesting an increase of the amount specified in the proposal of 5 March 2020 with a balanced distribution of the entire sum over the concession period;
b) with regard to the contractual provision governing the alleged serious breach, the request is to identify future "catastrophic events" that may be attributed the operator, to which application of the provisions of art. 35 of the *Milleproroghe* Decree would apply once the operator's liability had been ascertained;
c) finally, with regard to the tariff regime set out in the Transport Regulator's determinations, Autostrade per l'Italia is requested to accept the Regulator's tariff regime and, as a result, withdraw its legal challenges.

In the letter of 6 April 2020, Autostrade per l'Italia stated that, with regard to the above terms, it wished to see further adjustments made in order to reach a fair conclusion of the process, that would ensure the operator's financial sustainability. Therefore, the company requested a meeting to complete a final draft of the possible agreement, to be submitted to decision-making bodies, whilst indicating that it would submit its financial plan well in advance of the extended deadline, albeit with all the necessary reservations, in accordance with the Transport Regulator's Determination 71/2019.

As already promised in its letter of 6 April 2020, Autostrade per l'Italia sent the Grantor an updated version of the financial plan for the period 2020-2024 on 8 April 2020, in the hopes of, at the same time, arriving at a certain and effective legal and regulatory framework. The company also stated that submission of the financial plan does not imply acceptance of the legislative provisions, the Transport Regulator's determinations or the measures relating to the new tariff regime, all of which are subject to legal challenges before the courts and have not been withdrawn at this stage. Autostrade per l'Italia thus concluded with the hope that a fair and constructive dialogue would take place on the updated financial plan, and that the Regulator's determinations would be applied in a reasonable manner.

In a letter also dated 8 April 2020, Atlantia and Autostrade per l'Italia wrote to the Cabinet Office, the Minister for Infrastructure and Transport and the Minister for the Economy and Finance, confirming their commitment to finding a negotiated solution to the dispute. The operator thus reiterated its intention to finalise the discussions as soon as possible by defining an agreement between the parties that would restore certainty with regard to the rules applicable to the concession relationship and, at the same time, implement the other public interest measures already discussed, and which Autostrade per l'Italia has already agreed to do. Moreover, as a prerequisite, everything should take place in a context that allows the operator to return to a situation in which it is able to finance its business and ensure its financial sustainability. In the above letter, with reference to the financial plan submitted to the Grantor on the same date, Autostrade per l'Italia's expressed its willingness to immediately start talks on the issues relating to the new tariff regime, pointing out the need for dialogue, not only on the other aspects already under discussion, but also on the impact the pandemic has had and will have on Italy's economy, and therefore the consequent repercussions on the operator's finances. In conclusion, the company called for a final round of meetings to complete a final draft of the possible agreement.

In a letter dated 21 April 2020, the Grantor provided an initial response to the updated financial plan, requesting certain additional information. The letter also closes by stating that submission and examination of the documentation in question does not have any implicit effect on the procedure for serious breach of contract initiated on 16 August 2018, and does not prejudice any potential decision regarding the resolution of such procedure.

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

Autostrade per l'Italia has brought legal challenges against the actions taken by the Special Commissioner for the reconstruction of the road bridge with regard to the following: (i) the procedure for awarding contracts for the demolition and reconstruction of the road bridge; (ii) the procedure for awarding contracts for project management and the related activities; (iii) the Special Commissioner's request for the handover of the connecting sections of motorway affected by work on the reconstruction; (iv) the Special Commissioner's request for the sums of money needed to fund reconstruction and demolition of the road bridge. Following the hearing of 22 May 2019, in four injunctions published on 6 December 2019, deeming the issues of constitutional legitimacy raised by Autostrade per l'Italia to be relevant and not manifestly unfounded, Genoa Regional Administrative Court asked the Constitutional Court for a preliminary ruling on the matters raised.

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

The Regional Administrative Court then found that the exclusionary measures taken against Autostrade per l'Italia were implemented in the absence of any appropriate and complete investigation, and are not based on any alleged liability of the company for the collapse of the Polcevera road bridge, "which has not been ascertained, not even circumstantially". The contested legislation are based on "mere suspicion" and "on a hypothetical and uncertain assumption" since, as the court correctly stated, the alleged liability of the company "has not been ascertained by any authority, and neither has any liability of other parties with regard to the causes of the incident been excluded".
The Regional Administrative Court also noted the "punitive" nature of the contested legislation, highlighting how they have affected the rights expressly granted to the company by the concession arrangement, and resulted in an unjustified restriction of the company's freedom of financial initiative, without, on the other hand, "appreciably benefiting the activities of the Special Commissioner" or the public interest in the rapid reconstruction of the infrastructure. In the absence of investigations to prove the company's liability for the incident, the legislation was, therefore, deemed unjustified "by the need to protect constitutional interests".
The Regional Administrative Court highlighted the unreasonableness and lack of proportionality of the legislation which, "on the one hand, deprive the debtor of the right to perform the service due, without in the meantime having ascertained - at least as a precautionary and circumstantial measure or even only as an administrative procedure - any breach of contract, and on the other hand, also requiring the company to pay the cost of the works, which are also determined by other parties. This is even more true after taking into account the guarantees provided for in articles 8, 9 and 9-*bis* of the Concession Arrangement".
With regard to the breach of contract, the Regional Administrative Court also established that, in accordance with the provisions of the Concession Arrangement, the procedural provisions contained therein should be complied with, which, in particular, establish the need for a prior investigation by the Grantor of the Operator's serious breach of the concession arrangement, by setting a deadline to fulfil contractual obligations (art. 8) within which the Operator, following warnings from the Grantor, is able to fulfil these contractual obligations, and only in the event of continuous non-fulfilment may the Grantor activate the procedure regarding forfeiture of the concession (art. 9). "Therefore", according to the Regional Administrative Court, "even a continued breach of contract is insufficient, and the Grantor must undertake an administrative procedure (sending notice of a breach of contract), within which the Operator may exercise its rights under art. 10 of Law 241/90. Only if a further notice of breach of contract is issued in the event of a further breach of contract within the specified period, and in any case not less than 60 days, is it possible, under the above conditions, to declare the forfeiture of the concession".
Finally, the Regional Administrative Court found that not even supposed precautionary requirements could have justified the adoption of the contested legislation, as in any event it would have been necessary to determine liability "through the judicial bodies authorised to do so and after an appropriate trial" or, at least, "the use of an appropriate procedural form to guarantee the right of defence and an effective adversarial process" for the company, as required by the constitutional principles set out in articles 24 and 111 of the Constitution.
In another respect, the Regional Administrative Court stated that "it is impossible to infer from the disputed provisions why public interest in a more rapid reconstruction of the infrastructure, set out in the preamble to Law Decree109/2018, would have been better safeguarded by removing responsibility for reconstruction from the current operator, rather than allowing the latter to do so within the framework of the obligations provided for under the Single Concession Arrangement".

Subsequently, on 5 January 2020, the authorities challenged Liguria Regional Administrative Court's rulings before the Council of State. The challenges were restricted to the headings of the rulings on the preliminary questions proposed by the authorities, while no observations were made regarding the referral to the Constitutional Court of the constitutional legitimacy issues raised by Autostrade per l'Italia. Autostrade per l'Italia appeared before the Council of State on 17 March 2020.

Toll increases for 2019

A decree issued by the Ministry of Infrastructure and Transport (MIT) and the Ministry of the Economy and Finance (MEF) on 31 December 2018 set the toll increase to be applied on the Autostrade per l'Italia network at 0.81% (instead of the 0.87% requested by the company), deferring its application until 1 July 2019, unless otherwise agreed by Autostrade per l'Italia and the Grantor. Implementation of this deferral reflects the willingness of Autostrade per l'Italia and other motorway operators to postpone application of the net toll increase for a period of six months.
The increase of 0.81% included a component equal to 0.43% designed to compensate for the discounts applied to tolls for frequent motorway users in 2018 under the agreement between the MIT, AISCAT and motorway operators.
Regarding the shortfall in the increase with respect to the requested amount, equal to 0.06% (relating to the "X" component), Autostrade per l'Italia reserved the right to produce additional documentation with the aim of obtaining the remaining increase and, to this end, gained access to the documentation relating to the review conducted by the Grantor.
Following further talks between Autostrade per l'Italia and the MIT, and after specific requests were made by the Grantor, during 2019 the company announced and then temporarily extended postponement of the toll increase, with the tolls charged to road users remaining unchanged through to 31 December 2019.
In response to the Grantor's request of 19 December 2019 to further extend the suspension of the 2019 toll increase, in a letter dated 27 December 2019 Autostrade per l'Italia expressed its willingness to meet the request, without prejudice to the company's right to apply the increase at any time and at its sole discretion. Such willingness was based on the assumption that the Grantor's request was part of the ongoing discussions aimed at finding a negotiated solution to the procedure alleging a serious breach of the concession agreement brought by the Grantor on 16 August 2018, whilst reaffirming that the suspension is a voluntary initiative on the part of the company, which is not based on any legal or contractual obligation.
At present, partly due to the crisis that has arisen in Italy following the spread of the Covid-19 virus, Autostrade per l'Italia has extended the suspension of application of the 2019 toll increase until 30 June 2020.
The MIT and the MEF also issued decrees on 31 December 2018 by which toll increases were applied for Tangenziale di Napoli, Società Autostrada Tirrenica and Autostrade Meridionali that differed from the request submitted. The companies have appealed against this decision.

Toll increases for 2020

Autostrade per l'Italia's request for a toll increase for 2020 submitted on 15 October 2019 amounted to 1.21% (0.84% corresponding to the 70% inflation rate, and 0.37% to the "X" component), which the Grantor, after conducting its review, had reduced by 0.02% due to ineligible costs relating to investment, initially resulting in an overall increase of 1.19%.

With regard to the toll increase that should have come into effect from 1 January 2020, the Grantor informed Autostrade per l'Italia that, "having completed its review" of the request for toll increases for 2020, "and in view of the provisions of Article 13 of the *Milleproroghe* Decree of 30 December 2019, "no toll increase would be applied from 1 January 2020". Moreover, given the willingness Autostrade per l'Italia expressed in its letter of 27 December 2019 to further extend the initiative to suspend the toll increase for 2019 - without prejudice to the company's right to apply the increase at any time and at its sole discretion - with the above determination, the Grantor notified that the toll increase for 2019 would also not be applied.
With regard to the provisions of the *Milleproroghe* Decree, including the above-mentioned art. 13 and its effects, reference should be made to the relative paragraph in this section.
Autostrade per l'Italia appealed against the above determination issued by the Grantor on 31 December 2019 before the Lazio Regional Administrative Court, challenging its legitimacy on a number of grounds, claiming in particular that the determination:

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

With reference to art. 13 of the above Decree, the legal challenge raises questions of constitutional legitimacy, particularly with regard to art. 77 of the Constitution (lack of consistency, in terms of both content and purpose), and to Articles 102 and 104 (legislative interference in cases subject to pending litigation), as well as in relation to the constitutional provisions and EU legislation that protect the above principles of legitimate expectations and legal certainty.
Moreover, in determinations issued on 31 December 2019, the Grantor also notified Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica that, in view of the provisions of the disputed Article 13 of the *Milleproroghe* Decree of 31 December 2019, "no toll increases would be applied from 1 January 2020". It should be noted that, under the agreements in force, Raccordo Autostradale Valle d'Aosta had submitted a proposal to increase tolls by 6.51%, Tangenziale di Napoli by 1.33%, and Società Autostrada Tirrenica by 41.03%, taking into account the difference between the companies' requests and the amounts recognised by the Grantor for the years 2014-2019. All of the above companies have brought an action to have the Grantor's provisions annulled, for similar reasons to the action brought by Autostrade per l'Italia.
With regard to Autostrade Meridionali, which had submitted a proposal for a 2.41% increase, in a memo dated 31 December 2019, the Grantor, taking into account that the increase for 2019 had not been granted, forwarded the decree adopted on the same date by the MIT and the MEF, which ruled that no increase would be applied, "given that the transitional operational and financial plan - which governs the contractual relationship for the period after the agreed expiry of the Agreement in 2012 - has not yet been approved". Autostrade Meridionali has also challenged this rejection ruling, deeming it to be unlawful, and lodged an appeal.
In the case of Traforo del Monte Bianco, which operates under a different regulatory regime based on a bilateral agreement between Italy and France, an increase of 1.54% was applied, corresponding to the sum

of 0.59% (representing to the average inflation rate recorded in Italy and France from 1 September 2018 August to 31 August 2019), and an additional extraordinary increase of 0.95% based on the principle of application of parallel increases to be agreed upon for the Frejus and Mont Blanc tunnels requested by the Frejus company and also applicable to the Italian company, Traforo del Monte Bianco, regarding which allocation of the higher revenues should be defined.

Transport Regulator – Tariff regimes

On 29 March 2019, Autostrade per l’Italia - alongside other motorway operators, including Raccordo Autostradale Valle d’Aosta, Tangenziale di Napoli and Società Autostrada Tirrenica - lodged an appeal before the Piedmont Regional Administrative Court against Resolution 16 issued by the Transport Regulator (“ART”) on 18 February 2019. The legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes relating to Autostrade per l'Italia’s Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. Moreover, the company took part in the relevant consultation process, challenging the scope of application of the tariff regime drawn up by ART - on the basis of the same arguments presented in the above legal challenge - and submitting its observations on the related operational and financial aspects.
On 18 September 2019, as part of the legal challenge filed against ART Resolution16/2019 which initiated the consultation, Autostrade per l'Italia appealed on additional grounds against ART Resolution71/2019 which concluded the action brought by the regulator. The other motorway operators, including Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrada Tirrenica, also appealed on additional grounds against the specific determinations relating to them issued by the ART. The appeals are still pending.

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

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

a) an extraordinary appeal to the Head of State seeking annulment of the determination of 4 December 2018;
b) a legal action requesting investigation of the illegality of the Grantor's failure to respond to the proposal to update Autostrade per l'Italia's Financial Plan for the regulatory period 2018-2022. In relation to the latter ruling, on 2 December 2019, Lazio Regional Administrative Court handed down a judgement upholding it, which established that the Grantor must issue an express determination within 30 days. The Attorney General's Office challenged the judgement before the Council of State.

In a subsequent letter dated 3 January 2020, the Grantor, in compliance with the above ruling of the Regional Administrative Court, informed Autostrade per l'Italia that the proposal to update the financial plan submitted on 15 June 2018 "is unacceptable". These reasons were given: (i) the proposal submitted would not implement ART Resolution 71/2019; (ii) application of the new regime introduced by the Transport Regulator would be a qualifying and essential element of the concession relationship; (iii) art. 13 of the *Milleproroghe* Decree would require operators to submit new proposals for updating their

financial plans on the basis of ART determinations, entailing cancellation of the plans already submitted, by 30 March 2020.
Autostrade per l'Italia filed an appeal before Lazio Regional Administrative Court, challenging the legitimacy of the determination implemented by the Grantor in the above letter dated 3 January 2020 on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the Law Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. The case is pending.
Subsequently, in a memo dated 20 March 2020 and sent to all motorway operators, citing art. 103 of Law Decree103 of 17 March 17 2020, which, as part of the measures adopted to cope with the emergency arising from the spread of the Covid-19 virus, "established the suspension of deadlines for administrative proceedings and regulated the effects of expiring administrative measures", the Grantor announced, with regard to the application of art. 13 of Legislative Decree162/2019 that "the deadline of 30 March 2020 for submission of financial plans should be deemed automatically postponed in accordance with the provisions of the above law".
With regard to the provisions of the *Milleproroghe* Decree, including the aforementioned art. 13 and its effects, reference should be made to the relevant paragraph in this section.
With regard to Autostrade per l'Italia's submission of the updated version of the financial plan for the period 2020 - 2024 to the Grantor on 8 April 2020, reference should be made to the paragraph "Correspondence with the Ministry of Infrastructure and Transport regarding the alleged serious breach of contract".

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

In 2012, the MIT issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. Following an invitation issued by the Grantor on 9 July 2019, both bidders for the previous cancelled tender submitted a new bid.
Subsequent to the above tender procedure, the MIT has notified the provisional bidder, namely the SIS Consortium. On 3 March 2020, Autostrade Meridionali appealed to the Campania Regional Administrative Court against the decision to award Consorzio SIS the contract, requesting its cancellation after suspension of the award. At a hearing on 25 March 2020, the judge did not grant the precautionary suspension requested by Autostrade Meridionali and scheduled collective discussion of the precautionary phase for a hearing on 22 April 2020. At this hearing, having noted the submission of a cross-appeal by SIS, requesting the disqualification of Autostrade Meridionali's bid, the hearing on the application for injunctive relief was adjourned until 13 May 2020.

Adoption of Autostrade Meridionali's financial recovery plan

On 30 October 2019, CIPE Resolution 38/2019 was published. This sets out criteria for the assessment and definition of financial relations with motorway operators, exclusively regarding the period between the expiry date of the concession and the actual date it is taken over by the new operator.
In a subsequent letter of 13 November 2019, the Ministry of Infrastructure and Transport requested Autostrade Meridionali to prepare and submit, by 25 November 2019, a special transitional Financial Plan regarding the period from 1 October 2013 until the new operator of the A3 Naples - Salerno takes over, in accordance with the criteria established by the above CIPE Resolution 38/2019.

The latter introduces a method for calculating the Return on Net Invested Capital (NIC), as well as any imbalance between revenue and eligible costs. This new method penalises Autostrade Meridionali and is not provided for in any previous legislation or regulations, and is also "special" as it only applies retroactively to expired concession relationships.
In challenging the content of the resolution, and recalling the regulations established in the Single Concession Arrangement, in a memo sent to the Grantor on 22 November 2019, Autostrade Meridionali submitted its financial plan for the period 2013-2022, drawn up in compliance with the criteria set out in the previous CIPE resolution 37/2007 and consistent with the Single Concession Arrangement signed in July 2009.
In a subsequent legal challenge, filed with Lazio Regional Administrative Court on 31 December 2019, Autostrade Meridionali requested that the Grantor's determination of 13 November 2019 and the relevant CIPE resolution be set aside.

Accident on 28 July 2013 on the Acqualonga viaduct on the A16 Naples-Canosa motorway

The trial before a single judge at the Court of Avellino has been completed, with a judgement at first instance regarding the accident that occurred on 28 July 2013 on the Acqualonga Viaduct, involving a coach travelling on the A16 Naples-Canosa motorway. The accused included a total of twelve managers and former managers and employees of the Autostrade per l'Italia, who were charged with being accessories to culpable multiple manslaughter and criminal negligence.
Specifically, at the hearing held on 11 January 2019, the judge acquitted the accused who at the time of the accident held the roles of Autostrade per l'Italia's Chief Executive Officer, General Manager for Operations & Maintenance, Head of the "Road Surfaces and Safety Barriers" unit, Head of the "Safety Barriers, Laboratories and RD" operations unit and the two Coordinators at the VI Section Operations Centre in Cassino not guilty pursuant to art. 530, paragraph 1 of the code of criminal procedure, as they are innocent of the crime of which they were accused. Instead, the then managers and heads of operations at the VI Section office in Cassino were found guilty.
The Public Prosecutor and the lawyers defending the accused who have been found guilty have lodged appeals. The first hearing, initially scheduled for 24 March 2020, has been adjourned until 1 October 2020 in accordance with Law Decree 11 of 8 March 2020, containing "Extraordinary and urgent measures to combat the Covid-19 epidemic and contain the negative impact on the judicial system".

Claim for damages from the Ministry of the Environment

The criminal case brought before the Court of Florence regarded alleged violations of environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico* (offences provided for and punished in accordance with art. 260, "organised trafficking in waste", in relation to art. 186, paragraph 5 "use of soil and rocks from excavation work as by-products and not as waste" in the Consolidated Law on the Environment no. 152/06; art. 256, paragraph 1(a) and (b) "unauthorised management of waste" and the paragraph three, "fly tipping" of the Consolidated Law).
The trial at first instance has come to an end with the full acquittal of Autostrade per l'Italia's Joint General Manager for Network Development and Project Manager, as the court ruled that "there was no case to answer".
The Public Prosecutor's office in Florence has filed a *per saltum* appeal against the judgement with the Supreme Court and the first hearing is scheduled for 9 June 2020.

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

In a ruling dated 18 September 2019, European the Court of Justice set out the proceedings brought by the European Commission challenging the extension from 2028 to 2046 that was granted to Autostrada Tirrenica ("SAT") under the Single Concession Arrangement signed on 11 March 2009. In particular, the Court of Justice rejected the European Commission's appeal in which it challenged the legitimacy of the extension of the concession for the Cecina-Grosseto and Grosseto-Civitavecchia sections of the A12 motorway, thus confirming the legitimacy of the extension to 2046 for these sections. However, the Court upheld the appeal with regard to the Cecina-Livorno section, for which the expiry date was put back to 2028. Previously, SAT had told the MIT it was willing to identify shared solutions that could support investments of common interest, developing possible intervention scenarios and defining concession periods in order to find a proactive solution to the problem. In the light of the Court of Justice's clarification, SAT has reassured the MIT of its willingness to find a shared solution.
Subsequently, Law 8 of 28 February 2020, converting the Milleproroghe Decree, introduced art. 1-ter (art. 35 of the Milleproroghe Decree relating to provisions regarding motorway concessions) with which, on the one hand, art. 9 of Law 531 of 1982, which authorised SAT to build the Livorno-Grosseto-Civitavecchia motorway, was repealed, and on the other hand, on the basis of the current agreement, SAT was made exclusively responsible for management of the sections of the A12 motorway already open to traffic (Livorno-Grosseto-Civitavecchia), as well as the review of the current agreement with the MIT, taking into account the regulations regarding public contracts and in compliance with the Transport Regulator's determinations.
In particular, art. 1-ter states that "Article 9 of Law 531 of 12 August 1982 has been repealed. Consequently, until 31 October 2028, Autostrada Tirrenica, pursuant to the Single Concession Arrangement signed on 11 March 2009, will exclusively manage the sections of the A12 Livorno-Grosseto-Civitavecchia motorway link that were open to traffic on the date of entry into force of the law converting this decree. The Ministry of Infrastructure and Transport and Autostrada Tirrenica will review the above Single Concession Arrangement, taking into account the current provisions regarding public contracts and the provisions of the first sentence of this paragraph, in accordance with the determinations adopted by the Transport Regulator pursuant to art. 37 of Law Decree 201 of 6 December 2011, converted, with amendments, into Law 214 of 22 December 2011". The company is currently assessing the action to take in order to protect its rights.

Investigation by the Public Prosecutor's Office of Ancona regarding the collapse of the SP10 overpass above the A14 Bologna-Taranto

The collapse of the SP10 overpass over the A14 at km 235+794 on 9 March 2017 resulted in the death of the driver and one passenger of a vehicle, and injuries to three workers from a Pavimental subcontractor, to whom Autostrade per l'Italia had previously allocated the works for widening the third lane along the A14 Bologna-Bari-Taranto in the Rimini North-Porto Sant'Elpidio section. Criminal proceedings have been brought regarding the offences provided for and punished by Articles 113, 434, paragraph 2, and 449 of the criminal code ("accessory to culpable collapse"), 113 and 589, last paragraph, of the Italian Criminal Code ("accessory to multiple negligent homicide"), 113 and 589-*bis*, paragraph 1, and the last paragraph of the criminal code, ("accessory to vehicular homicide"), against the Client, the three Sole Project Managers who succeeded one another during the works, the Director and the Operations Manager of the Pescara VII area office and the Head of Autostrade per l'Italia's "Tender Management Department",

as well as the company pursuant to art. 25-*septies* of Legislative Decree 231/2001 ("culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations").
On 7 October 2019, the preliminary investigating magistrate issued a dismissed the charges against 4 of Autostrade per l'Italia's managers: the Principal, the Director and the Head of Operations at the Pescara VII area office and the Head of the "Tender Management Department". The criminal proceedings thus continued solely against the 3 Autostrade per l'Italia Sole Project Managers and the company itself pursuant to Legislative Decree 231/2001.
At the first preliminary hearing held on 9 December 2019, the preliminary investigating magistrate scheduled the next hearing for 23 April 2020, partly in order to define the preliminary questions regarding the civil claims brought and to start to hear the respective evidence.

Investigation of the collapse of a section of the Polcevera road bridge by the Public Prosecutor's Office in Genoa

The collapse of a section of the Polcevera road bridge, on the A10 Genoa-Ventimiglia on 14 August 2018, resulted in criminal action before the Court of Genoa against 39 personnel, including executives and other people employed at the company's Rome headquarters and the relevant area office in Genoa, in relation to offences provided for in articles: 449-434 of the criminal code ("accessory to culpable collapse"); 449-432 of the criminal code ("violation of transport safety regulations aggravated by culpable disaster"); 589-*bis*, paragraph 1 of the criminal code ("culpable vehicular homicide"); 590-*bis*, paragraph 1 of the criminal code ("grievous or very grievous bodily harm caused by road traffic violations"); 589, paragraphs 1, 2 and 3 of the criminal code ("culpable homicide resulting from breaches of occupational health and safety regulations"); 590, paragraphs 1, 3 and 4 of the criminal code ("negligent injury resulting from breaches of occupational health and safety regulations"). Three of Autostrade per l'Italia's executives were subsequently also placed under investigation for the offence provided for in Articles 110 and 479 of the criminal code ("false statements by a public officer in a public office").
As part of the same procedure, Autostrade per l'Italia is also under investigation pursuant to art. 25-*septies* of Legislative Decree 231/2001, relating to "Culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations".
Two pre-trial hearings were arranged by the preliminary investigating magistrate. The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial report prepared by experts on 7 August, followed by a hearing to examine it on 20 September 2019.
With regard to the second pre-trial hearing, the purpose of which is to determine the causes of the collapse, on 9 December 2019 the preliminary investigating magistrate accepted a request to extend the deadline for filing the expert technical report, initially scheduling the related hearing for discussion on 2020. Subsequently, on 11 March 2020 the preliminary investigating magistrate ordered an additional extension of the expert investigation to 14 June 2020.

Entry into Atlantia's head office by the *Guardia di Finanza* (Finance Police)

Although Atlantia is not involved in the proceedings, as part of the investigation instigated by the Genoa Public Prosecutor's Office into the collapse of the Polcevera road bridge, the *Guardia di Finanza* (Finance Police) carried out a number of visits to the Company's head office to seize documentation relating to the minutes of meetings of the Board of Directors and of the Internal Control, Risk and Corporate Governance Committee, and material relating to Internal Audit and Enterprise Risk Management activities. The Company promptly delivered all the required documentation and confirmed its willingness to cooperate with the judiciary in order to ascertain the facts.

Investigation by the Public Prosecutor’s Office in Genoa of bridges and road bridges managed by Autostrade per l’Italia and the initiatives undertaken

As part of a second investigation initiated by the Genoa Public Prosecutor's Office of a series of allegations regarding false statements in relation to monitoring reports relating to certain bridges and road bridges on Autostrade per l'Italia's network, four executives and a company employee, among others, were investigated.
According to the charge, some reports prepared by the technicians responsible for testing, monitoring and design were improperly drafted in order to make the maintenance conditions of the road bridges appear better than they actually were.
The imputed offences are the ones provided for in articles 81, 110 and 479 of the criminal code (“false statements by a public officer in a public office”).
In September 2019, the preliminary investigating magistrate issued an injunction applying a personal precautionary measure (house arrest) and a prohibitive measure (suspension from work for a period of 12 months) against, among others, two of the above-mentioned Autostrade per l'Italia managers.
In opposition to these measures, the lawyers of the persons under investigation proposed a review, which led to the house arrest measure being replaced with suspension from practising a public service for one year and a ban on exercising any professional activity similar to the one carried out previously for one year, while the prohibitive measure was confirmed, and following the subsequent rejection of the appeal before the Court of Cassation became enforceable.
Once the company became aware of the prohibitive injunctions, it promptly initiated disciplinary proceedings against the four executives under investigation, which then led to the dismissal of three of them, and the suspension from work of the other one.

Investigation by the Public Prosecutor’s Office in Genoa with regard to Spea Engineering’s inspection reports on road bridges and viaducts managed by Autostrade per l’Italia and the initiatives undertaken

As part of a second investigation pending before the Genoa Public Prosecutor's Office, regarding alleged false statements in relation to inspection reports on certain road bridges and viaducts managed by Autostrade per l'Italia's, five managers and seventeen employees of Spea Engineering are under investigation, with regard to some of whom the company has already taken disciplinary action.
The imputed offences are the ones provided for in articles 81, 110 and 479 of the criminal code (“false statements by a public officer in a public office”).
Preliminary investigations are still underway, and in September 2019 prohibitive measures were ordered against some employees as well as a series of seizures and searches.
On 13 September 2019, an injunction applying precautionary measures was notified, involving two of the five managers and four of the company's seventeen employees of Spea. The precautionary measures applied entailed house arrest for the managers, and for the four employees "suspension of the practice of public service with a ban on exercising any activity relating to it, and, jointly, a temporary ban on exercising any activity, on behalf of public or private entities, relating to road safety and transport for a period of 12 months".
The lawyers of some of the persons under investigation have also notified Spea regarding the application of additional precautionary measures of a prohibitive nature against eleven employees, also in relation to allegations of making false statements, but with regard to two other viaducts.

All the persons involved in these two injunctions have been suspended from their duties.

Investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

On 10 December 2019, the *Guardia di Finanza* (Finance Police) of Genoa made several visits to the Genoa and Rome offices of Autostrade per l'Italia and a number of Group companies in order to seize technical documents (i.e., designs, calculation reports, test certificates) and organisational documents (i.e. service orders and organisational agreements in place since 2013) regarding the installation and maintenance of "Integautos" model noise barriers. The investigation involves four Autostrade per l'Italia managers suspected of carrying out the offences pursuant to articles 110 (aiding and abetting), 81 (continuing offence), 356 (public procurement fraud) and 432 (endangerment of transport safety) of the criminal code.
According to the charge, these barriers are dangerous as they are at risk of overturning, partly due to the effects caused by wind.

Overseas motorways

Chile

Toll increases

From January 2019, Grupo Costanera's motorway operators applied the following annual toll increases, determined on the basis of their concession arrangements:

a) 6.4% for Costanera Norte, Vespucio Sur and Nororiente, reflecting a combination of the increase linked to inflation in 2018 (2.8%) and a further increase of 3.5%;
b) 4.3% for AMB, reflecting a combination of the increase linked to inflation in 2018 (2.8%) and a further increase of 1.5%;
c) 2.8% for Litoral Central, reflecting the increase linked to inflation in 2018.

From 1 January 2019, the tolls applied by Los Lagos are broadly unchanged, reflecting a combination of the increase linked to inflation in 2018 (2.8%) and a reduction in the bonus for safety improvements (the bonus of +2% for 2019, less the bonus for safety improvements awarded in 2018, amounting to +5%).
On 31 January 2020, Supreme Decrees of the President of the Chilean Republic were published that implemented the agreements signed at the end of 2019 between the Ministry of Public Works and the main motorway operators in Santiago, including Costanera Norte and Vespucio Sur, which provide for the elimination of the payment of the actual toll increase of 3.5% as from 1 January 2020, compensated for by extension of the concession or, at the discretion of the Ministry, with a specific payment. The agreements enable the Ministry to tell the operators each year whether to apply the increase in real terms (up to a maximum of 3.5%), and whether any shortfall in revenue for the year should be accounted for as credit (remunerated at a rate in real terms of 4% per year) or compensated for with quarterly payments.

Brazil

Toll increases

From 1 July 2019, Triangulo do Sol and Rodovias das Colinas have applied their annual toll increase of 4.7% based on the rate of general price inflation in the period between 1 June 2018 and 31 May 2019, as this figure was lower than the rate of consumer price inflation in the same period (7.7%). The difference will be adjusted for in accordance with the concession arrangement. From 13 June 2019, the tolls applied by Rodovia MG050 have been increased by 4.9%, based on the rate of consumer price inflation in the period between 1 May 2018 and 30 April 2019, as provided for in the concession arrangement.

Italian airports

Tariff review for 2019

The consultation with airport users came to a conclusion on 5 November 2018 and, on 24 December 2018, the Civil Aviation Authority (ENAC) announced the new airport fees to be applied at Fiumicino and Ciampino airports.
The revised fees approved by ENAC for the period 1 March 2019 - 29 February 2020 envisage a 1.4% reduction for Fiumicino airport and a 2.2% increase for Ciampino with respect to the fees for 2018.

Tariff proposal for 2020

On 6 August 2019, ADR began a consultation process, involving the users at Fiumicino and Ciampino airports, on the proposed revision of regulated fees for the 2020 annual period (1 March 2020 - 28 February 2021). In order to ensure the broadest possible dialogue with users, on 10 August 2019 ADR published information documents on its website relating to the proposed revised tariffs for 2020, regarding which users were asked to send initial comments by the deadline of 4 October 2019.
A public hearing was held with users on 15 October, and a deadline of 31 October 2019 was set for receiving any further final comments. As no further comments were received after the latest updates published on the ADR website, on 7 and 12 November 2019, and via a conference call with users on 11 November 2019, work on the consultation regarding the revision of fees at Fiumicino and Ciampino airports was completed on 28 November 2019. The revised fees for the period 1 March 2020 - 28 February 2021 envisage a 0.8% reduction for Fiumicino airport and a -2.2% reduction for Ciampino with respect to the fees currently in force.

European Law 2018: new responsibilities for the Transport Regulator regarding planning agreements "in derogation"

Law 37 of 3 May 2019, concerning "Provisions regarding the fulfilment of obligations deriving from Italy's membership of the European Union - European Law 2018", in art. 10 (Provisions regarding airport fees - Infringement procedure 2014/4187) includes a provision relating to airport fees by which the functions of the National Supervisory Authority are transferred to the Transport Regulator with regard to planning agreements pursuant to art. 17, paragraph 34-*bis* of Law Decree78/2019, converted, with amendments, into Law 102/2009 (the so-called planning agreements in derogation law).

Transport Regulator – Tariff regimes

ADR has challenged Determination 118, published by the Transport Regulator ("ART") on 1 August 2019, before Lazio Regional Administrative Court. The determination regards "Proceedings initiated by Determination 84/2018 - Introduction of a public consultation relating to the review of the airport fee regulation models approved by Determination 92/2017", claiming that the Regulator does not have the power to introduce changes to the tariff regime provided for in the Planning Agreement signed between the Civil Aviation Authority and ADR in October 2012, pursuant to art. 17, paragraph 34-*bis*, of Law Decree 78/2009. Indeed, by express legal provision, the tariff regime provided for in the planning agreements "in derogation" is a "long-term" tariff regime, including review procedures that are "valid for the entire duration of the concession arrangement". A hearing on the merits of the case has not yet been scheduled.

Alitalia in extraordinary administration

Law 58 of 28 June 2019 converting, with amendments, Law Decree 34 of 30 April 2019 (the so-called "Growth" Decree), in art. 37, paragraph 1, authorises the Ministry of the Economy and Finance to subscribe for shares - within the limit of the amount accrued as interest on the government loan and paid in accordance with the terms set out in paragraph 3 - in the Alitalia newco to which the company's assets are to be transferred. The transaction criteria and procedures will be defined in a subsequent Cabinet Office Decree on the recommendation of the Minister of the Economy and Finance. Article 37 also amends the regulations governing repayment of the government loan, which is brought back within the scope of the procedure relating to distribution of the assets of Alitalia - Società Aerea Italiana SpA in extraordinary administration within the limits of the available assets.

Law Decree 137 of 2 December 2019 sets out further urgent measures to ensure the continuity of the service provided by Alitalia under extraordinary administration. It provides for a government loan of €400 million to enable the procedures regarding the transfer of the business units of the Alitalia group in extraordinary administration to be completed by 31 May 2020. Law 2 of 30 January 2020, converting with amendments Law Decree 137 of 2 December 2019, set a deadline for repayment of the government loan of €400 million, granted pursuant to Law Decree 137/2019, namely within six months of the date of disbursement.

Finally, art. 79 of Law Decree 18 of 17 March 2020, given the impact on the activities of Alitalia - Società Aerea Italiana SpA and Alitalia Cityliner SpA - both of which are in extraordinary administration - of the Covid-19 epidemic, authorises the establishment of a new company either wholly owned by the Ministry of the Economy and Finance or controlled by a company directly or indirectly under majority public ownership.

One or more Decrees of the Minister of the Economy and Finance, representing the memorandum of association of the new company, will define its business purpose, the articles of association and the initial share capital, as well as the corporate bodies appointed in derogation of the relevant provisions in force, and any other necessary aspect of the incorporation and operation of the company.

A decree issued by the Minister of the Economy and Finance, to be adopted in agreement with the Minister for Economic Development, has established, among other things, the amounts to be allocated for implementation of the above provisions within the air transport support fund - established by the same art. 79 with an amount of €500 million to be used for 2020.

Airport fees – Annual monitoring of the Planning Agreement

In an extraordinary appeal to the President of the Republic on 11 April 2019, ADR challenged the measure of 24 December 2018 in which the Director General of the Civil Aviation Authority - in implementation of the annual monitoring of tariff parameters k, v and ε provided for in art. 37-bis, paragraph 4 of the Concession Arrangement/Planning Agreement entered into by the Civil Aviation Authority and ADR - revised the fees for regulated services provided to users by the airport operator in 2019. On 10 June 2019, the Civil Aviation Authority challenged the extraordinary appeal and, therefore, ADR transferred the appeal to Lazio Regional Administrative Court in accordance with art. 48, paragraph 1, of the Code of Administrative Procedure.

Overseas airports

Tariff review for the 2018-2019 period

On 14 July 2018, a decree was published by the French Minister of Transport who, within the scope of the Minister's powers, has established the criteria for determining the fees payable in return for the airport services provided by the Aéroports de la Côte d'Azur group (ACA). Specifically, the decree (i) defines and differentiates the scope of regulated and non-regulated activities (essentially commercial and real estate activities, with the exception of car parks that come under regulated activities), and (ii) establishes a tariff regulation mechanism for activities regulated by a price cap system (*plafond tarifaire*) linked to inflation, notwithstanding the limit on the allowed return on invested capital.
ACA then submitted its tariff proposal for the 2018 – 2019 period, in keeping with the provisions of the above ministerial decree, for endorsement by the Independent Supervisory Authority (ASI). On 21 January 2019, ASI rejected the tariffs proposed by ACA - which, in accordance with the provisions of the decree, envisaged an average reduction in fees of 0.65% - and independently set tariffs for the period from 15 May 2019 to 31 October 2019, involving a reduction of 33.4%, compared with previous levels.
ACA, believing this decision to be unlawful, brought a legal challenge before the French Council of State, to request its annulment. In addition, two associations of minor airlines had brought an action for annulment of the above Decree against the issuing Ministry. ACA intervened in the proceedings, joining the Ministry's defence.
On 31 December 2019, the decision of the French Council of State regarding these challenges was published.
With regard to the challenge filed by the two associations of minor airlines, the Council of State ruled that the Decree of 14 July 2018 is partially invalid, in the part in which the cap for aviation fees/revenue is defined, whilst confirming the validity of the part of the Decree that defines the scope of regulation regarding application of the dual-till approach for the entire period of the concession.
However, the Council of State rejected the challenge filed by ACA against the decisions of the ASI, deeming the fee reduction to be congruent in the light of an interpretation of article R224-3-1 of the *Code de l'aviation civile* which also provides for the possibility of taking into account income from non-regulated activities in the determination of fees.
On 3 February 2020, a new order was issued by the Minister of Transport, which, having superseded the previous one, confirms the dual-till approach for the entire period of the concession and expressly excludes the possibility of taking into account income from non-regulated activities in the determination of aviation fees. This regulatory system will thus be applied under an annual approval regime or, if

necessary, as part of long-term contracts, and in any event in accordance with the principle of moderating fee increases established by the Regulator.
Therefore, in 2020, the company is expected to maintain the current level of fees, with a possible fee increase applied only for the last quarter of 2020, given the time frame needed for the various stages of the consultation process with users and for the approval process with ART (the Transport Regulator, which took over airport responsibilities from ASI as the result of a ruling by the French government).

Other activities

Spea Engineering - Investigation by the Public Prosecutor's Office in Genoa

Following the incident relating to the collapse of a section of the Polcevera road bridge, the Genoa Public Prosecutor's Office has opened an investigation regarding twenty-one people, including current and former employees and executives of Spea Engineering, in relation to the same offences for which Autostrade per l'Italia personnel are under investigation.
Five employees, a former employee, two executives and a former executive have been charged with an offence pursuant to Article 479 of the criminal code ("false statements by a public officer in a public office"), while two employees, one of whom has been dismissed, are also charged with an offence pursuant to Article 378 of the criminal code ("aiding and abetting").
The company is also under investigation for an administrative offence pursuant to Article 25-septies of Legislative Decree 231/2001 ("culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations"). Two pre-trial hearings were arranged by the preliminary investigating magistrate.
The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial report prepared by experts on 7 August 2019, followed by a hearing to examine it on 20 September 2019. The second pre-trial hearing, the purpose of which is to determine the causes of the collapse, is in progress. On 9 December 2019, the preliminary investigating magistrate accepted a request to extend the deadline for filing the expert technical report, initially scheduling the related hearing for discussion on 22 April 2020. Subsequently, on 11 March 2020 the preliminary investigating magistrate ordered an additional extension of the expert investigation to 14 June 2020.
The company's Chief Executive Officer resigned on 17 September 2019.
Due to the particularly complex nature of the case, and as it is a provisional charge, the lawyers who are assisting Spea Engineering deem it impossible to forecast any potential liability for the company in relation to the proceedings pursuant to Legislative Decree 231/2001.

Spea Engineering - Investigation by the Public Prosecutor's Office in Savona regarding the Madonna Del Monte road bridge

On 24 November 2019, due to a landslide, part of the deck of the Madonna del Monte road bridge collapsed. This road bridge is located on the A6 Turin-Savona, a section that is no longer managed by the Group. This section is operated under concession by Autostrada Torino Savona SpA, which was a subsidiary of Autostrade per l'Italia until 2012, when it was sold to the Gavio Group. The investigating magistrates visited the offices of Spea Engineering, requesting documentation relating to the road bridge and inspections carried out. All the requested documents were handed over. For the time being, the action has been brought against unknown persons regarding an alleged offence pursuant to Article 449 of the criminal code (culpable damage).

Spea Engineering - Investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

On 10 December 2019, the *Guardia di Finanza* (Finance Police) of Genoa made several visits to the company's offices in order to seize technical (i.e., designs, calculation reports, test certificates) and organisational documents (i.e. service orders and organisational agreements in place since 2013) regarding the installation and maintenance of "Integautos" model noise barriers. The investigation involves the former Chief Executive Officer of Spea Engineering who is suspected of carrying out offences pursuant to articles 110 (aiding and abetting), 81 (continuing offence), 356 (public procurement fraud) and 432 (endangerment of transport safety) of the criminal code.
According to the charge, these barriers are dangerous as they are at risk of overturning, partly due to the effects caused by wind.

Auditing activities entrusted to third-party and independent auditors

In the light of the precautionary measures ordered by the judiciary, which appear to allege serious misconduct on the part of some employees of Group companies in relation to the investigation by the Genoa Public Prosecutor's Office into the inspection reports produced by the subsidiary, Spea Engineering, on Autostrade per l'Italia's road bridges and viaducts[3], Atlantia's Board of Directors has commissioned an audit by KPMG Advisory SpA - Forensic Services to verify the correct application of corporate procedures by Autostrade per l'Italia and Spea Engineering and the persons involved.
Moreover, SGS Italia SpA, a subsidiary of SGS SA, a world leader in key business sectors with respect to inspection, verification, analysis and certification services, has been commissioned to carry out an analysis of the quality and fitness for purpose of the methodological framework and procedural agreements adopted by Autostrade per l'Italia and Spea Engineering. Atlantia will assess the findings of these activities - which will be made available to the investigating magistrates - and will follow the investigations as they unfold, partly with a view to taking any further measures deemed necessary.

Electronic Transaction Consultants (ETC)

Following the withholding of payment by the Miami-Dade Expressway Authority (MDX) for the on-site and electronic tolling systems' management and maintenance services provided by ETC, on 28 November 2012 ETC petitioned the Miami Dade County Court in Florida to order MDX to settle unpaid claims and pay any additional costs incurred and damages for breach of contact. In January 2018, the court issued judgement at first instance upholding ETC's claim for breach of contract by MDX, awarding ETC damages of US$43 million, together with accrued interest of approximately US$10 million, making a total of approximately US$53 million, in addition to interest payable until settlement. In another ruling, the court also awarded ETC costs to cover reasonable legal expenses, amounting to the sum of US$8 million following an agreement between ETC and MDX.
In April 2018, MDX appealed both of the above judgements.
On 2 January 2020, the judgement of the appeal proceedings was handed down, which confirmed the provisions of the first instance judgement (ETC was awarded compensation of US$43 million, as well as

(3) See "Investigation by the Public Prosecutor's Office in Genoa with regard to inspection reports on road bridges and viaducts managed by Autostrade per l'Italia and the initiatives undertaken" and "Spea Engineering - Investigation by the Public Prosecutor's Office in Genoa".

legal costs and expenses amounting to US$8 million relating to the first instance judgement), except for determination of the interest accrued until the first instance judgement, regarding which the Court of Appeal referred the case to the first instance judge for identification of the relevant commencement date and the consequent calculation. The first instance judgment had awarded ETC interest of US$10 million, without specifying the calculation procedure.
The appeal judgment also awarded ETC legal costs relating to the same appeal proceedings, with the amount to be determined by the court of first instance to which the proceedings were referred.
The appeal judgement is subject to further appeal by MDX, including an appeal to the Florida State Supreme Court. The enforceability of this judgment would be suspended, pending any further penalty that may be proposed by MDX. MDX filed an application for review, which was rejected on 21 February 2020.

Abertis group

Spain

Toll increases for 2019

From 1 January 2019, the Spanish operators applied the following annual toll increases, as per the applicable contracts:

a) +1.7% for state concessions (Acesa, Aumar, Iberpistas – Castellana, Avasa, Aulesa), to adjust for the full rate of inflation, calculated as the annual average rate of change of the inflation index in the period between 1 November 2017 – 31 October 2018;
b) +2.2% for the concessions with the regional Government of Catalonia (Aucat, Invicat, Tunels), to adjust for 95% of the annual rate of change of the inflation index in October 2018 (2.3%).

Royal Decree 457/2006 (Acesa)

Acesa has filed a complaint against the Grantor in relation to the failure to pay the compensation payable under the agreement of 2006 between the Spanish government and the company (approved with Royal Decree 457/2006) and the subject of litigation in 2015. The agreement called for, among other things, compensation for investment in certain sections of the AP-7 motorway, and for possible negative impacts on traffic deriving from the construction of second lanes on parallel roads (N-II and CN). The compensation linked to investment in the construction of additional lanes on the AP-7 motorway, amounting to approximately €948 million, has been recognised in full in these interim financial statements, whilst the amount receivable in relation to the loss of traffic has not been accounted for, as it is disputed. This latter amount has been estimated on the basis of the Royal Decree as approximately €2.3 billion, as presented in Abertis Infraestructuras's consolidated financial statements for the year ended 31 December 2019.
Following the legal proceedings, on 5 June 2019, Acesa received notice of the Supreme Court judgement, which – without taking a position with regard to the amount of the compensation - has established that the amount due may only be determined by the parties on expiry of the concession on 31 August 2021.

Royal Decree 1132/1986 (Aumar)

In February 2011, Aumar requested the Grantor to provide compensation in relation to loss of revenues deriving from the construction of roads parallel to the toll road under concession.

This request for compensation includes the revenue lost by the company for the period 2002-2019 (end of the concession).

In the face of the Grantor's rejection of the request for compensation, Aumar filed several complaints, the last of which was reviewed by the Council Chamber of the Supreme Court on 22 May 2019. Aumar submitted an application for annulment to the Supreme Court against this judgement, which was unsuccessful. Therefore, the company appealed to the Constitutional Court, deeming that the lack of grounds underlying the decision violated the company's right to a fair trial. This appeal was declared inadmissible on 17 February 2020.

The company has not recognised any receivable in its financial statements relating to the compensation claimed.

Investment in Alazor

Regarding a dispute related to the obligations assumed under the financial support agreement between Iberpistas and Acesa with the lending banks of the investee, Alazor Inversiones SA (a company undergoing liquidation proceedings), on 22 January 2019, 5 funds deemed to be the current creditors for part of Alazor Inversiones SA's debt, began legal proceedings in order to obtain payment of a total amount of €228 million, corresponding to the guarantees provided by the above-mentioned financial support agreement. As described in note 7.14, provisions for risks and charges have been made for this sum as at 31 December 2019.

France

Toll increases for 2019

In February 2019, the French operators raised their rates by 1.7%, to reflect the combined effect of 70% of the 2018 inflation rate (+1.9%), the adjustments related to the recovery of the frozen 2015 toll increases, and the return on the additional investment plan known as "*Plan de Investissement Autoroutier*" (+0.3%).

Italy

Toll increases for 2019

In 2019, the rates charged by the Italian operator of the A4 - Brescia Padova motorway did not increase. The operator's requests for an increase were not approved by the Ministry of Infrastructure and Transport, pending the finalisation of the financial plan and on the basis of an analysis of the amount of expenditure on maintenance. The analysis of the progress of work on the maintenance plan is outdated, so the inflation and quality components of the tariff, which were frozen in 2019, will be compensated for in setting the tariff in the updated financial plan.

Chile

Toll increases for 2019

The Chilean operators implemented the following annual toll increases in 2019, as per the applicable contracts:

a) from 1 January 2019, the rates charged by Autopista Central and Autopista del Los Andes have increased by 6.4%, to reflect the combined effect of the inflation adjustment for the period 1 December 2017 – 30 November 2018 (+ 2.8%) and the increase factor of 3.5%;

b) from 1 January 2019, the rates charged by Autopista del Sol have increased by 1.3%, to reflect the inflation adjustment for the six months between 1 June – 30 November 2018; the rates were increased again by 1.4% from 1 July 2019 in line with inflation in the six months from 1 December 2018 to 31 May 2019;
c) from 1 January 2019, the rates charged by Rutas del Pacifico have increased by 2.8%, reflecting the effect of inflation for the period 1 December 2017 – 30 November 2018 and confirmation of the safety premium awarded in the previous year;
d) from 1 January 2019, the rates charged by Elqui have increased by 2.8%, reflecting the effect of inflation for the period 1 December 2017 – 30 November 2018 and confirmation of the safety premium awarded in the previous year;
e) from 1 February 2019, the rates charged by Autopista del Los Libertadores have increased by 2.6%, reflecting the effect of inflation for the period 1 January to 31 December 2018 (+2.6%) and confirmation of the safety premium awarded in the previous year.

As was reported in the section "Overseas motorways", with regard to Costanera Norte and Vespucio Sur, Autopista Central is also one of the Santiago motorway operators that signed the agreement with the Ministry of Public Works at the end of 2019. This agreement came into effect with the publication of the related Supreme Decree of the President of the Republic on 31 January 2020. The agreement provides for the elimination of the payment of the actual toll increase of 3.5% as from 1 January 2020, compensated (annual rate remuneration 4%) for by extension of the concession or, at the discretion of the Ministry, with a payment in accordance with the instructions provided by the Ministry to the operators concerned each year.

Brazil

Toll increases for 2019

The rates charged by Centrovias, Autovias and Intervias have increased by +4.7% from 1 July 2019. This corresponds with general price inflation in the period between 1 June 2018 and 31 May 2019, as it was lower than the rate of consumer price inflation in the same period (+7.7%). The difference will be adjusted for in accordance with the concession arrangement.
The rates applied by the new operator, ViaPaulista, have been increased:
a) by +5.7% from 26 May 2019, in order to compensate for extension of the exemption from toll payments for heavy vehicles with suspended axles to include the State of Sao Paulo from 31 May 2018;
b) by +2.9% from 22 November 2019, linked to the general inflation rate between 1 November 2018 and 31 October 2019.

On 16 August 2019, Fluminense raised its rates of the + 4,5%, reflecting the change in general price inflation between 1 February 2018 and 31 January 2019 (+3.7%) and other tariff components. Litoral Sul did not raise its rates, as the change in general price inflation between 1 February 2018 and 31 January 2019 was offset by the negative effect of other tariff components.
The annual rate review due to take place in December 2019 for the federal concessions of Planalto Sul, Fernão Dias and Régis Bittencourt,, linked to the general inflation rate between 1 December 2018 and 30 November 2019 (+3.5%), has not yet been approved by the grantor (ANTT – Agencia Nacional de Transportes), whilst awaiting determination of other tariff components.

Argentina

Toll increases for 2019

On 5 January 2019, tolls were raised by 38% for both the GCO and Ausol concessions. The additional increases requested during 2019 under the agreements with the grantor signed in July 2018 were not approved by the regulator.

Puerto Rico

Toll increases for 2019

On 1 January 2019:

a) Metropistas raised its tolls by 3.6%, to reflect the rate of inflation in the USA (+2.1%) plus an increase in real terms of 1.5%;
b) Autopista de Puerto Rico raised its tolls by 1.5%, to reflect the rate of inflation in Puerto Rico.

India

Toll increases for 2019

On 1 September 2019, the Indian operators, Jadcherla Expressways and Trichy Tollway, raised their tolls by 3.1%, reflecting an adjustment to the Wholesale Price Index (WPI).

10.8 Events after 31 December 2019

Rating downgrades

In response to the uncertainty resulting from the approval of Law Decree 162 of 30 December 2019 (the *Milleproroghe* Decree), later converted into Law 8 of 28 February 2020, Atlantia's ratings were downgraded by the leading rating agencies (Moody's: Ba3 Outlook Negative, Fitch: BB Rating Watch Negative and Standard & Poor's: BB- Credit Watch Negative). This was accompanied by downgrades of the subsidiary, Autostrade per l'Italia (Moody's: Ba3 Outlook Negative, Fitch: BB+ Rating Watch Negative and Standard & Poor's: BB- Credit Watch Negative), Aeroporti di Roma (Moody's: Baa3 Outlook Negative, Fitch: BBB- Rating Watch Negative and Standard & Poor's: BB+ Credit Watch Negative) and Abertis Infraestructuras (Fitch: BBB Outlook Negative and Standard & Poor's: BBB- Outlook Negative).
The terms and conditions applicable to Atlantia SpA's borrowings do not provide for early repayment in the event of a rating downgrade.
The rating agencies' downgrade of Autostrade per l'Italia's rating to sub-investment grade, following publication of the *Milleproroghe* Decree, were the EIB and CDP to exercise their rights of withdrawal, could result in requests for early repayment of the related loans (€2.1 billion, including €1.7 billion guaranteed by Atlantia). At the date of preparation of the Annual Report for 2019, the subsidiary has not received any request for early repayment from either of the two financial institutions and, from the discussions had, the parties are monitoring developments.

Use of revolving credit facilities

On 14 January 2020, Atlantia drew down the full amount available, amounting to €3,250 million, under the Revolving Credit Facility agreed in July 2018, totalling €1,250 million, and the Revolving Back Stop Facility agreed in October 2018, totalling €2,000 million.

Bond issue by Abertis Infraestructuras

On 30 January 2020, the subsidiary, Abertis Infraestructuras, completed the issue of bonds worth €600 million. The bonds will mature in February 2028 and pay a coupon of 1.25%.

Covid-19

In compliance with the CONSOB's "Warning notice no. 6/20 of 9 April 2020", specific information on the impact of the spread of the Covid-19 pandemic on Group companies is provided below.

Since the end of February 2020, the legal restrictions on movement, imposed by many governments in response to the global spread of the Covid-19 pandemic, have had an impact on the motorways and airports infrastructures' traffic volumes operated under concession by the Group. This situation remains ongoing at the date of preparation of the Annual Report.
Group companies have adopted the preventive measures required by the authorities in the various countries to protect the health of their employees, where it has not been possible to adopt alternative agreements in order to continue to provide services.
The effects have varied from country to country, primarily reflecting differences in the extent and timing of the movement legal restrictions introduced by governments.

Initial analysis shows that the most significant effects on the infrastructure operated under concession by the Group have been seen in Europe (Italy, Spain and France), more than in South America (Brazil and Chile). In terms of sector of operation, airports have been depeer worse than motorways.

The following table shows weekly traffic figures from the beginning of 2020, compared with the corresponding period of 2019, for the main sectors and geographical areas in which the infrastructure operated under concession by the Group.

	MOTORWAYS					AIRPORTS	
Provisional data Changes versus same week in 2019	**Italy** (ASPI)	**Spain** (Abertis)	**France** (Abertis)	**Brazil** (Atlantia + Abertis)	**Chile** (Atlantia + Abertis)	**ADR** (FCO+CIA)	**NCE**
	ADT	*ADT*	*ADT*	*ADT*	*ADT*	*pax*	*pax*
week 2	2.9%	-0.8%	4.4%	2.1%	-8.0%	3.5%	5.0%
week 3	0.9%	2.5%	5.9%	2.9%	-7.5%	-1.3%	3.5%
week 4	2.9%	1.0%	10.2%	1.4%	-5.3%	-0.6%	3.8%
week 5	6.5%	8.1%	9.0%	2.2%	-9.2%	-3.0%	8.0%
week 6	-0.2%	3.2%	-1.4%	1.1%	-6.4%	-8.5%	-5.5%
week 7	-0.5%	2.9%	0.6%	4.5%	-6.5%	-8.4%	4.9%
week 8	0.0%	5.0%	3.6%	14.3%	-5.6%	-7.3%	2.1%
week 9	-17.3%	2.1%	-1.3%	-4.2%	-5.5%	-32.6%	-0.2%
week 10	-23.6%	-3.0%	-10.1%	-2.8%	-9.5%	-55.6%	-19.2%
week 11	-59.9%	-22.0%	-11.4%	4.1%	-10.2%	-81.1%	-48.8%
week 12	-75.1%	-66.9%	-58.8%	-16.1%	-36.7%	-93.7%	-80.8%
week 13	-80.9%	-73.4%	-79.6%	-47.0%	-57.2%	-94.9%	-97.6%
week 14	-77.0%	-79.5%	-81.3%	-42.4%	-59.3%	-97.2%	-99.2%
week 15	-75.5%	-84.8%	-82.2%	-41.1%	-62.6%	-98.6%	-99.5%
week 16	-79.7%	-81.8%	-83.5%	-43.3%	-52.6%	-98.7%	-99.5%
Progressive as at 19 April 2020	**-32.2%**	**-26.9%**	**-26.1%**	**-10.1%**	**-21.6%**	**-46.7%**	**-39.7%**

These reducions in traffic are having a serious impact on the ability of Group companies to generate sufficient cash to fund planned investment and to service their debt, and on their ability to comply with certain covenants attached to their borrowings.

The Group has responded rapidly to the impact of the reduction in traffic, taking steps to implement cost-efficiencies and cost-savings and review its investment programmes, whilst at the same time guaranteeing works linked to the safety of infrastructure. We are also assessing all the various forms of aid being provided by governments and regulators in the various countries.

It is not at the moment possible to predict how the situation will develop or how long it will take to return to pre-existing levels of traffic and of activity.
The overall impact on traffic will depend on how the virus develops, on the extent and duration of the restrictions on movement introduced by the various governments and on the impact the measures will have on the economy, specifically on consumer spending and demand for motorway and airport services.

Redemption of bonds

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

Law Decree 23 of 8 April 2020

In Law Decree 23 of 8 April 2020 (the "Liquidity Decree"), published in Official Gazette no. 94 of 8 April 2020, the Italian Government introduced a series of measures designed to support businesses during the emergency caused by the Covid-19 epidemic. These include measures aimed at providing liquidity to businesses in order to enable them to continue operating, the deferral of deadlines for the payment of tax and contributions and changes to the going concern notion during the emergency. The legislation has also strengthened the special powers covered by the so-called "Golden Power" legislation, which applies to strategic sectors.
The Liquidity Decree has also amended previous legislation regarding civil, criminal and administrative justice, as well as administrative proceedings, extending the period for the adjournment of civil and criminal hearings and suspending the time limits for cases.

Request for the drawdown of funds from Cassa Depositi e Prestiti

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

In a letter dated 24 April 2020, Cassa Depositi e Prestiti replied that not all the suspensive conditions that would permit the requested disbursement had been met (including those "*relating to the absence of Potential Material Events*"), noting, among other things, that the *Milleproroghe* Decree had "*[...] established a regulatory framework for the motorway sector that expressly (i) provides that early termination of motorway concessions, including the concession held by Autostrade per l'Italia, is not subject to the payment of compensation, (ii) establishes new criteria for determining such compensation in the event of termination due to breach of contract on the part of the operator, and (iii) invalidates any non-compliant provisions of the concession arrangement.*", and that "*this regulatory framework must also be considered in the light of the announcement made by the Ministry of Infrastructure and Transport on 20 August 2018, in the which the Ministry alleged that Autostrade per l'Italia was in serious breach of the concession arrangement*". Moreover, in view "*[...] (i) of the ongoing emergency and the corresponding need to support the recovery effort, and (ii) the need, stated by Autostrade per l'Italia, to use the requested funds to also finance implementation of its business plan, including significant investment [...]*", CDP stated that the request for disbursement could only be assessed following discussions with the company.

Letter of financial support issued by Atlantia for the benefit of Autostrade per l'Italia

On 24 April 2020, Atlantia provided Autostrade per l'Italia with a letter of support worth up to €900 million, in order to cover the subsidiary's financial needs in the period 2020-2021. Atlantia's financial support through this intra-group line of credit is contingent and after the subsidiary's available alternative financial sources of funding and subject to the disbursement conditions set out in the letter above mentioned.

Free share scheme

On 24 April 2020, Atlantia's Board of Directors approved a free share scheme for the over 12,000 workers employed by the Group's Italian companies. Under the scheme, each employee will receive 75 shares in Atlantia, worth approximately €1,000 based on the current share price. The scheme will involve up to 975,000 shares, equal to 12% of the treasury shares currently held by the Company. The scheme will be submitted for approval by the Annual General Meeting of shareholders to be held on 29 May and the shares will be granted to employees by the end of this year. The shares will be deposited free of charge in a securities escrow account for a period of three years, at the end of which the employee will have full title. The scheme aims to further strengthen the bond between the Atlantia Group and its Italian workforce, during a period of major difficulty for the entire country.
During the meeting, the Chairman, Fabio Cerchiai, and the Chief Executive Officer, Carlo Bertazzo, also informed the Board of their decision to cut their fixed pay for 2020 by 25% between May and the end of the year. The money saved, together with the funds raised by the appeal launched by the Group's management, will be handed over to the Municipality of Genoa to finance the distribution of food vouchers for members of the Genoese community and to support initiatives for the families of the Group's employees. Finally, in view of the serious economic difficulties faced by the country, there will be no short- and long-term management incentive plans launched in 2020.

Bond issue by HIT

On 24 April 2020, the subsidiary, HIT, completed the issue of bonds worth €600 million. The bonds will mature in May 2027 and pay a coupon of 2.5%.

ANNEX 1

THE ATLANTIA GROUP'S SCOPE OF CONSOLIDATION AND INVESTMENTS AS AT 31 DECEMBER 2019

ANNEX 2

DISCLOSURE PURSUANT TO ART. 149-*DUODECIES* OF THE CONSOB REGULATIONS FOR ISSUERS 11971/1999

ANNEX 1
THE ATLANTIA GROUP'S SCOPE OF CONSOLIDATION AND INVESTMENTS AS AT 31 DECEMBER 2019

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest	Total interest		
							Group	Non-controlling	
PARENT COMPANY									
ATLANTIA SpA	Rome	Holding company	Euro	825,783,990					
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-BASIS									
A4 HOLDING SpA	Verona	Holding company	Euro	134,110,065	Abertis Italia Srl	90.03%	44.47%	55.53%	
A4 MOBILITY Srl	Verona	Design. construction and maintenance	Euro	100,000	A4 Holding SpA	90.03%	44.47%	55.53%	
A4 TRADING Srl	Verona	Other activities	Euro	3,700,000	A4 Holding SpA	90.03%	44.47%	55.53%	
AB CONCESSÕES SA	Sao Paulo (Brazil)	Holding company	Brazilian real	738,652,989	Autostrade Concessões e Participações Brasil limitada	50.00%	50.00%	50.00%	(1)
ABERTIS AUTOPISTAS ESPAÑA SA	Madrid (Spain)	Design. construction and maintenance	Euro	551,000,000	Abertis Infraestructuras SA	100.0%	49.39%	50.61%	
ABERTIS HOLDCO SA	Madrid (Spain)	Holding company	Euro	100,059,990	Atlantia SpA	50.00%	50.00%	50.00%	(2)
ABERTIS INDIA TOLL ROAD SERVICES LLP	Mumbai (India)	Holding company	Indian rupee	185,053,700		100.0%	49.39%	50.61%	
					Abertis India SL	99.00 %			
					Abertis Internacional SA	1.00%			
ABERTIS INDIA SL	Madrid (Spain)	Holding company	Euro	17,113,500	Abertis Internacional SA	100.0%	49.39%	50.61%	
ABERTIS INFRAESTRUCTURAS FINANCE BV	Amsterdam (Netherlands)	Financial services	Euro	18,000	Abertis Infraestructuras SA	100.0%	49.39%	50.61%	
ABERTIS INFRAESTRUCTURAS SA	Madrid (Spain)	Holding company	Euro	2,734,696,113	Abertis HoldCo SA	100.0%	49.39%	50.61%	(3)
ABERTIS INTERNACIONAL SA	Madrid (Spain)	Holding company	Euro	33,687,000	Abertis Infraestructuras SA	100.0%	49.39%	50.61%	
ABERTIS ITALIA Srl	Verona	Holding company	Euro	341,000,000	Abertis Internacional SA	100.0%	49.39%	50.61%	
ABERTIS MOBILITY SERVICES SL	Barcellona (Spain)	Holding company	Euro	1,003,000	Abertis Infraestructuras SA	100.0%	49.39%	50.61%	
ABERTIS MOTORWAYS UK LTD.	London (UK)	Holding company	Pound sterling	10,000,000	Abertis Infraestructuras SA	100.0%	49.39%	50.61%	
ABERTIS TELECOM SATÉLITES SA	Madrid (Spain)	Holding company	Euro	242,082,290	Abertis Infraestructuras SA	100.0%	49.39%	50.61%	
ACA HOLDING SAS.	Nice (France)	Holding company	Euro	17,000,000	Aéroports de la Côte d'Azur	100.0%	38.66%	61.34%	

(1) The Atlantia Group holds 50% plus one share in the company and exercises control on the base of partnership and governance agreements.

(2) The Atlantia Group holds 50% plus one share in the company and exercises control on the base of partnership and governance agreements.

(3) In 2019, Abertis Infraestructuras purchased 691,508 of its own shares from non-controlling shareholders. Abertis HoldCo's interest is thus 98.78%, whilst the percentage interest based on the number of shares held by Abertis HoldCo as a percentage of the subsidiary's total shares in issue is 98.70%. The Atlantia Group's interest is, instead, 49.39%.
The merger of Abertis Participaciones with and into Abertis Infraestructuras was completed on 15 March 2019, as provide for in the agreements entered to by Atlantia, ACS and Hochtief in 2018 in relation to the acquisition of Abertis Infraestructuras.

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest	Total interest: Group	Total interest: Non-controlling
AD MOVING SpA	Rome	Other activities	Euro	1,000,000	Autostrade per l'Italia SpA	100.00%	88.06%	11.94%
ADR ASSISTANCE Srl	Fiumicino	Airport services	Euro	4,000,000	Aeroporti di Roma SpA	100.00%	99.38%	0.62%
AERO 1 GLOBAL & INTERNATIONAL S.à.r.l.	Luxembourg	Holding company	Euro	6,670,862	Atlantia SpA	100.00%	100.00%	-
AEROPORTI DI ROMA SpA	Fiumicino	Airport concessions	Euro	62,224,743	Atlantia SpA	99.38%	99.38%	0.62%
AÉROPORTS DE LA CÔTE D'AZUR SA	Nice (France)	Airport concessions	Euro	148,000	Azzurra Aeroporti SpA	64.00%	38.66%	61.34%
AÉROPORTS DU GOLFE DE SAINT TROPEZ SA	Saint Tropez (France)	Airport concessions	Euro	3,500,000	Aéroports de la Côte d'Azur	99.94%	38.63%	61.37%
AIRPORT CLEANING Srl	Fiumicino	Airport services	Euro	1,500,000	Aeroporti di Roma SpA	100.00%	99.38%	0.62%
ADR MOBILITY Srl	Fiumicino	Airport services	Euro	1,500,000	Aeroporti di Roma SpA	100.00%	99.38%	0.62%
ADR SECURITY Srl	Fiumicino	Airport services	Euro	400,000	Aeroporti di Roma SpA	100.00%	99.38%	0.62%
ADR SVILUPPO Srl	Fiumicino	Property management	Euro	100,000	Aeroporti di Roma SpA	100.00%	99.38%	0.62%
ADR TEL SpA	Fiumicino	Other activities	Euro	600,000		100.00%	99.38%	0.62%
					Aeroporti di Roma SpA	99.00%		
					ADR Sviluppo Srl	1.00%		
ARTERIS PARTICIPAÇÕES SA	Sao Paulo (Brazil)	Holding company	Brazilian real	73,842,009	Arteris SA	41.97%	20.73%	79.27%
ARTERIS SA	Sao Paulo (Brazil)	Holding company	Brazilian real	5,103,847,555		41.97%	20.73%	79.27%
					Participes en Brasil SA	33.16%		
					Participes en Brasil II SL	40.87%		
					PDC Participaçoes SA	8.26%		
AUTOPISTA FERNÃO DIAS SA	Pouso Alegre (Brazil)	Motorway concessions	Brazilian real	1,452,884,583	Arteris SA	41.97%	20.73%	79.27%
AUTOPISTA FLUMINENSE SA	Rio De Janeiro (Brazil)	Motorway concessions	Brazilian real	991,789,100	Arteris SA	41.97%	20.73%	79.27%
AUTOPISTA LITORAL SUL SA	Joinville (Brazil)	Motorway concessions	Brazilian real	1,287,995,511	Arteris SA	41.97%	20.73%	79.27%
AUTOPISTA PLANALTO SUL SA	Rio Negro (Brazil)	Motorway concessions	Brazilian real	1,034,034,052	Arteris SA	41.97%	20.73%	79.27%
AUTOPISTA RÉGIS BITTENCOURT SA	Sao Paulo (Brazil)	Motorway concessions	Dollaro Usa	1,175,785,422	Arteris SA	41.97%	20.73%	79.27%
AUTOPISTAS AUMAR SA CONCESIONARIA DEL ESTADO (AUMAR)	Valencia (Spain)	Motorway concessions	Euro	213,595,500	Abertis Autopistas España SA	100.00%	49.39%	50.61%
AUTOPISTAS DE LEÓN SAC.E. (AULESA)	Leon (Spain)	Motorway concessions	Euro	34,642,000	Iberpistas SA	100.00%	49.39%	50.61%
AUTOPISTAS DE PUERTO RICO Y COMPAÑÍA S.E. (APR)	San Juan (Puerto Rico)	Motorway concessions	US dollar	3,503,002	Abertis Infrastructuras SA	100.00%	49.39%	50.61%
AUTOPISTAS DEL SOL SA (AUSOL)	Buenos Aires (Argentina)	Motorway concessions	Argentine peso	88,384,092	Abertis Infraestructuras SA	31.59%	15.60%	84.40%

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest		Total interest		
								Group	Non-controlling	
AUTOPISTAS METROPOLITANAS DE PUERTO RICO LLC	San Juan (Puerto Rico)	Motorway concessions	US dollar	500,323,664	Abertis Infrastructuras SA		51.00%	25.19%	74.81%	
AUTOPISTAS VASCO-ARAGONESA C.E.SA (AVASA)	Orozco (Spain)	Motorway concessions	Euro	237,094,716	Iberpistas SA		100.00%	49.39%	50.61%	
AUTOPISTAS CONCESIONARIA ESPAÑOLA SA (ACESA)	Barcellona (Spain)	Motorway concessions	Euro	319,488,531	Abertis Autopistas España SA		100.00%	49.39%	50.61%	
AUTOPISTA TRADOS-45 SA (TRADOS-45)	Madrid (Spain)	Motorway concessions	Euro	21,039,015	Iberpistas SA		51.00%	25.19%	74.81%	
AUTOPISTES DE CATALUNYA SA (AUCAT)	Barcellona (Spain)	Motorway concessions	Euro	96,160,000	Societat d'Autopistes Catalanes SA		100.00%	49.39%	50.61%	
AUTOSTRADA BS VR VI PD SPA	Verona	Motorway concessions	Euro	125,000,000	A4 Holding SpA		90.03%	44.47%	55.53%	
AUTOSTRADE CONCESSÕES E PARTICIPACÕES BRASIL LIMITADA	Sao Paulo (Brazil)	Holding company	Brazilian real	729,590,863			100.00%	100.00%	-	
					Autostrade Portugal Srl	25.00%				
					Autostrade dell'Atlantico Srl	41.14%				
					Autostrade Holding do Sur SA	33.86%				
AUTOSTRADE DELL'ATLANTICO Srl	Rome	Holding company	Euro	1,000,000	Atlantia SpA		100.00%	100.00%	-	
AUTOSTRADE HOLDING DO SUR SA	Santiago (Chile)	Holding company	Chilean peso	51,496,805,692			100.00%	100.00%	-	(4)
					Autostrade dell'Atlantico Srl	100%				
					Autostrade per l'Italia SpA	0.00%				
AUTOSTRADE INDIAN INFRASTRUCTURE DEVELOPMENT PRIVATE LIMITED	Mumbai - Maharashtra (India)	Holding company	Indian rupee	500,000			100.00%	100.00%	-	
					Atlantia SpA	99.99%				
					Spea Engineering SpA	0.01%				
AUTOSTRADE MERIDIONALI SpA	Naples	Motorway concessions	Euro	9,056,250	Autostrade per l'Italia SpA		58.98%	51.94%	48.06%	(5)
AUTOSTRADE PER L'ITALIA SpA	Rome	Motorway concessions	Euro	622,027,000	Atlantia SpA		88.06%	88.06%	11.94%	
AUTOSTRADE PORTUGAL Srl	Rome	Holding company	Euro	30,000,000	Autostrade dell'Atlantico Srl		100.00%	100.00%		
AUTOSTRADE TECH SpA	Rome	Motorway services	Euro	1,120,000	Autostrade per l'Italia SpA		100.00%	88.06%	11.94%	
AUTOVÍAS SA	Riberao Preto (Brazil)	Motorway concessions	Brazilian real	128,514,447	Arteris SA		41.97%	20.73%	79.27%	
AZZURRA AEROPORTI SpA	Rome	Holding company	Euro	3,221,234			60.46%	60.40%	39.60%	(6)
					Atlantia SpA	52.69%				
					Aeroporti di Roma SpA	7.77%				

(4) The company's shares are held by: Autostrade dell'Atlantico Srl, with a holding of 1,000,000 shares, and Autostrade per l'Italia SpA, with 1 share.

(5) The company is listed on Borsa Italiana SpA's Expandi market.

(6) The issued capital is made up of €2,500,000 in ordinary shares and €721,234 in preference shares. The percentage interest in the issued capital refers to the total shares in issue, whilst the percentage of voting rights is 52.51% in Atlantia SpA's case and 10.00% in Aeroporti di Roma SpA's case.

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest	Total interest: Group	Total interest: Non-controlling
BIP&GO SAS.	Issy-Les-Moulineaux (France)	Tolling and electronic tolling services	Euro	1,000	Sanef SA	100.00%	49.39%	50.61%
CASTELLANA DE AUTOPISTAS SAC.E.	Segovia (Spain)	Motorway concessions	Euro	98,000,000	Iberpistas SA	100.00%	49.39%	50.61%
CENTROVIAS SISTEMAS RODOVIÁRIOS SA	Itirapina (Brazil)	Motorway concessions	Brazilian real	104,798,079	Arteris SA	41.97%	20.73%	79.27%
CONCESSIONÁRIA DA RODOVIA MG050 SA	Sao Paulo (Brazil)	Motorway concessions	Brazilian real	468,878,027	AB Concessões SA	100.00%	50.00%	50.00%
CONCESIONARIA DE RODOVIAS DO INTERIOR PAULISTA SA	Araras (Brazil)	Motorway concessions	Brazilian real	129,625,130		41.97%	20.73%	79.27%
					Arteris SA	51.00%		
					Arteris Participaçoes SA	49.00%		
ELECTRONIC TRANSACTION CONSULTANTS Co.	Richardson (Texas - USA)	Tolling and electronic tolling services	US dollar	16,264	Autostrade dell'Atlantico Srl	64.46%	64.46%	35.54%
EMOVIS OPERATIONS IRELAND LTD	Dublin (Ireland)	Tolling and electronic tolling services	Euro	10	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS OPERATIONS LEEDS (UK)	Leeds (UK)	Tolling and electronic tolling services	Pound sterling	10	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS OPERATIONS MERSEY LTD	Harrogate (UK)	Tolling and electronic tolling services	Pound sterling	10	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS OPERATIONS PUERTO RICO INC.	Lutherville Timonium (Maryland - USA)	Tolling and electronic tolling services	US dollar	1,000	Emovis technologies US INC.	100.00%	49.39%	50.61%
EMOVIS SAS.	Issy-Les-Moulineaux (France)	Tolling and electronic tolling services	Euro	11,781,984	Abertis Mobility Services SL	100.00%	49.39%	50.61%
EMOVIS TAG UK LTD	Leeds (UK)	Tolling and electronic tolling services	Pound sterling	10	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS TECHNOLOGIES BC INC.	Vancouver (Canada)	Tolling and electronic tolling services	Dollaro Canadese	450,100	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS TECHNOLOGIES CHILE SA (IN LIQUIDATION)	Santiago (Chile)	Tolling and electronic tolling services	Chilean peso	460,948,000	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS TECHNOLOGIES D.O.O.	Spalato (Croatia)	Tolling and electronic tolling services	Croatian kuna	2,364,600	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS TECHNOLOGIES IRELAND LIMITED	Dublin (Ireland)	Tolling and electronic tolling services	Euro	10	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS TECHNOLOGIES QUÉBEC INC.	Montreal (Canada)	Tolling and electronic tolling services	Canadian dollar	100	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS TECHNOLOGIES UK LIMITED	London (UK)	Tolling and electronic tolling services	Pound sterling	130,000	Emovis SAS.	100.00%	49.39%	50.61%
EMOVIS TECHNOLOGIES US INC.	Lutherville Timonium (Maryland - USA)	Tolling and electronic tolling services	US dollar	1,000	Emovis SAS.	100.00%	49.39%	50.61%
EUROTOLL CENTRAL EUROPE ZRT	Budapest (Hungary)	Tolling and electronic tolling services	Euro	16,633	Eurotoll SAS	100.00%	49.39%	50.61%
EUROTOLL SAS.	Issy-Les-Moulineaux (France)	Tolling and electronic tolling services	Euro	3,300,000	Abertis Mobility Services SL	100.00%	49.39%	50.61%

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest	Total interest: Group	Total interest: Non-controlling	
ESSEDIESSE SOCIETÀ DI SERVIZI SpA	Rome	Administrative services	Euro	500,000	Autostrade per l'Italia SpA	100.00%	88.06%	11.94%	
FIUMICINO ENERGIA Srl	Fiumicino	Other activities	Euro	741,795	Atlantia SpA	87.14%	87.14%	12.86%	
GESTORA DE AUTOPISTAS SpA (GESA)	Santiago (Chile)	Motorway services	Chilean peso	837,978,217	Vías Chile SA	80.00%	39.51%	60.49%	
GIOVE CLEAR Srl	Rome	Motorway services	Euro	10,000	Autostrade per l'Italia SpA	100.00%	88.06%	11.94%	
GLOBALCAR SERVICES SPA	Verona	Other activities	Euro	2,000,000	A4 Holding SpA	59.42%	29.35%	70.65%	
GRUPO CONCESIONARIO DEL OESTE SA (GCO)	Ituzaingo' (Argentina)	Motorway concessions	Peso Argentino	160,000,000	Acesa	48.60%	24.00%	76.00%	(7)
GRUPO COSTANERA SpA	Santiago (Chile)	Holding company	Chilean peso	328,443,738,418	Autostrade dell'Atlantico Srl	50.01%	50.01%	49.99%	
HOLDING D'INFRASTRUCTURES DE TRANSPORT 2 SAS.	Issy-Les-Moulineaux (France)	Holding company	Euro	5,010,000	Abertis Infraestructuras SA	100.00%	49.39%	50.61%	
HOLDING D'INFRASTRUCTURES DE TRANSPORT SAS.	Issy-Les-Moulineaux (France)	Holding company	Euro	1,512,267,743	Abertis Infraestructuras SA	100.00%	49.39%	50.61%	
IBERPISTAS SA	Segovia (Spain)	Motorway concessions	Euro	54,000,000	Abertis Autopistas España SA	100.00%	49.39%	50.61%	
INFOBLU SpA	Rome	Motorway services	Euro	5,160,000	Telepass SpA	75.00%	75.00%	25.00%	
INFRAESTRUCTURES VIÀRIES DE CATALUNYA SA (INVICAT)	Barcellona (Spain)	Motorway concessions	Euro	92,037,215	Societat d'Autopistes Catalanes SA	100.00%	49.39%	50.61%	
INFRAESTRUCTURAS VIARIAS MEXICANAS. SA DE C.V.	Mexico	Holding company	Mexican peso	1,000	Abertis Infraestructuras SA	100.00%	49.39%	50.61%	
INVERSORA DE INFRAESTRUCTURAS SL (INVIN)	Madrid (Spain)	Holding company	Euro	116,047,578	Abertis Infraestructuras SA	80.00%	39.51%	60.49%	(8)
JADCHERLA EXPRESSWAYS PRIVATE LIMITED (JEPL)	Hyderabad (India)	Motorway concessions	Indian rupee	2,100,402,530		100.00%	49.39%	50.61%	(9)
					Abertis India SL	100%			
					Abertis Infraestructuras SA	0.00%			
K-MASTER S.R.L.	Rome	Motorway services	Euro	10,000	Telepass SpA	93.40%	93.40%	6.60%	
LATINA MANUTENÇÃO DE RODOVIAS LTDA.	Sao Paulo (Brazil)	Design. construction and maintenance	Brazilian real	31,048,345		41.97%	20.73%	79.27%	
					Arteris SA	99.99%			
					Participes en Brasil SA	0.00%			
LEONARDO ENERGIA – SOCIETA' CONSORTILE a r.l.	Fiumicino	Other activities	Euro	10,000		100.00%	88.36%	11.64%	
					Fiumicino Energia Srl	90.00%			
					Aeroporti di Roma SpA	10.00%			

(7) The merger of Abertis Infraestructuras Chile. SA with and into Inversora de Infraestructuras, SL (Invin) was completed on 30 December 2019.
(8) The percentage interest is calculated with reference to all shares in issue. whereas the 49.99% of voting rights is calculated with reference to ordinary voting shares.
(9) Abertis Infraestructuras SA holds 1 share in the company.

							Total interest		
Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest	Group	Non-controlling	
LEONORD EXPLOITATION SAS.	Issy-Les-Moulineaux (France)	Other activities	Euro	40,000	Sanef SA	85.00%	41.98%	58.02%	
MULHACEN Srl	Verona	Other activities	Euro	10,000	A4 Holding SpA	90.03%	44.47%	55.53%	
PAVIMENTAL POLSKA SP.ZO.O.	Trzebinia (Poland)	Design. construction and maintenance	Polish zloty	3,000,000	Pavimental SpA	100.00%	96.89%	3.11%	
PAVIMENTAL SpA	Rome	Design. construction and maintenance	Euro	10,116,452		99.40%	96.89%	3.11%	
					Atlantia SpA	59.40%			
					Autostrade per l'Italia SpA	20.00%			
					Aeroporti di Roma SpA	20.00%			
OPERAVIAS SA	Santiago (Chile)	Holding company	Peso Cileno	4,230,063,893	Vías Chile SA	80.00%	39.51%	60.49%	(10)
PARTÍCIPES EN BRASIL II SL	Madrid (Spain)	Holding company	Euro	3,100	Participes en Brasil SA	51.00%	25.19%	74.81%	
PARTÍCIPES EN BRASIL SA	Madrid (Spain)	Holding company	Euro	41,093,222	Abertis Infraestructuras SA	51.00%	25.19%	74.81%	
PDC PARTICIPAÇÕES SA	Sao Paulo (Brazil)	Holding company	Brazilian real	602,684,727	Participes en Brasil SA	51.00%	25.19%	74.81%	
RACCORDO AUTOSTRADALE VALLE D'AOSTA SpA	Aosta	Motorway concessions	Euro	343,805,000	Società Italiana per Azioni per il Traforo del Monte Bianco	47.97%	21.54%	78.46%	(11)
RODOVIAS DAS COLINAS SA	Sao Paulo (Brazil)	Motorway concessions	Brazilian real	226,145,401	AB Concessões SA	100.00%	50.00%	50.00%	
SANEF 107.7 SAS	Issy-Les-Moulineaux (France)	Motorway services	Euro	15,245	Sanef SA	100.00%	49.39%	50.61%	
SANEF AQUITAINE SAS.	Issy-Les-Moulineaux (France)	Property management	Euro	500,000	Sanef SA	100.00%	49.39%	50.61%	
SANEF SA	Issy-Les-Moulineaux (France)	Motorway concessions	Euro	53,090,462	Holding d'Infraestructures de Transport (HIT)	100.00%	49.39%	50.61%	
SAPN SA (SOCIÉTÉ DES AUTOROUTES PARIS-NORMANDIE)	Issy-Les-Moulineaux (France)	Motorway concessions	Euro	14,000,000	Sanef SA	99.97%	49.38%	50.62%	
SCI LA RATONNIÉRE SAS.	Nice (France)	Property management	Euro	243,918	Aéroports de la Côte d'Azur	100.00%	38.66%	61.34%	
SE BPNL SAS	Issy-Les-Moulineaux (France)	Design. construction and maintenance	Euro	40,000	Sanef SA	100.00%	49.39%	50.61%	
SERENISSIMA PARTECIPAZIONI S.P.A.	Verona	Property management	Euro	2,314,063	A4 Holding SPA	90.03%	44.47%	55.53%	
SKY VALET FRANCE SAS.	Le Bourget (France)	Airport services	Euro	1,151,584	Aca Holding SAS	100.00%	38.66%	61.34%	
SKY VALET PORTUGAL LDA	Cascais (Portugal)	Airport services	Euro	50,000	Aca Holding SAS	100.00%	38.66%	61.34%	
SKY VALET SPAIN SL	Madrid (Spain)	Airport services	Euro	231,956	Aca Holding SAS	100.00%	38.66%	61.34%	

(10) The mergers of Operadora Autopistas de los Andes, SA. Operadora Autopistas los Libetadores, SA and Operadora del Pacífico SA with and into Operavias SA (previously named Operadora Autopista del Sol SA) were completed on 31 July 2019.
(11) The issued capital is made up of €284,350,000 in ordinary shares and €59,455,000 in preference shares. The percentage interest is calculated with reference to all shares in issue, whereas the 58.00% of voting rights is calculated with reference to ordinary voting shares.

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest	Total interest: Group	Total interest: Non-controlling
SOCIEDAD CONCESIONARIA AMB SA	Santiago (Chile)	Motorway concessions	Chilean peso	5,875,178,700		100.00%	50.01%	49.99%
					Grupo Costanera SpA	99.98%		
					Sociedad Gestion Vial SA	0.02%		
SOCIEDAD CONCESIONARIA AMERICO VESPUCIO ORIENTE II SA	Santiago (Chile)	Motorway concessions	Chilean peso	100,000,000,000		100.00%	50.01%	49.99% (12)
					Grupo Costanera SpA	100%		
					Sociedad Gestion Vial SA	0.00%		
SOCIEDAD CONCESIONARIA AUTOPISTA CENTRAL SA	Santiago (Chile)	Motorway concessions	Chilean peso	76,694,956,663	Vías Chile SA	100.00%	39.51%	60.49%
SOCIEDAD CONCESIONARIA AUTOPISTA DE LOS ANDES SA	Santiago (Chile)	Motorway concessions	Chilean peso	35,466,685,791		100.00%	39.51%	60.49%
					Gestora de Autopistas SpA	0.00%		
					Vías Chile SA	100%		
SOCIEDAD CONCESIONARIA AUTOPISTA DEL SOL SA	Santiago (Chile)	Motorway concessions	Chilean peso	19,960,726,041		100.00%	39.51%	60.49%
					Vías Chile SA	100%		
					Gestora de Autopistas SA	0.00%		
SOCIEDAD CONCESIONARIA AUTOPISTA LOS LIBERTADORES SA	Santiago (Chile)	Motorway concessions	Chilean peso	16,327,525,305		100.00%	39.51%	60.49%
					Vías Chile SA	100%		
					Gestora de Autopistas SpA	0.00%		
SOCIEDAD CONCESIONARIA AUTOPISTA NORORIENTE SA	Santiago (Chile)	Motorway concessions	Chilean peso	22,738,904,654		100.00%	50.01%	49.99%
					Grupo Costanera SpA	99.90%		
					Sociedad Gestion Vial SA	0.10%		
SOCIEDAD CONCESIONARIA AUTOPISTA NUEVA VESPUCIO SUR SA	Santiago (Chile)	Motorway concessions	Chilean peso	166,967,672,229		100.00%	50.01%	49.99%
					Grupo Costanera SpA	100%		
					Sociedad Gestion Vial SA	0.00%		
SOCIEDAD CONCESIONARIA CONEXION VIAL RUTA 78 - 68 SA	Santiago (Chile)	Motorway concessions	Chilean peso	32,000,000,000		100.00%	50.01%	49.99% (13)
					Grupo Costanera SpA	100%		
					Sociedad Gestion Vial SA	0.00%		

(12) The issued capital amounts to 50,000,000,000 Chilean pesos.

(13) The issued capital amounts to 23,000,000,000 Chilean pesos.

								Total interest	
Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest		Group	Non-controlling
SOCIEDAD CONCESIONARIA COSTANERA NORTE SA	Santiago (Chile)	Motorway concessions	Chilean peso	58,859,765,519			100.00%	50.01%	49.99%
					Grupo Costanera SpA	100%			
					Sociedad Gestion Vial SA	0.00%			
SOCIEDAD CONCESIONARIA DEL ELQUI SA (ELQUI)	Santiago (Chile)	Motorway concessions	Chilean peso	44,000,000,000			100.00%	39.51%	60.49%
					Gestora de Autopistas SpA	0.06%			
					Vías Chile SA	99.94%			
SOCIEDAD CONCESIONARIA DE LOS LAGOS SA	Llanquihue (Chile)	Motorway concessions	Chilean peso	53,602,284,061			100.00%	100.00%	-
					Autostrade Holding Do Sur SA	99.95%			
					Autostrade dell'Atlantico Srl	0.05%			
SOCIEDAD CONCESIONARIA LITORAL CENTRAL SA	Santiago (Chile)	Motorway concessions	Chilean peso	18,368,224,675			100.00%	50.01%	49.99%
					Grupo Costanera SpA	99.99%			
					Sociedad Gestion Vial SA	0.01%			
SOCIEDAD CONCESIONARIA RUTAS DEL PACÍFICO SA	Santiago (Chile)	Motorway concessions	Chilean peso	51,000,000,000			100.00%	39.51%	60.49%
					Gestora de Autopistas SpA	0.01%			
					Vías Chile SA	99.99%			
SOCIEDADE PARA PARTICIPAÇÃO EM INFRAESTRUCTURA SA	Sao Paulo (Brazil)	Holding company	Brazilian real	22,506,527	Abertis Infraestructuras SA		51.00%	25.19%	74.81%
SOCIETAT D'AUTOPISTES CATALANES SAU.	Barcellona (Spain)	Design. construction and maintenance	Euro	1,060,000	Abertis Infraestructuras SA		100.00%	49.39%	50.61%
SOCIEDAD GESTION VIAL SA	Santiago (Chile)	Design. construction and maintenance	Chilean peso	11,397,237,788			100.00%	50.01%	49.99%
					Grupo Costanera SpA	99.99%			
					Sociedad Operacion y Logistica de Infraestructuras SA	0.01%			
SOCIEDAD OPERACION Y LOGISTICA DE INFRAESTRUCTURAS SA	Santiago (Chile)	Motorway services	Chilean peso	11,736,819			100.00%	50.01%	49.99%
					Grupo Costanera SpA	99.99%			
					Sociedad Gestion Vial SA	0.01%			
SOCIETÀ AUTOSTRADA TIRRENICA p.A.	Rome	Motorway concessions	Euro	24,460,800	Autostrade per l'Italia SpA		99.93%	88.06%	11.94% (14)
SOCIETÀ ITALIANA PER AZIONI PER IL TRAFORO DEL MONTE BIANCO	Pre' Saint Didier (Aosta)	Motorway concessions	Euro	198,749,200	Autostrade per l'Italia SpA		51.00%	44.91%	55.09%
SOLUCIONA CONSERVACAO RODOVIARIA LTDA	Matao (Brazil)	Property management	Brazilian real	500,000	AB Concessões SA		100.00%	50.00%	50.00%

(14) On 29 December 2015, Autostrada Tirrenica, following authorisation by the general meeting of shareholders held on the same date, purchased 109,600 own shares from non-controlling shareholders. Autostrade per l'Italia's interest is thus 99.99%, whilst the percentage interest based on the number of shares held by Autostrade per l'Italia as a percentage of the subsidiary's total shares in issue is 99.93%. The Atlantia Group's interest is, instead, 88.06%.

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest	Total interest		
							Group	Non-controlling	
SPEA DO BRASIL PROJETOS E INFRA ESTRUTURA LIMITADA	Sao Paulo (Brazil)	Design. construction and maintenance	Brazilian real	4,504,000		100.00%	97.49%	2.51%	
					Spea Engineering SpA	100%			
					Austostrade Concessoes e Partecipacoes Brasil Limitada	0.00%			
SPEA ENGINEERING SpA	Rome	Design. construction and maintenance	Euro	6,966,000		100.00%	97.49%	2.51%	
					Atlantia SpA	60.00%			
					Autostrade per l'Italia SpA	20.00%			
					Aeroporti di Roma SpA	20.00%			
STALEXPORT AUTOROUTE SAR.L.	Luxembourg (Luxembourg)	Motorway services	Euro	56,149,500	Stalexport Autostrady SA	100.00%	61.20%	38.80%	
STALEXPORT AUTOSTRADA MAŁOPOLSKA SA	Mysłowice (Poland)	Motorway concessions	Polish zloty	66,753,000	Stalexport Autoroute S.a.r.l.	100.00%	61.20%	38.80%	
STALEXPORT AUTOSTRADY SA	Myslowice (Poland)	Holding company	Polish zloty	185,446,517	Atlantia SpA	61.20%	61.20%	38.80%	(15)
TANGENZIALE DI NAPOLI SpA	Naples	Motorway concessions	Euro	108,077,490	Autostrade per l'Italia SpA	100.00%	88.06%	11.94%	
TECH SOLUTIONS INTEGRATORS SAS.	Paris (France)	Tolling and electronic tolling services	Euro	2,000,000	Autostrade per l'Italia SpA	100.00%	88.06%	11.94%	
TELEPASS SpA	Rome	Tolling and electronic tolling services	Euro	26,000,000	Atlantia SpA	100.00%	100.00%	-	
TELEPASS BROKER Srl	Rome	Financial services	Euro	500,000	Telepass SpA	100.00%	100.00%	-	
TELEPASS PAY SpA	Rome	Financial services	Euro	702,983	Telepass SpA	100.00%	100.00%	-	
TOLLING OPERATIONS PUERTO RICO INC.	San Juan (Puerto Rico)	Tolling and electronic tolling services	US dollar	1,000,000	Emovis SAS.	100.00%	49.39%	50.61%	
TRIANGULO DO SOL AUTO-ESTRADAS SA	Matao (Brazil)	Motorway concessions	Brazilian real	71,000,000	AB Concessões SA	100.00%	50.00%	50.00%	
TRICHY TOLLWAY PRIVATE LIMITED (TTPL)	Hyderabad (India)	Motorway concessions	Indian rupee	1,946,215,010		100.00%	49.39%	50.61%	(16)
					Abertis India SL	100%			
					Abertis Infraestructuras SA	0.00%			
TÚNELS DE BARCELONA I CADÍ CONCESIONARIA DE LA GENERALITAT DE CATALUNYA SA	Barcellona (Spain)	Motorway concessions	Euro	60,000	Infraestructures Vìaries de Catalunya SA (INVICAT)	50.01%	24.70%	75.30%	
URBANnext SA	Chiasso (Switzerland)	Other activities	Swiss franc	100,000	Telepass SpA	70.00%	70.00%	30.00%	
VIA4 SA	Mysłowice (Poland)	Motorway services	Polish zloty	500,000	Stalexport Autoroute S.a.r.l.	55.00%	33.66%	66.34%	
VIANORTE SA	Sertaozinho (Brazil)	Motorway concessions	Brazilian real	113,651,571	Arteris SA	100.00%	20.73%	79.27%	
VIAPAULISTA SA	Riberao Preto (Brazil)	Design. construction and maintenance	Brazilian real	1,348,385,843	Arteris SA	100.00%	20.73%	79.27%	
VÍAS CHILE SA	Santiago (Chile)	Holding company	Chilean peso	93,257,077,900	Inversora de Infraestructuras SL (INVIN)	100.00%	39.51%	60.49%	(17)

(15) This company is listed on the Warsaw Stock Exchange.
(16) Abertis Infraestructuras SA holds 1 share in the company.
(17) The mergers of Central Korbana. S.à r.l. and Central Korbana Chile. SA with and into Vias Chile SA were completed in April 2019.

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest		
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD								
Associates								
AEROPORTO GUGLIELMO MARCONI DI BOLOGNA SpA	Bologna	Airport concessions	Euro	90,314,162	Atlantia SpA		29.38%	
A'LIENOR SAS.	Pau (France)	Motorway concessions	Euro	275,632,000	Sanef SA		35.00%	
ALAZOR INVERSIONES SA	Madrid (Spain)	Holding company	Euro	223,600,000	Iberpistas SA		31.22%	
AUTOPISTA TERRASSA-MANRESA CONCESSIONÀRIA DE LA GENERALITAT DE CATALUNYA SA (AUTEMA)	Barcellona (Spain)	Motorway concessions	Euro	83,410,572	Autopistas Concesionaria Española SA (ACESA)		23.72%	
AUTOROUTE DE LIAISON SEINE-SARTHE SA (ALIS)	Bourg-Achard (France)	Motorway concessions	Euro	2,850,000			19.67%	
					SAPN SA	8.00%		
					Sanef SA	11.67%		
BIP & DRIVE SA	Madrid (Spain)	Tolling and electronic tolling services	Euro	4,612,969	Abertis Autopistas España SA		35.00%	
C.I.S. SpA (IN LIQUIDATION)	Vicenza	Design construction and maintenance	Euro	5,236,530	A4 HOLDING SpA		25.23%	
CIRALSA SAC.E.	Alicante (Spain)	Design construction and maintenance	Euro	50,167,000	Autopistas Aumar SA Concesionaria del Estado		25.00%	
CONCESIONARIA VIAL DE LOS ANDES SA (COVIANDES)	Bogota' (Colombia)	Motorway concessions	Colombian peso	27,400,000,000	Abertis Infraestructuras SA		40.00%	
CONSTRUCTORA DE INFRAESTRUCTURA VIAL SAS.	Bogota' (Colombia)	Design construction and maintenance	Colombian peso	50,000,000	Abertis Infraestructuras SA		40.00%	
BOLOGNA & FIERA PARKING SpA	Bologna	Other concessions	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	Stalexport Autostrady SA		40.63%	
GETLINK SE	Paris (France)	Other concessions	Euro	220,000,000	Aero 1 Global & International S.à.r.l.		15.49%	(18)
G.R.A. DI PADOVA SpA	Venice	Design construction and maintenance	Euro	2,950,000	Autostrada BS VR VI PD SpA		33.90%	
INFRAESTRUCTURAS Y RADIALES SA (IRASA)	Madrid (Spain)	Design construction and maintenance	Euro	11,610,200			30.00%	
					Iberpistas SA	15.00%		
					Autopistas Vasco-Aragonesa C.E.SA (AVASA)	15.00%		
LEONORD SAS.	Lione (France)	Motorway services	Euro	697,377	Sanef SA		35.00%	
M-45 CONSERVACION SA	Madrid (Spain)	Design construction and maintenance	Euro	553,000	Autopista Trados-45 SA		50.00%	
ROAD MANAGEMENT GROUP LTD (RMG)	London (UK)	Motorway concessions	Poun sterling	25,335,000	Abertis Motorways UK Ltd		33.30%	
ROUTALIS SAS.	Guyancourt (France)	Design construction and maintenance	Euro	40,000	SAPN SA		30.01%	
TANGENZIALI ESTERNE DI MILANO SpA	Milan	Design construction and maintenance	Euro	220,344,608	Autostrade per l'Italia SpA		27.45%	(19)

(18) Aero 1 Global & International Sàrl holds 24.87% of Getlink SE's voting rights. Interests are calculated on the basis of the total number of shares in issue, amounting to 550,000,000, and of the total number of voting rights, equal to 684,972,091, according to the information published by Getlink on 11 February 2020.

(19) On 22 January 2019, as a result of Autostrade per l'Italia's exercise of its pre-emption rights, Autostrade Lombarde SpA sold 3,518,908 shares in Tangeziale Esterna di Milano SpA, equal to an interest of approximately 1.20%, to Autostrade per l'Italia.

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest	
Joint ventures							
A&T ROAD CONSTRUCTION MANAGEMENT AND OPERATION PRIVATE LIMITED	Pune - Maharashtra (India)	Motorway services	Indian rupee	100,000	Autostrade Indian Infrastructure Development Private Limited	50.00%	
AIRPORT ONE SAS	Nice (France)	Property management	Euro	1,000	Aéroports de la Côte d'Azur	49.00%	
AIRPORT HOTEL SAS	Nice (France)	Property management	Euro	1,000	Aéroports de la Côte d'Azur	49.00%	
AREAMED 2000 SA	Barcellona (Spain)	Other concessions	Euro	2,070,012	Abertis Autopistas España SA	50.00%	
CONCESSIONÁRIA RODOVIAS DO TIETÊ SA	Sao Paulo (Brazil)	Motorway concessions	Bazilian real	303,578,476	AB Concessões SA	50.00%	
GEIE DEL TRAFORO DEL MONTE BIANCO	Courmayeur (Aosta)	Motorway services	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 concessions	Indian real	100,000,000	Atlantia SpA	50.00%	
TRANS- CANADA FLOW TOLLING INC.	Vancouver (Canada)	Tolling and electronic tolling services	Canadian dollar	2	Emovis SAS.	50.00%	
INVESTMENTS ACCOUNTED FOR AT FAIR VALUE							
Unconsolidated subsidiaries							
DOMINO Srl	Rome	Other activities	Euro	10,000	Atlantia SpA	100.00%	
PAVIMENTAL EST AO (IN LIQUIDATION)	Moscow (Russia)	Design construction and maintenance	Russian rouble	4,200,000	Pavimental SpA	100.00%	
PEDEMONTANA VENETA SpA (IN LIQUIDATION)	Verona	Motorway concessions	Euro	6,000,000		61.70%	(20)
					Autostrade per l'Italia SpA	29.77%	
					Autostrada BS VR VI PD SpA	31.93%	
PETROSTAL SA (IN LIQUIDATION)	Warsaw (Poland)	Property management	Polish zloty	2,050,500	Stalexport Autostrady SA	100.00%	
Other investments							
AEROPORTO DI GENOVA SpA	Genoa	Airport concessions	Euro	7,746,900	Aeroporti di Roma SpA	15.00%	
ARGENTEA GESTIONE	Brescia	Design construction and maintenance	Euro	120,000	Autostrada BS VR VI PD SpA	5.84%	
AUTOROUTES TRAFIC SAS.	Paris (France)	Motorway services	Euro	349,000	Sanef SA	15.00%	
AUTOSTRADA DEL BRENNERO S.P.A.	Trento	Design construction and maintenance	Euro	55,472,175	Serenissima Partecipazioni SpA	4.23%	
AUTOSTRADE LOMBARDE S.P.A.	Brescia	Design construction and maintenance	Euro	501,726,626	Autostrada BS VR VI PD SpA	4.90%	
AUTOVIE VENETE S.P.A.	Trieste	Design construction and maintenance	Euro	157,965,738	A4 Holding SpA	0.42%	
CENTAURE PARIS-NORMANDIE SAS.	Bosgouet (France)	Motorway services	Euro	700,000	SAPN SA	49.90%	
Centaure Nord-Est SAS.	Henin Beaumont (France)	Motorway services	Euro	320,000	Sanef SA	34.00%	

(20) The company is accounted for using the equity method.

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest
CENTAURE GRAND EST SAS.	Gevrey Chambertin (France)	Motorway services	Euro	450,000	Sanef SA	14.44%
CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI SpA	Livorno	Other activities	Euro	11,756,695	Società Autostrada Tirrenica p.A.	0.43%
COMPAGNIA AEREA ITALIANA SpA	Fiumicino	Airport services	Euro	3,526,846	Atlantia SpA	6.52%
CONFEDERAZIONA AUTOSTRADE SpA	Verona	Design construction and maintenance	Euro	6,000,000	A4 Holding SpA	16.67%
DIRECTIONAL CAPITAL HOLDINGS (IN LIQUIDATION)	Channel Islands (USA)	Holding company	Euro	150,000	Atlantia SpA	5.00%
HOCHTIEF AKTIENGESELLSCHAFT	Essen (Germany)	Holding company	Euro	180,855,570	Atlantia SpA	23.86%
HOLDING PARTECIPAZIONI IMMOB.	Verona	Holding company	Euro	1	Serenissima Partecipazioni SpA	13.00%
HUTA JEDNOŚĆ SA	Siemianowice (Poland)	Other activities	Polish zloty	27,200,000	Stalexport Autostrady SA	2.40%
INTERPORTO PADOVA SpA	Padua	Other activities	Euro	36,000,000	A4 Holding SpA	3.27%
INWEST STAR SA (IN LIQUIDATION)	Starachowice (Poland)	Other activities	Polish zloty	11,700,000	Stalexport Autostrady SA	0.26%
LUSOPONTE - CONCESSIONARIA PARA A TRAVESSIA DO TEJO	SA Montijo (Portugal)	Motorway concessions	Euro	25,000,000	Autostrade Portugal - Concessoes de Infraestructuras SA	17.21%
LIGABUE GATE GOURMET ROMA SpA (INSOLVENT)	Tessera	Airport services	Euro	103,200	Aeroporti di Roma SpA	20.00%
KONSORCJUM AUTOSTRADA ŚLĄSK SA (IN LIQUIDATION)	Katowice (Poland)	Motorway concessions	Polish zloty	1,987,300	Stalexport Autostrady SA	5.43%
NOGARA MARE ADRIATICO	Verona	Design construction and maintenance	Euro	120,000		2.50%
					Autostrada BS VR VI PD SpA	2.00%
					A4 Mobility Srl	0.50%
SACAL. SpA	Lamezia Terme	Airport concessions	Euro	13,920,225	Aeroporti di Roma SpA	9.23%
SOCIETA' DI PROGETTO BREBEMI SpA	Brescia	Motorway concessions	Euro	113,336,332		0.60%
					Spea Engineering SpA	0.06%
					Autostrada BS VR VI PD SpA	0.54%
STRADIVARIA SpA	Cremona	Design construction and maintenance	Euro	20,000,000	A4 Mobility Srl	1.00%
TANGENZIALE ESTERNA SpA	Milan	Motorway concessions	Euro	464,945,000		1.25% (21)
					Autostrade per l'Italia SpA	0.25%
					Pavimental SpA	1.00%
TERRA MITICA. PARQUE TEMATICO DE BENIDORM SA	Alicante (Spain)	Other concessions	Euro	247,487,181	Abertis Infraestructuras SA	1.29%
UIRNET SpA	Rome	Other activities	Euro	1,142,000	Autostrade per l'Italia SpA	1.40%
WALCOWNIA RUR JEDNOŚĆ SP. Z O. O.	Siemianowice (Poland)	Other activities	Polish zloty	220,590,000	Stalexport Autostrady SA	0.01%
WASH OUT Srl	Milan	Altre Business	Euro	16,001	Telepass SpA	10.75%
ZAKŁADY METALOWE DEZAMET SA	Nowa Dęba (Poland)	Altre Business	Polish zloty	19,241,750	Stalexport Autostrady SA	0.26%

(21) Tangenziali esterne di Milan SpA (in which Autostrade per l'Italia SpA has a 27.45% interest and which is accounted for using the equity method) holds a 48.4% interest in Tangenziale Esterna SpA.

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest
CONSORTIA						
BMM SCARL	Tortona	Design construction and maintenance	Euro	10,000	A4 Mobility Srl	12.00%
CONSORCIO ANHANGUERA NORTE	Riberao Preto (Brazil)	Design construction and maintenance	Brazilian real	-	Autostrade Concessoes e Participacoes Brasil	13.13%
CONSORZIO AUTOSTRADE ITALIANE ENERGIA	Rome	Other activities	Euro	114,853		38.41%
					Autostrade per l'Italia SpA	27.05%
					Tangenziale di Naples SpA	1.93%
					Società Italiana per Azioni per il Traforo del Monte Bianco	1.81%
					Raccordo Autostradale Valle d'Aosta SpA	1.08%
					Società Autostrada Tirrenica p.A.	0.48%
					Autostrade Meridionali SpA	0.97%
					Aeroporti di Roma SpA	0.99%
					Autostrada BS VR VI PD SpA	3.10%
					Pavimental SpA	1.00%
CONSORZIO COSTRUTTORI TEEM	Tortona	Design construction and maintenance	Euro	10,000	Pavimental SpA	1.00%
CONSORZIO E.T.L. – EUROPEAN TRANSPORT LAW (IN LIQUIDATION)	Rome	Other activities	Euro	-	Aeroporti di Roma SpA	25.00%
CONSORZIO MIDRA	Florence	Other activities	Euro	73,989	Autostrade Tech SpA	33.33%
CONSORZIO NUOVA ROMEA ENGINEERING	Monselice	Design construction and maintenance	Euro	60,000	Spea Engineering SpA	16.67%
CONSORZIO PEDEMONTANA ENGINEERING	Verona	Design construction and maintenance	Euro	20,000	Spea Engineering SpA	23.54%
CONSORZIO RAMONTI S.C.A.R.L. (IN LIQUIDATION)	Tortona	Design construction and maintenance	Euro	10,000	Pavimental SpA	49.00%
CONSORZIO R.F.C.C. (IN LIQUIDATION)	Tortona	Design construction and maintenance	Euro	510,000	Pavimental SpA	30.00%
CONSORZIO SPEA-GARIBELLO	Sao Paulo (Brazil)	Design construction and maintenance	Brazilian real	-	SPEA do Brasil Projetos e Infra Estrutura Limitada	50.00%
CONSORZIO TANGENZIALE ENGINEERING	Milan	Design construction and maintenance	Euro	20,000	Spea Engineering SpA	30.00%
CONSORZIO 2050	Rome	Design construction and maintenance	Euro	50,000	Spea Engineering SpA	0.50%
COSTRUZIONI IMPIANTI AUTOSTRADALI S.C.A.R.L. (IN LIQUIDATION)	Rome	Design construction and maintenance	Euro	10,000		100%
					Pavimental SpA	75.00%
					Autostrade Tech SpA	20.00%
					Pavimental Polska Sp. z o.o.	5.00%
ELMAS S.C.A.R.L. (IN LIQUIDATION)	Rome	Design construction and maintenance	Euro	10,000	Pavimental SpA	60.00%
LAMBRO S.C.A.R.L.	Tortona	Design construction and maintenance	Euro	200,000	Pavimental SpA	2.78%

Name	Registered office	Business	Currency	Issued capital / Consortium fund	Held by	% interest
SAFE ROADS S.C.A.R.L.	Tortona	Design construction and maintenance	Euro	10,000	Autostrade Tech SpA	17.22%
SAT LAVORI S.C.A.R.L. (IN LIQUIDATION)	Rome	Design construction and maintenance	Euro	100,000	Società Autostrada Tirrenica p.A.	1.00%
SMART MOBILITY SYSTEMS S.C. A R.L.	Tortona	Design construction and maintenance	Euro	10,000	Autostrade Tech SpA	24.50%
INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS						
DOM MAKLERSKI BDM SA	Bielsko-Biała (Poland)	Holding company	Polish zloty	19,796,924	Stalexport Autostrady SA	2.71%
STRADA DEI PARCHI SpA	Rome	Motorway concessions	Euro	48,114,240	Autostrade per l'Italia SpA	2.00%

ANNEX 2

DISCLOSURE PURSUANT TO ART. 149-*DUODECIES* OF THE CONSOB REGULATIONS FOR ISSUERS 11971/1999

Atlantia SpA

Type of service	Provider of service	Note	Fees (€000)
Audit	Parent Company's auditor		140
Certification	Parent Company's auditor	(1)	23
Other services	Parent Company's auditor	(2)	108
Total Atlantia SpA			**271**

Subsidiaries

Type of service	Provider of service	Note	Fees (€000)
Audit	Parent Company's auditor		807
Audit	Associate of Parent Company's auditor		2,731
Other services	Parent Company's auditor	(3)	100
Other services	Associate of Parent Company's auditor	(4)	813
Total subsidiaries			**4,451**
Total Atlantia Group			**4,722**

(1) Work carried out in preparation for issue of an opinion on the payment of an interim dividend.
(2) Signature of consolidated and 770 tax forms, review of the Sustainability Report, agreed upon procedures for data and accounting information, comfort letters on bond issues, checks carried out to meet the requirements for tenders in which the Group has taken part and additional audit of pro forma financial information.
(3) Signature of consolidated and 770 tax forms, agreed upon procedures for data and accounting information and comfort letters on loans.
(4) Audit of the internal control system, agreed upon procedures for data and accounting information and comfort letters on loans.

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04

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL STATEMENTS

Statement of financial position[1]

€		31 December 2019	31 December 2018
NON-CURRENT ASSETS			
Property, plant and equipment	**5.1**	**19,774,558**	**6,443,511**
Property, plant and equipment		15,254,158	1,688,304
Investment property		4,520,400	4,755,207
Intangible assets	**5.2**	**228,942**	**217,034**
Investments	**5.3**	**15,521,257,831**	**16,094,571,810**
Non-current financial assets	**5.4**	**686,256,587**	**604,213,998**
Non-current derivative assets		208,045,840	56,185,030
Other non-current financial assets		478,210,747	548,028,968
Deferred tax assets, net		**59,971,492**	**9,045,505**
Other non-current assets	**5.8**	**30,604**	**91,646**
TOTAL NON-CURRENT ASSETS		16,287,520,014	16,714,583,504
CURRENT ASSETS			
Trading assets	**5.5**	**9,190,073**	**13,715,600**
Trade receivables		9,190,073	13,715,600
Cash and cash equivalents	**5.6**	**596,986,220**	**281,267,156**
Cash		550,710,694	218,069,265
Cash equivalents		-	-
Intercompany current account receivables due from related parties		46,275,526	63,197,891
Current financial assets	**5.4**	**19,406,368**	**19,711,975**
Current portion of medium/long-term financial assets		1,021,997	1,096,915
Current derivative assets		1,162,378	1,681,489
Other current financial assets		17,221,993	16,933,571
Current tax assets	**5.7**	**88,222,462**	**116,983,135**
Other current assets	**5.8**	**18,470,688**	**1,110,460**
Non-current assets held for sale or related to discontinued operations		-	-
TOTAL CURRENT ASSETS		732,275,811	432,788,326
TOTAL ASSETS		17,019,795,825	17,147,371,830

(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 2019	31 December 2018
EQUITY AND LIABILITIES			
EQUITY			
Issued capital		825,783,990	825,783,990
Reserves and retained earnings		9,722,605,531	9,849,067,578
Treasury shares		-166,086,931	-166,846,414
Profit/(Loss) for the year		426,613,505	694,721,201
	TOTAL EQUITY	**10,808,916,095**	**11,202,726,355**
NON-CURRENT LIABILITIES			
Non-current provisions		**403,378**	**627,155**
Non-current provisions for employee benefits		403,378	627,155
Non-current financial liabilities		**5,968,485,050**	**5,042,097,329**
Bond issues		1,735,699,792	1,733,842,674
Medium/long-term borrowings		3,986,377,549	3,233,359,430
Non-current derivative liabilities		246,407,709	74,895,225
Deferred tax liabilities, net		-	-
Other non-current liabilities		**20,747,421**	**2,582,703**
	TOTAL NON-CURRENT LIABILITIES	**5,989,635,849**	**5,045,307,187**
CURRENT LIABILITIES			
Trading liabilities		**15,990,206**	**23,906,118**
Trade payables		15,990,206	23,906,118
Current provisions		**1,386,819**	**1,583,236**
Current provisions for employee benefits		61,498	178,481
Other current provisions		1,325,321	1,404,755
Current financial liabilities		**134,966,152**	**801,981,337**
Intercompany current account payables due to related parties		5,932,813	1,573,682
Current portion of medium/long-term financial liabilities		47,541,499	718,382,131
Derivative liabilities		1,162,378	1,681,489
Other current financial liabilities		80,329,462	80,344,035
Current tax liabilities		**35,232,750**	**46,065,075**
Other current liabilities		**33,667,954**	**25,802,522**
Liabilities related to discontinued operations		-	-
	TOTAL CURRENT LIABILITIES	**221,243,881**	**899,338,288**
	TOTAL LIABILITIES	**6,210,879,730**	**5,944,645,475**
	TOTAL EQUITY AND LIABILITIES	**17,019,795,825**	**17,147,371,830**

Income statement[(2)]

€	2019	2018
REVENUE		
Operating revenue	2,565,914	3,218,556
TOTAL REVENUE	**2,565,914**	**3,218,556**
COSTS		
Raw and consumable materials	**-119,214**	**-119,380**
Service costs	**-23,750,913**	**-62,488,651**
Staff costs	**-59,057,985**	**-20,237,283**
Other operating costs	**-8,803,267**	**-17,632,028**
Lease expense	-397,855	-1,126,233
Other	-8,405,412	-16,505,795
Operating change in provisions	**79,434**	**62,000**
Amortisation and depreciation	**-1,335,335**	**-320,640**
Depreciation of property, plant and equipment	-79,323	-83,187
Depreciation of investment property	-1,011,282	-
Amortisation of intangible assets	-234,806	-234,806
	-9,924	-2,647
TOTAL COSTS	**-92,987,280**	**-100,735,982**
OPERATING PROFIT/(LOSS)	**-90,421,366**	**-97,517,426**
Financial income	**694,925,199**	**959,878,747**
Dividends received from investees	636,207,598	861,299,630
Gains on sale of investments	-	38,319
Other financial income	58,717,601	98,540,798
Financial expenses	**-217,741,001**	**-208,723,381**
Financial expenses from discounting of provisions	-6,920	-6,985
Impairment losses on financial assets and investments	-44,300,843	-
Other financial expenses	-173,433,238	-208,716,396
Foreign exchange gains/(losses)	**136,199**	**-336,986**
FINANCIAL INCOME/(EXPENSES)	**477,320,397**	**750,818,380**
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**386,899,031**	**653,300,954**
Income tax (expense)/benefit	**39,714,474**	**41,420,247**
Current tax expense	38,836,686	39,636,388
Differences on tax expense for previous years	242,470	2,319,406
Deferred tax income and expense	635,318	-535,547
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**426,613,505**	**694,721,201**
Profit/(Loss) from discontinued operations	**-**	**-**
PROFIT FOR THE YEAR	**426,613,505**	**694,721,201**

(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]

€000	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	**426,613,505**	**694,721,201**
Adjusted by:		
Amortisation and depreciation	1,335,335	320,640
Operating change in provisions	-77,147	-58,069
Financial expenses from discounting of provisions	6,920	6,985
Impairment losses/(Reversal of impairment losses) on financial assets and investments	44,300,843	-
(Gains)/Losses on sale of non-current assets	-	-38,319
Net change in deferred tax (assets)/liabilities through profit or loss	-635,318	535,547
Other non-cash costs (income)	-6,718,700	-16,530,927
Changes in trading assets and liabilities and other non-financial assets and liabilities	25,430,146	-106,242,607
Net cash generated from/(used in) operating activities [a]	**490,255,584**	**572,714,451**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchases of property, plant and equipment	-628,049	-
Purchases of other intangible assets	-21,833	-
Purchases of investments	-337,516	-6,925,721,335
Proceeds from distribution of reserves by subsidiaries	462,225,649	100,715,178
Proceeds from sale of interests in investees	-	1,892,779
Net change in other non-current assets	61,042	31,820,871
Net change in current and non-current financial assets	20,746,114	1,011,819,702
Net cash generated from/(used in) investing activities [b]	**482,045,407**	**-5,779,472,805**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Dividends paid	-736,153,166	-531,792,740
Proceeds from exercise of rights under share-based incentive plans	749,712	935,058
Increase in medium/long term borrowings (excluding lease liabilities)	732,535,250	3,903,136,467
Increase in lease liabilities	628,049	-
Redemption of bonds	-	-1,000,000,000
Repayment of merdium/long-term borrowings (excluding lease liabilities)	-675,000,000	-
Repayment of lease liabilities	-1,206,201	-
Net change in other current and non-current financial liabilities	17,505,298	20,795,457
Net cash used in financing activities [c]	**-660,941,058**	**2,393,074,242**
Increase/(Decrease) in cash and cash equivalents [a+b+c]	**311,359,933**	**-2,813,684,112**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**279,693,474**	**3,093,377,586**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	**591,053,407**	**279,693,474**

(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

Statement of financial position

€000	NOTE	31 December 2019	of which related party transactions	31 december 2018	of which related party transactions
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	**5.1**	**19,775**		**6,444**	
Property, plant and equipment		15,254		1,689	
Investment property		4,521		4,755	
Intangible assets	**5.2**	**229**		**217**	
Investments	**5.3**	**15,521,258**		**16,094,572**	
Non-current financial assets	**5.4**	**686,257**		**604,214**	
Non-current derivative assets		208,046		56,185	
Other non-current financial assets		478,211	475,074	548,029	538,207
Deferred tax assets, net	**5.5**	**59,971**		**9,046**	
Other non-current assets	**5.6**	**31**		**91**	
TOTAL NON-CURRENT ASSETS		**16,287,521**		**16,714,584**	
CURRENT ASSETS					
Trading assets	**5.7**	**9,190**		**13,715**	
Trade receivables		9,190	7,463	13,715	12,104
Cash and cash equivalents	**5.8**	**596,986**		**281,267**	
Cash		550,711		218,069	
Intercompany current account receivables due from related parties		46,275	46,275	63,198	63,198
Current financial assets	**5.4**	**19,406**		**19,712**	
Current portion of medium/long-term financial assets		1,022	-	1,097	
Current derivative assets		1,162	1,162	1,681	
Other current financial assets		17,222	17,222	16,934	16,913
Current tax assets	**5.9**	**88,222**	**34,675**	**116,983**	**43,987**
Other current assets	**5.10**	**18,471**	**-**	**1,110**	**-**
Non-current assets held for sale or related to discontinued operations		**-**		**-**	
TOTAL CURRENT ASSETS		**732,275**		**432,787**	
TOTAL ASSETS		**17,019,796**		**17,147,371**	

Statement of financial position

€000	NOTE	31 December 2019	of which related party transactions	31 December 2018	of which related party transactions
EQUITY AND LIABILITIES					
EQUITY					
Issued capital		825,784		825,784	
Reserves and retained earnings		9,722,605		9,849,067	
Treasury shares		-166,087		-166,846	
Profit/(Loss) for the year net of interim dividends		426,614		694,721	
TOTAL EQUITY	**5.11**	**10,808,916**		**11,202,726**	
NON-CURRENT LIABILITIES					
Non-current provisions	**5.12**	**403**		**627**	
Non-current provisions for employee benefits		403		627	
Non-current financial liabilities	**5.13**	**5,968,486**		**5,042,097**	
Bond issues		1,735,700		1,733,843	
Medium/long-term borrowings		3,986,378	12,475	3,233,359	
Non-current derivative liabilities		246,408		74,895	
Deferred tax liabilities, net	**5.5**	**-**		**-**	
Other non-current liabilitie	**5.14**	**20,747**	**15,027**	**2,583**	3,572
TOTAL NON-CURRENT LIABILITIES		**5,989,636**		**5,045,307**	
CURRENT LIABILITIES					
Trading liabilities	**5.15**	**15,991**		**23,906**	
Trade payables		15,991	6,521	23,906	8,443
Current provisions	**5.12**	**1,387**		**1,583**	
Current provisions for employee benefits		62		178	
Other current provisions		1,325		1,405	
Current financial liabilities	**5.13**	**134,966**		**801,981**	
Intercompany current account payables due to related parties		5,933	5,933	1,574	1,574
Current portion of medium/long-term financial liabilities		47,542	609	718,382	
Current derivative liabilities		1,162	-	1,681	1,524
Other current financial liabilities		80,329	80,000	80,344	80,092
Current tax liabilities	**5.9**	**35,232**	**35,232**	**46,065**	**46,065**
Other current liabilities	**5.16**	**33,668**	**17,383**	**25,803**	**11,162**
Liabliities related to discontinued operations		**-**		**-**	
TOTAL CURRENT LIABILITIES		**221,244**		**899,338**	
TOTAL LIABILITIES		**6,210,880**		**5,944,645**	
TOTAL EQUITY AND LIABILITIES		**17,019,796**		**17,147,371**	

Income statement

€000	NOTE	2019	of which related party transactions	2018	of which related party transactions
REVENUE					
Operating revenue	6.1	2,566	2,302	3,219	3,055
TOTAL REVENUE		2,566		3,219	
COSTS					
Raw and consumable materials	6.2	-119		-119	
Service costs	6.3	-23,751	-3,501	-62,489	-3,894
Staff costs	6.4	-59,058	-27,846	-20,237	684
Other operating costs	6.5	-8,803		-17,632	
Lease expense		-398	-	-1,126	-699
Other		-8,405		-16,506	
Operating change in provisions		79		62	
Amortisation and depreciation		-1,335		-321	
Depreciation of property, plant and equipment	5.1	-79		-83	
Depreciation of right-of-use assets	5.1	-1,011	-674	-	
Depreciation of investment property	5.1	-234		-235	
Amortisation of intangible assets	5.2	-11		-3	
TOTAL COSTS		-92,987		-100,736	
OPERATING PROFIT/(LOSS)		-90,421		-97,517	
Financial income		694,925		959,879	
Dividends received from investees		636,207		861,300	
Gains on sale of investments		-		38	
Other financial income		58,718	28,142	98,541	72,247
Financial expenses		-217,741		-208,724	
Financial expenses from discounting of provisions		-7		-7	
Impairment losses on financial assets and investments		-44,301		-	
Other financial expenses		-173,433	-764	-208,717	-8,594
Foreign exchange gains/(losses)		136		-337	
FINANCIAL INCOME/(EXPENSES)	6.6	477,320		750,818	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		386,899		653,301	
Income tax (expense)/benefit	6.7	39,715		41,420	
Current tax expense		38,837		39,636	
Differences on tax expense for previous years		243		2,319	
Deferred tax income and expense		635		-535	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		426,614		694,721	
Profit/(Loss) from discontinued operations		-		-	
PROFIT FOR THE YEAR		426,614		694,721	

€	NOTE	2019	2018
Basic earnings per share	6.8	0.52	0.85
of which:			
- from continuing operations		0.52	0.85
- from discontinued operations		-	-
Diluted earnings per share	6.8	0.52	0.85
of which:			
- from continuing operations		0.52	0.85
- from discontinued operations		-	-

Statement of comprehensive income

€000		2019	2018
Profit for the year	**(A)**	**426,614**	**694,721**
Fair value gains/(losses) on cash flow hedges		-171,895	-59,999
Tax effect of fair value gains/(losses) on cash flow hedges		50,830	17,742
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	**(B)**	**-121,065**	**-42,257**
Fair value (losses)/gains on investments		-67,412	-427,055
Tax effect of fair value (losses)/gains on investments		809	5,124
Fair value gains/(losses) on fair value hedges		101,151	-
Tax effect of fair value gains/(losses) on fair value hedges		1,538	-
Gains/(losses) from actuarial valuations of provisions for employee benefits		-39	3
Tax effect of gains/(losses) from actuarial valuations of provisions for employee benefits		12	-
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	**(C)**	**36,059**	**-421,928**
Reclassifications of other components of comprehensive income to profit or loss for the year	**(D)**	**-**	**-**
Total other components of comprehensive income to profit or loss for the year	**(E=B+C+D)**	**-85,006**	**-464,185**
Comprehensive income for the year		**341,608**	**230,536**

€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	Merger reserve	Cash flow hedge reserve	Fair value hedge reserve	Reserve for actuarial gains and losses on post-employment benefits	Reserve for gains/(losses) on fair value measurement of investments	Restricted reserve for Contingent Value Rights	Other reserves	Retained earnings				
Balance as at 31 December 2017	825,784	154	261,410	5,022,976	2,987,182	6,098	-	-503	-	18,456	65,879	228,724	8,590,376	-169,489	2,256,191	11,502,862
Comprehensive income for the year						-42,257		3	-421,931	-	-	-	-464,185	-	694,721	230,536
Owner transactions and other changes	-	-		-	-			-	-	-	-	-	-	-	-	-
Final dividend for 2017 (€0.65 per share)	-	-	-	-	-	-		-	-	-	-	-	-	-	-531,607	-531,607
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	-		-	-	-	-	1,724,584	1,724,584	-	-1,724,584	-
Share-based incentive plans																
Valuation	-	-	-	-	-	-		-	-	-		-		-	-	
Exercise/conversion/lapse of options/units	-	-	-	-	-	-		-	-	-	-1,330	-378	-1,708	2,643	-	935
Balance as at 31 December 2018	825,784	154	261,410	5,022,976	2,987,182	-36,159	-	-500	-421,931	18,456	64,549	1,952,930	9,849,067	-166,846	694,721	11,202,726
Comprehensive income for the year	-	-	-	-	-	-121,065	102,689	-27	-66,603	-	-	-	-85,006	-	426,614	341,608
Owner transactions and other changes	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Dividend for the previous year (€0.84 per share)	-	-	-	-	-	-		-	-	-	-	-	-	-	-687,090	-687,090
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	-		-	-	-	-	7,631	7,631	-	-7,631	-
Dividend paid from distribution of retained earnings (€0.06 per share)												-49,078	-49,078			-49,078
Share-based incentive plans																-
Exercise/conversion/lapse of options/units	-	-	-	-	-	-		-	-	-	-43	34	-9	759	-	750
Balance as at 31 December 2019	825,784	154	261,410	5,022,976	2,987,182	-157,224	102,689	-527	-488,534	18,456	64,506	1,911,517	9,722,605	-166,087	426,614	10,808,916

Statement of cash flows

€000	NOTE	2019	of which related party transactions	2018	of which related party transactions
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the year		**426,614**		**694,721**	
Adjusted by:					
Amortisation and depreciation		1,335	674	321	
Operating change in provisions		-77		-58	
Financial expenses from discounting of provisions	6.6	7		7	
Impairment losses/(Reversal of impairment losses) on financial assets and investments	6.6	44,301	-	-	-
(Gains)/Losses on sale of non-current assets	6.6	-		-38	
Net change in deferred tax (assets)/liabilities through profit or loss	6.7	-635		535	
Other non-cash costs (income)		-6,719	-6,719	-16,532	-7,382
Change in trading assets and liabilities and other changes		25,430	-18,845	-106,242	37,579
Net cash generated from/(used in) operating activities [a]	7.1	**490,256**		**572,714**	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Purchases of property, plant and equipment	5.1	-628		-	
Purchases of other intangible assets		-22			
Purchases of investments	5.3	-338	-	-6,925,720	-6,925,720
Proceeds from distribution of reserves by subsidiaries	5.3	462,226	462,226	100,715	100,715
Proceeds from sale of interests in investees		-		1,892	
Net change in other non-current assets		61		31,821	
Net change in current and non-current financial assets		20,746	-61,800	1,011,820	-993,154
Net cash generated from/(used in) investing activities [b]	7.1	**482,045**		**-5,779,472**	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Dividends paid		-736,153		-531,793	
Proceeds from exercise of rights under share-based incentive plans	5.11	750		935	
Increase in medium/long-term borrowings (excluding lease liabilities)	5.13	732,535		3,903,136	
Increase in lease liabilities		628		-	
Redemption of bonds		-		-1,000,000	
Repayment of merdium/long-term borrowings (excluding lease liabilities)		-675,000		-	
Repayment of lease liabilities		-1,206	-862	-	
Net change in other current and non-current financial liabilities		17,505	12,330	20,795	81,088
Net cash used in financing activities [c]	7.1	**-660,941**		**2,393,073**	
Increase/(Decrease) in cash and cash equivalents [a+b+c]		**311,360**		**-2,813,685**	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**279,693**		**3,093,378**	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		**591,053**		**279,693**	

Additional information on the statement of cash flows

€000	2019	2018
Income taxes paid to/(refunded by) the tax authorities	246,169	399,693
Income taxes refunded by/(paid to) companies participating in tax consolidation	307,851	341,963
Interest and other financial income collected	51,020	79,681
Interest and other financial expenses paid	141,793	138,299
Dividends received	1,081,719	797,250
Foreign exchange gains collected	8	95
Foreign exchange losses incurred	23	138

Reconciliation of net cash and cash equivalents

€000	NOTE	2019	2018
Net cash and cash equivalents at beginning of year		**279,693**	**3,093,378**
Cash and cash equivalents	5.8	281,267	3,093,378
Intercompany current account payables due to related parties	5.13	-1,574	
Net cash and cash equivalents at end of year		**591,053**	**279,693**
Cash and cash equivalents	5.8	596,986	281,267
Intercompany current account payables due to related parties	5.13	-5,933	-1,574

NOTES

1. INTRODUCTION

Atlantia (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 primarily 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 and 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.

Atlantia's Board of Directors has approved the financial statements after having taken advantage of the extended term of 180 days from the end of the financial year, within which the Annual General Meeting is required to approve the financial statements, in compliance with art. 2364, paragraph 2 of the Italian Civil Code and art. 16 of the Company's Articles of Association. This was done in view of the decision taken by the Board of Directors of the subsidiary, Autostrade per l'Italia, to postpone approval of the subsidiary's financial statements in order to fully assess the impact of recent developments on the preparation of its financial statements for the year ended 31 December 2019.
Due to the fact that the Company has significant controlling interests in other companies, it also prepares consolidated financial statements that are presented together with the Company's separate financial statements.

2. GOING CONCERN ASSUMPTION AND BASIS OF PREPARATION

Going concern assumption

At the date of preparation of the consolidated financial statements as at and for the year ended 31 December 2019, there are certain significant uncertainties, primarily surrounding the concession arrangement and regulatory framework of the subsidiary, Autostrade per l'Italia, linked to the events of 14 August 2018 and recent legislation (Law 8 of 28 February 2020, the so-called *Milleproroghe* Decree) as well as the liquidity
a) and financial risks of Autostrade per l'Italia and Atlantia consequent also to the legal restrictions resulting from the spread of the Covid-19 pandemic, which has led many governments to limit the movement of people, with a major impact on traffic and revenue at the Atlantia Group's main subsidiaries.

With regard to the assessment of whether the going concern basis is appropriate, the main uncertainties relating to Autostrade per l'Italia, as also assessed by the subsidiary's Board of Directors, are as follows:

existing relations with and ongoing procedures involving Autostrade per l'Italia and the Grantor resulting from the subsidiary's alleged responsibility for the events of 14 August 2018, and which, on 16 August 2018, led the MIT to dispue serious breaches of its contractual maintenance and caring obligations over the infrastructure. As previously reported, in its response to the MIT dated 3 May 2019, the operator stated its belief that it had at all times acted correctly. The operator has yet to receive a response. In this regard, in July 2019, the Cross-Institutional Working Group set up by the

MIT highlighted, among other things, the risks for the Grantor associated with litigation with the operator, should the MIT unilaterally decide to terminate the concession agreement. In response to this technical opinion, Autostrade per l'Italia entered into talks with the MIT, the Ministry of the Economy and Finance and the Cabinet Office in order to find an agreed solution to the dispute over the serious breach. These talks are ongoing;

b) the Italian Government's approval of the *Milleproroghe* Decree, governing the eventual "revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways", providing among other things that (i) where termination of the concession is the result of a breach of contract by the operator, the provisions of article 176, paragraph 4.a) of Legislative Decree 50 of 18 April 2016 (the "public tenders code") shall apply, even if such provisions are in contrast with substantial and procedural provisions in concession agreements, which shall be understood to be cancelled (art. 35 of the Decree) and that (ii) the adoption of such procedure shall not result in any termination by law. Law 8 of 28 February 2020 also provides that effectiveness of revocation, forfeiture or termination of the concession shall not be subject to payment, by the Grantor, of the compensation provided for in the agreement;

c) the downgrade of Autostrade per l'Italia's credit rating to sub-investment grade by the international agencies, Moody's, Fitch and Standard & Poor's, following enactment of the *Milleproroghe* Decree, was based on the agencies' view that the legislation has unilaterally and retroactively altered (*in peius*) the rules governing termination of the Single Concession Agreement, above all with regard to determination of the compensation and the fact that its payment does not necessarily have to coincide with the effectiveness of termination of the concession in accordance with art. 35 of the Decree. The downgrade has had a major impact on Autostrade per l'Italia's creditworthiness, increasing the uncertainties surrounding Autostrade per l'Italia's future relations with the MIT and, ultimately, financial and business outlook for Autostrade per l'Italia and its ability to borrow in the financial markets (including from banks).

With regard to the subsidiary's financial situation, existing loan agreements with the EIB and CDP contain early repayment provisions relating to loans amounting to approximately €2.1 billion as at 31 December 2019 (including approximately €1.7 billion guaranteed by Atlantia), in the event of a rating downgrade. At the date of preparation of the Annual Report, the subsidiary has not received a request for early repayment from the two financial institutions and that, from the ongoing discussions had, it has been informed that the parties are monitoring developments. Any non compliance with a request for early repayment from the EIB or CDP, provided that it was lawful, could result in similar requests from Autostrade per l'Italia's other creditors, including bondholders.

In addition, the implementation of legal restrictions on movement in response to the spread of the Covid-19 pandemic has led to a significant decline in motorway traffic from the last week of February 2020, with a significant impact in terms of lower toll service areas revenue. This has had evident repercussions for Autostrade per l'Italia's ability to generate sufficient cash to fund capital expenditures planned investment and meet its operating costs, whilst maintaining financial stability.
The above downgrade, essentially reflecting the uncertain regulatory environment, is also preventing Autostrade per l'Italia from borrowing in the markets (including from banks) in order to meet its financial requirements, resulting in a further heightening existing liquidity tensions. In this situation, the subsidiary's Board of Directors has taken additional measures to conserve cash, in addition to Atlantia's willingness to provide Autostrade per l'Italia with financial support of up to €900 million, after the subsidiary's available financial source of funding.

On completion of the assessment, conducted also by the subsidiary's Board of Directors, and based on opinions from leading legal and technical experts, it was confirmed that the going concern basis is appropriate. This reflects the Company's belief that the risk of termination of the concession arrangement is reasonably unlikely and that there is a reasonable likelihood that an agreement will be reached with the Ministry of Infrastructure and Transport (the "MIT"), thereby resolving the dispute with Autostrade per l'Italia. In brief, the objective elements described above, the legal opinions acquired and initial (though interlocutory) judgements handed down have led the Board of Directors to believe that it is not reasonably unlikely that the Government is close to deciding to revoking the concession arrangement, and to augur well for the achievement of the arranged solution. Should such a decision be taken, the Board of Directors believes that it has strong arguments in its favour.

The arrangement would also enable it to restore long-term financial stability, also due to the impact of improved access to credit.

As a result of the above, the subsidiary's Directors decided to prepare the company's separate financial statements as at and for the year ended 31 December 2019 on a going concern basis.

With regard to the risks and uncertainties to which Atlantia is exposed and above all liquidity risk, it should be noted that, at the date or preparation of this Annual Report, the Company has cash reserves of approximately €4.0 billion, including approximately €3.25 billion in liquidity resulting from use, on 14 January 2020, of available revolving credit facilities.
The Company does not have debt falling due before November 2021 (the maturity date for a revolving facility of €2 billion).

As a result, Atlantia's liquidity risk, excluding the risk of early repayment of the Company's debt linked to the risk of default by the subsidiary, Autostrade per l'Italia, is deemed reasonably unlikely.
This judgement is also confirmed in the event of an absence of dividends received from investees in 2020, as a result of the Covid-19 pandemic, as described in the sensitivity analysis referred to in the section, "Outlook", in the report on operations, and considering Atlantia's willingness to provide Autostrade per l'Italia with up to €900 million in contingent financial support, taking into account the proposal not to pay any dividend for 2019 in 2020.

The Company and its subsidiaries are also engaged in assessing all the available options, including those provided by the recent Law Decree 23 of 8 April, with a view to providing liquidity support for businesses.

With regard to Atlantia's financial risk, it should be remembered that the Company's loan agreements and bond issues contain early repayment provisions triggered by the occurrence of certain events.
In addition, the loan agreements and bond issues of the main subsidiaries, including Autostrade per l'Italia, contain early repayment provisions which, if triggered, could lead to enforcement of the guarantees provided by the Company, where present, or, via cross-default provisions, the Company's early repayment obligation of its own borrowings.

The other events that might trigger early repayment of debt for Autostrade per l'Italia and Atlantia (also bearing in mind that there are further guarantees issued by Atlantia in relation to bonds issued by the subsidiary, totalling €3.4 billion), under the various applicable terms and conditions, in view of the circumstances and also based on the legal opinions received, are not considered reasonably likely to occur. The financial tensions after 2019 year end caused by the legal restrictions on movement imposed in response to the spread of the Covid-19 pandemic, and the consequent impacts on traffic and the results of the Atlantia Group's operators, could affect the covenants attaching to the various loan agreements and have a negative impact on some operators' liquidity.

In the light of the assessment conducted and bearing in mind the above considerations and the facts, as also assessed in the opinions received, the occurrence of liquidity and financial risks is considered reasonably unlikely.

Despite these significant uncertainties, which raise material doubts about use of the going concern assumption, the Directors believe that it is appropriate for the Parent Company to prepare the financial statements as at and for the year ended 31 December 2019 on a going concern basis. This is based on the information currently available, the opinions obtained from leading independent experts in regulatory, administrative, accounting and financial matters, the examination and assessment of the impacts on potential alternative scenarios, and in view of the actions taken to improve the financial and operating performances of the Company and its Group companies.

Assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.

The Company will continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable the Company, should it prove necessary, to take the required corrective action.

Finally, it should be noted that, on 8 April 2020, the Italian Government issued a Law Decree containing measures regarding liquidity support for businesses and financial reporting standards.

Basis of preparation

The financial statements as at and for the year ended 31 December 2019 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 art. 154-*ter* "Financial reporting" in the Consolidated Finance Act ("CFA"). They have been prepared in compliance with 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.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.

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, and have been prepared applying the requirements of IAS 1 – Presentation of Financial Statements. 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 below 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.
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.
Each item in the financial statements is compared with the corresponding amount for the previous year.
In this regard, it should be noted that IFRS 16 - Leases was adopted for the first time from 1 January 2019.
The new standard has introduced a single approach to accounting for lease arrangements, removing the distinction between operating and finance leases for the lessee. On first-time adoption, the Atlantia Group elected to avail itself of the practical expedient allowed by the standard, recognising the cumulative effects deriving from adoption of the standard in the statement of financial position as of 1 January 2019, without any change in the comparative income statement of 2018. Further information on key aspects of the new standard and its impact on the Group's accounts is provided below in note 3 below.
The euro is both the Company's functional currency and its presentation currency.
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.
As in 2018, there were no non-recurring events or transactions, involving either third or related parties and having a material impact on the Company's accounts, in 2019.

3. ACCOUNTING STANDARDS AND POLICIES APPLIED

A description follows of the more important accounting standards and policies employed by the Company for its financial statements as at and for the year ended 31 December 2019. These accounting standards and policies are consistent with those applied in preparation of the financial statements for the previous year, with the exception of the changes resulting from first-time adoption, from 1 January 2019, of the new accounting standards, IFRS 16 – *Leases* ("IFRS 16"), the impact of which is described below , and interpretation IFRIC 23 – *Uncertainty over Income Tax Treatments*. The latter deals with how to apply the rules for recognising and measuring current and deferred tax assets and/or liabilities, as defined in IAS 12, when there is uncertainty over the income tax treatment to use.
In dealing with the issue of uncertainty over income tax treatment, interpretation IFRIC 23 requires an entity to identify and analyse any uncertain income tax treatment (either separately or together with other uncertain tax treatments, depending on their characteristics), always on the assumption that the tax authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the tax authority will accept an uncertain tax treatment, the entity must reflect the effect of uncertainty in determining current and deferred tax assets and liabilities. In doing this, the entity must use one of two methods indicated by the standard, choosing the one that best resolves the uncertainty from:

a) the most likely amount method;
b) the expected value method.

Adoption of this interpretation has not had an impact on the consolidated financial statements, in that the approach adopted by Group companies, in determining taxation, is in line with the requirements of IFRIC 23.

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 2019, are shown in the table below by asset class.

Property, plant and equipment	Rate of depreciation
Buildings	3%
Leased buildings	lease term
Industrial and business equipment	20%
Other assets	12%

Leased assets 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.
The measurement criteria used in testing for impairment are described in the paragraph, "Impairment of non-financial assets and reversals".
Property, plant and equipment is derecognised on disposal. Any gains or losses (determined as the difference between disposal proceeds, less costs to sell, and the carrying amount of the asset) are recognised in profit or loss in the period in which the asset is sold.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the entity and from which future economic benefits are expected to flow, and purchased goodwill. Identifiable intangible assets are those purchased assets that, unlike goodwill, can be separately distinguished. This 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 2019 is 1.01%.
The measurement criteria used in testing for impairment are described in the paragraph, "Impairment of non-financial assets and reversals".
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. Ancillary costs directly attributable to the business combination are recognised as an expense in the income statement when incurred.
In compliance with IFRS 3, Goodwill is recognised on the basis of the positive difference between the acquisition cost, as defined above, and the net fair value, at the acquisition date, of the identifable assets acquired and liabilities assumed.
The goodwill, as measured at the acquisition date, is allocated to each of the substantially independent cash generating units(Cash Generating Unit – CGU) expected to benefit from the synergies of the business combination. If the expected benefits regard several CGUs, goodwill is allocated to the relevant group of CGUs.
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 paragraph, "Impairment of non-financial assets and reversals".
IFRS 3 was not applied retrospectively to acquisitions prior to 1 January 2004, the 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 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 paragraph 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 associates not held for strategic ends and other companies, which qualify as available-for-sale financial instruments, as defined by IFRS 9, are initially accounted for at cost at the settlement date, in that this represents fair value, including any directly attributable transaction costs. After initial recognition, these investments are measured at fair value through profit or loss, with the exception of investments not held for trading and for which, as permitted by IFRS 9, the Group has exercised the option, at the time of purchase, to designate the investment at fair value through other comprehensive income.
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 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, if positive, recognised as either an increase in the value of the investment held in the transferee (or in the transferee's parent in the event of indirect control) or, if negative, in profit or loss as a dividend.

Financial instruments

Financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (as defined by IFRS 9 and including, among other things, trade receivables and payables).Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash 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 IFRS 9, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically assessed effectiveness of the hedge is high.

Changes in the fair value of cash flow hedges hedging assets and liabilities (including those that are pending and highly likely to arise in the future) are recognised in the statement of comprehensive income and the gain or loss relating to the ineffective portion is recognised in profit or loss. Accumulated changes on fair value taken to the cash flow hedge reserve are reclassified in profit or loss in the period in which the hedging relationship ceases.

Changes in the fair value of fair value hedges are recognised in profit or loss for the period. Accordingly, the hedged assets and liabilities are also measured at fair value through profit or loss.

If an entity enters into a fair value hedge to hedge the exposure to changes in the fair value of an asset or liability whose changes in fair value are recognised in other comprehensive income, in keeping with the changes in the fair value of the derivative instrument, these changes are also recognised in other comprehensive income for the period.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised in profit or loss.

Financial assets

The classification and related measurement are 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, initially recognised at fair value, is measured at amortised cost subject to both of the following conditions:

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

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

Receivables measured at amortised cost are initially recognised at the fair value of the underlying asset, after any directly attributable transaction proceeds. The receivables are measured at amortised cost using the effective interest method, less provisions for impairment losses (recognised in profit or loss) for amounts considered uncollectible. Amounts considered uncollectible are estimated on the basis of the method described in the section, "Impairment of financial assets". Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised.

Trade receivables subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.

The financial asset is measured at fair value through other comprehensive income if the objectives of the business model are to hold the financial asset to collect the contractual cash flows, or to sell it, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that solely represent a return on the financial asset. In this case, the financial asset may also be designated as a financial asset at

fair value through profit or loss, if this approach enables the accounting mismatch to be eliminated or reduced, when this would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
Finally, any remaining financial assets, other than those described above, are classified as held for trading and measured at fair value through profit or loss.
No financial instruments were reclassified from one of the above categories to another in 2019.

Impairment of financial assets
Assessment of the recoverability of financial assets that are debt instruments measured at amortised cost is conducted by estimating "expected credit losses" (ECLs), based on expected cash flows. These flows, taking into account the estimated probability of a default occurring, are determined in relation to the expected time needed to recover the amount due, the estimated realizable value, any guarantees received, and the costs that the Group expects to incur in recovering the amounts due. In the case of trade and other receivables, the probability of a default is determined on the basis of internal customer ratings, which are periodically reviewed, including with reference to historical information.
In the case of amounts due from counterparties where there has not been a significant increase in risk, ECLs are determined on the basis of expected losses in the 12 months after the reporting date. In other cases, the expected losses are estimated through to the end of the financial instrument's life.

Financial liabilities
Financial liabilities are initially recognised at fair value, after any directly attributable transaction costs. After initial recognition, financial liabilities are measures at amortised cost using the effective interest method, with the exception of those for which the Company irrevocably elects, at the time of recognition, to measure at fair value through profit or loss, so as to eliminate or reduce the accounting mismatch at the time of measurement or recognition, compared with an asset also measured at fair value.
Trading liabilities subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.
If there is a modification of one or more terms of an existing financial liability (including as a result of its novation), it is necessary to conduct a qualitative and quantitative assessment in order to decide whether or not the modification is substantial with respect to the existing contractual terms. In the absence of substantial modifications, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss. As a result, the value of the financial liability is adjusted and the instrument's effective interest rate recalculated. If the modifications are substantial, the existing instrument is derecognised and the fair value of the new instrument is recognised, with the related difference recognised in profit or loss.

Derecognition of financial instruments
Financial instruments are derecognised in the statement of financial position when, following their sale or settlement, the Company is no longer involved in their management and has transferred all the related risks and rewards of ownership and, therefore, no longer has the right to receive cash flows from the financial asset, settles its debt or no longer has the primarily responsibility for the financial liabilities.

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. The costs incurred during the year to settle the obligation are accounted for as a direct reduction in the provisions previously made.

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 Group. The amount recognised as revenue reflects the consideration to which the Group is entitled in exchange for goods transferred to the customer and services rendered. This revenue is recognised when the performance obligations under the contract have been satisfied.
Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

a) 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.
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.
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) and the corresponding tax bases (resulting from application of the tax regulations in force), as follows:

a) deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised;
b) deferred tax liabilities are always recognised (unless the liability derives from the initial recognition of goodwill or as a result of temporary taxable differences relating to investments in subsidiaries, associates and joint ventures, when the Company has control over the timing of the reversal of the temporary differences and it is likely that the temporary difference will not reverse in the foreseeable future).

Deferred taxes are calculated on the basis of the tax rate expected to be in effect at the time the related temporary differences will reverse, taking into account any legislation enacted by the end of the reporting period. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer considered probable that there will be sufficient future taxable profits against which the asset can be fully or partially utilised.
Current and deferred tax assets and liabilities are recognised in profit or loss, with the exception of those relating to items recognised directly in equity, and for which the related taxation is also recognised in equity.
Based on Legislative Decree 344/2003 and articles 117 *et seq.* of Presidential Decree 917/1986, Atlantia has elected for group taxation for the purposes of IRES (tax consolidation arrangement), as the consolidating entity.
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.
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.
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 non-financial assets and reversals

At the end of the reporting period, the Company tests property, plant and equipment, intangible assets, financial assets and investments (other than those measured at fair value) for impairment.
If there are indications that these assets have been impaired, the 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 (e.g. goodwill, trademarks, etc.) 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 or group of CGUs to which a particular asset belongs or has been allocated, as is the case of goodwill, is estimated.
This entails estimating the recoverable amount of the asset (represented by the higher of the asset's fair value less costs to sell and its value in use) and comparing it with the carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. In calculating value in use, expected future pre-tax cash flow is discounted using a pre-tax rate that reflects current market assessments of the cost of capital which embodies the time value of money and the risks specific to the business.
In 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 in the statement of financial position is tested and any reversal of the impairment loss through profit or loss determined. The reversal may under no circumstances exceed the amount of the impairment loss previously recognised. Impairments of goodwill 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 adopted from 1 January 2019: IFRS 16 - Leases

IFRS 16 – Leases

The new standard (which replaced IAS 17, IFRIC 4, SIC 15 and SIC27) provides a different definition of lease and introduces a criterion based on control of the asset (the right of use), to distinguish a lease arrangement from a service contract, indicating as discriminating factors the identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to direct the use of the asset underlying the contract.
The new financial reporting standard removes the distinction between operating and finance leases for the lessee. In fact, IFRS 16 requires the lessee to recognise a right-of-use asset in the statement of financial position at lease commencement (i.e. in the same item where the corresponding assets would be recognised if they were owned), to be depreciated over the term of the right-of-use. At lease commencement, the lessor also recognises, as a contra-entry to the above right-of-use, a liability arising from the contract, for an amount equal to the present value of the minimum lease payments due.
IFRS 16 clarifies that, within the context of the lease contract, a lessee must separate the components related to the lease (which are accounted for as per IFRS 16) from those related to other services, which are accounted for in accordance with other IFRS.
The lessee may elect not to apply the new standard lease contracts of up to 12 months and those concerning low-value assets, considering that they have little significance.
Regarding the lessor, instead, the distinction between finance lease and operating lease continues to apply, depending on the characteristics of the contract, as per IAS 17. Consequently, the lessor will recognise a financial receivable (if a finance lease) or a tangible asset (if an operating lease).

Impact of first-time adoption of IFRS 16

The process of assessing the impact of the new standard on the Company's accounts took place in stages, including one involving the mapping of contracts that might potentially include a lease and the analysis of such contracts to understand the main provisions that would be relevant in relation to the application of IFRS 16. The assessment revealed that the Company does not hold significant assets as a lessee, with the relevant contracts referring mainly to the operating lease of property.

The Company availed itself of the practical expedient permitted during the transition to IFRS 16, enabling it not to reassess whether a contract is, or contains, a lease. As a result, the conclusion regarding the classification of a contract as a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to contracts entered into or modified before 1 January 2019.
The Company thus availed itself of the following practical expedients on first-time adoption:
a) modified retrospective approach, with recognition in the statement of financial position as at 1 January 2019 of the cumulative effects deriving from the adoption of the standard, without any impact on equity and within any change in the comparative consolidated income statement for 2018;
b) use of the information available at the transition date to determine the length of the lease arrangement, with special emphasis on the exercise of extension options and early termination;
c) exclusion of the new accounting method for lease contracts of little significance, with a residual term of up to 12 months (starting from 1 January 2019) or for low-value assets, relating essentially to computers, telephones and other electronic devices. For these assets, lease payments will continue to be recognised through profit or loss, for the duration of the relevant contracts;
d) exclusion of initial direct costs from the measurement of the right as of 1 January 2019;
e) use of the assessment carried out as at 31 December 2018 in accordance with IAS 37, as regards the assessment of the onerous nature of the lease, as an alternative to performing an impairment review.

The right-of-use assets recognised in application of IFRS 16 - Leases are included in "Property, plant and equipment" in the statement of financial position as at 31 December 2019, with details provided in the respective items in note 5.1.

The following table shows the impact of adoption of IFRS 16 on the Company's financial position as at 1 January 2019.

Statement of financial position

€000	31 December 2018	Impact of adoption of IFRS 16	1 January 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6,444	14,027	20,471
Property, plant and equipment	1,689		1,689
Leased property, plant and equipment	-	14,027	14,027
Investment property	4,755		4,755
Intangible assets	217	-	217
Investments	16,094,572	-	16,094,572
Non-current financial assets	604,214	-	604,214
Deferred tax assets, net	9,046	-	9,046
Other non-current assets	91	-	91
TOTAL NON-CURRENT ASSETS	**16,714,584**	**14,027**	**16,728,611**
CURRENT ASSETS			
Trading assets	13,715	-	13,715
Cash and cash equivalents	281,267	-	281,267
Current financial assets	19,712	-	19,712
Current tax assets	116,983	-	116,983
Other current assets	1,110	-	1,110
Assets held for sale or related to discontinued operations	-	-	-
TOTAL CURRENT ASSETS	**432,787**	-	**432,787**
TOTAL ASSETS	**17,147,371**	**14,027**	**17,161,398**

Statement of financial position

€000	31 December 2018	Impact of adoption of IFRS 16	1 January 2019
EQUITY AND LIABILITIES			
EQUITY			
Equity	11,202,726	-	11,202,726
TOTAL EQUITY	11,202,726	-	11,202,726
NON-CURRENT LIABILITIES			
Non-current provisions	627	-	627
Non-current financial liabilities	5,042,097	13,310	5,055,407
Deferred tax liabilities, net	-	-	-
Other non-current liabilities	2,583	-	2,583
TOTAL NON-CURRENT LIABILITIES	5,045,307	13,310	5,058,617
CURRENT LIABILITIES			
Trading liabilities	23,906	-	23,906
Current provisions	1,583	-	1,583
Current financial liabilities	801,981	717	802,698
Current tax liabilities	46,065	-	46,065
Other current liabilities	25,803	-	25,803
Liabilities related to discontinued operations	-	-	-
TOTAL CURRENT LIABILITIES	899,338	717	900,055
TOTAL LIABILITIES	5,944,645	14,027	5,958,672
TOTAL EQUITY AND LIABILITIES	17,147,371	14,027	17,161,398

The impact on profit or loss in 2019 includes the recognition of depreciation of right-of-use assets (€1,011 thousand) and interest expense (€396 thousand) on the related financial liabilities, in place of lease expense (€1,206 thousand in operating lease payments that were accounted for under IAS 17). The incremental borrowing rate applied to the financial liabilities resulting from lease arrangements recognized in the statement of financial position as at 1 January 2019 is 3%.

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 as at 31 December 2019, and that may in the future be applied in the Company's separate financial statements:

Name of document	Effective date of IASB document	Date of EU endorsement
Amendments to existing standards and interpretations		
Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Change in Accounting estimates and Errors	1 January 2020	November 2019
Amendments to IFRS 9, IAS 39 and IFRS 7 relating to "Interest Rate Benchmark Reform"	1 January 2020	January 2020
Amendments to IFRS 3 – Business Combinations	1 January 2020	Not endorsed

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

On 31 October 2018, the IASB published "Definition of Material (Amendments to IAS 1 and IAS 8)", which has introduced an amendment designed to make the definition of "material" used in IAS 1 and IAS 8 more specific. The amendment also introduces the concept of "obscured information", in addition to the concepts of "omitted" and "misstated" information already present in the two amended standards. The amendment clarifies that information is "obscured" if it is provided in such a way as to produce for general users of financial statements an effect similar to that which would be produced if such information had been omitted or misstated. The amendments introduced were endorsed in November 2019 and apply to all transactions after 1 January 2020.

Amendments to IFRS 9, IAS 39, IFRS 7 on "Interest Rate Benchmark Reform"

On 26 September 2019, the IASB published the document entitled "Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)", which has amended certain of the requirements for the application of hedge accounting, introducing temporary exemptions to such requirements. This is to mitigate the impact of uncertainty over the reform of IBOR, which is still in progress, on future cash flows, whilst awaiting completion of the process. The amendment was also rendered necessary in response to the report, "Reforming Major Interest Rate Benchmarks", published by the European Financial Stability Board. The report contains recommendations designed to strengthen existing benchmarks and other potential benchmarks based on interbank rates and develop alternative nearly risk-free benchmarks. The amendment also requires entities to disclose the hedging relationships directly impacted by the uncertainties caused by the reform and to which the above exemptions apply. It also permits entities to continue to meet the requirements of IFRS assuming that the existing interest rate benchmarks are not altered because of the interbank offered rate reform.
The amendments must be applied from 1 January 2020.

Amendments to IFRS 3 – Business Combinations

On 22 October 2018 the IASB published "Definition of a Business (Amendments to IFRS 3)", to amend IFRS 3 in such a way as to clarify the definition of a business.
In particular, the amendment clarifies that an output is not the necessary condition to identify a business in the presence of a set of activities/processes and assets. However, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced "ability to

create outputs" with "contribution to the ability to create outputs" to clarify that a business can exist also without all the inputs and processes necessary to create an output.
Moreover, the amendment has introduced an optional concentration test, to determine whether an acquired set of activities and assets is a business. To that end, the amendment added a large number of illustrative examples to IFRS 3, to allow comprehension of the practical application of the new definition of a business in specific cases. The amendments apply to all business combinations and acquisitions occurring after 1 January 2020.

The Company is assessing the potential impact, which cannot currently be reasonably estimated, of future application of all the newly issued standards and revisions and amendments of existing standards.

4. ACQUISITIONS AND CORPORATE ACTIONS DURING THE PERIOD

There were no material acquisitions and or corporate actions in 2019.

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 2019. Comparative amounts as at 31 December 2018 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

€19,775 thousand (€6,444 thousand)

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, showing the original cost and accumulated depreciation at the end of the period.

€000	31 December 2019				31 December 2018		
	Cost	Additions	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	5,798	14,655	-5,199	15,254	5,798	-4,109	1,689
Investment property	10,439	-	-5,918	4,521	10,439	-5,684	4,755
Property, plant and equipment	**16,237**	**14,655**	**-11,117**	**19,775**	**16,237**	**-9,793**	**6,444**

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 2018	First-time adoption of IFRS 16	Investment/ Additions	Depreciation	Carrying amount as at 31 December 2019
Property, plant and equipment					
Land	39	-	-	-	39
Buildings	1,580	14,027	628	-1,067	15,168
Industrial and business equipment	35	-	-	-13	22
Other assets	35	-	-	-10	25
Total	**1,689**	**14,027**	**628**	**-1,090**	**15,254**
Investment property					
Land	1,124	-	-	-	1,124
Buildings	3,631	-	-	-234	3,397
Total	**4,755**	-	-	**-234**	**4,521**
Total property, plant and equipment	**6,444**	**14,027**	**628**	**-1,324**	**19,775**

The increase in the carrying amount with respect to 31 December 2018 broadly reflect the impact of first-time application of IFRS 16 – Leases, as described above in note 3. This has involved the recognition of right-of-use assets in relation to contracts in which the Company is the lessee. Right-of-use assets increased by €628 thousand during the year as new lease contracts were entered into: the value of the property, plant and equipment accounted for as at 31 December 2019 in application of IFRS 16, less the related depreciation, amounts to €13,645 thousand.

"Investment property" essentially includes buildings and land owned by the Company and leased to other Atlantia Group companies. The total fair value of these assets is estimated total €9 million based on independent appraisals and information on property markets relevant to these types of investment property. This amount is higher than the related carrying amount.

There were no changes in the expected useful lives of these assets during 2019.

Property, plant and equipment as at 31 December 2019 is free of mortgages, liens or other collateral guarantees restricting use.

5.2 Intangible assets

€229 thousand (€217 thousand)

Intangible assets essentially consist of building rights for land owned by the Municipality of Florence.

5.3 Investments

€15,521,258 (€16,094,572)

The following tables show:

a) amounts at the beginning and end of the period (showing the original cost and any accumulated revaluations and impairments) for the investment held by the Company, classified by category, and the related changes during the year;
b) details of investments, showing, as well as other information, percentage interest and the relevant carrying amount as at 31 December 2019 (net of any unpaid, called-up issued capital).

€000	31 December 2018			CHANGES DURING THE YEAR							31 December 2019			
				Cost					Impairments					
	Cost	Accumulated (impairments)	Carrying amount	New acquisitions, additions for consideration and capital contributions	Decrease due to distribution of reserves	(Decreases)/ Increases due to share-based payment plans	Currency translation differences	Other increases/ decreases	(Decreases)/ Increases due to changes in fair value recognised in other comprehensive income	Other increases/ decreases through profit or loss	Cost	Revaluations	Accumulated (impairments)	Carrying amount
Autostrade per l'Italia SpA	5,332,749	-	5,332,749	-	-	100	-	-	-	-	5,332,849	-	-	5,332,849
Abertis HoldCo SA	3,383,675	-	3,383,675	-	-431,926	-	-	-	-	-	2,951,749	-	-	2,951,749
Aeroporti di Roma SpA	2,912,507	-	2,912,507	16	-	118	-	-	-	-	2,912,641	-	-	2,912,641
Aero 1 Global & International Sà rl	1,030,678	-	1,030,678	-	-30,300	-	-	-	-	-	1,000,378	-	-	1,000,378
Autostrade dell'Atlantico Srl	754,584	-	754,584	-	-	-	-	-	-	-	754,584	-	-	754,584
Azzurra Aeroporti SpA	353,063	-	353,063	-	-	-	-	-	-	-38,718	353,063	-	-38,718	314,345
Stalexport Autostrady SA	104,843	-	104,843	-	-	-	-	-	-	-	104,843	-	-	104,843
Telepass SpA	26,533	-	26,533	-	-	72	-	-	-	-	26,605	-	-	26,605
Pavimental SpA	28,801	-9,265	19,536	-	-	-	-	-		-5,261	28,801	-	-14,526	14,275
Fiumicino Energia Srl	7,673	-	7,673	-	-	-	-	-	-	-	7,673	-	-	7,673
Spea Engineering SpA	3,734	-	3,734	-	-	-	-	-	-	-	3,734	-	-	3,734
Autostrade Indian Infrastructure Development Private Limited	486	-	486	-	-	-	-	-	-	-	486	-	-	486
Domino Srl	21	-	21	-	-	-	-	2	-	-	23	-	-	23
Gemina Fiduciary Service SA [1]	-	-	-	122	-	-	-	200	-	-322	322	-	-322	-
Investments in subsidiaries (A)	**13,939,347**	**-9,265**	**13,930,082**	**138**	**-462,226**	**290**		**202**	**-**	**-44,301**	**13,477,751**	**-**	**-53,566**	**13,424,185**
Aeroporto Guglielmo Marconi di Bologna SpA	164,516	-	164,516						-		164,516	-	-	164,516
Investments in associates (B)	**164,516**	**-**	**164,516**						**-**	**-**	**164,516**	**-**	**-**	**164,516**
Pune Solapur Expressways Private Ltd	16,377	-	16,377				-5		-		16,372	-	-	16,372
Investments in joint ventures (C)	**16,377**	**-**	**16,377**	**-**			**-5**		**-**	**-**	**16,372**	**-**	**-**	**16,372**
Hochtief Aktiengesellschaft	2,410,652	-427,055	1,983,597	-	-	-	-	-	-67,412	-	2,410,652	-	-494,467	1,916,185
Compagnia Aerea Italiana SpA	175,867	-175,867	-	-	-	-	-	-	-	-	175,867	-	-175,867	-
Investments in other companies (D)	**2,586,519**	**-602,922**	**1,983,597**	**-**	**-**	**-**	**-**	**-**	**-67,412**	**-**	**2,586,519**	**-**	**-670,334**	**1,916,185**
Total investments (A+B+C+D+)	**16,706,759**	**-612,187**	**16,094,572**	**138**	**-462,226**	**290**	**-5**	**202**	**-67,412**	**-44,301**	**16,245,158**	**-**	**-723,900**	**15,521,258**

(1) It should be noted that the equity investment was sold on February 26, 2019.

Name	Registered office	Number of shares/units	Par value		Capital/Consortium fund		Interest (%)	Number of shares/units held	Profit/(Loss) for 2019 (€000) (1)	Equity as at 31 December 2019 (€000)(1)	Carrying amount as at 31 December 2019 (€000)
Autostrade per l'Italia SpA	Rome	622,027,000	euro	1.00	euro	622,027,000	88.06%	547,776,698	-291,333	1,462,928	5,332,849
Abertis HoldCo SA	Madrid (Spain)	33,353,330	euro	3.00	euro	100,059,990	0% +1 azione	16,676,666	-20,607	5,846,033	2,951,749
Aeroporti di Roma SpA	Fiumicino	62,224,743	euro	1.00	euro	62,224,743	99.38%	61,842,015	243,193	1,174,344	2,912,641
Aero 1 Global & International Sà rl	Luxembourg	667,086,173	euro	0.01	euro	6,670,862	100.00%	667,086,173	30,406	674,867	1,000,378
Autostrade dell'Atlantico Srl	Rome	1,000,000	euro	1.00	euro	1,000,000	100.00%	1,000,000	141,939	262,856	754,584
Azzurra Aeroporti SpA	Rome	3,221,234	euro	1.00	euro	3,221,234	52.69%	1,697,268	-53,368	610,210	314,345
Stalexport Autostrady SA	Myslowice (Poland)	247,262,023	zloty	0.75	zloty	185,446,517	61.20%	151,323,463	2,419	63,014	104,843
Telepass SpA	Rome	26,000,000	euro	1.00	euro	26,000,000	100.00%	26,000,000	62,945	112,912	26,605
Pavimental SpA	Rome	77,818,865	euro	0.13	euro	10,116,452	59.40%	46,223,290	31	14,981	14,275
Fiumicino Energia Srl	Fiumicino	741,795	euro	1.00	euro	741,795	87.14%	646,387	-193	11,768	7,673
Spea Engineering SpA	Rome	1,350,000	euro	5.16	euro	6,966,000	60.00%	810,000	-21,854	56,356	3,734
Autostrade Indian Infrastructure Development Private Limited	Mumbai (Maharashtra)	10,000	rupia	50.00	rupia	500,000	99.99%	9,999	262 (2)	1,125 (2)	486
Domino Srl	Rome	1	euro	-	euro	10,000	100.00%	1	4	6	23
Investments in subsidiaries (A)											**13,424,185**
Aeroporto Guglielmo Marconi di Bologna SpA	Bologna	36,125,665	euro	2.50	euro	90,314,162	29.38%	10,613,628	17,101 (3)	170,236 (3)	164,516
Investments in associates (B)											**164,516**
Pune Solapur Expressways Private Ltd.	Patas - District Pune - Maharashtra (India)	10,000,000	rupia	10.00	rupia	100,000,000	50.00%	5,000,000	-1,519 (2)	5,417 (2)	16,372
Investments in joint ventures (C)											**16,372**
Hochtief Aktiengesellschaft	Ellen (Germany)	70,646,707	euro	2.56	euro	180,855,570	23.86%	16,852,995	409,751	2,835,373	1,916,185
Compagnia Aerea Italiana SpA	Fiumicino	82,769,810,125	euro	-	euro	3,526,846	6.52%	5,396,768,051	561 (3)	7,092 (3)	-
Investments in other companies (D)											**1,916,185**
Investments (A+B+C+D)											**15,521,258**

(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 approved financial statements (as at 31 March 2019).

(3) The figures have been taken from the latest financial statements approved by shareholders (as at 31 December 2018).

The balance of this item is down €573,314 thousand compared with 31 December 2018, broadly due to:

a) the distribution of reserves by Abertis Holdco (€431,926 thousand in May 2019) and Aero 1 Global & International (€30,300 thousand in December 2019), recognised in the accounts as a direct reduction in the respective investments in the two subsidiaries;
b) the negative impact (€67,412 thousand) of fair value measurement of the investment in Hochtief, previously designated at the time of acquisition as a capital instrument to be measured at fair value through other comprehensive income. Fair value measurement, at the respective dates, was based on the closing price of the shares on the Frankfurt Stock Exchange. At the date of preparation of this document, the preliminary estimate of the fair value of the investment (not taking into account the hedges of share price risk described in note 7.2) reflects the fall in the share price compared with 31 December 2019;
c) partial impairment losses on the carrying amount of the investments in Azzurra Aeroporti (€38,718 thousand) and Pavimental (€5,261 thousand).

As required by IAS 36, impairment tests have also been conducted on the carrying amounts of investments as at 31 December 2019:

a) that include goodwill, or
b) for which there is evidence of a potential impairment.

It should be noted that, in view of the timing of the World health Organisation's announcement of the Covid-19 pandemic, this was considered a subsequent event (covered in note 8.4) of a "non-adjusting" type and, as such, not classifiable as an indicator of impairment at the end of 2019. Accordingly, the financial forecasts and discount rates used in the impairment tests are based on the existing conditions and information as at 31 December 2019. The sensitivity analyses described below can also include useful elements for assessing the potential impact of this health emergency.

There was no evidence of potential reversals of impairment losses on investments recognised in previous years.

The impairment tests were examined by the Board of Directors and conducted, as regards the estimate of the equity value of investments in subsidiaries, by using the Discounted Cash Flow approach. This involves the measurement of value in use, computed by discounting the expected net operating cash flows of the company and/or its investees to present value, and deducting the company's existing net debt. In estimating the equity value of investment in associates, the Dividend Discount Model is used, thus discounting the dividends that the company is expected to pay.

As regards point a), the carrying amounts of the investments in the following companies have been tested for impairment:

1) Autostrade per l'Italia and Azzurra Aeroporti (which holds a 64% interest in Aéroports de la Côte d'Azur), value in use was determined by using the long-term business plans prepared by the companies and their subsidiaries, containing projections for traffic, investment, costs and revenues through to the end of the related concession terms (through to 2038 and 2044, respectively). 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 (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;
2) Abertis HoldCo (which holds the 98.7% interest in Abertis Infraestructuras), for which value in use was estimated on the basis of the long-term plan prepared by the Abertis group 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. This was done to

appropriately assess the Abertis group's ability to generate or acquire additional business in the operation of infrastructure under concession and in the related services (including business beyond its activities or geographical footprint at the acquisition date).

The assumptions used as the basis for the quantification of cash flows and discount rate were primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

In the case of Autostrade per l'Italia, as indicated in note 2 and above all with regard to the reasonable likelihood of reaching agreement with the Government as a result of the talks currently in progress, operating cash flows resulting from the long-term business plan, accordingly prepared by the company, were discounted to present value at a rate of 6.02%.
The impairment test confirmed that the carrying amount of the investment is 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%. This did not, in any event, result in material differences with respect to the outcomes of the impairment test described above.

In terms of Azzurra Aeroporti, operating cash flows resulting from the long-term business plan prepared by Aéroports de la Côte d'Azur and its subsidiaries were discounted to present value at a rate of 4.41%. The impairment test indicated that the value of the investment is partially recoverable, resulting in recognition of an impairment loss of €38,718 thousand, recognised in the item, "Impairment losses on financial assets and investments" in the income statement for 2019.
In addition to the above impairment test, sensitivity analyses were conducted on the recoverable values, increasing the above discount rate by 1% and reducing the average annual rate of traffic growth by 1%. The results of these analyses indicated a potential further loss on the investment of €90,217 thousand in the event of a 1% increase in the discount rate and of €32,808 thousand in the event of a 1% reduction in Aéroports de la Côte d'Azur's average annual rate of air traffic growth, respectively.

In the case of Abertis HoldCo, explicitly projected cash flows for the first five years of the Abertis group's long-term business plan were discounted at a rate of 5.78%, determined on the basis of weighted discount rates for the individual countries in which the Abertis group operates, based on estimated EBITDA for each country in the fifth year of the forecast. 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 long-term growth rate (the so-called "g rate") in line with the average expected rate of inflation and an average discount rate of 7.78%. This discount rate prudently takes into account potential uncertainties linked to the Abertis group's ability to maintain this level of normalised operating cash flow over the long term.
The impairment test has indicated that the value of the investment is fully recoverable.
In addition to the above impairment test, sensitivity analyses applied to the recoverable value, determined by increasing the indicated discount rates by 1% and reducing the long-term growth rate (the so-called "g rate") by 1%.
The outcomes of these analyses did not result in material differences with respect to the outcomes of the impairment test described above.

As regards point b), the recoverability of the carrying amounts of the investments in Pavimental, Spea Engineering and Aeroporto Guglielmo Marconi di Bologna was also tested.

In terms of the method used in carrying out the impairment test for Pavimental and Spea Engineering, 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 subsidiaries' long-term plan were discounted to present value using the discount rate of 6.02%.
In Pavimental's case, the impairment test indicated that the value of the investment is partially recoverable, resulting in recognition of an impairment loss of €5,261 thousand, recognised in the item, "Impairment losses on financial assets and investments" in the income statement for 2019.
In the case of Spea Engineering, the impairment test confirmed that the carrying amount of the investment is fully recoverable.

The impairment test of the investment in Aeroporto Guglielmo Marconi di Bologna was also conducted using a time frame equal to the duration of the related concession, as this was deemed most appropriate. The investee's expected dividends were discounted at a rate of 5.38%.
The impairment test confirmed that the carrying amount of the investment in the above company is fully recoverable.

With regard to the investment in Compagnia Aerea Italiana, the full value of the investment has already been written off in the consolidated financial statements as at and for the year ended 31 December 2017, in view of the entry into extraordinary administration, from 2 May 2017, of its subsidiary, Alitalia-Società Aerea Italiana SpA. This was due to the serious operating and financial difficulties faced by the company, the withdrawal of financial support by its shareholders and the impossibility of rapidly finding alternative solutions. Atlantia does not have a legal or constructive obligation to the investee.

With regard to the investments in Aeroporti di Roma, Autostrade dell'Atlantico, Stalexport Autostrady, Aero 1 and Pune Solapur Expressways, the carrying amounts are higher than the matching share of equity as at 31 December 2019. 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, Autostrade dell'Atlantico and Pune Solapur Expressways, the estimated present value of the net operating cash flows of the companies and their respective subsidiaries, where present;
b) in the case of Stalexport Autostrady and Aero 1 (which holds a 15.49% interest in Getlink SA), the market price of the shares on the Warsaw and Paris Stock Exchanges, respectively, is higher than the average price paid in order to acquire the investment.

5.4 Financial assets

(non-current) €686,257 thousand (€604,214 thousand)
(current) €19,406 thousand (€19,712 thousand)

Medium/long-term financial assets

(non-current) €686,257 thousand (€604,214 thousand)
(current) €1,022 thousand (€1,097 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:

€000	MATURITY	31 December 2019						31 December 2018			
				OF WHICH		TERM				OF WHICH	
		FACE VALUE	CARRYING AMOUNT	CURRENT PORTION	NON-CURRENT PORTION	*BETWEEN 13 AND 60 MONTHS*	*AFTER 60 MONTHS*	FACE VALUE	CARRYING AMOUNT	CURRENT PORTION	NON-CURRENT PORTION
Autostrade dell'Atlantico loan issued 2017	2022	210,000	198,352	-	198,352	*198,352*	-	290,000	266,322	-	266,322
Loans to subsidiaries (1)		**210,000**	**198,352**	-	**198,352**	***198,352***	-	**290,000**	**266,322**	-	**266,322**
Bonds held (1)(2)(3)	2023	**286,682**	**276,722**	-	**276,722**	***276,722***	-	**286,682**	**271,885**	-	**271,885**
Derivative assets (4)		-	**208,046**	-	**208,046**	***38,461***	***169,585***	-	**56,185**	-	**56,185**
Accrued income on medium/long-term financial assets (1)		-	**824**	**824**	-	-	-	-	**804**	**804**	-
Other loans and receivables (1)		-	**1,366**	**198**	**1,168**	***1,168***	-	-	**1,503**	**217**	**1,286**
Other medium/long-term financial assets (1)		-	**1,969**	-	**1,969**	***1,969***	-	-	**8,612**	**76**	**8,536**
Medium/long-term financial assets		**496,682**	**687,279**	**1,022**	**686,257**	***516,672***	***169,585***	**576,682**	**605,311**	**1,097**	**604,214**

(1) These assets are classified as "financial assets measured at amortised cost" in accordance with IFRS 9.

(2) As at 31 dicembre 2019, the Company has entered into interest rate and currency hedges with notional values and maturities matching those of the underlying instrument (these instruments are included in "Derivative assets"). The accounting treatment is described in note 5.3.

(3) In January 2020, the amount receivable on bonds was assigned, resulting in proceeds of €278,022 thousand.

(4) These derivative financial instruments, in addition to the information in note (2), include fair value hedges of the share price risk linked to movements in the price of Hochtief's shares, as described in note 5.3.

b) the type of interest rate applied, the maturity date and fair value:

€000	31 December 2019		31 December 2018	
	CARRYING AMOUNT (1)	FAIR VALUE(2)	CARRYING AMOUNT (1)	FAIR VALUE(2)
Autostrade dell'Atlantico loan	198,352	199,891	266,322	290,659
Loans to subsidiaries (fixed rate)	**198,352**	**199,891**	**266,322**	**290,659**
Bonds held (fixed rate)	**276,722**	**277,669**	**271,885**	**267,588**
Non-current derivative assets	**208,046**	**208,046**	**56,185**	**56,185**
Accrued income on medium/long-term financial assets	**824**	**824**	**804**	**804**
Other loans and receivables	**1,366**	**1,366**	**1,503**	**1,503**
Other medium/long-term financial assets	**1,969**	**1,969**	**8,612**	**8,612**
Medium/long-term financial assets	**687,279**	**689,765**	**605,311**	**625,351**

(1) The value of medium/long-term financial assets shown in the table

(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 2019				31 December 2018	
	FACE VALUE	CARRYING AMOUNT	AVERAGE INTEREST RATE APPLIED	EFFECTIVE INTEREST RATE(1)	FACE VALUE	CARRYING AMOUNT
Loans to subsidiaries (€) - Autostrade dell'Atlantico	210,000	198,352	2.85%	2.85%	290,000	266,322
Loans to subsidiaries (€)	**210,000**	**198,352**			**290,000**	**266,322**
Bonds held (sterling)	286,682	276,722	**5.44%**	**1.87%**	286,682	271,885

(1) With regard to amounts receivable on bonds, the effective interest rate includes the impact of interest rate hedges and reflects amortisation of the premium offered to Romulus's then bondholders in 2015.

d) changes in the carrying amounts of loans to subsidiaries and bonds held during the period:

€000	CARRYING AMOUNT AS AT 31 DECEMBER 2018 (1)	ADDITIONS	REPAYMENTS RECEIVED	CUREENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	CARRYING AMOUNT AS AT 31 DECEMBER 2019 (1)
Loans to subsidiaries	266,322	-	-74,689	6,719	198,352
Bonds held	271,885	-	-	4,837 (2)	276,722

(1) The loans shown in the table include both the non-current and current portions.

(2) This figure includes the positive impact of translation differences, amounting to €12,338 thousand after the reduction for the accrued portion of the premium offered to Romulus's then bondholders in 2015, amounting to €7,501 thousand.

Medium/long-term financial assets, totalling €687,279 thousand, are up €81,968 thousand compared with 31 December 2018, primarily reflecting a combination of the following:

a) recognition of the fair value of the derivative financial instrument called a "funded collar" (€169,585 thousand as at 31 December 2019), entered into in March 2019 and involving 5.6 million shares in Hochtief (representing approximately 33% of the total shares held by Atlantia and approximately 8% of the interest in Hochtief);
b) partial early repayment (€74,689 thousand) of the loan granted to Autostrade dell'Atlantico in 2017.

The hedging strategy implemented through the above funded collar aims to eliminate, as described in greater detail in note 7.2, "Financial risk management", the exposure of the Hochtief shares to the risk that movements in the market price would take the share price below a certain floor (the put strike price) and to benefit from increases in the share price up to a certain cap (the call strike price). Changes in the fair value of this derivative financial instrument are, in line with the accounting treatment applied to the hedged item (as described in note 5.3), are recognized in other comprehensive income.

It should also be noted that:

a) amounts receivable on bonds resulting from the investment of liquidity, in 2015, in sterling-denominated bonds maturing in 2023 (issued originally by the vehicle company, Romulus Finance, and in 2016 transferred from Aeroporti di Roma), were assigned in January 2020, resulting in proceeds of €278,022 thousand;
b) non-current derivative assets include interest rate and currency hedges for the amounts receivable on bonds denominated in foreign currency referred to in point a). The fair value of these assets as at 31 December 2019 is €38,461 thousand.

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

€18,384 thousand (€18,615 thousand)

The following two tables include details of short-term financial assets, showing the composition of the balance.

€000	31 December 2019	31 December 2018
Other current financial assets [1]	17,222	16,934
Derivative assets [2]	1,162	1,681
Short-term financial assets	**18,384**	**18,615**

(1) These assets are classified as "financial assets measured at amortised cost" in accordance with IFRS 9.

(2) These derivative financial instruments are accounted for in accordance with IFRS 9 and are classified as non-hedging derivatives and in level 2 of the fair value hierarchy.

No impairment losses have been recognised on any of the financial assets accounted for in the financial statements and measured at amortised cost in accordance with IFRS 9.
Information on the impact of Covid-19 is provided in note 5.3.

5.5 Net deferred tax assets and deferred tax liabilities

Net deferred tax assets €59,971 thousand (€9,046 thousand)
Net deferred tax liabilities € - (-)

The following tables show deferred tax assets, after offsetting against deferred tax liabilities.

€000	31 December 2019	31 December 2018
Deferred tax assets (IRES)	61,314	20,582
Deferred tax assets (IRAP)	12,670	3,394
Deferred tax assets	**73,984**	**23,976**
Deferred tax liabilities (IRES)	13,782	14,374
Deferred tax liabilities (IRAP)	231	556
Deferred tax liabilities	**14,013**	**14,930**
Deferred tax assets/ (Deferred tax liabilities), net	**59,971**	**9,046**

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	31 December 2018	CHANGES DURING THE YEAR				31 December 2019
		Provisions	Releases	Provisions/ (releases) recognised in other comprehensive income	Change in estimates for previous years	
Derivative liabilities	18,007	-	-	49,235	-	67,242
Tax effect of (losses)/gains on fair value measurement of investments	5,124	-	-	809	-	5,933
Other temporary differences	845	248	-286	12	-10	809
Deferred tax assets	**23,976**	**248**	**-286**	**50,056**	**-10**	**73,984**
Derivative assets (1)	2,823	-	-	-234	-	2,589
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	1,106	37	-59	-	-661	423
Deferred tax liabilities	**14,930**	**37**	**-59**	**-234**	**-661**	**14,013**
Deferred tax assets/ (Deferred tax liabilities), net	**9,046**	**211**	**-227**	**50,290**	**651**	**59,971**

(1) With regard to fair value hedges, the tax component linked to the change in the time value has been recognised in current tax assets with a contra-entry in equity.

The change compared with 31 December 2018 broadly reflects the recognition of fair value losses on Forward-Starting Interest Rate Swaps as at 31 December 2019.

5.6 Other non-current assets

€31 thousand (€91 thousand)

This item includes prepaid premiums on insurance policies.

5.7 Trading assets

€9,190 thousand (€13,715 thousand)

This item, which primarily regards trade receivables due from Atlantia Group companies, is down €4,525 thousand compared with 31 December 2018. This primarily reflects a decrease in the amount due from subsidiaries for seconded staff.

The carrying amount of trade receivables approximates to fair value.

5.8 Cash and cash equivalents

€596,986 thousand (€281,267 thousand)

This item includes:

a) bank deposits and cash equivalents of €550,711 thousand (€218,069 thousand as at 31 December 2018);
b) the balance receivable on intercompany current accounts with certain subsidiaries, totalling €46,275 thousand (€63,198 thousand as at 31 December 2018, including €60,000 thousand due from Autostrade dell'Atlantico).

Existing cash reserves as at 31 December 2019 (the Revolving Credit Facilities described in note 7.2, "Financial risk management") were drawn down in full in January 2020 (€3,250,000 thousand).

Details of the cash flows resulting in the increase in cash and cash equivalents during 2019 are provided in note 7.1, "Notes to the statement of cash flows".

5.9 Current tax assets and liabilities

Current tax assets €88,222 thousand (€116,983 thousand)
Current tax liabilities €35,232 thousand (€46,065 thousand)

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

€000	Current tax assets		Current tax liabilities	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
IRAP on taxable income	630	630	-	-
IRAP on taxable income for previous years	-	-	-	-
IRAP	**630**	**630**	-	-
Atlantia SpA's IRES on taxable income [(1)]	43,924	58,791		-
Atlantia SpA's IRES on taxable income for previous years	-1,332	2,598	-	-
Atlantia SpA's claims for IRES refunds	113	113	-	-
IRES attributable to Atlantia SpA	**42,705**	**61,502**	-	-
IRES on taxable income for companies participating in the tax consolidation arrangement	-22,784	-21,287	-	-
Claims for IRES refunds for companies participating in the tax consolidation arrangement	23,321	23,321	-	-
Other refundable IRES for companies participating in the tax consolidation arrangement	21	44	-	-
IRES attributable to companies participating in the tax consolidation arrangement	**558**	**2,078**	-	-
Claims for IRES refunds for former Gemina companies [(2)]	7,625	7,625	-	-
Claims for IRES refunds for other companies	697	697	-	-
Other IRES credits	**8,322**	**8,322**	-	-
IRES	**51,585**	**71,902**	-	-
Relations with companies participating in tax consolidation arrangement for IRES on taxable income	**34,675**	**43,987**	11,890	22,700
Relations with companies participating in tax consolidation arrangement for claims for IRES refunds	-	-	23,321	23,321
Relations with companies participating in tax consolidation arrangement for other refundable IRES	-	-	21	44
Relations with companies participating in tax consolidation arrangement	**34,675**	**43,987**	**35,232**	**46,065**
Other taxation for previous years	**1,332**	**464**	-	-
Total	**88,222**	**116,983**	**35,232**	**46,065**

(1) This item includes the component linked to the change in the time value relating to fair value hedges, recognised in a contra-entry in equity.

(2) 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 effctive date of the merger (the matching payable due to these companies is recognised in other current liabilities).

Based on Legislative Decree 344/2003 and articles 117 *et seq.* of Presidential Decree 917/1986, Atlantia has elected for group taxation for the purposes of IRES (tax consolidation arrangement). The arrangement includes:

a) the direct subsidiaries, Autostrade per l'Italia, Aeroporti di Roma, Telepass, Pavimental, Spea Engineering, Autostrade dell'Atlantico, Azzurra Aeroporti and Fiumicino Energia;
b) 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 and Autostrade Tech, the indirect subsidiaries (through Aeroporti di Roma) ADR Assistance, ADR Tel, ADR Security and ADR Mobility, the indirect subsidiaries

(through Telepass), Telepass Pay, Telepass Broker and Infoblu, the indirect subsidiary (through Autostrade dell'Atlantico) Autostrade Portugal, and the indirect subsidiary (through Fiumicino Energia) Leonardo Energia.

As a result, Atlantia recognises the following items in its current tax assets and liabilities:
a) current tax assets and liabilities for IRES attributable to the companies included in the arrangement;
b) 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 reduction in net current tax assets, compared with 31 December 2018, amounts to €17,928 thousand, and reflects the Company's settlement of the balance of income tax due for 2018 (€58,221 thousand), essentially offset by recognition of the tax benefit, totalling €41,005 thousand, resulting from the tax loss for the year (recoverable in 2020 within the tax consolidation arrangement).

5.10 Other current assets

€18,471 thousand (€1,110 thousand)

The increase in this item is essentially linked to receivables in the form of withholding tax paid in Germany (€16,715 thousand) on dividends paid by Hochtief, for which a claim for a refund was submitted in December 2019.

5.11 Equity

€10,808,916 thousand (€11,202,726 thousand)

Atlantia SpA's issued capital as at 31 December 2019 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 2019.

Details of the number of shares outstanding as at 31 December 2019, compared with 31 December 2018, are shown below.

	31 December 2019	31 December 2018
Number of shares in issue	825,783,990	825,783,990
Number of treasury shares held	-7,772,693	-7,819,488
Number of shares outstanding	**818,011,297**	**817,964,502**

The increase in the number of shares outstanding, and the accompanying reduction in treasury shares, reflects the impact of the exercise of share options (in return for payment of an exercise price of €750 thousand) by the beneficiaries of share-based incentive plans (as described in note 8.3, "Disclosures regarding share-based payments").

Equity is down €393,810 thousand compared with 31 December 2018. 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) payment of the final dividend for 2018 (€736,168 thousand), including the distribution of the distributable "Retained earnings" reserve;
b) comprehensive income for the year (€341,608 thousand) which, compared with profit for the year (€426,614 thousand), reflects:
    a. increased fair value losses (€121,065 thousand, after the related taxation) on cash flow hedges;
    b. fair value losses on the investment in Hochtief (€66,603 thousand, after the related taxation), reflecting the stock market performance of the company's shares in 2019;
    c. an increase in fair value gains (€102,689 thousand, after the related taxation) on fair value hedges between the execution date for the funded collar (described in note 5.4) and the end of the year.

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 Atlantia Group's businesses.

The table below shows an analysis of issued capital and equity reserves as at 31 December 2019, showing their permitted uses and distributable amounts.

Description	Equity as at 31 December 2019 (€000)		Permitted uses (A, B, C, D)*	Available portion (€000)	Uses between 1 January 2016 and 31 December 2018 (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	(2)	A, 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	-157,224		B	-	-	-
Riserva da valutazione strumenti finanziari di fair value hedge	102,689		B	-	-	-
Reserve for gains/(losses) on fair value measurement of investments	-488,534		B	-	-	-
Reserve for actuarial gains and losses on post-employment benefits	-527		B	-527	-	-
Restricted reserve for Contingent Value Rights	18,456		A, B, D	-	-	-
Other reserves	64,506	(4)	A, B, C	64,506	-	-
Retained earnings	1,911,517		A, B, C	1,911,517	-	-
Reserves and retained earnings	**9,722,605**			**10,082,061**	-	-
Treasury shares	**-166,087**	(5)		**-166,087**		
Total	**10,382,302**			**9,915,974**	-	-
of which:						
Non-distributable				-		
Distributable				*9,915,974*		

*** 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:
a) reserve for capital contributions, amounting to €8,113 thousand;
b) revaluation reserve pursuant to Law 72/1983, amounting to €368,840 thousand;
c) revaluation reserve pursuant to Law 413/1991, amounting to €50,416 thousand;
d) revaluation reserve pursuant to Law 342/2000, amounting to €21,630 thousand.

(4) This item includes:
a) €64,514 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) -€8 thousand relating to the "IFRS FTA reserve".

(5) Pursuant to art. 2357 of the Italian Civil Code, the Annual General Meeting of shareholders held on 18 Aprile 2019 authorised the purchase of treasury share with a value of up to €1,900,000,000. If the Board of Directors decides to purchase own shares in order to reduce the issued capital by cancelling the shares purchased, the transactions will be funded from available equity reserves in the "Extraordinary reserve".

5.12 Provisions

(non-current) €403 thousand (€627 thousand)
(current) €1,387 (€1,583 thousand)

Provisions for employee benefits

(non-current) €403 thousand (€627 thousand)
(current) €62 thousand (€178 thousand)

This item relates entirely to the amount due in the form of post-employment benefits to be paid to staff on termination of employment.
The most important actuarial assumptions used to measure the provision for post-employment benefits at 31 December 2019 are summarised below.

Financial assumptions	
Annual discount rate (1)	0.37%
Annual inflation rate	1.20%
Annual rate of increase in post-employment benefits	2.40%
Annual rate of increase in real salaries	0.65%
Annual turnover rate	5.00%
Annual rate of advances paid	3.50%
Duration (years)	6.3

(1) The annual discount rate used to determine the present value of the obligation was determined, in line with paragraph 83 of IAS 19, with reference to the average yield curve taken from the IBOXX Eurozone Corporates AA index on the valuation date for durations of 7-10 years, reflecting the overall duration of the relevant provisions as at 31 December 2019.

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 2019, 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 2018					
	Change in assumption					
	turover rate		inflation rate		discount rate	
	+1%	-1%	+ 0.25%	-0.25%	+ 0.25%	-0.25%
Balance of provisions for employee benefits	462	468	469	461	459	471

Other provisions

(current) €1,325 thousand (€1,405 thousand)

This item, the balance of which is broadly in line with 31 December 2018, consists of provisions reflecting estimates of the liabilities expected to be incurred in connection with pending litigation and tax disputes at the end of the year.

5.13 Financial liabilities

(non-current) €5,968,486 thousand (€5,042,097 thousand)
(current) €134,966 thousand (€801,981 thousand)

Medium/long-term borrowings

(non-current) €5,968,486 thousand (€5,042,097 thousand)
(current) €47,542 thousand (€718,382 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:

€000		MATURITY	31 December 2019						31 December 2018			
					OF WHICH		TERM				OF WHICH	
			FACE VALUE	CARRYING AMOUNT	CURRENT PORTION	NON-CURRENT PORTION	*BETWEEN 13 AND 60 MONTHS*	*AFTER 60 MONTHS*	FACE VALUE	CARRYING AMOUNT	CURRENT PORTION	NON-CURRENT PORTION
Bond issue 2017		2025	750,000	748,169	-	748,169	-	748,169	750,000	747,827	-	747,827
Bond issue 2017		2027	1,000,000	987,531	-	987,531	-	987,531	1,000,000	986,016	-	986,016
Bond issues	**(A)**		**1,750,000**	**1,735,700**	-	**1,735,700**	-	**1,735,700**	**1,750,000**	**1,733,843**		**1,733,843**
Borrowing (Term Loan 1) disbursed 2018		2022	1,500,000	1,493,958	-	1,493,958	1,493,958	-	1,500,000	1,490,666	-	1,490,666
Borrowing (Term Loan 2) disbursed 2018		2023	1,750,000	1,744,740	-	1,744,740	1,744,740	-	1,750,000	1,742,693	-	1,742,693
Borrowing (RCF) disbursed 2018		2019	-	-	-	-	-	-	675,000	671,834	671,834	-
Collar financing (disbursement 2019)		2026	751,953	734,720	-	734,720	7,721	726,999				
Bank borrowings	**(B)**		**4,001,953**	**3,973,418**	-	**3,973,418**	**3,246,419**	**726,999**	**3,925,000**	**3,905,193**	**671,834**	**3,233,359**
	(A+B)		**5,751,953**	**5,709,118**	-	**5,709,118**	**3,246,419**	**2,462,699**	**5,675,000**	**5,639,036**	**671,834**	**4,967,202**
Total bond issues and borrowings[1]												
Lease liabilities(1)	**(C)**		-	**13,846**	**886**	**12,960**	**485**	**12,475**	-	-	-	-
Derivative liabilities[2]	**(D)**		-	**246,408**	-	**246,408**	-	**246,408**		**74,895**	-	**74,895**
Accrued expenses on medium/long-term financial liabilities[1]	**(E)**		-	**46,656**	**46,656**	-	-	-		**46,548**	**46,548**	-
Medium/long-term financial liabilities	**(A+B+C+D+E)**		**5,751,953**	**6,016,028**	**47,542**	**5,968,486**	**3,246,904**	**2,721,582**	**5,675,000**	**5,760,479**	**718,382**	**5,042,097**

(1) These financial instruments are classified as financial liabilities measured at amortised cost, in accordance with IFRS 9.

(2) These derivative financial instruments are intended to hedge interest rate risk on future issues.

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

€000		MATURITY	31 December 2019		31 December 2018	
			CARRYING AMOUNT (1)	FAIR VALUE[2]	CARRYING AMOUNT (1)	FAIR VALUE[2]
Bond issue 2017		2025	748,169	721,733	747,827	658,395
Bond issue 2017		2027	987,531	937,440	986,016	841,910
Bond issues (fixed rate)	**(A)**		**1,735,700**	**1,659,173**	**1,733,843**	**1,500,305**
Borrowing (Term Loan 1) disbursed 2018		2022	1,493,958	1,450,736	1,490,666	1,391,666
Borrowing (Term Loan 2) disbursed 2018		2023	1,744,740	1,690,828	1,742,693	1,598,019
Borrowing (RCF) disbursed 2018		2019	-	-	671,834	660,679
Bank borrowings (floating rate)	**(B)**		**3,238,698**	**3,141,564**	**3,905,193**	**3,650,364**
Collar financing (disbursement 2019)		2026	734,720	754,682	-	-
Bank borrowings (fixed rate)	**(C)**		**734,720**	**754,682**	-	-
Total bond issues and borrowings[1]	**(A+B+C)**		**5,709,118**	**5,555,419**	**5,639,036**	**5,150,669**
Lease liabilities	**(D)**		**13,846**	**13,846**	-	-
Derivative liabilities	**(E)**		**246,408**	**246,408**	**74,895**	**74,895**
Accrued expenses on medium/long-term financial liabilities	**(F)**		**46,656**	**46,656**	**46,548**	**46,548**
Medium/long-term financial liabilities	**(A+B+C+D+E+F)**		**6,016,028**	**5,862,329**	**5,760,479**	**5,272,112**

(1) The medium/long-term financial liabilities shown in the table include both current and non-current portions.
(2) The fair value shown for bond issues is classified in level 1 of the fair value hierarchy, whilst the fair value of bank borrowings is classified in level 2 of the 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 and bank borrowings, showing the currency of issue, and the corresponding average and effective interest rates:

	31 December 2019				31 December 2018			
	FACE VALUE (1)	CARRYING AMOUNT (1)	AVERAGE INTEREST RATE	AVERAGE EFECTIVE INTEREST RATE(2)	FACE VALUE (1)	CARRYING AMOUNT (1)	AVERAGE INTEREST RATE	AVERAGE EFECTIVE INTEREST RATE
Bond issues (€)	1,750,000	1,735,700	1.83%	1.88%	1,750,000	1,733,843	2.41%	2.66%
Bank borrowings (€)	4,001,953	3,973,418	0.62%	2.05%	3,925,000	3,905,193	0.51%	1.38%

(1) Amounts in the table include both current and non-current portions.

(2) The effective interest rate on bank borrowings reflects the cost of differentials realised on the Forward-Starting Interest Rate Swaps.

d) movements during the period in the carrying amounts of outstanding bond issues and bank borrowings:

€000	CARRYING AMOUNT AS AT 31 DECEMBER 2018 (1)	ADDITIONS	REPAYMENTS	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	CARRYING AMOUNT AS AT 31 DECEMBER 2019 (1)
Bond issues	1,733,843	-	-	1,857	1,735,700
Bank borrowings	3,905,193	732,535	675,000	10,690	3,973,418

(1) Amounts in the table include both the non-current and current portions.

Medium/long-term financial liabilities, amounting to €6,016,028 thousand, are down €255,549 thousand compared with 31 December 2018, reflecting a combination of the following:

a) repayment, in April 2019, of the Revolving Credit Facility agreed in July 2018 (of which €675,000 thousand was disbursed in September 2018) in order to fund the joint investment in Abertis;
b) the increase of €171,513 thousand in fair value losses on Forward-Starting Interest Rate Swaps;
c) the disbursement, in April 2019, of a loan with a face value of €751,953 thousand) as part of the collar financing transaction, associated with the execution of the derivate contract, described in note 5.4, for the purposes of hedging the risk resulting from movements in the price of the shares held in Hochtief.

Available lines of credit as at 31 December 2019, totalling €3,250,000 thousand, were fully drawn down in January 2020 (details are provided in note 7.2, "Financial risk management").

Key aspects of the Term Loans and collar financing are described below:

a) Term Loan 1: a face value of €1,500 million, repayable in tranches maturing between the first quarter of 2022 and the first quarter of 2023;
b) Term Loan 2: a face value of €1,750 million, with a bullet repayment in the third quarter of 2023;
c) Collar financing: a face value of €751,953, to be repaid between September 2024 and March 2026 (potentially via the sale of the Hochtief shares at a price within a predetermined range).

Atlantia's Euro Medium Term Note (EMTN) Programme, launched in October 2016, and Autostrade per l'Italia's bond issues, which are guaranteed by Atlantia until September 2025, include negative pledge provisions, in line with international practice.
The Term Loans and Revolving Credit Facilities also require compliance, at consolidated level, with certain covenants in line with market practice. The criteria for determining the economic and financial items used to compute the ratios are specified in 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 and interest
These regard a minimum threshold for:

i) the ratio of Funds from Operations (FFO) to Total Net Debt;
ii) the debt service coverage ratio; and
iii) equity.

The Company expects confirmation of its compliance with the covenants included in the related loan agreements, based on the figures in the financial statements as at 31 December 2019 presented in this document.

Atlantia's and Autostrade per l'Italia's loan agreements and bond issues include provisions requiring early repayment in the following cases:

a) *cross acceleration* when the debt of Atlantia or a significant subsidiary becomes immediately repayable, unless this follows the loss of a concession;
b) *cross-default* if Atlantia or one of its significant subsidiaries non compliance to repay debt at maturity or within the applicable grace period;
c) *change in the nature of the business*, where there is a change in the nature or substantially the sale of the business by Atlantia or one of its significant subsidiaries. The bond issues exclude cases in which the change is linked to revocation/termination of the concession under the terms of the related concession arrangement.

Atlantia's and Autostrade per l'Italia's loan agreements and bond issues also include negative pledge provisions.

The loan agreements include further provisions requiring early repayment in the following cases:

a) *legal, regulatory or administrative proceedings* involving Atlantia or Autostrade per l'Italia that might reasonably have a material adverse effect on Atlantia;

b) *insolvency*, if Atlantia or a significant subsidiary were to become insolvent, and not be able to meet its repayment obligations or suspend such repayments. All the loan agreements contain an explicit exception covering cases in which insolvency is the result of the loss of a concession;
c) *further restrictions*: in the event of revocation, forfeiture, cancellation or termination of the concession held by a significant subsidiary, further restrictions may be applicable, such as disposal, new debt, guarantees and new acquisitions, the breach of which may trigger early repayment.

The principal provisions applicable to Autostrade per l'Italia's loans and bonds are described below. The loans from the EIB and Cassa Depositi e Prestiti ("CDP") are subject to early repayment provisions, including:
a) *minimum rating requirement*; as previously announced, in 2020, following the issue of the *Milleprorogue* Decree, the rating agencies downgraded Autostrade per l'Italia's ratings to sub-investment grade and this could, if adequate credit guarantees cannot be provided, trigger early repayment of Autostrade per l'Italia's borrowings from the EIB and CDP (€2.1 billion and €1.7 billion, guaranteed by Atlantia), enforcement of the guarantees provided by Atlantia and, in the event of non-payment, the potential cross-default of Autostrade per l'Italia and Atlantia. At the date of preparation of this Annual Report for 2019, the subsidiary has not received a request for early repayment from the two financial institutions and that, from the ongoing discussions, the parties are monitoring developments;
b) *concession events,* where the concession lapses or where action is taken with a view to declaring the concession resolved or in the event of changes to it that have a material adverse effect;
c) *regulatory events*, regarding a change in the concession's regulatory framework, where this, in the bank's reasonable judgement, has a negative impact on the financial position of Autostrade per l'Italia or of the guarantor, Atlantia;
d) *material adverse event*;
e) *cross-default and/or cross-acceleration events*.

Autostrade per l'Italia's bond issues contain put provisions that could trigger early repayment in the event of, among other things, changes to the concession that could have a material adverse effect on Autostrade per l'Italia, or in the event of termination or revocation of the concession.

Further details are dscribed in note 7.2, "Financial risk management".

Short-term financial liabilities
€87,424 thousand (€83,599 thousand)

The composition of short-term financial liabilities is shown below, with a breakdown of the carrying amount.

€000	31 December 2019	31 December 2018
Balance payable on intercompany current accounts with related parties	5,933	1,574
Other current financial liabilities [(1)]	80,329	80,344
Current derivative liabilities [(2)]	1,162	1,681
Short-term financial liabilities	**87,424**	**83,599**

(1) These financial instruments are classified as financial liabilities measured at amortised cost, in accordance with IFRS 9.

(2) These derivative financial instruments are accounted for under IFRS 9 and classified as non-hedge accounting derivatives.

This item is broadly in line with the amount for 31 December 2018 and essentially reflects receipt, in 2018, of a cash deposit from the subsidiary, Telepass, amounting to €80,000 thousand.

Further details on derivative financial instruments classified as non-hedge accounting 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).

(€000)	NOTE	31 December 2019	of which related party transactions	31 December 2018	of which related party transactions
Cash		-550,711		-218,069	
Cash equivalents and intercompany current account receivables due from related parties		-46,275	-46,275	-63,198	-63,198
Cash and cash equivalents (A)	5.8	-596,986		-281,267	
Current financial assets (B)	5.4	-19,406	-18,384	-19,712	-16,913
Intercompany current account payables due to related parties		5,933	5,933	1,574	1,574
Current portion of medium/long-term financial liabilities		47,542	609	718,382	
Current derivative liabilities		1,162		1,681	1,524
Other financial liabilities		80,329	80,000	80,344	80,092
Current financial liabilities (C)	5.13	134,966		801,981	
Current net debt/(net funds) (D=A+B+C)		-481,426		501,002	
Medium/long-term borrowings		3,986,378	12,475	3,233,359	
Bond issues		1,735,700		1,733,843	
Non-current derivative liabilities		246,408		74,895	
Non-current financial liabilities (E)	5.13	5,968,486		5,042,097	
Net debt/(net funds) as defined by ESMA recommendation F= (D+E)		5,487,060		5,543,099	
Non-current financial assets (G)	5.4	-686,257	-475,074	-604,214	-538,207
Net debt/(net funds) (H=F+G)		4,800,803		4,938,885	

5.14 Other non-current liabilities

€20,747 thousand (€2,583 thousand)

Other non-current liabilities essentially regard the accrued amount payable, beyond 2020, under staff incentive plans (€14,181 thousand) and the costs linked to the resignation of the previous Chief Executive Officer under the termination agreement reached in September 2019 (€6,546 thousand).

5.15 Trading liabilities

€15,991 thousand (€23,906 thousand)

Trading liabilities are down €7,915 thousand compared with 31 December 2018, essentially due to the settlement, in 2019, of expenses accruing in 2018 in relation to the joint investment in Abertis.

The carrying amount of trade payables approximates to fair value.

5.16 Other current liabilities

€33,668 thousand (€25,803 thousand)

Other current liabilities are up €7,865 thousand compared with 31 December 2018, essentially as a result of current payables relating to staff incentive plans (€1,901 thousand) and the expenses incurred as a result of the resignation of the previous Chief Executive Officer under the termination agreement reached in September 2019 (€3,274 thousand).

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 2018 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

€2,566 thousand (€3,219 thousand)

Operating revenue primarily regards rental income and cost recoveries received from subsidiaries.

6.2 Raw and consumable materials

-€119 thousand (-€119 thousand)

These costs relate primarily to purchases of office materials.

6.3 Service costs

-€23,751 thousand (-€62,489 thousand)

An analysis of service costs is provided below.

'€000	2019	2018	INCREASE/ (DECREASE)
Professional services	-17,977	-57,620	39,643
Advertising and promotions	-1,566	-1,636	70
Remuneration of Statutory Auditors	-358	-348	-10
Insurance	-947	-407	-540
Other services	-2,903	-2,478	-425
Service costs	**-23,751**	**-62,489**	**38,738**

The reduction in this item primarily reflects the cost of external consultants in connection with expenses accruing in 2018 in relation to the acquisition of control of Abertis (€44,162 thousand).

6.4 Staff costs

-€59,058 thousand (-€20,237 thousand)

An analysis of staff costs is provided below.

€000	2019	2018	INCREASE/ (DECREASE)
Wages and salaries	-21,056	-16,589	-4,467
Early retirement incentives	-13,237	-	-13,237
Social security contributions	-5,122	-4,169	-953
Cost of share-based incentive plans	-15,066	-517	-14,549
Post-employment benefits (including payments to supplementary pension funds or to INPS)	-1,325	-1,104	-221
Directors' remuneration	-3,386	-898	-2,488
Recovery of cost of seconded staff	2,488	5,011	-2,523
Other staff costs	-2,354	-1,971	-383
Staff costs	**-59,058**	**-20,237**	**-38,821**

The increase in this item is essentially linked to:

a) the expenses (€20,157 thousand) incurred as a result of the agreed termination of Atlantia's then Chief Executive Officer in September 2019;
b) the increased cost (€10,012 thousand) of staff incentive plans, partly in relation to changes in the fair value of rights vesting between 2018 and 2019.

Details of equity-settled and cash-settled share-based incentive plans, involving a number of the Company's Directors and employees, are provided in note 8.3, "Disclosures regarding share-based payments".

The following table presents the average workforce broken down by category.

Workforce	2019	2018	INCREASE/ (DECREASE)
Senior managers	39	37	2
Middle managers and administrative staff	108	85	23
Average workforce	**147**	**122**	**25**

6.5 Other operating costs

-€8,803 thousand (-€17,632 thousand)

The composition of this item and details of changes between the two comparative periods are shown in the following table.

€000	2019	2018	INCREASE/ (DECREASE)
Lease expense	-398	**-1,126**	**728**
Indirect taxes and duties	-6,521	-15,672	9,151
Grants and donations	-1,370	-214	-1,156
Other	-514	-620	106
Other costs	-8,405	**-16,506**	**8,101**
Other operating costs	-8,803	**-17,632**	**8,829**

The reduction in this item broadly reflects non-deductible VAT (€9,612 thousand) recognised on the fees paid to external consultants in 2018 in relation to the transaction resulting in the acquisition of control of Abertis.

6.6 Financial income/(expenses)
€477,320 thousand (€750,818 thousand)

Financial income €694,925 thousand (€959,879 thousand)
Financial expenses -€217,741 thousand (-€208,724 thousand)
Foreign exchange gains/(losses) €136 thousand (-€337 thousand)

An analysis of financial income and expenses and details of changes between the two comparative periods are shown below.

€000		2019	2018	INCREASE/ (DECREASE)
Dividends received from investees		**636,207**	**861,300**	**-225,093**
Gains from sale of investments		**-**	**38**	**-38**
Interest income		13,606	49,552	-35,946
Income from derivative financial instruments		14,006	30,291	-16,285
Income from measurement of financial instruments at amortised cost		-	3,744	-3,744
Financial income accounted for as an increase in financial assets		6,718	7,382	-664
Other		24,388	7,572	16,816
Other financial income		**58,718**	**98,541**	**-39,823**
Total financial income	**(A)**	**694,925**	**959,879**	**-264,954**
Financial expenses from discounting of provisions		**-7**	**-7**	**-**
Impairment losses on financial assets and investments		**-44,301**	**-**	**-44,301**
Interest expense		-57,808	-72,288	14,480
Losses on derivative financial instruments		-60,642	-61,437	795
Losses on measurement of financial instruments at amortised cost		-17,597	-14,820	-2,777
Other		-37,386	-60,172	22,786
Other financial expenses		**-173,433**	**-208,717**	**35,284**
Total financial expenses	**(B)**	**-217,741**	**-208,724**	**-9,017**
Foreign exchange gains/(losses)	**(C)**	**136**	**-337**	**473**
Financial income/(expenses)	**(A+B+C)**	**477,320**	**750,818**	**-273,498**

Net financial income is down, primarily due to a combination of the following:

a) a reduction of €225,093 thousand in dividends declared by investees, primarily with reference to Autostrade per l'Italia (€181,862 thousand) and Aeroporti di Roma (€116,111 thousand), which did not pay any interim dividend for 2019, partially offset by dividends declared during the year by Hochtief (€63,373 thousand);

b) "Impairment losses on financial assets and investments" during the year in relation to the partial impairment loss on the carrying amount of the investments in Azzurra Aeroporti (€38,718 thousand) and Pavimental (€5,261 thousand).

Net other financial expenses amount to €114,715 thousand and primarily regard the expenses connected with bond issues (€32,769 thousand), the Term Loans and the collar financing (€34,345 thousand) and net expenses on derivatives (€46,637 thousand). The increase in net expenses of €4,539 thousand compared with 2018 (€110,176 thousand) primarily reflects:

a) increased expenses (€29,835 thousand) on the Term Loans disbursed in September 2018, and used to fund the acquisition of control of Abertis, and on the collar financing involving Hochtief shares;
b) an increase in expenses incurred on derivative financial instruments (€15,096 thousand), relating essentially to the differentials realised on Forward-Starting Interest Rate Swaps;
c) an increase in financial expenses linked to commitment and up-front fees payable (€10,654 thousand) on the Revolving Credit Facility obtained in October 2018, totalling €2,000,000 thousand (disbursed in January 2020);
d) commitment and up-front fees, accruing mainly in 2018, linked to the combination of credit facilities obtained during the phase prior to completion of the acquisition of control of Abertis (€52,173 thousand).

6.7 Income tax (expense) benefit

€39,715 thousand (€41,420 thousand)

A comparison of the income tax benefit for 2019 and the comparative period is shown in the following table.

€000		2019	2018	INCREASE/ (DECREASE)
IRES		41,005	39,636	1,369
IRAP		-	-	-
Other taxes		-2,168	-	-2,168
Current tax assets for tax losses		-	-	-
Current tax benefit	**(A)**	**38,837**	**39,636**	**-799**
Recovery of previous years' income taxes		960	2,319	-1,359
Previous years' income taxes		-717	-	-717
Differences on current tax expense for previous years	**(B)**	**243**	**2,319**	**-2,076**
Provisions		248	435	-187
Releases		-286	-199	-87
Change in estimates for previous years		-10	-	-10
Deferred tax income		**-48**	**236**	**-284**
Provisions		-37	-772	735
Releases		59	-	59
Changes in prior year estimates		661	1	660
Deferred tax expense		**683**	**-771**	**1,454**
Deferred tax income/(expense)	**(C)**	**635**	**-535**	**1,170**
Income tax benefit/(expense)	**(A+B+C)**	**39,715**	**41,420**	**-1,705**

Current tax benefits amount to €39,715 thousand (€41,420 thousand in 2018), broadly reflecting the tax benefit of €41,005 thousand (€39,636 thousand in 2018) on the tax loss for the year (after taking into account the limited impact of dividends on taxation), which is fully recoverable in view of the tax consolidation arrangement established by the Company.

The following table shows a reconciliation of the statutory rates of taxation and the effective charge for the year.

€000		2019			2018		
		Taxable income	Tax expense		Taxable income	Tax expense	
			Tax	Tax rate		Tax	Tax rate
Profit/(Loss) before tax from continuing operations		**386,899**			**653,301**		
IRES tax expense/(benefit) at statutory rate			**92,856**	**24.00%**		**156,792**	**24.00%**
Temporary differences deductible in future years		1,029	247	0.06%	1,813	435	0.07%
Temporary differences taxable in future years		-154	-37	-0.01%	-3,217	-772	-0.12%
Reversal of temporary differences arising in previous years		-942	-226	-0.06%	-829	-199	-0.03%
Tax free dividends		-582,886	-139,893	-36.16%	-757,387	-181,773	-27.82%
Dividends not collected		-	-	-	-60,848	-14,603	-2.24%
Distribution of reserves by investees		-21,128	-5,071	-1.31%	1,273	306	0.05%
Reversals of impairment losses/(Impairment losses) on financial assets and investments		44,301	10,632	2.75%	-	-	-
Income tax of controlled foreign companies		-		-	-	-	0.00%
Other permanent differences		2,029	487	0.13%	740	178	0.03%
Taxable income assessable to IRES		-170,852			-165,154		
IRES rate		-			-		
Current IRES charge for the year	**(a)**		41,005	**10.60%**		**39,636**	**6.07%**
Other taxes	**(b)**		-2,168	-		-	-
Current IRAP charge for the year	**(c)**		-	-		-	-
Current tax expense	**(d= a+b+c)**		38,837	**10.04%**		**39,636**	**6.07%**
Differences in income tax for previous years	**e**		243	-		**2,319**	-
Deferred tax income/(expense)	**f**		635	-		**-535**	-
Tax benefit	**d+e+f**		39,715	**10.26%**		**41,420**	**6.34%**

6.8 Earnings per share

The following table shows the calculation of basic and diluted earnings per share with comparative amounts.

	2019	2018
Weighted average number of shares outstanding	825,783,990	825,783,990
Weighted average number of treasury shares in portfolio	-7,804,365	-7,914,925
Weighted average of number of shares outstanding for the calculation of basic earnings per share	**817,979,625**	**817,869,065**
Weighted average number of diluted shares held under share-based incentive plans	8,722	105,409
Weighted average number of all shares outstanding for the calculation of diluted earnings per share	**817,988,346**	**817,974,474**
Profit for the year (€000)	426,614	694,721
Basic earnings per share (€)	**0.52**	**0.85**
Diluted earnings per share (€)	**0.52**	**0.85**
Profit from continuing operations (€000)	426,614	694,721
Basic earnings per share from continuing operations (€)	**0.52**	**0.85**
Diluted earnings per share from continuing operations (€)	**0.52**	**0.85**
Profit from discontinued operations (€000)	-	-
Basic earnings per share from discontinued operations (€)	-	-
Diluted earnings per share from discontinued operations (€)	-	-

7. OTHER FINANCIAL INFORMATION

7.1 Notes to the statement of cash flows

Cash flows during 2019 resulted in an increase in cash and cash equivalents of €311,360 thousand, compared with a reduction of €2,813,685 thousand in 2018.

Cash generated from operating activities amounts to €490,256 thousand, down €82,458 thousand on 2018 (€572,714 thousand). This primarily reflects the reduction in dividends received from investees (€225,093 thousand), partially offset by inflows from changes in other non-financial assets and liabilities linked to taxation and represented by:

a) the inflows generated in 2019 (€17,928 thousand), essentially reflecting collection of the tax benefit due for 2018 (€58,221 thousand), after the recognition of current tax income (€41,005 thousand);
b) outflows in 2018 (€102,334 thousand), essentially reflecting the payment of outstanding tax (€56,744 thousand) for 2017 (resulting from the positive impact of the corporate transactions carried out in 2017) and the payment of account for 2018, in addition to the recognition of current tax income (€39,636 thousand).

Net cash from investing activities, amounting to €482,045 thousand, primarily reflects the distribution of reserves by Abertis HoldCo (€431,926 thousand) and Aero 1 (€30,300 thousand).
In 2018, the corresponding outflows, amounting to €5,779,472 thousand, primarily reflected:

a) outflows relating to the subscription for shares issued by Abertis HoldCo (€3,458,939 thousand) and the acquisition of shares in Hochtief (€2,410,652 thousand) and a 100% interest in Aero 1 (€1,056,129 thousand);
b) the collection of repayment of the remaining amount due on the loan granted to Autostrade per l'Italia in 2012 (€1,000,000 thousand);
c) the collection of the amounts resulting from the distribution from reserves by Abertis HoldCo (€75,264 thousand) and Aero 1 (€25,451 thousand).

Cash used in financing activities, totalling €660,941, essentially reflects:

a) payment to shareholders of the final dividend for 2018 (€736,153 thousand);
b) disbursement of a loan with a face value of €751,953 thousand in relation to the collar financing;
c) full repayment, amounting to €675,000 thousand, of the Revolving Credit Facility.

Cash from financing activities in 2018, totalling €2,393,073 thousand, essentially reflects a combination of the following:

a) receipt of the proceeds from the medium/long-term facilities, Term Loan 1 and Term Loan 2 (a face value of €3,250,000 thousand) and the Revolving Credit Facility (a face value of €675,000 thousand);
b) redemption of the retail bonds issued in 2012 (€1,000,000 thousand);
c) payment to shareholders of the final dividend for 2017 (€531,607 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 the risk of default 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.

Market risk

The adopted strategy for each type of risk aims, wherever possible, to eliminate interest rate, currency and share price risks and minimise borrowing costs, 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, interest rate and share price risks, identifying the best combination of fixed and floating rates;
b) to pursue a potential reduction of the Atlantia Group's borrowing costs within the risk limits determined by the Board of Directors;
c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

As at 31 December 2019, the Company's derivatives described in detail below are classified in the accounts in application of IFRS 9, as:
a) fair value hedges, with regard to the derivative financial instrument called a funded collar, entered into for the purpose of hedging the risk resulting from movements in the market price of Hochtief's shares;
b) non hedge accounting:
   a. Forward-Starting Interest Rate Swaps ("IRSs") hedging interest rate risk on future bond issues;
   b. Cross Currency Swaps ("CCSs") relating to amounts receivable on sterling-denominated bonds;
   c. mirror transactions executed by the Company with banks and with Autostrade dell'Atlantico (in the form of FX Forwards), with the aim of hedging Autostrade dell'Atlantico's currency risk (relating to tranches of the loan granted by this company to Electronic Transaction Consultants).

The residual average term to maturity of debt as at 31 December 2019 is four years and six months.
The average cost of medium to long-term debt in 2019 was 2.0%, including differentials on hedging instruments.
The monitoring of market risk is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

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

a) cash flow risk: this is 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, in 2017 and 2018 Atlantia has entered into Forward-Starting IRSs with a total notional value totalling €3,000,000 thousand (including €2,250,000 thousand having a duration of 10 years and subject to a weighted average fixed rate of approximately 1.01% and €750,000 thousand with a duration of 12 years at a fixed rate of 1.22%). Fair value losses on these instruments as at 31 December 2019 amount to €246,408 thousand (losses of €74,895 thousand as at 31 December 2018).
These derivative financial instruments were initially entered into with the aim of hedging interest rate risk on highly likely future financial liabilities linked to refinancing of the borrowings obtained to finance Atlantia's tender offer for all the outstanding shares issued by Abertis Infraestructuras, as announced in May 2017. Following the modification of the structure of the transaction, involving, among other things, the withdrawal of the tender offer in April 2018 and completion of a joint investment in Abertis (with Hochtief and ACS) in October 2018, the hedging strategy was rebalanced with regard to future financing requirements linked to refinancing of the loans (Term Loan 1 and Term Loan 2) obtained to fund the investment, via the issue of bonds, expected to take place in 2020 and 2021, in place of the credit facilities previously obtained. Following the downgrade of the Company's rating and a worsening in market conditions in early 2020, as described in note 2, the issues planned for 2020 and 2021 are considered possible and no longer highly probable. As a result, the Forward-Starting Interest Rate Swaps have been classified, after 30 June 2019, as no longer qualifying for the application of hedge accounting;
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 2019, the Company has not entered into derivatives classified as fair value hedges. in accordance with IFRS 9, related to interest rate.

In terms of type of interest rate, 43.5% of debt is fixed rate. In addition, after taking into account cash flow hedges, fixed rate debt accounts for 95.7% of the total.

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.

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), 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.
Following assignment of the amount receivable on the bonds in January 2020, the above CCSs no longer qualify for the application of hedge accounting as at 31 December 2019. The related fair value gains amount to €38,461 thousand (fair value gains of €56,185 thousand as at 31 December 2018). As part of this transaction, the Company entered into two Cross Currency Offset Swaps with the same notional value in sterling as the above CCSs, in order to crystallise the mark-to-market value of the original CCSs at the date of execution of the offset.

Finally, in order to reduce the risk of fluctuations in the dollar-euro exchange rate in relation to the tranches of a loan disbursed by Autostrade dell'Atlantico to Electronic Transaction consultants between

2014 and 2018 (the principal amounts to €41,276 thousand as at 31 December 2019), Autostrade dell'Atlantico entered into an FX Forward with the Company, having a three-month term, renewable. The Company in turn then entered into a mirror transaction with financial institutions in order to eliminate any remaining risk. As these contracts are classified as non-hedge accounting, the related changes in fair value are recognised in profit or loss for the year. The fair value as at 31 December 2019 (a gain on the hedges entered into with Autostrade dell'Atlantico and a loss on those entered into with the financial institutions) amounts to €1,162 thousand (€157 thousand as at 31 December 2018).

Share price risk

Share price risk reflects the potential for the market prices of the shares held by an entity move in response to changes in market conditions.
In this regard, in March 2019, the Company entered into a derivative financial instrument called a "funded collar", involving 5.6 million shares in Hochtief (representing approximately 33% of the total shares held). The aim is to mitigate the shares' exposure to the risk that movements in the market price would take the share price below a certain floor and to benefit from increases in the share price up to a certain cap. The derivative instrument consists of a put option (with fair value gains amounting to €211,884 thousand) and a call option (with fair value losses amounting to €42,299 thousand). The derivative is being used to secure a loan of €751,953 thousand with an average term to maturity of 6.5 years and with scheduled repayments between September 2024 and March 2026, potentially via the sale of the Hochtief shares at prices within an agreed range.
Fair value gains on these derivatives as at 31 December 2019 amount to €169,585 thousand and are recognised in other comprehensive income, in keeping with the accounting treatment applied to the underlying (the Hochtief shares).

The following table summarises outstanding derivative financial instruments at 31 December 2019 (compared with 31 December 2018) and shows the corresponding market value.

€000 Type	Purpose of hedge	31 December 2019 Fair value asset/(liability)	31 December 2019 Notional amount	31 December 2018 Fair value asset/(liability)	31 December 2018 Notional amount
Cash flow hedges[1]					
Cross Currency Swap (2)	Currency and interest rate risk	-	-	56,185	286,682
Interest Rate Swap	Interest rate risk	-	-	-74,895	3,000,000
Cash flow hedges		**-**	**-**	**-18,710**	**3,286,682**
Fair value hedges					
Funded collar	Share price risk	169,585	638,729	-	-
Fair value hedges		**169,585**	**638,729**	**-**	**-**
Non-hedge accounting derivatives					
Cross Currency Swap (2)	Currency and interest rate risk	38,461	286,682	-	-
Interest Rate Swap	Interest rate risk	-246,408	3,000,000		
FX Forward	Currency risk	1,162	41,276	1,681	102,289
FX Forward	Currency risk	-1,162	-41,276	-1,681	-102,289
Non-hedge accounting derivatives		**-207,947**	**3,286,682**		
Total derivatives		**-38,362**	**3,925,411**	**-18,710**	**3,286,682**
	of which				
	fair value (asset)	**209,208**		**57,866**	
	fair value (liability)	**-247,570**		**-76,576**	

(1) The fair value of derivatives excludes accruals at the measurement date.

(2) Following the assignment of the Romulus receivable (which had been hedged) in 2020, the related derivative financial instruments were reclassified from cash flow hedges to non-hedge accounting.

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 2019 and on equity as at 31 December 2019.

The interest rate sensitivity analysis is based on the exposure of financial instruments at the end of the reporting period, assuming, in terms of the impact on the income statement, a 100 bps (1.00%) 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 100 bps shift in the curve was assumed to have occurred at the measurement date. The following outcomes resulted from the analysis carried out:

a) in terms of interest rate risk, an unexpected and unfavourable 100 bps shift in market interest rates would have resulted in a negative impact on the consolidated income statement, totalling €281,216 thousand and a positive impact on other comprehensive income, totalling €39,445 thousand, before the related taxation;
b) in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have an impact of €5,327 thousand on the income statement (before the related taxation) and no impact on other comprehensive income.

Liquidity risk

Liquidity risk relates to the risk that cash resources may be insufficient to fund operations and the payment of liabilities as they fall due. Despite the difficulties resulting from the Covid-19 pandemic, the Company believes that is has sufficient funds to meet its projected financial needs through to the end of 2021.

As at 31 December 2019, the Company has cash reserves of €3,846,986 thousand, consisting of:

a) cash and cash equivalents, amounting to €596,986 thousand as at 31 December 2019 (before the balance payable on intercompany current accounts with related parties, totalling €5,933 thousand as at 31 December 2019);

b) revolving credit facilities for general corporate purposes (with an average residual term of 2 years and five months) amounting to€3,250,000 thousand, (being Revolving Facility A agreed on 4 July 2018, amounting to €1,250 million and an average residual term of 3 years and 6 months and the Revolving Back Stop Facility agreed on 12 October 2018, with the sum of €2,000,000 thousand and an average residual term of 1 year and 10), as shown below:

€000			31 December 2019		
LINE OF CREDIT	DRAWDOWN PERIOD EXPIRES	FINAL MATURITY	AVAILABLE	*DRAWN*	*UNDRAWN*
Revolving Facility A [1]	4 June 2023	4 July 2023	1,250	-	*1,250*
Revolving Backstop Facility [1]	5 Oct 2021	5 Nov 2021	2,000	-	*2,000*
(1) Drawn down in full in January 2020.		**Total**	3,250	-	3,250

With regard to liquidity risk, at the date of preparation of these separate financial statements, the Company has cash reserves of approximately €4.0 billion, including approximately €3.25 billion resulting from the drawdown, on 14 January 2020, of available revolving credit facilities.

The Company does not have debt falling due before November 2021 (the maturity date for a revolving facility of €2 billion).

As a result, liquidity risk, excluding the risk of early repayment of the Company's debt linked to the risk of default by the subsidiary, Autostrade per l'Italia, is not reasonably likely.

This judgement is also confirmed in the event of an absence of dividends received from investees in 2020, as a result of the restrictions of movements introduced as a result of the Covid-19 pandemic, and considering Atlantia's willingness to provide Autostrade per l'Italia with up to €900 million in contingent financial support, taking into account the proposal not to pay any dividend for 2019 in 2020.

Information on early repayment provisions relating to existing bond issues and borrowings is provided in note 5.13, "Financial liabilities".

The following tables show the time distributions of medium/long-term financial liabilities by term to maturity as at 31 December 2019 and comparable figures as at 31 December 2018, excluding accrued expenses at these dates.

€000	31 December 2019					
	CARRYING AMOUNT	TOTAL CONTRACTUAL FLOWS	WITHIN ONE YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	OVER 5 YEARS
Bond issue 2017	748,169	-823,127	-12,188	-12,188	-36,563	-762,188
Bond issue 2017	987,531	-1,150,000	-18,750	-18,750	-56,250	-1,056,250
Bond issues	**1,735,700**	**-1,973,127**	**-30,938**	**-30,938**	**-92,813**	**-1,818,438**
Borrowing (Term Loan 1) disbursed 2018	1,493,958	-1,525,040	-9,634	-9,657	-1,505,749	-
Borrowing (Term Loan 2) disbursed 2018	1,744,740	-1,809,711	-15,700	-15,703	-1,778,308	-
Collar financing (disbursed 2019)	734,720	-751,953	-	-	-22,398	-729,555
Bank borrowings	**3,973,418**	**-4,086,704**	**-25,334**	**-25,360**	**-3,306,455**	**-729,555**
Total bond issues and borrowings	**5,709,118**	**-6,059,831**	**-56,272**	**-56,298**	**-3,399,268**	**-2,547,993**

€000	31 December 2018					
	CARRYING AMOUNT	TOTAL CONTRACTUAL FLOWS	WITHIN ONE YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	OVER 5 YEARS
Bond issue 2017	747,827	-835,312	-12,188	-12,188	-36,563	-774,373
Bond issue 2017	986,016	-1,168,750	-18,750	-18,750	-56,250	-1,075,000
Bond issues	**1,733,843**	**-2,004,062**	**-30,938**	**-30,938**	**-92,813**	**-1,849,373**
Borrowing (Term Loan 1) disbursed 2018	1,490,666	-1,528,385	-7,893	-7,893	-1,512,599	-
Borrowing (Term Loan 2) disbursed 2018	1,742,693	-1,815,493	-13,644	-13,607	-1,788,242	-
Borrowing (RCF) disbursed 2018	671,834	-679,325	-679,325	-	-	-
Bank borrowings	**3,905,193**	**-4,023,203**	**-700,862**	**-21,500**	**-3,300,841**	-
Total bond issues and borrowings	**5,639,036**	**-6,027,265**	**-731,800**	**-52,438**	**-3,393,654**	**-1,849,373**

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 hedging derivatives as at 31 December 2019.

€000	31 December 2019						31 December 2018					
	Carrying amount	Expected cash flows (1)	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years	Carrying amount	Expected cash flows (1)	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swap												
Derivative liabilities							-74,895	-96,149	-35,257	-69,110	-40,641	48,859
Cross currency swaps												
Derivative assets							56,185	56,127	-1,130	-2,043	59,301	-
Total cash flow hedges							**-18,710**	**-40,022**	**-36,387**	**-71,153**	**18,660**	**48,859**
Funded collar												
Derivative assets	169,585	169,585	-	-	5,051	164,534	-	-	-	-	-	
Total fair value hedges	**169,585**	**169,585**	-	-	**5,051**	**164,534**	-	-	-	-	-	
Accrued expenses							-21,685					
Accrued income							373					
Total cash flow hedge derivative assets/liabilities	**169,585**	**169,585**	-	-	**5,051**	**164,534**	**-40,022**	**-40,022**	**-36,387**	**-71,153**	**18,660**	**48,859**

€000	31 December 2019					31 December 2018				
	Expected cash flows (1)	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years	Expected cash flows (1)	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swaps										
Income from cash flow hedges						240,200	-	3,501	66,868	169,832
Losses on cash flow hedges						-315,095	-37,222	-66,831	-93,567	-117,475
Cross currency swaps (2)										
Income from cash flow hedges						334,440	11,798	23,246	299,396	-
Losses on cash flow hedges						-278,255	-12,906	-25,288	-240,061	-
Total income (losses) from cash flow hedges						**-18,710**	**-38,330**	**-65,372**	**32,636**	**52,357**
Total income (losses) from derivatives						**-18,710**	**-38,330**	**-65,372**	**32,636**	**52,357**

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

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 primarily 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 with investment grade ratings.
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. 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 guarantees in issue. As at 31 December 2019, these include, in terms of importance:

a) on behalf of Autostrade per l'Italia:
   (i) the guarantee €4,728,571 thousand (€4,126,497 thousand at the date of preparation of the Annual Report), equal to 120% of the underlying liability) issued in favour of bondholders, following the issuer substitution of December 2016, valid through to maturity for the public bonds and until September 2025 for the private bonds, as described in note 2;
   (ii) guarantees of €1,659,304 thousand (€1,589,599 thousand at the date of preparation of the Annual Report) issued in favour of the European Investment Bank (EIB), as security for loans granted to the subsidiary, equal to 120% of the underlying liability, as described in note 2. These agreements require both Autostrade per l'Italia and Atlantia to maintain investment grade credit ratings. In January 2020, the ratings of both Autostrade per l'Italia and Atlantia were downgraded. Were the EIB to exercise its right to request early repayment, this could, if adequate credit guarantees cannot be provided, trigger early repayment of the borrowings, enforcement of the guarantees provided by Atlantia and, in the event of non-payment, the potential cross-default for Atlantia;
b) counter-indemnities issued on behalf of the subsidiary, Electronic Transaction Consultants Corporation, to the insurance companies (a "surety") that have issued performance bonds totalling €35,896 thousand (at the euro/USA dollar exchange rate as at 31 December 2019), for free-flow tolling projects being carried out by the subsidiary;
c) the Debt Service Guarantee issued in favour of a syndicate of banks and on behalf of Azzurra Aeroporti, guaranteeing fulfilment of the subsidiary's payment obligations resulting from the acquisition financing provided for the acquisition of Aéroports de la Côte d'Azur and the Interest Rate Swaps entered into, amounting to €7,876 thousand. Following the Company's downgrade in January 2020, Atlantia is no longer an admissible guarantor under the terms of the loan agreement. The guarantee provided by the Company was thus released on 6 March 2020 and replaced with a similar guarantee provide by a financial institution, for which Atlantia has provided a back-to-back guarantee;
d) the guarantee issued in favour of banks on behalf of Strada dei Parchi, amounting to €40,000 thousand as at 31 December 2019 and extinguished on 29 February 2020.

In addition, the Company has also pledged:
   a) a portion (25.5%) of its holding of shares in Pune Solapur Expressways to banks;
   b) its entire shareholding (52.69%) in Azzurra Aeroporti to banks.

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.

The following table shows amounts in the income statement and statement of financial position generated by related party transactions, including those with Directors, Statutory Auditors and the Company's key management personnel.

€000	Principal trading and other transactions with related parties																	
	Assets				Liabilities					Income		Expenses						
	Trading and other assets				Trading liabilities and other non-financial liabilities					Trading and other income		Trading and other expenses						
	Trade receivables	Current tax assets	Other current assets	Total	Other non-current liabilities	Trade payables	Current tax liabilities	Other current liabilities	Total	Operating revenue (2)	Total	Raw and consumable materials	Service costs	Staff costs (2)	Lease expense	Sundry expenses	Depreciation and amortisation	Total
	31 December 2019									2019								
Edizione	-	-	-	-	-	-	-	-	-	-	-	-	-	139	-	-	-	139
Total parents	-	-	-	-	-	-	-	-	-	-	-		-	139	-	-	-	139
Atlantia Bertin Participacoes	665	-	-	665	-	-	-	468	468	-	-	-	-	-138	-	-	-	-138
Autostrade dell'Atlantico	1,103	-	21	1,124	-	590	1,020	-	1,610	254	254	-	93	-942	-	-	-	-849
Autostrade Meridionali	76	3,981	-	4,057	-	-	977	-	977	58	58	-	-	-53	-	-	-	-53
Autostrade per l'Italia	2,180	6,767	-	8,947	-	3,873	18,619	-	22,492	673	673	27	1,692	1,764	231	1	674	4,389
Autostrade Tech	-	812	-	812	-	-	86	-	86	-	-	-	-	-6	-	-	-	-6
Azzurra Aeroporti	265	-	-	265	-	8	4,896	-	4,904	152	152	-	-	-	-	-	-	-
Electronic Transaction Consultants	14	-	33	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EsseDiEsse Società di Servizi	-	67	-	67	-	1,430	441	-	1,871	-	-	-	1,430	24	-	-	-	1,454
Gruppo Aeroporti di Roma	1,592	19,427	-	21,019	18	165	348	7,470	8,001	121	121	-	19	-1,055	17	2	-	-1,017
Pavimental	55	1,818	-	1,873	-	-	951	-	951	454	454	-	-	-65	-	-	-	-65
Spea Engineering	30	-	-	30	-	28	4,150	155	3,328	-	-	-	-	-7	-	-	-	-7
Tangenziale di Napoli	13	410	-	423	-	-	1,098	-	1,098	-	-	-	-	-19	-	-	-	-19
Telepass	813	1,049	-	1,862	-	-	67	-	67	272	272	-	-	-649	-	-	-	-649
Telepass Pay	327	-	-	327	-	-	1,127	-	1,127	174	174	-	-	-146	-	-	-	-146
Società Autostrada Tirrenica	-	-	-	-	-	-	-	-	-	-	-	-	-	32	-	-	-	32
Leonardo Energia	-	-	-	-	-	-	653	-	653	-	-	-	-	0	-	-	-	-
Other subsidiaries (1)	330	344	161	835	-	427	799	4	1,230	144	144	-	267	-79	-	-	-	188
Total subsidiaries (3)	7,463	34,675	215	42,353	18	6,521	35,232	8,097	49,868	2,302	2,302	27	3,501	-1,339	248	3	674	3,114
Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-17	-	-		-17
Total associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-17	-	-		-17
ASTRI pension fund	-	-	-	-	-	-	-	125	125	-	-	-	-	360	-	-		360
CAPIDI pension fund	-	-	-	-	-	-	-	1,023	1,023	-	-	-	-	1,483	-	-		1,483
Total pension funds	-	-	-	-	-	-	-	1,148	1,148	-	-	-	-	1,843	-	-		1,843
Key management personnel (4)	-	-	-	-	15,009	-	-	8,138	23,147	-	-	-	-	27,220	-	-		27,220
Total Key management personnel	-	-	-	-	15,009	-	-	8,138	23,147	-	-		-	27,220	-	-		27,220
TOTAL (5)	7,463	34,675	215	42,353	15,027	6,521	35,232	17,383	74,163	2,302	2,302	27	3,501	27,846	248	3	674	32,299
	31 December 2018									2018								
Edizione	-	-	-	-	-	1	-	-	1	-	-	-	9	197	-	-	-	197
Sintonia	-	-	-	-	-	3,533	-	-	3,533	-	-	-	-		-	-	-	-
Total parents	-	-	-	-	-	3,534	-	-	3,534	-	-	-	9	197	-	-	-	206
Atlantia Bertin Participacoes	509	-	-	509	-	-	-	366	366	-	-	-	-	-111	-	-	-	-111
Autostrade dell'Atlantico	2,951	-	21	2,972	-	606	3,172	-	3,778	752	752	-	497	-2,669	-	109	-	-2,063
Autostrade Indian Infrastructure	-	-	32	32	-	1,013	-	-	1,013	-	-	-	830	-	-	183	-	1,013
Autostrade Meridionali	114	-	-	114	-	-	3,633	-	3,633	29	29	-	-	48	-	-	-	-48
Autostrade per l'Italia	5,295	22,301	-	27,596	-	2,663	18,639	-	21,302	670	670	18	1,525	1,934	681	114	-	404
Azzurra Aeroporti	106	-	-	106	-	-	4,459	-	4,459	176	176	-	-	-	-	-	-	0
Electronic Transaction Consultants	12	-	25	37	-	-	-	-	-	-	-	-	-	-	-	-	-	0
EsseDiEsse Società di Servizi	-	-	-	-	-	137	441	-	578	-	-	-	954	36	-	17	-	1,007
Gruppo Aeroporti di Roma	1,927	17,735	-	19,662	54	380	-	7,470	7,904	42	42	-	-	1,193	18	-	-	-1,175
Pavimental	40	-	-	40	-	-	8,712	-	8,712	559	559	-	-	50	-	-	-	-50
Spea Engineering	20	-	-	20	-	-	2,655	155	2,810	-	-	-	-	25	-	-	-	-25
Tangenziale di Napoli	9	1,650	-	1,659	-	-	1,098	-	1,098	-	-	-	-	24	-	-	-	-24
Telepass Pay	248	-	-	248	-	-	1,918		1,918	245	245	-	-	34			-	-34
Telepass	645	2,298	-	2,943	-	-	67	-	67	318	318	-	-	538	-	-	-	-538
Società Autostrada Tirrenica	-	-	-	-	-	31	546	-	577	-	-	-	-	26	-	-	-	26
Other subsidiaries (1)	228	3	108	339	-	79	725	4	808	348	348	-	79	233	-	-	-	-154
Total subsidiaries (3)	12,104	43,987	186	56,277	54	4,909	46,065	7,995	59,023	3,055	3,055	18	3,885	-6,797	699	423	-	-1,772
Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	23	-	-	-	23
Total associates	-	-	-	-	-	-	-	-	-	-	-	-	-	23	-	-	-	23
ASTRI pension fund	-	-	-	-	-	-	-	111	111	-	-	-	-	289	-	-	-	289
CAPIDI pension fund	-	-	-	-	-	-	-	576	576	-	-	-	-	1,702	-	-	-	1,702
Total pension funds	-	-	-	-	-	-	-	687	687	-	-	-	-	1,991	-	-	-	1,991
Key management personnel (4)	-	-	-	-	3,518	-	-	2,480	5,998	-	-	-	-	3,948	-	-	-	3,948
Total Key management personnel	-	-	-	-	3,518	-	-	2,480	5,998	-	-	-	-	3,948	-	-	-	3,948
TOTAL	12,104	43,987	186	56,277	3,572	8,443	46,065	11,162	69,242	3,055	3,055	18	3,894	-684	699	423	-	4,350

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

(2) "Staff costs" include cost recoveries.

(3) The total also includes the balances for indirect subsidiaries.

(4) Atlantia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel as a whole. Atlantia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel as a whole. The expenses shown for each period include the accrued amount payable as emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans based on the shares of Atlantia).
The figures in the table include the expenses and liabilities relating to the resignation of the previous Chief Executive Officer following his agreed termination of employment in September 2019.
In addition to the information shown in the table, the financial statements also include contributions of €5,434 thousand paid on behalf of Directors, Statutory Auditors and other key management personnel for 2019 (€2,297 thousand in 2018) and the related liabilities of €5,244 thousand as at 31 December 2019 (€1,900 thousand as at 31 December 2018).

(5) The overall amount for individual line items in the income statement is presented in the statutory income statement and statement of financial position, in the column "of which related party transactions", if above €500 thousand.

€000	Financial assets						Financial liabilities						Financial income		Financial expenses	
	Other non-current financial assets	Intercompany current account receivables due from related parties	Current portion of other medium/long-term financial assets	Current derivative assets	Current financial assets	Total	Medium/ long-term borrowings	Current derivative liabilities	Intercompany current account payables due to related parties	Current portion of medium/ long-term borrowings	Current financial liabilities	Total	Other financial income (1)	Total	Other financial expenses (1)	Total
	31 December 2019												2019			
Sintonia	-	-	-	-	-	-		-	-		-	-	-	-	61	61
Total parents	**-**	**-**	**-**		**-**	**-**		**-**	**-**		**-**	**-**	**-**	**-**	**61**	**61**
Autostrade dell'Atlantico	198,352	-	-	1,162	4,213	**203,727**		-	5,699		-	**5,699**	8,504	**8,504**	-	-
Autostrade per l'Italia	-	24,467	-	-	608	**25,075**	12,475	-	-	528	-	**13,003**	5,747	**5,747**	378	**378**
Electronic Transaction Consultants Co	-	-	-	-	8,310	**8,310**		-	-		-	**-**	337	**337**	-	-
Gruppo Aeroporti di Roma	276,722	-	450	-	21	**277,193**		-	-		-	**-**	13,520	**13,520**	-	-
Pavimental	-	317	-	-	-	**317**		-	-		-	**-**	2	**2**	-	-
Spea Engineering	-	475	-	-	4,050	**4,525**		-	-		-	**-**	2	**2**	-	-
Telepass	-	21,016	-	-	-	**21,016**		-	-	81	80,000	**80,081**	-	-	325	**325**
Other subsidiaries (2)	-	-	-	-	20	**20**		-	234		-	**234**	30	**30**	-	-
Total subsidiaries (3)(4)	**475,074**	**46,275**	**450**	**1,162**	**17,222**	**540,183**	**12,475**	**-**	**5,933**	**609**	**80,000**	**99,017**	**28,142**	**28,142**	**703**	**703**
TOTAL	**475,074**	**46,275**	**450**	**1,162**	**17,222**	**540,183**	**12,475**	**-**	**5,933**	**609**	**80,000**	**99,017**	**28,142**	**28,142**	**764**	**764**
	31 December 2018												2018			
Sintonia															3,533	**3,533**
Total parents															**3,533**	**3,533**
Autostrade dell'Atlantico	266,322	60,004	-	157	4,212	**330,695**	-	1,524	-		-	**1,524**	12,711	**12,711**	3,596	**3,596**
Autostrade per l'Italia	-	2,014	-	-	653	**2,667**	-	-	1,572		-	**1,572**	45,883	**45,883**	1,373	**1,373**
Pavimental	-	820	-	-		**820**	-	-	-		-	-	-	-	-	-
Spea Engineering	-	27	-	-	4,050	**4,077**	-	-	-		-	-	-	-	-	-
Telepass	-	333	-	-		**333**	-	-	-		80,092	**80,092**	-	-	92	**92**
Electronic Transaction Consultants Co	-	-	-	-	7,820	**7,820**	-	-	-		-	-	470	**470**	-	-
Gruppo Aeroporti di Roma	271,885	-	431	-	-	**272,316**	-	-	-		-	-	13,154	**13,154**	-	-
Other subsidiaries (2)	-	-	-	-	178	**178**	-	-	2		-	2	29	**29**	-	-
Total subsidiaries	**538,207**	**63,198**	**431**	**157**	**16,913**	**618,906**	**-**	**1,524**	**1,574**	**-**	**80,092**	**83,190**	**72,247**	**72,247**	**5,061**	**5,061**
TOTAL	**538,207**	**63,198**	**431**	**157**	**16,913**	**618,906**	**-**	**1,524**	**1,574**	**-**	**80,092**	**83,190**	**72,247**	**72,247**	**8,594**	**8,594**

(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 overall amount for individual financial line items is presented in the statutory income statement and statement of financial position, in the column "of which related party transactions", if above €500 thousand.

In 2019, as in 2018, no non-recurring, atypical or unusual transactions, having a material impact on the Company's income statement and statement of financial position, were entered into with related parties.

The principal transactions entered into with related parties are described below.

Atlantia SpA's relations with its subsidiaries

Transactions of a trading nature primarily regard the provision of administrative services (training, welfare, procurement, IT, general services, property services, etc.). The Company has entered into service agreements with a number of direct and indirect subsidiaries, including Autostrade per l'Italia, EssediEsse, Telepass, Telepass Pay, Azzurra Aeroporti, Autostrade dell'Atlantico and Autostrade Meridionali.

With regard to tax management, as a result of the tax consolidation arrangement headed by the Company, the statement of financial position as at 31 December 2019 includes amounts receivable from and payable to Atlantia Group companies, amounting to €34,675 thousand and €35,232 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 5.9.

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 at the end of 2013. As stated in note 5.9, Atlantia has recognised an equal amount due from the tax authorities.

In terms of financial liabilities, in addition to intercompany accounts, the Company holds a cash deposit made by the subsidiary, Telepass, in 2018, amounting to €80,000 thousand. In addition, following adoption of IFRS 16 – Leases from 1 January 2019, as described in note 3, as a result of the contracts between the Company, as lessee, and Autostrade per l'Italia, the Company has recognised current and non-current financial liabilities (with a matching entry in right-of-use assets) totalling €13,003 thousand as at 31 December 2019.

In terms of financial assets, in addition to intercompany accounts, it should be noted that, as described in note 5.4, as at 31 December 2019, the Company has recognised an amount receivable in the form bonds issued by Aeroporti di Roma totalling €276,722 thousand (assigned in January 2020), and loan granted to Autostrade dell'Atlantico in January 2017, amounting to €198,352 thousand.
In December 2018, the subsidiary, Autostrade dell'Atlantico, declared its intention to distribute available reserves totalling €60,000 thousand to Atlantia, (this amount was recognised in the statement of financial position as at 31 December 2018 among intercompany current account receivables).
Moreover, in November 2018, Autostrade per l'Italia repaid the loan with a face value of €1,000,000 thousand granted to it by Atlantia in 2012. Interest income accruing on this loan and gains on measurement at amortised cost in 2018 amounted to €39,617 thousand.

As at 31 December 2019, the Company has issued a number of guarantees in favour of direct or indirect subsidiaries, as described in note 8.1.

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 Atlantia Group companies, and to promote and disseminate a value creation culture in all strategic and operational decision-making processes, driving the Atlantia 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 2019, in the share-based incentive plans already adopted by the Atlantia Group as at 31 December 2018.

Details of each plan are contained in specific information circulars prepared pursuant to art. 84-bis of Consob Regulation 11971/1999, as amended, and in 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.

In accordance with the requirements of IFRS 2, as a result of existing plans, in 2019 the Company has recognised staff costs of €15,066 thousand (described above in note 6.4), based on the accrued fair value of the options and units awarded at that date. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2019 have been recognised in other current (€2,995 thousand) and non-current liabilities (€14,181 thousand), based on the assumed exercise date.

The following table shows the main aspects of existing incentive plans as at 31 December 2019, including the options and units awarded to directors and employees of the Atlantia Group and changes during 2019 (in terms of new awards and the exercise, conversion or lapse of rights). The table also shows the fair value (at the grant date) of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions. The amounts have been adjusted for the amendments to the plans originally approved by Atlantia's shareholders, which were required to ensure plan benefits remained substantially unchanged despite the dilution caused by the bonus issues approved by Atlantia's shareholders on 20 April 2011 and 24 April 2012.

	Number of options/units awarded	Vesting date	Exercise/grant date	Exercise price (€)	Fair value of each option or unit at grant date (€)	Expected expiration at grant date (years)	Risk free interest rate used	Expected volatility (based on historic mean)	Expected dividends at grant date
2011 SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
- 13 May 2011 grant	279,860	13 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	-2,573,344								
- options lapsed	-335,021								
Total	**91,518**								
Changes in options in 2019									
- options exercised	-91,518								
Options outstanding as at 31 December 2019	-								

(*) 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 Atlantia Group 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 model that takes account, among other things, of the current value and the exercise price, plus any dividends paid, so as to cap the realisable gain.

Changes in options in 2019

During 2019, with regard to the third award cycle, all the remaining options outstanding had been exercised as at 31 December 2018, amounting to 91,518, including 44,722 phantom options.

As at 31 December 2019, all the units awarded under this plan have thus lapsed.

The following table shows the main aspects of existing incentive plans, including the options and units 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) in 2019. The table also shows the fair value (at the grant date) of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model.

	Number of options/units awarded	Vesting date	Exercise/grant date	Exercise price (€)	Fair value of each option or unit at grant date (€)	Expected expiration at grant date (years)	Risk free interest rate used	Expected volatility (based on historic mean)	Expected dividends at grant date
2014 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
- 9 May 2014 grant	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	210,375								
- options exercised	-586,387								
- options lapsed	-283,811								
	1,027,915								
Changes in options in 2019									
- options exercised	-492,975								
- transfers/secondments	122,288								
Options outstanding as at 31 December 2019	**657,229**								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
- 12 May 2017 grant	585,325	15 June 2020	1 July 2023	N/A (*)	2.37	3,13 - 6,13	1.31%	25.6%	4.40%
- 3 August 2018 grant	493,247	15 June 2021	1 July 2024	N/A (***)	2.91	5.9	2.35%	21.9%	4.12%
- options lapsed	-123,360								
- transfers/secondments	97,048								
	1,052,260								
Changes in options in 2019									
- 7 June 2019 grant	1,222,366	15 June 2022	1 July 2025	N/A (***)	2.98	6.06	1.72%	24.3%	4.10%
- transfers/secondments	167,209								
- options lapsed	-657,794								
Options outstanding as at 31 December 2019	**1,784,041**								
SUPPLEMENTARY INCENTIVE PLAN 2017 - PHANTOM SHARE OPTIONS									
Options outstanding as at 1 January 2019									
- 29 October 2018 grant	4,134,833	29 Oct 2021	29 Oct 2024	N/A (*)	1.79	6.0	2.59%	24.6%	4.12%
	4,134,833								
Changes in options in 2019	-								
Options outstanding as at 31 December 2019	**4,134,833**								
2017 PHANTOM SHARE GRANT PLAN									
Units outstanding as at 1 January 2019									
- 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%
- 3 August 2018	49,624	15 June 2021	1 July 2024	N/A	24.5	5.9	2.35%	21.9%	4.12%
- options lapsed	-12,867								
- transfers/secondments	10,208								
	99,973								
Changes in options in 2019									
- 7 June 2019 grant	108,396	15 June 2022	1 July 2025	N/A	22.57	6.06	1.72%	24.3%	4.10%
- transfers/secondments	17,439								
- options lapsed	-46,737								
Options outstanding as at 31 December 2019	**179,071**								

(*) Given that these are cash bonus plans, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan, the 2017 Phantom Share Option Plan and the Supplementary Incentive Plan 2017 – Phantom Share Options 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 Atlantia Group, the Company or for one or more of Atlantia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), has been met or exceeded. The vested options may be exercised from, in part, the first day immediately following the vesting period, with the remaining part exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years after the end of the vesting period (without prejudice to the Terms and Conditions of the plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

The vesting period for the third cycle of the Plan expired on 10 June 2019. A total of 492,975 vested options were exercised in 2019. Following the exercise of these options, there are no further options awarded under the first cycle to be exercised.
The unit fair values of the options awarded under the second and third award cycles were remeasured as at 31 December 2019 as €1.83 and €2.03, respectively, in place of the unit fair values at the grant date.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan", 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 Atlantia 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), minimum operating/financial performance targets for (alternatively) the Atlantia 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 model, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question. This resulted in the award of a total of 1,222,366 phantom options with a vesting period from 7 June 2019 to 15 June 2022 and an exercise period from 1 July 2022 to 1 July 2025.
As at 31 December 2019, the unit fair value of the options of the first and second cycle at that date were remeasured as €2.54, €2.35 and €2.41, respectively, in place of the unit fair value at the grant date.

Supplementary Incentive Plan 2017 - Phantom Share Options

Description

On 20 April 2018, Atlantia's Annual General Meeting voted to modify certain definitions in the "Supplementary Incentive Plan 2017 – Phantom Share Options", approved by the General Meeting of Atlantia's shareholders on 2 August 2017. Following the changes made by the above Annual General Meeting, therefore, the plan entails the award of up to 5 million phantom share options free of charge, in a single cycle and within 3 months of the date of the acquisition of control of Abertis (being options that give beneficiaries the right to payment of a gross amount in cash). The options are to be awarded to the Chairman, Chief Executive Officer and employees of the Company and its subsidiaries, limited to core people involved the integration process and the creation of value for the Atlantia Group.
The options awarded will vest in accordance with the specified Terms and Conditions and may in part be exercised from the first day immediately after the vesting period, with the remaining options exercisable at the end of the first year following the end of the vesting period, and in any event in the three years following the expiry of this period (without prejudice to the provisions of the Plan Terms and Conditions 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 model, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

There were no changes in options outstanding as at 31 December 2018 during 2019.
The unit fair value of the options awarded as at 31 December 2019 was remeasured as €2.48 in place of the unit fair value at the grant date.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan", 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 Atlantia 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), minimum operating/financial performance targets for (alternatively) the Atlantia 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 model, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2019

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question. This resulted in the award of a total of 108,396 phantom options with a vesting period from 7 June 2019 to 15 June 2022 and an exercise period from 1 July 2022 to 1 July 2025.

The unit fair values of the options from the first, second and third award cycles as at 31 December 2019 were remeasured as €23.14, €21.60 and €20.54, respectively, 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 2019: €20.80;
b) price as at 7 June 2019 (the grant dates for new options or units, as described): €22.92;
c) the weighted average price for the period 2019: €22.11;
d) the weighted average price for the period 7 June 2019 – 31 December 2019: €22.32.

8.4 Events after 31 December 2019

Rating downgrades

In response to the uncertainty resulting from the approval of Law Decree 162 of 30 December 2019 (the *Milleproroghe* legislation), later converted into Law 8 of 28 February 2020, Atlantia's ratings were downgraded by the leading rating agencies (Moody's: Ba3 Outlook Negative, Fitch: BB Rating Watch Negative and Standard & Poor's: BB- Credit Watch Negative). This was accompanied by downgrades of the subsidiaries, Autostrade per l'Italia, Aeroporti di Roma and Abertis Infraestructuras.
The terms and conditions applicable to Atlantia SpA's borrowings do not provide for early repayment in the event of a rating downgrade.
The rating agencies' downgrade of Autostrade per l'Italia's rating to sub-investment grade, following publication of the *Milleproroghe* legislation, were the EIB and CDP to exercise their rights of withdrawal, could result in requests for early repayment of the related loans (€2.1 billion, including €1.7 billion guaranteed by Atlantia). At the date of preparation of the Annual Report for 2019, the subsidiary has not received any request for early repayment from either of the two financial institutions and, from the discussions had, we are aware that the parties are monitoring developments.

Use of revolving credit facilities

On 14 January 2020, Atlantia drew down the full amount available, amounting to €3,250 million, under the Revolving Credit Facility agreed in July 2018, totalling €1,250 million, and the Revolving Back Stop Facility agreed in October 2018, totalling €2,000 million.

Assignment of the amount receivable on the Romulus bonds

On 28 January 2020, Atlantia, in relation to management of its financial assets, agreed to sell the amount receivable on bonds issued by Romulus, collecting proceeds of approximately €278 million.

Covid-19

In compliance with the CONSOB's "Warning notice no. 6/20 of 9 April 2020", specific information on the impact of the spread of the Covid-19 pandemic on Group companies is provided below.

Since the end of February 2020, the restrictions on movement, imposed by many governments in response to the global spread of the Covid-19 pandemic, have had an impact on the volumes of traffic using the motorways and airports operated under concession by the Group. This situation remains ongoing at the date of preparation of the Annual Report.
Group companies have adopted the preventive measures required by the authorities in the various countries to protect the health of their employees, where it has not been possible to adopt alternative arrangements in order to continue to provide services.
The effects have varied from country to country, primarily reflecting differences in the extent and timing of the travel restrictions introduced by governments.
Initial analysis shows that the most significant effects on the infrastructure operated under concession by the Group have been seen in Europe (Italy, Spain and France), more than in South America (Brazil and Chile). In terms of sector of operation, airports have been hit worse than motorways.

The following table shows weekly traffic figures from the beginning of 2020, compared with the matching period of 2019, for the main sectors and geographical areas in which the infrastructure operated under concession by the Group is located.

Provisional data Changes versus same week in 2019	MOTORWAYS Italy (ASPI)	Spain (Abertis)	France (Abertis)	Brazil (Atlantia + Abertis)	Chile (Atlantia + Abertis)	AIRPORTS ADR (FCO+CIA)	NCE
	ADT	*ADT*	*ADT*	*ADT*	*ADT*	*pax*	*pax*
week 2	2.9%	-0.8%	4.4%	2.1%	-8.0%	3.5%	5.0%
week 3	0.9%	2.5%	5.9%	2.9%	-7.5%	-1.3%	3.5%
week 4	2.9%	1.0%	10.2%	1.4%	-5.3%	-0.6%	3.8%
week 5	6.5%	8.1%	9.0%	2.2%	-9.2%	-3.0%	8.0%
week 6	-0.2%	3.2%	-1.4%	1.1%	-6.4%	-8.5%	-5.5%
week 7	-0.5%	2.9%	0.6%	4.5%	-6.5%	-8.4%	4.9%
week 8	0.0%	5.0%	3.6%	14.3%	-5.6%	-7.3%	2.1%
week 9	-17.3%	2.1%	-1.3%	-4.2%	-5.5%	-32.6%	-0.2%
week 10	-23.6%	-3.0%	-10.1%	-2.8%	-9.5%	-55.6%	-19.2%
week 11	-59.9%	-22.0%	-11.4%	4.1%	-10.2%	-81.1%	-48.8%
week 12	-75.1%	-66.9%	-58.8%	-16.1%	-36.7%	-93.7%	-80.8%
week 13	-80.9%	-73.4%	-79.6%	-47.0%	-57.2%	-94.9%	-97.6%
week 14	-77.0%	-79.5%	-81.3%	-42.4%	-59.3%	-97.2%	-99.2%
week 15	-75.5%	-84.8%	-82.2%	-41.1%	-62.6%	-98.6%	-99.5%
week 16	-79.7%	-81.8%	-83.5%	-43.3%	-52.6%	-98.7%	-99.5%
Progressive as at 19 April 2020	**-32.2%**	**-26.9%**	**-26.1%**	**-10.1%**	**-21.6%**	**-46.7%**	**-39.7%**

These declines in traffic are having a serious impact on the ability of Group companies to generate sufficient cash to fund planned investment and to service their debt, and on their ability to comply with certain covenants attached to their borrowings.

The Group has responded rapidly to the impact of the decline in traffic, taking steps to implement cost-efficiencies and cost-savings and review its investment programmes, whilst at the same time guaranteeing works linked to the safety of infrastructure. We are also assessing all the various forms of aid being provided by governments and regulators in the various countries.

It is not at the moment possible to predict how the situation will develop or how long it will take to return to pre-existing levels of traffic and of activity.
The overall impact on traffic will depend on how the virus develops, on the extent and duration of the restrictions on movement introduced by the various governments and on the impact the measures will have on the economy, specifically on consumer spending and demand for motorway and airport services.

Law Decree 23 of 8 April 2020

In Law Decree 23 of 8 April 2020 (the "Liquidity Decree"), published in Official Gazette no. 94 of 8 April 2020, the Italian Government introduced a series of measures designed to support businesses during the emergency caused by the Covid-19 epidemic. These include measures aimed at providing liquidity to businesses in order to enable them to continue operating, the deferral of deadlines for the payment of tax and contributions and changes to the going concern notion during the emergency. The legislation has also strengthened the special powers covered by the so-called "Golden Power" legislation, which applies to strategic sectors.

The Liquidity Decree has also amended previous legislation regarding civil, criminal and administrative justice, as well as administrative proceedings, extending the period for the adjournment of civil and criminal hearings and suspending the time limits for cases.

Letter of financial support issued by Atlantia for the benefit of Autostrade per l'Italia

On 24 April 2020, Atlantia provided Autostrade per l'Italia with a letter of support worth up to €900 million, in order to cover the subsidiary's financial needs in the period 2020-2021. Atlantia's financial support through this intra-group line of credit is contingent and subject to the subsidiary's failure to secure alternative sources of funding and to the disbursement conditions set out in the letter.

Free share scheme

On 24 April 2020, Atlantia's Board of Directors approved a free share scheme for the over 12,000 workers employed by the Group's Italian companies. Under the scheme, each employee will receive 75 shares in Atlantia, worth approximately €1,000 based on the current share price. The scheme will involve up to 975,000 shares, equal to 12% of the treasury shares currently held by the Company. The scheme will be submitted for approval by the Annual General Meeting of shareholders to be held on 29 May and the shares will be granted to employees by the end of this year. The shares will be deposited free of charge in a securities escrow account for a period of three years, at the end of which the employee will have full title. The scheme aims to further strengthen the bond between the Atlantia Group and its Italian workforce, during a period of major difficulty for the entire country.
During the meeting, the Chairman, Fabio Cerchiai, and the Chief Executive Officer, Carlo Bertazzo, also informed the Board of their decision to cut their fixed pay for 2020 by 25% between May and the end of the year. The money saved, together with the funds raised by the appeal launched by the Group's management, will be handed over to the Municipality of Genoa to finance the distribution of food vouchers for members of the Genoese community and to support initiatives for the families of the Group's employees.
Finally, in view of the serious economic difficulties faced by the country, there will be no short- and long-term management incentive plans launched in 2020.

Dividends payable by Abertis Infraestructuras

On 21 April 2020, the annual general meeting of Abertis HoldCo's shareholders approved payment of a dividend of €875 million, with 50% to be paid on 28 April 2020 and the remaining 50% at the end of 2020 following assessment of the impact of Covid-19.

9. PROPOSALS 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 2019, which report profit of €426,613,505, having taken note of the accompanying documents;
b) to take the profit for the year of €426,613,505 to the distributable "Retained earnings" reserve.

For the Board of Directors

The Chairman
Fabio Cerchiai

ANNEXES TO THE FINANCIAL STATEMENTS

ANNEX 1

DISCLOSURES PURSUANT TO ART. 149-*DUODECIES* OF THE CONSOB REGULATIONS FOR ISSUERS 11971/1999

The above annex has not been audited.

Annex 1

Disclosures pursuant to art. 149-*duodecies* of the Consob Regulations for Issuers 11971/1999

Atlantia SpA

Type of service	Provider of service	Note	Fees (€000)
Audit	Parent Company's auditor		140
Certification	Parent Company's auditor	(1)	23
Other services	Parent Company's auditor	(2)	108
Parent Company's auditor			**271**

(1) Opinion on payment of interim dividend (not declared).

(2) Signature of consolidated and 770 tax forms, review of the consolidated non-financial statement, agreed upon procedures on data, accounting information and remuneration plans, comfort letters for loans and bonds, checks carried out in accordance with requirements for tenders in which the Group took part.

05

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, Carlo Bertazzo and Tiziano Ceccarani, 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 2019.

2. In this regard, we declare that:
   - the administrative and accounting procedures adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2019 were drawn up, and their adequacy assessed, on the basis of the regulations and methods adopted by Atlantia SpA (Guidelines on the Internal Control Over Financial Reporting) 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;
   - the review of the system of internal control over financial reporting has not identified any critical issues.

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.

28 April 2020

Carlo Bertazzo	Tiziano Ceccarani
Chief Executive Officer	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, Carlo Bertazzo and Tiziano Ceccarani, 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 2019.

2. In this regard, we declare that:
   - the administrative and accounting procedures adopted in preparation of the separate financial statements as at and for the year ended 31 December 2019 were drawn up, and their adequacy assessed, on the basis of the regulations and methods adopted by Atlantia SpA (Guidelines on the Internal Control Over Financial Reporting) 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;
   - the review of the system of internal control over financial reporting has not identified any critical issues.

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.

28 April 2020

Carlo Bertazzo	Tiziano Ceccarani
Chief Executive Officer	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 2019.

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 20 April 2018 and its members are Corrado Gatti (Chairman), Alberto di Nigro (standing Auditor), Sonia Ferrero (standing Auditor), Lelio Fornabaio (standing Auditor) and Livia Salvini (standing Auditor).
During the annual reporting period ended 31 December 2019, we performed the audit activities 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 by 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 auditor 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.

An Executive Committee was established on a temporary basis, primarily with a consultative role, on 17 September 2019. The Board of Statutory Auditors attended the Committee's meetings through to 13 December 2019 when the Committee was dissolved. Above all, the Committee primarily provided advice in relation to decisions to be taken by the Board of Directors, without adopting any binding resolution or decision that was not subsequently approved by the Board of Directors.

The Board of Statutory Auditors conducted the audit activities during 23 Board meetings, by taking part in 23 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. The Board of Statutory Auditors also attended the Annual General Meeting of shareholders held on 18 April 2019.

In addition, as a result of the audit activities carried out and on the basis of the information obtained from the independent auditor, 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;
  - (ii) held meetings with representatives of the independent auditor 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 boards of statutory auditors of Atlantia's direct subsidiaries, being Autostrade per l'Italia SpA ("Autostrade per l'Italia" or "ASPI"), Aeroporti di Roma SpA ("Aeroporti di Roma" or "ADR"), Telepass SpA ("Telepass"), Autostrade dell'Atlantico Srl, Pavimental SpA, Spea Engineering SpA ("Spea Engineering"), Azzurra Aeroporti 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 statutory requirements governing updates of the register of persons with access to confidential information (the Insider List).

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 auditor 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 auditor; 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 reasonably in advance by publication in a specific internal database. In addition, during the year, the Company organised induction sessions for Directors and Statutory Auditors (3 were held in 2019), 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 18 January 2019;
- we have noted 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 the CFA (referred to in art. 147-*ter*, paragraph 4 of the CFA) 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, "Related party transactions", 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 2019, the Atlantia Group did not engage in material trading or financial relations with its direct or indirect parents;
- with reference to the Atlantia Group's transactions with other related parties, note 10.5 to the consolidated financial statements, "Related party transactions", states that, for the purposes of the CONSOB Regulations adopted in Resolution 17221 of 12 March 2010, 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", provides details of the impact on the income statement and financial position of trading and financial transactions between Atlantia and related parties, including the Company's Directors, Statutory Auditors and key management personnel;
- the "Remuneration Report 2019" provides details of the remuneration paid to Directors, Statutory Auditors and key management personnel for 2019 and was prepared pursuant to art. 123-*ter* of the CFA.

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 independent 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 independent 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 independent 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 independent auditors or the independent auditing firm 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 the independent auditors or the independent auditing firm and recommending the independent auditors or the independent auditing firm 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) <u>Reporting to the Board of Directors on the outcome of the independent audit and on the additional report required by art. 11 of the European Regulation (EU) 537/2014</u>

The Board states that the independent auditor, Deloitte & Touche SpA ("Deloitte & Touche"), issued the additional report required by art. 11 of the European Regulation on 29 April 2020, describing the results of its independent 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 independent audit, submitting to Directors the additional report, accompanied by any eventual observations pursuant to art. 19 of Legislative Decree 39/2010. With regard to the previous financial year, the Board of Statutory Auditors informed the Board of Directors of the outcome of the independent audit at the meeting held on 10 May 2019.

B) <u>Oversight of the financial reporting process</u>

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 2019. 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. 15 of the CONSOB Regulation on markets, adopted with CONSOB Resolution 20249 of 28 December 2017 (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 auditor.
On 29 April 2020, the Chief Executive Officer and the Manager Responsible for Financial Reporting issued the attestations of the consolidated and separate financial statements required by art. 81-*ter* of CONSOB Regulation 11971 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 2019 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 Chief Financial Officer and Manager Responsible for Financial Reporting, the Head of Group Control and Risk Management, the Head of Anti-corruption for Atlantia and the Group, the Supervisory Board and the Ethics Officer.
In particular, during our periodic meetings with the Head of Internal Audit, with the Chief Financial Officer and Manager Responsible for Financial Reporting 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).
Atlantia's Internal Control, Risk and Corporate Governance Committee has asked for a review of the method used in defining the risk appetite, partly in view of the acquisition of the Abertis group. At its meeting of 10 October 2019, the Committee was presented with the plan to revise the Atlantia Group's approach to ERM, with the aim of ensuring that Atlantia's ERM framework is constantly

aligned with best practices in the sector and facilitate the Abertis group's integration. The review is to be conducted with the support of a leading risk management consulting firm.
It was consequently decided to conduct Atlantia's risk assessment process following the revision of the ERM approach.
The project should be completed by the end of the first half of 2020, with the risk assessment of Atlantia SpA, partly for the purpose of testing the identified approach.
It should also be noted that, on 14 February 2020, Atlantia's Board of Directors approved the guidelines for internal controls over the Atlantia Group's financing reporting, falling within the scope of Law 262/2005.
Furthermore, following the initiatives decided on by the Directors at their meeting of 13 September 2019, with regard to the precautionary measures imposed on a number of employees of Spea Engineering and Autostrade per l'Italia for allegedly making false statements about the results of inspections of certain viaducts, from 17 September 2019, the Internal Control, Risk and Corporate Governance Committee has also focused its attention on the audits that the Board of Directors has appointed KPMG Advisory SpA (forensic services with the aim of checking the correct application of internal procedures by Autostrade per l'Italia and Spea Engineering and the people concerned) and SGS CTR Srl (technical assessment of the inspection reports and viaduct monitoring systems) to carry out.
Work on the audits being conducted by KPMG Advisory SpA and SGS CTR Srl went ahead in early 2020 and, at the time of preparation of this report, have yet to be completed.
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, 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 14 February 2019, 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.
On 17 December 2019, the Head of Internal Audit resigned, having taken on another operational position within the Group on the same date.
The report on the 2019 financial year, issued by the Internal Audit department on 13 February 2020, states that no elements or situations have been identified that could affect the judgement on the fact that the internal control and risk management system is fit for purpose and capable of ensuring achievement of the Group's business objectives.
On 14 February 2020, the Board of Directors appointed the new head of Internal Audit with effect from 1 April 2020. This was done on the recommendation of the Director with responsibility for the internal control system and risk management, following receipt of approval from the Internal Control, Risk and Corporate Governance Committee and in consultation with the Board of Statutory Auditors.

The process of reorganising subsidiaries' Audit departments is in progress, with the establishment of specific departments within Autostrade per l'Italia, Aeroporti di Roma and Telepass. In keeping with the reorganisation, a number of staff from Atlantia's Internal Audit department have been redeployed to the respective Internal Audit departments at Autostrade per l'Italia, Aeroporti di Roma and Telepass. The Abertis group has its own independent Internal Audit department.
The process of defining the structure of the Company's Internal Audit department (scope and responsibilities) is underway, as is the process of ensuring that it has the necessary staff (in terms of number and expertise), taking into account the new extent of its activities and the information flows to be established with the Internal Audit departments of subsidiaries in accordance with the Group's organizational structure.
In the meantime, the Board of Directors is of the view that staffing for the Internal Audit department is adequate and has, in consultation with the Board of Statutory Auditors, fixed the remuneration of the Head of Internal Audit in line with company policies,
It should also be noted that, on 6 March 2020, the Board of Directors approved the Tax Compliance Model, which provides guidelines for managing tax risk through the creation of a system for identifying, measuring, managing and controlling tax risk (the Tax Control Framework), also for the purposes of taking part in the Cooperative Compliance scheme introduced by Legislative Decree 128/2015 from 26 July 2019. As a prerequisite for admission to the scheme, the tax authority reached a positive assessment of the Tax Control Framework. In this context, the Tax Risk Officer is responsible for monitoring the Tax Control Framework.
Art. 1.3 of Atlantia's Corporate Governance Code requires the Board of Directors to define the nature and degree of risk compatible with the issuer's strategic goals, including 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 7 March 2019, 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.
Finally, at the meeting of 17 April 2020, after noting the conclusions of the analysis by the Internal Control, Risk and Corporate Governance Committee of the information provided by staff responsible for the internal control and risk management system, and the Committee's positive assessment of the system, the Board of Directors concluded that the internal control and risk management system can be deemed adequate in respect of the nature of the business and its risk appetite.
In addition, the Board of Statutory Auditors also notes that, during 2019, 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. In addition, on 30 January 2020, the Supervisory Board approved the latest revision of the OMCM, submitting it to the Internal Control, Risk and Corporate Governance Committee for subsequent approval by the Board of Directors, which took place on 23 March 2020.
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 2019 and we do not have anything to mention in this regard in this report.

D) <u>Oversight of the independent audit of the separate and consolidated financial statements</u>

We declare that:

- the accounts have been subjected to the required controls by the independent auditor, 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 auditor had nothing to report on this matter;
- the Board of Statutory Auditors: (i) has analysed the activities of the independent auditor 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 auditor, 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 29 April 2020, Deloitte & Touche issued the additional report required by art. 11 of the above European Regulation;
- on 29 April 2020, Deloitte & Touche issued their audit reports on the separate and consolidated financial statements as at and for the year ended 31 December 2019. 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 view of the financial position of Atlantia SpA and of the Group as at 31 December 2019, 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 audit matters and the audit procedures performed in response to those key matters; (iii) the auditors' opinion on the consistency of the report on operations and of certain specific disclosures contained 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 2019 and the reports' compliance with legal 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 independent audits, prepared pursuant to art. 11 of the European Regulation (Reg. EU 537/2014);
  - neither of the above reports contains a qualification, but do contain an emphasis of matter. In particular, the auditor calls attention to the information provided by the Directors in note 2 to both the separate and consolidated financial statements, regarding the events and circumstances giving rise to a number of uncertainties resulting in material doubts over application of the going concern assumption;
  - 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) <u>Independence of the independent auditor, above all with regard to non-audit services</u>

The Board of Statutory Auditors verified, also with reference to the provisions of art. 19 of Legislative Decree 39/2010, the independence of the independent auditor, Deloitte & Touche, checking the nature and entity of any 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 auditor, Deloitte & Touche or associates of Deloitte & Touche, are as follows:

€000	
Audit	3,678
Certification (audit-related)	23
Other services	1,021
Total	**4,722**

It should be noted that the category "Other services" (those other than audit or certification) includes €108 thousand relating to Atlantia and regarding the services relating to signature of the Company's tax return and Form 770, the review of the consolidated non-financial statement, agreed-upon procedures on accounting data and information and remuneration plans, comfort letters for loans and bond issues and checks relating to tenders in which the Group participated. A further €913 thousand relates to subsidiaries and regards the signature of tax returns and Form 770s, agreed-upon procedures on accounting data and information and comfort letters for loans (services provided by the Parent Company's auditor, Deloitte & Touche), whilst €813 thousand regards comfort letters for loans, checks on the internal control system, the review of the consolidated non-financial statement, agreed-upon procedures on accounting data and information (services provided by associates of the independent auditor).
"Other Services" accounted for 27.59% of the total fees paid for "Audit" and "Certification (audit-related)" services.
In the light of the above, the Board therefore believes that the independent auditor, Deloitte & Touche, meet the requirements for independence. Deloitte & Touche provided their annual confirmation of independence on 29 April 2020.
It should be noted that, pursuant to art. 13, paragraph 1 of Legislative Decree 39/2010, on 5 March 2019, 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, received by the Company on 4 March 2019. The request follows the enlargement of the scope of consolidation following Atlantia's acquisition of the Abertis Infraestructuras group, which has resulted in an increase, of a recurring nature, in the workload relating to the audit of the separate and consolidated annual financial statements and the six-monthly interim report from 2018 and in the remaining two years of the independent auditor's engagement (2019 and 2020).

F) <u>Engagement of an independent auditor to conduct the independent audit of the accounts for the financial years 2021-2029</u>

With approval of the financial statements as at and for the year ended 31 December 2020, the engagement of Deloitte & Touche SpA to conduct the statutory audit of Atlantia's accounts for the nine-year period 2012-2020 expires.
In this regard, during 2019, Atlantia has carried out the process of selecting the new audit firm to carry out the independent audit of its accounts in the financial years from 2021 to 2029, in compliance with the legislation in force.
For the purposes of the selection process, carried out by the Company and for which the Board of Statutory Auditors is responsible, pursuant to art. 16, paragraph 3 of EU Regulation 537/2014, the Board of Statutory Auditors availed itself of the support provided by the working group set up by Atlantia. The group consisted of 5 of the Company's managers and Autostrade per l'Italia's Procurement and Logistics department, which provides these services to Atlantia under a service agreement.
At the end of the selection process, the Board of Statutory Auditors, in its role as the committee responsible for the internal and independent audits, prepared its recommendation to the Board of

Directors for the purposes provided for in the legislation in force and as required by the Company's articles of association.

Negligence, irregularities, other opinions provided, initiatives undertaken

The Board of Statutory Auditors states that during 2019:

- we issued a favourable opinion, pursuant to art. 2389, paragraph 3 of the Italian Civil Code, regarding the remuneration of executive Directors;
- issued a favourable opinion, pursuant to art. 154-*bis*, paragraph 1 of the CFA and art. 33 of the articles of association, on the appointment of the manager Responsible for Financial Reporting;
- approved, pursuant to art. 2386, paragraph 1 of the Italian Civil Code, the Board of Directors' resolution nominating Sabrina Benetton as a member of the Board of Directors until the date of the next General Meeting of shareholders;
- following requests received from the CONSOB on 30 September 2019 and 4 December 2019, pursuant to art. 115, paragraph 1(b) of the CFA, the Board of Statutory Auditors provided the regulator with the information requested.

On 6 March 2020, the Board also approved, pursuant to art. 2386, paragraph 1 of the Italian Civil Code, the Board of Directors' resolution nominating Valentina Martinelli as a member of the Board of Directors until the date of the next General Meeting of shareholders.
We did not issue further opinions during the year, other than those referred to above.

Separate and consolidated financial statements and the report on operations

With regard to the going concern assumption, as noted by the Directors in the notes to the separate (and consolidated) financial statements, "*At the date of preparation of the consolidated financial statements as at and for the year ended 31 December 2019, there are certain significant uncertainties, primarily surrounding the concession arrangement and regulatory framework of the subsidiary, Autostrade per l'Italia, linked to the events of 14 August 2018 and recent legislation (Law 8 of 28 February 2020, the so-called* Milleproroghe *legislation). Further uncertainty also surrounds Autostrade per l'Italia's and Atlantia's potential exposure to liquidity and financial risk resulting from the spread of the Covid-19 pandemic, which has led many governments to limit the movement of people, with a major impact on traffic and revenue at the Atlantia Group's main subsidiaries.* [...] *Despite these significant uncertainties, which raise material doubts about use of the going concern assumption, the Directors believe that it is appropriate for the Parent Company to prepare the financial statements as at and for the year ended 31 December 2019 on a going concern basis. This is based on the information currently available, the opinions obtained from leading independent experts in regulatory, administrative, accounting and financial matters, the examination and assessment of the potential alternative scenarios, and in view of the steps taken to improve the financial and operating performances of the Company and its Group companies.*" The Directors also note that "*Assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.*
The Company will continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable the Company, should it prove necessary, to take the required corrective action".
With specific regard to our examination of the financial statements as at and for the year ended 31 December 2019, 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:

- at the Board of Directors' meeting of 6 March 2020, the Board of Statutory Auditors stated that it was willing to waive the legally required deadline for the issue of our report, subject to receipt of the draft financial statements and of any further document included in the statements sufficiently in advance of their approval. We confirm that we received the necessary documentation in sufficient time to prepare this report. The independent auditor also waived the deadline relating to their 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 test procedure independently and prior to approval of the financial statements. During a number of meetings of Atlantia's Board of Directors, the Directors examined the process and methods used for the Purchase Price Allocation of the Abertis group at the acquisition date (31 October 2018) and the related results;
- 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 have noted the information provided by the Directors in the Annual Report regarding the going concern assumption, financial risk, impairment testing and uncertainties in the use of estimates complies with Document 2 issued by the Bank of Italy/CONSOB/ISVAP on 6 February 2009;
- we note that, as described in the Introduction to the section "Financial review for the Atlantia Group" 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 2019, in which amounts are compared with those of the previous year, and the reclassified consolidated statement of financial position as at 31 December 2019, compared with comparative amounts as at 31 December 2018, and the reconciliation of Atlantia's equity and profit for the year ended 31 December 2019 with the corresponding consolidated amounts.

  The international accounting standards (IFRS) approved by the European Commission and in force at 31 December 2019 were applied in the preparation of the consolidated financial statements for 2019. In this regard, it should be noted that IFRS 16 - Leases was adopted for the first time from 1 January 2019. The new standard has introduced a single approach to accounting for lease arrangements, removing the distinction between operating and finance leases for the lessee. On first-time adoption, the Atlantia Group elected to avail itself of the practical expedient allowed by the standard, recognising the cumulative effects deriving from adoption of the standard in the statement of financial position as of 1 January 2019, without

any change in the comparative income statement. This resulted in an increase of €137 million in non-current non-financial assets, an increase of €116 million in non-current financial liabilities and an increase of €21 million in current financial liabilities, as described in greater detail in the section, "Consolidated financial position", in the report on operations.
In the Introduction to the "Financial review for the Atlantia Group", it is reported that the scope of consolidation as at 31 December 2019 has not undergone significant changes with respect to 31 December 2018. However, it should be noted that amounts for 2019 reflect the full-year contribution of the Abertis group, consolidated from the end of October 2018, and the line-by-line consolidation of the Spanish operator, Autopistas Trados-45 (in which Iberpistas SA, a wholly owned subsidiary of Abertis Autopista España SA, already held a 50% interest). In addition, Abertis Infraestructuras completed the sale of its 89.7% stake in Hispasat SA during the year, resulting in the deconsolidation of this company and its subsidiaries. In addition, whilst not having an impact on the scope of consolidation, as provided for in the related partnership agreements, the merger of Abertis Participaciones with and into Abertis Infraestructuras was completed on 15 March 2019;
With reference to the tragic events relating to the collapse of the Morandi bridge and to Autostrade per l'Italia, the causes of the collapse of the Polcevera road bridge and identification of eventual criminal liability is the subject of an ongoing investigation by magistrates. In this regard, it should be noted that the Ministry of Infrastructure and Transport (the "MIT") formally accused Autostrade per l'Italia of an alleged serious breach of its contractual obligations under the Single Concession Arrangement, following the tragic events of 14 August 2018. The resulting dispute could, in the Ministry's view, lead to termination of the concession. At this time, no action has been taken in this sense and the subsidiary, without prejudice to any subsequent findings regarding liability for the collapse and whilst contesting any and all accusations levelled against it, has expressed a willingness to enter into talks with the MIT with a view to identifying agreed solutions that would lead to a resolution of the dispute, which would also be in the public interest. During talks with the MIT, Autostrade per l'Italia has given the Ministry an undertaking that it is willing to spend a total of €2,900 million, as reported in greater detail in the report on operations;

- finally, with regard to the spread of the Covid-19 pandemic, in line with recommendations from ESMA and the CONSOB regarding the impact of Covid-19 on the financial disclosures provided by listed companies, Atlantia's Directors have provided qualitative and quantitative information on the impact of Covid-19 with respect to material risks and the outlook. This information takes into account the specific nature of the Company and is based on the available data.

Consolidated Non-financial Statement

Atlantia's Board of Directors has approved the Consolidated Non-financial Statement for 2019, prepared pursuant to Legislative Decree 254/2016.
On 29 April 2020, the independent auditor issued its report on the compliance of the information provided in the consolidated non-financial statement with legal requirements and reporting standards adopted. The independent auditor has drawn attention to the disclosure provided in the "Financial review" included in the section of the Statement entitled "Financial capital", which describes the events and circumstances giving rise to a number of uncertainties resulting in material doubts over Atlantia SpA's application of the going concern assumption. The independent auditor has not made any remarks on this aspect.
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 2019 and has no objections regarding the Board of Directors' proposal for the appropriation of profit for the year.

* * *

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 April 2020

Board of Statutory Auditors
The Chairman
Corrado Gatti

Independents Auditors Report

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
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, 2019, and the consolidated income statement, 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, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of 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.

Material Uncertainties Related to Going-Concern

We draw attention to note 2 to the consolidated financial statements, "Going concern assumption and basis of preparation", where the Directors describe events and circumstances that suggest the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

In particular, such uncertainties relate to the disputes under way between the subsidiary Autostrade per l'Italia S.p.A. (the "Concessionaire" or "ASPI") and the Grantor, to the enactment of recent legislation by the Italian Government (i.e. the "*Milleproroghe*" Decree), which amended the rules in case of revocation, forfeiture or termination of motorway concession arrangements and the resulting downgrade of Atlantia S.p.A.'s and ASPI's rating by the main international rating agencies, as well as to the liquidity and financial risks for the Company following the travel restrictions caused by the outbreak of Covid-19.

Deloitte.

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That paragraph reflects the considerations of Atlantia S.p.A.'s Directors and the actions that they took in relation to the events and circumstances that may cast significant going-concern doubt.

Our opinion is not modified in respect to the above-mentioned matter.

Our audit procedures included among others:

- discussion with the Company's and ASPI's management on the Directors' considerations, also on the basis of opinions provided by third parties retained by the Group regarding the Concessionaire's ability to continue as a going concern and the relevant effects on the Parent Company, as well as analysis of the events and circumstances that may cast doubt on said ability and the related material uncertainties;
- review, also with specialist support, of the opinions provided by the counsel retained by ASPI to evaluate the Concessionaire's position with respect to the legal and regulatory framework;
- analysis of the obtained correspondence between the Ministry of Infrastructure and Transportation and the Government, as well as review of Directors' considerations on the accounting impacts of ASPI's proposals in that respect;
- analysis of the correspondence with certain financial institutions, following the downgrade of Atlantia S.p.A.'s and ASPI's rating and review of the Directors' considerations on the possible consequences of the downgrade on financial debt;
- comprehension and analysis of the cash flow schedules prepared by the Parent Company and ASPI and the main assumptions underlying them;
- reading of minutes of the resolutions adopted by the Board of Directors and management and, where not yet available, the reports submitted to Atlantia S.p.A.'s and ASPI's Board of Directors and exchange of information with the Control Bodies on the material aspects;
- analysis of post balance-sheet events that might provide useful information on the going concern assumption;
- analysis of adequacy of the information provided in the notes to the consolidated financial statements and the report on operations regarding the existence of material uncertainties related to going-concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the description in the section on Material uncertainties related to going-concern, we identified the topics illustrated below as key audit matters to be discussed in this report.

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Completion of accounting activities related to the acquisition of control of Abertis Infraestructuras SA	
Description of the key audit matter	The year just ended saw the completion of the identification and determination of the fair value of the assets acquired and the liabilities assumed as a result of the acquisition of control of Abertis Infraestructuras SA ("Abertis") on 29 October 2018. The deal was accounted for with the acquisition method, in accordance with IFRS 3, and entailed the final allocation of the difference between the cost of the acquisition and the value of the net assets acquired, for an amount of €16,774 million which, at 31 December 2018, had been provisionally allocated to goodwill. In particular, the Company, with the help of an external consultant, set the fair value of the net assets acquired at €8,651 million and the Group's goodwill attributable to Abertis, thus to all its CGUs, at €7,869 million. Considering the materiality of the transaction and the peculiarities of the valuation aspects related mainly to the determination of the fair value of the net assets acquired, we considered this a key matter of the audit of the Atlantia Group's consolidated financial statements as at and for the year ended 31 December 2019. Notes 6.1 and 7.2 to the consolidated financial statements illustrate the acquisition of Abertis and the details of the impairment test conducted by the Group, respectively.
Audit procedures performed	In our audit we performed, among others, the procedures outlined below, also with the input of our business valuation experts: • survey of the main controls implemented on the measurement and recognition of the business combination; • review of the report on the estimated Purchase Price Allocation prepared by the independent expert retained by management; • analysis of the main assumptions and key variables used to determine the fair value of the assets and liabilities acquired, including by obtaining information and interviewing management and the external consultant; • analysis of the valuation process used by Management to arrive at the difference allocated to "goodwill"; • review of the accuracy of accounting entries; • review of the adequacy and completeness of the information provided by the Group in the consolidated financial statements vis-à-vis the requirements of IFRS 3.

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Valuation of the provisions for the repair and replacement of motorway infrastructure and provisions for the renewal of assets held under concession	
Description of the key audit matter	The consolidated financial statements as at and for the year ended 31 December 2019 includes "Provisions for the repair and replacement of motorway infrastructure" for €2,514 million, and "Provisions for the renewal of assets held under concession" for €382 million. These provisions reflect the estimated present value of the expenses that the Group concessionaires (the "Concessionaires") will have to incur to meet their obligations under the concession arrangements (the "Arrangements"), for the proper functioning and safety of the motorway and airport infrastructures held under concession. Moreover, ASPI retained external consultants to analyse the current state of maintenance of the principal infrastructures held under concession. The results of such analyses were then compared with the results of the analyses performed by the Group's technical departments. The process to estimate such provisions is comprehensive and complex, and is based on different variables and assumptions, including the technical assumptions underlying the plans for the repair, replacement and renewal of the single infrastructure components. Specifically, the main assumptions concern the length of maintenance cycles, the state of infrastructure maintenance and the expected cost by type of maintenance activity. Based on the above, we considered the estimation of these provisions a key matter of the audit of the Atlantia Group's consolidated financial statements as at and for the year ended 31 December 2019. Notes 3 and 7.14 of the consolidated financial statements illustrate the valuation criteria and the movements in the above provisions for the year.
Audit procedures performed	In our audit we performed, among others, the following procedures: • comprehension of the process used by the Concessionaires to calculate and adjust the provisions in question; • survey of the main controls implemented by the Concessionaires in the area under review; • analysis of the reports prepared by the technical experts of the motorway concessionaires on the repair and replacement plans. Specifically, a review was conducted of the technical assumptions underlying calculation models, maintenance costs and the average expected repair and replacement time; • review of the accuracy and completeness of the data utilised by the Concessionaires for their estimates; • analysis of the discount rates used by the Concessionaires to calculate the present value of the provisions; • review of the mathematical accuracy of the calculations performed to determine the provisions;

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- analysis of the results obtained by ASPI's external consultants on the state of maintenance of the main infrastructures held under concession with the support of experts, and review of the consistency between these results and the assumptions adopted by Management to estimate the provisions for the repair and replacement of motorway infrastructure;
- retrospective review of the previous year's estimates, including the variance analysis of actual costs vs prior estimates, based on a sample of works completed by ASPI in 2019;
- analysis of the adequacy of the information provided in the notes to the consolidated financial statements and of the adherence of such information to the accounting standards adopted.

Impairment test of the goodwill allocated to Autostrade per l'Italia and to Abertis	
Description of the key audit matter	At 31 December 2019, the Atlantia Group's consolidated financial statements include under "Goodwill and other assets with indefinite lives", amounting to €12,426 million, the goodwill related to ASPI, considered a single cash generating unit ("CGU"), in the amount of €4,383 million, and goodwill arising on the acquisition of control of the Abertis group for €7,869 million. This goodwill was not allocated to the CGUs of the Abertis group, as it reflect the group's indistinct ability to generate or acquire additional business in the management of the infrastructure held under concession and related ancillary services; According to IAS 36, goodwill is not amortised but is tested for impairment at least once a year, with a comparison between its recoverable amount, calculated with the value-in-use method, with its carrying amount, which includes both goodwill and the other tangible and intangible assets allocated to the CGU. To determine the recoverable amount allocated to ASPI, considered as a single CGU, the Group referred to the cash flow projections indicated in the Company's long-term plan on the basis of assumptions and regulatory mechanisms contemplated by the concession arrangement entered into with the Grantor (the "Single Concession Arrangement"). In particular, the assumptions include forecast traffic, investments to be made and the tariffs expected under the Arrangement. Regarding the Abertis group, we estimated its value in use by using the long-term plan prepared by this company with an explicit forecast period of five financial years (reflecting the traffic, investment, revenue and cost levels projected for this period) and then proceeded with the estimation of its terminal value. Given the materiality of the carrying amount reported in the Atlantia Group's consolidated financial statements, and the complexity of the valuation process, we considered the impairment test for the goodwill arising on the consolidation of ASPI and Abertis a key matter of the audit of the Atlantia Group's consolidated financial statements as at and for the year ended 31 December 2019. Note 7.2 to the 2019 consolidated financial statements of the Atlantia Group provides details of the impairment test conducted by the Group and the effects of the sensitivity analysis of the key variables used in performing the impairment test.

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Audit procedures performed	In our audit we performed, among others, the procedures outlined below, also with the input of our business valuation experts: • analysis of the procedures adopted by the Group to identify ASPI's and Abertis's CGUs; • survey of the main controls implemented by the Group in relation to the impairment test; • analysis of the main assumptions underlying the long-term plan used by In ASPI and Abertis for the impairment test, to determine their reasonableness; • in particular, we verified the consistency between the assumptions underlying the long-term plan with the provisions of the Single Concession Arrangement and the purchase price allocation process for the Abertis group; • variance analysis of historical and forecast figures, to evaluate the reliability of the process followed by ASPI and Abertis to prepare their long-term plans; • analysis of the impairment test run by the Group, particularly with respect to: i. technical assessment of the method used by the Group to set the discount rate (WACC) used in the test; ii. review of the mathematical accuracy utilised by the Group to determine the "Value in use"; iii. review of the sensitivity analyses performed by the Group; • analysis of the adequacy of the information on the impairment test and its adherence to IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

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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;

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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 Decemeber 31, 2019, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Atlantia Group as at December 31, 2019, and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Atlantia Group as at December 31, 2019 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

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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
Francesco Legrottaglie
Partner

Rome, Italy
April 29, 2020

This report has been translated into the English language solely for the convenience of international readers.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
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" or the "Parent Company"), which comprise the statement of financial position as at December 31, 2019, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainties Related to Going-Concern

We draw attention to note 2 to the separate financial statements, "Going concern assumption and basis of preparation", where the Directors describe events and circumstances that suggest the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

In particular, such uncertainties relate to the disputes under way between the subsidiary Autostrade per l'Italia S.p.A. (the "Concessionaire" or "ASPI") and the Grantor, to the enactment of recent legislation by the Italian Government (i.e. the "*Milleproroghe*" Decree), which amended the rules in case of revocation, forfeiture or termination of motorway concession arrangements and the resulting downgrade of Atlantia S.p.A.'s and ASPI's rating by the main international rating agencies, as well as to the liquidity and financial risks for the Company following the travel restrictions caused by the outbreak of Covid-19.

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That paragraph reflects the considerations of Atlantia S.p.A.'s Directors and the actions that they took in relation to the events and circumstances that may cast significant going-concern doubt.

Our opinion is not modified in respect to the above-mentioned matter.

Our audit procedures included among others:

- discussion with the Company's and ASPI's management on the Directors' considerations, also on the basis of opinions provided by third parties retained by the Group regarding the Concessionaire's ability to continue as a going concern and the relevant effects on the Parent Company, as well as analysis of the events and circumstances that may cast doubt on said ability and the related material uncertainties;
- review, also with specialist support, of the opinions provided by the counsel retained by ASPI to evaluate the Concessionaire's position with respect to the legal and regulatory framework;
- analysis of the obtained correspondence between the Ministry of Infrastructure and Transportation and the Government, as well as review of Directors' considerations on the accounting impacts of ASPI's proposals in that respect;
- analysis of the correspondence with certain financial institutions, following the downgrade of Atlantia S.p.A.'s and ASPI's rating and review of the Directors' considerations on the possible consequences of the downgrade on financial debt;
- comprehension and analysis of the cash flow schedules prepared by the Parent Company and ASPI and the main assumptions underlying them;
- reading of minutes of the resolutions adopted by the Board of Directors and management and, where not yet available, the reports submitted to Atlantia S.p.A.'s and ASPI's Board of Directors and exchange of information with the Control Bodies on the material aspects;
- analysis of post balance-sheet events that might provide useful information on the going concern assumption;
- analysis of adequacy of the information provided in the notes to the financial statements and the report on operations regarding the existence of material uncertainties related to going-concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the description in the section on Material uncertainties related to going-concern, we identified the topics illustrated below as key audit matters to be discussed in this report.

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Recoverability of the investments in Autostrade per l'Italia S.p.A. and Abertis HoldCo SA	
Description of the key audit matter	The financial statements as at and for the year ended 31 December 2019 report investments for a total amount of €15,521 million, including €5,333 million in ASPI and €2,952 million in Abertis HoldCo S.A., a company organised under the laws of Spain in 2018 with two partners, Actividades de Construccion y Servicios S.A. ("ACS") and Hochtief Aktiengesellschaft ("Hochtief"), to acquire control of Abertis Infraestructuras S.A. In accordance with IAS 36, at least once a year the Company tests investments that include goodwill for impairment. Specifically, ASPI was tested for impairment through a comparison between the recoverable amount of the investment calculated with the "value in use" method and the relevant carrying amount. To determine the recoverable amount of the investment in ASPI, the Company referred to the cash flows projections indicated in the long-term plan prepared by ASPI on the basis of the assumptions and regulatory mechanisms contemplated by the Single Concession Arrangement ("Arrangement"). In particular, the assumptions include forecast traffic, investments to be made and the tariffs expected under the Arrangement. Regarding the calculation of the recoverability of the Abertis HoldCo investment, the Company estimated the value in use of the equity interest based on the long-term plan devised by the Abertis Group, with an explicit forecast period of five financial years and the calculation of a terminal value, to determine in an appropriate manner the Abertis Group's ability to generate or acquire business in addition to the operations acquired. Given the materiality of the abovementioned investments and the complexity of the relevant valuation process, we considered the impairment test run on them a key matter for the audit of Atlantia S.p.A.'s separate financial statements. Notes 3 and 5.3 to the 2019 separate financial statements illustrate the valuation methods applied by the Company and the movements in the item for the year, respectively.

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Audit procedures performed	In our audit we performed, among others, the procedures outlined below, also with the input of our business valuation experts: • identification of the main controls implemented by the Company over the impairment test process; • analysis of the valuation process used by management to estimate the recoverability of the investments; • analysis of the main assumptions underlying the long-term plan used for the impairment test, to determine their reasonableness; • variance analysis of historical and forecast figures, to evaluate the reliability of the process followed to prepare the long-term plan; • analysis of the impairment test run by the Company on the recoverable amount of the investments in question. In particular, the following activities were carried out: i. technical assessment of the method used by the Company to set the discount rate (WACC) used in the test; ii. review of the mathematical accuracy utilised by the Company to determine the "Value in use"; iii. review of the sensitivity analyses performed by the Company. • analysis of the adequacy of the information on the impairment test and its adherence to 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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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, 2019, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Atlantia S.p.A. as at December 31, 2019 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Atlantia S.p.A. as at Decemebre 31, 2019 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
April 29, 2020

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06

KEY INDICATORS EXTRACTED FROM THE FINANCIALSTATEMENTS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Key indicators extracted from the financial statements of subsidiaries, associates and joint ventures, as defined by paragraphs 3 and 4 of art. 2429 of the Italian Civil Code

The figures provided below were extracted from the most recent financial statements approved by the companies' respective boards of directors. The companies' reporting date is 31 December of each year, unless otherwise indicated. The companies prepare their financial statements in accordance with international financial reporting standards, with the exception of Abertis HoldCo, Aero 1 Global International, Autostrade dell'Atlantico, Azzurra Aeroporti, Pavimental, Fiumicino Energia, SPEA Engineering, Autostrade Indian Infrastucture and Pune Solapur Expressways Private which prepare their financial statements in accordance with accounting principles generally accepted in their respective countries.

Subsidiaries

Autostrade per l'italia SpA

€000	FINANCIAL POSITION	31 DEC 2018	31 DEC 2017
Non-current assets		18,108,997	18,340,217
Current assets		2,152,788	3,329,212
Total assets		**20,261,785**	**21,669,429**
Equity		2,099,789	1,986,808
of which issued capital		*622,027*	*622,027*
Liabilities		18,161,996	19,682,621
Total equity and liabilities		**20,261,785**	**21,669,429**

€000	RESULTS OF OPERATIONS	2018	2017
Operating revenue		3,809,335	3,708,917
Operating costs		-2,529,994	-1,958,379
Operating profit/(loss)		1,279,341	1,750,538
Profit/(Loss) for the period		**618,412**	**968,016**

Abertis HoldCo SA

€000	FINANCIAL POSITION	31 DEC 2019	31 DEC 2018
Non-current assets		5,821,489	16,519,601
Current assets		235,690	2,764
Total assets		**6,057,179**	16,522,365
Equity		5,846,033	6,730,491
of which issued capital		*100,060*	*100,060*
Liabilities		211,146	9,791,874
Total equity and liabilities		**6,057,179**	16,522,365

€000	RESULTS OF OPERATIONS	2019	2018
Operating revenue			-
Operating costs		-1,012	-636
Operating profit/(loss)		-1,012	-636
Profit/(Loss) for the period		**-20,607**	**-28,304**

Aeroporti di Roma SpA

€000	FINANCIAL POSITION	31 DEC 2019	31 DEC 2018
Non-current assets		2,656,973	2,550,339
Current assets		822,638	657,050
Total assets		**3,479,611**	**3,207,389**
Equity		1,174,344	1,098,459
of which issued capital		*62,225*	*62,225*
Liabilities		2,305,267	2,108,930
Total equity and liabilities		**3,479,611**	**3,207,389**

€000	RESULTS OF OPERATIONS	2019	2018
Operating revenue		1,109,273	1,026,490
Operating costs		-703,506	-634,195
Operating profit/(loss)		405,767	392,295
Profit/(Loss) for the period		**243,193**	**245,164**

Aero 1 Global & International Sàrl

€000 FINANCIAL POSITION	31 DEC 2019	31 DEC 2018
Non-current assets	674,734	674,734
Current assets	193	72
Total assets	**674,927**	**674,806**
Equity	674,867	674,761
of which issued capital	*6,671*	*6,671*
Liabilities	60	45
Total equity and liabilities	**674,927**	**674,806**

€000 RESULTS OF OPERATIONS	2019	2018
Operating revenue	-	-
Operating costs	-251	-87
Operating profit/(loss)	-251	-87
Profit/(Loss) for the period	**30,406**	**25,459**

Autostrade dell'Atlantico Srl

€000 FINANCIAL POSITION	31 DEC 2019	31 DEC 2018
Non-current assets	435,327	431,366
of which non-current investments	378,236	378,236
Current assets	33,124	84,269
Other assets	2	-
Total assets	**468,453**	**515,635**
Equity	262,856	181,336
of which issued capital	*1,000*	*1,000*
Provisions and post-employment benefits	1,679	158
Payables	203,918	334,141
Other liabilities	-	-
Total equity and liabilities	**468,453**	**515,635**

€000 RESULTS OF OPERATIONS	2019	2018
Value of production	93	497
Cost of production	-2,911	-4,434
Operating profit/(loss)	-2,818	-3,937
Profit/(Loss) for the period	**141,939**	**62,830**

Azzurra Aeroporti SpA

€000	FINANCIAL POSITION	31 DEC 2019	31 DEC 2018
Non-current assets		1,229,094	1,303,049
of which non-current investments		1,229,094	1,303,049
Current assets		34,538	53,909
Other assets		54	64
Total assets		**1,263,686**	**1,357,022**
Equity		610,210	706,579
of which issued capital		*3,221*	*3,221*
Provisions and post-employment benefits		142	-
Payables		653,157	650,313
Other liabilities		177	130
Total equity and liabilities		**1,263,686**	**1,357,022**

€000	RESULTS OF OPERATIONS	2019	2018
Value of production		-	-
Cost of production		1,223	-874
Operating profit/(loss)		1,223	-874
Profit/(Loss) for the period		**-53,368**	**43,790**

Stalexport Autostrady SA

THOUSANDS OF ZLOTY	FINANCIAL POSITION	31 DEC 2018	31 DEC 2017
Non-current assets		77,224	78,210
Current assets		276,989	341,278
Total assets		**354,213**	**419,488**
Equity		349,460	416,327
of which issued capital		*185,447*	*185,447*
Liabilities		4,753	3,161
Total equity and liabilities		**354,213**	**419,488**

THOUSANDS OF ZLOTY	RESULTS OF OPERATIONS	2018	2017
Operating revenue		3,702	3,660
Operating costs		-4,044	-7,922
Operating profit/(loss)		-342	-4,262
Profit/(Loss) for the period		**4,839**	**73,211**

Telepass SpA

€000	FINANCIAL POSITION	31 DEC 2018	31 DEC 2017
Non-current assets		86,584	63,136
Current assets		918,884	842,695
Total assets		**1,005,468**	**905,831**
Equity		118,726	115,863
of which issued capital		*26,000*	*26,000*
Liabilities		886,742	789,968
Total equity and liabilities		**1,005,468**	**905,831**

€000	RESULTS OF OPERATIONS	2018	2017
Operating revenue		199,578	183,675
Operating costs		-104,059	-88,699
Operating profit/(loss)		95,519	94,376
Profit/(Loss) for the period		**68,220**	**66,325**

Pavimental SpA

€000	FINANCIAL POSITION	31 DEC 2018	31 DEC 2017
Non-current assets		85,325	101,623
of which non-current investments		*5,392*	*5,392*
Current assets		257,270	279,922
Other assets		4,523	5,990
Total assets		**347,118**	**387,535**
Equity		15,011	31,477
of which issued capital		*10,116*	*10,116*
Provisions and post-employment benefits		12,608	12,823
Payables		319,385	343,093
Other liabilities		114	142
Total equity and liabilities		**347,118**	**387,535**

€000	RESULTS OF OPERATIONS	2018	2017
Value of production		297,978	397,388
Cost of production		-318,361	-371,862
Operating profit/(loss)		-20,383	25,526
Profit/(Loss) for the period		**-16,205**	**15,794**

Fiumicino Energia Srl

€000	FINANCIAL POSITION	31 DEC 2019	31 DEC 2018
Non-current assets		4,894	5,493
of which non-current investments		266	266
Current assets		8,550	7,617
Other assets		17	88
Total assets		**13,461**	**13,198**
Equity		11,768	11,962
of which issued capital		*742*	*742*
Provisions and post-employment benefits		708	619
Payables		985	617
Other liabilities		-	-
Total equity and liabilities		**13,461**	**13,198**

€000	RESULTS OF OPERATIONS	2019	2018
Value of production		5,041	3,348
Cost of production		-5,331	-2,953
Operating profit/(loss)		-290	395
Profit/(Loss) for the period		**-193**	**309**

SPEA Engineering SpA

€000	FINANCIAL POSITION	31 DEC 2018	31 DEC 2017
Non-current assets		7,942	7,689
of which non-current investments		882	168
Current assets		181,659	182,410
Other assets		1,376	1,088
Total assets		**190,977**	**191,187**
Equity		78,211	88,349
of which issued capital		*6,966*	*6,966*
Provisions and post-employment benefits		21,643	20,380
Payables		91,123	82,458
Other liabilities		-	-
Total equity and liabilities		**190,977**	**191,187**

€000	RESULTS OF OPERATIONS	2018	2017
Value of production		111,600	112,943
Cost of production		-115,681	-102,511
Operating profit/(loss)		-4,080	10,432
Profit/(Loss) for the period		**-3,388**	**6,870**

Autostrade Indian Infrastructure Ltd

THOUSANDS OF RUPEES	FINANCIAL POSITION	31 Mar 2019	31 Mar 2018
Non-current assets		17,020	14,354
Current assets		85,347	61,158
Total assets		**102,367**	**75,512**
Equity		90,310	69,733
of which issued capital		*500*	*500*
Liabilities		12,057	5,779
Total equity and liabilities		**102,367**	**75,512**

THOUSANDS OF RUPEES	RESULTS OF OPERATIONS	1 Apr 2018 - 31 Mar 2019	1 Apr 2017 - 31 Mar 2018
Operating revenue		62,491	30,012
Operating costs		-33,986	-44,760
Operating profit/(loss)		28,505	-14,748
Profit/(Loss) for the period		**20,577**	**-10,777**

Associates

Aeroporto Guglielmo Marconi di Bologna SpA

€000	FINANCIAL POSITION	31 DEC 2018	31 DEC 2017
Non-current assets		209,371	199,088
Current assets		42,506	50,576
Assets held for sale		-	117
Total assets		**251,877**	**249,781**
Equity		170,236	167,220
of which issued capital		*90,314*	*90,314*
Liabilities		81,641	82,561
Total equity and liabilities		**251,877**	**249,781**

€000	RESULTS OF OPERATIONS	2018	2017
Operating revenue		108,392	92,978
Operating costs		-84,324	-72,151
Operating profit/(loss)		24,068	20,827
Profit/(Loss) for the period		**17,101**	**14,909**

Joint ventures

Pune Solapur Expressways Private Ltd

THOUSANDS OF RUPEES	FINANCIAL POSITION	31 Mar 2019	31 Mar 2018
Non-current assets		9,322,119	9,728,266
Current assets		597,653	365,395
Total assets		**9,919,772**	**10,093,661**
Equity		434,411	554,021
of which issued capital		*47,334*	*47,334*
Liabilities		9,485,361	9,539,640
Total equity and liabilities		**9,919,772**	**10,093,661**

THOUSANDS OF RUPEES	RESULTS OF OPERATIONS	1 Apr 2018 - 31 Mar 2019	1 Apr 2017 - 31 Mar 2018
Operating revenue		1,555,200	1,408,832
Operating costs		-1,674,983	-1,609,905
Operating profit/(loss)		-119,783	-201,073
Profit/(Loss) for the period		**-119,783**	**-201,073**

07 SHAREHOLDERS' RESOLUTIONS

Shareholders' resolutions

The Ordinary General Meeting of Atlantia S.p.A., held at the Company's registered office in Rome, Via Antonio Nibby no. 20, on 29 May 2020, in single call, to resolve on the following

Agenda:

1) Atlantia SpA's financial statements for the year ended 31 December 2019. The reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditor. Appropriation of profit for the year. Presentation of consolidated financial statements for the year ended 31 December 2019. Related and resulting resolutions.
2) Engagement of the Independent Auditor for the financial years 2021-2029. Related and resulting resolutions.
3) Election of two members of the Board of Directors. Related and resulting resolutions.
4) Proposal for revocation of the General Meeting's resolution of 18 April 2019 limited to the authorisation to purchase treasury shares, without prejudice to the authorisation to sell treasury shares therein contained. Related and resulting resolutions.
5) Proposal for a Free Share Scheme for Employees for the year 2020. Related and resulting resolutions.
6) Report on the Remuneration Policy for 2020 and Remuneration paid in 2019, prepared pursuant to art. 123-ter of Legislative Decree 58 of 24 February 1998:
    6.1) First section: Report on the Remuneration Policy for 2020 (binding resolution;
    6.2) Second section: Report on Remuneration paid in 2019 (non-binding resolution).

On item no. 1) of the agenda, it resolved:

- to approve the financial statements as at 31 December 2019, which report profit of EUR 426,613,505, having taking note of the relevant documentation attached to them;
- to take the profit for the year of EUR 426,613,505 to the distributable "Retained earnings" reserve.

On item no. 2) of the agenda, it resolved:

- to approve the proposal put forward by the Board of Statutory Auditors, in accordance with the terms and conditions set out in the "*Recommendation of Atlantia SpA's Board of Statutory Auditors on the engagement of the Independent Auditor to conduct the statutory audit of the accounts – pursuant to art. 13, paragraph 1, and art. 17, paragraph 1 of Legislative Decree 39 of 27 January 2010, as amended, articles 16 and 18 of Legislative Decree 135 of 17 July 2016 and art. 16 of Regulation (EU) 537/2014 of the European Parliament and Council dated 16 April 2014 - for the period from 2021* *to 2029 and to approve the related fees*" and, based on the justified preference expressed by the Board of Statutory Auditors, to engage KPMG SpA, as the first ranked audit firm based on the financial and technical criteria used in the selection process and, therefore, deemed to be the most suitable to perform the engagement, for a proposed total fee of €1,040,106, corresponding with 21,042 chargeable hours, to perform the statutory audit for the nine-year period 2021-2029.

On item no. 3) of the agenda, it resolved:

- to appoint as members of the Board of Directors who will remain in office until the financial statements for the business year ended 31 December 2021 are approved:
  - Mrs. Sabrina Benetton, born in Padova on 4 October 1973, tax code BNTSRN73R44G224Z; and
  - Mrs. Valentina Martinelli, born in Vicenza on 8 August 1976, tax code MRTVNT76M48L840A;
- to grant the above Directors the same remuneration as that determined for the office of member of the Board of Directors by the General Meeting of 18 April 2019.

On item no. 4) of the agenda, it resolved:

- to revoke, for the part not yet executed, the previous Shareholders' authorisation of 18 April 2019 limited to the authorisation to purchase treasury shares, without prejudice to the authorisation, in accordance with and for the purposes of Art. 2357-ter of Italian Civil Code, to the sale, disposal and/or use, in one or more instalments and at any time, with no time limitation, of all or part of the treasury shares held in portfolio under the terms, conditions and in accordance to the procedures set forth in the Shareholders' resolution authorising the disposal of treasury shares of 18 April 2019, which are deemed to be fully referred herein;
- to grant the Chairman and the Chief Executive Officer, severally and with full power of sub-delegation for single acts or categories of acts, all powers, none excluded or excepted, to implement the aforementioned resolutions, carrying out all that is required, appropriate, instrumental, connected and/or useful for their successful execution.

On item no. 5) of the agenda, it resolved:

- to approve, pursuant to and for the purposes of art. 114-bis of Legislative Decree No. 58/1998, the Plan for the one-off, for a free share scheme regarding Atlantia's ordinary Shares for the employees of the Company and/or of its Italian Subsidiaries, pursuant to the terms set out under the Explanatory Report and the Information Document, using the treasury Shares already owned by the Company at the date of this resolution;
- to grant the Board of Directors, with the right to sub-delegate to each of its members, all necessary powers, having acknowledged the opinion of the Human Resources and Remuneration Committee and the opinion of the Board of Statutory Auditors for competence, to implement this resolution, including, without limitation, the power to (i) identify the Beneficiaries; (ii) identify the Italian Subsidiaries whose Employees will be proposed to participate in the Plan; (iii) determine in detail the terms and conditions for the Allotment of the Shares to the Beneficiaries; (iv) prepare and approve the relevant regulations for the implementation of the Plan (v) carry out any fulfillment,

formality or communication that are necessary or appropriate for the purposes of managing and/or implementing the Plan, in compliance with the terms and conditions described under the relevant regulations and pursuant to the terms and conditions set forth under the Information Document; and (vi) make any amendments or supplement to the regulations of Plan and to the terms and conditions set out in the Information Document, that may be necessary in the event of changes of the applicable rules or extraordinary events that may affect the Plan.

On item no. 6) of the agenda, it resolved:

- to approve the first section of the "Report on the Remuneration Policy for 2020 and Remuneration paid in 2019" of Atlantia S.p.A..
- in favour of the second section of the "Report on the Remuneration Policy for 2020 and Remuneration paid in 2019" of Atlantia S.p.A.

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Legal information and contacts

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Legal information

Issued capital: €825,783,990.00, fully paid-up.
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REA no. 1023691

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Atlantia