Atlantia

Press Release

BOARD APPROVES ATLANTIA GROUP'S INTERIM REPORT FOR SIX MONTHS ENDED 30 JUNE 2017

Consolidated results[1]

- Motorway traffic on Group's Italian network up 2.9% in H1 2017 (up 3.4% after stripping out leap-year effect)
- Motorway traffic on Group's overseas network up 3.0% in H1 2017 (up 3.6% after stripping out leap-year effect)
- Passenger traffic at Aeroporti di Roma up 0.6% in H1 2017 (up 1.1% after stripping out leap-year effect)
- Passenger traffic at Nice airport, operated under concession by Aéroports de la Côte d'Azur (consolidated at the end of 2016), up 3.7% in H1 2017 (up 4.1% after stripping out leap-year effect)

[1] In addition to the reported amounts in the consolidated financial statements, this press release also presents and analyses alternative performance indicators ("APIs"), including EBITDA, operating cash flow and capital expenditure. A detailed description of the principal APIs used in the following consolidated financial review, including an explanation of the term "like-for-like basis", is provided in the "Explanatory notes" below.

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- **Gross operating profit (EBITDA) amounts to €1,728m for H1 2017, up 10% (up 6% on like-for-like basis[2])**
- **Profit attributable to owners of parent totals €518m for H1 2017, up 25% (up 6% on like-for-like basis[2])**
- **Operating cash flow of €1,205m in H1 2017 up 10% (up 8% on like-for-like basis[2])**
- **Group capital expenditure totals €478m in H1 2017**
- **Net debt as at 30 June 2017 totals €11,421m, down €256m compared with 31 December 2016**
- **Group's average workforce totals 15,758 in H1 2017 (up 953 on H1 2016), including increase of 704 contributed by Aéroports de la Côte d'Azur group and its subsidiaries**

Rome, 4 August 2017 – Today's meeting of the Board of Directors of Atlantia SpA, chaired by Fabio Cerchiai, has approved the Atlantia Group's interim report for the six months ended 30 June 2017 ("H1 2017"), which will be published within the deadline established by the relevant statutory requirements, together with the results of the audit currently in progress. The consolidated accounts presented in the interim report have been prepared in accordance with the IFRS in effect at 30 June 2017.

Key performance indicators by operating segment

	ITALIAN MOTORWAYS		OVERSEAS MOTORWAYS		ITALIAN AIRPORTS		OVERSEAS AIRPORTS		ATLANTIA AND OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL ATLANTIA GROUP(1)	
	H1		H1		H1		H1		H1		H1		H1	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
REPORTED AMOUNTS														
External revenue	1.844	1.782	316	255	428	399	127	-	120	130	-	-	2.835	2.566
Intersegment revenue	17	16	-	-	-	-	-	-	236	194	-253	-210	-	-
Total operating revenue	1.861	1.798	316	255	428	399	127	-	356	324	-253	-210	2.835	2.566
EBITDA	1.149	1.110	242	188	257	230	43	-	37	50	-	-	1.728	1.578
Operating cash flow	770	723	202	165	196	169	30	-	7	38	-	-	1.205	1.095
Capital expenditure	243	304	87	72	105	172	10	-	34	23	-1	-5	478	566

(1) Information on the principal consolidated amounts and the related changes is provided in the "Group financial review".

Details of the composition of the Atlantia Group's operating segments are provided in the "Explanatory notes".

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(2) The "Explanatory notes" include a table showing the reconciliation of like-for-like consolidated amounts for the two comparative periods.

Operating review for the principal Group companies

Italian motorways

- **Traffic up 2.9% overall in H1 2017 compared with H1 2016 (up 3.4% after stripping out leap-year effect)**
- **Operating revenue of €1,861m up €63m (4%)**
- **EBITDA of €1,149m up €39m (4%)**
- **Capital expenditure totals €243m**

Traffic

Traffic on the Group's Italian network in the first six months of 2017 is up 2.9% on the first half of the previous year. The number of kilometres travelled by vehicles with 2 axles is up 2.6%, with the figure for those with 3 or more axles up 5.1%.

OPERATOR	KM TRAVELLED (IN MILLIONS)				ATVD [1]
	VEHICLES WITH 2 AXLES	VEHICLES WITH 3+ AXLES	TOTAL VEHICLES	% CHANGE VERSUS H1 2016	H1 2017
Autostrade per l'Italia	19.218	3.195	22.413	3,0	43.379
Autostrade Meridionali	818	18	835	3,3	89.434
Tangenziale di Napoli [2]	431	39	470	-1,0	128.666
Autostrada Tirrenica [3]	120	12	132	10,9	13.350
Raccordo Autostradale Valle d'Aosta	43	10	53	3,9	9.072
Società Italiana per il Traforo del Monte Bianco	4	2	5	3,3	5.091
Total Italian operators	**20.633**	**3.276**	**23.909**	**2,9 [4]**	**43.757**

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

(2) The data for Tangenziale di Napoli at June 2017 is provisional.

(3) The 15-km Civitavecchia-Tarquinia section was opened to traffic at the end of March 2016.

(4) After stripping out the leap-year effect, the increase in kilometres travelled in the first half of 2017 is approximately 3.4%.

Operating results

The Group's Italian motorway operations generated operating revenue of €1,861m in the first half of 2017, an increase of €63m on the same period of 2016 (up 4%). The performance reflects an increase in net toll revenue (€1,696m), which is up €61m compared with the first half of 2016. This is primarily due to traffic growth (up 2.9%, boosting toll revenue by €47m, taking into account the positive impact of the different traffic mix) and application of annual toll increases (up €9m, above all reflecting a 0.64% increase in tolls at Autostrade per l'Italia from 1 January 2017). EBITDA for the Italian motorways segment in the first half of 2017 amounts to €1,149m, up €39m (4%) on the same period of 2016.

Capital expenditure

Autostrade per l'Italia and the Group's other Italian operators invested a total of €243m in the first half of 2017.

(€M)	H1 2017	H1 2016
Autostrade per l'Italia -projects in Agreement of 1997	103	104
Autostrade per l'Italia - projects in IV Addendum of 2002	39	89
Investment in major works by other operators	1	19
Other capital expenditure and capitalised costs (staff, maintenance and other)	89	80
Total investment in infrastructure operated under concession	232	292
Investment in other intangible assets	6	6
Investment in property, plant and equipment	5	6
Total capital expenditure on motorways in Italy	243	304

With regard works envisaged in the Agreement of 1997, work is continuing on the completion of off carriageway works for the *Variante di Valico* (opened to traffic at the end of 2015), as is work on widening the A1 between Barberino and Florence North to three lanes. Work on completion of off carriageway works for the Florence North-Florence South section of motorway is also in progress. In terms of the works contained in the IV Addendum of 2002, work during the first half of 2017 consisted of off carriageway works for the A14 between Senigallia and Ancona North and Ancona North and Ancona South, and work on completing the A4-A13 interchange in the vicinity of the Padua Industrial Park toll station. "Other capital expenditure and capitalised costs" includes approximately €29m invested in major works by Autostrade per l'Italia, primarily reflecting work on the fourth free-flow lane for the A4 between Milan Viale Certosa and Sesto San Giovanni, and design work and surveys carried out in preparation for work on the Bologna Interchange (on carriageway works and work on the surrounding area).

Overseas motorways

- **Traffic up 3.0% overall in H1 2017, compared with H1 2016 (up 3.6% after stripping out leap-year effect), reflecting traffic growth in Chile (5.1%), Brazil (0.7%) and Poland (6.9%)**
- **Operating revenue of €316m up 24% (up 10% at constant exchange rates)**
- **EBITDA of €242m up 29% (up 15% at constant exchange rates)**
- **Capital expenditure totals €87m**

Traffic

Traffic on the networks operated by the Group's overseas operators rose in the first half of 2017, compared with the same period of 2016, with increases in Chile (5.1%), Brazil (0.7%) and Poland

(6.9%). After adjusting for the leap-year effect, traffic is up 5.7% in Chile, up 1.2% in Brazil and up 7.5% in Poland in the first half of 2017.

Chile

Chilean operators' operating revenue for the first six months of 2017 amounts to €159m, up €34m (27%) on the first half of 2016. At constant exchange rates, operating revenue is up €23m (18%), benefitting from the toll increases that came into effect from January 2017 and the above traffic growth. EBITDA of €106m is up €19m (22%) on the first half of 2016. At constant exchange rates, EBITDA is €99m, up €12m (14%). The Chilean operators invested a total of €55m in the first six months of 2017. As at 30 June 2017, 82% of the works to be carried out as part of the *Santiago Centro Oriente* upgrade programme has been completed. The programme involves investment of approximately 256bn pesos (around €358m[(3)]) in the section of motorway operated by Costanera Norte.

Brazil

Operating revenue for the first six months of 2017 amounts to €153m, up €34m (29%) on the same period of 2016. At constant exchange rates, operating revenue is up €9m (8%). Toll revenue for the first half of 2017 benefitted from the toll increases introduced by Triangulo Do Sol and Rodovia das Colinas with effect from July 2017. Rodovia MG050 applied the toll increases for 2016 from 1 February 2017 and those relating to the current year from 13 June 2017. EBITDA of €109m is up €33m (43%) on the first six months of 2016. At constant exchange rates, EBITDA is up €15m (20%). During the first half of 2017, a total of €28m was invested in upgrading the network operated under concession in Brazil.

Poland

The Stalexport Autostrady group's operating revenue for the first half of 2017 amounts to €36m, up €4m (13%) on the same period of 2016. At constant exchange rates, revenue is up €3m (9%). EBITDA of €28m is up €3m on the first half of 2016. At constant exchange rates, EBITDA is up €2m (8%).

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(3) Translated using the average exchange rate for the period January-June 2017, equal to 714.89 pesos per euro.

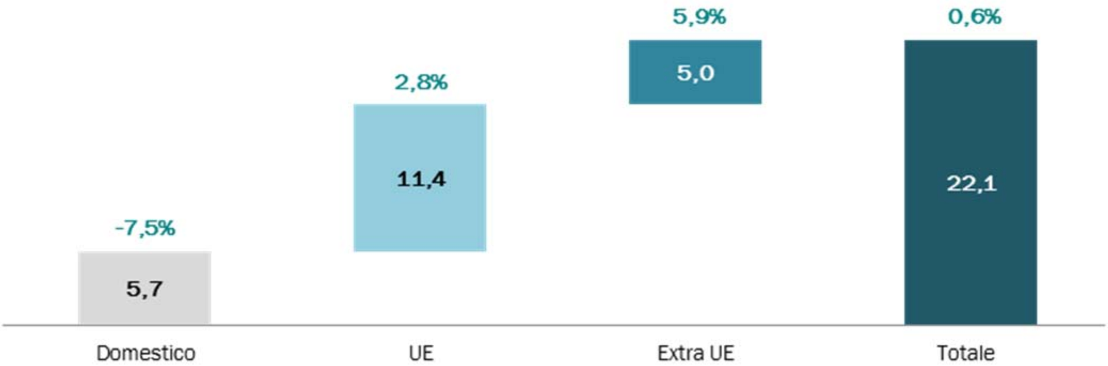
Italian airports

- **Roman airport system handled over 22m passengers in H1 2017, registering growth of 0.6% (up 1.1% after stripping out leap-year effect)**
- **Operating revenue of €428m up €29m (7%)**
- **EBITDA of €257m up €27m (12%)**
- **Capital expenditure totals €105m**

Traffic

The Roman airport system handled over 22m passengers in the first half of 2017, marking an increase of 0.6% on the same period of the previous year. After adjusting for the leap-year effect, passenger growth is 1.1%.

Breakdown of traffic using the Roman airport system in H1 2017
(millions of pax and change H1 2017 versus H1 2016)



Operating results

The Italian airports business generated operating revenue of €428m in the first half of 2017, an increase of €29m (7%) compared with the same period of the previous year. Aviation revenue of €301m is up €9m (3%) as a result of a favourable traffic mix and the increase in airport fees applied from 1 March of each year.

Other operating income of €127m is up €20m (19%), primarily due to the contribution from the new retail plaza located in the new wing of Terminal 3 at Fiumicino. EBITDA of €257m is up €27m (12%) on the same period of the previous year.

Capital expenditure

Capital expenditure totalled €105m in the first half of 2017.

(€M)	H1 2017	H1 2016
T3 wing and boarding area E	18	61
Work on baggage handling sub-systems and airport equipment	3	35
Work on terminals and piers	21	26
Work on technical systems and networks	9	11
Work on runways and aprons	36	7
Other	18	32
TOTAL CAPITAL EXPENDITURE	105	172

Work on the upgrade of Runway 1 at Fiumicino was completed, whilst work continued on flood defences for the western area, on the Phase 1 of the Western aprons and on the *Piazzali 300* ("300 Aprons") project, in preparation for the new boarding area A. Work on the internal upgrade and refurbishment of Terminal 3 and Terminal 1 was also completed, in readiness for the transfer of high-risk flights that previously departed from Terminal 5. Finishing work and complementary works for boarding area E also continued. At Ciampino airport, work on the upgrade of the General Aviation Terminal was completed.

Overseas airports

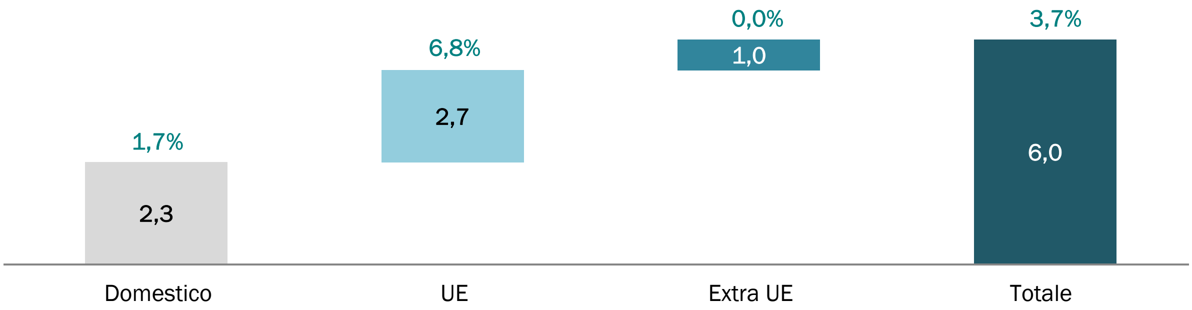
- **Nice airport handled 6m passengers in H1 2017, up 3.7% (up 4.1% after stripping out leap-year effect)**
- **Operating revenue totals €127m**
- **EBITDA totals €43m**
- **Capital expenditure totals €10m**

Traffic

Nice airport handled 6m passengers in the first half of 2017, marking an increase of 3.7% compared with the same period of the previous year. In terms of general aviation, movements were up 5.0% in the first half of 2017[4].

[4] The figures refer to the airports of Nice, Cannes and Saint-Tropez.

Breakdown of traffic using Nice airport in H1 2017
(millions of pax and change H1 2017 versus H1 2016)



Operating results

The Group's overseas airports segment generated operating revenue of €127m in the first half of 2017. Aviation revenue of €72m primarily consists of fees earned by the airports of Nice, Cannes and Saint-Tropez, in addition to the contribution from the Sky Valet FBO network, which also includes the Portuguese ground handling operations acquired in May 2016. Other operating income amounts to €55m. EBITDA totals €43m.

Capital expenditure

The Aéroports de la Côte d'Azur group's capital expenditure amounts to €10m for the first half of 2017. Initiatives designed to expand capacity amount to €7m and include work on increasing the retail offering and expanding the capacity of Terminal 2, work on the tram line to Nice airport and improvements to the baggage reclaim system in Terminal 1. A further €3m was invested in compliance, primarily on the upgrade of airport infrastructure to comply with EASA regulations.

Other information

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

On 15 May 2017, Atlantia announced that its Board of Directors had decided to launch a voluntary public tender offer, in cash and shares, for the entire issued capital of Abertis Infraestructuras.
This offer calls for a cash payment of €16.50 for each Abertis share tendered, with the possibility for Abertis's shareholders to opt, in whole or in part, for a Partial Alternative in Shares.
In particular, the Partial Alternative in Shares grants Abertis's shareholders the possibility to opt,

in whole or in part, for payment in the form of newly issued special shares in Atlantia, based on an exchange ratio of 0.697 Special Atlantia Shares for every Abertis share. Payment of the consideration in the form of Special Atlantia Shares is subject to a maximum acceptance threshold of 230 million Abertis shares, equal to 23.2% of the total Abertis shares covered by the offer. Once this threshold is crossed, the Special Shares will be allotted on a prorated basis, with the balance payable in cash.

The Special Atlantia Shares will rank *pari passu* with the existing ordinary shares, save for the following:

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

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

- Minimum percentage of shares tendered equal to at least 50% plus one share of all of Abertis's shares covered by the offer;
- Minimum number of Abertis shares tendered for the Partial Alternative in Shares equal to 100,000,000 (one hundred million), or 10.1% of all of Abertis's outstanding shares);
- Approval of the transaction by Spain's stock market regulator, the *Comision Nacional del Mercado de Valores* ("CNMV") and, to the extent applicable, by the CONSOB;
- Issuance of the necessary consents by the competent antitrust authorities (the European Commission and authorities in the United States, Brazil, Chile and Argentina) and other competent administrative authorities in Brazil (the *Agência Nacional de Transportes Terrestres - ANTT*, the *Agência Reguladora de Transporte do Estado de Sao Paulo - ARTESP* and the *Agência Nacional de Telecomunicações - ANATEL*).

To cover the maximum amount payable in cash to Abertis's shareholders who accept the offer, Atlantia has obtained acquisition financing from a pool of leading banks under a facility agreement signed in May 2017. The facility consists of four committed lines of credit, amounting to a total of €14.7bn. In addition, in order to comply with Spanish takeover law, three leading banks have provided bank guarantees ("*Avales*") on behalf of Atlantia, presented to the CNMV to cover the cash amount payable under the public tender offer for Abertis's shares. The total amount of the guarantees matches the amount of the above financing. In addition, in July 2017, following

Atlantia's issue of notes with a value of a €1.0bn, maturing in 2027, and completion of Atlantia's sale of minority interests in Autostrade per l'Italia and Azzurra Aeroporti, part of the above acquisition financing for the public tender offer, totalling €2.8bn, was cancelled, as provided for in the related contract.

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

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017. The Addendum governs the inclusion of the first of the works in the Single Concession Arrangement of 2007, the Casalecchio Interchange – Northern section, among the operator's investment commitments. The project will involve expenditure of up to approximately €158m, including around €2m already incurred for design work, and almost €156m to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis. The Addendum replaces the previous concession arrangement signed on 10 December 2015, for which the related approval process had not been completed. The Addendum signed on 10 July 2017 will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy's Court of Auditors.

Events after 30 June 2017

Atlantia issues notes worth €1bn, maturing in 2027

On 6 July 2017, Atlantia issued a series of notes with a value of €1bn, maturing on 13 July 2027, under its €3bn Euro Medium Term Note Programme. The notes were placed with institutional investors. The effective yield to maturity is 1.99%, corresponding to a yield that is 102 basis points above the reference mid-swap rate. The proceeds from the issue of the notes may be used for Atlantia's general corporate purposes, including the funding of the voluntary public tender offer launched by Atlantia on the entire share capital of Abertis Infraestructuras SA.

Sale of investment in Autostrade per l'Italia completed

On 26 July 2017, the sale of an 11.94% stake in Autostrade per l'Italia was completed. A 6.94% interest has been sold to the consortium established by Allianz Capital Partners, acting on behalf of Allianz Group, EDF Invest and DIF Infrastructure IV, whilst a further 5% has been acquired by Silk Road Fund.

Atlantia wins contract for Américo Vespucio Priente Príncipe de Gales – Los Presidentes project in Chile

On 28 July 2017, Atlantia, through its Chilean subsidiary, Grupo Costanera, was awarded the concession for the Américo Vespucio Oriente Príncipe de Gales - Los Presidentes (AVO II) project. The AVO II project regards the construction and operation of a section of urban motorway in the city of Santiago, consisting of a 5.2-km long tunnel using a free-flow tolling system. In addition to building the section in the tunnel, the project also includes improvements to the surrounding area and to roads above ground. The AVO II section is located in the eastern section of Santiago's orbital motorway and is a continuation of the section operated under concession by Vespucio Sur, a wholly owned subsidiary of Grupo Costanera. The project is expected to cost approximately €500m, less than twice Grupo Costanera's annual pre-tax operating profit. With AVO II, the grantor – Chile's Ministry of Public Works - has completed the award of concessions covering Santiago's entire orbital motorway.

Principality of Monaco acquires stake in Azzurra Aeroporti

On 31 July 2017, the transfer of a 12.5% interest in Azzurra Aeroporti, the majority shareholder in Aéroports de la Côte d'Azur, to the Principality of Monaco was completed through Société Monegasque d'Investissement Aeroportuaire SA, a wholly owned subsidiary of the Principality. The related consideration amounts to €136.4m, including the sale of a portion of the preference rights. Following this transaction, Azzurra Aeroporti is 52.51% owned by Atlantia, with Aeroporti di Roma holding 10%, EDF Invest, through Sky Cruise SAS, holding approximately 24.99% and the Principality of Monaco, through SMIA, 12.5%.

Extraordinary General Meeting of Atlantia SpA's shareholders

A General Meeting of Atlantia SpA's shareholders, meeting in extraordinary and ordinary session, was held on 2 August 2017. The Meeting resolved to approve the capital increase to service the public tender offer for Abertis's shares and amendments to the articles of association, and a long-term incentive plan for a limited number of core people involved in the process of integrating the Company with Abertis.

The General Meeting, meeting in extraordinary session, resolved:

- to approve the capital increase for consideration, amounting to up to €3,794,537,700, inclusive of a share premium of €3,634,227,700, through the issue of up to 160,310,000 special shares at an issue price per share of €23.67 (of which €1.00 allocated to the issued capital and €22.67 to the share premium reserve), to service the voluntary public tender offer, in cash and shares, for Abertis Infraestructuras SA's shares. The capital increase will be carried out on the payment date (or payment dates) of the above offer (and otherwise by 30 April 2018) via the exchange of 1 ordinary Abertis shares for every 0.697 new Special Atlantia Shares subscribed. The Special Atlantia Shares will rank *pari passu* with the existing ordinary shares, save for the following:

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

- to approve the proposed amendments to the articles of association in relation to issue of the Special Shares and concerning the rules governing such shares; the proposed increase in the number of members of the Board of Directors; the proposed change to mechanism to elect the Directors by slate vote, to take effect upon conversion of the Special Shares into ordinary shares; the proposed change to the manner in which meetings of the Board of Directors are called;
- to provide that the resolution approving the Capital Increase and application of the above amendments to the articles of association shall be subject to completion of the public tender offer for Abertis Infraestructuras SA's shares in accordance with the applicable Spanish law.

The General Meeting, meeting in ordinary session, resolved to approve, for the intents and purposes of article 114-*bis* of the Consolidated Finance Act, adoption of a supplementary phantom stock option plan for a limited number of core people involved in the process of building and creating value at the new Group that will be formed through the Company's integration with Abertis.

Atlantia acquires 29% interest in Bologna airport

On 3 August 2017, Atlantia signed agreements that will result in the acquisition of a 29.38% interest in Aeroporto Guglielmo Marconi SpA, the company that holds the concession to operate Bologna airport.

Atlantia's total investment will be approximately €164.5m. Atlantia is to acquire 11.53% of the company from Italian Airports SARL at a price of €15.50 per share, making a total of €64.6m, and 17.85% of the company from San Lazzaro Investments Spain, SL at a price of €15.50 per share, amounting to a total of €99.9m.

The agreements provide for a partial earnout should, within 18 months, the Atlantia Group launch a public tender offer, in cash and shares, for the shares at a price higher than the one agreed today, a development that is not currently under consideration.

Group financial review

Introduction

The international accounting standards applied during preparation of the consolidated accounts for the first half of 2017 are consistent with those adopted for the consolidated financial statements for the year ended 31 December 2016, in that no new accounting standards, interpretations or amendments to existing standards have come into effect during the first half of 2017.

With regard to changes in the scope of consolidation as at 30 June 2017, compared with 31 December 2016, amounts for the first half of 2017 include the contribution of Aéroports de la Côte d'Azur ("ACA") and its subsidiaries following completion of the French company's acquisition at the end of 2016.

Whilst not modifying the Group's scope of consolidation, the Group's restructuring, begun in 2016, was completed in the first half of 2017. Completion of the process, in the first half of 2017, involved Autostrade per l'Italia's distribution of a special dividend in kind to its parent, Atlantia, via the transfer of its entire interests in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development.

The "Explanatory notes" also include the reconciliation of the key alternative performance indicators included in the reclassified consolidated financial statements analysed in this financial review and the reported amounts published in the condensed consolidated interim financial statements. Finally, an explanation of the term "like-for-like basis", used in the description of certain amounts in the consolidated income statement and statement of financial position, is provided in the "Explanatory notes" below.

Operating results

Operating revenue

Operating revenue for the first half of 2017 totals €2,835m and is up €269m (10%) on the same period of 2016 (€2,566m).

Toll revenue of €1,994m is up €119m (6%) compared with the first half of 2016 (€1,875m). After stripping out the impact of exchange rate movements, which had a positive impact of €33m in the first half of 2017, toll revenue is up €86m, primarily as a result of the following:

- the application of annual toll increases for (essentially reflecting a 0.64% increase in tolls at Autostrade per l'Italia from 1 January 2017) and traffic growth of 2.9% (accounting for an increase in toll revenue of approximately €56m, including the impact of the different traffic mix between the two comparative periods);
- an improved contribution from overseas operators (up €24m), linked to the application of toll increases on the overseas network and traffic growth registered by the Group's operators in Chile (5.1%) and Poland (6.9%).

Aviation revenue of €373m is up €81m (28%) compared with the first half of 2016 (€292m), primarily reflecting the contribution of the Aéroports de la Côte d'Azur group (€72m). Aeroporti di Roma benefitted from increases in airport fees applied in the two comparative periods (from 1 March of each year) and traffic growth (passengers up 0.6%), boosting revenue by €9m.

Contract revenue and other operating income, totalling €468m, is up €69m on the first half of 2016 (€399m), primarily reflecting the contribution from the Aéroports de la Côte d'Azur group (€55m) and increased retail revenue at Aeroporti di Roma, linked to the opening of the new retail plaza located in the new wing of Terminal 3 at Fiumicino at the end of 2016.

Operating costs

Net operating costs of €1,107m are up €119m (12%) on the first half of 2016 (€988m), essentially reflecting a combination of the following:

- an increase of €64m in the cost of materials and external services compared with the first half of 2016. After stripping out the impact of exchange rate movements, the increase is €58m, primarily due to a combination of the following:
    - the contribution of the ACA group, amounting to €56m;

- the costs incurred by Atlantia for the external consultants engaged in relation to the public tender offer, in cash and shares, for the entire issued capital of Abertis Infraestructuras SA;
- increased maintenance costs at Autostrade per l'Italia, reflecting a different scheduling of work on the network and increased snowfall in the first half of 2017, partially offset by a reduction in maintenance costs on the Brazilian network;
- higher margins on construction services provided by the Group's in-house construction companies, reflecting an increase in the volume of work carried out.

- an €11m (5%) increase in concession fees compared with the first half of 2016, primarily due to the increase in toll revenue at the Italian motorway operators and the contribution from the ACA group;
- a €44m (11%) increase in staff costs, after deducting capitalised expenses, compared with the first half of 2016. Staff costs, before deducting capitalised expenses, amount to €503m, marking an increase of €50m (11%) on the first half of 2016. After stripping out exchange rate movements, staff costs are up €46m (10%) due to:
  - an increase of 953 in the average workforce (up 6.3%), primarily reflecting the contribution from the Aéroports de la Côte d'Azur group, an increase in motorway and airport construction work carried out by Pavimental, the increased volume of infrastructure operated and the Aeroporti di Roma group's launch of new insourcing programmes;
  - an increase in the average unit cost (up 3.7%), primarily due to the cost of contract renewals at the Group's Italian companies and additional costs linked to management incentive plans.

Results

Gross operating profit (EBITDA) of €1,728m is up €150m (10%) on the first half of 2016 (€1,578m). On a like-for-like basis(5), EBITDA is up €91m (6%).

Operating profit (EBIT) of €1,144m is up €179m (19%) on the first half of 2016 (€965m).

Financial expenses from the discounting of provisions for construction services required by contract and other provisions amount to €21m, down €11m on the first half of 2016 (€32m). This essentially reflects reductions in the discount rates applied in the first half of 2017, compared with the comparative period.

(5) The "Explanatory notes" include a table showing the reconciliation of like-for-like consolidated amounts for the two comparative periods.

Net other financial expenses of €238m are down €13m compared with the first half of 2016 (€251m), essentially due to a reduction in borrowing costs.

Income tax expense amounts to €330m, up €84m on the first half of 2016. The greater amount is proportionately higher than the increase in pre-tax profit, essentially reflecting the estimated tax expense (€46m) on Autostrade per l'Italia's distribution of the special dividend in kind to Atlantia via the transfer of its entire interests in Autostrade dell'Atlantico and Autostrade Indian Infrastructure Development. This increase in expense is partially offset by a reduction in the IRES rate for the Group's Italian companies from the 2017 financial year.

Profit from continuing operations amounts to €583m, up €118m on the first half of 2016 (€465m).

Profit for the period attributable to owners of the parent, amounting to €518m, is up €105m on the first half of 2016 (€413m). On a like-for-like basis, profit for the period attributable to owners of the parent is up €31m (6%).

Operating cash flow for the first half of 2017 amounts to €1,205m, including the contribution from the ACA group, totalling €33m. This marks an increase of €110m (10%) compared with the same period of 2016. On a like-for-like basis, operating cash flow of €1,211m is up €91m (8%) on the first half of 2016. This primarily reflects an increase in cash generated by operating activities (EBITDA).

Equity attributable to owners of the parent at 30 June 2017, amounting to €7,202m, marking a reduction of €22m compared with 31 December 2016 (€7,224m). This essentially reflects:

- payment of Atlantia's final dividend for 2016 (€433m);
- the purchase of treasury shares, totalling €84m;
- comprehensive income for the period (€488m).

At 30 June 2017, the Group's net debt amounts to €11,421m (€11,677m at 31 December 2016), whilst cash reserves (consisting of cash, term deposits and undrawn committed lines of credit) amount to €5,665m.

In addition, in May 2017, Atlantia obtained committed lines of credit linked to the voluntary public tender offer, in cash and shares, for the entire issued capital of Abertis, totalling €14.700m. These credit facilities may only be used in relation to this transaction and have a residual weighted average term of approximately 3 years.

Outlook and risks or uncertainties

Overall, we expect to see an improvement in the Group's earnings in 2017 and growth in key performance indicators. In particular:

Italian motorways

The operating results of the Italian motorway operations for the current year will benefit from the strong performance of traffic during the first six months of the year. Work on upgrading the network operated under concession will continue in 2017, whilst approval of the final design prior to the start-up of construction of the Genoa Bypass is awaited.

Overseas motorways

Traffic continues to register overall growth. The related contribution to the Group's results is, however, subject to movements in the respective currencies.

Italian airports

Aviation revenue for the current year may be affected by the remodelled offerings of a number of airlines, including Alitalia whose contribution to total aviation revenue has, in any event, already fallen to around 30%. On the other hand, non-aviation revenue will benefit from the opening of the new retail plaza in the non-Schengen area (area E) at Fiumicino airport.

Overseas airports

The Group's results for 2017 will also include the impact of the consolidation of Aéroports de la Côte d'Azur throughout the full year.

Atlantia and other activities

Finally, the operating results for the current year will include the expenses incurred by Atlantia in relation to its sale of a minority interest in Autostrade per l'Italia and the process involved in the voluntary public tender offer, in cash and shares, for the entire issued capital of Abertis Infraestructuras.

Explanatory notes

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

The APIs shown in this release are the same used in the Annual Report for the year ended 31 December 2016. They are deemed relevant to an assessment of the operating performance based on the Group's overall results and the results of its operating segments and of individual consolidated companies. In addition, the APIs provide an improved basis for comparison of the results over time, even if they are not a replacement for or an alternative to the results published in accordance with international financial reporting standards (IFRS).

With regard to the APIs, Atlantia presents its reclassified income statement, reclassified statement of financial position and statement of cash flows as attachments to this release. In addition to amounts from the income statement and statement of financial position prepared under IFRS, these reclassified financial statements thus 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. A list of the APIs used in this release, together with a brief description and reconciliation with reported amounts, is provided below:

- "Gross operating profit (EBITDA)" is the synthetic indicator of gross profit from operations, calculated by deducting operating costs, with the exception of amortisation, depreciation, impairment losses and reversals of impairment losses, the operating change in provisions and other adjustments, from operating revenue;
- "Operating profit (EBIT)" is the indicator that measures the operating return on invested capital, calculated by deducting amortisation, depreciation, impairment losses and reversals of impairment losses, the operating change in provisions and other adjustments from EBITDA;
- "Net invested capital", showing the total value of non-financial assets, after deducting non-financial liabilities;
- "Net debt", being the indicator of the portion of net invested capital funded by net financial liabilities, calculated by deducting "Current and non-current financial assets" from "Current and non-current financial liabilities";
- "Capital expenditure", being the indicator of the total amount invested in development of the Group's businesses, calculated as the sum of cash used in investment in property, plant and equipment, in assets held under concession and in other intangible assets, excluding investments in investees;
- "Operating cash flow", being the indicator of cash generated by or used in operating activities. Operating cash flow is calculated as profit for the period + amortisation/depreciation +/- impairments/reversals of impairments of assets +/- provisions/releases of provisions + other adjustments + financial expenses from discounting of provisions +/- share of profit/(loss) of investees accounted for using equity method +/- (losses)/gains on sale of assets +/- other non-cash items +/- portion of net deferred tax assets/liabilities recognised in profit or loss.

A number of APIs, calculated as above, are also presented after applying certain adjustments in order to provide a consistent basis for comparison over time, or in application of a different financial statement presentation deemed to be more effective in describing the financial performance of specific activities of the Group.

These "like-for-like changes", used in the analysis of changes in gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow, have been calculated by excluding, where present, the impact of: (i) changes in the scope of consolidation; (ii) changes in exchange rates on the value of assets and liabilities denominated in functional currencies other than the euro; and (iii) events and/or transactions not strictly connected with operating activities that have an appreciable influence on amounts for at least one of the two comparative periods.

In particular, like-for-like amounts for the two comparative periods have been determined by eliminating:

- from consolidated amounts for the first half of 2017:
  - the contribution of ACA and its subsidiaries, consolidated from December 2016, and of their direct parent, Azzurra Aeroporti;

    - the charges incurred in relation to the voluntary public tender offer, in cash and shares, for the entire issued capital of Abertis Infraestructuras, announced on 15 May 2017;
    - the difference between foreign currency amounts for the first half 2017 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 the same period of 2016;
    - the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities;
    - the current tax expense connected with Autostrade per l'Italia's distribution of the special dividend in kind, related to the above restructuring of the Group, and of available equity reserves to the parent, Atlantia;
- from consolidated amounts for the first half of 2016:
    - the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities;
    - the financial expenses, after the related taxation, linked to the partial buyback of certain bonds issued by Atlantia;
    - the financial income generated by reversal of the impairment loss on the investment in Lusoponte;
    - the increase in the Italian companies' tax expense resulting from approval of the 2016 Stability Law, which reduced the IRES tax rate from 27.5% to 24% with effect from 1 January 2017.

The following table shows a reconciliation of like-for-like consolidated amounts for gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow for the comparative periods and the corresponding amounts presented in the reclassified consolidated income statement.

€m	GROSS OPERATING PROFIT (EBITDA)	PROFIT FOR THE PERIOD	PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	OPERATING CASH FLOW
Reported Amounts for H1 2017 (A)	1.728	582	518	1.205
Adjustment for non like-for-like items in H1 2017				
Change in scope of consolidation (ACA Group and related charges for Azzurra Aeroporti)	43	-	-1	30
Exchange rate movements	26	9	5	17
Charges pertaining to the Pubblic Tender Offer for Abertis	-10	-7	-7	-7
Change in discount rate applied to provisions	-	33	30	-
Tax on transactions involved in Group restructuring	-	-46	-46	-46
Sub-total (B)	59	-11	-19	-6
Like-for-like amounts for H1 2017 (C) = (A)-(B)	1.669	593	537	1.211
Reported Amounts for H1 2016 (D)	1.578	465	413	1.095
Adjustment for non like-for-like items in H1 2016				
Reversal of impairment losses on investment (Lusoponte)	-	25	25	-
Change in discount rate applied to provisions	-	-85	-82	-
Non-recurring financial transactions	-	-7	-7	-7
Higher IRES rate (reduced since 2017 with 2016 Stability Law)	-	-26	-29	-18
Sub-total (E)	-	-93	-93	-25
Like-for-like amounts for H1 2016 (F) = (D)-(E)	1.578	558	506	1.120
Like-for-like change (G) = (C)-(F)	91	35	31	91

Composition of the Group's 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, when taking decisions regarding the allocation of resources and assessing performance. In particular, the Board of Directors assesses the performance of the business in terms of business segment and geographical area. The planned restructuring of the Atlantia Group, initiated by the Board of Directors in 2016, was completed in the first half of 2017. As a result of the restructuring, the Atlantia Group's operating segments had already been revised as at 31 December 2016 and, therefore, amounts for the first half of 2016 have been restated with respect to those published in the Interim Report for the six months ended 30 June 2016. Following the consolidation of Aéroports de la Côte d'Azur (ACA) at the end of December 2016, a new operating segment to which the Group's overseas airport operations have been allocated is now presented. In addition to the companies controlled by ACA (the company that directly and indirectly operates the airports of Nice, Cannes-Mandelieu and Saint-Tropez and the international network of ground handlers, Sky Valet), this segment also includes the acquisition vehicle used in order to acquire ACA (Azzurra Aeroporti). As a result, the Group's new structure presents information for five main operating segments (Italian motorways, overseas motorways, Italian airports, overseas airports and a fifth operating segment including the Parent Company, Atlantia, and the other remaining activities). The composition of the Atlantia Group's operating segments as at 30 June 2017 is as follows:

- Italian motorways: this includes the Italian motorway operators (Autostrade per l'Italia, Autostrade Meridionali, Tangenziale di Napoli, Società Italiana per Azioni per il Traforo del Monte Bianco, Raccordo Autostradale Valle d'Aosta and Autostrada Tirrenica), whose core business consists of the management, maintenance, construction and widening of the related motorways operated under concession. This operating segment also includes companies (AD Moving, Giove Clear, Infoblu, Essediesse and Autostrade Tech) that provide support for the Italian motorway operators and that are subsidiaries of Autostrade per l'Italia;
- Overseas motorways: this includes the activities of the holders of motorway concessions in Brazil, Chile, India and Poland, and the companies that provide operational support for these operators and the related foreign-registered holding companies. In addition, this segment includes the Italian holding company, Autostrade dell'Atlantico, which holds investments in South America;
- 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;
- Overseas airports: this includes the airport operations of the companies controlled by Aéroports de la Côte d'Azur (ACA), the company that (directly and indirectly) operates the airports of Nice, Cannes-Mandelieu and Saint-Tropez and the international network of ground handlers, Sky Valet, in addition to Azzurra Aeroporti (ACA's parent);
- Atlantia and other activities: this segment includes:
  - 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;
  - the companies that produce and operate free-flow tolling systems, traffic and transport management systems and electronic payment systems. The most important companies in this segment are Telepass and Electronic Transaction Consultants;
  - the companies whose business is the design, construction and maintenance of infrastructure, essentially referring to Spea Engineering and Pavimental.

* * *

The manager responsible for financial reporting, Giancarlo Guenzi, declares, pursuant to section 2 of article 154 bis of the Consolidated Finance Act, that the accounting information contained in this release is consistent with the underlying accounting records.

The Group's net debt, as defined in the European Securities and Market Authority – ESMA (formerly CESR) Recommendation of 10 February 2005, subsequently amended by ESMA on 20 March 2013 (which does not entail the deduction of non-current financial assets from debt), amounts to €13,722m as at 30 June 2017, compared with €13,914m as at 31 December 2016.

The Atlantia Group's reclassified income statement and statement of financial position, statement of comprehensive income and statement of cash flows as at and for the six months ended 30 June 2017 are attached hereinafter. The reclassified statements, which are included in the report on operations, have not been audited by the Independent Auditors.

It should be noted that, to date, the audit of the Atlantia Group's condensed consolidated interim financial statements for the six months ended 30 June 2017 has yet to be completed.

Reclassified consolidated income statement

€m	H1 2017	H1 2016	INCREASE (DECREASE) ABSOLUTE	%
Toll revenue	1.994	1.875	119	6
Aviation revenue	373	292	81	28
Contract revenue	16	36	-20	-56
Other operating income	452	363	89	25
Total operating revenue	**2.835**	**2.566**	**269**	**10**
Cost of materials and external services (1)	-412	-348	-64	18
Concession fees	-244	-233	-11	5
Staff costs	-503	-453	-50	11
Capitalised staff costs	52	46	6	13
Total net operating costs	**-1.107**	**-988**	**-119**	**12**
Gross opearting profit (EBITDA)	**1.728**	**1.578**	**150**	**10**
Amortisation, depreciation, impairment losses and reversals of impairment losses	-555	-454	-101	22
Changes on provisions and other adjustments	-29	-159	130	-82
Operating profit (EBIT)	**1.144**	**965**	**179**	**19**
Financial income from discounting to present value of concession rights and government grants	37	32	5	16
Financial expenses from discounting of provisions for construction services required by contract	-21	-32	11	-34
Other financial expenses (income)	-238	-251	13	-5
Capitalised financial expenses on intangible assets deriving from concession rights	1	5	-4	-80
Share of profit/(loss) of associates and joint ventures accounted for using the equity method	-10	-8	-2	25
Profit (Loss) before tax from continuing operations	**913**	**711**	**202**	**28**
Income tax (expense)	-330	-246	-84	34
Profit/(Loss) from continuing operations	**583**	**465**	**118**	**25**
Profit/(Loss) from discontinued operations	-1	-	-1	n.s.
Profit for the period	**582**	**465**	**117**	**25**
Profit/(Loss) attributable to non-controlling interests	64	52	12	23
Profit/(Loss) attributable to owners of the parent	**518**	**413**	**105**	**25**

(1) Net of the margin recognised on construction services performed by the Group's own techinical units.

	H1 2017	H1 2016	INCREASE / (DECREASE)
Basic earnings per share attributable to the owners of the parent (€)	**0,63**	**0,50**	**0,13**
of which:			
- continuing operations	0,63	0,50	0,13
- discontinued operations	-	-	-
Diluted earnings per share attributable to the owners of the parent (€)	**0,63**	**0,50**	**0,13**
of which:			
- continuing operations	0,63	0,50	0,13
- discontinued operations	-	-	-

Consolidated statement of comprehensive income

€m		H1 2017	H1 2016
Profit for the period	**(A)**	**582**	**465**
Fair value gains/(losses) on cash flow hedges		110	-145
Tax effect of fair value gains/(losses) on cash flow hedges		-25	33
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-209	226
Gains/(losses) from translation of investments in associates and joint ventures accounted for using the equity method denominated in functional currencies other than the euro		-2	2
Other comprehensive income/(loss) for the period reclassifiable to profit or loss	**(B)**	**-126**	**116**
Gains/(losses) from actuarial valuations of provisions for employee benefits		-	-1
Tax effect on gains/(losses) from actuarial valuations of provisions for employee benefits		-	-
Other comprehensive income for the period not reclassifiable to profit or loss	**(C)**	**-**	**-1**
Reclassifications of other components of comprehensive income to profit or loss for the period	**(D)**	**-**	**-1**
Tax effect on reclassifications of other components of comprehensive income to profit or loss for the period	**(E)**	**-4**	**-**
Total other comprehensive income/(loss) for the period	**(F=B+C+D+E)**	**-130**	**114**
Comprehensive income for the period	**(A+F)**	**452**	**579**
Of which attributable to owners of the parent		*488*	*415*
Of which attributable to non-controlling interests		*-36*	*164*

Reclassified consolidated statement of financial position

€m	H1 2017	H1 2016	INCREASE (DECREASE)
Non-current non-financial assets			
Property, plant and equipment	295	291	4
Intangible assets	27.807	28.383	-576
Investments	280	291	-11
Deferred tax assets	1.325	1.403	-78
Other non-current assets	18	30	-12
Total non-current non-financial assets (A)	**29.725**	**30.398**	**-673**
Working capital			
Trading assets	1.690	1.672	18
Current tax assets	212	106	106
Other current assets	179	197	-18
Non-financial assets held for sale or related to discontinued operations	4	4	-
Current portion of provisions for construction services required by contract	-711	-531	-180
Current provisions	-437	-446	9
Trading liabilities	-1.625	-1.651	26
Current tax liabilities	-249	-63	-186
Other current liabilities	-613	-611	-2
Non-financial liabilities related to discontinued operations	-6	-6	-
Total working capital (B)	**-1.556**	**-1.329**	**-227**
Gross invested capital (C=A+B)	**28.169**	**29.069**	**-900**
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2.905	-3.270	365
Non-current provisions	-1.548	-1.576	28
Deferred tax liabilities	-2.385	-2.439	54
Other non-current liabilities	-94	-98	4
Total non-current non-financial liabilities (D)	**-6.932**	**-7.383**	**451**
NET INVESTED CAPITAL (E=C+D)	**21.237**	**21.686**	**-449**

Reclassified consolidated statement of financial position

€m	H1 2017	H1 2016	INCREASE (DECREASE)
Equity			
Equity attributable to owners of the parent	7.202	7.224	-22
Equity attributable to non-controlling interests	2.614	2.785	-171
Total equity (F)	9.816	10.009	-193
Net Debt			
Non-current net debt			
Non-current financial liabilities	15.868	14.832	1.036
Bond issues	11.193	10.176	1.017
Medium/long-term borrowings	4.067	4.002	65
Non-current derivative liabilities	583	631	-48
Other non-current financial liabilities	25	23	2
Non-current financial assets	-2.301	-2.237	-64
Non-current financial assets deriving from concession rights	-898	-931	33
Non-current financial assets deriving from government grants	-262	-265	3
Non-current term deposits	-321	-322	1
Non-current derivative assets	-134	-83	-51
Other non-current financial assets	-686	-636	-50
Total non-current net debt (G)	13.567	12.595	972
Current net debt			
Current financial liabilities	1.603	3.249	-1.646
Bank overdrafts	40	5	35
Short-term borrowings	356	1.859	-1.503
Current derivative liabilities	1	26	-25
Intercompany current account payables due to related parties	-	-	-
Current portion of medium/long-term borrowings	1.172	1.346	-174
Other current financial liabilities	34	13	21
Cash and cash equivalents	-2.983	-3.391	408
Cash in hand	-2.533	-2.788	255
Cash equivalents	-442	-595	153
Cash and cash equivalents related to discontinued operations	-8	-8	-
Current financial assets	-766	-776	10
Current financial assets deriving from concession rights	-442	-441	-1
Current financial assets deriving from government grants	-60	-68	8
Current term deposits	-175	-194	19
Current derivative assets	-2	-	-2
Current portion of other medium/long-term financial assets	-66	-66	-
Other current financial assets	-21	-7	-14
Total current net debt (H)	-2.146	-918	-1.228
Total net debt (I=G+H)	11.421	11.677	-256
NET DEBT AND EQUITY (L=F+I)	21.237	21.686	-449

Consolidated statement of cash flows

€m	H1 2017	H1 2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the period	582	465
Adjusted by:		
Amortisation and depreciation	555	454
Provisions, net of utilization of provision for infrastructure renewal airport	23	156
Financial expenses from discounting of provisions for construction services required by contract	21	32
Impairment losses/(Reversal of impairment losses) on non-current financial assets and investments accounted for at cost or fair value	4	-21
Share of (profit)/loss of associates and joint ventures accounted for using the equity method	10	8
Impairment losses/(Reversal of impairment losses) and adjustments of other current and non-current assets	8	2
Net change in deferred tax (assets)/liabilities through profit or loss	58	18
Other non-cash costs (income)	-56	-19
Change in working capital and other changes	1	-130
Net cash from operating activities [a]	1.206	965
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Investment in assets held under concession	-420	-509
Purchases of property, plant and equipment	-36	-43
Purchases of other intangible assets	-22	-14
Government grants related to assets held under concession	-	2
Increase in financial assets deriving from concession rights (related to capital expenditure)	33	37
Purchase of investments	-4	-6
Purchase of consolidated investments, net of cash acquired	-2	-
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	1	4
Net change in other non-current assets	11	-14
Net change in current and non-current financial assets	-117	-85
Net cash generated used in investing activities [b]	-556	-628
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Purchase of treasury shares	-84	-
Dividends paid	-455	-411
Capital redemption to non-controlling shareholders	-95	-
Proceeds from transfer of treasury shares due to exercise of rights under share-based incentive plans	8	-
Issuance of bonds	1.325	24
Increase in medium/long term borrowings (excluding finance lease liabilities)	227	12
Bond redemptions	-188	-910
Repurchase of bonds	-200	-72
Repayments of medium/long term borrowings (excluding finance lease liabilities)	-87	-56
Payment of finance lease liabilities	-2	-1
Net change in other current and non-current financial liabilities	-1.530	-46
Net cash generated used in financing activities [c]	-1.081	-1.460
Net effect of foreign exchange rate movements on net cash and cash equivalents [d]	-12	21
Increase in cash and cash equivalents for the period [a+b+c+d]	-443	-1.102
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3.386	2.960
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	2.943	1.858

Additional information on the consolidated statement of cash flows

€m	H1 2017	H1 2016
Income taxes paid	176	204
Interest income and other financial income collected	37	62
Interest expense and other financial expenses paid	399	451
Dividends received	12	8
Foreign exchange gains	-	1
Foreign exchange losses	-	1

Reconciliation of net cash and cash equivalents

€m	H1 2017	H1 2016
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**3.386**	**2.960**
Cash and cash equivalents	3.383	2.958
Bank overdrafts repayable on demand	-5	-37
Intercompany current account payables due to related parties	-	-
Cash and cash equivalents related to discontinued operations	8	39
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2.943**	**1.858**
Cash and cash equivalents	2.975	1.852
Bank overdrafts repayable on demand	-40	-25
Intercompany current account payables due to related parties	-	-
Cash and cash equivalents related to discontinued operations	8	31