

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019



autostrade // *per l'italia*

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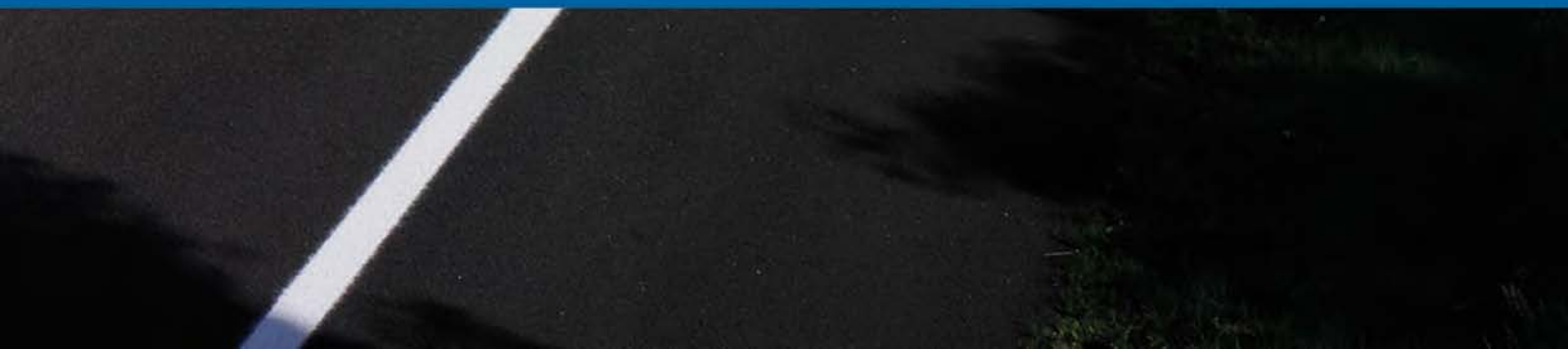
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01



INTRODUCTION



1.1 Consolidated financial highlights

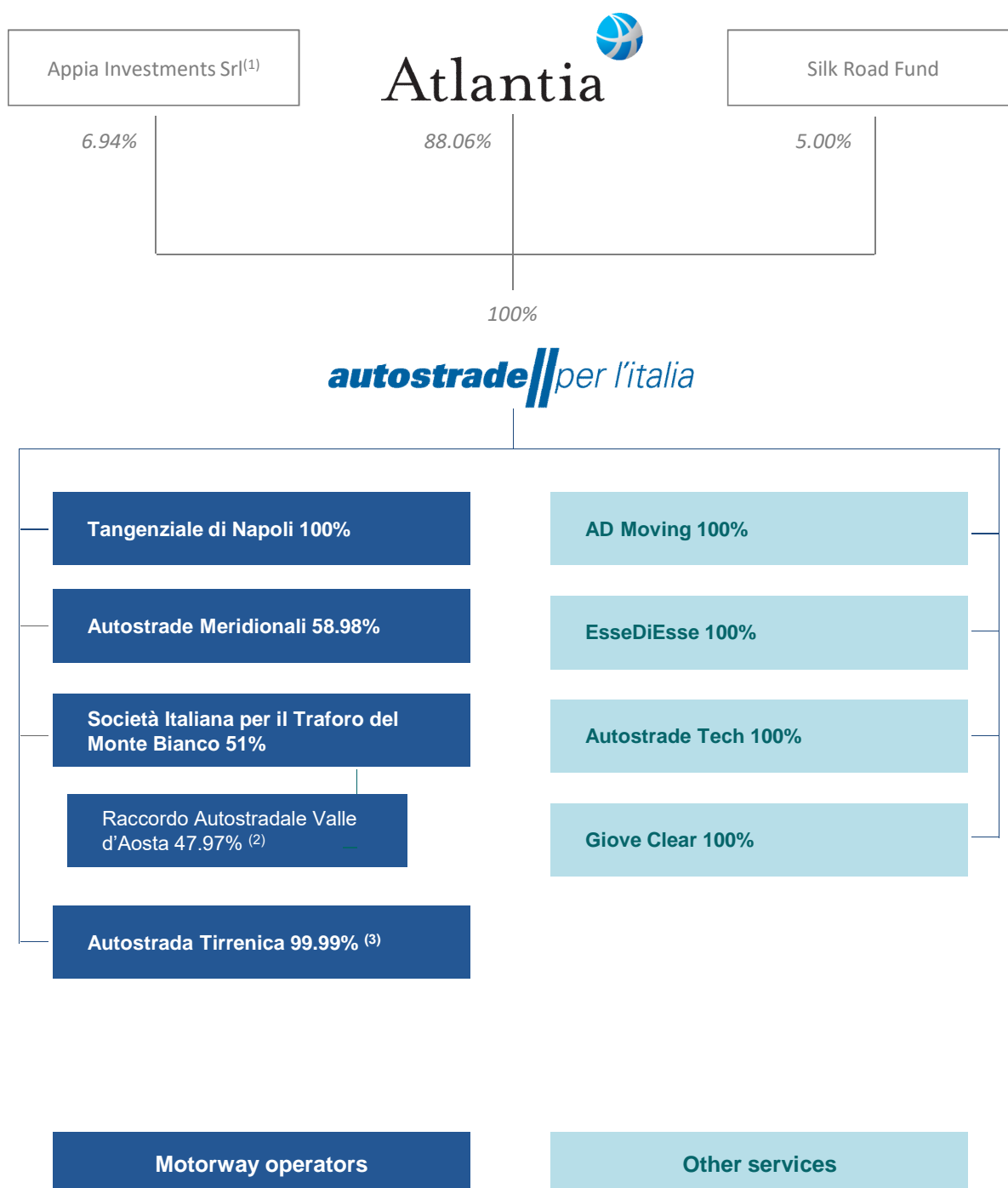
€m	H1 2019	H1 2018
Total operating revenue	1,967	1,901
Toll revenue	1,761	1,740
Other operating income	206	161
Gross operating profit (EBITDA) ⁽¹⁾	1,162	1,239
Operating profit (EBIT)	833	930
Profit/(Loss) before tax from continuing operations	616	702
Profit for the period	430	492
Profit attributable to owners of the parent	426	484
Operating cash flow	687	824
Capital expenditure	271	207

€m	30 June 2019	31 December 2018
Equity	2,851	2,844
Equity attributable to owners of the parent	2,504	2,493
Net debt	8,706	8,813

Note: The amounts shown in the above table have been extracted from the reclassified consolidated financial statements included in the "Group financial review", which also includes the reconciliation of the reclassified financial statements and the statutory financial statements presented in the "Condensed consolidated interim financial statements". Some of the amounts shown in the table refer to alternative performance indicators, definitions of which are provided in a specific section of the report on operations.

- (1) The amount for gross operating profit (EBITDA) for the first half of 2018 differs from the amount published in the Interim Report for 2018, reflecting the different basis of presentation for this indicator adopted with effect from the Annual Report for 2018. The change is described in detail in the section, "Group financial review" in the report on operations.

1.2 Structure of the Autostrade per l'Italia Group



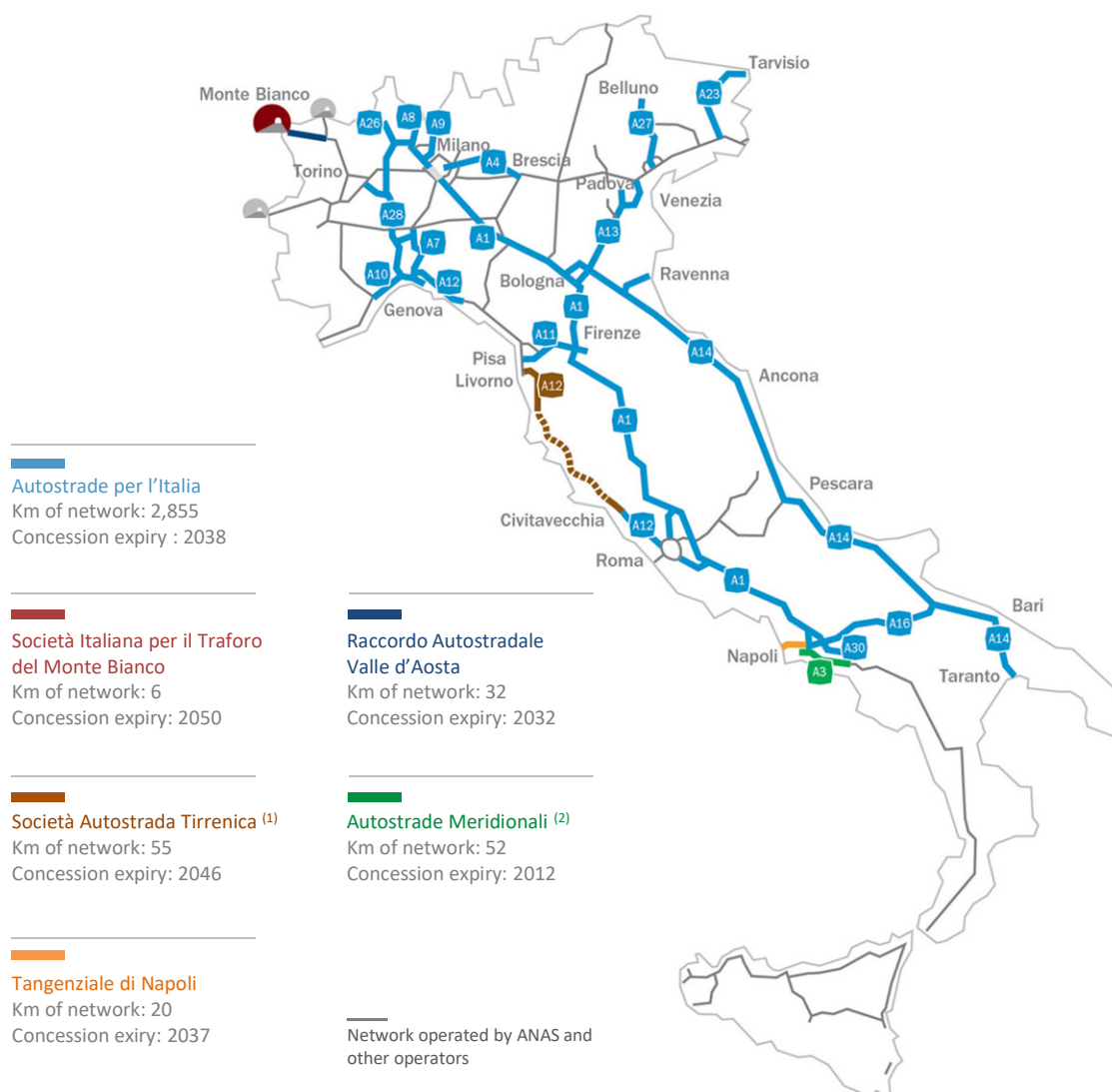
Note: The chart shows interests in the principal Autostrade per l'Italia Group companies as at 30 June 2019, which are described in Annex 1 to the condensed consolidated interim financial statements.

(1) A special purpose vehicle owned by Allianz Group, EDF Invest and DIF.

(2) The percentage shown refers to the interest in terms of the total number of shares in issue, whilst the interest in ordinary voting shares is 58.00%.

(3) The percentage of interest in share capital refers to the interest in terms of the total number of shares in issue.

1.3 The Group's motorway operators



(at 30 June 2019)	Autostrade per l'Italia	Subsidiaries
Toll stations	240	31
Service areas	204	14
Car parks	104	6
Punto Blu customer service points	56	7
Workforce ⁽³⁾	5,501	1,834

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

⁽²⁾ In compliance with the concession arrangement, in December 2012 the Grantor asked Autostrade Meridionali to continue operating the motorway, in accordance with the existing terms and conditions, and to implement safety measures on the motorway.

⁽³⁾ The figure refers to both permanent and fixed-term employees.

1.4 Corporate bodies

BOARD OF DIRECTORS IN OFFICE FOR THE PERIOD 2019 – 2021

CHAIRMAN	Giuliano MARI
DEPUTY CHAIRMEN	Michelangelo DAMASCO ⁽¹⁾ Giancarlo GUENZI ⁽¹⁾
CHIEF EXECUTIVE OFFICER	Roberto TOMASI
DIRECTORS	Amedeo GAGLIARDI Giuseppe ANGIOLINI Massimo BIANCHI Roberto PISTORELLI Antonino TURICCHI Christoph HOLZER Hongcheng LI
SECRETARY	Giulia MAYER

BOARD OF STATUTORY AUDITORS FOR THE THREE-YEAR PERIOD 2018 – 2019 – 2020

CHAIRMAN	Giandomenico GENTA
AUDITORS	Alberto DE NIGRO Giulia DE MARTINO Roberto COLUSSI Antonio PARENTE ⁽²⁾
ALTERNATE AUDITORS	Mario VENEZIA Francesco ORIOLI

INDEPENDENT AUDITORS FOR THE PERIOD 2012 – 2020

Deloitte & Touche SpA

⁽¹⁾ At the Board meeting held on 19 April 2019, the Company's Board of Directors appointed the Directors Michelangelo Damasco and Giancarlo Guenzi as Deputy Chairmen, granting them powers regarding regulatory matters and litigation, and finance, respectively.

⁽²⁾ Antonio Parente was appointed Statutory Auditor of the Company by the Grantor via an order of 22 May 2019 in accordance with the provisions of Article 40 of the Articles of Association and the Single Concession Arrangement. The Ordinary General Meeting of the Company took note of Mr Parente's appointment at the meeting held on 18 June 2019.



02



INTERIM REPORT ON OPERATIONS



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2.1 Alternative performance indicators

The alternative performance indicators ("APIs")¹ shown in this interim report on operations are deemed relevant to an assessment of the operating performance based on the Group's overall results and the results of individual consolidated companies. In addition, the APIs provide an improved basis for comparison of the results over time, even if they are not a replacement for or an alternative to the results published in accordance with international financial reporting standards (IFRS) described in the relevant section of the "Condensed consolidated interim financial statements" (also "reported amounts").

With regard to the APIs, the Autostrade per l'Italia Group presents reclassified financial statements in the "Group financial review" which are different from those provided for by the international financial reporting standards (IFRS) included in the consolidated financial statements for the six months ended 30 June 2019 (the statutory financial statements). 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. In this regard, the "Reconciliation of the reclassified and statutory financial statements", included in the "Group financial review", presents the reconciliation of the reclassified financial statements with the corresponding statutory financial statements.

The APIs shown in this Interim Report are the same as those presented in the Annual Report for 2018, which includes detailed information on the composition of the APIs and the computation methods used by the Group.

A number of APIs, calculated as above, are also presented after certain adjustments applied in order to provide a consistent basis for comparison over time. These "**Like-for-like changes**", used in the analysis of changes in gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow, have been calculated by excluding, where present, the impact of: (i) changes in the scope of consolidation, (ii) changes in exchange rates on the value of assets and liabilities denominated in functional currencies other than the euro; and (iii) events and/or transactions not strictly connected with operating activities that have an appreciable influence on amounts for at least one of the two comparative periods. The reconciliation of the like-for-like indicators and the corresponding amounts in the reclassified financial statements is provided in the section, "Like-for-like changes", in the "Group financial review", in addition to details of the adjustments made.

¹ In application of the CONSOB Ruling of 3 December 2015, governing implementation in Italy of the guidelines for APIs issued by the European Securities and Markets Authority (ESMA), the basis used in preparing the APIs published by the Autostrade per l'Italia Group is described below.

2.2 Group financial review

Introduction

The financial review contained in this section includes and analyses the Autostrade per l'Italia Group's reclassified consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the statement of changes in consolidated net debt for the first half of 2019, in which amounts are compared with those for the same period of the previous year. The review also includes the reclassified statement of financial position as at 30 June 2019, compared with the corresponding amounts as at 31 December 2018.

During preparation of the consolidated accounts for the first half of 2019, the international accounting standards (IFRS) approved by the European Commission and in force at 30 June 2019 were applied. With regard to the new IFRS in effect, IFRS 16 - Leases was adopted for the first time from 1 January 2019. In relation to lease contracts where the Group has the role of lessee, this has resulted in the recognition of right-of-use assets in "Non-current non-financial assets" (€9m corresponding with the present value of the of the minimum lease payments due over the remaining lease term), with the accompanying recognition of the non-current portion of the same amount in "medium/long-term borrowings", and the current portion in "Current portion of medium/long-term financial liabilities".

Following the acquisition of the Abertis group by the parent, Atlantia, in view of certain pre-existing differences with regard to presentation and the use of performance indicators by the Abertis group with respect to the Atlantia Group, the Autostrade per l'Italia Group's reclassified consolidated income statement for the first half of 2018 - in line with that of the Atlantia Group - includes certain differences with respect to the information published in the interim report for the six months ended 30 June 2018. In particular, the item corresponding to provisions and uses of provisions for the repair and maintenance of motorway infrastructure and provisions for risks and charges has been included in the components that contribute to EBITDA. It should be noted, instead, that certain work of an extraordinary nature, relating to renewal of the infrastructure operated by Società Italiana per Azioni per il Traforo del Monte Bianco, continues to be accounted for below EBITDA for the first half of 2018 in "Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work". The changes have increased EBITDA for the first half of 2018 by €46 million compared with the previously published figure.

Finally, the scope of consolidation as at 30 June 2019 is unchanged with respect to 31 December 2018.

With regard to the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway on 14 August 2018, further provisions of €4 million were made in the first half of 2019 to cover compensation for victims' families and for the injured, thereby increasing the charges of €502 million (including €454 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 the first half of 2019 has resulted in a decrease in toll revenue of €10 million. The Company is continuing to provide support for the demolition and reconstruction of the road bridge and for the people and businesses directly affected by the collapse. In particular:

- a) Autostrade per l'Italia has already paid a total of €209 million (€154 million, net of the residual advance for the start-up of operations and VAT, which was also included in the provisions at 31 December 2018), 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. The funds provided are essentially connected with preparations for reconstruction of the road bridge;
- b) the sum of €33 million was paid in the form of compensation for the families of the victims and the injured and to cover legal expenses. This sum was also already included in the provisions made as at 31 December 2018.

Furthermore, insurance proceeds of €38 million were recognised in "Other operating income", following agreement with the Group's insurance company regarding quantification of the amount payable to Autostrade per l'Italia under existing third-party liability insurance policies for the Polcevera road bridge.

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

Like-for-like financial indicators

The following table shows 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 financial statements included below.

€m	Note	H1 2019				H1 2018			
		Gross operating profit (EBITDA)	Profit for the period	Profit attributable to owners of the parent	Operating cash flow	Gross operating profit (EBITDA)	Profit for the period	Profit attributable to owners of the parent	Operating cash flow
Reported amounts (A)		1,162	430	426	687	1,239	492	484	824
Adjustments for non like-for-like items									
Impact connected with collapse of a section of the Polcevera road bridge	(1)	23	18	18	-145	-	-	-	-
Change in discount rate applied to provisions	(2)	-45	-36	-33	-	12	9	9	-
Sub-total (B)		-22	-18	-15	-145	12	9	9	-
Like-for-like amounts (C) = (A)-(B)		1,184	448	441	832	1,227	483	475	824

Note:

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

- 1) from consolidated amounts for the first half of 2019, the decrease in toll revenue, the charges and insurance proceeds recognised in the income statement and the impact on operating cash flow of payment of a part of the amounts for which provision was already made as at 31 December 2018, after the related taxation;
- 2) from consolidated amounts for the first half of 2019 and the first half of 2018, the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities.

Consolidated operating results

“Operating revenue” for the first half of 2019 totals €1,967 million, up €66 million on the first half of 2018 (€1,901 million).

“Toll revenue” of €1,761 million is up €21 million (1%) compared with the same period of 2018 (€1,740 million), primarily due to traffic growth of 1.0% and the positive impact of the traffic mix.

The decision to exempt road users in the Genoa area from the payment of tolls during the first six months of 2019 has resulted in a decrease in revenue of approximately €10 million.

“Other operating income” of €206 million is up €45 million on the first half of 2018 (€161 million), essentially due to recognition, in the first half of 2019, of insurance proceeds linked to the events of 14 August 2018 (approximately €38 million).

“Net operating costs” of €805 million are up €143 million compared with the same period of 2018 (€662 million).

The **“Cost of materials and external services”** amounts to €436 million, an increase of €202 million compared with the first half of 2018 (€234 million). The increase mainly reflects the costs connected with preparations for the start of work on reconstruction of the Polcevera road bridge (€155 million), which have essentially had a zero impact on EBITDA as these costs were covered by the use of provisions for repair and replacement accounted for in the “Operating change in provisions”. Excluding the above charges linked to the events of 14 August 2018, the cost of materials and external services is up €47 million, primarily due to increased maintenance work on Autostrade per l'Italia’s network. This in part reflects new and more complex tender procedures (launched in 2017) that resulted in delays to work in the previous year.

“Concession fees” of €227 million are up €3 million compared with the same period of 2018 (€224 million), largely reflecting the component of tolls corresponding with the additional concession fee payable to ANAS, also accounted for in toll revenue.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (*)

€m	H1 2019	H1 2018	Increase/(Decrease)	
			Absolute	%
Toll revenue	1,761	1,740	21	1
Other operating income	206	161	45	28
Total operating revenue	1,967	1,901	66	3
Cost of materials and external services	-436	-234	-202	86
Concession fees	-227	-224	-3	1
Net staff costs	-253	-250	-3	1
Operating change in provisions	111	46	65	n.s.
Total net operating costs	-805	-662	-143	22
Gross operating profit (EBITDA)	1,162	1,239	-77	-6
Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work	-329	-309	-20	6
Operating profit (EBIT)	833	930	-97	-10
Financial expenses from the discounting of provisions for construction services required by contract and other provisions	-19	-15	-4	27
Other financial income/(expenses), net	-199	-212	13	-6
Capitalised financial expenses on intangible assets deriving from concession rights	2	3	-1	-33
Share of profit/(loss) of investees accounted for using the equity method	-1	-4	3	-75
Profit/(Loss) before tax from continuing operations	616	702	-86	-12
Income tax expense	-186	-210	24	-11
Profit/(Loss) from continuing operations	430	492	-62	-13
Profit/(Loss) from discontinued operations	-	-	-	n.s.
Profit for the period	430	492	-62	-13
(Profit)/Loss attributable to non-controlling interests	4	8	-4	-50
(Profit)/Loss attributable to owners of the parent	426	484	-58	-12

	H1 2019	H1 2018	Increase/(Decrease)
Basic earnings per share attributable to the owners of the parent (€)	0.68	0.78	-0.10
<i>of which:</i>			
- from continuing operations	0.68	0.78	-0.10
- from discontinued operations	-	-	0.00
Diluted earnings per share attributable to the owners of the parent (€)	0.68	0.78	-0.10
<i>of which:</i>			
- from continuing operations	0.68	0.78	-0.10
- from discontinued operations	-	-	0.00

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

“Net staff costs” of €253 million are up €3 million compared with the first half of 2018 (€250 million).

The **“Operating change in provisions”** has resulted in income of €111 million (€46 million in the first half of 2018). This item includes the impact of use of the provisions for the repair and replacement of motorway infrastructure to fund preparations for the reconstruction of the Polcevera road bridge (€154 million) and of provisions for risks and charges, totalling €4 million, relating to compensation paid to victims of the events of 14 August 2018 and their families. Excluding these factors, the item registers an expense of €39 million, primarily reflecting the performance of the interest rates used to adjust the present value of the provisions for the repair and replacement of Group companies’ motorway infrastructure (an increase of €45 million).

“Gross operating profit” (EBITDA) of €1,162 million is down €77 million compared with the first half of 2018 (€1,239 million). On a like-for-like basis, EBITDA is down €43 million (4%).

“Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work” amount to €329 million, an increase of €20 million compared with the first half of 2018 (€309 million).

“Operating profit” (EBIT) of €833 million is down €97 million on the first half of 2018 (€930 million).

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €19 million, substantially in line with the amount in the first half of 2018 (€15 million).

“Net other financial expenses” of €199 million are down €13 million compared with the same period of 2018, essentially reflecting the reduced amount of debt in the first half of 2019.

“Capitalised financial expenses on intangible assets deriving from concession rights” amount to €2 million (€3 million in the first half of 2018).

The **“Share of (profit)/loss of associates and joint ventures accounted for using the equity method”** amounts to a loss of €1 million (€4 million in the first half of 2018). This reflects the Group’s share of the profit or loss of its associates.

“Income tax expense” of €186 million is down €24 million compared with the first half of 2018 (€210 million), broadly in line with the decrease in pre-tax profit from continuing operations.

“Profit for the period” of €430 million is down €62 million compared with the first half of 2018 (€492 million). On a like-for-like basis, profit for the period is down €35 million (7%).

“Profit for the period attributable to owners of the parent”, amounting to €426 million, is down €58 million (12%) compared with the first half of 2018 (€492 million). On a like-for-like basis, profit for the period attributable to owners of the parent is down €34 million.

“Profit attributable to non-controlling interests” amounts to €4 million, down €4 million compared with the first half of 2018 (€8 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€m		H1 2019	H1 2018
Profit for the period	(A)	430	492
Fair value gains/(losses) on cash flow hedges		-136	-9
Tax effect of fair value gains/(losses) on cash flow hedges		32	2
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-	-
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-	-
Other comprehensive income/(loss) reclassifiable to profit or loss for the period	(B)	-104	-7
Other comprehensive income/(loss) not reclassifiable to profit or loss for the period	(C)	-	-
Reclassifications of other components of comprehensive income to profit or loss for the period	(D)	-	-
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the period	(E)	-	-
Total other comprehensive income/(loss) for the period	(F=B+C+D+E)	-104	-7
<i>of which attributable to discontinued operations</i>		-	-
Comprehensive income for the period	(A+F)	326	485
<i>Of which attributable to owners of the parent</i>		322	477
<i>Of which attributable to non-controlling interests</i>		4	8

The “**Total other comprehensive loss**” for the first half of 2019 is €104 million (a loss of €7 million in the same period of 2018) in connection with the increase in fair value losses on cash flow hedges (after tax), essentially due to the significant decrease in interest rates in the first half of 2019.

Consolidated financial position

As at 30 June 2019, “**Non-current non-financial assets**” of €18,210 million are down €152 million compared with the figure for 31 December 2018 (€18,362 million).

“**Property, plant and equipment**” of €85 million is broadly in line with the figure for 31 December 2018 (€82 million).

“**Intangible assets**” total €17,929 million (€18,093 million as at 31 December 2018) and essentially consist of intangible assets deriving from the Group’s concession rights, amounting to €11,790 million (€11,952 million as at 31 December 2018), and goodwill (€6,111 million) recognised following the contribution of the motorway assets of the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia) to Autostrade per l’Italia as part of a reorganisation of the Group in 2003.

The decrease of €164 million in intangible assets is primarily due to a combination of the following:

- a) amortisation for the period (€292 million);
- b) investment during the period in construction services for which additional economic benefits are received (€71 million);
- c) an increase in concession rights regarding construction services for which no additional benefits are received due to an updated estimate of investments planned until the end of the concession (€61 million).

“**Investments**” and “**Deferred tax assets**”, amounting to €86 million and €110 million, respectively, are broadly in line with the figures for 31 December 2018 (€84 million for the former, and €103 million for the latter).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

€m	30 June 2019	31 December 2018	Increase/ (Decrease)
Non-current non-financial assets			
Property, plant and equipment	85	82	3
Intangible assets	17,929	18,093	-164
Investments	86	84	2
Deferred tax assets	110	103	7
Total non-current non-financial assets (A)	18,210	18,362	-152
Working capital			
Trading assets	560	534	26
Current tax assets	43	32	11
Other current assets	172	79	93
Non-financial assets held for sale or related to discontinued operations	4	4	-
Current portion of provisions for construction services required by contract	-496	-406	-90
Current provisions	-656	-835	179
Trading liabilities	-1,484	-1,319	-165
Current tax liabilities	-166	-30	-136
Other current liabilities	-309	-315	6
Total working capital (B)	-2,332	-2,256	-76
Gross invested capital (C=A+B)	15,878	16,106	-228
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2,429	-2,639	210
Non-current provisions	-1,242	-1,194	-48
Deferred tax liabilities	-621	-589	-32
Other non-current liabilities	-29	-27	-2
Total non-current non-financial liabilities (D)	-4,321	-4,449	128
NET INVESTED CAPITAL (E=C+D)	11,557	11,657	-100
Equity			
Equity attributable to owners of the parent	2,504	2,493	11
Equity attributable to non-controlling interests	347	351	-4
Total equity (F)	2,851	2,844	7
Net debt			
Non-current net debt			
Non-current financial liabilities	9,818	10,260	-442
Bond issues	6,998	7,500	-502
Medium/long-term borrowings	2,249	2,324	-75
Non-current derivative liabilities	571	436	135
Non-current financial assets	-373	-410	37
Non-current financial assets deriving from government grants	-178	-196	18
Non-current term deposits	-174	-192	18
Other non-current financial assets	-21	-22	1
Total non-current net debt (G)	9,445	9,850	-405
Current net debt			
Current financial liabilities	1,088	1,236	-148
Short-term borrowings	275	245	30
Current derivative liabilities	-	1	-1
Intercompany current account payables due to related parties	9	7	2
Current portion of medium/long-term financial liabilities	772	949	-177
Other current financial liabilities	32	34	-2
Cash and cash equivalents	-1,324	-1,791	467
Cash	-566	-1,139	573
Cash equivalents	-5	-	-5
Intercompany current account receivables due from related parties	-753	-652	-101
Current financial assets	-503	-482	-21
Current financial assets deriving from concession rights	-408	-408	-
Current financial assets deriving from government grants	-42	-22	-20
Current term deposits	-40	-21	-19
Current portion of medium/long-term financial assets	-4	-22	18
Other current financial assets	-9	-9	-
Total current net debt (H)	-739	-1,037	298
Total net debt (I=G+H)	8,706	8,813	-107
NET DEBT AND EQUITY (L=F+I)	11,557	11,657	-100

(*) 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".

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

“Working capital” reports a negative balance of €2,332 million (€2,256 million as at 31 December 2018). The decrease of €76 million essentially reflects a combination of the following:

- a) an increase of €165 million in trading liabilities mainly regarding Autostrade per l’Italia, primarily in connection with an increase in amounts payable to the operators of interconnecting motorways and tolls in the process of settlement, reflecting normal seasonal traffic trends;
- b) an increase of €90 million in the current portion of provisions for construction services required by contract, due to reclassification of the non-current portion of provisions for investment to be carried out during the next 12 months (€276 million), partially offset by investment during the period in construction services for which no additional economic benefits are received (€186 million);
- c) a decrease of €179 million in the current portion of provisions, primarily in relation to the above use of the provisions for the repair and replacement of motorway infrastructure to fund preparations for the reconstruction of the Polcevera road bridge (€154 million), and of provisions for risks and charges to cover compensation for victims’ families and for the injured, as well as legal expenses (€33 million).

“Non-current non-financial liabilities”, totalling €4,321 million, are down €128 million compared with the figure for 31 December 2018 (€4,449 million). The change primarily reflects a combination of the following:

- a) a decrease of €210 million in the non-current portion of provisions for construction services required by contract, primarily reflecting the above reclassification of the current portion (€276 million), partially offset by an updated estimate of the present value on completion of investment in construction services yet to be carried out (€61 million);
- b) an increase of €48 million in the non-current portion of provisions, primarily relating to an updated estimate of the present value on completion of construction services included in the provisions for the repair and replacement of motorway infrastructure.

As a result, **“Net invested capital”**, totalling €11,557 million, is down €100 million on the figure for 31 December 2018 (€11,657 million).

“Equity” amounts to €2,851 million (€2,844 million as at 31 December 2018).

“Equity attributable to owners of the parent”, totalling €2,504 million, is up €11 million on the figure for 31 December 2018 (€2,493 million). This primarily reflects a combination of the following:

- a) comprehensive income for the period attributable to owners of the parent (€322 million);
- b) payment of Autostrade per l’Italia’s final dividend for 2018 (€311 million);

“Equity attributable to non-controlling interests” of €347 million is broadly in line with the figure for 31 December 2018 (€351 million), reflecting the fact that the dividends paid by a number of Group companies to non-controlling shareholders (€8 million) were broadly offset by comprehensive income for the period attributable to non-controlling interests (€4 million).

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€m	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS
	Issued capital	Cash flow hedge reserve	Other reserves and retained earnings	Profit/(Loss) for the period after interim dividend	Total		
Balance as at 31 December 2017	622	-110	1,355	523	2,390	348	2,738
Impact of first-time adoption of IFRS 9 from 1 January 2018	-	-	26	-	26	-	26
Balance as at 1 January 2018	622	-110	1,381	523	2,416	348	2,764
Comprehensive income/(loss) for the period	-	-7	-	484	477	8	485
<u>Owner transactions and other changes</u>							
Autotrading per l'Italia SpA's final dividend (€0.832 per share)	-	-	-	-518	-518	-	-518
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	4	-4	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-8	-8
Change in reserves due to transactions involving companies under common control	-	-	2	-	2	-	2
Change in scope of consolidation and other minor changes	-	-	-	-	-	-2	-2
Balance as at 30 June 2018	622	-117	1,387	485	2,377	346	2,723
Balance as at 31 December 2018	622	-125	1,388	608	2,493	351	2,844
Comprehensive income/(loss) for the period	-	-104	-	426	322	4	326
<u>Owner transactions and other changes</u>							
Autotrading per l'Italia SpA's final dividend (€0.50 per share)	-	-	-	-311	-311	-	-311
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	297	-297	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-8	-8
Balance as at 30 June 2019	622	-229	1,685	426	2,504	347	2,851

The Group's "Net debt" as at 30 June 2019 amounts to €8,706 million, a decrease of €107 million compared with 31 December 2018 (€8,813 million).

"Non-current net debt", totalling €9,445 million, is down €405 million on the figure for 31 December 2018 (€9,850 million). Excluding reclassifications of current portions of bond issues and bank borrowings to be repaid within 12 months (totalling €571 million), the item is up €166 million primarily in relation to the increase in fair value losses on derivative financial instruments (€135 million), essentially as a result of the significant decrease in interest rates as at 30 June 2019 compared with 31 December 2018.

"Current net debt" amounts to €739 million, down €298 million compared with 31 December 2018 (€1,037 million). Excluding the change linked to the above reclassifications (totalling €571 million), the item is up €273 million, primarily in relation to the net cash flow generated during the period (€249 million), as described in the section on "Consolidated cash flow".

The residual weighted average term to maturity of the Group's interest-bearing debt is approximately six years as at 30 June 2019. 97% of the Group's interest-bearing debt is fixed rate, after taking into account the related hedges. 9% of the Group's debt is denominated in currencies other than the euro (sterling and yen).

The average cost of the Group's medium/long-term borrowings in the first half of 2019 was 3.5%, substantially in line with the same period of 2018.

As at 30 June 2019, the Group has cash reserves of €2,854 million, consisting of:

- a) €1,285 million in cash and investments in financial assets readily convertible into cash (€571 million) and Autostrade per l'Italia's net cash (€744 million), essentially resulting from the centralised treasury management services provided;
- b) €214 million in term deposits allocated primarily to part finance the execution of specific construction services relating to the motorway infrastructure operated under concession;
- c) €1,355 million in undrawn committed lines of credit.

As at 30 June 2019, the Group has lines of credit with a weighted average residual term to maturity of approximately six years and a weighted average residual drawdown period of approximately three years.

The Group's net debt, as defined in the European Securities and Market Authority (ESMA) Recommendation of 20 March 2013 (which does not permit the deduction of non-current financial assets from debt), amounts to €9,079 million as at 30 June 2019, compared with €9,223 million as at 31 December 2018.

Consolidated cash flow

“Net cash from operating activities” amounts to €840 million in the first half of 2019, down €35 million on the first half of 2018 (€875 million). This reflects a combination of the following:

- a) a decrease of €137 million in operating cash flow, with an outflow of €145 million linked to the cost of demolition and reconstruction of the Polcevera road bridge and the compensation paid to the families of the victims and the injured, as well as legal expenses. On a like-for-like basis, operating cash flow for the first half of 2019 is up €8 million (1%) on the first half of 2018.
- b) a greater contribution from operating capital and non-financial assets and liabilities, amounting to €102 million. Cash flows for the first half of 2019, amounting to €153 million, reflect the previously mentioned increase in trading liabilities.

“Cash used for investment in non-financial assets”, totalling €272 million, is up €60 million on the first half of 2018 (€212 million), primarily reflecting greater capital expenditure during the period (€64 million).

“Net equity cash outflows” amount to €319 million in the first half of 2019, marking a decrease of €206 million compared with the first half of 2018, reflecting the lower dividends declared by Autostrade per l'Italia and other Group companies for payment to non-controlling shareholders.

In addition, other changes during the first half of 2019 have resulted in an increase of €142 million in net debt. This primarily reflects an increase in fair value losses on derivative financial instruments (€136 million), due to the significant decrease in the relevant interest rates recorded as at 30 June 2019. On the other hand, other changes during the first half of 2018 resulted in a decrease of €48 million in net debt, partly due to recognition of the impact of first-time adoption of IFRS 9 (€34 million before the related taxation).

The overall impact of the above cash flows decreased net debt by €107 million in the first half of 2019, compared with 31 December 2018.

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT ^(*)

€m	H1 2019	H1 2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the period	430	492
Adjusted by:		
Amortisation and depreciation	313	306
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure	-139	-42
Financial expenses from discounting of provisions for construction services required by contract and other provisions	19	15
Share of (profit)/loss of investees accounted for using the equity method	1	4
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	6	-1
Net change in deferred tax (assets)/liabilities through profit or loss	59	68
Other non-cash costs (income)	-2	-18
Operating cash flow	687	824
Change in operating capital	55	-86
Other changes in non-financial assets and liabilities	98	137
Net cash generated from/(used in) operating activities (A)	840	875
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-257	-197
Purchases of property, plant and equipment	-6	-4
Purchases of other intangible assets	-8	-6
Capital expenditure	-271	-207
Government grants related to assets held under concession	1	-
Purchases of investments	-3	-10
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	-	1
Proceeds from sales of consolidated investments, including net debt transferred	-	4
Net change in other non-current assets	1	-
Net cash from/(used in) investment in non-financial assets (B)	-272	-212
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	-319	-525
Net equity cash inflows/(outflows) (C)	-319	-525
Increase/(Decrease) in cash and cash equivalents during period (A+B+C)	249	138
Change in fair value of hedging derivatives	-136	-9
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	-1	-1
Other changes	-5	53
Other changes in net debt (D)	-142	43
Decrease/(Increase) in net debt for period (A+B+C+D)	107	181
Net debt at beginning of period	-8,813	-9,351
Net debt at end of period	-8,706	-9,170

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

Reconciliation of the reclassified and reported financial statements

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

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT

€m	H1 2019						H1 2018					
	Reported basis			Reclassified basis			Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items												
Toll revenue			1,761			1,761			1,740			1,740
Revenue from construction services			71						55			
Revenue from construction services - government grants and cost of materials and external services	(a)	65					(a)	49				
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	4					(b)	3				
Revenue from construction services: capitalised financial expenses	(c)	2					(c)	3				
Revenue from construction services provided by sub-operators	(d)	-					(d)	-				
Other revenue	(e)		206				(e)		161			
Other operating income				(e+d)		206				(e+d)		161
Revenue from construction services provided by sub-operators	(d)			(d)		-	(d)			(d)		-
Total revenue			2,038						1,956			
TOTAL OPERATING REVENUE						1,967						1,901
Raw and consumable materials			-179			-179			-60			-60
Service costs			-451			-451			-325			-325
Gain/(Loss) on sale of elements of property, plant and equipment			-			-			-			-
Other operating costs			-272				(f)		-253			
Concession fees	(f)		-227				(f)		-224			
Lease expense			-3			-3			-4			-4
Other			-42			-42			-25			-25
Use of provisions for construction services required by contract and other provisions				(j)		174				(j)		127
Revenue from construction services: government grants and capitalised cost of materials and external services				(a)		65				(a)		49
Use of provisions for renewal of motorway infrastructure				(i)		-				(i)		4
COST OF MATERIALS AND EXTERNAL SERVICES						-436						-234
CONCESSION FEES				(f)		-227				(f)		-224
Staff costs	(g)		-269				(g)		-264			
NET STAFF COSTS				(g+b+k)		-253				(g+b+k)		-250
OPERATING CHANGE IN PROVISIONS						111						46
Operating change in provisions			101						45			
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			123			123			51			51
(Provisions)/Uses of provisions for renewal of motorway infrastructure			-10						-1			
Provisions for renewal of airport infrastructure	(h)	-10					(h)	-5				
Uses of provisions for renewal of airport infrastructure	(i)						(i)	4				
Provisions/(Uses) of provisions for risks and charges			-12			-12			-5			-5
TOTAL NET OPERATING COSTS						-805						-662
GROSS OPERATING PROFIT (EBITDA)						1,162						1,239
Use of provisions for construction services required by contract				(j)		186			138			
Use of provisions for construction services required by contract	(j)	174					(j)	127				
Capitalised staff costs - construction services for which no additional economic benefits are received	(k)	12					(k)	11				
Amortisation and depreciation	(l)		-312				(l)		-305			
Depreciation of property, plant and equipment			-11						-11			
Amortisation of intangible assets deriving from concession rights			-292						-287			
Amortisation of other intangible assets			-9						-7			
(Impairment losses)/Reversals of impairment losses	(m)		-7				(m)		1			
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES, REVERSALS OF IMPAIRMENT LOSSES AND PROVISIONS FOR RENEWAL WORK				(l+h+m)		-329				(l+h+m)		-309
TOTAL COSTS			-1,203						-1,023			
OPERATING PROFIT/(LOSS)			835						933			
OPERATING PROFIT/(LOSS) (EBIT)						833						930
Financial income			43						45			
Dividends received from investees	(n)		-				(n)		1			
Other financial income	(o)	43					(o)	44				
Financial expenses	(p)		-261				(p)		-272			
Financial expenses from discounting of provisions for construction services required by contract and other provisions	(p)		-19				(p)		-15			
Other financial expenses	(q)		-242				(q)		-257			
Foreign exchange gains/(losses)	(r)		-				(r)		-			
FINANCIAL INCOME/(EXPENSES)			-218						-227			
Other financial expenses, after other financial income				(c+n+o+p		-216				(c+n+o+p		-224
Share of profit/(loss) of investees accounted for using the equity method			-1	p+q+r)		-1			-4			-4
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			616			616			702			702
Income tax (expense)/benefit			-186			-186			-210			-210
Current tax expense			-131						-142			
Differences on tax expense for previous years			4						-			
Deferred tax income and expense			-59						-68			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			430			430			492			492
Profit/(Loss) from discontinued operations			-			-			-			-
PROFIT FOR THE PERIOD			430			430			492			492
of which:												
Profit attributable to owners of the parent			426			426			484			484
Profit attributable to non-controlling interests			4			4			8			8

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

€m	30 June 2019					31 December 2018				
	Reported basis		Reclassified basis			Reported basis		Reclassified basis		
Reconciliation of items	Ref.	Main entries	Ref.	Sub-items	Main entries	Ref.	Main entries	Ref.	Sub-items	Main entries
Non-current non-financial assets										
Property, plant and equipment	(a)	85			85	(a)	82			82
Intangible assets	(b)	17,929			17,929	(b)	18,093			18,093
Investments	(c)	86			86	(c)	84			84
Deferred tax assets	(d)	110			110	(d)	103			103
Other non-current assets	(e)	-			-	(e)	-			-
Total non-current non-financial assets (A)					18,210					18,362
Working capital										
Trading assets	(f)	560			560	(f)	534			534
Current tax assets	(g)	43			43	(g)	32			32
Other current assets	(h)	172			172	(h)	79			79
Investments held for sale or related to discontinued operations				(w)	4				(w)	4
Current portion of provisions for construction services required by contract	(i)	-496			-496	(i)	-406			-406
Current provisions	(j)	-656			-656	(j)	-835			-835
Trading liabilities	(k)	-1,484			-1,484	(k)	-1,319			-1,319
Current tax liabilities	(l)	-166			-166	(l)	-30			-30
Other current liabilities	(m)	-309			-309	(m)	-315			-315
Non-financial liabilities related to discontinued operations				(x)	-				(x)	-
Total working capital (B)					-2,332					-2,256
Gross invested capital (C=A+B)					15,878					16,106
Non-current non-financial liabilities										
Non-current portion of provisions for construction services required by contract	(n)	-2,429			-2,429	(n)	-2,639			-2,639
Non-current provisions	(o)	-1,242			-1,242	(o)	-1,194			-1,194
Deferred tax liabilities	(p)	-621			-621	(p)	-589			-589
Other non-current liabilities	(q)	-29			-29	(q)	-27			-27
Total non-current non-financial liabilities (D)					-4,321					-4,449
NET INVESTED CAPITAL (E=C+D)					11,557					11,657
Total equity (F)		2,851			2,851		2,844			2,844
Net debt/(Net funds)										
Non-current net debt/(net funds)										
Non-current financial liabilities	(r)	9,818			9,818	(r)	10,260			10,260
Non-current financial assets	(s)	-373			-373	(s)	-410			-410
Total non-current net debt/(net funds) (G)					9,445					9,850
Current net debt/(net funds)										
Current financial liabilities	(t)	1,088			1,088	(t)	1,236			1,236
Short-term borrowings		275		275		245		245		
Current derivative liabilities		-		-		1		1		
Intercompany current account payables due to related parties		9		9		7		7		
Current portion of medium/long-term borrowings		772		772		949		949		
Other current financial liabilities		32		32		34		34		
Current financial liabilities related to discontinued operations				(aa)	-			(aa)		-
Cash and cash equivalents	(u)	-1,324			-1,324	(u)	-1,791			-1,791
Cash		-566		-566		-1,139		-1,139		
Cash equivalents		-5		-5		-		-		
Intercompany current account receivables due from related parties		-753		-753		-652		-652		
Cash and cash equivalents related to discontinued operations				(y)	-			(y)		-
Current financial assets	(v)	-503			-503	(v)	-482			-482
Current financial assets deriving from concession rights		-408		-408		-408		-408		
Current financial assets deriving from government grants		-42		-42		-22		-22		
Current term deposits		-40		-40		-21		-21		
Current portion of other medium/long-term financial assets		-4		-4		-22		-22		
Other current financial assets		-9		-9		-9		-9		
Financial assets held for sale or related to discontinued operations				(z)	-			(z)		-
Total current net debt (H)					-739					-1,037
Total net debt (I=G+H)					8,706					8,813
NET DEBT AND EQUITY (L=F+I)					11,557					11,657
Assets held for sale or related to discontinued operations	(y-z+w)		4			(y-z+w)		4		
Liabilities related to discontinued operations	(-x+aa)		-			(-x+aa)		-		
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e-s)		18,583			(a+b+c+d+e-s)		18,772		
TOTAL CURRENT ASSETS	(f+g+h-u-v-y-z+w)		2,606			(f+g+h-u-v-y-z+w)		2,922		
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)		14,139			(-n-o-p-q+r)		14,709		
TOTAL CURRENT LIABILITIES	(-i-j-k-l-m+t-x+aa)		4,199			(-i-j-k-l-m+t-x+aa)		4,141		

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

€M		H1 2019		H1 2018	
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 period		430	430	492	492
Adjusted by:					
Amortisation and depreciation		313	313	306	306
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		-139	-139	-42	-42
Financial expenses from discounting of provisions for construction services required by contract and other provisions		19	19	15	15
Share of (profit)/loss of investees accounted for using the equity method		1	1	4	4
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		6	6	-1	-1
Net change in deferred tax (assets)/liabilities through profit or loss		59	59	68	68
Other non-cash costs (income)		-2	-2	-18	-18
Operating cash flow			687		824
Change in operating capital	(a)		55		-86
Other changes in non-financial assets and liabilities	(b)		98		137
Change in working capital and other changes	(a+b)	153		51	
Net cash generated from/(used in) operating activities (A)		840	840	875	875
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-257	-257	-197	-197
Purchases of property, plant and equipment		-6	-6	-4	-4
Purchases of other intangible assets		-8	-8	-6	-6
Capital expenditure			-271		-207
Government grants related to assets held under concession		1	1	-	-
Purchases of investments		-3	-3	-10	-10
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		-	-	1	1
Proceeds from sales of consolidated investments, including net debt transferred	(c)		-		4
Proceeds from sales of consolidated investments, after cash and cash equivalents transferred	(d)		-	6	
Net change in other non-current assets		1	1	-	-
Net change in current and non-current financial assets	(e)	16		17	
Net cash from/(used in) investment in non-financial assets (B)	(f)		-272		-212
Net cash generated from/(used in) investing activities (C)	(f+e)	-256		-193	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Dividends declared by Autostrade per l'Italia and Group companies and non-controlling shareholders	payable to (g)		-319		-525
Dividends paid	(h)	-322		-543	
Net equity cash inflows/(outflows) (D)			-319		-525
Net cash generated during period (A+B+D)			249		138
Increase in lease liabilities		2		-	
Redemption of bonds		-593		-	
Repayments of medium/long term borrowings (excluding lease liabilities)		-62		-61	
Repayments of lease liabilities		-1		-	
Net change in other current and non-current financial liabilities		-78		-580	
Net cash generated from/(used in) financing activities (E)		-1,054		-1,184	
Change in fair value of hedging derivatives	(i)		-136		-9
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)			-1		-1
Effect of foreign exchange rate movements on net debt and other changes	(j)		-5		53
Other changes in net debt (F)			-142		43
Net effect of foreign exchange rate movements on net cash and cash equivalents (G)			-		-
Decrease in net debt for period (A+B+D+F)			107		181
Net debt at beginning of period			-8,813		-9,351
Net debt at end of period			-8,706		-9,170
Increase/(Decrease) in cash and cash equivalents during period (A+C+E+G)		-470		-502	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,784		2,931	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,314		2,429	

Notes:

- a) this item shows cash flows not generated from operating activities with an impact on profit for the period of the companies classified as “discontinued operations”;
- b) the “Change in operating capital” shows the change in trade-related items directly linked to the Group’s ordinary activities (in particular: inventories, trading assets and trading liabilities);
- c) this item includes the impact on net debt arising from the sale and consequent deconsolidation of subsidiaries, calculated as the price collected on the sale, after the net (debt)/funds transferred;
- d) this item includes the impact of cash and cash equivalents arising from the sale and consequent deconsolidation of subsidiaries, calculated as the price collected on the sale, after the net (debt)/funds transferred;
- e) 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;
- f) “Net cash from/(used in) investment in non-financial assets” excludes changes in the financial assets and liabilities that do not have an impact on net debt;
- g) “Dividends declared by Group companies” regard the portion of dividends declared by the Parent Company and other Group companies attributable to non-controlling interests, regardless of the period of payment;
- h) “Dividends paid” refer to amounts effectively paid during the reporting period;
- i) the amount represents the change in the fair value of cash flow hedges, before the related taxation, as shown in “Fair value gains/(losses) on cash flow hedges” in the consolidated statement of comprehensive income;
- j) this item includes the impact of exchange rate movements on financial assets (including cash and cash equivalents) and financial liabilities denominated in currencies other than the euro held by Group companies, and non-cash income/(costs) resulting in changes in net debt.

2.3 Key performance indicators for Group companies

€m	OPERATING REVENUE ⁽¹⁾		
	H1 2019	H1 2018	Increase/ (Decrease)
	Absolute		
Autostrade per l'Italia	1,792	1,740	52
Autostrade Meridionali	45	46	-1
Tangenziale di Napoli	38	37	1
Società Italiana per il Traforo del Monte Bianco	31	30	1
Autostrada Tirrenica	17	17	-
Essediesse	14	13	1
Raccordo Autostradale Valle d'Aosta	15	14	1
Giove Clear	7	7	-
Ad Moving	3	3	-
Autostrade Tech	41	26	15
Infoblu ⁽²⁾	-	1	-1
Consolidation adjustments	-36	-33	-3
TOTAL AUTOSTRADE PER L'ITALIA GROUP	1,967	1,901	66

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

⁽²⁾ Infoblu contributed to the Group's key performance indicators in the first half of 2018 until the date of deconsolidation (at the end of April 2018), following the transfer of Autostrade per l'Italia's interest in this company to Telepass.

EBITDA ⁽¹⁾			CAPITAL EXPENDITURE ⁽¹⁾		
H1 2019	H1 2018	Increase/ (Decrease)	H1 2019	H1 2018	Increase/ (Decrease)
Absolute			Absolute		
1,093	1,169	-76	261	195	66
17	18	-1	1	-	1
17	16	1	2	1	1
15	16	-1	1	5	-4
9	9	-	4	4	-
1	1	-	-	-	-
7	7	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3	3	-	2	2	-
-	-	-	-	-	-
-	-	-	-	-	-
1,162	1,239	-77	271	207	64

2.4 Group operating review

Traffic

The volume of traffic on the Group's motorway network rose 1.0% in the first half of 2019, compared with the same period of 2018. The number of kilometres travelled by vehicles with 2 axles is up 0.6%, with the figure for those with 3 or more axles up 3.5%. The traffic performance was adversely affected by bad weather in May.

MOTORWAY OPERATOR	MILLIONS OF KM TRAVELLED ⁽¹⁾			% CHANGE VERSUS H1 2018
	VEHICLES WITH 2 AXLES	VEHICLES WITH 3 OR MORE AXLES	TOTAL VEHICLES	
Autostrade per l'Italia	19,357.6	3,442.3	22,799.9	1.1%
Autostrade Meridionali	821.7	13.5	835.2	-0.6%
Tangenziale di Napoli	461.7	8.0	469.7	0.1%
Società Autostrada Tirrenica	116.4	12.0	128.4	-0.5%
Raccordo Autostradale Valle d'Aosta	42.4	10.6	53.0	2.8%
Società Italiana per il Traforo del Monte Bianco	3.6	1.8	5.4	2.2%
Total	20,803.4	3,488.2	24,291.6	1.0%

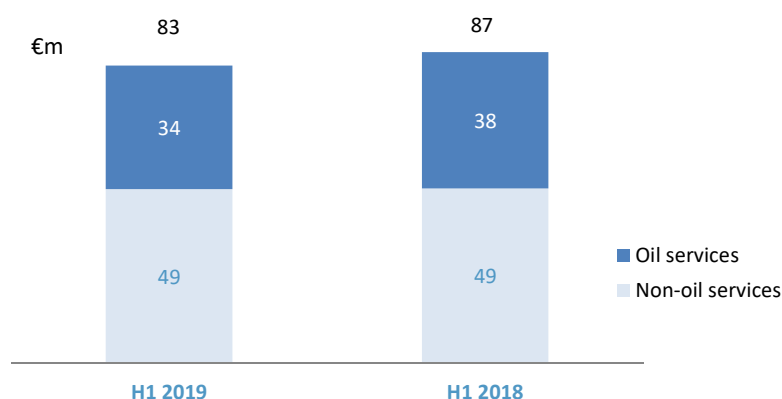
(1) The data for May and June 2019 is provisional.

Figures in millions of kilometres travelled, after rounding to the nearest decimal place.

Service areas

Recurring royalties received from sub-operators at service areas on the network managed by Autostrade per l'Italia and the Group's other motorway operators amount to €83 million in the first half of 2019. Oil service royalties are down compared with the first half of 2018, partly due to the reduced volume of oil sold, while the performance of non-oil services was substantially in line with the same period of the previous year.

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



Capital expenditure

The Group's capital expenditure in the first half of 2019 totals €271 million.

€M	H1 2019	H1 2018
Autostrade per l'Italia - projects in Agreement of 1997	101	82
Autostrade per l'Italia - projects in IV Addendum of 2002	57	43
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	91	63
Other operators (including capitalised costs)	8	9
Total investment in infrastructure operated under concession	257	197
Investment in other intangible assets	8	6
Investment in property, plant and equipment	6	4
Total capital expenditure	271	207

With regard to the works envisaged in Autostrade per l'Italia's Agreement of 1997, work continued in the first half of 2019 on widening the A1 between Barberino and Florence North to three lanes, with mechanical boring of the Santa Lucia Tunnel currently under way alongside the existing motorway, and between Florence South and Incisa, where work is in progress on Lot 1 North. Work is also continuing on completion of off carriageway works for the Variante di Valico and the Florence North-Florence South section of the A1.

In terms of the works contained in Autostrade per l'Italia's IV Addendum of 2002, in the first half of 2019 work continued on construction of link roads serving the Municipality of Fano, connected with the widening of the A14 motorway to three lanes, already opened to traffic.

With regard to the new road and motorway system serving Genoa (the so-called "*Gronda di Genova*"), for 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 €140 million. Tenders have been called for works amounting to a further €700 million, despite the fact that we are still waiting for the Grantor's formal approval of the detailed designs, which is necessary before contracts can be awarded.

Work has begun on most of the lots included in the second phase of the Tunnel Safety Plan, relating to the requirements set out in Presidential Decree 151/11 regarding new fire prevention regulations.

Autostrade per l'Italia's other capital expenditure, totalling approximately €31 million, includes construction of the fourth free-flow lane for the A4 in the Milan area and improvements to feeder roads for the Tuscan stretch of the A1, as well as amounts earmarked to fund work on sections already open to traffic and contract tenders relating to priority works pursuant to art. 15, such as the planned widening of the Florence-Pistoia, Ravenna-Bologna San Lazzaro and Milan South-Lodi sections of motorway.

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.

2.5 Workforce

As at 30 June 2019, the Autostrade per l'Italia Group employs 6,845 staff on permanent contracts and 490 temporary staff, making a total workforce of 7,335 (up 46, or 0.6%, compared with the 7,289 of 31 December 2018).

The change in permanent staff (up 26) primarily reflects events at the following Group companies:

- Giove Clear (up 58), primarily due to conversion from fixed-term to permanent contracts;
- Autostrade per l'Italia (down 21), due to slower turnover among toll collectors, partly offset by the hiring of staff to fill specific roles within certain organisational units;
- Tangenziale di Napoli (down 11), due to slower turnover among toll collectors.

The change in temporary staff (up 20) primarily reflects events at the following Group companies:

- motorway operators (up 66), due to different use of seasonal staff during the two periods under comparison;
- Giove Clear (down 46) due to the above conversion from fixed-term to permanent contracts, partly offset by different use of seasonal staff during the two periods under comparison.

The average workforce (including agency staff) is down from 6,766 in the first half of 2018 to 6,690 in the first half of 2019, marking a total decrease of 76 on average (down 1.1%). This decrease primarily reflects:

- motorway operators (down 81 on average), primarily due slower turnover among toll collectors and the transfer of staff from Autostrade per l'Italia's Administration and Finance Department to Atlantia in July 2018, partly offset by the hiring of staff to fill specific roles within certain organisational units;
- Giove Clear (up 14 on average) due to an increase in the volume of work.

Autostrade per l'Italia Group

PERMANENT STAFF

	30 June 2019	31 December 2018	Increase/(Decrease)	
			absolute	%
Senior managers	94	98	-4	-4.1%
Middle managers	367	369	-2	-0.5%
Administrative staff	2,688	2,683	5	0.2%
Manual workers	1,500	1,439	61	4.2%
Toll collectors	2,196	2,230	-34	-1.5%
Total	6,845	6,819	26	0.4%

TEMPORARY STAFF

	30 June 2019	31 December 2018	Increase/(Decrease)	
			absolute	%
Senior managers	-	-	-	n/a
Middle managers	-	-	-	n/a
Administrative staff	24	25	-1	-4.0%
Manual workers	146	192	-46	-24.0%
Toll collectors	320	253	67	26.5%
Total	490	470	20	4.3%

AVERAGE WORKFORCE (including agency staff, amounting to 1 in 2018)

	H1 2019	H1 2018	Increase/(Decrease)	
			absolute	%
Senior managers	96	96	-	0.0%
Middle managers	360	373	-13	-3.5%
Administrative staff	2,651	2,638	13	0.5%
Manual workers	1,443	1,456	-13	-0.9%
Toll collectors	2,140	2,203	-63	-2.9%
Total	6,690	6,766	-76	-1.1%

2.6 Related party transactions

Information on related party transactions is provided in note 10.5, “Related party transactions”, in the condensed consolidated interim financial statements.

2.7 Significant regulatory aspects

In addition to the information already provided in the Annual Report for the year ended 31 December 2018, this section provides details of updates or new developments relating to significant regulatory events affecting Group companies and occurring through to the date of approval of this Interim Report for the six months ended 30 June 2019.

Toll increases for 2019

- In Autostrade per l'Italia's case, in view of Autostrade per l'Italia's willingness to postpone application of the net toll increase for a period of six months, the Ministry of Infrastructure and Transport (the “MIT”) and Ministry of the Economy and Finance (the “MEF”) issued interministerial decree 588 of 31 December 2018 suspending the toll increase – set at 0.81% by the MIT's General Directorate for the Supervision of Motorway Concessions (the *DGVCA*) - applicable from 1 January 2019, deferring its application until 1 July 2019, unless otherwise agreed by Autostrade per l'Italia and the Grantor. The increase 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 and AISCAT. The offer to postpone the toll increase was made on the assumption that talks would begin with the MIT's technical experts with a view to the resolution of a number of outstanding key issues. In a letter dated 31 December 2018, the Grantor had announced that it would shortly schedule specific meetings. 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, on 27 June 2019, the company announced its willingness to temporarily extend postponement of the toll increase due to come into effect on 1 January 2019, with the tolls charged to road users to remain unchanged through to 15 September 2019. This was done on the assumption that, by this date, it would be possible to reach agreement on solutions to issues that have been under discussion with the Grantor for some time.
- In Raccordo Autostradale Valle d'Aosta's case, interministerial decree 566 of 31 December 2018 issued by the MIT and the MEF granted a toll increase of 6.32%, in line with the company's request. The decree acknowledges that the company, in a memo dated 27 December 2018, had accepted the Grantor's request and announced its willingness to suspend the toll increase effective 1 January 2019 for residents/commuters in the Val d'Aosta area equipped with Telepass devices and who have registered to participate in the initiative. On 27 June 2019, Val D'Aosta Regional

Administrative Court upheld the company's challenge against interministerial decree 605 of 29 December 2017, in which the MIT and the MEF awarded a toll increase of 52.69% for 2018, compared with the company's requested for an increase of 81.12%.

- In Autostrade Meridionali's case, interministerial decree 583 of 31 December 2018 issued by the MIT and the MEF did not grant any toll increase, as the concession had expired on 31 December 2012. The company has challenged this determination.
- In Autostrada Tirrenica's case, interministerial decree 564 of 31 December 2018 issued by the MIT and the MEF did not grant any toll increase in view of the ongoing EU infraction proceedings (no. 2014/4011) against the Italian state with regard to its extension of the concession.
- In Tangenziale di Napoli's case, a toll increase of 1.82% has been granted, compared with a request for 1.93%. The company has filed a legal challenge, citing the failure to take into account certain investments.
- In the case of Traforo del Monte Bianco which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel awarded a toll increase of 1.78%. This is based on the average of the inflation rates registered in Italy (1.57%) and France (1.98%), plus 0.95% linked to the extraordinary increase for the Frejus Tunnel and also applied to Traforo del Monte Bianco.

Agreement between the Ministry of Infrastructure and Transport, ANAS and Autostrade per l'Italia relating to the Casalecchio Interchange

The II Addendum to Autostrade per l'Italia's Single Concession Arrangement, governing the inclusion of the Casalecchio Interchange – Northern section among Autostrade per l'Italia's investment commitments, was signed on 10 July 2017. In a memorandum of 17 June 2019, the MIT gave the go-ahead for signature of the Implementation Agreement by the Ministry of Infrastructure and Transport itself, ANAS and the Company. The Agreement sets out the procedure by which Autostrade per l'Italia will pay up to €155 million to ANAS in return for construction of the Northern Section of the Casalecchio Interchange. Autostrade per l'Italia and ANAS have both digitally signed the Agreement. On 18 July 2019, the MIT – Motorway Concessions Supervisory Department sent all the signatories the document, digitally signed by all parties.

Transport Regulator – Tariff regimes

On 29 March 2019, Autostrade per l'Italia, alongside other motorway operators, filed a legal challenge with Piedmont Regional Administrative Court contesting 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 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 addition, the company also took part in the relevant consultation process, contesting the scope of application of the tariff regime devised by ART on the basis of the same arguments presented in the above legal challenge, and submitting its observations on the related financial aspects.

In Determination 71 of 19 June 2019, ART announced its decision "to approve..... a toll regime based on the price cap method with five-yearly determination of the productivity measure X for the Single Concession Arrangement between ANAS SpA and Autostrade per l'Italia SpA.....". On 15 July 2019, in order to conduct a full examination of the above Determination 71, Autostrade per l'Italia requested access to the notes, documents, data and estimated on which ART and the MIT have based their approach, thereby enabling it to understand the criteria

forming the basis for the determination. Autostrade per l'Italia is considering what further action to take.

Legislation concerning tenders and concessions

Law 55 of 14 June 2019 has extended until 31 December 2020 the transitional period for compliance with the new requirements introduced by art. 177 of Legislative Decree 50/2016, which requires existing motorway concession holders to award 60% of any contracts for works by public tender. With regard to the legal action challenging the lawfulness of the Interpretation Guidelines for art. 177, on 27 June and 3 July 2019, Lazio Regional Administrative Court ruled that the challenges brought by AISCAT and the operators, including Autostrade per l'Italia, were inadmissible as they did not meet the requirement that the Guidelines would cause immediate harm.

Autostrade per l'Italia, the other operators and AISCAT are considering an appeal before the Council of State.

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 the Council of State judgement confirming the disqualification of two competing bidders, Autostrade Meridionali and Consorzio Stabile SIS, on 9 July 2019 the Grantor, the MIT, informed Autostrade Meridionali that, in awarding the concession, the Ministry from now on intends to use the negotiated procedure permitted by art. 59, paragraph 2.b) and paragraph 2-*bis* of Legislative Decree 50/2016 (the Tenders Code).

As a result, the Grantor has invited Autostrade Meridionali, should it deem such a bid to be in its interests, to submit a bid in accordance with the specifications contained in the letter of invitation by 14 October 2019.

Five-year update of Autostrade per l'Italia's operating and financial plan

Following Autostrade per l'Italia's submission of a proposal for the five-yearly update of its financial plan on 15 June 2018, and despite repeated requests for a response, the Grantor has yet to approve the plan, stating on 4 December 2018 that the delay was due to the fact that regulatory responsibility had been transferred to the Transport Regulator by Law Decree 109/2018.

In response, Autostrade per l'Italia has filed:

- an extraordinary appeal to the Head of State, notified on 24 March 2019, requesting annulment of the determination by which the Grantor, acknowledging the delay in approval of the updated financial plan submitted by Autostrade per l'Italia, due to a change in the regulatory framework, has *de facto* halted to its approval;
- an appeal, notified on 14 June 2019, before Lazio Regional Administrative Court, requesting a ruling on the unlawfulness of the Grantor's failure to respond to the proposed update of Autostrade per l'Italia's financial plan for the regulatory period 2018-2022. The related hearing is scheduled for 2 October 2019.

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

A section of the Polcevera road bridge in Genoa collapsed on 14 August 2018, resulting in the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Interim Report for the six months ended 30 June 2019.

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

On 3 May 2019, Autostrade per l'Italia met the deadline set by the MIT for providing a further response (with respect to the letter sent on 31 August 2018) to the Ministry's requests for clarification in its letters of 16 August 2018, 20 December 2018 and 5 April 2019. In its response, the company stated its belief that it has acted correctly and reiterating its concerns and objections regarding the procedure for serious breach of the concession arrangement. Autostrade per l'Italia stands ready to provide further information if requested to do so.

On 4 June 2019, Autostrade per l'Italia challenged, solely for precautionary purposes, 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 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 very large sum" in compensation. In conclusion, the report thus recommends a "negotiated solution".

As previously noted in the Annual Report for 2018, to which reference should be made, the company confirms that, based also on the opinion of leading experts, which have been updated to take into account correspondence during the period, the Grantor's communications cannot be taken to constitute the initial act in the procedure leading to termination of the concession, in accordance with art. 9 of the Single Concession Arrangement. As a result, the Interim Report for the six months ended 30 June 2019 has been prepared on a basis that is consistent with the Annual Report for 2018.

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 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, the Court set a date for a new hearing to discuss all four challenges on 9 October 2019.

Investigation by the Public Prosecutor's Office in Genoa

The events of 14 August 2018 resulted in criminal action before the Court of Genoa against 9 Autostrade per l'Italia personnel. The number of people under investigation was subsequently increased to 39, including executives and other people employed at the company's Rome headquarters and the relevant area office in Genoa, and employees and managers at other company of Atlantia Group, the company contracted to monitor the state of the infrastructure. The investigation regards the offences provided for in and punishable in accordance with the following articles of the criminal code: 449-434 ("accessory to culpable collapse"); 449-432 ("violation of transport safety regulations aggravated by culpable disaster"); 589-bis, paragraph 1 ("culpable vehicular homicide"); 590-bis, paragraph 1 ("grievous or very grievous bodily harm caused by road traffic violations"); 589, paragraphs 1, 2 and 3 ("culpable homicide resulting from breaches of occupational health and safety regulations"); 590, paragraphs 1, 3

and 4 (“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”.

On 12 September 2018, the preliminary investigating magistrate (*Giudice per le Indagini Preliminari*) requested a pre-trial hearing to appoint experts to prepare a report on conditions at the disaster scene, to assess the state of repair and maintenance of the infrastructure that did not collapse and of the parts of the road bridge that did collapse and have yet to be removed, and to identify and reach agreement with the relevant authorities on procedures for the removal of debris and for demolition, so as to preserve the evidence needed for the purposes of the investigation.

The report was lodged with the court on 31 July 2019 and the preliminary investigating magistrate has already scheduled a hearing for 20 September 2019, at which the experts will be examined and cross-examined on the report in question.

In April 2019, the preliminary investigating magistrate also notified all the parties involved in the trial that there would be a second pre-trial hearing regarding the causes of the collapse, setting a date of 2 May 2019 for the hearing to establish the questions to be answered and to appoint the experts to conduct the related appraisal.

At the hearing of 18 June 2019, the preliminary investigating magistrate established the questions to be answered by the experts, all focused on ascertaining the causes of the collapse (with particular regard to the mechanics, the state of maintenance and the existence of independent factors). The magistrate also set dates for the report to be lodged (14 December 2019) and for the hearing to discuss the findings (17 January 2020).

Investigation by the Public Prosecutor’s Office in Genoa of six bridges and road bridges: Paolillo on the Naples-Canosa, Moro near to Pescara, Pecetti, Sei Luci and Gargassa in Liguria and the Sarno on the A30

The Public Prosecutor’s Office initiated a further investigation of allegations regarding false statements in relation to monitoring reports on the following bridges: Paolillo on the Naples-Canosa, Moro near to Pescara, Pecetti, Sei Luci and Gargassa in Liguria and the Sarno on the A30.

The criminal investigation of violations of articles 81, 110 and 479 of the criminal code (“false statements by a public officer in a public office”) regards four executives and managers from Autostrade per l’Italia and ten managers from Spea Engineering. The investigation is still in progress.

2.8 Other information

Autostrade per l'Italia does not own, either directly or indirectly through trust companies or proxies, treasury shares or shares or units issued by parent companies. No transactions were carried out during the period involving treasury shares or shares or units issued by parent companies.

Autostrade per l'Italia does not operate branch offices.

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

2.9 Events after 30 June 2019

At the date of approval of this Interim Report for the six months ended 30 June 2019, there are no material events occurring after the reporting date for the Autostrade per l'Italia Group to report.

2.10 Outlook and risks or uncertainties

The performance in the first half of 2019 leads us to continue to expect a broadly stable full-year operating performance compared with the previous year (after excluding non-recurring items connected with the collapse of the Polcevera road bridge in Genoa and the impact of movements in the interest rates used to discount the provisions accounted for among the Group's liabilities).

In order to ease the worst bottlenecks in the country's infrastructure and also to support Italy's growth and competitiveness, Autostrade per l'Italia continues to be ready to start work on a series of new projects. This will involve total investment of over €7.7 billion.

Finally, we feel it is necessary to reiterate the potential risks resulting from the letter of complaint sent to Autostrade per l'Italia by the Ministry of Infrastructure and Transport on 16 August 2018, alleging serious breaches of the Company's contractual obligations in relation to the events in Genoa, from the subsequent letter of 20 December 2018 and, latterly, from the letter of 5 April 2019, in which the Ministry (the Grantor of the company's concession) detailed its allegations regarding the Company's alleged failure to meet its obligations relating to the safety and maintenance of the road bridge. Autostrade per l'Italia replied to these letters on 3 May 2019, stating its belief that it has provided ample evidence that it has acted correctly and reiterating its concerns and objections regarding the procedure initiated.

Further information on correspondence with the Ministry of Infrastructure and Transport regarding the procedure for serious breach of the concession arrangement is provided in section 2.7 of this report, "Significant regulatory aspects".



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**CONDENSED CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS**



Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	30 June 2019	<i>of which related party transactions</i>	31 December 2018	<i>of which related party transactions</i>
ASSETS					
Non-current assets					
Property, plant and equipment	7.1	85,325		81,953	
Property, plant and equipment		84,240		80,667	
Investment property		1,085		1,286	
Intangible assets	7.2	17,929,447		18,092,536	
Intangible assets deriving from concession rights		11,790,069		11,952,363	
Goodwill and other intangible assets with indefinite lives		6,111,304		6,111,304	
Other intangible assets		28,074		28,869	
Investments	7.3	86,090		83,812	
Investments accounted for at cost or fair value		1,645		61,379	
Investments accounted for using the equity method		84,445		22,433	
Non-current financial assets	7.4	373,329		410,141	
Non-current financial assets deriving from government grants		178,052		196,481	
Non-current term deposits		173,915		192,432	
Other non-current financial assets		21,362		21,228	
Deferred tax assets	7.5	109,131		102,946	
Other non-current assets	7.6	285		285	
Total non-current assets		18,583,607		18,771,673	
Current assets					
Trading assets	7.7	560,313		533,891	
Inventories		57,342		54,491	
Contract work in progress		4,204		4,204	
Trade receivables		498,767	71,576	475,196	91,632
Cash and cash equivalents	7.8	1,324,127		1,791,628	
Cash		565,744		1,139,220	
Cash equivalents		5,107		122	
Intercompany current account receivables due from related parties		753,276	753,276	652,286	652,286
Current financial assets	7.4	503,193		482,057	
Current financial assets deriving from concession rights		408,792		408,313	
Current financial assets deriving from government grants		41,807		22,108	
Current term deposits		39,793		21,364	
Current portion of medium/long-term financial assets		4,269		21,947	
Other current financial assets		8,532		8,325	
Current tax assets	7.9	42,798	31,225	32,190	31,026
Other current assets	7.10	172,309		78,572	
Assets held for sale and related to discontinued operations	7.11	4,271		4,274	
Total current assets		2,607,011		2,922,612	
TOTAL ASSETS		21,190,618		21,694,285	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	30 June 2019	of which related party transactions	31 December 2018	of which related party transactions
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent		2,504,043		2,492,772	
Issued capital		622,027		622,027	
Reserves and retained earnings		1,456,287		1,262,636	
Profit/(Loss) for the period		425,729		608,109	
Equity attributable to non-controlling interests		346,809		350,825	
Issued capital and reserves		342,828		336,701	
Profit/(Loss) for the period net of interim dividends		3,981		14,124	
Total equity	7.12	2,850,852		2,843,597	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	7.13	2,428,673		2,639,004	
Non-current provisions	7.14	1,242,292		1,194,114	
Non-current provisions for employee benefits		85,531		91,356	
Non-current provisions for repair and replacement of motorway infrastructure		1,064,658		1,020,513	
Non-current provisions for renewal of motorway infrastructure		75,762		64,996	
Other non-current provisions for risks and charges		16,341		17,249	
Non-current financial liabilities	7.15	9,817,834		10,259,795	
Bond issues		6,998,073		7,499,827	
Medium/long-term borrowings		2,248,657		2,324,205	
Non-current derivative liabilities		571,104		435,763	
Deferred tax liabilities	7.5	620,725		588,563	
Other non-current liabilities	7.16	29,693		27,904	
Total non-current liabilities		14,139,217		14,709,380	
Current liabilities					
Trading liabilities	7.17	1,484,038		1,318,598	
Trade payables		1,484,038	285,971	1,318,598	278,274
Current portion of provisions for construction services required by contract	7.13	495,731		405,562	
Current provisions	7.14	655,872		834,901	
Current provisions for employee benefits		24,575		24,085	
Current provisions for repair and replacement of motorway infrastructure		540,223		693,832	
Current provisions for renewal of motorway infrastructure		8		25	
Other current provisions		91,066		116,959	
Current financial liabilities	7.15	1,088,506		1,236,761	
Bank overdrafts repayable on demand		4		2	
Short-term borrowings		274,999		244,999	
Current derivative liabilities		394		575	
Intercompany current account payables due to related parties		8,889	8,889	7,425	7,425
Current portion of medium/long-term financial liabilities		771,833		948,787	653
Other current financial liabilities		32,387		34,973	
Current tax liabilities	7.9	166,382	29,734	29,604	23,955
Other current liabilities	7.18	309,924	18,017	315,823	16,343
Liabilities related to discontinued operations	7.11	96		59	
Total current liabilities		4,200,549		4,141,308	
TOTAL LIABILITIES		18,339,766		18,850,688	
TOTAL EQUITY AND LIABILITIES		21,190,618		21,694,285	

CONSOLIDATED INCOME STATEMENT

€000	Note	H1 2019	of which related party transactions	H1 2018	of which related party transactions
REVENUE					
Toll revenue	8.1	1,761,206		1,740,436	
Revenue from construction services	8.2	70,741		54,921	
Other operating revenue	8.3	205,968	68,667	160,912	52,343
TOTAL REVENUE		2,037,915		1,956,269	
COSTS					
Raw and consumable materials	8.4	-179,429		-60,107	
Service costs	8.5	-451,352	-135,464	-324,879	-132,283
Gain/(Loss) on sale of elements of property, plant and equipment		149		280	
Staff costs	8.6	-269,020	-12,910	-264,383	-9,667
Other operating costs	8.7	-271,737		-253,218	
Concession fees		-226,708		-223,725	
Lease expenses		-3,127		-4,070	
Other		-41,902		-25,423	
Operating change in provisions	8.8	100,524		45,008	
Provisions/(Uses of provisions) for repair and replacement of motorway infrastructure		122,722		51,364	
(Provisions)/Uses of provisions for renewal of motorway infrastructure		-10,239		-1,368	
(Provisions)/Uses of provisions for risks and charges		-11,959		-4,988	
Use of provisions for construction services required by contract	8.9	186,031		138,492	
Amortisation and depreciation		-311,960		-304,721	
Depreciation of property, plant and equipment		-11,418		-11,124	
Amortisation of intangible assets deriving from concession rights		-292,048		-286,533	
Amortisation of other intangible assets		-8,494		-7,064	
(Impairment losses)/Reversals of impairment losses	8.10	-6,446		512	
TOTAL COSTS		-1,203,240		-1,023,016	
OPERATING PROFIT/(LOSS)		834,675		933,253	
Financial income					
Dividends received from investees		42,935		45,208	
Other financial income		-		1,028	
Other financial income		42,935		44,180	
Financial expenses					
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-261,750		-272,411	
Other financial expenses		-19,384		-15,310	
Other financial expenses		-242,366	-7,507	-257,101	-28,930
Foreign exchange gains/(losses)		410		173	
FINANCIAL INCOME/(EXPENSES)	8.11	-218,405		-227,030	
Share of (profit)/loss of investees accounted for using the equity method	7.3	-526		-4,121	
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		615,744		702,102	
Income tax (expense)/benefit					
Income tax (expense)/benefit	8.12	-185,964		-210,471	
Current tax expense		-130,854		-142,089	
Differences on current tax expense for previous years		3,537		-184	
Deferred tax income and expense		-58,647		-68,198	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		429,780		491,631	
Profit/(Loss) from discontinued operations		-70		188	
PROFIT FOR THE PERIOD		429,710		491,819	
<i>of which:</i>					
Profit attributable to owners of the parent		425,729		484,223	
Profit attributable to non-controlling interests		3,981		7,596	
€					
		H1 2019		H1 2018	
Basic earnings per share attributable to owners of the parent					
of which:	8.13	0.68		0.78	
- continuing operations		0.68		0.78	
- discontinued operations		-		-	
Diluted earnings per share attributable to owners of the parent					
of which:	8.13	0.68		0.78	
- continuing operations		0.68		0.78	
- discontinued operations		-		-	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000		H1 2019	H1 2018
Profit for the period	(A)	429,710	491,819
Fair value gains/(losses) on cash flow hedges		-136,143	-9,058
Tax effect of fair value gains/(losses) on cash flow hedges		32,670	2,174
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-64	-244
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		-4	-6
Other comprehensive income/(loss) reclassifiable to profit or loss for the period	(B)	-103,541	-7,134
Other comprehensive income/(loss) not reclassifiable to profit or loss for the period	(C)	-	-
Reclassifications of other components of comprehensive income to profit or loss for the period	(D)	15	2
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the period	(E)	-	-
Total other comprehensive income/(loss) for the period	(F=B+C+D+E)	-103,526	-7,132
<i>of which attributable to discontinued operations</i>		-	-
Comprehensive income for the period	(A+F)	326,184	484,687
<i>Of which attributable to owners of the parent</i>		322,203	477,091
<i>Of which attributable to non-controlling interests</i>		3,981	7,596

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€000	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS	
	Issued capital	Cash flow hedge reserve	Reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro	Reserve for translation of investments accounted for using the equity method	Other reserves and retained earnings	Profit/(loss) for the period after interim dividend			Total
Balance as at 31 December 2017	622,027	-110,159	111	28	1,356,620	521,545	2,390,132	347,660	2,737,792
Impact of first-time adoption of IFRS 9 from 1 January 2018	-	-	-	-	25,528	-	25,528	-	25,528
Balance as at 1 January 2018	622,027	-110,159	111	28	1,382,148	521,545	2,415,660	347,660	2,763,320
Comprehensive income/(loss) for the period	-	-6,882	-244	-6	-	484,223	477,091	7,596	484,687
<u>Owner transactions and other changes</u>									
Autostrade per I'italia SpA's final dividend (€0.832 per share)	-	-	-	-	-	-517,526	-517,526	-	-517,526
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	4,019	-4,019	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-7,698	-7,698
Share-based incentive plans	-	-	-	-	-72	-72	-72	-	-72
Change in reserves due to transactions involving companies under common control	-	-	-	-	2,056	-	2,056	-	2,056
Change in scope of consolidation and other minor changes	-	-	-	-	-9	-9	-9	-1,371	-1,380
Balance as at 30 June 2018	622,027	-117,041	-133	22	1,388,142	484,223	2,377,200	346,187	2,723,387
Balance as at 31 December 2018	622,027	-125,499	39	-16	1,388,112	608,109	2,492,772	350,825	2,843,597
Comprehensive income/(loss) for the period	-	-103,458	-64	-4	-	425,729	322,205	3,981	326,184
<u>Owner transactions and other changes</u>									
Autostrade per I'italia SpA's final dividend (€0.50 per share)	-	-	-	-	-	-311,013	-311,013	-	-311,013
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	297,096	-297,096	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-8,016	-8,016
Share-based incentive plans and other minor changes	-	-	-	-	81	-	81	19	100
Balance as at 30 June 2019	622,027	-228,557	-25	-20	1,685,789	425,729	2,504,043	346,809	2,850,852

CONSOLIDATED STATEMENT OF CASH FLOWS

€000	Note	H1 2019	<i>of which related party transactions</i>	H1 2018	<i>of which related party transactions</i>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the period		429,710		491,819	
Adjusted by:					
Amortisation and depreciation		311,960		304,721	
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		-138,880		-41,418	
Financial expenses from discounting of provisions for construction services required by contract and other provisions	8.11	19,384		15,310	
Share of (profit)/loss of investees accounted for using the equity method		526		4,121	
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	8.10	6,446		-512	
(Gains)/Losses on sale of non-current assets		-149		-280	
Net change in deferred tax (assets)/liabilities through profit or loss		58,647		68,198	
Other non-cash costs (income)		-2,194		-18,604	
Change in working capital and other charges		154,539	34,900	51,748	41
Net cash generated from/(used in) operating activities [a]	9.1	839,989		875,103	
CASH FLOWS (USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	7.2	-256,760		-196,525	
Purchases of property, plant and equipment	7.1	-6,265		-3,523	
Purchases of other intangible assets	7.2	-7,698		-6,193	
Government grants related to assets held under concession		1,368		229	
Increase in financial assets deriving from concession rights (related to capital expenditure)		479		-6	
Purchases of investments	7.3	-2,808		-9,842	
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		495		732	
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred		-		6,200	
Net change in current and non-current financial assets		16,148		16,767	
Net cash generated from/(used in) investing activities [b]	9.1	-255,041		-192,161	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Dividends paid		-321,621		-543,376	
Increase in lease liabilities	7.15	2,476		-	
Redemption of bonds		-593,334		-	
Repayments of medium/long term borrowings (excluding finance lease liabilities)	7.15	-62,222		-60,896	
Repayments of lease liabilities	7.15	-1,223		-	
Net change in other current and non-current financial liabilities		-77,991	1,463	-579,812	-478,549
Net cash generated from/(used in) financing activities [c]	9.1	-1,053,915		-1,184,084	
Increase/(Decrease) in cash and cash equivalents [a+b+c]	9.1	-468,967		-501,142	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,784,201		2,930,623	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,315,234		2,429,481	

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€000	Note	H1 2019	H1 2018
Income taxes paid		107	4,531
Interest and other financial income collected		39,476	41,351
Interest expense and other financial expenses paid		334,314	333,008
Dividends received	8.11	-	1,028
Foreign exchange gains collected		22	74
Foreign exchange losses incurred		5	36

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€000	Note	H1 2019	H1 2018
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,784,201	2,930,623
Cash and cash equivalents	7.8	1,791,628	2,938,061
Bank overdrafts repayable on demand	7.15	-2	-7
Intercompany current accounts payables due to related parties	7.15	-7,425	-13,954
Cash and cash equivalents related to discontinued operations	7.11	-	6,523
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,315,234	2,429,481
Cash and cash equivalents	7.8	1,324,127	2,898,458
Bank overdrafts repayable on demand	7.15	-4	-3,125
Intercompany current account payables due to related parties	7.15	-8,889	-472,322
Cash and cash equivalents related to discontinued operations	7.11	-	6,470

Notes

1. Introduction

The core business of the Autostrade per l'Italia Group ("the Group") is the operation of motorways under concessions granted by the relevant authorities. Under the related concession arrangements, the Group's operators are responsible for the construction, management, improvement and upkeep of motorway infrastructure. Further information on the Group's concession arrangements is provided in note 4, "Concessions". The Group's activities are not, on the whole, subject to significant seasonal variations between the first and second halves of the year.

The Parent Company, Autostrade per l'Italia SpA ("Autostrade per l'Italia", "the Company" or "the Parent Company") is a company incorporated in 2003. The Company's core business is the operation of motorways under a concession granted by the Ministry of Infrastructure and Transport, which assumed the role of Grantor previously fulfilled by ANAS SpA (Italy's Highways Agency) from 1 October 2012.

Its registered office is at Via Bergamini, 50 in Rome. The Company does not have branch offices. The duration of the Company is until 31 December 2050.

At the date of preparation of these condensed consolidated interim financial statements, 88.06% of the Company's share capital is held by Atlantia SpA (also referred to as "Atlantia"), which is listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA, and is responsible for management and coordination of the Company. 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, is responsible for management and coordination of Atlantia.

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2019 were approved by the Company's Board of Directors at its meeting of 1 August 2019.

2. Basis of preparation of the consolidated financial statements

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2019 have been prepared pursuant to articles 2 and 3 of Legislative Decree 38/2005 and article 154-ter "Financial Reports" of the Consolidated Finance Act, as amended, on the assumption that the Parent Company and consolidated companies are going concerns.

The condensed consolidated interim financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), above all with regard to IAS 34 "Interim Financial Reporting" (relating to the content of interim reports), issued by the International Accounting Standards Board and endorsed by the European Commission, and as in force at the end of the period. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the period. For the sake of simplicity, all the above standards and interpretations are hereinafter referred to as "IFRS". Moreover, the measures introduced by the CONSOB (*Commissione Nazionale per le Società e la Borsa*) 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 condensed consolidated interim financial statements consist of the consolidated accounts (the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows) and these notes. The Group has applied IAS 1 - *Presentation of Financial Statements* and, in general, the historic cost convention, with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the notes to the relevant items described in note 3 to the consolidated financial statements as at and for the year ended 31 December 2018, to which reference should be made. Compared with the consolidated annual report, the consolidated interim financial statements have been prepared in condensed form, as permitted by IAS 34. For a more complete description, these condensed consolidated interim financial statements should, therefore, be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2018. In addition, it should be noted that the accounting standard, IFRS 16 – Leases, came into effect from 1 January 2019. In adopting IFRS 16 – Leases, the Group has elected to recognise the impact of the restatement of amounts in the statement of financial position as at 1 January 2019, without restating the comparative prior-year or prior-period amounts. Further information on the impact of the adoption of this standard is provided below in note 3.

The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities. The income statement is classified by nature of expense. The statement of cash flows has been prepared in application of the indirect method.

IFRS have been applied in accordance with the indications provided in the “Conceptual Framework for Financial Reporting”, and no events have occurred that would require exemptions pursuant to paragraph 19 of IAS 1.

CONSOB Resolution 15519 of 27 July 2006 requires that, in addition to the specific requirements of IAS 1 and other IFRS, financial statements must, where material, include separate sub-items providing (i) disclosure of amounts deriving from related party transactions; and, with regard to the income statement, (ii) separate disclosure of income and expenses deriving from events and transactions that are non-recurring in nature, or transactions or events that do not occur on a frequent basis in the normal course of business.

In this regard, it should be noted that:

- a) no non-recurring, atypical or unusual transactions, having a material impact on the Group’s consolidated income statement, were entered into during the first half of 2019, either with third or related parties. As a result, the consolidated financial statements therefore only show material amounts relating to related party transactions;
- b) the condensed consolidated interim financial statements as at and for the six months ended 30 June 2019 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. The impact on the consolidated income statement for the first half of 2019 are described in note 6.

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

Each item in the financial statements is compared with the corresponding amount for the previous reporting period. In this regard, it should be noted that, in line with the form of presentation adopted in the preparation of the consolidated financial statements as at and for the year ended 31 December 2018, compared with the information published in the consolidated interim financial statements as at and for the six months ended 30 June 2018, the consolidated income statement for the first half of 2018 applies a different classification of renewal work carried out on the infrastructure operated under concession by Società Italiana per Azioni per il

Traforo del Monte Bianco (“SITMB”). This was deemed to improve the basis of presentation used and has resulted in the reclassification of expenses of €1 million from the item “(Provisions)/Uses of provisions for the repair and replacement of motorway infrastructure” to the item “(Provisions)/Uses of provisions for the renewal of motorway infrastructure”.

3. Accounting standards and policies applied

The accounting standards and policies applied in preparation of the condensed consolidated interim financial statements as at and for the six months ended 30 June 2019 are consistent with those applied in preparation of the consolidated financial statements as at and for the year ended 31 December 2018, with the exception of the changes introduced as a result of adoption, with effect from 1 January 2019, of the new accounting standard IFRS 16 – Leases.

Note 3 to the consolidated financial statements as at and for the year ended 31 December 2018, to which reference should be made, provides both a detailed description of the accounting standards and policies applied, and the most significant aspects of the new accounting standard IFRS 16.

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 especially 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 consolidated financial statements.

As required by IAS 36, in preparing the condensed consolidated interim financial statements, property, plant and equipment, intangible assets and investments in associates and joint ventures are tested for impairment only where there are internal and external indications of a decrease in value. This process takes into account any evidence previously resulting from the impairment tests conducted during preparation of the annual financial statements for the previous year.

With regard to IFRS 16 which, as mentioned above, has been applied from 1 January 2019, a description of the key aspects introduced by this standard and the differences with respect to the criteria previously applied is provided below.

Key aspects of IFRS 16

The standard (which replaces IAS 17, IFRIC 4, SIC 15 and SIC 27) provides a new definition of lease and introduces a criterion based on control of the asset, to distinguish a lease from a service contract, indicating as discriminating factors the identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to direct the use of the asset underlying the contract.

The new financial reporting standard removes the distinction between operating and finance leases for the lessee. In fact, IFRS 16 requires the lessee to recognise 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 recognises, as a contra-entry to the above right-of-use asset, a liability arising from the contract, for an amount equal to the present value of the minimum lease payments.

IFRS 16 clarifies that, within the context of the lease contract, a lessee must account separately for 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 to 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 on the consolidated financial statements

The process of assessing the impact 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 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 and long-term vehicle lease contracts.

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

- a) modified retrospective application, with recognition in the statement of financial position as of 1 January 2019 of the cumulative effects deriving from the adoption of the standard, without any change in the comparative income statement for 2018;
- b) use of the information available at the transition date 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, printers, 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) exclusion of the application of the new standard for contracts containing leases of intangible assets.

As a result of the analysis conducted, adoption of the new standard, as of the date of 1 January 2019, has resulted in the Group, in its role as lessee, recognising right-of-use assets amounting to €8,869 thousand in “Property, plant and equipment”, with recognition of a matching amount in “Medium/long-term borrowings”, representing the non-current portion (€6,680 thousand), and in the “Current portion of medium/long-term financial liabilities”, representing the amount falling due within 12 months (€2,189 thousand). The above lease liabilities represent the present value of the minimum lease payments due over the remaining term of the leases.

Finally, 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.

4. Concessions

The Group’s core business is the operation of motorways under concessions held by Group companies. The purpose of the concessions is the construction and operation of motorway infrastructure. Essential information on changes in the concessions held by Group companies during the first half of 2019 is set out below, whilst key information on the concessions is provided in note 4, “Concessions”, in the consolidated financial statements as at and for the year ended 31 December 2018.

With regard to Autostrade per l'Italia and, in particular, the agreement relating to the upgrade of the of the motorway system/ring road interchange serving the city of Bologna, a series of discussions and a technical analysis of the design requested by the Ministry of Infrastructure and Transport (MIT) have resulted in identification of a new design solution. This was then presented to the local authorities concerned and, finally, formalized on 8 April 2019. In order to set in motion the process of obtaining the necessary consents, on 20 June 2019, the MIT sent all the interested parties a draft addendum to the agreement of 15 April 2016 for their observations.

Further details of events of a regulatory nature, linked to the Group's concession arrangements, during the first half of 2019, including the five-yearly update of Autostrade per l'Italia's financial plan, submitted to the MIT on 15 June 2018, are provided in note 10.7, "Significant legal and regulatory aspects".

5. Scope of consolidation

The consolidation policies and methods used for the condensed consolidated interim financial statements as at and for the six months ended 30 June 2019 are consistent with those used in preparation of the consolidated financial statements as at and for the year ended 31 December 2018 and described in note 5 therein.

In addition to the Parent Company, Autostrade per l'Italia, companies are consolidated when Autostrade per l'Italia exercises control. Control over an entity is exercised when the Group 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.

Entities are consolidated from the date on which the Group gains control. Entities are deconsolidated from the date on which the Group ceases to exercise control, as defined above.

In this regard, the scope of consolidation as at 30 June 2019 is unchanged with respect to the scope as at 31 December 2018.

For the purposes of preparing the condensed consolidated interim financial statements, all consolidated companies have, as in previous years, prepared a specific reporting package as of the end of the reporting period, with accounting information consistent with the IFRS adopted by the Group.

6. 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 on 14 August 2018, reference should be made to the information already provided in note 6.1 to the consolidated financial statements as at and for the year ended 31 December 2018.

Information on developments regarding the legal and concession-related aspects in the first half of 2019 is provided below in note 10.7, “Significant legal and regulatory aspects”.

It should be noted that the parent company Autostrade per l’Italia, in belief that it has complied with its concession obligations and whilst awaiting the outcome of the ongoing investigation into the causes of the collapse, has in any case an obligation to reconstruct the Polcevera road bridge under the terms of the existing Single Concession Arrangement. This obligation falls within the scope of provisions to be made to the “Provisions for the repair and replacement of motorway infrastructure”, in application of the accounting standards and policies applied and described in note 3. In particular, the provision made in the consolidated financial statements as at and for the year ended 31 December 2018 meets the requirements of IAS 37 in relation to provisions, being that

- a) the Group has a present obligation as a result of a past event;
- b) it is probable that an outflow of resources will be required to settle the obligation; and
- a) the related amount can be reliably estimated.

Moreover, fulfilment of the obligation will not qualify for recognition of an intangible asset, either as a right deriving from construction services for which no additional economic benefits are received or as a right deriving from construction services for which additional benefits are received.

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 Autostrade per l’Italia proceeded directly to carry out the above activities based on the terms of the Single Concession Arrangement (despite the fact that responsibility for reconstruction of the road bridge has been assigned by law to a Special Commissioner for appointed by the government), a series of costs resulting from the events in question have already been recognised in the income statement for 2018, including the costs directly incurred by the Parent Company, as described in detail in note 6.1 to the consolidated financial statements as at and for the year ended 31 December 2018. As stated in the above note, with regard to the method of accounting for risks and charges connected with “direct” and “indirect” damages, the following should be noted:

- a) so-called “direct damages”, meaning damages directly linked to the events as a direct and immediate consequence of the collapse of the road bridge and regardless of any theoretical hypothesis on the cause of the collapse, may be divided into two types: i) the costs connected with demolition and reconstruction, including the payment of compensation to the businesses located beneath the road bridge, for which the Company has made provision in the “Provisions for the repair and replacement of motorway infrastructure”; and ii) the

charges related to the compensation paid to the victims' families and to the injured, accounted for in "Other provisions for risks and charges";

- b) with regard to so-called "indirect damages" hypothetically identified in relation to the collapse, it should be noted that, as regards determination of the probability of an adverse outcome and, as a result, identification of the accounting category provided for in IAS 37 (provisions or a contingent liability) with which it is reasonable to associate the legal risks in question, the Company's considerations are based on, and are in consistent with, a series of technical and legal opinions from professionals specialising in the related areas, in which the circumstances surrounding the collapse of the road bridge and the related disputes have been analysed in detail in order to estimate the probability of an adverse outcome for Autostrade per l'Italia and the expected value of any liabilities in the event of such an outcome.

With regard to the "indirect damages", the opinions received provide useful, if not decisive, elements on which Autostrade per l'Italia has based its judgement as to how to account for the charges, as either provisions or a contingent liability. This means assessing the degree to which it is likely that an adverse outcome will occur as a result of the disputes and the possibility of arriving with reasonable certainty at an estimate of the size of the loss connected with the occurrence of this event.

The above technical and legal opinions have demonstrated that it is currently impossible to construct an ex ante hypothesis, and that it will be necessary to assess the concrete evidence that may emerge from time to time, and that, as to any identification of the entity responsible for the event, the Parent Company has not been identified as being responsible for the occurrence of the event in any final court or out-of-court ruling.

Thus, based on the fact that:

- a) it is not possible to construct an ex ante hypothesis regarding Autostrade per l'Italia's responsibility for the occurrence of the event, nor, as a result, regarding whether or not any damages are due or the size of any damages;
- b) at the present time, there are further causes of uncertainty regarding whether or not any damages are due, or the size of any damages payable by the Company, in view of the disputes arising as a result of the assessments currently being conducted by the Company's insurance providers in relation to the collapse of the road bridge;

and that, from an accounting point of view, the conditions set out in paragraph 14 of IAS 37 have not been met, it is not possible to recognise provisions in "Other provisions for risks and charges".

In addition, the decision to exempt road users in the Genoa area from the payment of tolls in 2018 and in the first half of 2019 has resulted in an estimated decrease in toll revenue of €17 million.

During the first half of 2019, Autostrade per l'Italia:

- a) recognised costs of €153,703 thousand as a result of requests from the Special Commissioner, 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; these charges are covered in full by "Provisions for the repair and replacement of motorway infrastructure" already set aside as at 31 December 2018 and neutralized in the consolidated income statement for the first half of 2019 via use of these provisions, as accounted for in the "Operating change in provisions";
- b) paid €33,253 thousand directly from the "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 directly impacted by the collapse of the road bridge and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect the Company's rights and those of its employees who are under investigation;

- c) made further provisions of €4,000 thousand 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.

Finally, insurance proceeds of €37,500 thousand were recognised in the first half of 2019, following agreement with the insurance company regarding quantification of the amount payable to the Parent Company under existing third-party liability insurance policies for the Polcevera road bridge. This amount has been recognised in “Other operating income” in the consolidated income statement for the first half of 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 30 June 2019, no further proceeds that may in future be collected on other insurance policies relating to the road bridge have been recognised.

Following the operating changes that have taken place during the period, the remaining provisions made in relation to the collapse of a section of the Polcevera road bridge in the Group’s consolidated financial statements as at 30 June 2019 consist of:

- a) “Provisions for the repair and replacement of motorway infrastructure”, totalling €243,697 thousand;
- b) “Other provisions for risks and charges”, amounting to €27,933 thousand.

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 30 June 2019. Comparative amounts as at 31 December 2018.

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

7.1 Property, plant and equipment - €85,325 thousand (€81,953 thousand)

As at 30 June 2019, property, plant and equipment amounts to €85,325 thousand, compared with a carrying amount of €81,953 thousand 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.

€000	30 June 2019			31 December 2018		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	344,902	-270,894	74,008	343,367	-262,700	80,667
Right to use property, plant and equipment	11,344	-1,112	10,232	-	-	-
Total property, plant and equipment	356,246	-272,006	84,240	343,367	-262,700	80,667
Investment property	5,680	-4,595	1,085	5,680	-4,394	1,286
Total	361,926	-276,601	85,325	349,047	-267,094	81,953

The following table shows amounts at the beginning and end of the period for the different categories of asset, and the related changes in the first half of 2019.

€000	Carrying amount as at 31 December 2018	CHANGES DURING THE PERIOD				Carrying amount as at 30 June 2019
		Additions	Depreciation	Disposals	Reclassifications and other adjustments	
Property, plant and equipment						
Land	2,918	-	-	-	-	2,918
Buildings	23,379	120	-698	-	-	22,801
Plant and machinery	984	-	-74	-323	-	587
Industrial and business equipment	25,029	2,091	-6,129	-23	777	21,745
Other assets	18,038	498	-3,204	-	2	15,335
Property, plant and equipment under construction and advance payments	10,319	1,080	-	-	-777	10,622
Total	80,667	3,789	-10,105	-346	2	74,008
Right to use property, plant and equipment						
Rights to use buildings	-	2,476	-637	-	5,538	7,376
Rights of use plant and machinery	-	-	-	-	-	-
Rights to use equipment and other assets	-	-	-475	-	3,331	2,856
Total	-	2,476	-1,112	-	8,869	10,232
Total property, plant and equipment	80,667	6,265	-11,217	-346	8,871	84,240
Investment property						
Land	130	-	-	-	-	130
Buildings	1,156	-	-201	-	-	955
Total	1,286	-	-201	-	-	1,085
Total	81,953	6,265	-11,418	-346	8,871	85,325

The increase in the carrying amount of property, plant and equipment with respect to 31 December 2018, amounting to €3,372 thousand, essentially reflects a combination of purchases during the period (€6,265 thousand), the recognition of right-of-use assets following first-time adoption of IFRS 16 - Leases (€8,869 thousand) and depreciation for the period (€11,418 thousand).

“Investment property” of €1,085 thousand as at 30 June 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 €20 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 the first half of 2019.

As at 30 June 2019, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2 Intangible assets - €17,929,447 thousand (€18,092,536 thousand)

This item consists of:

- a) intangible assets deriving from concession rights, totalling €11,790,069 thousand (€11,952,363 thousand as at 31 December 2018), and regarding the following categories:
 - 1) rights recognised as a result of the performance of construction services for which no additional economic benefits are received (€7,591,938 thousand);
 - 2) rights deriving from construction services for which additional economic benefits are received (€3,998,093 thousand);
 - 3) rights deriving from construction services carried out by service area operators (€106,403 thousand), represented by assets that were handed over free of charge to the Group’s operators on expiry of the related sub-concessions;
 - 4) rights acquired from third parties (€93,635 thousand), essentially reflecting the fair value of concession rights recognised following acquisitions of motorway operators in previous years;
- b) goodwill and other intangible assets with indefinite lives, totalling €6,111,304 thousand and unchanged with respect to 31 December 2018;
- c) other intangible assets of €28,074 thousand.

€000	30 June 2019				31 December 2018			
	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount
Intangible assets deriving from concession rights	19,063,551	-7,157,434	-116,048	11,790,069	18,933,795	-6,865,384	-116,048	11,952,363
Goodwill and other intangible assets with indefinite lives	6,111,304	-	-	6,111,304	6,111,304	-	-	6,111,304
Other intangible assets	295,315	-267,241	-	28,074	287,618	-258,749	-	28,869
Intangible assets	25,470,170	-7,424,675	-116,048	17,929,447	25,332,717	-7,124,133	-116,048	18,092,536

Intangible assets recorded a net decrease of €163,089 thousand in the first half of 2019, primarily due to a combination of the following:

- a) amortisation for the period of €300,542 thousand;
- b) investment in construction services for which additional economic benefits are received, totalling €70,712 thousand;
- c) the increase in the present value on completion of investment in construction services for which no additional benefits are received, amounting to €60,862 thousand.

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

€000	Carrying amount as at 31 December 2018	CHANGES DURING THE PERIOD				Carrying amount as at 30 June 2019
		Additions due to completion of construction services, purchases and capitalisations	Amortisation	Changes due to revised present value of contractual obligations	Reclassifications and other adjustments	
Intangible assets deriving from concession rights						
Acquired concession rights	95,977	-	-2,342	-	-	93,635
Concession rights accruing from construction services for which no additional economic benefits are received	7,725,548	-	-193,105	60,862	-1,367	7,591,938
Concession rights accruing from construction services for which additional economic benefits are received	4,021,735	70,712	-93,874	-	-480	3,998,093
Concession rights accruing from construction services provided by sub-operators	109,103	29	-2,727	-	-2	106,403
Total	11,952,363	70,741	-292,048	60,862	-1,849	11,790,069
Goodwill and intangible assets with indefinite lives						
Goodwill	6,111,234	-	-	-	-	6,111,234
Trademarks	70	-	-	-	-	70
Total	6,111,304	-	-	-	-	6,111,304
Other intangible assets						
Development costs	13,415	3,406	-4,842	-	1	11,980
Industrial patents and intellectual property rights	10,020	244	-3,258	-	14	7,020
Concessions and licenses	2,000	-	-394	-	-	1,606
Intangible assets under development and advance payments	3,434	4,048	-	-	-14	7,468
Total	28,869	7,698	-8,494	-	1	28,074
Intangible assets	18,092,536	78,439	-300,542	60,862	-1,848	17,929,447

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

In the first half of 2019, the Group invested a total of €256,760 thousand (€196,525 thousand in the first half of 2018). The following analysis shows the various components of investment in assets held under concession effected through construction services, as also reported in the consolidated statement of cash flows.

€000	Note	H1 2019	H1 2018	Increase/ (Decrease)
Use of provisions for construction services required by contract for which no additional economic benefits are received	7.13	186,031	138,492	47,539
Use of provisions for renewal of motorway infrastructure	7.14	17	3,112	-3,095
Increase in intangible concession rights accruing from completed construction services for which additional economic benefits are received	8.2	70,712	54,921	15,791
Investment in assets held under concession		256,760	196,525	60,235

Research and development expenditure of approximately €0.2 million has been recognised in the consolidated income statement for the first half of 2019. These activities are carried out in order to improve infrastructure, the services offered, safety levels and environmental protection and in relation to the inhouse development of software and IT systems.

"Goodwill and other intangible assets with indefinite lives" amounts to €6,111,304 thousand. The balance primarily consists of the carrying amount of goodwill (impairment tested at least once a year rather than amortised), recognised following the transfer of motorway assets from the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia), as part of the Autostrade Group's reorganisation in 2003. This goodwill was determined in accordance with prior accounting standards under the exemption permitted by IFRS 1 and coincides with the carrying amount as at 1 January 2004, the Parent Company's IFRS transition date.

With regard to the recoverability of goodwill and the concession rights belonging to the Group's operators, and of investments in associates and joint ventures (described in note 7.3 below), no new evidence of impairment came to light in the first half of 2019, compared with the evidence already present as at 31 December 2018. In this regard, considering the results of the impairment tests conducted in accordance with IAS 36 during preparation of the consolidated financial statements at this latter date, and the absence of any events in the subsequent period requiring changes to the key assumptions used in the tests that could have a material impact on the results of such tests, as at 30 June 2019 it was decided that there was no reason to update the tests already carried out and described in notes 7.2 and 7.3 to the consolidated financial statements as at and for the year ended 31 December 2018. These notes provide a detailed description of the assumptions and criteria used in those tests.

7.3 Investments - €86,090 thousand (€83,812 thousand)

As at 30 June 2019, this item has increased by €2,278 thousand, essentially due to a combination of the following:

- c) the acquisition of further shares in Tangenziali Esterne di Milano, totalling €2,639 thousand;
- d) recognition of the Group's share of the profit or loss of investees accounted for using the equity method, amounting to a decrease of €526 thousand.

From 2019, the investment in Tangenziali Esterne di Milano is accounted for using the equity method following the expiry of the right of usufruct on shares representing 12.58% of the company, granted until 31 December 2018.

The table below shows the carrying amounts of the Group's investments at the beginning and end of the period, grouped by category, and changes in the first half of 2019.

€000	31 December 2018 Opening balance	CHANGES DURING THE PERIOD				30 June 2019 Closing balance
		Acquisitions and capital contributions	Measurement using equity method		Sales, returns of capital and other changes	
			Profit or loss	Other comprehensive income		
Investments accounted for at fair value	61,379	-	-	-	-59,734	1,645
Investments accounted for using the equity method:						
- associates	21,433	2,808	-526	-4	59,734	83,445
- joint ventures	1,000	-	-	-	-	1,000
Investments	83,812	2,808	-526	-4	-	86,090

The equity method was used to measure interests in associates and joint ventures based on the most recent approved financial statements available. In the event that interim financial statements as at 30 June 2019 were not available, the above data was supplemented by specific estimates based on the latest available information and, where necessary, restated to bring them into line with Group accounting policies.

Information regarding the impairment testing of associates and joint ventures are provided in note 7.2, “Intangible assets”.

The following table shows an analysis of the Group’s principal investments as at 30 June 2019, including the Group’s percentage interest and the relevant carrying amount. There are no investments in associates and joint ventures that are individually material with respect to total consolidated assets, operating activities and geographical area and, therefore, the additional disclosures required in such cases by IFRS 12 are not presented.

€000	30 June 2019		31 December 2018	
	% interest	Closing balance	% interest	Closing balance
Investments accounted for at fair value:				
Tangenziali Esterne di Milano			26.25%	59,736
Tangenziale Esterna	0.25%	1,162	0.25%	1,162
Uirnet	1.51%	427	1.51%	427
Other minor investments	-	56	-	54
Total investments accounted for at fair value		1,645		61,379
Investments accounted for using the equity method:				
- associates				
Tangenziali Esterne di Milano	27.45%	61,796		
Spea Engineering	20.00%	15,028	20.00%	15,544
Pavimental	20.00%	2,202	20.00%	3,607
Pedemontana Veneta (in liquidation)	29.77%	1,842	29.77%	1,675
Bologna & Fiera Parking	36.81%	2,514	36.81%	544
Other minor investments	-	63	-	63
- joint ventures				
Geie del Traforo del Monte Bianco	50.00%	1,000	50.00%	1,000
Total investments accounted for using the equity method		84,445		22,433
Investments		86,090		83,812

Annex 1 provides a list of the Group's investments as at 30 June 2019.

7.4 Financial assets

(non-current) €373,329 thousand (€410,141 thousand)
(current) €503,193 thousand (€482,057 thousand)

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

€000		30 June 2019			31 December 2018		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
	Note						
		408,792	408,792	-	408,313	408,313	-
	(1)	408,792	408,792	-	408,313	408,313	-
	(1)	219,859	41,807	178,052	218,589	22,108	196,481
	(1)	213,708	39,793	173,915	213,796	21,364	192,432
	(2)	2,253	2,253	-	19,862	19,862	-
	(1)	23,378	2,016	21,362	23,313	2,085	21,228
		25,631	4,269	21,362	43,175	21,947	21,228
	(1)	8,532	8,532	-	8,325	8,325	-
		876,522	503,193	373,329	892,198	482,057	410,141

(1) These assets are held within a hold to collect business model and, as such, are measured at amortised cost.

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

Financial assets deriving from concession rights include takeover rights attributable to Autostrade Meridionali (€408,792 thousand as at 30 June 2019), being the amount payable, under the concession arrangement, by a replacement operator on termination of the concession for the company's unamortised capital expenditure during the final years of the outgoing operator's concession.

Financial assets deriving from government grants to finance infrastructure works, totalling €219,859 thousand as at 30 June 2019, include amounts receivable from grantors, from third parties or other public entities as grants accruing as a result of construction and maintenance of assets held under concession.

Term deposits, totalling €213,708 thousand, essentially relate to loans disbursed by banks as a condition precedent for the grants financing the new construction required by laws 662/1996, 345/1997 and 135/1997, relating to the *Variante di Valico* and the upgrade of the motorway interchange serving Florence. The balances on the accounts may not be withdrawn until such time as the Grantor specifically approves the substantial completion of the works and the stage of completion.

There was no indication of impairment of any financial assets recognised in the financial statements in the first half of 2019.

7.5 Deferred tax assets and deferred tax liabilities

Deferred tax assets - €109,131 thousand (€102,946 thousand)

Deferred tax liabilities - €620,725 thousand (€588,563 thousand)

The amount of deferred tax assets and liabilities both eligible and ineligible for offset is shown below, with respect to temporary timing differences between consolidated carrying amounts and the corresponding tax bases at the end of the period.

€000	30 June 2019	31 December 2018
Deferred tax assets	1,113,263	1,070,034
Deferred tax liabilities eligible for offset	-1,004,132	-967,088
Deferred tax assets less deferred tax liabilities eligible for offset	109,131	102,946
Deferred tax liabilities	-620,725	-588,563
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-511,594	-485,617

Changes in the Group's deferred tax assets and liabilities during the period, based on the nature of the temporary differences giving rise to them, are summarised in the following table.

€000	31 December 2018	CHANGES DURING THE PERIOD				30 June 2019
		Provisions	Releases	Provisions (releases) in other components of comprehensive income	Change in prior year estimates and other changes	
Deferred tax assets on:						
Restatement of total amount subject to IFRIC 12 by Autostrade per l'Italia	382,167	224	-10,067	-	5,639	377,963
Provisions	564,327	83,042	-83,751	-	9,446	573,064
Impairments and depreciation of non-current assets	14,220	-	-402	-	-64	13,754
Derivative liabilities	44,836	-	-	32,298	-	77,134
Impairment of receivables and inventories	3,095	1,544	-44	-	392	4,987
Other temporary differences	61,389	5,544	-647	-	75	66,361
Total	1,070,034	90,354	-94,911	32,298	15,488	1,113,263
Deferred tax liabilities on:						
Off-balance sheet amortisation of goodwill	-1,514,562	-50,043	-	-	-19,552	-1,584,157
Other temporary differences	-41,089	-553	568	372	2	-40,700
Total	-1,555,651	-50,596	568	372	-19,550	-1,624,857
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-485,617	39,758	-94,343	32,670	-4,062	-511,594

The balance of net deferred tax liabilities, totalling €511,594 thousand as at 30 June 2019, primarily consists of the following:

- deferred tax liabilities recognised from 2003 as a result of the deduction, solely for tax purposes, of the amortisation of goodwill recognised by Autostrade per l'Italia, totalling €1,584,157 thousand di euro;
- the residual balance of Autostrade per l'Italia's deferred tax assets accounted for as a result of recognition of the impact on taxation of the carrying amounts accounted for in application of IFRIC 12 and to be released on a straight-line basis over the concession term, amounting to €377,963 thousand;
- deferred tax assets on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years, totalling €573,064 thousand.

The increase of €25,977 thousand in net deferred tax liabilities primarily reflects a combination of the following:

- the provision of deferred taxes on the above deduction, solely for tax purposes, of amortisation of the goodwill formerly recognised by Autostrade per l'Italia (€50,043 thousand);
- the net release of deferred tax assets of €9,843 thousand, representing the accrued portion of the total amount resulting from Autostrade per l'Italia's application of IFRIC 12 in accordance with art. 11, paragraph 3 of the Ministerial Decree of 8 June 2011, which coordinated taxation with international accounting standards;
- net provisions for deferred tax assets (€32,670 thousand) on fair value losses on cash flow hedges.

7.6 Other non-current assets - €285 thousand (€285 thousand)

This item is unchanged with respect to 31 December 2018.

7.7 Trading assets - €560,313 thousand (€533,891 thousand)

As at 30 June 2019, trading assets include:

- inventories of €57,342 thousand (€54,491 thousand as at 31 December 2018), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of plant;
- contract assets of €4,204 thousand (unchanged with respect to 31 December 2018);
- trade receivables of €498,767 thousand (€475,196 thousand as at 31 December 2018), consisting of the following items.

€000	30 June 2019	31 December 2018
Trade receivables due from:		
Motorway users	312,412	268,643
Sub-operators at motorway service areas	42,595	73,882
Sundry customers	125,218	115,431
Gross trade receivables	480,225	457,956
Allowance for bad debts	(44,233)	(36,909)
Other trading assets	62,775	54,149
Net trade receivables	498,767	475,196

Trade receivables, after the allowance for bad debts, are up €23,571 thousand, essentially due to a combination of the following:

- an increase in receivables due from motorway customers, totalling €43,769 thousand, primarily due to the increased amount billed and traffic growth on the motorway network;
- a decrease in amounts due from sub-operators at motorway services areas, totalling €31,287 thousand, essentially due to receipt of outstanding balances recognised as at 31 December 2018, with particular regard to arrangements entered into prior to 2014 and involving annual billing of royalties.

The following table shows an ageing schedule for amounts due from customers and other trade receivables.

€000	Total receivables as at 30 June 2019	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	480,225	389,736	13,870	10,769	65,850

Overdue receivables regard uncollected and unpaid tolls, in addition to royalties due from service area operators and sales of other goods and services.

The following table shows movements in the allowance for bad debts for trade receivables during the first half of 2019, determined with reference to the management and measurement of receivables and historical data regarding losses on receivables, also taking into account guarantee deposits and other collateral given by customers.

€000	31 December 2018	Additions	Uses	30 June 2019
Allowance for bad debts	36,909	7,644	-320	44,233

The carrying amount of trade receivables approximates to fair value.

7.8 Cash and cash equivalents - €1,324,127 thousand (€1,791,628 thousand)

This item includes cash in hand and investments maturing within the short term. The item is down €467,501 thousand compared with 31 December 2018.

Detailed explanations of the cash flows resulting in the movement in the Group's net cash in the first half of 2019 are contained in note 9.1, "Notes to the consolidated statement of cash flows".

7.9 Current tax assets and liabilities

Current tax assets - €42,798 thousand (€32,190 thousand)

Current tax liabilities - €166,382 thousand (€29,604 thousand)

Current tax assets and liabilities at the beginning and end of the period are detailed below.

€000	Current tax assets		Current tax liabilities	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
IRES	31,784	31,525	140,802	26,471
IRAP	495	492	25,580	3,133
Taxes attributable to foreign operations	10,519	173	-	-
	42,798	32,190	166,382	29,604

Net current tax liabilities amount to €123,584 thousand as at 30 June 2019, an increase of €126,170 thousand compared with the net liabilities recognised as at 31 December 2018 (€2,586 thousand). This broadly reflects income tax payable for the period.

7.10 Other current assets - €172,309 thousand (€78,572 thousand)

This item consists of receivables and other current assets that are not eligible for classification as trading or financial. The composition of this item is shown below.

€000	30 June 2019	31 December 2018	Increase/ (Decrease)
Receivables due from end users and insurance companies for damages	54,021	18,199	35,822
Receivable from public entities	42,272	776	41,496
Tax credits other than for income tax	27,245	7,847	19,398
Receivables from social security institutions	2,804	599	2,205
Amounts due from staff	2,115	1,730	385
Accrued income of a non-trading nature	1,041	461	580
Payments on account to suppliers and other current assets	45,822	52,041	-6,219
Other current assets (gross)	175,320	81,653	93,667
Allowance for bad debts	-3,011	-3,081	70
Other current assets (net)	172,309	78,572	93,737

The balance is up €93,737 thousand compared with 31 December 2018, primarily reflecting:

- a) an increase in amounts receivable from public entities, essentially due to advance payments made to the Special Commissioner to fund the start-up of work on the demolition and reconstruction of the Polcevera road bridge (€41,374 thousand);
- b) an increase in amounts due from road users and insurance companies to cover damage, essentially referring to the agreement with the insurance company regarding quantification of the amount payable to Autostrade per l'Italia under existing third-party liability insurance policies for the Polcevera road bridge (€37,500 thousand);
- c) an increase in tax credits other than for income tax, reflecting refundable VAT on the invoices received in relation to demolition and reconstruction of the Polcevera road bridge (€14,412 thousand).

The allowance for bad debts, totalling €3,011 thousand as at 30 June 2019 (€3,081 thousand as at 31 December 2018), essentially relates to estimated losses on amounts due from road users and insurance companies to cover damage to the motorway infrastructure managed by Autostrade per l'Italia.

7.11 Assets held for sale or related to discontinued operations - €4,271 thousand (€4,274 thousand)

Liabilities related to discontinued operations - €96 thousand (€59 thousand)

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

€000	30 June 2019	31 December 2018	Increase/ (Decrease)
Non-current non-financial assets	4,271	4,271	-
Current non-financial assets	-	3	-3
Total assets held for sale or related to discontinued operations	4,271	4,274	-3
Trading liabilities and other current non-financial liabilities	76	39	37
Current financial liabilities	20	20	-
Total liabilities related to discontinued operations	96	59	37

Net assets held for sale or related to discontinued operations, after the related liabilities, amount to €4,175 thousand as at 30 June 2019. They essentially include the remaining 2% interest in Strada dei Parchi, amounting to €4,271 thousand, that is the subject of put and call options agreed with Toto Costruzioni Generali in the contract governing the sale, in 2011, of a controlling interest in the company.

7.12 Equity - €2,850,852 thousand (€2,843,597 thousand)

Autostrade per l'Italia SpA's issued capital as at 30 June 2019 is fully subscribed and paid and consists of 622,027,000 ordinary shares of a par value of €1 each, amounting to a total of €622,027 thousand. This figure has not undergone any changes compared with 31 December 2018.

Equity attributable to owners of the parent, totalling €2,504,043 thousand, is up €11,271 thousand compared with 31 December 2018 (€2,492,772 thousand). The most important changes during the first half of 2019 are shown in detail in the statement of changes in consolidated equity. These regard:

- a) payment of Autostrade per l'Italia's final dividend for 2018 (€311,013 thousand);
- b) comprehensive income for the first half of 2019, amounting to €322,203 thousand).

Equity attributable to non-controlling interests, totalling €346,809 thousand, is substantially in line with the figure for 31 December 2018 (€350,825 thousand), as the dividends paid by a number of Group companies to non-controlling shareholders (€8,016 thousand) were broadly offset by comprehensive income for the period attributable to non-controlling interests (€3,981 thousand).

Autostrade per l'Italia aims to manage its capital in order to create value for shareholders, ensure the Company remains a going concern, safeguard the interests of stakeholders and guarantee efficient access to external sources of funding to adequately support the growth of the Group's businesses and fulfil the commitments given in concession arrangements.

7.13 Provisions for construction services required by contract

(non-current) €2,428,673 thousand (€2,639,004 thousand)

(current) €495,731 thousand (€405,562 thousand)

Provisions for construction services required by contract represent the present value of motorway infrastructure construction and/or upgrade services that Autostrade per l'Italia is required to provide and for which no additional economic benefits are received in terms of specific toll increases and/or significant increases in traffic.

The following table shows provisions for construction services required by contract and for which no additional economic benefits are received at the beginning and end of the year and changes during the first half of 2019, showing the non-current and current portions.

€000	31 December 2018			CHANGES DURING THE PERIOD			30 June 2019		
	Carrying amount	non-current portion	current portion	Changes due to revised present value of obligations	Financial provisions and other changes	Uses to finance works	Carrying amount	non-current portion	current portion
Provisions for construction services required by contract	3,044,566	2,639,004	405,562	60,862	5,007	-186,031	2,924,404	2,428,673	495,731

The decrease in these provisions, including both the current and non-current portions, amounts to €120,162 thousand and primarily reflects the following:

- a) the use of provisions for construction services for which no additional economic benefits are received performed during the period (€186,031 thousand);
- b) the increase, with a matching increase in intangible assets deriving from concession rights, due to a revised estimate of the works still to be carried, totalling €60,862 thousand.

7.14 Provisions

(non-current) - €1,242,292 thousand (€1,194,114 thousand)

(current) - €655,872 thousand (€834,901 thousand)

As at 30 June 2019, provisions amount to €1,898,164 thousand (€2,029,015 thousand as at 31 December 2018). The following table shows details of provisions by type, showing the non-current and current portions.

€000	30 June 2019			31 December 2018		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	110,106	85,531	24,575	115,441	91,356	24,085
Provisions for repair and replacement of motorway infrastructure	1,604,881	1,064,658	540,223	1,714,345	1,020,513	693,832
Provisions for renewal of motorway infrastructure	75,770	75,762	8	65,021	64,996	25
Other provisions for risks and charges	107,407	16,341	91,066	134,208	17,249	116,959
Total provisions	1,898,164	1,242,292	655,872	2,029,015	1,194,114	834,901

The following table shows provisions at the beginning and end of the period and changes in the first half of 2019.

€000	31 December 2018	CHANGES DURING THE PERIOD				30 June 2019
	Carrying amount	Operating provisions	Finance-related provisions	Uses	Reclassifications and other changes	Carrying amount
Provisions for employee benefits						
Post-employment benefits	115,441	387	610	-6,364	32	110,106
Total	115,441	387	610	-6,364	32	110,106
Provisions for repair and replacement of motorway infrastructure						
Provisions for repair and replacement of motorway infrastructure	1,714,345	218,379	13,257	-341,101	1	1,604,881
Provisions for renewal of motorway infrastructure	65,021	10,256	510	-17	-	75,770
Other provisions for risks and charges						
Provisions for disputes, liabilities and sundry charges	134,208	14,225	-	-41,026	-	107,407
Total	134,208	14,225	-	-41,026	-	107,407
Total provisions	2,029,015	243,247	14,377	-388,508	33	1,898,164

PROVISIONS FOR EMPLOYEE BENEFITS (non-current) - €85,531 thousand (€91,356 thousand) (current) - €24,575 thousand (€24,085 thousand)

As at 30 June 2019, this item consists entirely of provisions for post-employment benefits to be paid to staff employed under Italian law. The decrease of €5,335 thousand primarily reflects uses of provisions for benefits and advances paid. The actuarial model used to measure provisions for post-employment benefits is based on both demographic and economic assumptions. Having carried out a simplified actuarial assessment of these liabilities as at 30 June 2019, a number of key assumptions used were the same as those used in measuring the liabilities as at 31 December 2018. These are described in note 7.14 to the consolidated financial statements as at and for the year ended 31 December 2018.

PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE (non-current) - €1,064,658 thousand (€1,020,513 thousand) (current) - €540,223 thousand (€693,832 thousand)

This item regards the present value of provisions for the repair and replacement of motorway infrastructure operated under concession, in accordance with the contractual commitments of the Group's operators and designed to ensure the serviceability and safety of the assets. The provisions, including the current and non-current portions, are down €109,464 thousand compared with 31 December 2018, reflecting a combination of the following:

- uses of €341,101 thousand (including €153,703 thousand linked to the demolition and reconstruction of the Polcevera road bridge), in connection with repairs and replacements carried out during the period;
- operating provisions of €218,379 thousand;

c) financial provisions for the period of €13,257 thousand.

PROVISIONS FOR THE RENEWAL OF MOTORWAY INFRASTRUCTURE

(non-current) - €75,762 thousand (€64,996 thousand)
(current) - €8 thousand (€25 thousand)

Provisions for the renewal of motorway infrastructure, including the non-current and current portions, amount to €75,770 thousand (€65,021 thousand as at 31 December 2018) and reflect the present value of the estimated costs to be incurred over time in relation to the contractual obligation, resulting from Società Italiana per Azioni per il Traforo del Monte Bianco's concession arrangement, to carry out specific extraordinary maintenance work in order to ensure the serviceability and safety of the assets held under concession. Compared with 31 December 2018, the provisions are up €10,749 thousand, essentially due to operating provisions made during the period.

OTHER PROVISIONS

(non-current) - €16,341 thousand (€17,249 thousand)
(current) - €91,066 thousand (€116,959 thousand)

These provisions essentially regard estimates of liabilities, at the end of the period, expected to be incurred in connection with pending litigation and disputes, including the estimated expenses provisioned for contract reserves relating to contractors who carry out maintenance work on the motorway infrastructure operated under concession. The overall amount is down €26,801 thousand, reflecting:

- a) direct uses, amounting to €41,026 thousand, primarily relating to compensation for a number of the families of victims directly impacted by the collapse of the road bridge and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect the Company's rights and those of its employees who are under investigation (totalling €33,253 thousand);
- b) operating provisions of €14,225 thousand reflecting Autostrade per l'Italia's receipt of a number of notices of assessment regarding local taxes.

Further information on developments in the principal disputes outstanding as at 30 June 2019 is provided in note 10.7, "Significant legal and regulatory aspects".

7.15 Financial liabilities

(non-current) €9,817,834 thousand (€10,259,795 thousand)
(current) €1,088,506 thousand (€1,236,761 thousand)

MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) €9,817,834 thousand (€10,259,795 thousand)
(current) €771,833 thousand (€948,787 thousand)

As at 30 June 2019, medium/long-term financial liabilities amount to €10,589,667 thousand. These liabilities essentially consist of bonds issued by Autostrade per l'Italia since 2015, the bonds involved in the issuer substitution completed at the end of 2016 and bank borrowings.

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

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

(€000)	Note	30 June 2019						31 December 2018			
		Face value	Carrying amount	of which		Term		Face value	Carrying amount	of which	
				Current portion	Non-current portion	between 13 and 60 months	after 60 months			Current portion	Non-current portion
Bond issues	(1) (2) (3)	7,656,254	7,499,207	501,134	6,998,073	2,437,619	4,560,454	8,247,813	8,092,981	593,154	7,499,827
Bank borrowings		2,206,185	2,173,474	132,273	2,041,201	485,410	1,555,791	2,268,408	2,231,844	124,814	2,107,030
Other borrowings		263,596	253,082	45,626	207,456	193,687	13,768	253,271	241,861	24,686	217,175
Medium/long-term borrowings	(2) (3)	2,469,781	2,426,556	177,899	2,248,657	679,097	1,569,559	2,521,679	2,473,705	149,500	2,324,205
Derivative liabilities			571,104	-	571,104	256,538	314,566		435,763	-	435,763
Accrued expenses on medium/long-term financial liabilities (2)			92,800	92,800	-	-	-		206,133	206,133	-
Other medium/long-term financial liabilities			92,800	92,800	-	-	-		206,133	206,133	-
Total			10,589,667	771,833	9,817,834	3,373,254	6,444,579		11,208,582	948,787	10,259,795

(1) The par value of the bonds denominated in pounds sterling and yen is shown at the exchange rate applicable to the related Cross Currency Swaps.

(2) These financial instruments are held within a hold to collect business model and, as such, are measured at amortised cost.

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

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

€000	Maturity	30 June 2019		31 December 2018	
		Carrying amount ⁽¹⁾	Fair value ⁽²⁾	Carrying amount ⁽¹⁾	Fair value ⁽²⁾
Bond issues					
- listed fixed rate	from 2020 to 2038	7,499,207	7,917,187	8,092,981	7,757,600
		7,499,207	7,917,187	8,092,981	7,757,600
Bank borrowings					
- fixed rate	from 2020 to 2036	1,434,092	1,673,236	1,484,687	1,522,820
- floating rate	from 2020 to 2034	739,382	782,370	747,157	701,438
		2,173,474	2,455,606	2,231,844	2,224,258
Other borrowings					
- fixed rate		10,324	10,324	-	-
- non-interest bearing	(3) from 2020 to 2028	242,758	242,758	241,861	241,861
		253,082	253,082	241,861	241,861
Medium/long-term borrowings		2,426,556	2,708,688	2,473,705	2,466,119
Derivative liabilities		571,104	571,104	435,763	435,763
Accrued expenses on medium/long-term financial liabilities		92,800	92,800	206,133	206,133
Other medium/long-term financial liabilities		92,800	92,800	206,133	206,133
Total		10,589,667	11,289,779	11,208,582	10,865,615

(1) The amounts shown in the table for medium/long-term financial liabilities include both the non-current and current portions.

(2) The fair value shown is classified in level 2 of the fair value hierarchy.

(3) This item primarily includes the amount repayable by Autostrade per l'Italia to the Central Guarantee Fund following SAT's contribution of the payable.

c) a comparison of the face value of each liability (bond issues and medium/long-term borrowings) and the related carrying amount, by issue currency, showing the corresponding average and effective interest rates;

€000	30 June 2019				31 December 2018	
	Face value	Carrying amount	Average interest rate applied to 30 June 2019	Effective interest rate as at 30 June 2019	Face value	Carrying amount
Euro (EUR)	9,226,859	9,092,626	3.22%	3.30%	9,870,316	9,724,732
Sterling (GBP)	750,000	625,013	5.99%	2.20%	750,000	637,230
Yen (JPY)	149,176	208,124	5.30%	3.39%	149,176	204,724
Total	10,126,035	9,925,763	3.46%		10,769,492	10,566,686

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

€000	Carrying amount as at 31 December 2018	New borrowings	Repayments	Impact of first-time adoption of IFRS 16	Currency translation differences and other changes	Carrying amount as at 30 June 2019
Bond issues	8,092,981		-593,334	-	-440	7,499,207
Bank borrowings	2,231,844	-	-62,222	-	3,852	2,173,474
Other borrowings	241,861	2,476	-1,223	8,869	1,099	253,082
Medium/long-term borrowings	2,473,705	2,476	-63,445	8,869	4,951	2,426,556
Total	10,566,686	2,476	-656,779	8,869	4,511	9,925,763

The Group uses derivative financial instruments to hedge certain current and highly likely future financial liabilities, including Interest Rate Swaps (IRSs) and Cross Currency Swaps (CCIRSs). These derivative financial instruments have been classified as cash flow hedges, as they meet the related requirements in IFRS 9. The fair value of the hedging instruments as at 30 June 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 “Financial risk management”.

BOND ISSUES

(non-current) €6,998,073 thousand (€7,499,827 thousand)
(current) €501,134 thousand (€593,154 thousand)

This item consists of bonds issued by Autostrade per l’Italia, including:

- bonds transferred from Atlantia to Autostrade per l’Italia following the issuer substitution carried out in December 2016 (a total of €3,786,091 thousand as at 30 June 2019);
- bonds (€2,972,483 thousand as at 30 June 2019) issued to institutional investors as part of the Euro Medium Term Note Programme launched in October 2014 (and authorised for an amount of up to €7 billion);
- bonds issued to retail investors (totalling €740,633 thousand as at 30 June 2019).

As at 30 June 2019, the balance is down €593,774 thousand compared with 31 December 2018, essentially reflecting repayment, in February 2019, of bonds with a par value of €593,334 thousand, guaranteed by Atlantia and paying coupon interest of 4.5%.

MEDIUM/LONG-TERM BORROWINGS

(non-current) €2,248,657 thousand (€2,324,205 thousand)
(current) €177,899 thousand (€149,500 thousand)

The balance of this item, including both current and non-current portions, primarily consists of the Group’s bank borrowings (with a carrying amount of €2,173,474 thousand).

The decrease of €47,149 thousand in medium/long-term borrowings compared with 31 December 2018 essentially reflects:

- repayment of loans from the European Investment Bank and from Cassa Depositi e Prestiti (€62,222 thousand);
- the recognition of lease liabilities following first-time adoption of the IFRS 16 (€8,869 thousand);
- new lease liabilities (€2,476 thousand);
- the repayment of lease liabilities (€1,223 thousand).

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

The most important covenants are those relating to the loan agreements with Cassa Depositi e Prestiti that require compliance with a minimum threshold for "Operating cash flow available for Debt Service/Debt Service" (DSCR). Autostrade per l'Italia is in compliance with these covenants at the reporting date.

In December 2018, the Company entered into an agreement with the EIB that provides for the suspension, until March 2020, of the application of certain provisions allowing the bank to withdraw from the loan agreement and request early repayment. This follows the reduction in the Company's ratings to below BBB and/or the Grantor's launch of formal proceedings that may result in early termination of the Single Concession Arrangement.

NUN CURRENT DERIVATIVE LIABILITIES

(non-current) - €571,104 thousand (€435,763 thousand)
(current) - (-)

As at 30 June 2019, this item includes derivative financial instruments entered into with a number of banks to hedge the Group's exposure to interest rate and foreign currency risk on certain medium/long-term financial liabilities, partly with regard to highly likely future financial liabilities to be entered into through to 2021.

The overall increase in this item compared with 31 December 2018, amounting to €135,341 thousand, essentially reflects a combination of the following:

- a) an increase of €136,143 thousand in fair value losses on existing Interest Rate Swaps and Forward-Starting Interest Rate Swaps, essentially reflecting lower interest rates as at 30 June 2019 compared with 31 December 2018;
- b) a €5,784 thousand increase in fair value losses on Cross Currency Swaps linked to bonds denominated in pounds sterling and Japanese yen, resulting from the change in fair value (€8,736 thousand) recognised in financial income following the issuer substitution, and positive exchange rate differences (€2,953 thousand) linked primarily to a strengthening of the yen against the euro.

Fair value losses on Forward-Starting Interest Rate Swaps as at 30 June 2019 amount to €192,261 thousand. These swaps have a total notional value of €2,350 million, a weighted average duration of seven years and six months and a weighted average fixed rate of approximately 1.13%. Their purpose is to hedge highly likely future financial liabilities to be entered into by the Parent Company through to 2021 in order meet its funding requirements.

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

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - (-)
(current) €92,800 thousand (€206,133 thousand)

The balance of this item, including the current and non-current portions, is down €113,333 thousand. This is essentially due to decreases in accrued expenses on bonds (€89,821 thousand) and in accrued expenses on derivative financial instruments (€23,169 thousand).

SHORT-TERM FINANCIAL LIABILITIES - €316,763 thousand (€287,974 thousand)

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

€000	30 June 2019	31 December 2018
Bank overdrafts repayable on demand	4	2
Short-term borrowings	274,999	244,999
Current derivative liabilities ⁽¹⁾	394	575
Intercompany current account payables due to related parties	8,889	7,425
Other current financial liabilities	32,387	34,973
Short-term financial liabilities	316,673	287,974

(1) These liabilities primarily include derivative instruments that do not qualify for hedge accounting and that are classified in level 2 of the fair value hierarchy.

This item, amounting to €316,673 thousand, is up €28,699 thousand, essentially reflecting new bank borrowings (€30,000 thousand).

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

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

€m	30 June 2019	of which related party transactions	31 December 2018	of which related party transactions
Cash	-566		-1,139	
Cash equivalents and intercompany current account receivables due from related parties	-758	-753	-652	-652
Cash and cash equivalents related to discontinued operations	-		-	
Cash and cash equivalents (A)	-1,324		-1,791	
Current financial assets⁽¹⁾ (B)	-503		-482	
Bank overdrafts repayable on demand	-		-	
Current portion of medium/long-term financial liabilities	772	-	949	1
Other financial liabilities	316	9	287	7
Current financial liabilities (C)	1,088		1,236	
Current net debt (D=A+B+C)	-739		-1,037	
Medium/long-term borrowings	2,249		2,324	
Bond issues	6,998		7,500	
Other non-current borrowings	571		436	
Non-current financial liabilities (E)	9,818		10,260	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)	9,079		9,223	
Non-current financial assets (G)	-373		-410	
Net debt (H=F+G)	8,706		8,813	

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

7.16 Other non-current liabilities - €29,693 thousand (€27,904 thousand)

The balance as at 30 June 2019 amounts to €29,693 thousand and is substantially in line with the figure for 31 December 2018 (€27,904 thousand). The following table shows a breakdown of this item.

€000	30 June 2019	31 December 2018
Accrued expenses of a non-trading nature	23,322	23,946
Payable to staff	5,892	3,479
Amounts payable for expropriations	405	405
Other payables	74	74
Other non-current liabilities	29,693	27,904

7.17 Trading liabilities - €1,484,038 thousand (€1,318,598 thousand)

An analysis of trading liabilities is shown below.

€000	30 June 2019	31 December 2018
Amounts payable to suppliers	553,162	538,435
Payable to operators of interconnecting motorways	804,748	693,712
Tolls in the process of settlement	118,483	85,574
Accrued expenses, deferred income and other trading liabilities	7,645	877
Trading liabilities	1,484,038	1,318,598

Trading liabilities, totalling €1,484,038 thousand, are up €165,440 thousand compared with 31 December 2018 (€1,318,598 thousand), primarily reflecting a combination of the following:

- increases in amounts payable to the operators of interconnecting motorways (€111,036 thousand) and in tolls in the process of settlement (€32,909 thousand), essentially due to increases in the operators' toll revenue and in line with contractually agreed collection times;
- an increase in amounts payable to suppliers (€14,727 thousand), primarily due to the volume of capital expenditure.

The carrying amount of trading liabilities approximates to fair value.

7.18 Other current liabilities - €309,924 thousand (€315,823 thousand)

An analysis of other current liabilities is shown below.

€000	30 June 2019	31 December 2018
Taxation other than income taxes	52,672	11,896
Payable to staff	53,599	32,935
Concession fees payable	46,353	85,883
Social security contributions payable	31,304	21,618
Amounts payable for expropriations	2,177	7,113
Amounts payable to public entities	20	19
Other payables	123,799	156,359
Other current liabilities	309,924	315,823

As at 30 June 2019, this item amounts to €309,924 thousand and is down €5,899 thousand compared with 31 December 2018 (€315,823 thousand). This reflects a combination of the following:

- a) an increase of €40,776 thousand in amounts payable in the form of taxation other than income taxes, primarily linked to VAT payable, which was paid in July 2019;
- b) an increase of €30,350 thousand in amounts payable to staff and in social security contributions payable, essentially linked to accrued thirteenth-month pay to be paid by the end of the year;
- c) a decrease of €39,530 thousand in concession fees payable, reflecting payments during the first half of 2019, primarily by Autostrade per l'Italia;
- d) a decrease of €32,560 thousand in other payables, essentially following Autostrade per l'Italia's payment of amounts due to S.A.T.A.P. SpA and Intesa San Paolo SpA as a result of the acquisition of shares in Tangenziali Esterne di Milano.

8. Notes to the consolidated income statement

This section includes the notes to amounts in the income statement, with negative components of the income statement shown with a “-” sign in the headings and tables and amounts for the first half of 2018 shown in brackets.

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

8.1 Toll revenue - €1,761,206 thousand (€1,740,436 thousand)

Toll revenue of €1,761,206 thousand is up €20,770 thousand on the first half of 2018 (€1,740,436 thousand), primarily due to traffic growth of 1.0%, including the impact of the different traffic mix.

The decision to exempt road users in the Genoa area from the payment of tolls during the first six months of 2019 has resulted in a decrease in revenue of approximately €10 million.

8.2 Revenue from construction services - €70,741 thousand (€54,921 thousand)

An analysis of this revenue is shown below.

€000	H1 2019	H1 2018	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	70,712	54,921	15,791
Revenue from construction services provided by sub-operators	29	-	29
Revenue from construction services	70,741	54,921	15,820

Revenue from construction services essentially consists of construction services for which additional benefits are received, 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 period.

Revenue from construction services performed during the first half of 2019, totalling €70,741 thousand, is up €15,820 thousand compared with the comparative period (€54,921 thousand). This primarily reflects increased investment in construction services for which additional benefits are received.

In the first half of 2019, the Group carried out additional construction services for which no additional benefits are received, amounting to €186,031 thousand, 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 decrease in operating costs for the period, as explained in note 8.9, “Use of provisions for construction services required by contract”. Details of total investment in assets held under concession during the period are provided in note 7.2, “Intangible assets”.

8.3 Other operating income - €205,968 thousand (€160,912 thousand)

An analysis of other operating income is provided below.

€000	H1 2019	H1 2018	Increase/ (Decrease)
Revenue from sub-concessions	83,432	87,179	-3,747
Maintenance revenue	9,262	7,657	1,605
Other revenue from motorway operation	11,966	12,094	-128
Revenue from the sale of technology devices and services	27,167	13,202	13,965
Refunds	9,607	10,092	-485
Damages and compensation	43,653	8,027	35,626
Advertising revenue	814	1,492	-678
Other income	20,067	21,169	-1,102
Other operating income	205,968	160,912	45,056

Other operating income of €205,968 thousand is up €45,056 thousand compared with the comparative period, primarily reflecting the agreement reached with the insurance company regarding quantification of the amount payable to the Parent Company under existing third-party liability insurance policies for the Polcevera road bridge (€37,500 thousand).

8.4 Raw and consumable materials - -€179,429 thousand (-€60,107 thousand)

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

€000	H1 2019	H1 2018	Increase/ (Decrease)
Construction materials	-2,862	-5,128	2,266
Electrical and electronic materials	-22,935	-18,655	-4,280
Lubricants and fuel	-5,643	-5,456	-187
Other raw and consumable materials	-150,938	-32,881	-118,057
Cost of materials	-182,378	-62,120	-120,258
Change in inventories of raw, ancillary and consumable materials and goods for resale	2,851	1,882	969
Capitalised cost of raw materials	98	131	-33
Raw and consumable materials	-179,429	-60,107	-119,322

This item has increased by €119,322 thousand, primarily due to the cost of purchasing civil properties and industrial buildings, as requested by the Special Commissioner in implementation of the provisions of art. 1-*bis* and art. 4-*bis* of Law Decree 109, converted with amendments into Law 130 of 16 November 2018 (€114,913 thousand). These charges are covered in full by use of the provisions for the repair and replacement of motorway infrastructure in order to rebuild the Polcevera road bridge. These provisions had already been made as at 31 December 2018 following receipt of the Commissioner's letter of 21 December 2018 in implementation of the above decree, and recognised in the item, "Operating change in provisions".

8.5 Service costs - -€451,352 thousand (-€324,879 thousand)

An analysis of service costs is provided below.

€000	H1 2019	H1 2018	Increase/ (Decrease)
Construction and similar	-318,080	-196,791	-121,289
Professional services	-59,433	-59,021	-412
Transport and similar	-15,737	-16,734	997
Utilities	-19,298	-16,108	-3,190
Insurance	-8,700	-5,651	-3,049
Statutory Auditors' fees	-315	-336	21
Other services	-29,789	-30,238	449
Service costs	-451,352	-324,879	-126,473

The increase in service costs, amounting to €126,473 thousand, essentially reflects an increase in construction services broadly relating to the greater volume of investment in assets held under concession, an increase in motorway maintenance and the costs connected with the progress of work on demolition and reconstruction of the Polcevera road bridge (€24,345 thousand). These charges are covered in full by use of the provisions for the repair and replacement of motorway infrastructure made as at 31 December 2018 in order to rebuild the Polcevera road bridge. The provisions were made on the basis of the Commissioner's letter of 21 December 2018 in implementation of art. 1, paragraphs 5 and 6 of the above decree, and recognised in the item, "Operating change in provisions".

8.6 Staff costs - -€269,020 thousand (-€264,383 thousand)

Staff costs break down as follows.

€000	H1 2019	H1 2018	Increase/ (Decrease)
Wages and salaries	-182,276	-182,439	163
Social security contributions	-54,690	-54,464	-226
Payments to supplementary pension funds, INPS and for post-employment benefits	-10,758	-10,941	183
Directors' remuneration	-1,316	-1,900	584
Other staff costs	-20,837	-14,639	-6,198
Gross staff costs	-269,877	-264,383	-5,494
Capitalised staff costs attributable to assets not held under concession	857	-	857
Staff costs	-269,020	-264,383	-4,637

Staff costs of €269,020 thousand are up €4,637 thousand on the first half of 2018 (€264,383 thousand).

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

Average workforce	H1 2019	H1 2018	Increase/ (Decrease)
Senior managers	96	96	0
Middle managers and administrative staff	3,011	3,011	0
Toll collectors	2,140	2,203	-63
Manual workers	1,443	1,456	-13
Total	6,690	6,766	-76

Information on equity-settled and cash-settled share-based incentive plans for certain Directors and employees of Group companies is provided in note 10.6, "Disclosures regarding share-based payments".

8.7 Other operating costs - -€271,737 thousand (-€253,218 thousand)

Other operating costs for the first half of 2019, details of which are shown in the table below, are up €18,519 thousand compared with the comparative period. This essentially regards the cost of compensation paid to businesses in order to cover the loss of equipment, machinery and materials or the transfer of operations to another location following the collapse of a section of the Polcevera road bridge (€14,445 thousand). These charges are covered in full by use of the provisions for the repair and replacement of motorway infrastructure made as at 31 December 2018 in order to rebuild the Polcevera road bridge. The provisions were made on the basis of the Commissioner's letter of 21 December 2018 in implementation of art. 4-bis, paragraphs 6 of the above decree.

€000	H1 2019	H1 2018	Increase/ (Decrease)
Concession fees	-226,708	-223,725	-2,983
Lease expense	-3,127	-4,070	943
Grants and donations	-14,951	-12,772	-2,179
Direct and indirect taxes	-5,974	-5,316	-658
Other	-20,977	-7,335	-13,642
Other costs	-41,902	-25,423	-16,479
Other operating costs	-271,737	-253,218	-18,519

8.8 Operating change in provisions - €100,524 thousand (€45,008 thousand)

This item reflects the impact on profit or loss of operating changes (new provisions and uses) in provisions, excluding those for employee benefits (classified in staff costs), made by Group companies during the period in order to meet their legal and contractual obligations requiring the use of financial resources in future years. The positive balance for the first half of 2019, amounting to €100,524 thousand, essentially reflects:

- a) the positive balance of provisions for the repair and replacement of the Group's motorway infrastructure (€122,722 thousand). After excluding uses (€153,703 thousand) linked to the costs incurred in relation to demolition and reconstruction of the Polcevera road bridge, the resulting expense of €30,981 thousand primarily regards a fall in the interest rates used to adjust the present value of the provisions;
- b) the negative balance of provisions for risks and charges (€11,959 thousand), primarily following receipt of a number of notices of assessment regarding local taxes;
- c) the negative balance of operating changes in provisions for the renewal of motorway infrastructure (€10,239 thousand).

8.9 Use of provisions for construction services required by contract - €186,031 thousand (€138,492 thousand)

This item regards the use of provisions for construction services required by contract, relating to the performance of services for which no additional economic benefits during the period, net of accrued government grants (recognised in revenue from construction services, as explained in note 8.2). The item represents the indirect adjustment to construction costs classified by nature and incurred during the period by Autostrade per l'Italia, whose concession arrangement provides for such obligations. The increase of €47,539 thousand is broadly linked to greater investment in the upgrade of the A1 Milan-Naples (the Bologna-Florence section) and investment in specific works provided for in art. 2 of the Single Concession Arrangement of 2007.

8.10 (Impairment losses) and reversals of impairment losses - -€6,446 thousand (€512 thousand)

The balance of this item, in line with the comparative period, consists of the impairment of trade receivables arising in past years, reflecting the risk of partial non-collection.

8.11 Financial income/(expenses) - -€218,405 thousand (-€227,030 thousand)

Financial income €42,935 thousand (€45,208 thousand)

Financial expenses -€261,750 thousand (-€272,411 thousand)

Foreign exchange gains/(losses) €410 thousand (€173 thousand)

An analysis of financial income and expenses is shown below.

€000	H1 2019	H1 2018	Increase/ (Decrease)
Dividends received from investees	-	1,028	-1,028
Financial income accounted for as an increase in financial assets	472	472	-
Income from derivative financial instruments	28,225	29,146	-921
Interest and fees receivable on bank and post office deposits	794	963	-169
Other	13,444	13,599	-155
Other financial income	42,935	44,180	-1,245
Financial income (a)	42,935	45,208	-2,273
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-19,384	-15,310	-4,074
Interest on medium/long-term borrowings	-35,658	-56,670	21,012
Losses on derivative financial instruments	-65,720	-46,662	-19,058
Interest on bonds	-130,276	-143,116	12,840
Interest expense accounted for as an increase in financial liabilities	-1,775	-1,687	-88
Interest and fees payable on bank and post office deposits	-307	-418	111
Other	-8,630	-8,548	-82
Other financial expenses	-242,366	-257,101	14,735
Financial expenses (b)	-261,750	-272,411	10,661
Foreign exchange gains	5,888	7,824	-1,936
Foreign exchange losses	-5,478	-7,651	2,173
Foreing exchange gains/(losses) (c)	410	173	237
Financial income/(expenses) (a+b+c)	-218,405	-227,030	8,625

“Other financial expenses”, net of “Other financial income”, amount to €199,431 thousand, a decrease of €13,490 thousand compared with the first half of 2018 (€212,921 thousand). This is essentially due to a combination of the following:

- a) reduced income (€15,757 thousand) on the change in fair value of financial instruments linked to the issuer substitution carried out in December 2016, following release of the accrued portion of the fair value of initial recognition of the foreign currency bonds and the movement in the related Cross Currency Swaps;
- b) a decrease in financial expenses and interest payable, essentially due to a decrease in debt in the first half of 2019 compared with the same period of 2018 (€29,247 thousand).

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €19,384 thousand as at 30 June 2019, an increase of €4,074 thousand compared with the first half of 2018 (€15,310 thousand), essentially due to an increase in the discount rates applied in the two comparative periods.

8.12 Income tax expense - -€185,964 thousand (-€210,471 thousand)

A comparison of the net tax charges for the two comparative periods is shown below.

€000	H1 2019	H1 2018	Increase/ (Decrease)
IRES	-108,509	-111,491	2,982
IRAP	-22,345	-30,598	8,253
Current tax expense	-130,854	-142,089	11,235
Recovery of previous years' income taxes	3,803	243	3,560
Previous years' income taxes	-266	-427	161
Differences on current tax expense for previous years	3,537	-184	3,721
Provisions	90,354	16,271	74,083
Releases	-94,911	-35,265	-59,646
Changes in prior year estimates	15,488	-120	15,608
Deferred tax income	10,931	-19,114	30,045
Provisions	-50,596	-49,990	-606
Releases	568	906	-338
Changes in prior year estimates	-19,550	-	-19,550
Deferred tax expense	-69,578	-49,084	-20,494
Deferred tax income/(expense)	-58,647	-68,198	9,551
Income tax (expense)/benefit	-185,964	-210,471	24,507

Income tax expense for the first half of 2019 amounts to €185,964 thousand, a decrease of €24,507 thousand compared with the first half of 2018 (€210,471 thousand). This is proportionately in line with the decrease in pre-tax profit from continuing operations.

8.13 Earnings per share

The following statement shows a breakdown of the calculation of basic and diluted earnings per share for the two comparative periods. In the absence of options or convertible financial instruments issued by the Parent Company, diluted earnings per share coincides with the figure for basic earnings per share.

	H1 2019	H1 2018
Weighted average of shares outstanding	622,027,000	622,027,000
Weighted average of shares outstanding	622,027,000	622,027,000
Profit for the period attributable to owners of the parent (€000)	425,729	484,223
Earnings per share (€)	0.68	0.78
Profit from continuing operations attributable to owners of the parent (€000)	425,799	484,091
Basic earnings per share from continuing operations (€)	0.68	0.78
Profit/(Loss) from discontinued operations attributable to owners of the parent (€000)	-70	132
Basic earnings/(losses) per share from discontinued operations (€)	-0.00	0.00

9. Other financial information

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flow in the first half of 2019, compared with the first half of 2018, is analysed below. The consolidated statement of cash flows is included in the “Consolidated financial statements”.

Cash flows during the first half of 2019 resulted in a decrease of €468,967 thousand (€501,142 thousand in the first half of 2018).

Operating activities generated cash flows of €839,989 thousand in the first half of 2019, a decrease of €35,114 thousand on the figure for the first half of 2018 (€875,103 thousand). This reflects a combination of the following:

- a) a decrease in operating cash flow of €137,905 thousand, mainly due to a decrease in cash flows from operating activities;
- b) the differing performance of movements in working capital and other changes in the two comparative periods (an increase of €102,791 thousand). The contribution of these items in the first half of 2019, amounting to €154,539 thousand, primarily regards provisions for income tax expense for the period and an increase in trading liabilities, partially offset by an increase in other current assets and trading assets, as described in the respective notes. In the first half of 2018, movements in working capital and other changes generated cash of €51,748 thousand, primarily in relation to provisions for income tax expense for the period, partially offset by a decrease in trading liabilities and an increase in trading assets.

Cash used for investing activities amounts to €255,041 thousand, an increase of €62,880 thousand compared with the first half of 2018, when the figure was €192,161 thousand. This primarily reflects a combination of the following:

- a) an increase in capital expenditure after the related government grants (€59,096 thousand), primarily due to work on the upgrade of the A1 between Bologna and Florence and other investment in specific works provided for in art. 2 of the Single Concession Arrangement of 2007;
- b) an increase in purchases of property, plant and equipment and intangible assets (€4,247 thousand).

Cash used for financing activities in the first half of 2019 amounts to €1,053,915 thousand, a decrease of €130,169 thousand compared with the first half of 2018 (€1,184,084 thousand). This primarily reflects a combination of the following:

- a) a decrease in dividends paid between the two comparative periods (€221,755 thousand);
- b) increased repayments of financial liabilities in the two comparative periods (the repayment bonds in February 2019, totalling €593,334 thousand, compared with repayment of a loan of €500,000 thousand from Atlantia in the first half of 2018).

The following table shows net cash flows generated from discontinued operations in the first half of 2018, including the contributions of the French companies (Ecomouv and Tech Solutions Integrators). These cash flows were included in the consolidated statement of cash flows under operating, investing and financing activities.

CASH FLOWS FROM DISCONTINUED OPERATIONS

€m	H1 2019	H1 2018
Net cash generated from/(used in) operating activities	-	-5
Net cash generated from/(used in) investing activities	-	-
Net cash generated from/(used in) financing activities	-	2

9.2 Financial risk management

The Autostrade per l'Italia Group's financial risk management objectives and policies

In the normal course of business, the Group is exposed to:

- a) market risk, principally linked to the effect of movements in interest and foreign exchange rates on financial assets acquired and financial liabilities assumed;
- b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund the Group's operating activities and repayment of the liabilities assumed;
- c) credit risk, linked to both ordinary trading relations and the likelihood of defaults by financial counterparties.

The Group's financial risk management strategy is derived from and consistent with the business goals set by Atlantia's Board of Directors, as contained in the long-term plans approved annually by the Board, taking into account Atlantia's role in the management and coordination of Autostrade per l'Italia.

Market risk

The adopted strategy for each type of risk aims, wherever possible, to eliminate interest rate and currency risks and minimise borrowing costs, whilst taking account of stakeholders' interests, as defined in the Financial Policy as approved by the Board of Directors of the parent, Atlantia.

Management of these risks is based on prudence and best market practice.

The main objectives set out in this policy are as follows:

- a) to protect the scenario forming the basis of the long-term plan from the effect of exposure to currency and interest rate risks, in the latter case identifying the best combination of fixed and floating rates;
- b) to pursue a potential decrease of the Group's borrowing costs within the risk limits determined by the Board of Directors;
- c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

The Group's hedges outstanding as at 30 June 2019 are classified, in accordance with IFRS 9, as cash flow hedges. 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.

Amounts in currencies other than the euro are converted using closing exchange rates published by the European Central Bank.

As at 30 June 2019, the Group's portfolio also includes non-hedge accounting transactions, including the derivatives embedded in short-term borrowings obtained by Autostrade Meridionali, with a notional value of €245,000 thousand and fair value losses of €394 thousand.

The residual average term to maturity of the Group's debt as at 30 June 2019 is approximately six years. The average cost of the Group's medium/long-term borrowings in the first half of 2019 was 3.5%. Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

This risk is linked to uncertainty regarding the performance of interest rates, and takes two forms:

- a) cash flow risk: linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce the amount of floating rate debt, the Group has entered into interest rate swaps (IRSs) and Forward-Starting Interest Rate Swaps, classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Following tests of effectiveness, changes in fair value have

been recognised in other comprehensive income, whilst an ineffective portion of €5,679 thousand as at 30 June 2019 has been recognised in profit or loss in 2019, linked to certain Forward-Starting Interest Rate Swaps (€12,264 thousand as at 31 December 2018). Interest income or expense deriving from the hedged instruments is recognised simultaneously in profit or loss;

- b) fair value risk: the risk of losses deriving from an unexpected change in the value fixed rate financial assets and liabilities following an unfavourable shift in the market yield curve. As at 30 June 2019, the Group is not a party to derivatives classified as fair value hedges.

As a result of the above cash flow hedges, 97% of interest bearing debt is fixed rate.

Currency risk

Currency risk can result in the following types of exposure:

- economic exposure incurred through purchases and sales denominated in currencies other than the individual companies' functional currency;
- translation exposure through equity investments in subsidiaries and associates whose financial statements are denominated in a currency other than the Group's functional currency;
- transaction exposure incurred by making deposits or obtaining loans in currencies other than the individual companies' functional currency.

The prime objective of the Group's currency risk management strategy is to minimise transaction exposure through the assumption of liabilities in currencies other than the Group's functional currency.

Currency risk derives primarily from the presence of financial assets and liabilities denominated in currencies other than the Group's functional currency. This risk relates to the issuer substitution, carried out by Atlantia and Autostrade per l'Italia in December 2016. In this regard, following the above issuer substitution, the Group is party to Cross Currency Swaps (CCIRs) linked to the bonds denominated in sterling (GBP) and yen (JPY). Whilst, from an operational viewpoint, the bonds' exposure to currency risk is fully hedged by these derivatives, the CCIRs do not meet all the requirements for classification as hedges under IFRS 9. As a result, from an accounting point of view, they are classified as non-hedge accounting.

9% of the Group's medium/long-term debt is denominated in currencies other than the euro (sterling and yen). Taking account of the Cross Currency Swaps linked to the foreign currency bonds, the Group's net debt is, therefore, effectively not exposed to currency risk on translation.

The following table summarises outstanding derivative financial instruments as at 30 June 2019 (compared with 31 December 2018) and shows the corresponding market and notional values of the hedged financial asset or liability.

€000		30 June 2019		31 December 2018	
Type	Purpose of hedge	Fair value assets/(liabilities)	Notional amount	Fair value assets/(liabilities)	Notional amount
Cash flow hedges (1)					
Interest Rate Swaps	Interest rate risk	-291,892	3,122,093	-162,335	3,133,721
		-291,892	3,122,093	-162,335	3,133,721
Derivatives not accounted for as hedges					
Cross Currency Swaps	Currency and interest rate risk	-279,212	899,176	-273,428	899,176
Derivatives embedded in loans	Interest rate risk	-394	245,000	-575	245,000
		-279,606	1,144,176	-274,003	1,144,176
	Total	-571,498	4,266,269	-436,338	4,277,897
	of which:				
	fair value assets	-		-	
	fair value liabilities	-571,498		-436,338	

(1) The fair value of cash flow hedges excludes accruals at the measurement date.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Group is exposed would have had on the consolidated income statement for the first half of 2019 and on equity as at 30 June 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 0.10% (10 bps) shift in the market yield curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on other comprehensive income, the 10 bps shift in the curve was assumed to have occurred at the measurement date. The results of the analyses were:

- in terms of interest rate risk, an unexpected and unfavourable 0.10% shift in market interest rates would have resulted in a negative impact on the consolidated income statement, totalling €1,636 thousand, and on other comprehensive income, totalling €23,789 thousand, before the related taxation;
- in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have resulted in a negative impact on the consolidated income statement, totalling €17,081 thousand, linked to the movement in fair value losses on Cross Currency Swaps in sterling and yen, which, as noted previously, are accounted for using non-hedge accounting.

Liquidity risk

Liquidity risk relates to the risk that cash resources may be insufficient to fund the payment of liabilities as they fall due. The Group believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of committed and uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

As at 30 June 2019, the Group has cash reserves of €2,854 million, consisting of:

- €1,285 million in investments and cash maturing in the short term (€571 million), Autostrade per l'Italia's cash and cash equivalents (€744 million) essentially relating to its role as a provider of centralised treasury management, partially offset by short-term borrowings (€30 million);
- €214 million in term deposits allocated primarily to part finance the execution of specific construction services;
- €1,355 million in undrawn committed lines of credit. the Group has lines of credit with a weighted average residual term to maturity of approximately six years and a weighted average residual drawdown period of approximately three years.

Details of drawn and undrawn committed lines of credit are shown below.

				30 June 2019		
Borrower	Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn
Autostrade per l'Italia	Medium/long-term committed from Cassa Depositi e Prestiti	31 Dec 2021	13 Dec 2027	1,100	400	700
Autostrade per l'Italia	Revolving line of credit from Cassa Depositi e Prestiti	02 Oct 2022	31 Dec 2022	600		600
Autostrade Meridionali	Short-term loan from Banco di Napoli	31 Dec 2019	31 Dec 2019	300	245	55
Lines of credit				2,000	645	1,355

Credit risk

The Group manages credit risk essentially through recourse to counterparties with high credit ratings, with no significant credit risk concentrations as required by Financial Policy.

Credit risk deriving from outstanding derivative financial instruments can also be considered marginal in that the counterparties involved are major financial institutions. There are no margin agreements providing for the exchange of cash collateral if a certain fair value threshold is exceeded.

Provisions for impairment losses on individually material items, on the other hand, are established when there is objective evidence that the Group will not be able to collect all or any of the

amount due. The amount of the provisions takes account of estimated future cash flows and the date of collection, any future recovery costs and expenses, and the value of any security and guarantee deposits received from customers. General provisions, based on the available historical and statistical data, are established for items for which specific provisions have not been made. Details of the allowance for bad debts for trade receivables are provided in note 7.7, "Trading assets".

10. Other information

10.1 Geographical information and operating segments

The following table shows an analysis of the Autostrade per l'Italia Group's revenue and non-current assets by geographical area.

€m	Revenue (*)		Non-current assets (**)	
	H1 2019	H1 2018	30 June 2019	31 December 2018
Italy	2,035	1,955	18,101	18,259
France	1	-	-	-
Other European countries	2	-	-	-
Sub-total Europe	2,038	1,955	18,101	18,259
Chile	-	1	-	-
Total	2,038	1,956	18,101	18,259

(*) Revenue does not include income from discontinued operations.

(**) In accordance with IFRS 8, non-current assets do not include non-current financial assets or deferred tax assets.

The disaggregation of revenue, depending on whether it is recognised at a point in time or over time, is shown below, as required by IFRS 15.

€m	H1 2019				H1 2018			
	IFRS 15		Outside scope of IFRS 15	Total revenue	IFRS 15		Outside scope of IFRS 15	Total revenue
	At a point in time	Over time			At a point in time	Over time		
Net toll revenue	1,761	-	-	1,761	1,740	-	-	1,740
Revenue from construction services	-	71	-	71	-	55	-	55
Other revenue	54	6	145	206	42	7	112	161
Total revenue	1,816	77	145	2,038	1,782	62	112	1,956

Finally, other than the "Italian motorways" segment (including the motorway concessions held by the Italian companies), the Autostrade per l'Italia Group does not include other operating segments that exceed the materiality threshold established by IFRS 8. As a result, the Group no longer presents the segment information required by this standard.

10.2 Disclosure of non-controlling interest in consolidated companies

As required by IFRS 12, a list of the principal consolidated companies with non-controlling interests as at 30 June 2019 (with the relevant comparatives as at 31 December 2018) is provided below. The complete list of the Group's investments as at 30 June 2019 is provided in Annex 1 "The Autostrade per l'Italia Group's scope of consolidation and investments".

Non-controlling interests in consolidated companies	Country	30 June 2019		31 December 2018	
		Group interest	Non-controlling interests	Group interest	Non-controlling interests
Autostrade Meridionali SpA	Italy	58.98%	41.02%	58.98%	41.02%
Società Italiana per Azioni per il Traforo del Monte Bianco	Italy	51.00%	49.00%	51.00%	49.00%
Raccordo Autostradale Valle d'Aosta SpA	Italy	24.46%	75.54%	24.46%	75.54%
Società Autostrada Tirrenica SpA	Italy	99.99%	0.01%	99.99%	0.01%

There are no consolidated companies deemed to be material for the Autostrade per l'Italia Group, in terms of the percentage interest held by non-controlling interests, for the purposes of the financial disclosures required by IFRS 12.

10.3 Guarantees

The Group has certain personal guarantees in issue to third parties as at 30 June 2019. These include, listed by importance:

- a) bank guarantees provided by Tangenziale di Napoli (€24,864 thousand) to the Ministry of Infrastructure and Transport, as required by the covenants in the relevant concession arrangement;
- b) sureties provided to a number of companies as a result of the indirect consequences of the collapse of the Polcevera road bridge on 14 August 2018. These sureties guarantee the companies' claims set out in an application for a pre-trial preventive seizure order by Spinelli Srl, Terminal Rinfuse Genova Srl and Centro Servizi Derna Srl. The sureties amount to a total of €9,600 thousand.

Shares in the investees, Tangenziale Esterna and Bologna & Fiera Parking, have also been pledged to the respective providers of financing.

10.4 Reserves

As at 30 June 2019, Group companies have recognised contract reserves in relation to:

- a) investing activities, amounting to approximately €899 million (€1,003 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 €35 million, the estimated future cost of which is covered by existing provisions in the consolidated financial statements.

10.5 Related party transactions

This section describes the Autostrade per l'Italia Group's principal transactions with related parties, identified as such according to the criteria in the procedure for related party transactions adopted by the parent, Atlantia, in application of art. 2391-*bis* of the Italian Civil Code, the Regulations adopted by the *Commissione Nazionale per le Società e la Borsa* (the CONSOB) in Resolution 17221 of 12 March 2010, as amended. The Procedure, which is available for inspection at www.atlantia.it, establishes the criteria to be used in identifying related parties, in distinguishing between transactions of greater and lesser significance and in applying the rules governing the above transactions of greater and lesser significance, and in fulfilling the related reporting requirements.

The following table shows material amounts in the income statement and statement of financial position generated by the Autostrade per l'Italia Group's related party transactions, broken down by nature of the transaction (trading or financial), including those with Directors, Statutory Auditors and key management personnel at Autostrade per l'Italia.

En	Principal trading transactions with related parties																	
	Assets					Liabilities				Income					Expenses			
	Trading and other income		Trading and other expenses			Trading and other income		Trading and other expenses		Trading and other income		Trading and other expenses			Trading and other income		Trading and other expenses	
Trade receivables	Current tax assets	Other trading assets	Assets related to discontinued operations	Total	Trade payables	Current tax liabilities	Other current liabilities	Other non-current liabilities	Liabilities related to discontinued operations	Total	Other income	Raw and material	Services	Staff costs	Other operating costs	Total		
	30 June 2019														H1 2019			
Sinonola	-	6.3	-	-	6.3	-	-	-	-	-	-	-	-	-	-	-	-	
Albania	3.7	24.9	-	-	28.6	3.2	29.7	-	-	32.9	1.7	1.7	-	-	-	-	0.1	
Bolopha and Fero Parking	0.1	31.2	-	-	31.3	3.2	29.7	-	-	32.9	1.7	1.7	-	-	-	-	0.1	
Polymetal	0.6	-	-	-	0.6	113.8	-	5.2	-	119.0	0.1	0.1	-	-	-	-	104.2	
Societa Infrastruttura Toscana (in liquidation)	16.1	-	1.5	-	15	66.2	-	-	-	66.2	0.3	0.3	-	-	-	-	25.3	
Spea Engineering	16.8	-	1.5	-	18.3	180.0	-	5.2	-	185.2	0.4	0.4	-	-	-	-	129.5	
Total associates	2.0	-	-	-	2.0	79.3	-	-	-	79.3	3.4	3.4	-	-	-	-	0.1	
Aberk group	21.4	-	-	-	21.4	4.7	-	-	-	4.7	37.1	37.1	-	-	-	-	0.5	
Autogrill (*)	0.4	-	-	-	0.4	0.2	-	-	-	0.2	0.3	0.3	-	-	-	-	0.1	
Autosprint	0.2	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	
Autosprint Brasil	0.2	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	
Autosprint del Atlantico	0.1	-	-	-	0.1	-	-	-	-	-	0.1	0.1	-	-	-	-	-	
Autosprint del Mediterraneo	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	
Autosprint del Indian Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autosprint del Indian Infrastructure	3.6	-	-	-	3.6	0.9	-	-	-	0.9	-	-	-	-	-	-	-	
Autosprint del Electronic Transaction Consultants	0.9	-	-	-	0.9	0.6	-	-	-	0.6	0.3	0.3	-	-	-	-	-	
Aeroport di Roma group	0.7	-	-	-	0.7	-	-	-	-	-	1.1	1.1	-	-	-	-	-	
Staloport group	0.9	-	-	-	0.9	-	-	-	-	-	0.2	0.2	-	-	-	-	-	
Societa del Ion Val	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autosprint del Bologna	15.8	-	-	-	15.8	12.5	-	-	-	12.5	23.7	23.7	-	-	-	-	5.1	
Telapass	0.6	-	-	-	0.6	-	-	-	-	-	0.3	0.3	-	-	-	-	-	
Other affiliates	0.1	-	-	-	0.1	0.2	-	-	-	0.2	-	-	-	-	-	-	-	
Total affiliates	48.8	-	-	-	48.8	98.4	-	1.8	-	100.2	66.5	66.5	-	-	-	-	5.9	
SAI Lavori (in liquidation)	2.2	-	-	-	2.2	4.5	-	-	-	4.5	0.1	0.1	-	-	-	-	0.1	
Total other companies	2.2	-	-	-	2.2	4.5	-	-	-	4.5	0.1	0.1	-	-	-	-	0.2	
ACTH pension fund	-	-	-	-	-	-	-	-	-	-	5.9	5.9	-	-	-	-	8.1	
Other pension fund	-	-	-	-	-	-	-	-	-	-	6.8	6.8	-	-	-	-	9.0	
Total other pension funds	-	-	-	-	-	-	-	-	-	-	12.7	12.7	-	-	-	-	17.1	
Total other companies	-	-	-	-	-	-	-	-	-	-	18.6	18.6	-	-	-	-	24.1	
Key management personnel	-	-	-	-	-	-	-	-	-	-	4.2	4.2	-	-	-	-	3.9	
Total key management personnel (1)	-	-	-	-	-	-	-	-	-	-	4.2	4.2	-	-	-	-	3.9	
TOTAL	71.5	31.2	1.5	-	104.20	286.1	29.7	18.0	1.5	335.3	68.7	68.7	-	-	-	-	135.5	
	31 December 2018														H1 2018			
Sinonola	-	6.3	-	-	6.3	-	-	-	-	-	-	-	-	-	-	-	-	
Albania	2.8	24.7	-	-	27.5	5.4	24.0	-	-	29.4	1.4	1.4	-	-	-	-	0.4	
Bolopha and Fero Parking	0.1	31.9	-	-	32.0	3.4	29.9	-	-	32.3	1.7	1.7	-	-	-	-	0.1	
Polymetal	1.1	-	-	-	1.1	105.0	-	6.4	-	111.4	0.2	0.2	-	-	-	-	98.9	
Societa Infrastruttura Toscana (in liquidation)	18.2	-	1.5	-	15	73.8	-	-	-	73.8	0.4	0.4	-	-	-	-	27.2	
Spea Engineering	19.4	-	1.5	-	20.9	178.8	-	6.4	-	185.2	0.6	0.6	-	-	-	-	126.1	
Total associates	1.3	-	-	-	1.3	70.1	-	-	-	70.1	-	-	-	-	-	-	-	
Aberk group	31.2	-	-	-	31.2	3.4	-	-	-	3.4	35.6	35.6	-	-	-	-	0.4	
Autogrill (*)	0.3	-	-	-	0.3	0.7	-	-	-	0.7	0.3	0.3	-	-	-	-	0.3	
Autosprint	0.2	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	
Autosprint Brasil	0.2	-	-	-	0.2	-	-	-	-	-	0.2	0.2	-	-	-	-	-	
Autosprint del Atlantico	0.1	-	-	-	0.1	-	-	-	-	-	0.1	0.1	-	-	-	-	-	
Autosprint del Mediterraneo	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	
Autosprint del Indian Infrastructure	4.7	-	-	-	4.7	0.9	-	-	-	0.9	0.4	0.4	-	-	-	-	0.1	
Autosprint del Indian Infrastructure	0.8	-	-	-	0.8	0.4	-	-	-	0.4	0.2	0.2	-	-	-	-	-	
Autosprint del Electronic Transaction Consultants	0.6	-	-	-	0.6	-	-	-	-	-	0.3	0.3	-	-	-	-	-	
Aeroport di Roma group	0.8	-	-	-	0.8	-	-	-	-	-	0.7	0.7	-	-	-	-	-	
Staloport group	0.9	-	-	-	0.9	-	-	-	-	-	-	-	-	-	-	-	-	
Societa del Ion Val	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autosprint del Bologna	24.6	-	-	-	24.6	8.1	-	-	-	8.1	13.0	13.0	-	-	-	-	5.1	
Telapass	0.9	-	-	-	0.9	-	-	-	-	-	0.1	0.1	-	-	-	-	-	
Other affiliates	67.2	-	-	-	67.2	83.6	-	1.7	-	85.3	50.4	50.4	-	-	-	-	6.2	
Total affiliates	2.2	-	-	-	2.2	10.5	-	-	-	10.5	-	-	-	-	-	-	-	
SAI Lavori (in liquidation)	2.2	-	-	-	2.2	10.5	-	-	-	10.5	-	-	-	-	-	-	-	
Total other companies	2.2	-	-	-	2.2	10.5	-	-	-	10.5	-	-	-	-	-	-	-	
ACTH pension fund	-	-	-	-	-	-	-	-	-	-	5.9	5.9	-	-	-	-	4.5	
Other pension fund	-	-	-	-	-	-	-	-	-	-	6.8	6.8	-	-	-	-	4.5	
Total other pension funds	-	-	-	-	-	-	-	-	-	-	12.7	12.7	-	-	-	-	9.0	
Total other companies	-	-	-	-	-	-	-	-	-	-	18.6	18.6	-	-	-	-	24.1	
Key management personnel	-	-	-	-	-	-	-	-	-	-	4.2	4.2	-	-	-	-	3.7	
Total key management personnel (1)	-	-	-	-	-	-	-	-	-	-	4.2	4.2	-	-	-	-	3.7	
TOTAL	91.6	31.0	1.5	-	124.1	278.3	24.0	16.3	1.7	320.3	52.4	52.4	-	-	-	-	132.3	

(*) This company was deconsolidated in the first half of 2018.
 (1) Autosprint per l'Italia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel as a whole. Expenses for each period include emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans) for Autosprint in addition to the information shown in the table: the consolidated financial statements also include contributions for the first half of 2019 paid on behalf of Directors, Statutory Auditors, and other key management personnel, totaling €1.1 million (€0.7 million in the first half of 2018) and liabilities of €1.9 million payable to such persons as at 30 June 2019 (€1 million as at 31 December 2018).

€m		Principal financial transactions with related parties												
		Assets				Liabilities				Income			Expenses	
		Financial assets		Financial liabilities		Financial income		Financial expenses						
Current financial assets deriving from government grants	Intercompany current receivables	Other current financial assets	Total	Medium/long-term borrowings	Intercompany current payables	Current portion of medium/long-term financial liabilities	Total	Other financial income	Total	Other financial expenses	Total			
30 June 2019													H1 2019	
Atlantia	-	-	-	-	2.4	8.9	0.8	12.1	-	-	-	2.9	2.9	
Total parents	-	-	-	-	2.4	8.9	0.8	12.1	-	-	-	2.9	2.9	
Pavimental	-	-	117.0	117.0	-	-	-	-	0.4	0.4	-	-	-	
Pedemontana Veneta (in liquidation)	-	-	0.2	0.2	-	-	-	-	-	-	-	-	-	
Società Infrastrutture Toscane (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Spea Engineering	-	-	1.3	1.3	-	-	-	-	-	-	-	-	-	
Total associates	-	-	117.0	118.5	-	-	-	-	0.4	0.4	-	-	-	
Autogrill	0.5	-	-	0.5	-	-	-	-	-	-	-	-	-	
Infoblu (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autostrade dell'Atlantico	-	-	-	-	-	-	-	-	-	-	-	-	-	
Telepass	-	-	636.3	636.3	-	-	-	-	-	-	-	4.6	4.6	
Total affiliates	0.5	-	636.3	636.8	-	-	-	-	-	-	-	4.6	4.6	
TOTAL	0.5	753.3	1.5	755.3	2.4	8.9	0.8	12.1	0.4	0.4	0.4	7.5	7.5	
31 December 2018													H1 2018	
Atlantia	-	-	-	-	-	0.4	0.7	1.1	0.7	0.7	0.7	24.6	24.6	
Total parents	-	-	-	-	-	0.4	0.7	1.1	0.7	0.7	0.7	24.6	24.6	
Pavimental	-	-	127.4	127.4	-	-	-	-	0.4	0.4	-	-	-	
Pedemontana Veneta (in liquidation)	-	-	0.2	0.2	-	-	-	-	-	-	-	-	-	
Società Infrastrutture Toscane (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Spea Engineering	-	-	1.3	1.3	-	-	-	-	-	-	-	-	-	
Total associates	-	-	127.4	128.9	-	-	-	-	0.4	0.4	-	-	-	
Autogrill	0.5	-	-	0.5	-	-	-	-	-	-	-	-	-	
Infoblu (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autostrade dell'Atlantico	-	-	-	-	-	7.0	-	7.0	-	-	-	-	-	
Telepass	-	-	524.9	524.9	-	-	-	-	0.1	0.1	0.1	4.3	4.3	
Total affiliates	0.5	524.9	525.4	525.4	-	7.0	-	7.0	0.1	0.1	0.1	4.3	4.3	
TOTAL	0.5	652.3	1.5	654.3	-	7.4	0.7	8.1	1.2	1.2	1.2	28.9	28.9	

(*) This company was deconsolidated in the first half of 2018.

Related party transactions do not include transactions of an atypical or unusual nature, and are conducted on an arm's length basis.

The principal transactions entered into by the Group with related parties are described below.

The Autostrade per l'Italia Group's transactions with its parents

As a result of the tax consolidation arrangement headed by Atlantia, in which Autostrade per l'Italia and certain of its Italian subsidiaries participate, as at 30 June 2019 the Group has recognised tax liabilities and assets due to and from Atlantia of €24.9 million and €29.7 million, respectively.

As at 30 June 2019, the Group reports tax assets due from the parent, Sintonia (which in 2012 absorbed Schemaventotto), totalling €6.3 million, relating to amounts receivable in the form of tax rebates applied for by Schemaventotto for income tax (IRES) paid during the period when this company headed the tax consolidation arrangement.

The current account between the Group and its parent, Atlantia, has a debit balance of €8.9 million as at 30 June 2019. Finally, financial expenses payable to the parent, Atlantia, in the first half of 2019 amount to €2.9 million, a decrease of €21.7 million compared with the first half of 2018 (€24.6 million). This essentially reflects repayment of the intercompany loan from Atlantia to Autostrade per l'Italia, totalling €1,000 million, in November 2018, which matched the retail bonds issued by the Company in 2012 and maturing in 2018.

The Autostrade per l'Italia Group's transactions with other related parties

The Group reports trading liabilities payable to the affiliates, Pavimental and Spea Engineering. As at 30 June 2019, trade payables due to these companies total €113.8 million and €66.2 million respectively. These payables essentially regard maintenance and construction services provided by these companies to the Group's operators and regarding motorway infrastructure. In addition, the Group reports costs of €104.2 million, payable to Pavimental in return for the above services provided.

Trade receivables due from the affiliate, Telepass amount to €15.8 million as at 30 June 2019. This primarily regards the fact that Telepass collects tolls on the Group's behalf through its Viacard and Telepass payment systems.

With regard to relations between the Autostrade per l'Italia Group's motorway operators and the Autogrill group (considered a related party as it is under the common control of Edizione Srl), as at 30 June 2019, Autogrill holds 94 food service concessions for service areas along the Group's motorway network. In the first half of 2019, the Group earned total revenue of €37.1 million on transactions with Autogrill, including €28.8 million in royalties deriving from the management of service areas. This recurring income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders. As at 30 June 2019, trading assets receivable from Autogrill amount to €21.4 million.

Transactions of a financial nature include intercompany current accounts with Atlantia Group companies, subject to arm's length conditions.

10.6 Disclosures regarding share-based payments

There were no changes, during the first half of 2019, in the share-based incentive plans already adopted for Group companies as at 31 December 2018. The characteristics of the incentive plans are described in note 10.6 to the consolidated financial statements as at and for the year ended 31 December 2018.

Details of all the plans are contained in specific information circulars prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as amended, and in Atlantia's Remuneration Report prepared pursuant to art. 123 *ter* of Legislative Decree 58 of 24 February 1998 (the Consolidated Finance Act), published in the "Remuneration" section of Atlantia's website at www.atlantia.it.

The following table shows the main aspects of existing share-based incentive plans as at 30 June 2019. The table shows the options and units awarded to directors and employees of the Atlantia Group at that date, and the related changes (in terms of new awards and the exercise, conversion or lapse of options or units) in the first half of 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.

	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 Nov 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 Nov 2016 grant	526,965	N/A (**)	9 Nov 2019	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-2,573,344								
- options lapsed	-335,021								
Totale	91,518								
Changes in options in H1 2019									
- options exercised	-								
- options lapsed	-								
Options outstanding as at 30 June 2019	91,518								

(*) These options and units were awarded as a result of bonus issues by Atlantia and, therefore, do not represent the award of new benefits.

(**) These are phantom share options granted in place of certain conditional rights included in the grants of 2011 and 2012 which, therefore, do not represent the award of new benefits.

(***) These are options and units awarded to beneficiaries throughout the Atlantia Group and not only to those at Autostrade per l'Italia.

The following changes took place during the first half of 2019.

2011 Share Option Plan

As at 30 June 2019, the remaining options outstanding (awarded solely under the third cycle) are unchanged with respect to 31 December 2018.

The unit fair value of the 91,518 remaining phantom options as at 30 June 2019 was remeasured as €10.05, in place of the unit fair values at the grant date.

The following table shows the main aspects of the Autostrade per l'Italia Group's cash-settled incentive plans outstanding as at 30 June 2019.

	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	1,566,736	9 May 2017	9 May 2020	N/A (*)	2.88	3,0 - 6,0	1.10%	28.9%	5.47%
- deconsolidation of companies	-125,222								
- 8 May 2015 grant	1,436,941	8 May 2018	08 May 2021	N/A (*)	2.59	3,0 - 6,0	1.01%	25.8%	5.32%
- 10 June 2016 grant	1,617,292	10 June 2019	10 June 2022	N/A (*)	1.89	3,0 - 6,0	0.61%	25.3%	4.94%
- transfers/secondments	-423,798								
- options exercised	-1,232,662								
- options lapsed	-694,112								
Total	2,145,175								
Changes in options in H1 2019									
- options exercised	-34,226								
- transfers/secondments	-106,713								
- options lapsed	-12,193								
Options outstanding as at 30 June 2019	1,992,043								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2019									
- 12 May 2017 grant	882,917	15 June 2020	1 July 2023	N/A (*)	2.37	3,13 - 6,13	1.31%	25.6%	4.40%
- 3 August 2018 grant	732,785	15 June 2021	1 July 2024	N/A (***)	2.91	5,91	2.35%	21.9%	4.12%
- transfers/secondments	21,827								
- options lapsed	-46,339								
Total	1,591,190								
Changes in options in H1 2019									
- 7 June 2019 grant	529,613	15 June 2022	1 July 2025	N/A (*)	2.98	6,06	1.72%	24.3%	4.10%
- transfers/secondments	-134,332								
- options lapsed	-								
Options outstanding as at 30 June 2019	1,986,471								
2017 PHANTOM SHARE GRANT PLAN									
Units outstanding as at 1 January 2019									
- 12 May 2017 grant	79,305	15 June 2020	1 July 2023	N/A	23.18	3,13 - 6,13	1.31%	25.6%	4.40%
- 3 August 2018 grant	73,007	15 June 2021	1 July 2024	N/A	24.5	5,91	2.35%	21.9%	4.12%
- transfers/secondments	2,296								
- options lapsed	-4,682								
Total	149,926								
Changes in units in H1 2019									
- 7 June 2019 grant	54,241	15 June 2022	1 July 2025	N/A (*)	2.98	6,06	1.72%	24.3%	4.10%
- transfers/secondments	-14,131								
- options lapsed	-								
Units outstanding as at 30 June 2019	190,037								

(*) Given that these are cash bonus plans, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan and the 2017 Phantom Share Option Plan do not require an exercise price. However, the Terms and Conditions of the plans indicate an "Exercise price" (equal to the arithmetic mean of Atlantia's share price in a determinate period) as the basis on which to calculate the gross amount to be paid to beneficiaries.

2014 Phantom Share Option Plan

The vesting period for the third cycle of the Plan expired on 10 June 2019.

The unit fair values of the options awarded under the first, second and third award cycles were remeasured as at 30 June 2019 as €6.01, €2.74 and €2.71 respectively, in place of the unit fair value at the grant date.

2017 Phantom Share Option Plan

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question, awarding 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 awarded under the first and second award cycles were remeasured as at 30 June 2019 as €3.43 and €3.15 respectively, in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

On 7 June 2019, Atlantia's Board of Directors selected the beneficiaries for the third cycle of the Plan in question, awarding phantom options with a vesting period from 7 June 2019 to 15 June 2022 and a conversion period from 1 July 2022 to 1 July 2025.

The unit fair value of the remaining units as at 30 June 2019 under the first and second award cycles were remeasured as €25.79 and €24.11 respectively, in place of the unit fair value at the grant date.

The prices of Atlantia's ordinary shares in the various periods covered by the above plans are shown below:

- a) price as at 30 June 2019: €22.68;
- b) price as at 7 June 2019: €22.92 (the grant date for new options or units, as described above);
- c) the weighted average price for the first half of 2019: €22.00;
- d) the weighted average price for the period from 7 June 2019 to 30 June 2019: €23.37.

In accordance with the requirements of IFRS 2, as a result of the existing plans, in the first half of 2019, the Group recognised staff costs of €7,842 thousand, based on the accrued fair value of the options and units awarded at that date (including €108 thousand accounted for in equity reserves). In contrast, the liabilities represented by phantom share options outstanding as at 30 June 2019 have been recognised in other current and non-current liabilities, based on the assumed exercise date.

10.7 Significant legal and regulatory aspects

In addition to the information already provided in the Annual Report for the year ended 31 December 2018, this section provides details of updates or new developments relating to the main disputes outstanding and significant regulatory events affecting Group companies and occurring through to the date of approval of this Interim Report for the six months ended 30 June 2019.

Toll increases for 2019

- In Autostrade per l'Italia's case, in view of Autostrade per l'Italia's willingness to postpone application of the net toll increase for a period of six months, the Ministry of Infrastructure and Transport (the "MIT") and Ministry of the Economy and Finance (the "MEF") issued interministerial decree 588 of 31 December 2018 suspending the toll increase – set at 0.81% by the MIT's General Directorate for the Supervision of Motorway Concessions (the *DGVCA*) - applicable from 1 January 2019, deferring its application until 1 July 2019, unless otherwise agreed by Autostrade per l'Italia and the Grantor. The increase 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 and AISCAT. The offer to postpone the toll increase was made on the assumption that talks would begin with the MIT's technical experts with a view to the resolution of a number of outstanding key issues. In a letter dated 31 December 2018, the Grantor had announced that it would shortly schedule specific meetings. 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, on 27 June 2019, the company announced its willingness to temporarily extend postponement of the toll increase due to come into effect on 1 January 2019, with the tolls charged to road users to remain unchanged through to 15 September 2019. This was done on the assumption that, by this date, it would be possible to reach agreement on solutions to issues that have been under discussion with the Grantor for some time.
- In Raccordo Autostradale Valle d'Aosta's case, interministerial decree 566 of 31 December 2018 issued by the MIT and the MEF granted a toll increase of 6.32%, in line with the company's request. The decree acknowledges that the company, in a memo dated 27 December 2018, had accepted the Grantor's request and announced its willingness to suspend the toll increase effective 1 January 2019 for residents/commuters in the Val d'Aosta area equipped with Telepass devices and who have registered to participate in the initiative. On 27 June 2019, Val D'Aosta Regional Administrative Court upheld the company's challenge against interministerial decree 605 of 29 December 2017, in which the

- MIT and the MEF awarded a toll increase of 52.69% for 2018, compared with the company's requested for an increase of 81.12%.
- In Autostrade Meridionali's case, interministerial decree 583 of 31 December 2018 issued by the MIT and the MEF did not grant any toll increase, as the concession had expired on 31 December 2012. The company has challenged this determination.
 - In Autostrada Tirrenica's case, interministerial decree 564 of 31 December 2018 issued by the MIT and the MEF did not grant any toll increase in view of the ongoing EU infraction proceedings (no. 2014/4011) against the Italian state with regard to its extension of the concession.
 - In Tangenziale di Napoli's case, a toll increase of 1.82% has been granted, compared with a request for 1.93%. The company has filed a legal challenge, citing the failure to take into account certain investments.
 - In the case of Traforo del Monte Bianco which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel awarded a toll increase of 1.78%. This is based on the average of the inflation rates registered in Italy (1.57%) and France (1.98%), plus 0.95% linked to the extraordinary increase for the Frejus Tunnel and also applied to Traforo del Monte Bianco.

Agreement between the Ministry of Infrastructure and Transport, ANAS and Autostrade per l'Italia relating to the Casalecchio Interchange

The II Addendum to Autostrade per l'Italia's Single Concession Arrangement, governing the inclusion of the Casalecchio Interchange – Northern section among Autostrade per l'Italia's investment commitments, was signed on 10 July 2017. In a memorandum of 17 June 2019, the MIT gave the go-ahead for signature of the Implementation Agreement by the Ministry of Infrastructure and Transport itself, ANAS and the Company. The Agreement sets out the procedure by which Autostrade per l'Italia will pay up to €155 million to ANAS in return for construction of the Northern Section of the Casalecchio Interchange. Autostrade per l'Italia and ANAS have both digitally signed the Agreement. On 18 July 2019, the MIT – Motorway Concessions Supervisory Department sent all the signatories the document, digitally signed by all parties.

Transport Regulator – Tariff regimes

On 29 March 2019, Autostrade per l'Italia, alongside other motorway operators, filed a legal challenge with Piedmont Regional Administrative Court contesting 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 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 addition, the company also took part in the relevant consultation process, contesting the scope of application of the tariff regime devised by ART on the basis of the same arguments presented in the above legal challenge, and submitting its observations on the related financial aspects.

In Determination 71 of 19 June 2019, ART announced its decision "to approve..... a toll regime based on the price cap method with five-yearly determination of the productivity measure X for the Single Concession Arrangement between ANAS SpA and Autostrade per l'Italia SpA.....". On 15 July 2019, in order to conduct a full examination of the above Determination 71, Autostrade per l'Italia requested access to the notes, documents, data and estimated on which ART and the MIT have based their approach, thereby enabling it to understand the criteria forming the basis for the determination. Autostrade per l'Italia is considering what further action to take.

Legislation concerning tenders and concessions

Law 55 of 14 June 2019 has extended until 31 December 2020 the transitional period for compliance with the new requirements introduced by art. 177 of Legislative Decree 50/2016, which requires existing motorway concession holders to award 60% of any contracts for works by public tender. With regard to the legal action challenging the lawfulness of the Interpretation Guidelines for art. 177, on 27 June and 3 July 2019, Lazio Regional Administrative Court ruled that the challenges brought by AISCAT and the operators, including Autostrade per l'Italia, were inadmissible as they did not meet the requirement that the Guidelines would cause immediate harm.

Autostrade per l'Italia, the other operators and AISCAT are considering an appeal before the Council of State.

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 the Council of State judgement confirming the disqualification of two competing bidders, Autostrade Meridionali and Consorzio Stabile SIS, on 9 July 2019 the Grantor, the MIT, informed Autostrade Meridionali that, in awarding the concession, the Ministry from now on intends to use the negotiated procedure permitted by art. 59, paragraph 2.b) and paragraph 2-*bis* of Legislative Decree 50/2016 (the Tenders Code).

As a result, the Grantor has invited Autostrade Meridionali, should it deem such a bid to be in its interests, to submit a bid in accordance with the specifications contained in the letter of invitation by 14 October 2019.

Five-yearly review of Autostrade per l'Italia's financial plan

Following Autostrade per l'Italia's submission of a proposal for the five-yearly update of its financial plan on 15 June 2018, and despite repeated requests for a response, the Grantor has yet to approve the plan, stating on 4 December 2018 that the delay was due to the fact that regulatory responsibility had been transferred to the Transport Regulator by Law Decree 109/2018.

In response, Autostrade per l'Italia has filed:

- an extraordinary appeal to the Head of State, notified on 24 March 2019, requesting annulment of the determination by which the Grantor, acknowledging the delay in approval of the updated financial plan submitted by Autostrade per l'Italia, due to a change in the regulatory framework, has *de facto* halted to its approval;
- an appeal, notified on 14 June 2019, before Lazio Regional Administrative Court, requesting a ruling on the unlawfulness of the Grantor's failure to respond to the proposed update of Autostrade per l'Italia's financial plan for the regulatory period 2018-2022. The related hearing is scheduled for 2 October 2019.

Litigation regarding the Ministry of Infrastructure and Transport and the Ministry for Economic Development decree of 7 August 2015 and competitive tenders for oil and food services at service areas

With regard to the procedure for awarding the contract to provide oil services at the Novate North service area, Tamoil Italia SpA, the second ranked bidder, has challenged the award and requested injunctive relief. Injunctive relief has been granted by Lombardy Regional Administrative Court and, on 4 April 2019, the case was discussed by the court. The court's judgement is currently awaited.

Accident on the Acqualonga viaduct on the A16 Naples-Canosa motorway on 28 July 2013

Criminal proceedings

With regard to the accident that occurred on 28 July 2013, the case came to a close at the hearing of 11 January 2019, with the reading of the judgement at first instance in the trial of twelve people in total, including executives, former managers and employees of Autostrade per l'Italia.

Specifically, the court found the accused who at the time of the accident held the roles of Autostrade per l'Italia's Chief Executive Officer, General Manager for Operations & Maintenance, Head of the "Road Surfaces and Safety Barriers" unit, Head of the "Safety Barriers, Laboratories and RD" operations unit and the two Coordinators at the VI Section Operations Centre in Cassino not guilty pursuant to art. 530, paragraph 1 of the code of criminal procedure, as they are innocent of the crime of which they were accused. Instead, the then managers and heads of operations at the VI Section office in Cassino were found guilty. The court fixed a term of 90 days for the court to file its reasons for the judgement.

The reasons for the judgement were finally filed on 10 April 2019.

The Public Prosecutor and the lawyers defending the accused who have been found guilty have lodged appeals against the judgement at first instance to be heard before the competent Court of Naples.

To date, almost all of the civil parties whose entry of appearance in the criminal trial has been admitted have received compensation and have, therefore, withdrawn their actions following payment of their claims by Autostrade per l'Italia's insurance provider under the existing general liability policy.

Civil proceedings

In addition to the criminal proceedings, a number of civil actions have been brought by persons not party to the criminal trial. These actions have been combined by the Civil Court of Avellino.

Following the combination of the various proceedings, judgement is thus pending before the Civil Court of Avellino in relation to: (i) the original action brought by Reale Mutua Assicurazioni, the company that insured the coach, in order to make the maximum claim payable available to the damaged parties, including Autostrade per l'Italia (€6 million), (ii) subsequent claims, submitted as counterclaims or on an individual basis, by a number of damaged parties, including claims against Autostrade per l'Italia.

Subject to the permission of the court, Autostrade per l'Italia has referred claimants to its insurance provider (Swiss Re International), with a view to being indemnified against any claims should it lose the case.

Preliminary hearings before the civil court were held between 20 October 2016 and 12 July 2018, during which the court reserved judgement on all the claims presented.

The court then declared that it was ready to issue judgement and fixed the date of 18 January 2019 for the hearing for clarification of the pleadings.

At the hearing of 18 January 2019, the court stated that it was ready to formulate a judgement.

On 23 July 2019, the Court of Avellino filed judgement no. 1461/2019, ruling that Autostrade per l'Italia and Mr Gennaro Lametta, the owner of the agency that hired the bus insured with Reale Mutua, were concurrently and jointly liable (50% each).

The judgement took into account the compensation already paid by Autostrade per l'Italia together with its insurer, SwissRe, amounting to €45 million, and calculated the limits of liability in the third-party liability vehicle insurance policy for the bus provided by Reale Mutua, amounting to €4.7 million.

Following these calculations, it emerged that a remaining 13 damaged parties had not received compensation as part of the out-of-court settlements and the court awarded those parties a total of €0.8 million in damages to be met jointly by Autostrade per l'Italia and Mr Lametta (Reale Mutua).

Given that the limit on liability in the Reale Mutua policy was not sufficient to cover 50% of this sum, it was established that a 36.72% share would be covered.

As a result, Autostrade per l'Italia is liable for the remaining amount of approximately €500 thousand, with the option of bringing a claim against the other liable party for the difference of 13.28%.

The Company is considering an appeal against the judgement.

Investigation by the Public Prosecutor's Office in Avellino regarding the anchorages for the New Jersey safety barriers installed on 12 road bridges on the A16

On 2 May 2019, a notice of investigation was received by 3 of Autostrade per l'Italia's executives in relation to the offences provided for in and punishable in accordance with articles 110 and 434 of the criminal code ("culpable collapse or other culpable disasters"). This was accompanied by a seizure order for the New Jersey barriers installed on 12 road ridges on the A16.

According to the investigators, in the period between 2014 and 2015, Autostrade per l'Italia's technical units made changes to the anchorages attaching the New Jersey barriers to the bridge (replacement of the original Liebig anchor bars with threaded bars). This involved the use of low-cost materials that were below the required standard, were not compliant or certified, subject to inhomogeneity during installation and, moreover, in accordance with a design deemed by the Public Works Commission (asked by the MIT to express an opinion on the matter) to not guarantee that the New Jersey barriers would have the same level of performance following the above changes.

It is alleged that these changes reduced the ability of the barriers to do their job, thereby putting the public in danger.

Following the Public Works Commission's opinion, which moreover did not express doubts about the solution adopted by Autostrade per l'Italia, but requested more documentary evidence that the barriers would have the same levels of performance before and after the changes, a series of specific crash tests were carried out in 2019 and the barriers were awarded a CE mark as having met the highest performance standards.

On 7 June 2019, counsel for the defence requested authorisation for Autostrade per l'Italia's technicians and consultants to conduct a series of tests, in consultation with the technical experts appointed by the Public Prosecutor and the Highway Police and concerning "pull-out" tests of the anchorages for the New Jersey barriers installed along the road bridges on the A16. The aim was to effectively demonstrate, through "case-by-case" testing in the field, as recommended by the Public Works Commission in its opinion, that the system of anchorages used was efficient and safe. This request was subsequently refused by the local office of the preliminary investigating magistrate.

On 11 June, the preliminary investigating magistrate notified the 3 executives of a further preventive seizure order, involving the closure to traffic of the inside lanes running alongside the barriers installed along the 12 road bridges on the A16 involved in the investigation.

Counsel for the defence filed a motion to reconsider the decision with the primary aim of obtaining discovery of the investigation documents forming the basis for the seizure order.

In this way, access was gained to the technical report prepared by the technical experts appointed by the Public Prosecutor on 15 May 2019.

Autostrade per l'Italia's technical units thus promptly involved:

- Prof. Mancini from the Polytechnic University of Turin in the preparation of a study designed to respond to the questions raised by the technical experts appointed by the Public Prosecutor;
- the "DICATECh" department of Bari Polytechnic to prepare an updated version of the Procedure for Testing the overall efficiency of the New Jersey barriers involved in replacement of the Liebig anchorages, previously drawn up for the earlier proposal submitted by the counsel for the defence to the Public Prosecutor's Office in Avellino and rejected by the preliminary investigating magistrate.

On the basis of the above documents, from 1 July 2019, the Company's area offices have launched a series of additional inspections throughout the network, with the exception of the road bridges on the A16 covered by the seizure order. The aim is to confirm and provide evidence that it has acted correctly in keeping with the most rigorous science, and to thus provide the Public Prosecutor's Office in Avellino and the MIT, in accordance with the Public Works Commission's recommendation to carry out "case-by-case" tests, with ultimate proof of the validity of the design solution used in replacing the anchorages for the New Jersey barriers bordering Autostrade per l'Italia's network.

On 2 July 2019, Autostrade per l'Italia's 3 executives were notified of a request to extend the preliminary investigation for a further six months.

On the same theme, the Public Prosecutor's Office in Belluno has also recently begun a criminal investigation of persons unknown, accompanied by a request for documentation regarding the replacement of anchorages for the barriers on the Rio Salere and Ponte nelle Alpi road bridges on the A27. As a result, the MIT has recently conducted specific checks of the efficiency of the barriers on the two road bridges. This were completed on 3 July 2019, with a highly positive outcome.

Claim for damages from the Ministry of the Environment

A criminal case (initiated in 2007) pending before the Court of Florence involves two of Autostrade per l'Italia's managers and another 18 people from contractors, who are accused of violating environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico*. Between February 2016 and May 2016, all the witnesses and experts called to give evidence by the defence were heard.

The process of hearing depositions was completed on 30 October 2017.

At the subsequent hearing, the court acquitted the two managers from Autostrade per l'Italia in accordance with art. 530, paragraph I of the criminal code, based on the fact that there was no case to answer and setting a term of 90 days for the court to file the reasons for its judgement.

The reasons for the judgement were filed on 27 April 2019.

On 20 June 2019, the Public Prosecutor's office in Florence has filed a *per saltum* appeal against the judgement with the Supreme Court.

Proceedings involving Autostrade per l'Italia and Craft Srl

New proceedings before the Supreme Court

On 31 May 2019, a public hearing was held before the Supreme Court to discuss the main appeal brought by Autostrade per l'Italia and CRAFT's cross-appeal. The Court's decision is awaited.

Executive proceedings

At the hearing of 12 March 2019, the Court, having heard the parties, reserved judgement. On 2 April 2019, the Court ordered the removal and destruction of the main server and the connected software, requiring that the removal and destruction be carried out under the direction and supervision of a court-appointed expert, who was to be sworn in on 14 May 2019. On the one hand, this judgement has enabled the Company to achieve a key goal, having avoided the need to destroy the peripheral hardware, and therefore the need to dismantle roadside equipment. On the other, in ordering the removal and destruction of the main server and the connected software, used in determining the average speed of vehicles in transit between the two gates, it implies that the existing software (Sicve-PM) and server, to the extent that, when connected, they enable the measurement of average speeds (and, whilst having other functions, which continue to be permitted: speeds at a point in time and traffic conditions), should be destroyed. For this reason, the Company, as in fact suggested by the Court in explaining the reasons for its order, has decided to oppose execution of the judgement, in accordance with art. 615, paragraph II of the code of civil procedure, before the Court of Appeal of Rome, at the same time applying for injunctive relief in order to halt the destruction of the software and the server. The hearing at which the court-appointed expert is to be sworn in was put back until 11 June 2019, when the first hearing was to take place in relation to Autostrade per l'Italia's request for injunctive relief (RG 3192/2016-4). At the hearing of 11 June 2019, the court-appointed expert was sworn in and the Company appointed its consultants. The consultant then arranged a meeting for 26 June 2019 to discuss the action to be taken with the technicians. The Court reserved judgement on the application for injunctive relief. At the meeting of 26 June 2019, the consultant indicated a series of documents that the Company must hand over and an inspection of the Florence Data Processing Centre was scheduled for 10.30am on 22 July 2019, to be followed by an inspection of

a peripheral unit. The case was then adjourned until 10.00am on 10 September 2019, when the consultant will present the related timetable.

In the meantime, on 3 July 2019, the Court partially upheld the Company's application for injunctive relief, establishing that the injunction only relates to devices in which the SICVe-PM software has been installed and where there is an assumption of validity whilst, with regard to other devices, it does not believe that the documents show that "*the old Sicve system has been effectively and fully removed*".

The court official consulted the Court in order to clarify what he should do in view of the order. The Court has established that the Sicve-PM software must be preserved. The court-appointed expert has thus requested a series of documents showing where the Sicve-PM software is installed and will carry out the agreed inspections.

Tax disputes regarding ground tax and ground rent (TOSAP and COSAP)

In recent years, city councils and provincial authorities notified Autostrade per l'Italia of numerous demands for the payment of considerable sums in the form of ground tax (*Tassa per l'Occupazione di Spazi ed Aree Pubbliche* or TOSAP) and ground rent (*Canone per l'Occupazione di Spazi ed Aree Pubbliche* or COSAP). The levies are allegedly payable in return for the occupation of public land owned by the relevant councils and provincial authorities by motorway infrastructure (road bridges, viaducts and underpasses, etc.). Assessment proceedings by the local authorities were further intensified following a number of judgements handed down by the Supreme Court, which found against the Company. As the Company is not in agreement with the basis for the judgements, the relevant demands have been appealed and provisions have been made to cover the sums involved in "Other provisions for risks and charges". Recent judgements on the merits have found in the company's favour, ignoring the rulings of the Supreme Court.

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

A section of the Polcevera road bridge in Genoa collapsed on 14 August 2018, resulting in the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Interim Report for the six months ended 30 June 2019.

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

On 3 May 2019, Autostrade per l'Italia met the deadline set by the MIT for providing a further response (with respect to the letter sent on 31 August 2018) to the Ministry's requests for clarification in its letters of 16 August 2018, 20 December 2018 and 5 April 2019. In its response, the company stated its belief that it has acted correctly and reiterating its concerns and objections regarding the procedure for serious breach of the concession arrangement. Autostrade per l'Italia stands ready to provide further information if requested to do so.

On 4 June 2019, Autostrade per l'Italia challenged, solely for precautionary purposes, 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 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 very large sum" in compensation. In conclusion, the report thus recommends a "negotiated solution".

As previously noted in the Annual Report for 2018, to which reference should be made, the company confirms that, based also on the opinion of leading experts, which have been updated to take into account correspondence during the period, the Grantor's communications cannot be taken to constitute the initial act in the procedure leading to termination of the concession, in accordance with art. 9 of the Single Concession Arrangement. As a result, the Interim Report for the six months ended 30 June 2019 has been prepared on a basis that is consistent with the Annual Report for 2018.

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 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, the Court set a date for a new hearing to discuss all four challenges on 9 October 2019.

Investigation by the Public Prosecutor's Office in Genoa

The events of 14 August 2018 resulted in criminal action before the Court of Genoa against 9 Autostrade per l'Italia personnel. The number of people under investigation was subsequently increased to 39, including executives and other people employed at the company's Rome headquarters and the relevant area office in Genoa, and employees and managers at other company of Atlantia Group, the company contracted to monitor the state of the infrastructure. The investigation regards the offences provided for in and punishable in accordance with the following articles of the criminal code: 449-434 ("accessory to culpable collapse"); 449-432 ("violation of transport safety regulations aggravated by culpable disaster"); 589-bis, paragraph 1 ("culpable vehicular homicide"); 590-bis, paragraph 1 ("grievous or very grievous bodily harm caused by road traffic violations"); 589, paragraphs 1, 2 and 3 ("culpable homicide resulting from breaches of occupational health and safety regulations"); 590, paragraphs 1, 3 and 4 ("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".

On 12 September 2018, the preliminary investigating magistrate (Giudice per le Indagini Preliminari) requested a pre-trial hearing to appoint experts to prepare a report on conditions at the disaster scene, to assess the state of repair and maintenance of the infrastructure that did not collapse and of the parts of the road bridge that did collapse and have yet to be removed, and to identify and reach agreement with the relevant authorities on procedures for the removal of debris and for demolition, so as to preserve the evidence needed for the purposes of the investigation.

The report was lodged with the court on 31 July 2019 and the preliminary investigating magistrate has already scheduled a hearing for 20 September 2019, at which the experts will be examined and cross-examined on the report in question.

In April 2019, the preliminary investigating magistrate also notified all the parties involved in the trial that there would be a second pre-trial hearing regarding the causes of the collapse, setting a date of 2 May 2019 for the hearing to establish the questions to be answered and to appoint the experts to conduct the related appraisal.

At the hearing of 18 June 2019, the preliminary investigating magistrate established the questions to be answered by the experts, all focused on ascertaining the causes of the collapse (with particular regard to the mechanics, the state of maintenance and the existence of independent factors). The magistrate also set dates for the report to be lodged (14 December 2019) and for the hearing to discuss the findings (17 January 2020).

Investigation by the Public Prosecutor's Office in Genoa of six bridges and road bridges: Paolillo on the Naples-Canosa, Moro near to Pescara, Pecetti, Sei Luci and Gargassa in Liguria and the Sarno on the A30

The Public Prosecutor's Office initiated a further investigation of allegations regarding false statements in relation to monitoring reports on the following bridges: Paolillo on the Naples-Canosa, Moro near to Pescara, Pecetti, Sei Luci and Gargassa in Liguria and the Sarno on the A30. The criminal investigation of violations of articles 81, 110 and 479 of the criminal code ("false statements by a public officer in a public office") regards four executives and managers from Autostrade per l'Italia and ten managers from Spea Engineering. The investigation is still in progress.

10.8 Events after 30 June 2019

At the date of approval of this Interim Report for the six months ended 30 June 2019, there are no material events occurring after the reporting date for the Autostrade per l'Italia Group to report.

Annexes to the consolidated financial statements

Annex 1

The Autostrade per l'Italia Group's scope of consolidation and investments as at 30 June 2019

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUNDS AS AT 30 JUNE 2019 (THOUS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUNDS AS AT 30 JUNE 2019	OVERALL GROUP INTEREST (%)	NOTE
PARENT								
AUTOSTRAD PER L'ITALIA SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	622,027,000				
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS								
AD MOVING SPA	ROME	ADVERTISING SERVICES	EURO	1,000,000	Autostrade per l'Italia Spa	100%	100%	
AUTOSTRAD MERIDIONALI SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	9,056,250	Autostrade per l'Italia Spa	58.88%	58.88%	(1)
AUTOSTRAD TECH SPA	ROME	INFORMATION SYSTEMS AND EQUIPMENT FOR THE CONTROL AND AUTOMATION OF TRAFFIC AND ROAD	EURO	1,120,000	Autostrade per l'Italia Spa	100%	100%	
ESERDISE SOCIETA' DI SERVIZI SPA	ROME	GENERAL AND ADMINISTRATIVE SERVICES	EURO	500,000	Autostrade per l'Italia Spa	100%	100%	
GROVE CLEAR Srl	ROME	CLEANING AND MAINTENANCE SERVICES	EURO	10,000	Autostrade per l'Italia Spa	100%	100%	
RACCORDO AUTOSTRADALE VALLE D'AOSTA SPA	AOSTA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	343,892,000	Societa Italiana per Azioni per il Fondo di Montepiastro	47.97%	24.46%	(2)
SOCIETA' AUTOSTRADAL TIRRENICA P.A.	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	26,460,800	Autostrade per l'Italia Spa	99.9%	99.9%	(3)
SOCIETA' FAUNANA PERAZIONI PER IL TRACCO DEL MONTE BIANCO	PRE-SAN GIORGIO (AOSTA)	MONTE BIANCO TUNNEL OPERATION AND CONSTRUCTION	EURO	198,749,200	Autostrade per l'Italia Spa	51.00%	51.00%	
TAKENZAE IN NAPOLI SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	108,077,490	Autostrade per l'Italia Spa	100%	100%	
TECH SOLUTIONS WITTEGARBIS SAS	PARIS (FRANCE)	CONSTRUCTION, INSTALLATION AND MAINTENANCE OF ELECTRONIC TOLLING SYSTEMS	EURO	2,000,000	Autostrade per l'Italia Spa	100%	100%	

(1) The company is listed on Borsa Italiana SpA's Regard market.

(2) The issued capital is made up of 628,430,000 in ordinary shares and 459,455,000 in preference shares. The percentage interest is calculated with reference to all shares in issue, whereas the 58.88% of voting rights is calculated with reference to ordinary voting shares.

(3) On 20 December 2015, Autostrade Tirrenica, following authorisation by the general meeting of shareholders held on the same date, purchased 209,000 own shares from non-controlling shareholders. Autostrade per l'Italia's interest is, therefore, equal to 99.99% as at 30 June 2019. The percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.98%.

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2019 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2019	NOTE
INVESTMENTS ACCOUNTED FOR AT FAIR VALUE							
Other investments							
CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI SpA	LIVORNO	DISTRIBUTION CENTRE	EURO	11,756,695	Società Autostrada Tirrenica p.A.	0.43%	
TANGENZIALE ESTERNA SpA	MILAN	MOTORWAY OPERATION AND CONSTRUCTION	EURO	464,945,000	Autostrade per l'Italia SpA	0.25%	
UIRNET SpA	ROME	OPERATION OF NATIONAL LOGISTICS NETWORK	EURO	1,061,000	Autostrade per l'Italia SpA	1.51%	
AUTOSTRADA HOLDING DO SUR SA	SANTIAGO (CHILE)	HOLDING COMPANY	CHILEAN PESO	51,496,805,692	Autostrade per l'Italia SpA	0.00%	(1)

(1) The company's shares are held as follows: Autostrade dell'Atlantico Srl (1,000,000 shares) and Autostrade per l'Italia SpA (1 share).

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUNDAS AT 30 JUNE 2019 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2019	NOTE
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD							
<i>Associates</i>							
PAVIMENTAL SPA	ROME	MOTORWAY AND AIRPORT CONSTRUCTION AND MAINTENANCE	EURO	10,116,452	Autostrade per l'Italia Spa	20.00%	
SPEA ENGINEERING SPA	ROME	INTEGRATED TECHNICAL ENGINEERING SERVICES	EURO	6,986,000	Autostrade per l'Italia Spa	20.00%	
BOLOGNA & FIERA PARKING SPA	BOLOGNA	DESIGN, CONSTRUCTION AND MANAGEMENT OF MULTI-LEVEL PUBLIC CAR PARKS	EURO	2,715,200	Autostrade per l'Italia Spa	36.81%	
PEDEMONTANA VENETA SPA (IN LIQUIDATION)	VERONA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	6,000,000	Autostrade per l'Italia Spa	29.77%	
TANGENTIALI ESTERNE DI MILANO SPA <i>Joins ventures</i>	MILAN	HOLDING COMPANY	EURO	220,344,608	Autostrade per l'Italia Spa	27.45%	
GRIE DEL TRAFORO DEL MONTE BIANCO	COURMAYEUR (AOSTA)	MAINTENANCE AND OPERATION OF MONT BLANC TUNNEL	EURO	2,000,000	Società Italiana per Azioni per il Traforo del Monte Bianco	50.00%	

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2019 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2019
CONSORTIA						
CONSORZIO AUTOSTRADE ITALIANE ENERGIA	ROME	ELECTRICITY PROCUREMENT	EURO	114,853	Autostrade per l'Italia SpA Tangenziale di Napoli SpA Società Italiana per Azioni per il Traforo del Monte Bianco Raccordo Autostradale Valle d'Aosta SpA Società Autostrada Tirrenica p.A. Autostrade Meridionali SpA	33.32% 27.05% 1.93% 1.81% 1.08% 0.48% 0.97%
CONSORZIO MIDRA	FLORENCE	SCIENTIFIC RESEARCH FOR DEVICE BASED TECHNOLOGIES	EURO	73,989	Autostrade Tech SpA	33.33%
COSTRUZIONI IMPIANTI AUTOSTRADALI S.C.A.R.L. (IN LIQUIDATION)	ROME	CONSTRUCTION OF PUBLIC WORKS AND INFRASTRUCTURE	EURO	10,000	Autostrade Tech SpA	20.00%
SAT LAVORI S.C.A.R.L. (IN LIQUIDATION)	ROME	CONSTRUCTION CONSORTIUM	EURO	100,000	Società Autostrada Tirrenica p.A.	1.00%
SMART MOBILITY SYSTEMS S.C. A R.L.	TORTONA (AL)	IMPLEMENTATION OF ADVANCED TECHNOLOGY INFRASTRUCTURE	EURO	10,000	Autostrade Tech SpA	24.50%
SAFE ROADS S.C. A R.L.	TORTONA (AL)	INTEGRATED ENGINEERING SERVICES	EURO	10,000	Autostrade Tech SpA	17.22%
INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS						
STRADA DEI PARCHI SpA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	48,114,240	Autostrade per l'Italia SpA	2.00%



04



REPORTS



Attestation of the condensed consolidated interim financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

1. We, the undersigned, Roberto Tomasi and Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Autostrade per l'Italia SpA's financial reporting, having taken account of the provisions of art. 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 condensed consolidated interim financial statements during the first half of 2019.
2. The administrative and accounting procedures adopted in preparation of the condensed consolidated interim financial statements as at and for the six months ended 30 June 2019 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Autostrade per l'Italia SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level.
3. We also attest that:
 - 3.1 the condensed consolidated interim 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 interim report on operations contains a reliable analysis of material events during the first six months of the year and their impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of related party transactions.

1 August 2019

Roberto Tomasi
Chief Executive Officer

Giancarlo Guenzi
Manager responsible for
financial reporting

Report of the Independent Auditors



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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders of
Autostrade per l'Italia S.p.A.**

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Autostrade per l'Italia S.p.A. and subsidiaries (the "Autostrade per l'Italia Group"), which comprise the consolidated statement of financial position as of June 30, 2019 and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Autostrade per l'Italia Group as at June 30, 2019 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Emphasis of matter

We draw attention to the matters discussed by the Directors in the chapter 2.10 in the interim report on operations and in note 10.7 in the Notes to the condensed consolidated interim financial statements with regard to the Event of 14 August 2018, relating to the collapse of a section of the Polcevera road bridge in Genoa (the "Event"), and the potential risks connected with eventual changes to the concession arrangement of Autostrade per l'Italia S.p.A. ("ASPI"). In particular, the Directors describe developments following the allegation made by the Ministry of Infrastructure and Transport (the "Grantor") that ASPI has committed serious breaches of the terms of its concession arrangement. They also state that, based also on the opinion of leading experts, they believe that the Grantor's communications cannot be taken to constitute the initial act in the procedure leading to termination of the concession, in accordance with art. 9 of the Single Concession Arrangement.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 30.328.220,00 i.v.
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With regard to the impact of the Event on profit and loss statement and on the financial position, with particular reference to demolition and reconstruction and compensation for direct damages, in note 6 in the Notes to the condensed consolidated interim financial statements, the Directors describe the accounting treatment adopted and the related impact of the period.

Our conclusion is not modified in respect of this matter.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
August 6, 2019

This report has been translated into the English language solely for the convenience of international readers.

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Legal information

Autostrade per l'Italia SpA
A company managed and coordinated by Atlantia SpA
Issued capital: €622,027,000 (fully paid-up)
Tax code, VAT number and Rome Companies' Register number: 07516911000
REA no. 1037417

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La passione di muovere il Paese