



# 2017 Financial Statements

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**SEPARATE FINANCIAL STATEMENTS  
AND  
CONSOLIDATED FINANCIAL  
STATEMENTS  
AS AT  
31 DECEMBER 2017**



**ASTM S.p.A.**

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# **ORDINARY SHAREHOLDERS' MEETING**

**20 APRIL 2018**

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## Board of Directors and Board of Statutory Auditors

### ASTM

Società per Azioni (public limited company)  
Share capital EUR 49,499,300 fully paid-up  
Tax code and registration with the  
Turin Register of Companies no. 00488270018  
Registered Office in Turin – Corso Regina Margherita 165  
Website: <http://www.astm.it>  
e-mail: [astm@astm.it](mailto:astm@astm.it)  
Management and coordination: Argo Finanziaria S.p.A. Unipersonale

### MEMBERS OF THE BOARD OF DIRECTORS

Chairman  
Gian Maria Gros-Pietro

*Deputy-Chairpersons*  
Daniela Gavio  
Marcello Gavio

*Managing Director*  
Alberto Rubegni

*Directors*  
Beniamino Gavio  
Stefania Bariatti  
Caterina Bima <sup>(3)</sup>  
Giuseppe Garofano <sup>(2)</sup>  
Giuseppe Gatto <sup>(2)</sup>  
Barbara Poggiali <sup>(1)</sup>  
Luigi Roth <sup>(2)</sup>  
Anna Chiara Svelto <sup>(1)</sup>  
Umberto Tosoni  
Stefano Viviano <sup>(4)</sup>  
Marco Weigmann <sup>(1)</sup>

*Secretary*  
Cristina Volpe

### BOARD OF STATUTORY AUDITORS

*Chairman*  
Marco Fazzini

*Standing Auditors*  
Ernesto Ramojno  
Piera Braja <sup>(3)</sup>

*Substitute Auditors*  
Massimo Berni  
Annalisa Donesana  
Roberto Coda

- (1) Member of the "Remuneration Committee"
- (2) Members of the "Audit, Risk and Sustainability Committee"
- (3) Member of the "Supervisory Body"
- (4) Director responsible for the internal Audit and Risk Management System

### INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

#### TERM OF OFFICE

The Board of Directors was appointed for three financial years by the Ordinary Shareholders' Meeting on 28 April 2016 and its term of office will expire with the Shareholders' Meeting that will be held for the approval of the 2018 Financial Statements.

The Board of Statutory Auditors was appointed for three financial years by the Ordinary Shareholders' Meeting on 28 April 2017 and its term of office will expire with the Shareholders' Meeting that will be held for the approval of the 2019 Financial Statements.

The Independent Auditors were appointed by the Ordinary Shareholders' Meeting on 28 April 2017 and are in office for nine financial years. Their term of office will expire with the Shareholders' Meeting that will be held for the approval of the 2025 Financial Statements.

#### POWERS OF COMPANY OFFICERS

The Chairman, who was appointed on 28 April 2016 by the Ordinary Shareholders' Meeting, exercises the powers granted to him by the Board on 28 April 2016.

The Vice-Chairmen – who were appointed by the Board of Directors on 28 April 2016 – were granted management powers to be exercised in case of absence or impediment of the Chairman.

The Managing Director was appointed by means of a Board resolution dated 28 April 2016 and exercises the management powers granted to him by law and the Articles of Association.

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## Agenda

1. 2017 Financial Statements, Management Report: ensuing resolutions.  
Review of the 2017 Consolidated Financial Statements and 2017 Sustainability Report.
2. Allocation of profit (loss) for the period.
3. Measures pursuant to article 2386 of the Civil Code.
4. Remuneration report, pursuant to article 123-ter of Legislative Decree no. 58 of 24 February 1998.
5. Request to authorise the purchase and sale of treasury shares.

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**Financial Statements**  
**as at 31 December 2017**

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## Operating performance

Below are the main consolidated income and financial data as at 31 December 2017 and relative to the previous year:

<i>(amounts in millions of EUR)</i>	2017	2016 <sup>1</sup>
Turnover	1,436.1	1,205.1
Net toll revenue	1,017.3	978.9
Construction sector revenues	286.9	105.6
Gross operating margin (EBITDA)	719.1	663.1
Gross operating margin "reported"	706.3	661.2
Operating profit attributable to the Parent Company – <i>Continued Operations</i>	149.6	94.2
Operating profit attributable to the Parent Company – <i>Discontinued Operations</i>	0.3	1.4
Operating cash flow	533.4	487.9
Motorway investments	190.1	175.2

<i>(amounts in millions of EUR)</i>	31 December 2017	31 December 2016
Adjusted net financial indebtedness	1,333.1	1,621.5

\*\*\*\*\*

During 2017 "Turnover" exceeded EUR 1.4 billion; in particular Motorway toll revenue exceeded EUR 1 billion, while Construction sector revenue amounted to EUR 0.3 billion.

In 2017, the "gross operating margin" increased by EUR 56 million(+8.5), amounting to EUR 719.1 million.

This increase reflects the growth in the gross operating margin of the "motorway sector" (EUR +47.7 million) the "construction sector" (EUR +9.1 million), the "engineering sector" (EUR +1 million) and the "technological sector" (EUR +0.7 million), partially offset by the decline recorded in the "services sector" (EUR -2.5 million).

More specifically, with regard to the "motorway sector", this change was the result of: (i) a rise in traffic in the first half of 2017 (+1.93%<sup>2</sup>) which, together with the traffic mix and toll adjustments recognised with effect from 1 January 2017 (limited in part to the Turin-Milan, Turin-Piacenza, Parma-La Spezia and Turin-Savona sections), triggered a growth in net toll revenue of EUR 38.4 million (+3.92%),(ii) a rise in "other motorway revenues" (EUR 6 million) and (iii) fewer "operating costs" (EUR 3.3 million).

As regards the "construction sector," the growth in the gross operating margin is mainly due to: (i) the consolidation for the entire year of Itinera Group production (only as regards the second half of 2016) and (ii) the consolidation - with effect from 5 July 2017 - of production of the Halmar Group, following its acquisition.

As regards the "engineering sector," the margin benefited from the company reorganisation and restructuring plan adopted by the Group in the 2016 period with the aim, inter alia, to recover profitability in the sector.

The recognition of non-recurring net charges in 2017 led to a "reported gross operating margin" of EUR 706.3 million (EUR 661.2 million in 2016, taking into account non-recurring items).

<sup>1</sup> Comparative data of the previous year, as described in the Notes, were restated as a result of the classification pursuant to IFRS 5, following the sale of the equity investment in Fiera Parking S.p.A..

<sup>2</sup> +2.17% (+ 1.69% light traffic, + 3.69% heavy traffic), the rise in motorway traffic "adjusted" to take into account the effect related to the fact that 2016 was a leap year.

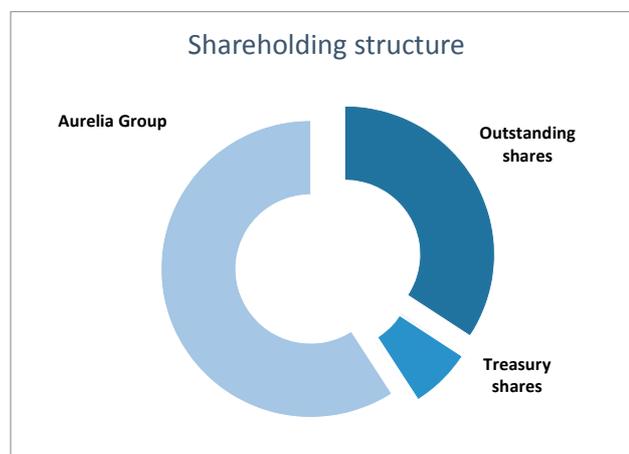
The growth in the “reported gross operating margin” (EUR +45.1 million, including “non-recurring items”), was offset by the increase in amortisation and depreciation and net provisions allocated in the year (EUR +21.3 million), increasing operating income by EUR 23.7 million (+6.8%).

The improvement in operating income and in “financial income” (which benefited from EUR 24.9 million from the greater contribution of companies accounted for by the equity method and EUR 34.6 million for capital gains mainly from the sale of the parking sector and equity investment in FNM S.p.A., were reflected - net of the corresponding tax effect and of profit pertaining to minority interests - on “**income attributable to the Parent Company in the period**” that went up by approximately EUR 55.4 million, to a value equal to EUR 149.6 million (+58.6%).

## ASTM S.p.A. Shareholding

As at 31 December 2017, the number of ordinary shares was equal to 98,998,600. Based on available information, holders of ordinary shares amounting to more than 3% of the share capital are detailed below:

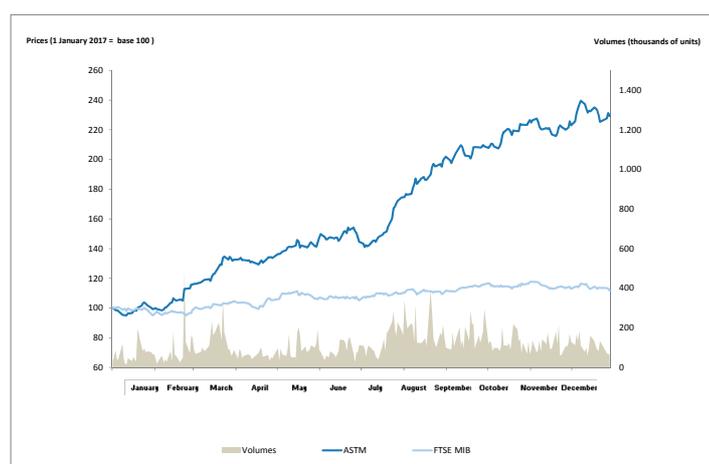
Aurelia Group	59.12%	(1)
Treasury shares	6.64%	(2)
Outstanding shares	34.24%	
<b>Total</b>	<b>100.00%</b>	



(1) Aurelia S.r.l. 0.555%; Codelfa S.p.A. 1.967%; Argo Finanziaria S.p.A. 56.597%.

(2) ASTM S.p.A. 6.563; Albenga Garessio Ceva S.p.A. 0.06%; Ativa S.p.A. 0.02%.

## ASTM S.p.A. on the stock exchange - security performance in 2017



### Information on the security

No. of shares as at 31 December 2017	98,998,600
Treasury shares as at 31 December 2017	(6,577,706)
Outstanding shares as at 31 December 2017	92,420,894
Market capitalisation as at 29 December 2017 (million EUR)	2,233
2016 balance dividend per share (May 2017, EUR)	0.250
2017 interim dividend per share (December 2017, EUR)	0.214
Listing as at 29 December 2017	24.17
Maximum price in the period 1 January - 31 December 2017 (8 December 2017)	25.25
Minimum price in the period 1 January - 31 December 2017 (11 January 2017)	10.03
Average daily volumes in the period 1 January–31 December 2017 (thousands of shares)	114,473

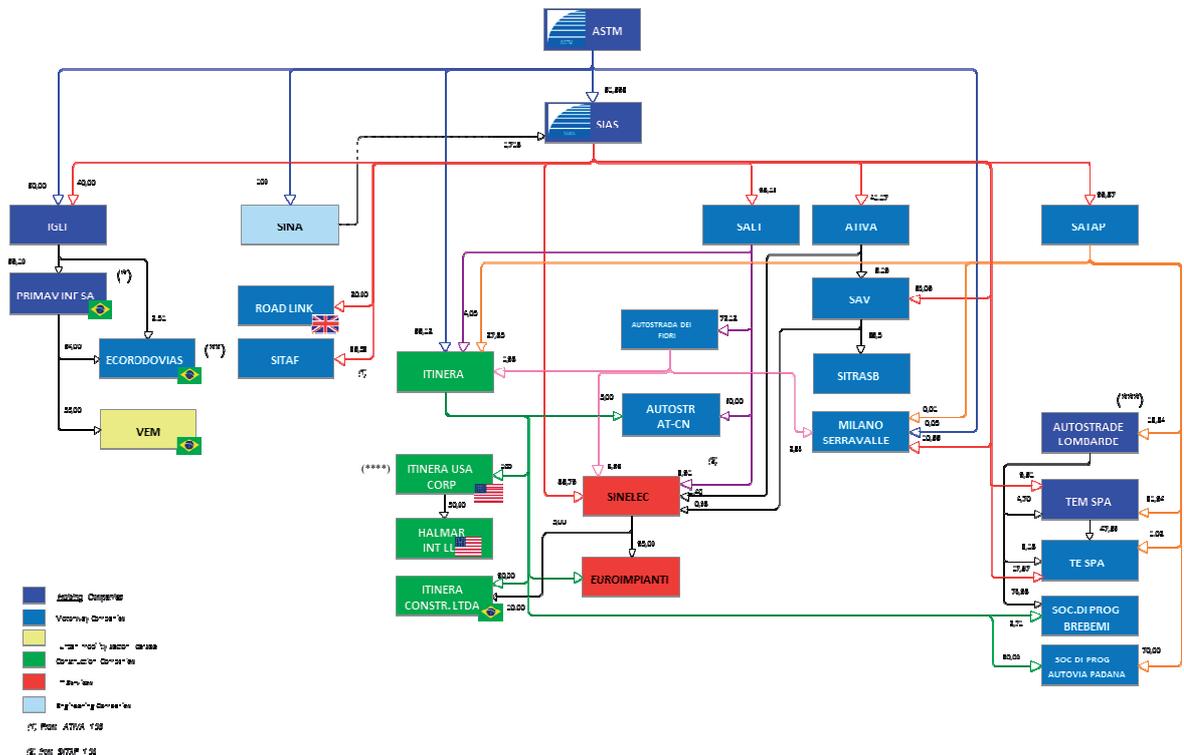
## Group structure and business segments

ASTM is an industrial holding company working primarily in the management of motorway networks under concession and in the design and construction of major infrastructure (EPC Contractor).

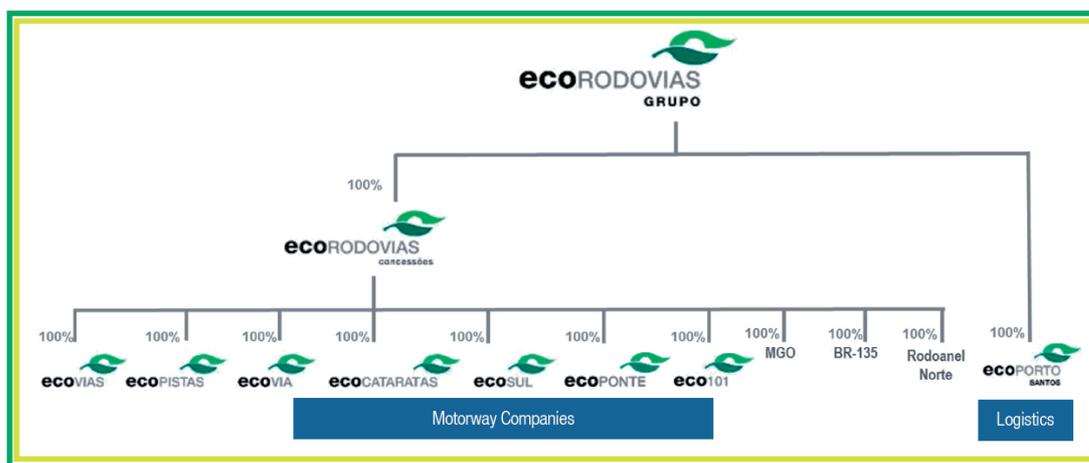
Specifically, the Group is engaged in the management of motorway networks under concession through SIAS S.p.A., the largest motorway operator in north-western Italy (a 63.42%-owned subsidiary), listed on the Borsa Italiana Italian Electronic Stock Market (MTA), and Ecorodovias Infraestrutura e Logística S.A., Brazil's third-largest motorway operator (jointly controlled through an effective holding of approximately 46.73% of the share capital), a Brazilian holding company listed on the Novo Mercado BOVESPA.

The Group is also engaged in the field of major infrastructure works in Italy and worldwide through its subsidiary Itinera S.p.A., a leading national *player* in the sector.

The current structure of the Group – only with regard to the main investee companies<sup>(1)</sup> – is detailed below:



(\*) Based on the contractual agreements, this percentage corresponds to 50% of the voting rights  
 (\*\*) Brazilian holding company (listed on the Novo Mercado BOVESPA and jointly controlled), which holds companies operating in the motorway concession and logistics sectors, as detailed below.  
 (\*\*\*) Company held for sale following agreements entered into with Intesa Sanpaolo S.p.A.  
 (\*\*\*\*) American Holding operating in the constructions sector



1) The entire list of investee companies is included in the "Notes – Scope of consolidation" in the consolidated financial statements.

# Management Report

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## ALTERNATIVE PERFORMANCE MEASURES

Pursuant to Consob Communication of 3 December 2015 implementing in Italy the guidelines on Alternative Performance Measures (hereinafter also "APM") issued by the European Securities and Markets Authority (ESMA), which are mandatory when publishing regulated information or prospectuses after 3 July 2016, the criteria used to develop the main APMs published by the ASTM Group are described below.

The APMs presented in the "Management Report" are considered relevant for assessing the overall operating performance of the Group, the operating segments and the individual Group companies. In addition, the APMs are considered to provide better comparability over time of the same results, although they are not a replacement or an alternative to the results provided in the "Consolidated Financial Statements" according to the IAS/IFRS (official or reported data).

With reference to the APMs relating to the consolidated results, it should be noted that, in the "Economic, equity and financial data" section, the ASTM Group presents reclassified financial statements that differ from those envisaged by the IAS/IFRS included in the Condensed Consolidated Half-yearly Financial Statements; therefore, the reclassified consolidated income statement, consolidated statement of financial position and net financial indebtedness contain, in addition to the economic-financial and equity data governed by the IAS/IFRS, certain indicators and items derived therefrom, although not required by said standards and therefore called "APMs".

The main APMs presented in the Management Report and a summary description of their composition, as well as a reconciliation with the corresponding official data, are provided below:

- a) "Turnover": differs from "Total revenues" in the Consolidated Financial Statements as it does not include (i) revenues for the design and construction of non-compensated revertible assets, (ii) the toll/surcharge payable to ANAS, (iii) reversals of costs/revenues for consortium companies (iv) and "non-recurring" revenue items that the Company does not deem can be replicated.
- b) "Revenue": Revenue in the constructions sector refers to revenues for works and planning and changes in works to order.
- c) "Gross operating margin": is the summary indicator of operating performance and is determined by subtracting from the "Total revenue" all recurring operating costs, excluding amortisation and depreciation, provisions and write-downs of intangible and tangible assets. The "Gross operating margin" does not include the balance of non-recurring items, the balance of financial items and taxes.
- d) "Reported gross operating margin": is calculated by adding/subtracting "non-recurring" operating costs and revenue to/from the "gross operating margin".
- e) "Operating income": measures the profitability of total capital invested in the company and is determined by subtracting the amortisation and depreciation, provisions and write-downs of intangible and tangible assets from the "gross operating margin".
- f) "Net invested capital": shows the total amount of non-financial assets, net of non-financial liabilities.
- g) Backlog: the orders acquired by the constructions sector, but not yet performed.
- h) "Adjusted net financial indebtedness": is the indicator of the net invested capital portion covered by net financial liabilities and corresponds to "Current and non-current financial liabilities", net of "Current financial assets", "Insurance policies" "Receivables for the takeover value" and "Financial receivables from minimum guaranteed amounts (IFRIC 12)". Note that the "Adjusted net financial indebtedness" differs from the net financial position prepared in accordance with the ESMA recommendation of 20 March 2013, as it includes the "Present value of the amount due to ANAS – Central Insurance Fund" and "Non-current financial receivables". The adjusted net financial

indebtedness statement contains an indication of the value of the net financial position prepared in accordance with the aforementioned ESMA recommendation.

- i) “Operating cash flow”: is the indicator of the cash generated or absorbed by operations and was determined by adding to the profit for the year the amortisation and depreciation, the adjustment of the provision for restoration/replacement of non-compensated revertible assets, the adjustment of the employee severance indemnity provision, the provisions for risks, the losses (profits) of companies accounted for by the equity method and the write-downs (revaluations) of financial assets, and by subtracting the capitalisation of financial charges.

## OPERATING ACTIVITIES

### REGULATORY FRAMEWORK AND TOLL RATES

2017 was a positive year as regards the regulatory framework. After years of delay in renewing the expired Financial Economic Plans (“PEFs”) of some of the main motorway licensees of the Group, on 8 September 2017, based on indications from CIPE<sup>1</sup>, the subsidiaries **SALT p.A.**, **Autostrada dei Fiori S.p.A.**, **Autocamionale della Cisa S.p.A.**<sup>2</sup>, **Autostrada Torino Savona S.p.A.**<sup>3</sup> and **SAV S.p.A.** signed riders to their existing agreements with the Ministry of Infrastructures and Transport (MIT).

The signature of the riders and toll conditions in the riders have ended a period of regulatory uncertainty for SIAS and its subsidiaries, also providing for the recovery of a lower toll income from licensees, due to the late approval of the licensees’ updated Economic-Financial Plans by the MIT in previous years.

The above mentioned Riders govern the five-year regulatory period, already started in 2014, of each licensee, and also define the relative PEFs and WACC for the same five-year period. The approved process is still underway and will be finalised with the registration by the Court of Auditors of the interministerial decrees approving the riders that implement the new PEFs; as regards revised tolls for 2018, relevant ministries notified the configuration for determining toll adjustments based on the new PEFs signed.

As regards **SATAP S.p.A. – Stretch A21**, the company's concession expired on 30 June 2017. After its expiry, the MIT requested the company to continue to manage the aforementioned concession, pending the finalisation of its possible take-over by another Concession holder, in line with the terms and conditions provided for under the current Agreement. In September 2017, the Company and granting body also defined regulations governing the takeover indemnity, as well as conditions for urgent investments after expiry, if the Company waives litigation.

With reference to the subsidiary **Autostrada Asti Cuneo S.p.A.**, contacts with the Granting Body continued during the year for the definition of the financial framework for completion of the infrastructure. In particular, the MIT intended to make SATAP - Stretch A4 responsible for financing the section's completion against an extension of the concession for approximately 4 years and the recognition of any final value. To this end, the MIT notified the European Commission to start this procedure. At the date when these Financial Statements were prepared, the European Commission had successfully processed the application, informally notifying the MIT of its favourable opinion in early 2018, and publication of the relative opinion in the Official Journal of the European Union is now pending.

As regards the concession relative to the A21 Piacenza-Cremona-Brescia motorway stretch, of which the twenty-five year concession was awarded to the subsidiary **Autovia Padana S.p.A.**, on 31 May 2017 the concession agreement was signed between Autovia Padana S.p.A. and the MIT. The agreement became effective on 22 December 2017, following the Court of Auditors registering the relative Interministerial Decree of approval (overseen by the MIT and MEF). The MIT therefore started activities prior to the transfer of this motorway stretch, which took place on 1 March 2018, in conjunction with Autovia Padana S.p.A. and the previous licensee Autostrade Centropadane S.p.A..

\*\*\*\*\*

<sup>1</sup> CIPE Resolution no. 68/2017 (“Revision of economic conditions for motorway licensees as of resolutions no. 39 of 15 June 2007 and no. 27 of 21 March 2013”)

<sup>2</sup> Following the merger by absorption of Autocamionale della Cisa S.p.A. with SALT p.A. effective from 1 November 2017

<sup>3</sup> Following the merger by absorption of Autostrada Torino-Savona S.p.A. with Autostrada dei Fiori S.p.A. effective from 1 November 2017

With reference to **toll adjustments for 2018** - based on indications in the interministerial decrees issued on 29 December 2017 by the MIT in conjunction with the Ministry of Economy and Finance (MEF)- the mean adjustment for motorway sections controlled by the Group was equal to **3.02%**.

**TRAFFIC PERFORMANCE**

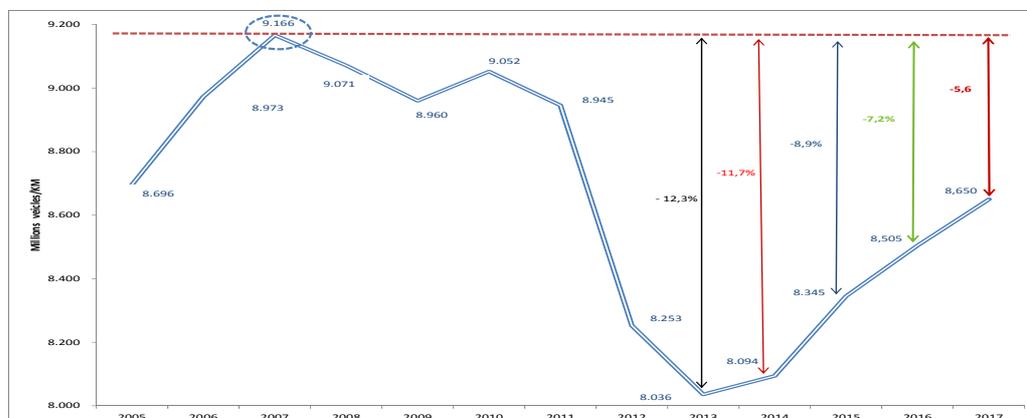
The overall traffic performance for 2017, compared to the same period in 2016, is detailed below:

(millions vehicle/km)	2017			2016			Changes		
	Light	Heavy	Total	Light	Heavy	Total	Light	Heavy	Total
<b>Total Q1: 1/1 – 31/3</b>	1,505	559	2,064	1,527	532	2,059	-1.41%	4.92%	0.23%
<b>Total Q2: 1/4 – 30/6</b>	1,931	620	2,551	1,818	606	2,424	6.23%	2.29%	5.24%
<b>Total Q3: 1/7 – 30/9</b>	2,290	603	2,893	2,277	584	2,861	0.61%	3.44%	1.19%
<b>Total Q4: 1/10 – 31/12</b>	1,644	589	2,233	1,642	571	2,213	0.04%	3.16%	0.85%
<b>Total 1/1 – 31/12</b>	<b>7,370</b>	<b>2,371</b>	<b>9,741</b>	<b>7,264</b>	<b>2,293</b>	<b>9,557</b>	<b>1.46%</b>	<b>3.41%</b>	<b>1.93%</b>
				leap year "effect"			<b>0.23%</b>	<b>0.28%</b>	<b>0.24%</b>
				"Adjusted" change in traffic			<b>1.69%</b>	<b>3.69%</b>	<b>2.17%</b>

As shown in the table above, traffic data for FY 2017 – with reference to the "light vehicles" and "heavy vehicles" categories – showed further consolidation in the positive trend already witnessed in previous years.

With specific reference to FY 2017, and despite 2016 having an extra day as it was a leap year, traffic volumes relative to "heavy vehicles" increased by 3.41%, and by 1.46% overall relative to "light vehicles". With reference to traffic volumes for "light vehicles", the irregular trend of changes in traffic between individual quarters is due to the Easter holidays in April (in March in 2016), and due to improved weather conditions during weekends in April and June 2017.

In the last few years "traffic volumes" have grown steadily, despite the final figure at 31 December 2017 being lower by 5.63% compared to pre-crisis (i.e. 2007) figures, as shown in the table below<sup>(1)</sup>:



<sup>(1)</sup> Changes in the scope of consolidation for the period 2005-2017 were not taken into account (therefore, "traffic volumes" concerning Ativa S.p.A., Autostrada Asti-Cuneo S.p.A. and ADF S.p.A. - Stretch A6 were not considered).

The traffic performance by single Licensee is shown below:

(millions vehicle/km)	1/1-31/12/2017			1/1-31/12/2016			Changes			
Company	Light	Heavy	Total	Light	Heavy	Total	Light	Heavy	Total	
SATAP S.p.A. – Stretch A4	1,687	570	2,257	1,656	548	2,205	1.83%	4.02%	2.37%	
SATAP S.p.A. – Stretch A21	1,370	667	2,036	1,359	648	2,008	0.74%	2.86%	1.42%	
SAV S.p.A.	275	78	353	276	74	350	-0.24%	5.51%	0.98%	
Autostrada dei Fiori S.p.A. - Stretch A10	960	293	1,253	957	282	1,239	0.31%	3.79%	1.10%	
Autostrada dei Fiori S.p.A. - Stretch A6	775	166	940	753	159	911	2.92%	4.35%	3.17%	
SALT S.p.A. - Stretch A12	1,541	371	1,912	1,524	363	1,887	1.10%	2.14%	1.30%	
SALT S.p.A. - Stretch A15	648	190	838	631	185	816	2.73%	2.51%	2.68%	
Autostrada Asti-Cuneo S.p.A.	116	37	152	108	33	141	7.09%	10.63%	7.92%	
<b>Total</b>	<b>7,370</b>	<b>2,371</b>	<b>9,741</b>	<b>7,264</b>	<b>2,293</b>	<b>9,557</b>	<b>1.46%</b>	<b>3.41%</b>	<b>1.93%</b>	
							Effect of leap year	0.23%	0.28%	0.24%
							"Adjusted" change in traffic	1.69%	3.69%	2.17%

## INVESTMENTS

The investments made during the last two years are detailed below:

(amounts in millions of EUR)	2017	2016
SATAP S.p.A. – Stretch A4	39.2	99.6
SATAP S.p.A. – Stretch A21	4.2	0.6
SALT p.A. - Stretch A15	105.4	26.2
SALT p.A. - Stretch A12	13.9	19.6
Autostrada Asti-Cuneo S.p.A.	4.0	7.0
Autostrada dei Fiori S.p.A. - Stretch A10	7.5	7.2
Autostrada dei Fiori S.p.A. - Stretch A6	11.5	12.8
SAV S.p.A.	4.3	2.2
<b>TOTAL</b>	<b>190.1</b>	<b>175.2</b>

Investments in motorway infrastructures in 2017 amounted to EUR 190.1 million, recording a growth of 8.5% over the previous year. This change was basically due to:

- more works and planning as part of the development of the first lot of the Tirreno – Brennero plurimodal corridor (“Tibre”);
- the substantial completion of the A4 Torino- Milano stretch.

## STRATEGIC PLAN AND MANAGEMENT OF EQUITY INVESTMENTS

On 18 July 2017, the Board of Directors of ASTM S.p.A. approved the Group Strategic Plan for 2017-2021. The guidelines of the Strategic Plan require the Group to focus, at a national and international level, on its core activities of motorway concessions and the constructions sector, streamlining and making the corporate structure efficient, and disposing of non-strategic assets.

In this context, the main transactions in the financial year with reference to the portfolio of equity investments are described below.

### MERGERS OF COMPANIES OPERATING IN THE MOTORWAY SECTOR

With reference to corporate transactions undertaken with the aim of achieving industrial and corporate integration of Group companies engaged in synergistic businesses, the following are highlighted:

- *Autostrada Torino Savona S.p.A./Autostrada dei Fiori S.p.A. Merger*

Following authorisation from the Ministry of Infrastructures and Transport, on 21 September 2017 the companies Autostrada Torino Savona S.p.A. and Autostrada dei Fiori S.p.A. entered into a merger by absorption of the company Autostrada Torino Savona S.p.A. with Autostrada dei Fiori S.p.A.; the merger became legally valid on 1 November 2017. The mergers were recognised in the accounts retroactively as from 1 January 2017. Following the above merger, the company Autostrada dei Fiori S.p.A. manages the A10 Savona-Ventimiglia stretch as well as the A6 Torino-Savona stretch.

- *Autocamionale della Cisa S.p.A./SALT p.A. merger*

Following authorisation from the Ministry of Infrastructures and Transport, on 10 October 2017 the companies Autocamionale della Cisa S.p.A. and Società Autostrada Ligure Toscana S.p.A. entered into a merger by absorption of the company Autocamionale della Cisa S.p.A. with Società Autostrada Ligure Toscana S.p.A.; the merger became legally valid on 1 November 2017. The mergers were recognised in the accounts retroactively as from 1 January 2017. Following the above merger, SALT p.A. manages the A15 La Spezia-Parma stretch as well as the A12 Sestri Levante – Livorno, Viareggio-Lucca and Fornola-La Spezia stretch.

### MERGERS OF COMPANIES OPERATING IN THE ENGINEERING SECTOR

- *Merger of Sineco S.p.A. with SINA S.p.A.*

The company Sineco S.p.A. was merged by absorption with Sina S.p.A., effective from 1 September 2017. The merger was recognised in the accounts retroactively as from 1 January 2017.

### SALE OF THE PARKING SECTOR

In November 2017, the subsidiary SIAS Parking S.r.l., sold all equity investments held in the parking sector (Fiera Parking S.p.A., Parcheggio Piazza Meda S.r.l., Parcheggio Via Manuzio S.r.l., Piazza Vittorio S.r.l. and Parcheggio Piazza Trento e Trieste S.r.l.) for a total value of EUR 61.5 million, as well as relative receivables for loans to the aforesaid companies.

More specifically:

- the equity investment held in Fiera Parking S.p.A. - equal to 99% of the share capital - was sold for a value equal to €32 million;

- the equity investments - equal to 50% of the share capital - in Parcheggio Piazza Meda S.r.l., Parcheggio Via Manuzio S.r.l., Piazza Vittorio S.r.l. and Parcheggio Piazza Trento e Trieste S.r.l. were sold for a total value of EUR 29.5 million.

The consolidated capital gain realised by the SIAS Group from the sale of the above companies totalled EUR 27.2 million.

#### **EXTERNAL BYPASS SYSTEM - BREBEMI**

##### Agreements with Intesa Sanpaolo S.p.A.

On 28 July 2017, the subsidiary SIAS S.p.A. ("SIAS") and the subsidiary SATAP S.p.A. ("SATAP") signed an agreement with Intesa Sanpaolo S.p.A. ("ISP") to separate their respective investments in Tangenziali Esterne Di Milano S.p.A. ("TEM"), Tangenziale Esterna S.p.A. ("TE"), Autostrade Lombarde S.p.A. ("AL") and Società di Progetto Autostrada diretta Brescia Milano S.p.A. ("Brebemi"), resulting in the interruption of joint participation in the aforesaid companies governed by the investment agreement and a shareholders' agreement formalised in November 2013 ("2013 Agreements"). As a result of the transactions set out in the agreement, the SIAS Group will concentrate its investments in TEM and TE.

At the date the agreement was signed, investments held directly and indirectly in the aforesaid companies by the Group and ISP were as follows:

- TEM: the SIAS Group and ISP held a 57.52% stake in the share capital, of which 39.99% held by the SIAS Group and 17.53% by ISP (in addition, AL held 4.70% of the share capital and the associated company Itinera S.p.A. ("Itinera") held 1.56% of the share capital);
- TE: the SIAS Group and ISP held a 11.04% stake in the share capital, of which 8.46% held by the SIAS Group and 2.58% by ISP— in addition to 47.66% held by TEM (in addition, AL and Itinera held 3.18% and 10.23% of the share capital respectively, and Itinera undertook to acquire 1.47% of the share capital currently held by certain cooperatives and by the CTE Consortium upon final inspection of the works);
- AL: the SIAS Group and ISP held a 55.79% stake overall in the share capital, of which 13.34% held by the SIAS Group and 42.45% by ISP;
- BreBeMi: ISP held a 0.05% stake in the share capital, plus 78.98% held by AL (in addition, Itinera held 2.71% of the share capital).

Considering the outlook of the industrial, economic and financial situation of the licensee companies TE and Brebemi, the Parties have seized the opportunity to go beyond the 2013 Agreements providing that the Sias Group could buy the economic interests (investments, receivables and commitments) held by ISP in TEM/TE (totalling about EUR 73.6 million<sup>1</sup>) and ISP could purchase the economic interests (investments, receivables and commitments) held by SIAS Group in AL/BreBeMi (totalling about EUR 80.7 million<sup>2</sup>).

In addition, as part of these agreements and of the definition of ownership of the aforementioned investments, the Sias Group granted AL an option right for the transfer of the interests (investments, receivables and commitments) held by the latter in TEM/TE (totalling EUR 37.6 million).<sup>3 4</sup>

<sup>1</sup> Of which Euro 50.6 million for equity investments (fixed and invariable amount contractually and provisionally calculated), Euro 14.8 million for receivables and Euro 8.2 million for commitments. These amounts will also be supplemented by the interests accrued on the receivables until the termination date of the beneficial rights.

<sup>2</sup> Of which EUR 62.4 million for investments (fixed, unchangeable amount determined conventionally and on an aleatory basis), EUR 15.5 million for receivables and EUR 2.8 million for commitments. Interest that will be accrued on the receivables up to the date of termination of the beneficial interests will be added to said amounts.

<sup>3</sup> Of which EUR 25.2 million for investments (fixed, unchangeable amount determined conventionally and on an aleatory basis), EUR 7.9 million for receivables and EUR 4.5 million for commitments. Interest that will be accrued on the receivables up to the date of execution will be added to said amounts.

<sup>4</sup> For the sake of completeness, it should be noted that, also for the purpose of defining the ownership structure of the aforementioned equity investments, AL granted - a subsidiary in which the Sias Group has a 27.85% interest and controlled by Astm S.p.A. - an option on the sale of the

Overall, the finalisation of these operations will result in a net outlay for the SIAS Group equal to EUR 20.6 million and the undertaking of commitments and guarantees for EUR 9.9 million (this amount was decreased by approximately EUR 12.5 million following the pre-emption right exercised by Autostrade per l'Italia S.p.A. with reference to TEM shares sold by ISP and AL) and the undertaking of commitments and guarantees equal to approximately EUR 9.9 million.

Considering - among others - the time needed to open the A35-Bre.Be.Mi motorway interconnection junction with the A4-Brescia Padova motorway under construction at the time (the junction was completed and opened to traffic on 13 November 2017) and considering the needs related to the management of said works, the agreement also provides that the transfer of the investments will concurrently give rise to mutual usufruct rights for the parties on the investments in AL and in TEM/TE, subject to transfer, lasting until 31 December 2018.

In this regard, as from the date of signing of the agreement and up to the extinction of the usufructs<sup>1</sup>, the *governance* rules set out in the 2013 agreements will continue to apply; among other things, in governing the joint control of TEM, TE, AL and Brebemi by SIAS Group and ISP, these provide for:

- the possibility for the SIAS Group to appoint 50% of the members of the Boards of Directors of TEM and TE and 2 directors in AL and in Brebemi, with the power to appoint the CEOs of said companies;
- with reference to certain resolutions concerning TEM, TE, AL and Brebemi (transactions of an extraordinary nature, i.e., exceeding certain amounts) that the parties do whatever is reasonably in their power to have them approved with the favourable vote (i) of the SIAS Group and ISP, when the shareholders' meeting is competent, and (ii) of all the directors designated by the SIAS Group and ISP respectively when the Board of Directors is competent.<sup>2</sup>

As regards the payment of the consideration due for the sale of the aforementioned shares and receivables<sup>3</sup>, the Agreement provides that it be settled by the fifteenth business day following the date of termination of the beneficial interests (i.e., 31 December 2018).

The formalisation of the sale of said equity investments was, inter alia, suspended pending the granting of the go-ahead/waiver by the Granting Body (MIT/CAL), lending banks and the Italian Competition and Market Authority. In this regard, on 23 February 2018, with the above covenants being met, the subsidiary SATAP S.p.A. sold the bare ownership of 62,373,411 shares held in AL and at the same time purchased - along with SIAS S.p.A. - the bare ownership of 48,662,821 TEM shares and 26,785,005 TE shares held by ISP and AL.

#### Agreements with Impresa Pizzarotti & C S.p.A.

In December 2017, SIAS and the subsidiary SATAP signed an agreement with Impresa Pizzarotti & C S.p.A. ("Impresa Pizzarotti") to guarantee joint control of the investment in TEM/TE, similar to the joint control currently exercised with ISP.

Under the agreement with Impresa Pizzarotti, also considering agreements for the purchase of TEM/TE shares entered into with Itinera described below, (i) SATAP will sell Impresa Pizzarotti the bare ownership of a maximum of 23,829,354 TEM shares, representing 8.11% of the share capital, for approximately EUR 17.9 million and (iii) Impresa Pizzarotti will sell SATAP the bare ownership of a maximum of 17,872,016 TE shares, representing 3.84% of the share capital, for approximately EUR 17.9 million and (iii) a shareholders' agreement, effective from 1 January 2019 and lasting five years, will be entered into, subject to other

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interests (equity investments, receivables and commitments) held by the latter in Bre.Be.Mi (around Euro 11.4 million in total, of which Euro 9 million pertain to equity investments - fixed and invariable amount contractually and provisionally calculated - and Euro 2.4 million to receivables and commitments, which will also be supplemented by the interest accrued on the receivables until the closing date).

<sup>1</sup> Up until the termination date of beneficial interests, the voting rights pertaining to the TEM/TE shares held by ISP and the voting right pertaining to the AL shares held by the SIAS Group shall continue to be exercised by ISP and the SIAS Group, respectively, in compliance with the 2013 Agreements.

<sup>2</sup> The aforesaid governance rules will continue to apply up to the expiry of the 2013 Agreements (25 November 2018), without prejudice to the power of the SIAS Group to appoint the CEOs of AL and Bre.Be.Mi., which will lapse as from 31 March 2018.

<sup>3</sup> The perfection of the transfer of receivables shall be subject to the termination of the beneficial interests on the equity investments being transferred.

partners of TEM not exercising their pre-emption right; this agreement will regulate, among others, outstanding equity investments of the parties in TEM and TE and the corporate governance of these companies. Following these transactions, the SIAS Group will hold 50% of TEM and approximately 28.30% of TE.

Under the agreement, both amounts will be paid no later than the twentieth business day following the date of termination of the beneficial interests (i.e.: 31 December 2018).

Considering the provisions of agreements entered into with Intesa and subject to their finalisation, the agreement between the SIAS Group and Impresa Pizzarotti requires the SIAS Group, at the same time as the sale of the bare ownership of the aforesaid equity investments in TEM and TE, to maintain beneficial interests on TEM shares sold to Impresa Pizzarotti up until 31 December 2018, and Impresa Pizzarotti will mutually retain the beneficial interest in TE shares sold to the SIAS Group up until 31 December 2018.

As regards rules for the governance of TEM and TE, the above shareholders' agreement to be entered into by the SIAS Group and Impresa Pizzarotti would provide for the following:

- the right of the SIAS Group to appoint 50% of the Board members of TEM and TE and to appoint the CEO's of said companies;
- the right of Impresa Pizzarotti to appoint the Chairs of the Boards of Directors;
- with reference to certain resolutions concerning TEM and TE (transactions of an extraordinary nature, i.e., exceeding certain amounts) that the parties (i) ensure that the aforesaid resolutions are voted by the SIAS Group and Impresa Pizzarotti, by the shareholders' meetings where competent and (ii) do whatever is reasonably in their power to have the resolutions adopted, voted in favour by at least two directors appointed by the SIAS Group and Impresa Pizzarotti respectively when the Board of Directors is competent.

The formalisation of the sale of the aforesaid investments, and the execution of the agreements entered into with Intesa, is, inter alia, suspended pending the granting of the go-ahead/waiver by the Granting Body, lending banks and the Italian Competition and Market Authority, no later than 31 May 2018.

#### Purchases of shares in Tangenziale Esterna S.p.A. and Tangenziali Esterne di Milano S.p.A. by Itinera S.p.A.

On 24 October 2017, an agreement between SIAS and Itinera S.p.A. (Itinera) for the purchase of equity investments held by Itinera in Tangenziali Esterne di Milano S.p.A. ("TEM") and Tangenziale Esterna ("TE"), as well as the concession by Itinera of an option in favour of SIAS concerning shares in Autostrada Asti Cuneo S.p.A. held by Itinera. The total amount of the purchasing commitments relative to the above agreement was equal to EUR 61.2 million.

In particular, the agreement provided for the following:

- (i) the transfer, by Itinera in favour of SIAS, of 47,553,345 ordinary shares of TE, equal to approximately 10.23% of the TE share capital (the "TE equity investment");
- (ii) subject to the finalisation of the transaction as of point (i) above:
  - (a) the transfer, by Itinera in favour of SIAS, of an additional 100 TE shares, that Itinera will continue to hold until testing of the "Tangenziale Est Esterna di Milano" ("Residual TE Shares of Itinera");
  - (b) the transfer, by Itinera in favour of SIAS, of 4,586,494 ordinary shares of Tangenziali Esterne di Milano S.p.A. ("TEM"), equal to approximately 1.56% of the share capital of TEM ("TEM equity investment");
  - (c) the transfer, by Itinera in favour of SIAS, of the ownership of TE shares that will be purchased by Itinera, following the testing of the "Tangenziale Est Esterna di Milano" by virtue of separate agreements concerning, inter alia, the purchase:
    - of 100 TE shares held by Salini Impregilo S.p.A. ("Salini TE Shares");

- of 2,200,000 TE Shares owned by Consorzio Tangenziali Engineering (“CTE”), equal to approximately 0.47% of the share capital of TE (“TE CTE Shares”);
- of 4,649,450 TE shares, equal to 1% of the share capital of TE (“Cooperatives TE Shares” and, together with the Salini TE Shares and TE CTE Shares, “Additional TE Shares”) owned by C.M.B. Soc. Cooperativa (“CMB”), C.M.C. Soc. Cooperativa (“CMC”), Coopsette Soc. Cooperativa (“Coopsette”), Unieco Soc. Cooperativa (“Unieco” and together with CMB, CMC, Coopsette, the “Cooperatives”),

the transactions as of points (i) and (ii) above jointly the “TEM/TE Transaction”.

- (iii) the - irrevocable and unconditional - granting - by Itinera in favour of SIAS, or a subsidiary of SIAS, of a call option (“Call Option”) that may be exercised before 31 December 2020 and concerning the entire investment held by Itinera in Autostrada Asti Cuneo S.p.A. (“Asti Cuneo”) apart from 100 (one hundred) shares that will remain the property of Itinera (i.e. 9,999,900 Asti Cuneo shares).

In compliance with the above agreement, SIAS purchased 47,553,345 ordinary TE shares and 4,586,494 ordinary TEM shares held by Itinera on 20 and 28 December 2017 for EUR 50.2 million and EUR 3.8 million respectively.

## INVESTMENTS IN AMERICA

On 5 July 2017, the subsidiary Itinera S.p.A., an international player in the construction of major infrastructure, signed an agreement for the acquisition, through the newly established subsidiary Itinera USA Corp., of a controlling interest in the capital of Halmar International LLC. The interest acquired represents 50% of the share capital in Halmar, which is controlled under “governance” agreements signed by shareholders. The value of the transaction amounted to USD 60 millions (of which USD 50 million to purchase shares and USD 10 million as additional *equity*). Halmar International LCC is one of the top five construction companies operating in the metropolitan area of New York in the design and transport infrastructure sector (roads, motorways, railways, subways, airports, bridges and viaducts) .

The acquisition of the controlling equity in Halmar marks the début by Itinera - already active today in Europa, the Middle East, Africa and Latin America - on the US infrastructure market, making it possible to create a larger and more detailed group capable of responding successfully to the enormous investments envisaged in the USA, especially in the Transportation sector.

As at 31 December 2017, the company Halmar International LLC controlled directly or based on governance agreements the following companies: Adelaide Crystal HLLC, Atlantic Coast Foundations LLC, Halmar International Trucking LLC, Halmar Transportation System LLC, HIC Insurance Company Inc, Bishop Halmar JV, Halmar Servidore B. Antony LLC, Halmar International and LB Electric LLC.

## INVESTMENTS IN BRAZIL

With reference to investments in Brazil, the following transactions took place during the 2017 financial year.

On 25 April 2017 the jointly held subsidiary IGLI and Primav Construcoes and Comercio SA entered into:

- an agreement for early redemption of the loan paid out to the latter by IGLI S.p.A. on 4 May 2016, providing for the transfer of 11,651,919 preference shares of Primav Infraestrutura S.A. for the repayment of the principal and accrued interest at 21 February 2017 (about 131<sup>1</sup> million Reais);
- a contract for the purchase of the additional remaining 5,062,635 preference shares of Primav Infraestrutura S.A. for

<sup>1</sup> Equal to EUR 38.2 million based on the Euro/Reais exchange rate of 3.4329 at 25 April 2017.

approximately 57<sup>(1)</sup> million Reais.

As a result of the closing of said agreements (3 May 2017), IGLI S.p.A holds 69.1% of the share capital of Primav Infraestrutura S.A. Since there were no changes to the governance agreement between the ASTM/SIAS Group and the Almeida family, ASTM/SIAS hold the joint control of the company Primav Infraestrutura S.A..

It is further noted that on 29 March 2017 the Board of Directors of IGLI approved the acquisition on the stock exchange of a number of Ecorodovias shares representing up to 5% of the share capital of the company, in order to increase their direct and indirect holding in Ecorodovias to approximately 49.2% of the share capital, for a total estimated outlay between a minimum of EUR 70 and a maximum of EUR 100 million.

At present, IGLI S.p.A. has acquired a total of 14,025,000 shares of Ecorodovias (equal to 2.51% of the share capital) for a total outlay of EUR 37 million (132.1 million Reais).

As a result of the acquisition of Primav Infraestrutura S.A. preferred shares and of the purchase of Ecorodovias shares, IGLI holds an effective direct and indirect shareholding of 46.73% in Ecorodovias.

#### **FURTHER CHANGES IN THE EQUITY INVESTMENTS PORTFOLIO**

- On 23 March 2017, a company was incorporated under the laws of Brazil, Itinera Construcoes Ltda by the subsidiary Sinelec S.p.A. (holding 10% of the share capital) and the subsidiary Itinera S.p.A (holding 90% of the share capital).
- On 10 April 2017, the subsidiary SIAS S.p.A. sold all the shares held in the company SINA S.p.A., equal to 20,281 shares, to the parent company ASTM S.p.A. for a total value of EUR 0.3 million, realising a capital gain of EUR 0.1 million.
- During 2017, the subsidiary Igli S.p.A. sold 107,247 savings shares of Salini Impregilo for a total value of EUR 0.8 million, realising a capital gain of EUR 0.1 million.
- During the 2017 financial year, the company SIAS S.p.A sold 16,290,308 shares of FNM S.p.A. for a total amount of EUR 8.9 million, realising a capital gain of EUR 6.2 million.
- During 2017, the parent company ASTM S.p.A sold 105,750 shares of Mediobanca S.p.A. for a total amount of EUR 865 thousand, realising a capital gain of EUR 0.4 million.
- On 7 July 2017, the subsidiary Itinera S.p.A. subscribed 49,000 shares of the company CMC Itinera JV Scpa for a value equal to EUR 49 thousand (for a 49% stake in the share capital).
- On 11 July 2017, the subsidiary Itinera S.p.A. subscribed 4,950 shares of the company CFT Consorzio Frasso Telesino for a value equal to EUR 5 thousand (for a 33% stake in the share capital).

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<sup>1</sup> Equal to approximately EUR 16.4 million, based on the Euro/Reais exchange rate of 3.4329 as at 25 April 2017. This outlay was funded through the divestment of Brazilian Certificates of Deposit (EUR 13 million) and specific loans paid out by ASTM (EUR 3.6 million) and SIAS (EUR 2.4 million).

- On 21 November 2017, the subsidiary SIAS S.p.A. acquired 200,000 shares (equal to 0.125% of the share capital) in SALT S.p.A. which were offered for sale by the Province of Spezia for a total amount of EUR 0.9 million; as a result of said purchase, the stake held in this Company is now equal to 95.179% of the share capital.
- On 28 December 2017, the company Euroimpianti S.p.A. sold all the shares held in the company Aton S.r.l. equal to 40% of the share capital for a total amount of EUR 0.9 million, realising a capital gain of EUR 0.8 million.

## ECONOMIC, EQUITY AND FINANCIAL DATA

### GROUP ECONOMIC DATA

The comparison between the **revenue and expenditure items** for 2016 and 2017 reflects (i) the consolidation for the entire year of the Itinera Group and the ACI Group (only as regards the second half of 2016) and (ii) the consolidation - with effect from 5 July 2017 - of the Halmar Group, following its acquisition.

<i>(amounts in thousands of EUR)</i>	2017	2016 <sup>1</sup>	Changes
Motorway sector revenue – operating activities <sup>(1)</sup>	1,047,394	1,007,127	40,267
Construction sector revenues <sup>(2)</sup>	286,900	105,635	181,265
Engineering sectors revenues	8,093	10,292	(2,199)
Technology sector revenue	39,449	36,072	3,377
Other revenue <sup>(3)</sup>	54,216	45,988	8,228
<b>Total turnover</b>	<b>1,436,052</b>	<b>1,205,114</b>	<b>230,938</b>
Operating costs <sup>(1)(2)(3)</sup>	(716,912)	(542,037)	(174,875)
<b>Gross operating margin</b>	<b>719,140</b>	<b>663,077</b>	<b>56,063</b>
Non-recurring items	(12,835)	(1,844)	(10,991)
<b>Gross operating margin "reported"</b>	<b>706,305</b>	<b>661,233</b>	<b>45,072</b>
Net amortisation/depreciation and provisions	(333,928)	(312,580)	(21,348)
<b>Operating income</b>	<b>372,377</b>	<b>348,653</b>	<b>23,724</b>
Financial income	57,499	44,348	13,151
Financial charges	(104,097)	(116,999)	12,902
Capitalised financial charges	19,699	21,316	(1,617)
Write-down of equity investments	(1,824)	(12,672)	10,848
Profit (loss) of companies accounted for by the equity method	10,992	(13,890)	24,882
<b>Net financial income</b>	<b>(17,731)</b>	<b>(77,897)</b>	<b>60,166</b>
<b>Profit before tax</b>	<b>354,646</b>	<b>270,756</b>	<b>83,890</b>
Income taxes (current and deferred)	(91,689)	(96,321)	4,632
<b>Profit (loss) for the period from continued operations</b>	<b>262,957</b>	<b>174,435</b>	<b>88,522</b>
Profit (loss) for the period of "assets held for sale net of taxes" (Discontinued Operations)	516	2,183	(1,667)
<b>Profit (loss) for the period</b>	<b>263,473</b>	<b>176,618</b>	<b>86,855</b>
<ul style="list-style-type: none"> <li>▪ Profit assigned to Non-Controlling Interests (<i>Continued operations</i>)</li> </ul>	113,353	80,278	33,075
<ul style="list-style-type: none"> <li>▪ <b>Profit assigned to the Parent Company's Shareholders (<i>Continued Operations</i>)</b></li> </ul>	<b>149,604</b>	<b>94,157</b>	<b>55,447</b>
<ul style="list-style-type: none"> <li>▪ Profit assigned to Non-Controlling Interests (<i>Discontinued Operations</i>)</li> </ul>	192	813	(620)
<ul style="list-style-type: none"> <li>▪ <b>Profit assigned to the Parent Company's Shareholders (<i>Discontinued Operations</i>)</b></li> </ul>	<b>324</b>	<b>1,370</b>	<b>(1,047)</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 75.9 million in 2017 and EUR 74.1 million in 2016).

(2) With regard to licensee companies, the IFRIC 12 sets out full recognition in the income statement of costs and revenues for "construction activity" concerning non-compensated revertible assets. In order to provide a clearer representation in the table above, these components – amounting to EUR 227.4 million in 2017 – of which EUR 190 million relating to the motorway sector and EUR 37.4 million relating to the construction sector (EUR 187.1 million in 2016 of which EUR 175.2 million referred to the motorway sector and EUR 11.9 million referred to the construction sector) – were reversed for the same amount from the corresponding revenue/cost items.

(3) Amounts net of cost/revenues reversals of EUR 5.6 million in 2017 (EUR 5.6 million in 2016).

*In FY 2017, the "turnover" amounted to over EUR 1.4 billion (+19.2%) at a Group level.*

<sup>1</sup> Comparative data of the previous year, as described in the Notes, were restated as a result of the classification pursuant to IFRS 5, of Fiera Parking S.p.A., following the sale of the entire equity investment in November 2017.

The item "*motorway sector revenue*" totalled EUR 1,047.4 million (EUR 1,007.1 million in FY 2016) and breaks down as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Net toll revenue	1,017,280	978,864	38,416
Rental income and other accessory revenues	30,114	28,263	1,851
Total motorway sector revenue	1,047,394	1,007,127	40,267

The increase in "net toll revenue", equal to EUR 38.4 million (+3.92%) was due to the growth in traffic volumes for EUR 23.3 million (a 1.93% increase which had a 2.38% effect on net toll revenue considering the traffic/toll mix) and to increases in tolls as from 1 January 2017 of EUR 15.1 million (+1.54%), partially limited to the Torino-Milano, Torino-Piacenza, Parma-La Spezia and Torino-Savona stretches.

The change in "rental income and other accessory revenues" is due to the increase in royalties from service areas of +10% (mainly attributable to the new economic terms agreed during the re-assignment of some service areas), and the downturn in other accessory revenues/contingent assets relative to motorway management.

The change in the "*constructions*" sector is attributable to (i) the consolidation of the Itinera Group and ACI Group for the entire year (the economic results of these Groups were only consolidated in 2016 for the second half of that year) (ii) the consolidation of production of the Halmar Group as from 5 July 2017.

The "*engineering*" sector recorded a decline in activities with third parties in 2017, driven by the persistent uncertainty in this sector. Among other things, the sector benefited from the reorganization and restructuring plan started in 2016 and aimed at restoring profitability.

The "*technological*" sector, compared to a downturn in activities carried out by Group companies - recorded considerable growth in production for third parties.

During FY 2017, the item "*other revenues*" included EUR 8.4 million relative to the higher value recognised for motorway licensees relative to service areas alienated by previous sub-licensees.

The increase in "*operating costs*" is mainly attributable to the consolidation for the entire year of the Itinera Group and ACI Group, as well as the Halmar Group with effect from 5 July 2017.

With regard to the above, the "*gross operating margin*" **increased by EUR 56 million** and reflects the changes in the Group's operating sectors. More specifically:

<i>(amounts in millions of EUR)</i>	FY 2017	FY 2016	Changes
Motorway sector	693.2	645.5	47.7
· Construction Sector	19.6	10.5	9.1
· Engineering Sector	5.4	4.4	1.0
· Technology Sector	19.4	18.7	0.7
· Services Sector (holding companies)	(18.5)	(16.0)	(2.5)
Total	719.1	663.1	56.0

"*Non-recurring items*" - equal to EUR 12.8 million negative - are attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources.

During 2016, "*non-recurring items*", negative by EUR 1.8 million, referred to: (i) success and discretionary fees paid to the advisers following the acquisition of joint control over Ecorodovias Infraestructura e Logística S.A. (EUR -2.7 million) and (ii) the payment to the subsidiary Autostrada dei Fiori S.p.A. of compensation for the occupation in the years 2014 and 2015 of the areas relating to Ventimiglia vehicle terminal (EUR +0.8 million).

The item "*net amortisation/depreciation and provisions*" totalled EUR 333.9 million (EUR 312.6 million in 2016); The change compared to the previous year is the result of the following: (i) higher depreciation and amortisation of non-compensated revertible assets for EUR 10.1 million<sup>1</sup>, (ii) higher depreciation and amortisation of tangible and intangible assets for EUR 3.7 million (mainly attributable to the consolidation of the Itinera Group for 12 months and the Halmar Group for the second half of 2017), (iii) the change in the "provision for restoration and replacement" of non-compensated revertible assets for EUR 4.4 million, (iv) higher provisions for risks and charges for EUR 2.8 million.

The change in "*financial income*" is due to higher capital gains from the sale of equity investments held in the parking sector (EUR 27.2 million), in FNM S.p.A. (EUR 6.2 million), in ATON s.r.l. (EUR 0.8 million) and in Mediobanca S.p.A. (EUR 0.4 million), partially offset by the reduction in interest from liquidity investments.

The item "*financial charges* – including the charges for interest rate swap agreements – mainly decreased due to the reduction in the average financial indebtedness compared to the same period the previous year and chiefly attributable to repayment of the SIAS 2005-2017 convertible bond loan on 30 June 2017 and the process to streamline lending, as well as the effect of the interest-rate trend on the variable-rate portion of net financial indebtedness.

The item "*write-down of equity investments*" mainly refers to the "fair value" measurement of the investments in Banca Ca.Ri.Ge. S.p.A. (EUR 0.7 million) and Tubosider S.p.A. (EUR 0.9 million).

The item "*profit of companies accounted for by the equity method*" included the share of profits from jointly controlled and associated companies. More specifically, it reflects the profits recorded by ATIVA S.p.A. (EUR 14.9 million), SITAF S.p.A. (EUR 7.<sup>2</sup> million), Primav Infrastruttura S.A. (EUR 1.4 million), Ecorodovias Infrastruttura e Logistica S.A. (EUR 1.4 million), Road Link Holding Ltd. (EUR 1.3 million), by companies operating in the parking sector (EUR 0.6 million), Mill Basin Bridge Constructors (EUR 0.2 million), ATON S.p.A. (EUR 0.1<sup>2</sup> million), partially adjusted by the pro-rata recognition of losses attributable to TEM S.p.A./TE S.p.A. (EUR 11 million), Autostrade Lombarde S.p.A.<sup>2</sup> (EUR 2.6 million), Rivalta Terminal Europa (EUR 1.4 million) and by Federici Stirling Batco LLC (EUR 1.1 million).

With reference to "income taxes", corporate income tax for FY 2017 dropped from 27.5% to 24%.

In view of the above, the share of "*profit for the period*" attributable to the Group was EUR 149.6<sup>3</sup> million (EUR 95.2 million in FY 2016).

<sup>1</sup> In determining the depreciation and amortisation of non-compensated revertible assets, the "takeover values" in the financial economic plans approved by the Granting Body in September 2017 and the agreements signed with said with reference to the A21 stretch, were also considered.

<sup>2</sup> Pro-quota of profit/loss up to 30 June 2017

<sup>3</sup> The "portion of profit/loss for the period attributed to parent company's shareholders" does not take into account the portion attributable to discontinued operations, equal to EUR 0.3 million in 2017 and EUR 1.4 million in 2016.

## GROUP EQUITY AND FINANCIAL DATA

The main items of the consolidated financial position at 31 December 2017, compared with the corresponding figures of the previous year, may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
Net fixed assets	3,117,668	3,287,603	(169,935)
Equity investments and other financial assets	1,251,930	1,344,821	(92,891)
Working capital	62,698	42,640	20,058
Discontinued operations/Non-current assets held for sale	46,942	-	46,942
<b>Net invested capital</b>	<b>4,479,238</b>	<b>4,675,064</b>	<b>(195,826)</b>
Provision for restoration or replacement of non-compensated revertible assets	(149,227)	(159,175)	9,948
Employee severance indemnity and other provisions	(62,604)	(73,235)	10,631
<b>Invested capital less provisions for medium- and long-term risks and charges</b>	<b>4,267,407</b>	<b>4,442,654</b>	<b>(175,247)</b>
Shareholders' equity and profit (loss) (including minority interests)	2,866,040	2,743,520	122,520
"Adjusted" net financial indebtedness	1,333,114	1,621,498	(288,384)
Other long-term payables – Deferred income of the payable due to Central	68,253	77,636	(9,383)
<b>Equity and minority interests</b>	<b>4,267,407</b>	<b>4,442,654</b>	<b>(175,247)</b>

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The item **net financial indebtedness** breaks down as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash and cash equivalents	554,936	877,185	(322,249)
B) Securities held for trading	5,915	11,660	(5,745)
<b>C) Liquidity (A) + (B)</b>	<b>560,851</b>	<b>888,845</b>	<b>(327,994)</b>
<b>D) Financial receivables</b>	<b>486,002</b>	<b>451,848</b>	<b>34,154</b>
E) Bank short-term borrowings	(34,846)	(44,913)	10,067
F) Current portion of medium/long-term borrowings	(273,770)	(486,831)	213,061
G) Other current financial liabilities	(46,355)	(282,820)	236,465
<b>H) Short-term borrowings (E) + (F) + (G)</b>	<b>(354,971)</b>	<b>(814,564)</b>	<b>459,593</b>
<b>I) Current net cash (C) + (D) + (H)</b>	<b>691,882</b>	<b>526,129</b>	<b>165,753</b>
J) Bank long-term borrowings	(950,801)	(956,785)	5,984
K) Hedging derivatives	(55,092)	(87,466)	32,374
L) Bonds issued	(994,062)	(992,744)	(1,318)
M) Other long-term payables	(2,363)	(2,346)	(17)
<b>N) Long-term borrowings (J) + (K) + (L) + (M)</b>	<b>(2,002,318)</b>	<b>(2,039,341)</b>	<b>37,023</b>
<b>O) Net financial indebtedness<sup>(*)</sup> (I) + (N)</b>	<b>(1,310,436)</b>	<b>(1,513,212)</b>	<b>202,776</b>
P) Non-current financial receivables	113,595	49,787	63,808
Q) Discounted value of the payable due to ANAS – Central Insurance Fund	(136,273)	(158,073)	21,800
<b>R) "Adjusted" net financial indebtedness (O) + (P) + (Q)</b>	<b>(1,333,114)</b>	<b>(1,621,498)</b>	<b>288,384</b>

*(\*) Pursuant to ESMA Recommendation*

As at 31 December 2017, the item "net financial indebtedness" totalled EUR 1,310.4 million (EUR 1,513.2 million as at 31 December 2016).

The change in the financial year was mainly due to: (i) the payment of dividends (2016 balance and 2017 advance) by the Parent Company (EUR 42.9 million), (ii) the payment of dividends, advances and reserves by subsidiaries to minority shareholders (EUR 38.6 million), (iii) the implementation of enhancement works - net of contributions - relative to non-compensated revertible assets (EUR 198.6 million), (iv) the development of other tangible and intangible works (EUR 10.4 million), (v) the acquisition of

equity investments in Primav Infrastruttura S.A. and Ecorodovias Infrastruttura e Logistica S.A (EUR 53.4 million), (vi) the acquisition of the Halmar Group (EUR 51.8 million) and other minority investments (EUR 2 million), (vii), indebtedness resulting from consolidation of the Halmar Group (EUR 3.6 million), (viii) the payment of instalments due of the payable due to ANAS Central Insurance Fund (EUR 31.4 million) and (ix) the change in net working capital and other minor variations (equal to EUR 21.2 million), offset by (i) "operating cash flow" (equal to EUR 533.4 million), (ii) liquidity from the disposal of equity investments held in FNM S.p.A., Salini Impregilo S.p.A. risparmio, Mediobanca S.p.A., Aton S.r.l and in the "parking sector" (EUR 73.4 million), (iii) lower net borrowings following the sale of Fiera Parking S.p.A. (EUR 18 million).

"Net financial indebtedness" also includes the positive difference accrued during the year (EUR 32.4 million) for the fair value of IRS agreements (no cash item).

With reference to the structure of the item "net financial indebtedness", the following is noted:

- the change in "*cash and cash equivalents*" is mainly due to the redemption of the "SIAS 2005-2017 convertible bond loan" with maturity date on 30 June 2017 totalling EUR 231.4 million (amount net of bond held by ASTM S.p.A.). As regards this item, the following is also reported: (i) the payment of interest on bonds, (ii) the payment of instalments due for the "current portion of non-current debt (equal to EUR 482.3 million), (iii) the repayment of "bank short-term borrowings" (EUR 10.1 million), and (iv) the signing of new capitalisation policies (EUR 50 million). These outlays were offset only in part by repayments/pay-offs of insurance policies (EUR 29.3 million) taken out in prior periods and (v) by new loans - net of early repayments - (EUR 287.6 million);
- the item "*securities held for trading*" refers to investments in Brazilian bank certificates of deposit made by the subsidiary IGLI to manage liquidity from Brazilian equity investments;
- the increase in the "*financial receivables*" (amounting to EUR 34.2 million) is due to: (i) the increase in receivables from interconnection (EUR 18.4 million), (ii) the signing of new capitalisation policies (EUR 50 million), (iii) the recognition of income accrued on capitalisation policies (EUR 4.5 million), (iv) the change in the scope of consolidation (EUR 1 million) partially offset by: (i) repayments/pay-offs of capitalisation insurance policies stipulated in previous years (EUR 29.3 million), (ii) the decrease in other financial receivables (EUR 6.4 million) and (iii) the reduction in "*financial receivables due from the Granting body for minimum guaranteed amounts* resulting from the sale of Fiera Parking S.p.A. (EUR 4 million);
- the change in the item "current account overdrafts and advances" is mainly due to the use of available credit lines by Autostrada Asti-Cuneo S.p.A. and e Itinera S.p.A. and to the change in the scope of consolidation (amounting to EUR 12.4 million for current account overdrafts and advances).
- The change in the item "*current portion of non-current indebtedness*" is due to (i) the repayment of instalments due in 2017 (EUR 482.3 million) (ii) the reclassification - from the item "*loans from banks (non-current)*" of instalments due within 12 months (EUR 272.6 million), (iii) the recognition of the interest accrued (EUR 1.6 million) and (iii) the change in the scope of consolidation due to the sale of Fiera Parking S.p.A. (EUR 2.6 million) and the consolidation of Halmar International LLC (EUR 0.8 million).
- the change in the item "*other current financial liabilities*" is mainly due to the repayment of the "SIAS 2005-2017 convertible bond loan" maturing on 30 June 2017 and relative interest;

- the change in the item “bank long-term borrowings” is due to: (i) early repayments of some contracts (EUR -143.5 million), (ii) the granting of new loans (EUR +431.1 million) (iii) the change in the scope of consolidation due to the sale of Fiera Parking S.p.A. (EUR -21.6 million) and the consolidation of Halmar International LLC and its subsidiaries (EUR +2.6 million), (iv) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments due in the following 12 months (EUR -272.6 million) and (iv) the so-called amortised cost (EUR -1.9 million).
- “hedging derivatives” amount to EUR 55.1 million due to the recognition of the negative difference concerning the fair value of IRS agreements. As at 31 December 2017, approximately 75% of consolidated medium/long term debt was “fixed rate”/“hedged”;
- the item "issued bonds" relates to the "2010-2020 bond loan" and the "2014-2024 bond loan"; the change is attributable to effects relative to the so-called "amortised cost".

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With respect to the “adjusted net financial position”, in addition to the above it is noted that:

- the item “non-current financial receivables” includes receivables for the so-called “takeover value” and – as provided for in IFRIC 12” – the discounted value of the medium/long term portion of cash flows related to the so-called "minimum amount guaranteed by the Granting Body”. The change in this item was due to: (i) maturity of the financial receivable equal to EUR 111.3 million relative to the so-called "takeover value" for the “A21 Torino – Piacenza” stretch, of which the concession expired on 30 June 2017, relative to the subsidiary SATAP S.p.A and (ii) the reversal of "receivables for minimum guaranteed amounts" relative to Fiera Parking S.p.A. following the sale of said (EUR -47.5 million);
- the reduction in the "discounted value of the payable due to ANAS - Central Insurance Fund", equal to EUR 21.8 million, is due to the payment of the instalments falling due (EUR 31.4 million) and the charges for discounting the payable itself (EUR 9.6 million).

"Net financial indebtedness" does not include units of "investment funds" for approximately EUR 11 million subscribed in order to invest cash.

\* \* \*

The financial resources available at 31 December 2017 are broken down as follows:

(amounts in millions of EUR)

Cash and financial receivables		1,047
• Cassa Depositi e Prestiti loan (pertaining to SATAP S.p.A.)	290 <sup>(1)</sup>	
• Pool loan (pertaining to SIAS S.p.A.)	270 <sup>(1)</sup>	
• VAT loan (pertaining to Autovia Padana S.p.A.)	66 <sup>(1)</sup>	
• uncommitted credit lines (pertaining to ASTM S.p.A. and consolidated companies)	714 <sup>(1)</sup>	
• back up facilities credit lines (pertaining to ASTM S.p.A.)	30 <sup>(1)</sup>	
• back up committed facilities (pertaining to SIAS S.p.A.)	80 <sup>(1)</sup>	
• Committed cash credit lines (Itinera Group)	8 <sup>(1)</sup>	
	Subtotal	1,458
	<b>Total financial resources at 31 December 2017</b>	<b>2,505</b>

<sup>1</sup> This item is detailed in the note “Other information – Financial risk management”.

## FINANCIAL INCOME

### Motorway sector - SIAS Group

In 2010, the SIAS Group implemented a financial structure model that **diversifies financing sources** and **centralises the Group's funding activities within SIAS S.p.A.**, with the subsequent transfer of funds to operating companies, by means of specific intercompany loans. Therefore, SIAS S.p.A. acts as the Group's interface with the debt market in its various forms: lending banks, institutions and parties interested in purchasing bond issues.

The implementation of this structure makes it possible to obtain medium/long-term committed funds (i) choosing from a variety of financial instruments (mainly bond loans and medium/long-term loans) and numerous counterparties (international and national banks or other institutions such as the European Investment Bank and Cassa Depositi e Prestiti S.p.A.), (ii) at long-lasting, economic conditions, standardised for the entire Group, (iii) while avoiding any form of structural subordination between creditors at the level of investee companies and the new creditors of SIAS S.p.A.

As a result of this financial structure it was possible to create the "creditworthiness" of the Group which derives, in turn, from the "creditworthiness" of the companies with mature concessions, capable of generating significant cash flows, and companies with concessions being developed. In this area, it is noted that the rating agencies Moody's and Fitch assigned a "Group credit rating" for the EMTN programme of SIAS S.p.A. (issues of secured notes) of Baa2 (stable outlook) and BBB+ (stable outlook), respectively.

Based on this financial structure, the funds obtained by SIAS S.p.A. are, in turn, lent out to the operating subsidiaries through specific intercompany loan agreements, to support their financial requirements for investments in line with the Economic-Financial Plans and/or, in any event, with the needs of the individual companies.

It is also worth pointing out that the debt contracted by SIAS S.p.A. as part of this structure is backed by a specific security package in order to guarantee the creditors of SIAS S.p.A. effective access to the operating companies financed, preventing any structural subordination between the creditors of SIAS S.p.A. and the direct creditors of the beneficiary companies of the intercompany loans.

With reference to main **changes in the financial position** in **2017** and in the first few months of **2018**:

- on **30 June 2017**, SIAS S.p.A. (i) **redeemed 31,832,844 unconverted bonds** relative to the "SIAS 2.625% 2005-2017 bond loan convertible into ordinary shares" for a total value of EUR 334.2 million and (ii) payment of relative interest accrued in the 1 January - 30 June 2017 period equal to a total value of EUR 4.3 million.  
From the beginning of the conversion period (1 July 2010) to its end (31 May 2017), the conversion of 42,156 bonds into 42,156 SIAS ordinary shares was requested.
- With the aim of streamlining debt, SIAS S.p.A. stipulated a loan agreement in October 2017 with a pool of banks for a total of EUR 143.5 million, to repay in advance and on a voluntary basis (with a value date of **15 December 2017**), some portions of loans previously undersigned and earmarked for the "To-Mi" Project.

Funding was made available to the subsidiary SATAP S.p.A. in a specific intergroup loan agreement; the intergroup receivable, in line with the centralised financial structure, was pledged as a guarantee to lender banks.

- On **31 January 2018** SIAS S.p.A., considering the favourable market conditions, successfully launched and priced a principal, **10-year senior secured bond loan** of **EUR 550 million**, given a **Baa2** rating by **Moody's** and a **BBB+** rating by **Fitch**. The issue followed on from a roadshow involving Europe's main financial markets and meetings with over 50 investors.

The transaction recorded a demand that was about 3.3 times the offer and enabled the subsidiary SIAS S.p.A. to reduce the spread to 70 base points above the 10 year mid-swap rate, compared to initial indications of 85/90 base points.

Orders were mainly from foreign investors that accounted for over 85% of the total allocated (in particular France, UK and Germany represented over 70% of the total).

The bonds, of a minimum of EUR 100 thousand and maturing on 8 February 2028, pay out a gross annual coupon equal to 1.625% and were placed at an issue price equal to 98.844%, exclusively with qualified investors.

SIAS S.p.A. used the liquidity from the issue to give SATAP S.p.A. an intergroup loan for a total amount equal to the principal amount of the issued securities; this liquidity will be used by SATAP S.p.A. to cover its financial needs, including motorway investments.

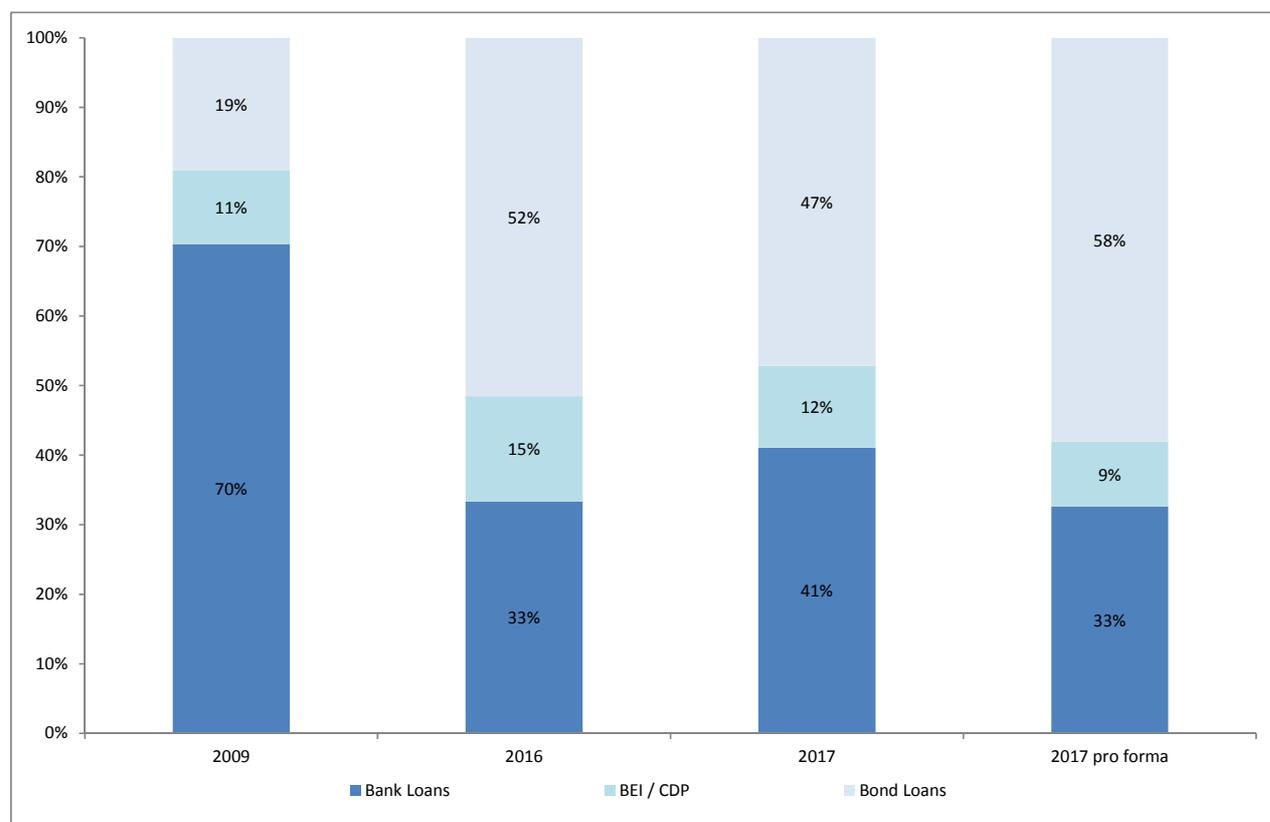
Pursuant to the Group's centralised financial structure, the bonds are guaranteed by a pledge on monetary receivables arising from the above intergroup loan.

The issue is part of the Euro Medium Term Notes (EMTN) programme of EUR 2 billion set up in 2010 and of which EUR 500 million already used in October and an additional EUR 500 million used in February 2014, which diversify funding sources.

This operation also made it possible to extend average debt repayment times (**from 5 to approximately 6.5 years**) and improve the time frames of repayment plans.

With reference to the **diversification of funding sources**, the SIAS Group further reduced its exposure to banks, which accounted for 33% of total debit at 31 December 2017 (pro-forma data) compared to 70% of total debt at 31 December 2009<sup>1</sup>.

The trends in various funding sources are outlined below.



As regards the **concentration of Group funding activities within SIAS S.p.A.**, the indebtedness of SIAS S.p.A., compared to the total debt of the SIAS Group, went from 19.1% as at 31 December 2009 to 77% as at 31 December 2017 ("pro-forma data")<sup>1</sup>:

(amounts in millions of EUR)	2009	2016	2017	2017 pro-forma
Gross financial indebtedness - SIAS Group (a)	1,754	2,658	2,120	2,670
Gross financial indebtedness - SIAS S.p.A. (b)	335	1,876	1,494	2,044
<b> Holding company/Group gross financial indebtedness ratio (b/a)</b>	<b>19.1%</b>	<b>70.6%</b>	<b>70.5%</b>	<b>76.6%</b>

<sup>1</sup> Amount including the bond loan - equal to EUR 550 million - issued in February 2018

## ANALYSIS OF 2017 RESULTS OF THE PARENT COMPANY AND THE MAIN INVESTEE COMPANIES

### ASTM S.p.A.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Income from equity investments	48,732	53,441	(4,709)
Other financial income	3,173	6,381	(3,208)
Interest and other financial charges	(1,290)	(3,050)	1,760
<b>Financial income and charges</b>	<b>50,615</b>	<b>56,772</b>	<b>(6,157)</b>
<b>Value adjustments of financial assets</b>			
- write-downs	(897)	(5,127)	4,230
<b>Other operating income</b>	<b>2,553</b>	<b>2,097</b>	<b>456</b>
<b>Other operating costs</b>	<b>(10,089)</b>	<b>(10,169)</b>	<b>80</b>
<b>Pre-tax profit (loss)</b>	<b>42,182</b>	<b>43,573</b>	<b>(1,391)</b>
Income taxes	1,233	2,114	(881)
<b>Profit (loss) for the period</b>	<b>43,415</b>	<b>45,687</b>	<b>(2,272)</b>

The items contained in the Parent Company's income statement reflect the industrial holding activity carried out by it. More specifically, the item "*income from equity investments*" was due to the dividends and the interim dividends collected during 2017, mainly from SIAS S.p.A. (EUR 46.4 million), Sineco S.p.A. (EUR 1.6 million), Mediobanca S.p.A. (EUR 0.2 million) and Assicurazioni Generali S.p.A. (EUR 0.1 million), as well as the capital gain deriving from the sale of shares in Mediobanca S.p.A. (EUR 0.4 million).

"*Other financial income*" mainly relates to interest accrued on SIAS S.p.A. convertible bonds.

The item "*interest and other financial charges*" refers mainly to interest expense on the bank loan for EUR 150 million paid during 2016 by Unicredit and repaid in 2017, and to charges payable on guarantees; the change is due to lower interest expense on the loan, repaid during 2016, to the subsidiary Igli S.p.A..

The item "*revaluations*" refers to the alignment to fair value of the "option component" of SIAS convertible bonds held by the Company, rapid by the subsidiary SIAS in June 2017.

The item "*other operating income*" represents the compensation for the administrative-financial and corporate service activities carried out for Group companies. The said income is offset by "*other operating costs*", which mainly consist of the costs for employed staff and the costs for services.

The main items related to *financial income* as at 31 December 2017, compared with those as at 31 December 2016, may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash and cash equivalents	6,255	42,808	(36,553)
B) Securities held for trading	-	-	-
<b>C) Liquidity (A) + (B)</b>	<b>6,255</b>	<b>42,808</b>	<b>(36,553)</b>
<b>D) Financial receivables</b>	<b>-</b>	<b>2,752</b>	<b>(2,752)</b>
E) Bank short-term borrowings	(11)	-	(11)
F) Current portion of medium/long-term borrowings	-	(149,773)	149,773
G) Other current financial liabilities	(192)	(251)	59
<b>H) Short-term borrowings (E) + (F) + (G)</b>	<b>(203)</b>	<b>(150,024)</b>	<b>149,821</b>
<b>I) Current net cash (C) + (D) + (H)</b>	<b>6,052</b>	<b>(104,464)</b>	<b>110,516</b>
J) Bank long-term borrowings	(34,983)	-	(34,983)
K) Hedging derivatives	-	-	-
L) Bonds issued	-	-	-
M) Other long-term payables	-	-	-
<b>N) Long-term borrowings (J) + (K) + (L) + (M)</b>	<b>(34,983)</b>	<b>-</b>	<b>(34,983)</b>
<b>O) Net financial indebtedness (I) + (N)</b>	<b>(28,931)</b>	<b>(104,464)</b>	<b>75,533</b>

(\*) Pursuant to ESMA Recommendation

"Net financial indebtedness" of the company as at 31 December 2017 was equal to EUR 28.9 million (EUR 104.5 million as at 31 December 2016), with a positive change of EUR 75.5 million that reflects the collection of bonds held, relative to the SIAS 2005-2017 bond loan for an amount equal to EUR 102.8 million.

With reference to the structure of the item "net financial indebtedness", the following is noted:

- the change in the item "cash and cash equivalents" is attributable to: (i) operations (EUR 42.9 million), (ii) the repayment of the 2005-2017 bond loan (EUR 102.8 million) and (iii) the granting of a bank loan from Unicredit (EUR 35 million) was used (i) for the distribution of dividends (2016 balance and 2017 advance) for a total of EUR 42.9 million, (ii) the repayment of EUR 150 million of the loan with Unicredit S.p.A. and (iv) the disbursement of a loan to the subsidiary Igli S.p.A. (EUR 27.9 million).
- the item "financial receivables" as at 31 December 2016 refers to financial receivables due from the subsidiary SIAS SpA (EUR 2.7 million) collected during the year;
- the item "current portion of medium/long-term borrowings" referred, as at 31 December 2016, to the loan from Unicredit S.p.A., repaid in 2017.
- the change in the item "bank long-term borrowings" is attributable to the disbursement in December 2017 of the loan equal to EUR 35 million with Unicredit S.p.A..

\* \* \*

The "Reconciliation statement between the shareholders' equity, the profit (loss) for the period of ASTM S.p.A. and the corresponding amounts of the ASTM Group", as required by the CONSOB Communication no. DEM/6064293 of 28 July 2006, is included among the "Consolidated Financial Statements".

## IGLI S.p.A.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Income from equity investments	1,167	272	895
Other financial income	3,984	24,324	(20,340)
Interest and other financial charges	(653)	(7,770)	7,117
<b>Financial income and charges</b>	<b>4,498</b>	<b>16,826</b>	<b>(12,328)</b>
<b>Value adjustments of financial assets</b>	-	-	-
<b>Other operating income</b>	<b>90</b>	<b>34</b>	<b>56</b>
<b>Other operating costs</b>	<b>(2,195)</b>	<b>(1,159)</b>	<b>(1,036)</b>
<b>Pre-tax profit (loss)</b>	<b>2,393</b>	<b>15,701</b>	<b>(13,308)</b>
Income taxes	1,225	(3,516)	4,741
<b>Profit (loss) for the period</b>	<b>3,618</b>	<b>12,185</b>	<b>(8,567)</b>

The item “income from equity investments” includes the dividend distributed by the investee Ecorodovias Infraestrutura e Logistica S.A. for EUR 0.9 million, the dividend distributed by the company Salini Impregilo S.p.A. for EUR 0.2 thousand and the capital gain realised following the sale of savings shares held in Salini Impregilo S.p.a. (EUR 0.1 million).

The item “other financial income” is mainly attributable to (i) interest income on the loan to Primav Construcoes e Comercio S.A. (EUR 0.1 million), (ii) interest income on the Brazilian Bank Certificate of Deposit (EUR 0.4 million), (iii) exchange gains on currency items (EUR 2.4 million) and (iv) intergroup financial charges (EUR 0.2 million).

The item “interest and other financial charges” mainly refers to exchange losses realised for an amount equal to EUR 0.3 million and unrealised exchange losses, equal to EUR 0.4 million, attributable to the adjustment in the book value of the aforesaid Bank Certificate of Deposit at the Euro /Reais exchange rate at the end of the year.

The item “other operating costs” went up compared to the previous year, mainly attributable to higher costs incurred for professional consultancy services relative to investments in Brazil and higher costs for personnel.

The main items related to *financial income* as at 31 December 2017, compared with those as at 31 December 2016, may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash and cash equivalents	277	1,378	(1,101)
B) Securities held for trading	5,915	11,660	(5,745)
<b>C) Liquidity (A) + (B)</b>	<b>6,192</b>	<b>13,038</b>	<b>(6,846)</b>
<b>D) Financial receivables</b>	<b>192</b>	<b>3,741</b>	<b>(3,549)</b>
E) Bank short-term borrowings	-	-	-
F) Current portion of medium/long-term borrowings	-	-	-
G) Other current financial liabilities	(46,500)	-	(46,500)
<b>H) Short-term borrowings (E) + (F) + (G)</b>	<b>(46,500)</b>	<b>16,779</b>	<b>(46,500)</b>
<b>I) Current net cash (C) + (D) + (H)</b>	<b>(40,116)</b>	-	<b>(56,895)</b>
J) Bank long-term borrowings	-	-	-
K) Hedging derivatives	-	-	-
L) Bonds issued	-	-	-
M) Other long-term payables	-	-	-
<b>N) Long-term borrowings (J) + (K) + (L) + (M)</b>	-	-	-
<b>O) Net financial indebtedness<sup>(*)</sup> (I) + (N)</b>	<b>(40,116)</b>	<b>16,779</b>	<b>(56,895)</b>

(\*) Pursuant to ESMA Recommendation

The change in the year in the “*net financial position*” is mainly attributable to the (i) purchase of the equity investment Primav Infraestrutura S.A. e Ecorodovias Infraestrutura and Logistica S.A. (EUR 53.4 million), (ii) and the loans from ASTM S.p.A. (EUR 27.9 million) and SIAS S.p.A. (EUR 18.6 million).

"Liquidity" as at 31 December 2017 amounted to EUR 6.2 million (EUR 13 million as at 31 December 2016), and consisted of EUR 5.9 million from the Brazilian Bank Certificates of Deposit, adjusted to the EUR/BRL exchange rate as at 31 December 2017, including accrued interest.

The change in the item "*other current financial liabilities*" is attributable to loans from the parent companies ASTM (EUR 27.9 million) and SIAS S.p.A. (EUR 18.6 million).

## Società Iniziative Autostradali e Servizi – SIAS S.p.A.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Income from equity investments	110,361	107,489	2,872
Other financial income	65,928	67,487	(1,559)
Interest and other financial charges	(63,599)	(71,214)	7,615
<b>Financial income and charges</b>	<b>112,690</b>	<b>103,762</b>	<b>8,928</b>
<b>Value adjustments of financial assets</b>	<b>(1,615)</b>	<b>(4,146)</b>	<b>2,531</b>
<b>Other operating income</b>	<b>6,154</b>	<b>6,154</b>	<b>-</b>
<b>Other operating costs</b>	<b>(20,439)</b>	<b>(15,093)</b>	<b>(5,346)</b>
<b>Amortisation/depreciation and provisions</b>	<b>(3)</b>	<b>(1,603)</b>	<b>1,600</b>
<b>Pre-tax profit (loss)</b>	<b>96,787</b>	<b>89,074</b>	<b>7,713</b>
Income taxes	1,077	1,673	(596)
<b>Profit (loss) for the period</b>	<b>97,864</b>	<b>90,747</b>	<b>7,117</b>

The items contained in the subsidiary's income statement reflect the industrial holding activity carried out by it; more specifically, the item *"income from equity investments"* (amounting to EUR 110.4 million) is (i) attributable to the dividends paid during the financial year by SATAP S.p.A. (EUR 60.1 million), SALT S.p.A. (EUR 30.5 million), SAV S.p.A. (EUR 3.6 million) SIAS Parking S.r.l. unipersonale (EUR 0.9 million) ATIVA S.p.A. (EUR 13.4 million), Road Link Holdings Ltd (EUR 1.2 million) and Assicurazioni Generali S.p.A. (for a total of EUR 0.3 million) and (ii) to capital gains realised following the sale of the equity investment held in FNM S.p.A. (EUR 0.3 million) and in Sina S.p.A. (EUR 0.1 million).

The items *"other financial income"* and *"interest and other financial charges"* reflect the centralisation of the financial funding activities within SIAS S.p.A., with the subsequent transfer of funds to operating companies, by means of specific intercompany loans. In particular the downturn in *"other financial income"*, equal to EUR 1.6 million is due to (i) lower interest on policies (EUR -1.9 million) sold during FY 2017 and lower intergroup interest income and interest income from banks (EUR -3 million) (ii) EUR 3.3 million due to net income realised on the EIB refinancing.

The item *"value adjustments to financial assets"* was due to the write down of the investment in Road Link Holdings Ltd after specific Impairment.

The reduction in *"interest and other financial charges"* refers to EUR 7.1 million for the repayment - on 30 June 2017 - of the SIAS 2005-2017 convertible bond loan.

The item *"other operating income"* refers to the accounting, administration and financial consultancy activities provided by SIAS S.p.A. to Group companies.

The increase in *"other operating costs"* is mainly attributable to higher "non-recurring" costs for services incurred in the period and relative to the project to reorganise and optimise procedures and streamline resources.

In the previous year the item *"amortisation/depreciation and provisions"* essentially referred to the allocation to the tax "risks provision", which was prudentially made in relation to the deductibility of interest expense calculated on the "liability component" of the "SIAS 2.625% 2005-2017" convertible bond loan; as previously stated, the convertible bond loan was repaid on 30 June 2017.

The item *"income taxes"* reflected the peculiarity of the activity carried out by the company and included the "income" related to the so-called "tax consolidation".

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The main items related to *financial income* as at 31 December 2017, compared with those as at 31 December 2016, may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash and cash equivalents	5,823	152,370	(146,547)
B) Securities held for trading	-	-	-
<b>C) Liquidity (A) + (B)</b>	<b>5,823</b>	<b>152,370</b>	<b>(146,547)</b>
<b>D) Financial receivables</b>	<b>77,370</b>	<b>203,578</b>	<b>(126,208)</b>
E) Bank short-term borrowings	-	-	-
F) Current portion of medium/long-term borrowings	(105,155)	(181,848)	76,693
G) Other current financial liabilities	(300,388)	(519,611)	219,223
<b>H) Short-term borrowings (E) + (F) + (G)</b>	<b>(405,543)</b>	<b>(701,459)</b>	<b>295,916</b>
<b>I) Current net cash (C) + (D) + (H)</b>	<b>(322,350)</b>	<b>(345,511)</b>	<b>23,161</b>
J) Bank long-term borrowings	(383,296)	(341,094)	(42,202)
K) Hedging derivatives	-	-	-
L) Bonds issued	(994,062)	(992,744)	(1,318)
M) Other long-term payables	-	-	-
<b>N) Long-term borrowings (J) + (K) + (L) + (M)</b>	<b>(1.377.358)</b>	<b>(1.333.838)</b>	<b>(43,520)</b>
<b>O) Net financial indebtedness<sup>(*)</sup> (I) + (N)</b>	<b>(1,699,708)</b>	<b>(1,679,349)</b>	<b>(20,359)</b>

(\*) Pursuant to ESMA Recommendation

The change in the composition of net financial indebtedness is mainly attributable to the repayment, on 30 June 2017 of the "2005-2017 convertible bond loan" (EUR 334.2 million).

The "*net financial indebtedness*" as at 31 December 2017 showed a balance of EUR 1,699.7 million (EUR 1,679.3 million as at 31 December 2016); this amount does not include receivables for "intercompany loans" granted, as part of the financial structure at holding level, to the investee companies SALT S.p.A., SATAP S.p.A., Autocamionale della Cisa S.p.A., SAV S.p.A., Autostrada dei Fiori S.p.A., Autostrada Asti Cuneo S.p.A., Autostrada Torino-Savona S.p.A. and Tangenziale Esterna S.p.A., amounting to EUR 1,516 <sup>1</sup>million (EUR 1,516 million as at 31 December 2016).

Liquidity generated from operating activities (equal to approximately EUR 90.3 million) was used in order to pay dividends for a total amount of EUR 75.1 million (EUR 40.9 million as balance dividend for 2016 and EUR 34.1 million as interim dividend for 2017); the Company also acquired shares in SALT S.p.A (EUR 0.8 million), in Tangenziali Esterne di Milano S.p.A. and Tangenziale Esterna S.p.A (EUR 54.3 million) partially offset by the sale of equity investments held in FNM S.p.A. and in Sina S.p.A. (EUR 9.2 million).

During the financial year under review, the Company also collected an amount of EUR 35.4 million, net of disbursements, as medium/long-term intercompany loans from its subsidiaries and companies under joint control.

With reference to the "structure" of the item "net financial indebtedness", the following is noted:

- the change in the item "*cash and cash equivalents*" implements, in addition to the above-mentioned changes: (i) the payment of instalments due for the "current portion of non-current debt" (equal to EUR 182 million) and (ii) granting of an intercompany short term loan by the subsidiaries SATAP S.p.A. (EUR 65 million) and Autostrada dei Fiori (EUR 50 million).

<sup>1</sup> Including the short term portion of financial receivables due from the subsidiary Autostrada Asti Cuneo S.p.A..

- the change in the item "*financial receivables*" (amounting to EUR 75.8 million) is due to: (i) collection from the sale of capitalisation policies signed in previous years (EUR 119.8 million), (ii) instalments due in the period of intercompany loans and of accrued interest (approximately EUR 83.8 million) and (iii) the reclassification of instalments due in the next 12 months of intercompany loans and any accrued interest (EUR 77.4 million).
- the change in the item "*current portion of medium/long-term borrowings*" was due to: (i) the reimbursement of the instalments falling due in the period (EUR 182 million), (ii) the reclassification from the item "bank long-term borrowings" of the instalments due in the following 12 months (EUR 105.6 million) and (iii) the difference of interests accrued (EUR 0.3 million);
- the change in "*other current financial liabilities*" is the result of: (i) repayment of the "SIAS 2005-2017 convertible bond loan" and relative interest accrued as at 31 December 2017 (EUR 340.3 million), (ii) the granting of intercompany loans by the subsidiary Sias Parking S.p.A. (EUR 65 million) and the subsidiary Autostrada Dei Fiori S.p.A. (EUR 50 million) as well as relative accrued interest (EUR 6.1 million);
- the increase in the item "*bank long-term borrowings*" is due to: i) the early repayment of some loans, as described previously (EUR -143.5 million), (ii) the granting of new loans (EUR +293.5 million), (iii) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments due in the following 12 months (EUR -105.6 million) and (iv) the so-called "amortised cost" (EUR -2.2 million);
- the item "issued bonds" relates to the "2010-2020 bond loan" and the "2014-2024 bond loan"; the change is attributable to effects relative to the so-called "amortised cost".

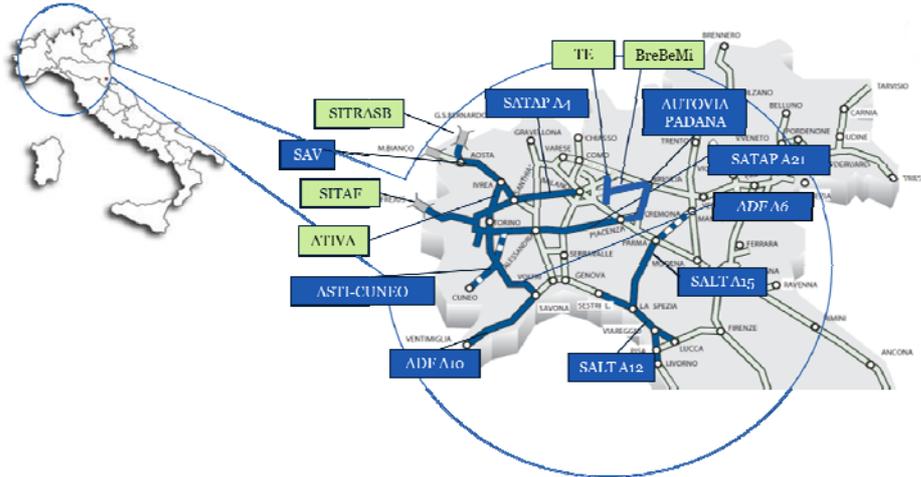
"*Net financial indebtedness*" does not include units of "investment funds" for approximately EUR 11 million subscribed in previous years in order to invest cash.

## RESULTS OF OPERATIONS - Motorway sector

As at 31 December 2017, the Group was managing a motorway network of approx. 3,249 km; this network is located in Italy for 1,373 km, while 1,876 km are located abroad.

### Motorway sector – Italy

The SIAS Group operates in the north west of Italy.



The extension of the overall **motorway network** managed through subsidiaries, jointly controlled entities and associated companies in Italy was as follows:

Company	%	Managed stretch	kilometres in operation	kilometres under construction	kilometres total
SATAP	99.87%	A4 TORINO-MILANO A21 TORINO-PIACENZA	130.3 167.7	- -	130.3 167.7
SALT	95.18%	A12 SESTRI LEVANTE-LIVORNO, VIAREGGIO-LUCCA AND FORNOLA-LA SPEZIA	154.9	-	154.9
SAV	65.08%	A15 LA SPEZIA-PARMA	101.0	81.0	182.0
ADF	70.92%	A5 QUINCINETTO-AOSTA	59.5	-	59.5
ADF	100.00%	A10 SAVONA-VENTIMIGLIA	113.2	-	113.2
AT-CN	60.00%	A6 TORINO - SAVONA	130.9	-	130.9
AT-CN	60.00%	A33 ASTI-CUNEO	55.0	23.0	78.0
<b>TOTAL AMOUNT MANAGED BY SUBSIDIARIES (A)</b>			<b>912.5</b>	<b>104.0</b>	<b>1,016,5</b>
ATIVA	41.17%	A55 TANGENZIALE DI TORINO, TORINO-QUINCINETTO, IVREA-SANTHIÀ AND TORINO-PINEROLO	155.8	-	155.8
SITAF	36.60%	A32 TORINO-BARDONECCHIA, T4 TRAFORO FREJUS	94.0	-	94.0
SITRASB	36.50%	T2 TRAFORO GRAN SAN BERNARDO	12.8	-	12.8
TE	18.69% <sup>(2)</sup>	A58 TANGENZIALE EST ESTERNA DI MILANO	32.0	-	32.0
BreBeMi	2.71% <sup>(4)</sup>	A35 BRESCIA – BERGAMO- MILANO	62.0	-	62.0
<b>TOTAL AMOUNT MANAGED BY JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES (B)</b>			<b>356.6</b>	<b>-</b>	<b>356.6</b>
<b>TOTAL (a+b)</b>			<b>1,269.1</b>	<b>104.0</b>	<b>1,373.1</b>

(1) Companies jointly controlled with another entity, by virtue of a specific agreement.

(2) Company with direct investments by the subsidiaries SIAS S.p.A. (17.67%), SATAP S.p.A. (1.02%) and Itinera S.p.A. (100 shares and indirectly through TEM S.p.A., in which the Group holds 41.6% of the share capital).

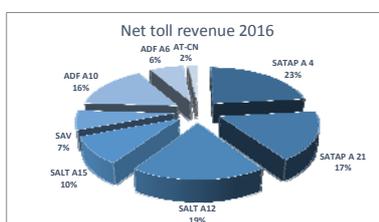
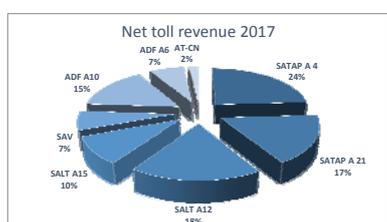
(3) Company with a direct investment by the subsidiary Itinera S.p.A. with 2.71% of the share capital and indirectly through Autostrade Lombarde S.p.A. (79% of the share capital) in which the Group holds 13.3% of the share capital.

(4) The equity investment in Società di Progetto Autostrada diretta Brescia Milano S.p.A. as at 31 December 2017 was reclassified under "Discontinued operations/Non-current assets held for sale", based on agreements described previously in the section "Strategic plan and management of equity investments".

As from 1 March 2018, the network managed in Italy was increased by an additional **88.6 Km** following Società di Progetto Autovia Padana S.p.A. taking over Autostrada Centro Padane in managing the concession of the "Piacenza – Brescia" stretch.

The **net toll revenue** figure of the individual subsidiary licensees for FY 2017 - compared with the same period of the previous year - is shown below:

Amounts in thousands of EUR		2017	2016	Change
SATAP S.p.A.	A4 Torino-Milano stretch	244,765	227,624	17,141
SATAP S.p.A.	A21 Torino-Piacenza stretch	174,805	169,292	5,513
SALT p.A.	A12 Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia stretch	186,848	183,867	2,981
SALT p.A.	A15 La Spezia-Parma stretch	98,772	95,710	3,062
SAV S.p.A.	A5 Quincinetto-Aosta stretch	68,732	67,466	1,266
ADF S.p.A.	A10 Savona-Ventimiglia stretch	155,923	152,898	3,025
ADF S.p.A.	A6 Torino-Savona stretch	68,495	64,569	3,926
AT-CN S.p.A.	A33 Asti-Cuneo stretch	18,940	17,438	1,502
<b>TOTAL</b>		<b>1,017,280</b>	<b>978,864</b>	<b>38,416</b>

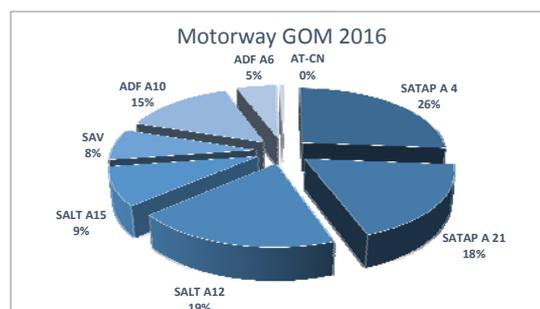
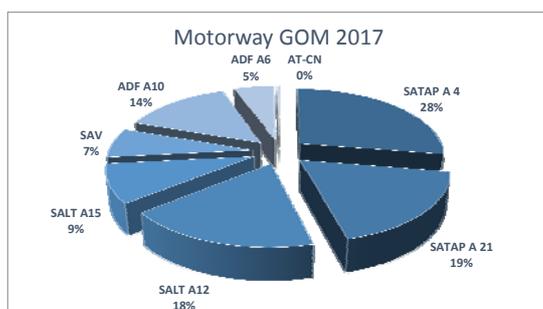


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The **gross operating margin** figure of the individual subsidiary concession holders for FY 2017 - compared with the same period of the previous year - is shown below:

Amounts in thousands of EUR		2017	2016	Change
SATAP S.p.A.	A4 Torino-Milano stretch	194,236	169,783	24,454
SATAP S.p.A.	A21 Torino-Piacenza stretch	126,092	117,593	8,499
SALT p.A.	A12 Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia section (*)	126,296	123,173	3,123
SALT p.A.	A15 La Spezia-Parma stretch (*)	62,759	58,719	4,040
SAV S.p.A.	A5 Quincinetto-Aosta stretch	48,496	47,816	680
ADF S.p.A.	A10 Savona-Ventimiglia stretch (*)	98,320	93,113	5,207
ADF S.p.A.	A6 Torino-Savona stretch (*)	34,911	33,181	1,730
AT-CN S.p.A.	A33 Asti-Cuneo stretch	2,415	2,393	22
<b>TOTAL <sup>(1)</sup></b>		<b>693,525</b>	<b>645,771</b>	<b>47,755</b>

(\*) Following the merger by absorption of Autocamionale della Cisa S.p.A. (A15 stretch) with SALT p.A. and Autostrada Torino Savona (A6 Stretch) with Autostrada dei Fiori S.p.A., the gross operating margin for 2016 was restated, for a comparison of the two economic components of the companies SALT p.A. and ADF S.p.A..



(1) The table does not show the GOM for Autovia Padana S.p.A. (not operational at the reporting date), totalling EUR -0.4 million in 2017 (EUR -0.3 million in 2016).

## Motorway sector in Italy – Subsidiaries

### SATAP – Società Autostrada Torino-Alessandria-Piacenza S.p.A.

The main revenue and expenditure items of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Net toll revenue <sup>(1)</sup>	419,571	396,915	22,656
Other motorway sector revenue <sup>(2)</sup>	15,421	13,998	1,423
Other revenue	18,606	12,229	6,377
<b>Turnover (A)</b>	<b>453,598</b>	<b>423,142</b>	<b>30,456</b>
Operating costs <sup>(1)(2)</sup> (B)	(133,270)	(135,767)	2,497
<b>Gross operating margin (A - B)</b>	<b>320,328</b>	<b>287,375</b>	<b>32,953</b>
	<i>EBITDA margin %</i>		
	71%	68%	
Non-recurring items	(2,080)	-	(2,080)
<b>"Adjusted" gross operating margin</b>	<b>318,248</b>	<b>287,375</b>	<b>30,873</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 35.3 million in 2017 and EUR 34.4 million in 2016).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 43.4 million for FY 2017 and EUR 100.2 million for FY 2016, respectively).

In order to enable the analysis of the revenue and expenditure items related to the two managed stretches, the item "gross operating margin" for the "Torino – Piacenza" (A21) and "Torino – Milano" (A4) stretches may be broken down as follows.

#### Torino – Piacenza (A21 stretch)

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Net toll revenue	174,805	169,292	5,513
Other motorway sector revenue	8,410	7,813	597
Other revenue	7,688	7,795	(107)
<b>Turnover (A)</b>	<b>190,903</b>	<b>184,900</b>	<b>6,003</b>
Operating costs (B)	(64,812)	(67,307)	2,495
<b>Gross operating margin (A - B)</b>	<b>126,091</b>	<b>117,593</b>	<b>8,498</b>
Non-recurring items	(728)	-	(728)
<b>"Adjusted" gross operating margin</b>	<b>125,363</b>	<b>117,593</b>	<b>7,770</b>

The increase in "net toll revenue" equal to EUR 5.5 million (+3.26%) was due to the increase in both toll rates (+1.19%) and traffic volumes (2.06%).

"Other motorway sector revenues" mainly refer to rental income on service areas; the change in the period is attributable to the new economic terms negotiated during the reassignment of certain service areas.

The decrease of EUR 2.5 million in "operating costs" is due - essentially - to: (i) fewer "maintenance costs and other costs related to revertible assets" (EUR -3.4 million), (ii) higher "payroll costs" (EUR +0.9 million) and higher operating costs (EUR +0.1 million).

With regard to the above, the "gross operating margin" (EBITDA) increased by EUR 8.5 million, amounting to EUR 126.1 million.

"Non-recurring items", equal to EUR 0.7 million refers to the estimated charges to be incurred as part of the optimization and rationalisation of human resources carried out under trade union agreements signed in the period.

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**Torino – Milano (A4 stretch)**

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Net toll revenue	244,765	227,624	17,141
Other motorway sector revenue	7,011	6,185	826
Other revenue	10,918	4,434	6,484
<b>Turnover (A)</b>	<b>262,694</b>	<b>238,243</b>	<b>24,451</b>
Operating costs (B)	(68,458)	(68,460)	2
<b>Gross operating margin (A - B)</b>	<b>194,236</b>	<b>169,783</b>	<b>24,453</b>
Non-recurring items	(1,352)	-	(1,352)
<b>"Adjusted" gross operating margin</b>	<b>192,884</b>	<b>169,783</b>	<b>23,101</b>

The increase in "net toll revenue" equal to EUR 17.1 million (+7.53%) was due to the increase in both toll rates (+4.91%) and traffic volumes (+2.62%).

"Other motorway sector revenues" mainly refer to rental income on service areas; the change in the period is attributable to the new economic terms negotiated during the reassignment of certain service areas.

During FY 2017, the item "other revenues" included EUR 5.4 million relative to the higher value recognised relative to motorway licensees and the service areas alienated by previous sub-licensees.

"Operating costs" – in line with the previous year - were equal to EUR 68.5 million.

With regard to the above, the "gross operating margin" (EBITDA) increased by EUR 24.5 million, amounting to EUR 194.2 million.

"Non-recurring items" refer to charges relative to the project to optimise and streamline resources (EUR -1.4 million), partly supported and estimated based on trade union agreements signed in the period.

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As regards the *financial position*, a summary of its components is provided below:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash	130,064	131,067	(1,003)
B) Financial receivables	274,708	285,940	(11,232)
C) Short-term borrowings	(172,176)	(151,522)	(20,654)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>232,596</b>	<b>265,485</b>	<b>(32,889)</b>
E) Long-term borrowings	(904,627)	(1,036,136)	131,509
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(672,031)</b>	<b>(770,651)</b>	<b>98,620</b>
G) Non-current financial receivables - takeover	111,260	-	111,260
H) Discounted value of the payable due to ANAS – Central Insurance Fund	-	(4,046)	(4,046)
<b>H) "Adjusted" net financial indebtedness (F) + (G) + (H)</b>	<b>(560,771)</b>	<b>(774,697)</b>	<b>(213,926)</b>

The change in "adjusted" financial indebtedness refers to EUR 111.3 million on the maturity of the financial receivable relative to the so-called "take-over value" for the "Torino-Piacenza" stretch, of which the concession ended on 30 June 2017.

## SALT - Società Autostrada Ligure Toscana p.A.

As indicated previously, in 2017 the company Autocamionale della Cisa S.p.A. was merged by absorption with Società Autostrada Ligure Toscana p.A.; to compare 2017 with the previous year, balances relative to 2016 have been restated.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016 Restated (*)	Changes
Net toll revenue <sup>(1)</sup>	285,619	279,577	6,042
Other motorway sector revenue <sup>(2)</sup>	11,096	10,409	687
Other revenue	9,725	8,577	1,148
<b>Turnover (A)</b>	<b>306,440</b>	<b>298,563</b>	<b>7,877</b>
Operating costs <sup>(1)(2)</sup> (B)	(117,385)	(116,671)	(714)
<b>Gross operating margin (A - B)</b>	<b>189,055</b>	<b>181,892</b>	<b>7,163</b>
<i>EBITDA margin %</i>	62%	61%	
Non-recurring items	(229)	-	(229)
<b>"Adjusted" gross operating margin</b>	<b>188,826</b>	<b>181,892</b>	<b>6,934</b>

(\*) amounts net of the intergroup between the A 12 Sestri Levante-Livorno, Viareggio –Lucca and Fornola- La Spezia and A15 La Spezia- Parma stretch

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 20.5 million in 2017 and EUR 20.1 million in 2016).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 119.3 million for FY 2017 and EUR 45.8 million for FY 2016, respectively).

In order to enable the analysis of the revenue and expenditure items related to the two managed stretches, the item "gross operating margin" for the Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia" stretch (A12 Stretch) and "La Spezia- Parma" stretch (A15 Stretch) is shown below.

### Sestri Levante-Livorno, Viareggio –Lucca and Fornola- La Spezia (A12 Stretch)

<i>(amounts in thousands of EUR)</i>	2017	2016 Restated (*)	Changes
Net toll revenue	186,848	183,867	2,981
Other motorway sector revenue	6,496	5,944	552
Other revenue	5,336	4,130	1,206
<b>Turnover (A)</b>	<b>198,680</b>	<b>193,941</b>	<b>4,739</b>
Operating costs (B)	(72,384)	(70,768)	(1,616)
<b>Gross operating margin (A - B)</b>	<b>126,296</b>	<b>123,173</b>	<b>3,123</b>
Non-recurring items	(155)	-	(155)
<b>"Adjusted" gross operating margin</b>	<b>126,141</b>	<b>123,173</b>	<b>2,968</b>

(\*) amounts net of the intergroup for the A15 La Spezia- Parma stretch

The increase in "net toll revenue" – equal to EUR 3 million (+1.62%) – was driven entirely by higher traffic volumes and by the traffic mix, as toll rates were not raised over the period.

During FY 2017, the item "other revenues" included EUR 1.7 million relative to the higher value recognised relative to motorway licensees and the service areas alienated by previous sub-licensees.

The increase in "operating costs" (equal to EUR 1.6 million) is due to: (i) the increase in "payroll costs" (EUR +0.6 million), in costs for "maintenance of non-compensated revertible assets" (EUR +0.3 million), in "other operating costs" (EUR +1.1 million) and (ii) fewer costs relating to revertible assets (EUR -0.4 million).

The "gross operating margin" (EBITDA) totalled EUR 126.3 million (EUR 123.2 million in 2016).

“Non-recurring items” refer to charges relative to the project to optimise and streamline resources (EUR -0.2 million), partly supported and estimated based on trade union agreements signed in the period.

#### La Spezia- Parma (Stretch A15).

<i>(amounts in thousands of EUR)</i>	2017	2016 Restated (*)	Changes
Net toll revenue	98,772	95,710	3,062
Other motorway sector revenue	4,600	4,465	135
Other revenue	4,388	4,447	(59)
<b>Turnover (A)</b>	<b>107,760</b>	<b>104,622</b>	<b>3,138</b>
Operating costs (B)	(45,001)	(45,903)	902
<b>Gross operating margin (A - B)</b>	<b>62,759</b>	<b>58,719</b>	<b>4,040</b>
Non-recurring items	(74)	-	(74)
<b>"Adjusted" gross operating margin</b>	<b>62,685</b>	<b>58,719</b>	<b>3,966</b>

(\*) amounts net of the intergroup for the A 12 Sestri Levante-Livorno, Viareggio –Lucca and Fornola- La Spezia stretch

The increase in "net toll revenues" equal to EUR 3.1 million (+3.20%) was due to the increase in both toll rates (+0.27%) and traffic volumes (+2.93%).

The decrease in "operating costs" (equal to EUR 0.9 million) was due to: (i) the decrease in costs for "maintenance of non-compensated revertible assets" (EUR -0.2 million), in costs on revertible assets for services (EUR -0.4 million), in other operating costs (EUR -1.1 million) and (ii) the increase in costs for raw materials and "other operating costs" (EUR +0.7 million).

The "gross operating margin" (EBITDA) totalled EUR 62.8 million (EUR 58.7 million in 2016).

“Non-recurring items” refer to charges relative to the project to optimise and streamline resources partly incurred and partly estimated based on trade union agreements signed in the period.

\* \* \*

As regards the *financial position*, a summary of its components is provided below:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016 restated	Changes
A) Cash	128,942	345,149	(216,207)
B) Financial receivables	299,861	126,049	173,812
C) Short-term borrowings	(33,145)	(51,877)	18,732
<b>D) Current net cash (A) + (B) + (C)</b>	<b>395,658</b>	<b>419,321</b>	<b>(23,663)</b>
E) Long-term borrowings	(598,695)	(618,519)	19,824
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(203,037)</b>	<b>(199,198)</b>	<b>(3,839)</b>
G) Discounted value of the payable due to ANAS – Central Insurance Fund	(48,590)	(60,839)	12,249
<b>H) "Adjusted" net financial indebtedness (F) + (G) + (H)</b>	<b>(251,627)</b>	<b>(260,037)</b>	<b>8,410</b>

It is noted that the said financial situation does not include the “mezzanine” loan granted to the subsidiary Autostrada Asti-Cuneo S.p.A. for an amount equal to EUR 60 million (fixed-rate loan granted at market conditions, having taken into account the duration and the “subordinated” repayment conditions).

Moreover, during the financial year, the company also distributed the balance dividend for FY 2016 for a total of EUR 16 million and part of the "Available Reserve" for a total of EUR 16 million.

## SAV – Società Autostrade Valdostane S.p.A.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Net toll revenue <sup>(1)</sup>	68,732	67,466	1,266
Other motorway sector revenue <sup>(2)</sup>	829	864	(35)
Other revenue	7,333	7,568	(235)
<b>Turnover (A)</b>	<b>76,894</b>	<b>75,898</b>	<b>996</b>
Operating costs <sup>(1)(2)</sup> (B)	(28,398)	(28,082)	(316)
<b>Gross operating margin (A - B)</b>	<b>48,496</b>	<b>47,816</b>	<b>680</b>
<i>EBITDA margin %</i>	63%	63%	
Non-recurring items	(97)	-	(97)
<b>"Adjusted" gross operating margin</b>	<b>48,399</b>	<b>47,816</b>	<b>583</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 2.7 million in 2017 and EUR 2.6 million in 2016).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 4.3 million for FY 2017 and EUR 2.2 million for FY 2016, respectively).

The increase in "net toll revenue" – equal to EUR 1.3 million (+1.88%) – was driven entirely by higher traffic volumes and by the traffic mix, as toll rates were not raised over the period.

The EUR 0.3 million increase in "operating costs" is mainly due to an increase in (i) "payroll costs" (EUR + 0.2 million), other revertible asset costs (EUR +0.3 million) and other operating costs (EUR (+0.4 million) partially offset (ii) by the decrease in maintenance costs of motorway assets( EUR -0.6 million).

The "gross operating margin" (EBITDA) totalled EUR 48.5 million (EUR 47.8 million in 2016).

"Non-recurring items" refer to charges relative to the project to optimise and streamline resources based on trade union agreements signed in 2017 (EUR 0.1 million).

\* \* \*

As regards the *financial position*, a summary of its components is provided below:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash	16,486	15,942	544
B) Financial receivables	15,526	14,832	694
C) Short-term borrowings	(12,223)	(12,878)	655
<b>D) Current net cash (A) + (B) + (C)</b>	<b>19,789</b>	<b>17,896</b>	<b>1,893</b>
E) Long-term borrowings	(57,497)	(68,404)	10,907
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(37,708)</b>	<b>(50,508)</b>	<b>12,800</b>
G) Discounted value of the payable due to ANAS – Central Insurance Fund	(87,683)	(93,188)	5,505
<b>H) "Adjusted" net financial indebtedness (F) + (G)</b>	<b>(125,391)</b>	<b>(143,696)</b>	<b>18,305</b>

During the financial year, the company distributed the dividend "balance" relative to the 2016 financial year for a total of EUR 5.5 million.

## ADF - Autostrada dei Fiori S.p.A.

As indicated previously, in 2017 the company Autostrada Torino Savona S.p.A. was merged by absorption with Autostrada dei Fiori S.p.A.; to compare 2017 with the previous year, balances relative to 2016 have been restated.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016 Restated (*)	Changes
Net toll revenue <sup>(1)</sup>	224,418	217,468	6,950
Other motorway sector revenue <sup>(2)</sup>	5,973	6,150	(177)
Other revenue	8,641	9,372	(731)
<b>Turnover (A)</b>	<b>239,032</b>	<b>232,990</b>	<b>6,042</b>
Operating costs <sup>(1)(2)</sup> (B)	(105,801)	(106,696)	895
<b>Gross operating margin (A - B)</b>	<b>133,231</b>	<b>126,294</b>	<b>6,937</b>
<i>EBITDA margin %</i>	56%	54%	
Non-recurring items	(2,178)	856	(3,034)
<b>"Adjusted" gross operating margin</b>	<b>131,053</b>	<b>127,150</b>	<b>3,903</b>

(\*) amounts net of the intergroup between the A10 stretch Savona- Ventimiglia and A6 Torino- Savona

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 16.3 million in 2017 and EUR 15.9 million in 2016).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 18.8 million for FY 2017 and EUR 20 million for FY 2016, respectively).

In order to enable the analysis of the revenue and expenditure items related to the two managed stretches, the item "gross operating margin" for the "Savona-Ventimiglia" (Stretch A10) and "Torino-Savona" (Stretch A6) sections may be broken down as follows.

### Savona-Ventimiglia (Stretch A10)

<i>(amounts in thousands of EUR)</i>	2017	2016 Restated (*)	Changes
Net toll revenue	155,923	152,898	3,025
Other motorway sector revenue	4,809	4,828	(19)
Other revenue	5,280	3,909	1,371
<b>Turnover (A)</b>	<b>166,012</b>	<b>161,635</b>	<b>4,377</b>
Operating costs (B)	(67,692)	(68,522)	830
<b>Gross operating margin (A - B)</b>	<b>98,320</b>	<b>93,113</b>	<b>5,207</b>
Non-recurring items	(1,325)	856	(2,181)
<b>"Adjusted" gross operating margin</b>	<b>96,995</b>	<b>93,969</b>	<b>3,026</b>

(\*) amounts net of the intergroup between the A6 Torino- Savona stretch

The increase in "net toll revenue" – equal to EUR 3 million (+1.98%) – was driven entirely by higher traffic volumes and by the traffic mix, as toll rates were not raised over the period.

The decrease in "operating costs" (equal to EUR 0.8 million) was due to: the reduction in (i) maintenance costs and other costs of motorway assets (EUR -2.1 million) offset by the increase in (ii) payroll costs (EUR +0.4 million), costs for raw materials and other operating costs (EUR +0.9 million).

During FY 2017, the item "other revenues" included EUR 1.3 million relative to the higher value recognised relative to motorway licensees and the service areas alienated by previous sub-licensees.

The "gross operating margin" (EBITDA) totalled EUR 98.3 million (EUR 93.1 million in 2016).

"Non-recurring items" refer to charges relative to the project to optimise and streamline resources (EUR -1.3 million) partly incurred and partly estimated based on trade union agreements signed in the period. During 2016, this item equal

to EUR 0.8 million overall, referred to an employment indemnity for the 2014 and 2015 financial years relative to the Ventimiglia vehicle terminal.

#### Torino-Savona (A6 stretch)

<i>(amounts in thousands of EUR)</i>	2017	2016 Restated (*)	Changes
Net toll revenue	68,495	64,569	3,926
Other motorway sector revenue	1,164	1,322	(158)
Other revenue	3,361	5,463	(2,102)
<b>Turnover (A)</b>	<b>73,020</b>	<b>71,355</b>	<b>1,666</b>
Operating costs (B)	(38,109)	(38,173)	64
<b>Gross operating margin (A - B)</b>	<b>34,911</b>	<b>33,181</b>	<b>1,730</b>
Non-recurring items	(853)	-	(853)
<b>"Adjusted" gross operating margin</b>	<b>34,058</b>	<b>33,181</b>	<b>877</b>

(\*) amounts net of the intergroup between the A10 Torino- Savona stretch

The increase in "net toll revenue" equal to EUR 3.9 million (+6.08%) was due to the increase in both toll rates (+2.60%) and traffic volumes (3.48%).

The decrease in "other revenue" was mainly due to lower capital gains on disposals and non-recurring income.

"Operating costs" – in line with the previous year - were equal to EUR 38.1 million.

With regard to the above, the "gross operating margin" totalled EUR 34.9 million (EUR 33.2 million in 2016).

"Non-recurring items" refer to charges relative to the project to optimise and streamline resources (EUR 0.9 million) partly incurred and partly estimated based on trade union agreements signed in the period.

\* \* \*

As regards the *financial position*, a summary of its components is provided below:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016 restated	Changes
A) Cash	71,317	77,872	(6,555)
B) Financial receivables	105,645	54,018	51,627
C) Short-term borrowings	(30,862)	(34,854)	3,992
<b>D) Current net cash (A) + (B) + (C)</b>	<b>146,100</b>	<b>97,036</b>	<b>49,064</b>
E) Long-term borrowings	(204,241)	(211,564)	7,323
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(58,141)</b>	<b>(114,528)</b>	<b>56,387</b>
G) Discounted value of the payable due to ANAS – Central Insurance Fund	-	-	-
<b>H) "Adjusted" net financial indebtedness (F) + (G)</b>	<b>(58,141)</b>	<b>(114,528)</b>	<b>56,387</b>

In March 2017, the company granted a loan to the parent company SIAS S.p.A. of EUR 50 million. Moreover, during the financial year, the company distributed the dividend relative to FY 2016 equal to EUR 13.8 million and the "Available Reserve" for EUR 12.2 million.

## AT-CN – Autostrada Asti-Cuneo S.p.A.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Net toll revenue <sup>(1)</sup>	18,940	17,438	1,502
Other motorway sector revenue <sup>(2)</sup>	(12)	9	(21)
Other revenue	1,041	959	82
<b>Turnover (A)</b>	<b>19,969</b>	<b>18,406</b>	<b>1,563</b>
Operating costs <sup>(1)(2)</sup> (B)	(17,554)	(16,013)	(1,541)
<b>Gross operating margin (A - B)</b>	<b>2,415</b>	<b>2,393</b>	<b>22</b>
	<i>EBITDA margin %</i>		
	12%	13%	
Non-recurring items	(336)	-	(336)
<b>"Adjusted" gross operating margin</b>	<b>2,079</b>	<b>2,393</b>	<b>(314)</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 1.2 million in 2017 and EUR 1 million in 2016).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 4 million in 2017 and EUR 7 million in 2016, respectively).

The increase in "*net toll revenues*", equal to EUR 1.5 million (+8.61%), was entirely due to the increase in traffic volumes and mix, as no increase was applied to toll rates.

The increase of EUR 1.5 million in "*operating costs*" is due to higher (i) "payroll costs" (EUR +0.4 million), maintenance costs for non-compensated revertible assets (EUR +0.5 million), other "costs for non-compensated revertible assets" (EUR +0.2 million) and "other operating costs" (EUR +0.5 million).

The "*gross operating margin*" (EBITDA) amounted to EUR 2.4 million, in line with the previous year.

"Non-recurring items", equal to EUR 0.3 million, refer to the estimated charges to be incurred as part of the optimization and rationalisation of human resources carried out under trade union agreements signed in the period (EUR -0.1 million) and charges recognised as part of the settlement with a former Director of the Company (EUR -0.2 million).

\* \* \*

As regards the *financial position*, a summary of its components is provided below:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash	1,936	873	1,063
B) Financial receivables	4,995	4,065	930
C) Short-term borrowings	(73,432)	(160,685)	87,253
<b>D) Current net cash (A) + (B) + (C)</b>	<b>(66,501)</b>	<b>(155,747)</b>	<b>89,246</b>
E) Long-term borrowings	(149,888)	(50,000)	(99,888)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(216,389)</b>	<b>(205,747)</b>	<b>(10,642)</b>
G) Discounted value of the payable due to ANAS – Central Insurance Fund	-	-	-
<b>H) "Adjusted" net financial indebtedness (F) + (G)</b>	<b>(216,389)</b>	<b>(205,747)</b>	<b>(10,642)</b>

During the year, the company, in the presence of new loans taken out, repaid loans due. It is also noted that the said financial situation does not include an amount of EUR 60 million concerning the partial use of the "mezzanine" loan (subordinated Shareholders' loan equal to EUR 95 million) granted to the Company by SALT S.p.A.

## Società di progetto Autovia Padana S.p.A.

This company, incorporated on 2 December 2015, is held by the subsidiaries SATAP S.p.A. (70% of the share capital) and Itinera S.p.A. (30% of the share capital) and, pursuant to article 156 of Legislative Decree no. 163/06, was awarded the concession for the "A21 Piacenza-Cremona-Brescia" motorway for 25 years as from the effective date.

In May 2017, the subsidiaries SATAP S.p.A. and Itinera S.p.A. subscribed to 113,890,00 shares and 48,818,000 shares, from the share capital increase resolved by the Shareholders' Meeting of Autovia Padana S.p.A. on 1 February 2016.

As previously reported, on 31 May 2017, the company Autovia Padana S.p.A. signed an agreement with the Ministry of Infrastructures and Transport (MIT) for the A21 Piacenza – Cremona – Brescia motorway concession. The agreement became effective on 22 December 2017, following the Court of Auditors registering the relative interministerial Decree of approval (overseen by the MIT and Ministry of Economy and Finance). Consequently on 15 January 2018, Società di Progetto Autovia Padana S.p.A called the outstanding 75% of the share capital subscribed in May 2017, which on 19 January 2018 had been paid respectively by the partners SATAP S.p.A. (equal to EUR 85.4 million) and Itinera S.p.A. (equal to EUR 36.6 million).

On 1 March 2018, Società di Progetto Autovia Padana S.p.A. took over from Autostrade Centropadane S.p.A. in managing the Piacenza-Cremona Brescia concession.

In addition, on 21 July 2017 the Group signed a partnership agreement with Fondo Ardian, which provides for the acquisition by said fund of 49% of the share capital in Autovia Padana S.p.A. for approximately EUR 80 million, resulting in a reduction in the equity investment of SATAP and Itinera to 50.9% and 0.1%, respectively, of the share capital. Adrian's entry is subject, inter alia, to authorisation from the MIT. The operation will make it possible to establish a partnership with one of the most important, independent investment companies.

The accounting records of Società di Progetto Autovia Padana S.p.A. as at 31 December 2017, - which reflect its pre-operating stage - recorded a loss of EUR 0.2 million (EUR 0.2 million as at 31 December 2016).

## Motorway sector - Jointly controlled companies and associated companies

### ATIVA – Autostrada Torino – Ivrea – Valle d’Aosta S.p.A.

During 2017, the company showed net toll revenue amounting to EUR 126.5 million, up by approximately EUR 3.1 million (+2.6%) compared to the previous financial year. This change is attributable to an increase in traffic volumes (+1.9%) and the recognition of toll adjustments as from 1 January 2017 (+0.88%).

The “*gross operating margin*” totalled EUR 74.1 million (EUR 74 million in 2016).

The “*net financial position*” as at 31 December 2017 showed net liquid funds equal to EUR 193.1 million<sup>1</sup> (EUR 47.2 million as at 31 December 2016).

It should be noted that the concession granted to ATIVA S.p.A. expired on 31 August 2016; pending the outcome of the tender for the award of a new concession, the company continued management of the motorway sections Torino-Quincinetto, Ivrea-Santhià, Tangenziale di Torino (Turin bypass) and Torino-Pinerolo, in accordance with the provisions of the current concession and with the indications received from the Granting Body.

### TANGENZIALE ESTERNA S.p.A.

The accounting records as at 31 December 2017<sup>2</sup> revealed a loss of EUR 31.1 million (loss of EUR 36.6 million in 2016).

Despite increased traffic and a consequent rise in revenues, this amount is mainly due to financial charges (which were no longer capitalised as the infrastructure came into operation) and to the amortisation of non-compensated revertible assets. The current year only benefited in part from the opening (on 13 November 2017) of the junction connecting the A4 Milano-Venezia motorway to the Bre.Be.Mi. (motorway junction with the Tangenziale Esterna Est di Milano managed by the company).

### SITAF – Società Italiana per il Traforo Autostradale del Frejus S.p.A.

The financial statements as at 31 December 2017<sup>3</sup> show net toll revenue amounting to EUR 131.8 million, up by approximately EUR 5.5 million (+4.33%) compared to the previous financial year.

This change is due (i) to higher revenue from the A32 motorway, which, without toll rate adjustments, recorded an increase in both heavy traffic (+4.19%) and light traffic (+5.56%) and (ii) to the joint effect of the change in traffic through the T4 tunnel (heavy traffic +4.34% and light traffic -2.57%) and the toll rate increase of +0.08% as from 1 January 2017.

<sup>1</sup> Amount includes the receivable for the takeover indemnity equal to EUR 116.8 million.

<sup>2</sup> Results from data presented according to IFRS

<sup>3</sup> Financial Statements prepared according to national accounting standards of the Italian Accounting Body

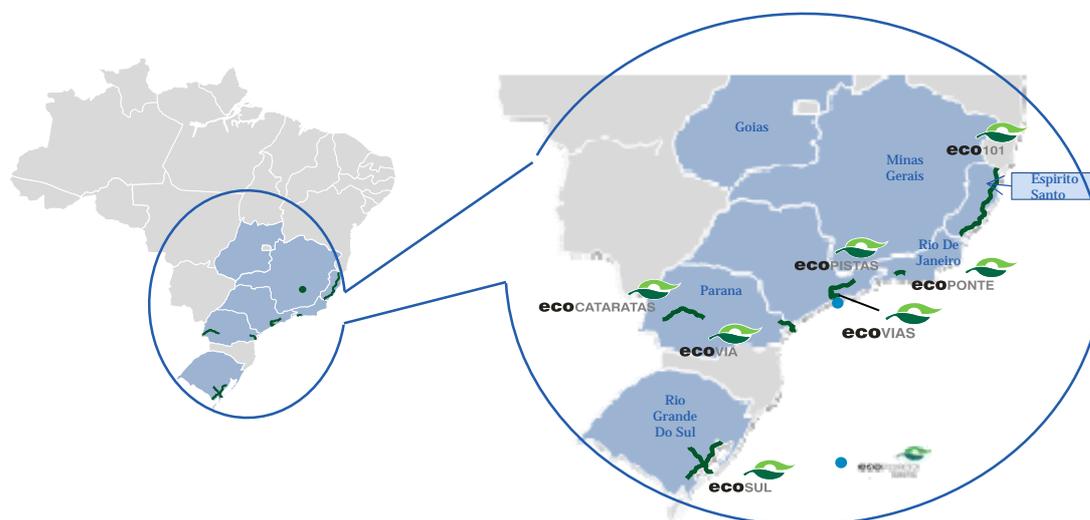
### **Società di Progetto Autostrada Diretta Brescia Milano - Bre.Be.Mi. S.p.A.**

As previously reported, following agreement with Intesa Sanpaolo S.p.A., the investment in Autostrade Lombarde S.p.A. ( that controls Bre.be.Mi. S.p.A.) is to be sold , and therefore reclassified as “Discontinued operations/Non-current assets held for sale”; the results of these companies were only presented for the first half of the year in the Consolidated Financial Statements of the SIAS Group as at 31 December 2017.

## Motorway sector – Outside Italy

### Brazil

The Group operates in one of the wealthiest areas of Brazil through the jointly controlled company Primav Infraestrutura S.A.<sup>1</sup>, a Brazilian company that controls the listed sub-holding company EcoRodovias Infraestrutura e Logística S.A. (“Ecorodovias”).



The extension of the **motorway network** as at 31 December 2017, managed in Brazil through the subsidiaries EcoRodovias Infraestrutura e Logística S.A. was as follows:

COMPANY	%	MANAGED STRETCH	KM
CONCESSIONARIA ECOVIA CAMINHO DO MAR S.A.	100.00%	CURITIBA METROPOLITAN AREA – PORT OF PARANAGUA	136.7
RODOVIA DAS CATARATAS S.A. – ECOCATARATAS	100.00%	PARANÀ – "TRIPLE BORDER" (BRAZIL, ARGENTINA AND PARAGUAY)	387.1
CONCESSIONARIA ECOVIAS DOS IMIGRANTES S.A.	100.00%	SÃO PAULO METROPOLITAN AREA – PORT OF SANTOS	176.8
CONCESSIONARIA DAS RODOVIAS AYRTON SENNA E CARVALHO PINTO S.A. – ECOPISTAS	100.00%	SÃO PAULO METROPOLITAN AREA – INDUSTRIAL REGION OF VALE DO RIO PARAIBA	134.9
CONCESSIONARIA PONTE RIO-NITEROI S.A. – ECOPONTE	100.00%	RIO DE JANEIRO NOTEROI – STATE OF RIO DE JANEIRO	23.0
EMPRESA CONCESSIONARIA DE RODOVIAS DO SUL S.A. – ECOVIA	90.00% <sup>2</sup>	PELOTAS – PORTO ALEGRE AND RIO GRANDE PORT	457.3
ECO 101 CONCESSIONARIA DE RODOVIAS S.A.	58.00% <sup>2</sup>	MACURI/BA RIO DE JANEIRO BORDER	475.9
<b>TOTAL AMOUNT MANAGED BY SUBSIDIARIES (A)</b>			<b><u>1.791.7</u></b>

In the first few months of 2018, as part of the company's strategy to focus on concessions and extend the average duration of its own concessions, Ecorodovias was awarded the “Rodoanel Norte” concession (the North stretch of the Sao Paulo bypass) and BR-135/MG concession, and also acquired the licensee “Rodovias Minas Gerais Goiás” (MGO), thus increasing its portfolio of concessions to a total of 850 km of managed network.

<sup>1</sup> Primav Infraestrutura S.A. is consolidated with the "equity method" as a company subject to joint control and, therefore, not subject to reporting in these financial statements. Nevertheless, given the importance of the investment, below is some information on income performance, as well as data related to traffic and revenues in 2017, compared with the corresponding data for the previous year.

<sup>2</sup> Stakes that went up to 100% of the share capital following acquisitions made/covenants being met in the first few months of 2018

As regards the financial performance of the Ecorodovias Infraestrutura e Logistica Group, in 2017 the Company:

- increased traffic volumes by 3.8%;
- increased revenues from motorway management by 12.2% which amounted to 2,618.9 million Reais (EUR 659 million<sup>1</sup>);
- a pro-forma EBITDA equal to 1,748.8 million Reais (EUR 440.1 million<sup>1</sup>), up by 15%;
- a net profit equal to 400.1 million Reais (EUR 100.7 million<sup>1</sup>), up by 48.4%.

Traffic volumes for each Brazilian licensee in 2017, as compared to the previous year, are detailed below:

<i>(thousands of equivalent paying vehicles)<sup>2</sup></i>	2017			2016			Changes		
Company	Light	Heavy	Total	Light	Heavy	Total	Light	Heavy	Total
Ecovia Caminho Do Mar	4,691	13,571	18,262	4,429	11,662	16,091	5.9%	16.4%	13.5%
Ecocataratas	10,677	17,152	27,828	9,788	16,985	26,773	9.1%	1.0%	3.9%
Ecovias dos Imigrantes S.A.	35,107	28,616	63,723	33,998	26,672	60,670	3.3%	7.3%	5.0%
Ecopistas	57,732	25,442	83,173	56,871	23,834	80,705	1.5%	6.7%	3.1%
Ecoponte	25,618	4,391	30,009	24,275	4,560	28,835	5.5%	-3.7%	4.1%
Ecosul	6,899	19,485	26,384	6,670	19,227	25,897	3.4%	1.3%	1.9%
Eco 101	15,667	30,852	46,518	15,838	30,371	46,209	-1.1%	1.6%	0.7%
<b>Total</b>	<b>156,389</b>	<b>139,509</b>	<b>295,898</b>	<b>151,869</b>	<b>133,311</b>	<b>285,180</b>	<b>3.0%</b>	<b>4.6%</b>	<b>3.8%</b>

With reference to heavy vehicles, figures went up overall by 4.6% mainly related to a recovery in industrial production and exports of agriculture products. The licensee Ecofonte registered a 3.7% decrease in traffic, due to construction works on the Aveida Brasil, which led to heavy vehicles being diverted along the Metropolitana Belway and for safety reasons with reference to crossing the metropolitan area of Rio De Janerio.

As regards light vehicles, figures increased overall by 3%, attributable (i) to favourable weather conditions affecting tourist flows (ii) an increase in tourist traffic to Paraguay for "shopping" and (iii) the opening of the Cafubà Charitas tunnel, in the city of Niteròi, which improved access to the bridge. The decrease in Eco 101 traffic is mainly due to strikes by Espirito Santo State Police.

<sup>1</sup> Based on the Euro/Reais exchange rate of 3.9729 as at 29 December 2017

<sup>2</sup>Traffic volumes are expressed in "equivalent paying vehicles", the basic reference unit used for toll statistics on the Brazilian market. Light vehicles (such as cars) correspond to one equivalent vehicle unit. Heavy vehicles (such as lorries and buses) are converted to equivalent vehicles using a multiplier that is applied to the number of vehicle axles and is established in the terms of each concession contract.

Motorway toll revenues - which also take into account the increases of individual licensees - for 2017 (compared to 2016) are as follows:

<i>(amounts in millions of BRL)</i>	2017	2016	Change
Ecovia Caminho Do Mar	303.3	257.1	18.0%
Ecocataratas	323.7	296.4	9.2%
Ecovias dos Imigrantes S.A.	1,016.7	903.8	12.5%
Ecopistas	278.7	254.8	9.4%
Ecoponte	121.8	111.9	8.8%
Ecosul	290.7	257.7	12.8%
Eco 101	199.1	179.7	10.8%
Other motorway sector revenue	84.9	72.8	16.6%
<b>TOTAL</b>	<b>2,618.9</b>	<b>2,334.3</b>	<b>12.2%</b>
<b>Total in EUR (*)</b>	<b>659</b>	<b>588</b>	<b>12.2%</b>

(\*) Based on the Euro/Reais exchange rate of 3.9729 as at 29 December 2017

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As part of Ecorodovias's strategic plan which focuses on the core sector of motorway concessions and the extension of the duration of its own concessions:

- in December 2017, the Ecorodovias Group entered into an agreement for the **sale** of its 100% stake in **Elog S.A.**, a **holding in the logistics sector**, to Multilog S.A.

The sale value was equal to approximately 90 million Reais, to pay in 84 index-linked monthly instalments.
- In December 2017, the Ecorodovias Group entered into an agreement with Coimex Empreendimentos e Participações Ltda., Rio Novo Locações Ltda., A. Madeira Indústria e Comércio Ltda., Urbesa Administração e Participações Ltda., Tervap Pitanga Mineração e Pavimentação Ltda., Contek Engenharia S.A. and MMF Empreendimentos e Participações Ltda., which are under Centaurus Participações S.A. ("Centaurus"), and with Grant Concessões e Participações Ltda. ("Grant"), for the acquisition of **42%** of the share capital of **Eco101 Concessionaria de Rodovias S.A.** of which the Ecorodovias Group already held 58% of the share capital.

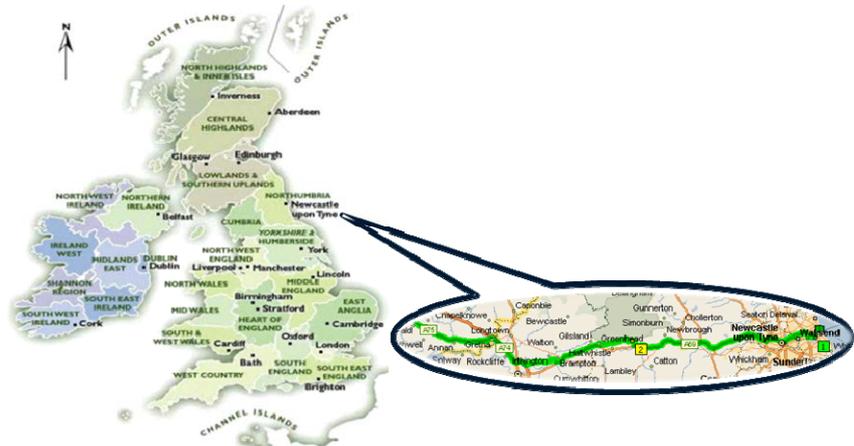
The value of the acquisition is equal to approximately 46.6 million Reais, to pay in 60 index-linked monthly instalments.
- On 10 January 2018, the "**Rodoanel Norte**" concession was awarded, for a total value of 883 million Reais. The motorway is the north stretch of the large bypass (approximately 48 km) around the metropolitan area of Sao Paulo in Brazil.
- On 16 January 2018, the Ecorodovias Group entered into an agreement with the Granting Body for the acquisition of 10% of the share capital in **Empresa Concessionaria de Rodovias do Sul S.A. – Ecosul** of which the Ecorodovias Group already held 90% of the share capital. The value of the acquisition is equal to approximately 60 million Reais.
- On 2 February 2018, Ecorodovias entered into an agreement with shareholders of "**Concessionaria de Rodovias Minas Gerais Golas S.A.**" ("**MGO**") for the acquisition of 100% of the share capital of "**MGO**", for a total value of 600 million Reais. "**MGO**" has the concession to manage the BR-050 (GO/MG) motorway, which is approximately 437 km long and connects the cities of Cristalina in Goiás State and the city of Delta in Minas Gerais State; this motorway is one of the main infrastructures in Brazil for exporting agricultural products from south-east and mid-west regions of the country to Santos Port. The concession will expire in January 2044.

- On 6 February 2018, Ecorodovias was awarded the **concession of three motorway sections** in Minas Gerais State in Brazil, for a total of 364 Km, and an overall value of 2.06 billion Reais. The final award and signing of the concession agreement, lasting 30 years, will take place when the terms for making claims/lodging appeals, as provided for by award procedures, have expired.

## Great Britain

Through the investee company Road Link Holdings Ltd (20% of the share capital) the Group holds a stake in Road Link (A69) Ltd., which manages the 84 km-long Newcastle-Carlisle motorway stretch in the United Kingdom.

During the financial year, it contributed to the Group's profit with an amount of approximately EUR 1.3 million.



## RESULTS OF OPERATIONS – Construction Sector

With effect from 1 July 2016, the Group also operates through the subsidiary Itinera S.p.A., ACI S.c.p.A. and their respective subsidiaries. Since 5 July 2017, the company Itinera S.p.A., as stated previously, has controlled Halmar International LLC, a US construction company, through Itinera USA Corp.

Main companies operating in the construction sector are:

- Itinera S.p.A. (investee company with 100% of the share capital minus one share);
- Argo Costruzioni Infrastrutture S.c.p.a (investee with 73.415% of the share capital held)
- Itinera USA Corp (investee with 100% of the share capital held)
- Halmar International LLC (investee with 50% of the share capital held)

### Itinera Group

The companies in the Itinera Group operate in the construction sector and their main activities are the construction and maintenance of road, motorway and railway infrastructures, building works, as well as works for the construction of tunnels and underground railways.

The Itinera Group, thanks to the internationalisation process started in recent years, is now a global play operating around the world. During the year, the business development plan continued in terms of taking part in calls for tenders, opening new branches and recruiting relative personnel, establishing new companies and making direct investments in firms already operating in the sector.

The main areas of operations, besides the domestic market where the Group operates - and in particular the north-east of the country through synergies with the Parent Company which operates in motorway concessions, road and rail transport, goods' transport and logistics - comprise central and north Europe (Denmark, Romania, Austria), the USA, Brazil, Gulf countries (UAE, Kuwait, Oman), and Southern Africa (Kenya, Botswana).

In 2017, the Itinera Group recorded a "revenue" equal to EUR 400 million (EUR 381 million in FY 2016), together with "profit for the year" attributable to the Parent Company equal to approximately EUR 4.7 million (EUR 5.9 million in 2016). The change in revenue compared to the previous year is due in particular to the consolidation of production in the second half of the year of the HALMAR group in the USA, acquired on 5 July 2017, and the start of initial operations by the newly established ITINERA CONSTRUCOES LTDA in Brazil, offset by a reduction in volumes of operations of the Parent Company Itinera S.p.A., compared to 2016, due mainly to a delay in the start up of work sites abroad, for reasons not attributable to the company but instead to clients (slowdowns in administrative procedures to approve projects and in completing the definition of the financial framework for various initiatives).

Margins for the year were affected considerably, as in previous years, by major costs incurred for the internationalisation process started by the company, for sales activities carried out, with particular reference to the development and presentation of proposals, the operation of structures set up abroad (branches and offices with relative personnel), and of head office units in charge of coordinating and supervising these activities, without corresponding adequate revenues at present. In 2017, the total amount of general and structure overheads included commercial costs, legal fees and financial and technical costs for the acquisition of the Halmar Group, which entirely offset the positive effect arising from the recognition of profits for the period.

On 5 July 2017, the deal was closed for the acquisition of 50% of the share capital of Halmar International LLC, a construction company among the top five contractors operating in the metropolitan area of New York in the construction of transportation infrastructure (roads, motorways, railways, subways, airports, bridges and elevated roads). The value of the transaction

amounted to USD 60 million (of which USD 50 million to purchase shares and USD 10 million as additional equity). Based on the governance agreements signed by the shareholders, the company is controlled by the Group. The transaction was carried out through the US subsidiary ITINERA USA CORP, wholly owned by the Itinera Group, thus allowing the latter to enter the US construction market, which is characterised by huge investments in the infrastructure sector and specifically in the transportation and mobility sector.

Moreover, during FY 2017, the company under Brazilian law, Itinera Construcoes LTDA, was incorporated to carry out works for the motorway licensee Ecorodovias, a subsidiary under joint control of the Group.

Production in 2017 accounted for EUR 311 million, equal to 77%, in Italy and for EUR 94 million, equal to 23%, abroad, of which 67.3 million relative to the USA.

Activities were mainly carried out to develop infrastructures, such as roads and motorways, railway lines, dams, maritime works, bridges and underground works, for a total amount of EUR 316 million.

"Maintenance" which includes maintenance works and services for motorway sections managed by the SIAS Group based on contracts for their routine, non-routine maintenance, modernisation and expansion, resulted in production during the year equal to approximately EUR 79 million.

The production of construction materials, with particular reference to semi-finished items such as concrete, asphalt concrete and prefabricated concrete, for use directly in works carried out by the company or sold to third parties, was far less significant and has decreased in importance over the last few years, due to operating strategies adopted; this item generated revenues for a total of EUR 10 million.

As regards the *financial position*, a summary of its components is provided below:

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash	88,836	55,228	33,608
B) Financial receivables	1,801	-	1,801
C) Short-term borrowings	(55,186)	(32,522)	(22,664)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>35,451</b>	<b>22,706</b>	<b>12,745</b>
E) Long-term borrowings	(56,240)	(30,380)	(25,860)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(20,789)</b>	<b>(7,674)</b>	<b>(13,115)</b>
<b>H) Adjusted net financial indebtedness (F)</b>	<b>(20,789)</b>	<b>(7,674)</b>	<b>(13,115)</b>

The "order book" of the Group as at 31 December 2017, resulting from the update of investment plans which individual works refer to, amounted to approximately EUR 3.5 billion<sup>1</sup>; this amount was affected to a considerable extent by the cancellation of contracts from the order book for EUR 1.4 billion relative to "project finance" initiatives, with financial sustainability no longer applicable over the years (see the Ancona Port-A14 road connection and works to expand Civitavecchia Port for Euro 0.3 billion) and the Asti-Cuneo motorway connection (for EUR 1.1 billion). As regards the latter initiative, managed by the Itinera Group, the plan is due to a review of the overall spending framework for the project, which led to a drastic reduction in total investments, limiting investments to amounts strictly necessary and essential for completion of the work.

To date, considering further contracts awarded in January and February 2018 by the parent company Itinera S.p.A. and by the subsidiary Halmar International LLC, the order book increased to EUR 4.0 billion.

<sup>1</sup> Data resulting from the conversion exchange rates at 31.12.2017 for contracts in currencies other than the euro.

Main economic and financial ratios of the HALMAR Group referred to the second half of 2017 and included in consolidated data of the Group are reported below:

- Revenue: EUR 67.3 million
- Gross operating margin: EUR 4.5 million
- Profit/loss for the period of the group: EUR 2.7 million
- Net financial position: EUR 3.6 million negative

## RESULTS OF OPERATIONS – Engineering Sector

The Group operates in the *Engineering* Sector mainly through the following subsidiaries:

- SINA S.p.A. (investee company with 100% of the share capital)
- Cisa Engineering S.p.A. (investee company with 100% of the share capital)
- Siteco Informatica S.r.l. (investee company with 80% of the share capital)
- Consorzio Sintec (investee company with 60% of the consortium fund)

### SINA S.p.A.

The Company operates in the design, planning and management of activities for rail and motorway works, as well as the monitoring and control of conditions of transport infrastructure in Italy.

As indicated previously, in 2017 the company Sineco S.p.A. was merged by absorption with SINA S.p.A.; to compare 2017 with the previous year, balances relative to 2016 have been restated.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016 restated	Changes
Engineering sector revenue	37,545	40,008	(2,463)
<b>Turnover (A)</b>	<b>37,545</b>	<b>40,008</b>	<b>(2,463)</b>
Operating costs (B)	(32,520)	(36,342)	3,822
<b>Gross operating margin (A - B)</b>	<b>5,025</b>	<b>3,666</b>	<b>1,359</b>
Non-recurring items	(560)	-	(560)
<b>Gross operating margin (A - B)</b>	<b>4,465</b>	<b>3,666</b>	<b>799</b>

In 2017, the item "*turnover*" amounted to EUR 37.5 million; the decrease compared to the previous year (EUR -2.5 million) – which reflects the contraction in activities carried out with Group companies and with third parties.

Operating costs fell by EUR 3.8 million compared to 2016, benefiting from effects arising from the company reorganisation and streamlining plan implemented in previous years, leading to a recovery in profitability.

The "*gross operating margin*" came to EUR 5 million (EUR 3.7 million in 2016).

"*Non-recurring items*" refer to expenses relative to the project to reorganise, optimise and streamline resources.

The "*net financial position*" as at 31 December 2017 revealed "net liquid funds" for EUR 17.5 million (EUR 19.3 million as at 31 December 2016, including the balance of Sineco S.p.A.).

## CISA Engineering. S.p.A.

Cisa Engineering S.p.A. went into liquidation on 5 December 2017, with effect from 1 January 2018. Until 31 December 2017, the Company operated in the study and planning sector for motorway works.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(values in thousands of EUR)</i>	2017	2016	Changes
Construction and engineering sector revenue	1,238	1,478	(240)
Other revenue	76	-	76.00
<b>Turnover (A)</b>	<b>1,314</b>	<b>1,478</b>	<b>(164)</b>
Operating costs (B)	(764)	(908)	144
<b>Gross operating margin (A - B)</b>	<b>550</b>	<b>570</b>	<b>(20)</b>

In FY 2017, the company posted a "turnover" of EUR 1.3 million (EUR 1.5 million in 2016).

"Operating costs" totalled EUR 0.8 million (EUR 0.9 million in 2016). The "gross operating margin" was therefore equal to EUR 0.6 million (EUR 0.6 million in 2016).

The "net financial position" as at 31 December 2017 showed net liquid funds equal to EUR 1.6 million (EUR 1 million as at 31 December 2016).

## Siteco Informatica S.r.l.

The company operates in the development of technological software – in particular application software for the management of road databases – and in the engineering and integration of technologies and instruments to carry out high-performance tools for photographic, geometric and topographic surveys of infrastructures.

In 2017, revenues stood at EUR 1.8 million (EUR 2.1 million in 2016), compared with operating expenses of EUR 1.8 million (EUR 2 million in 2016), and gross operating profit that was close to break-even (EUR 0.1 million in 2016).

The "net financial position" as at 31 December 2017 revealed borrowings totalling EUR 12 thousand (indebtedness amounting to EUR 0.2 million as at 31 December 2016).

## Consorzio SINTEC

The consortium carries out monitoring and control activities related to the state of preservation of infrastructures.

In 2017 revenues totalled EUR 1.8 million (EUR 2 million in FY 2016).

The "net financial position" as at 31 December 2017 revealed liquid funds equal to EUR 0.4 million (EUR 0.3 million as at 31 December 2016).

## RESULTS OF OPERATIONS – Technology Sector

The Group operates in the Technology Sector through the following subsidiaries:

- Sinelec S.p.A. (investee company with 97.514% of the share capital)
- Euroimpianti S.p.A. (investee company with 100% of the share capital).
- Brescia Milano Manutenzioni S.c.ar.l. (investee company with 62% of the share capital).
- Pedemontana Lombarda Manutenzioni S.c.ar.l. (investee company with 64.6% of the share capital).

### Sinelec S.p.A.

The Company operates in the lease sector of both fibre optics and sites for the positioning of transmission devices for companies operating in the mobile telephony sector, as well as in the sector of outsourcing management and supply of integrated IT systems for motorway companies.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2017	2016	Changes
Technology sector revenue	56,420	52,999	3,421
Other revenue	488	829	(341)
<b>Turnover (A)</b>	<b>56,908</b>	<b>53,828</b>	<b>3,080</b>
Operating costs <sup>(1)</sup> (B)	(40,827)	(39,907)	(920)
<b>Gross operating margin (A - B)</b>	<b>16,081</b>	<b>13,921</b>	<b>2,160</b>
Non-recurring items	(445)	-	(445)
<b>"Adjusted" gross operating margin</b>	<b>15,636</b>	<b>13,921</b>	<b>1,715</b>

<sup>1</sup> Amounts net of revenues and costs "transferred" from consortium companies (EUR 0.1 million in 2017, EUR 0.1 million in 2016)

The company posted a "turnover" of EUR 56.9 million, up by EUR 3.1 million compared to the previous financial year; this change reflects the increase in activities carried out for third parties.

"Operating costs" reflect the increase in production and amounted to EUR 40.8 million (EUR 39.9 million).

The operating cash flow – up by approximately EUR 2.2 million compared to the previous financial year – amounted to EUR 16.1 million.

"Non-recurring items" refer to charges relative to the project to optimise and streamline resources based on trade union agreements signed in the period (EUR 0.4 million).

The "net financial position" as at 31 September 2017 showed liquid funds for EUR 30.6 million, which consisted of the liquid funds available on the Company's current accounts (EUR 14 million as at 31 December 2016).

## Euroimpianti S.p.A.

The company operates in the area of planning and production of electrical, telephone and electronic systems for motorway companies.

The main *revenue and expenditure items* of the Company may be summarised as follows:

<i>(values in thousands of EUR)</i>	2017	2016	Changes
Technology sector revenue	33,057	35,960	(2,903)
Other revenue	682	1,777	(1,095)
<b>Turnover (A)</b>	<b>33,739</b>	<b>37,737</b>	<b>(3,998)</b>
Operating costs (B)	(30,497)	(32,995)	2,498
<b>Gross operating margin (A - B)</b>	<b>3,242</b>	<b>4,742</b>	<b>(1,500)</b>

The company posted a "*turnover*" of EUR 33.7 million, down by EUR 4 million compared to the previous financial year; this change is mainly attributable to the completion of certain contracts in the previous year.

Lower turnover impacted "*operating costs*", which fell by approximately EUR 2.5 million. The "*gross operating margin*" totalled EUR 3.2 million (EUR 4.7 million in 2016).

The "*net financial position*" as at 31 December 2017 showed liquid funds equal to EUR 5.3 million (liquid funds of EUR 3.7 million as at 31 December 2016). During the year, the company paid a dividend for 2016 equal to EUR 1.2 million and collected EUR 0.8 million from the sale of the equity investment in ATON S.r.l..

## Brescia Milano Manutenzioni S.c.ar.l.

The company operates in the road lighting maintenance sector, providing its services primarily to Argentea Gestioni S.c.p.a., holder of the maintenance and management contract for the Brescia–Bergamo–Milano motorway.

In 2017 revenues and operating costs totalled EUR 1.3 million (EUR 1.2 million in FY 2016).

## Pedemontana Lombarda Manutenzioni S.c.ar.l.

The company operates in the road system maintenance sector. It mainly carries out its activities on behalf of Autostrada Pedemontana Lombarda S.p.A., holding the maintenance contract for systems on the A8-A9 stretch, the first lot of the Como and Varese by-passes.

In 2017 revenues and operating costs totalled EUR 0.5 million (EUR 0.4 million in FY 2016).

## RESULTS OF OPERATIONS - Services Sector

### SIAS Parking S.r.l.

As at 31 December 2017, the Company was an investee company of the Group (which held 100% of its share capital).

As previously stated, during the year SIAS Parking S.r.l., sold all equity investments held in the parking sector (Fiera Parking S.p.A., Parcheggio Piazza Meda S.r.l., Parcheggio Via Manuzio S.r.l., Piazza Vittorio S.r.l. and Parcheggio Piazza Trento e Trieste S.r.l.) for a total value of EUR 61.5 million, and obtained repayment of loans to the aforesaid companies for an amount equal to EUR 2.9 million.

Profit/loss for the period takes account of the capital gain on the sale of the aforesaid companies and dividends from said, equal to EUR 28.3 million (EUR 0.9 million in 2016).

The "net financial position" as at 31 December 2017 - including the loan to the parent company SIAS S.p.A. (EUR 65 million) - recorded a balance of EUR 66.6 million (liquid funds for EUR 2.1 million as at 31 December 2016).

### Finanziaria di Partecipazioni e Investimenti S.p.A.

As at 31 December 2017, the Company was an investee company of the Group (which held 100% of its share capital).

In 2017, the company posted a "loss" of EUR 1.4 million (loss of EUR 5.2 million in 2016), mainly due to (i) the write-down of the book value of the equity investment held in Banca Ca.Ri.Ge. S.p.A. for 0.6 and (ii) the capital loss for EUR 0.6 million on the sale of pre-emption rights relative to the share capital increase of the aforesaid company.

The "net financial position" as at 31 December 2017 showed "liquid funds" equal to EUR 5.9 million (EUR 6.2 million as at 31 December 2016). During the year, the company paid the share capital increase approved by the investee Compagnia Aerea Italiana S.p.A. totalling EUR 0.2 million.

### VEM

The company **VEM ABC**, operating in the **urban mobility sector**, holds the concession to build and operate a 14.9 km monorail connecting the City of Sao Paolo and the bordering region of ABC, an important industrial region, with 13 stations. The concession lasts for 25 years and the start date of the works is being defined in agreement with the Granting Body. The value of the expected investment is around BRL 6 billion (EUR 1.7 billion), with a government grant of 50%.

\* \* \*

## Baglietto S.p.A.

2017 was a decisive year for the company Baglietto, with considerable commercial efforts, already taken in the previous year, producing results. In particular, three new major contracts were signed in 2017 for the construction of 46 m, 54 m and 55 m yachts, the delivery of three yachts of 19 m, 46 m and 48 m, and negotiations started which are planned for finalisation during 2018. During 2017, the Company continued its strategy of promoting Baglietto brand value and products, and of expanding the sales network, attending various trade shows in different countries and extensively promoting Baglietto brand products with leading maritime brokers and using new communication channels to enhance brand and product visibility.

Actions taken in previous years and described above further boosted the expansion of the product range and consolidated existing product lines (FAST 43 m Hard Top), further developing the vertical bow range and presenting the new 70-metre model called Sestante, designed by Mulder Design (with innovative design and engineering). Revenue amounted to EUR 28.7 million (EUR 21.1 million in 2016). The progress of construction contracts or refits subject to contract allowed overhead costs to be only partially covered and therefore there was an operating loss of EUR 4.3 million (EUR 7.6 million in 2016).

As at 31 December 2017, exposure to banks amounted to EUR 11.6 million (19 million as at 31 December 2016).

In January 2018, Baglietto S.p.A. signed a sale agreement for a 40-metre semi-displacement yacht entirely in aluminium.

## RISK FACTORS AND UNCERTAINTIES

The main risks<sup>(1)</sup> and uncertainties to which the Company is exposed are detailed below:

### *Expiry of concessions, renewal and approval of the economic/financial Plans of motorway licensees*

With regard to issues concerning expired and expiring concessions, the renewal and approval of economic-financial plans for motorway licensees and related consequences on the tariff trend, reference is made to the information included in the section “Regulatory framework and relations with the Granting Body”.

### *Claims*

Specific disputes are pending for several companies operating in the “construction sector” with buyers which have given rise to claims by such buyers and, in some cases, lawsuits initiated by said buyers to protect their interests. However, specific adjusting provisions have been recognised in the financial statements for the portion of the amounts posted deemed “at risk”.

### *Disputes with the Revenue Office*

As at 31 December 2017, some Group Companies were subject to tax investigations by the Italian Revenue Office and the Tax Police. If observations were made with regard to different interpretations of tax provisions compared to those adopted by the Companies, the Companies confirmed they had acted in compliance with reference accounting standards. In cases where these observations resulted in a subsequent tax assessment by the Revenue Office, the Companies lodged an appeal and reaffirmed the correctness of the procedures adopted.

In some cases, if these were to the advantage of the Company, outstanding disputes were settled by adhering to the proposals made by the Office with regard to the instruments and procedures set out by the tax regulations.

### *RFI S.p.A. lawsuit*

With reference to the lawsuit brought in June 2016 by Rete Ferroviaria Italiana S.p.A. against ANAS S.p.A. and the subsidiary SATAP S.p.A., regarding the recognition of costs incurred to carry out the works to solve the interference caused by the high-speed/high-load line with the existing A4 Turin-Milan motorway—having taken note of the legal opinion duly obtained—, the Company decided not to make any allocations in the financial statements. For a more detailed discussion of this issue, reference is made to the section “Other information” in the Explanatory Notes to the consolidated financial statements.

### *Sintesi lawsuit*

With reference to the lawsuit initiated by Sintesi S.p.A. in 2006 against the (i) Ministry of Infrastructure and Transport and (ii) Itinera, managing partner (40%) of the temporary association of companies of which Pizzarotti & Co. S.p.A. (40%), CO.GE. Costruzioni Generali S.r.l. (19.99%) and Impresa Gelfi Costruzioni S.p.A. in receivership (0.01%), as concessionary for the building of the Bollate jail, belonged, having the claim for compensation due to illegal occupation of properties belonging to it as it objects - based on the reference accounting principles- decided not to make any provisions for the current financial statements.

<sup>(1)</sup> With regard to the “financial risk” management, reference should be made to the “Other information” section included in the Explanatory Notes of the consolidated financial statements.

With further details with regard to these issues, reference is made to the section "Other information" in the Notes to the Consolidated Financial Statements.

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To date, the main assets held by ASTM S.p.A. consists of the equity investments in SIAS S.p.A. and Itinera S.p.A.: therefore, the operating results of ASTM S.p.A. mainly depend on said investee companies and reflect the economic and financial performance, as well as investment and distribution policies of its dividends.

## SEGMENT INFORMATION

Pursuant to CONSOB Communication no. 98084143 of 27 October 1998, it should be underlined that – as already pointed out in the previous section "Business segments and Group composition" – the main areas of activity of the Group are the management of motorway networks under concession, and the planning and development of major infrastructures. As a consequence, the economic-financial components of the consolidated financial statements are mainly attributable to this type of activity.

In the Notes to the Financial Statements, an analysis of the results by business segment is included in the related section "Operating segments", pursuant to IFRS 8.

## OTHER SPECIFIC DISCLOSURES PURSUANT TO CURRENT LEGISLATION

### Information on Environment and Staff

With regard to **environment**-related information, it should be underlined that the Group Companies carry out their activities in full compliance with environmental and occupational health requirements. Moreover, the Group motorway licensees have adopted a number of measures aimed at limiting environmental impact. The main measures are detailed below:

- the arrangement of acoustic mapping and agglomerates, action plans and noise limitation and reduction plans. These activities play an important role in order to manage any problem related to noise pollution and its effects;
- the works for the installation of noise barriers included in the noise limitation and reduction plans are being carried out;
- the use of special drainage asphalt, in order to reduce noise pollution;
- the use of photocatalytic paints, capable of reducing pollutants;
- the recycling of ripping surface materials and asphalt concrete;
- the treatment and purification of waste water in the service areas;
- the treatment and purification of waste water of toll collection buildings;
- the adaptation of systems for waste disposal and management, for the waste produced in connection with motorway accidents, with the help of specialised companies;

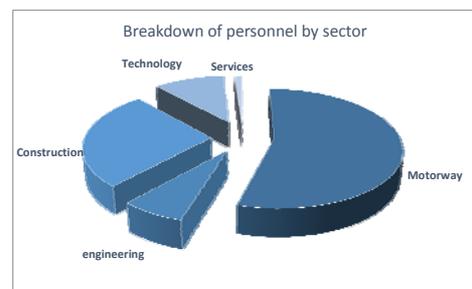
With reference to **employee**-related information, the Group Companies have maintained conduct based on the following principles:

- acting in compliance with current regulations;
- guaranteeing the health and safety of workers in all work environments and sectors;
- engaging and motivating all staff, through information, instruction and possible training on safety issues in construction worksites;
- involving the companies operating in construction sites via coordination meetings;
- cooperation and resolution of “work-related interference”.

With reference to **employee**-related information for the ASTM Group, it is noted that, also in 2017, the Group Companies carried out the enhancement policy for human resources, aimed at improving the organisational model, also in order to obtain higher operational flexibility.

The following table shows the staff employed as at 31 December 2017, compared with the figures as at 31 December 2016:

	31/12/2016	Halmar Group/Itinera Costrucoes LTDA	Other changes	31/12/2017
Executives	122	7	(3)	126
Middle managers	149	20	7	176
Office workers	2,435	62	(55)	2,442
Workers	760	71	(11)	820
<b>Total</b>	<b>3,466</b>	<b>160</b>	<b>(62)</b>	<b>3,564</b>



### Treasury shares and shares or stakes of Parent Companies

On 28 April 2017, the Ordinary Shareholders’ Meeting approved the request to authorise the purchase and disposal of treasury shares. It will be possible to purchase shares, up to a maximum of 19,799,720 ordinary shares, up until the approval date of the 2017 financial statements and, in any case, for no more than 18 months from the resolution date.

As part of said resolution by the Shareholders’ Meeting, on the same date the Board of Directors approved the launch of the treasury shares purchase plan by authorising the acquisition of up to a further 3,960,000 ASTM shares. In accordance with the provisions of the plan, no ASTM shares were purchased in 2017; to date, the parent company holds a total of 6,577,706 (corresponding to approximately 6.64% of the share capital), of which 6,497,328 treasury shares directly and 80,378 shares indirectly through its subsidiaries Autostrada Albenga Garesio Ceva S.p.A. (58,878 shares) and ATIVA S.p.A. (21,500 shares).

The Shareholders' Meeting that will be convened on 20 April 2018 will approve the proposal for a new authorisation to purchase/sell treasury shares, since the previous authorisation approved on 28 April 2017 will expire with the approval of the financial statements as at 31 December 2017.

## Branches

Your Company has no branches. The Board of Directors approved to appoint the local unit located in Tortona (AL), Strada Statale per Novi Ligure 3/13, Località San Guglielmo, as "administrative office" of the Company.

## Relationships with subsidiaries, associated and jointly controlled companies, parent companies and with companies subject to control of these latter companies

Each single reference item of the economic and equity relationships with subsidiaries, associated companies, parent companies and companies subject to control of these latter companies has been explained in a dedicated section of the Explanatory Notes "*Other information – Related-party transactions*" both in the financial statements and in the consolidated financial statements.

As from 1 January 2011, the "*Procedure for transactions with related parties*" has been applied, as approved by the Board of Directors – having obtained the positive opinion of the Audit and Risk Committee – and adopted in compliance with CONSOB Resolution no. 17221 of 12 March 2010, as amended by CONSOB Resolution no. 17389 of 23 June 2010.

This procedure identifies the rules governing the approval, management and public disclosure of transactions with related parties carried out by ASTM S.p.A., directly or through subsidiaries, in order to ensure transparency, as well as substantial and procedural correctness of the transactions.

During 2016 and 2017, the Company reviewed the procedures relating to transactions with related parties, taking into account, among other things, any changes in the ownership structure, as well as the effectiveness demonstrated by the procedures in practical application.

## Report on Corporate Governance and ownership structure

With regard to the "Report on Corporate Governance and ownership structure", reference should be made to the annex to this Management Report, as shown at the bottom of these financial statements.

## Certifications pursuant to articles 36 and 37 of CONSOB resolution no. 16191/07 ("Market regulation")

The Company does not fall within the scope of the regulations set out by **art. 36** of CONSOB Resolution no. 16191/07, since at present it does not control "significant" companies incorporated and governed by the law of States not belonging to the European Union.

Pursuant to **article 37** of the above-mentioned CONSOB Resolution, it should be noted that the Company meets the requirements for the listing of treasury shares on the Italian regulated market, which are listed in paragraph 1 of the same article.

### **Compliance with the regulatory simplification process adopted by CONSOB Resolution no. 18079 of 20 January 2012**

Pursuant to art. 3 of CONSOB Resolution no. 18079 of 20 January 2012, on 6 December 2012 the Board of Directors of ASTM S.p.A. – with reference to the provisions set out in article 70, paragraph 8, and article 71, paragraph 1-bis of CONSOB Regulation no. 11971/99 – approved to make use of the power to derogate from the obligations concerning publication of the information documents set out in the said CONSOB Regulation in case of significant merger, split-off, share capital increase through contribution in kind, acquisition and disposal transactions.

### **CONSOLIDATED NON-FINANCIAL DISCLOSURE**

As provided for by article 5 of Legislative Decree no. 254/2016, the consolidated non-financial disclosure of the ASTM Group comprises a separate report to which reference is made.

### **SIGNIFICANT SUBSEQUENT EVENTS**

In addition to the above, no significant events occurred after 31 December 2017.

### **BUSINESS OUTLOOK**

With reference to the concessions sector, the signs of a recovery in traffic, along with the streamlining policies adopted by the company - with a regulatory framework that is stable and effective following the signing of riders - should enable the results of Italian subsidiaries operating in the motorway sector to be further consolidated during the year under review. The profit/loss for the period of the Group will also reflect the management - as from 1 March 2018 - of the Piacenza-Cremona-Brescia stretch, of the Brazilian companies which are part of the Ecorodovias Group, as well as effects of agreements relative to the “Sistema Tangenziale Esterna-Brebemi”.

With reference to the constructions sector, a considerable increase in turnover is expected, also in view of major organisational and operating developments following the acquisition of the controlling interest in the US company Halmar International LLC and award of various international contracts during the year, that will become operative during the year.

Lastly, the Group expects to continue its process to diversify geographically and develop on international markets, through its subsidiaries in various operating sectors (concessions, construction, engineering and technology).

## PROPOSAL FOR ALLOCATION OF THE NET PROFIT

Dear Shareholders,

the Board of Directors hereby proposes:

- that you approve the financial statements as at 31 December 2017, which posted a profit of EUR 43,415,096;
- that you allocate profit for the period equal to EUR 43,415,096 – i.e. a residual amount of EUR 23,619,824 (following the distribution of the 2017 interim dividend of EUR 0.214 per share, for a total amount of EUR 19,795,272, as approved by the Board of Directors on 13 November 2017) – as follows:
  - to the Shareholders (as a "dividend"), EUR 0.255 for each of the shares outstanding as at the record date, as defined pursuant to article 83-terdecies of Legislative Decree no. 58/98, as balance for the above-mentioned interim dividend for 2017. Therefore, the total dividend per share for 2017 amounts to EUR 0.469;
  - to the "retained earnings" reserve, the residual amount following the above-mentioned allocation.

Pursuant to the regulations issued by Borsa Italiana S.p.A., the dividend can be paid from 30 May 2018 (in such event, the shares shall be quoted ex-dividend from 28 May 2018, against detachment of coupon no. 47).

Entitlement to payment of said dividend will be determined by reference to the accounting records indicated in article 83-quater, paragraph 3 of Italian Legislative Decree 58 of 24.02.1998 relative to the end of the business day of 29 May 2018 (the record date).

Tortona, 14 March 2018

for the Board of Directors  
The Chairman  
(Prof. Gian Maria Gros-Pietro)

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**Separate Financial Statements**  
**as at 31 December 2017**

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# Financial Statements of the Parent Company

## Balance Sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2017	31 December 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1	41	80
Tangible assets	2	6,412	6,633
Non-current financial assets	3		
equity investments in subsidiaries		1,815,196	1,814,921
equity investments in associated companies		9,547	9,547
equity investments in other businesses – available for sale		9,257	8,872
receivables		28,059	159
other		-	101,923
<b>Total non-current financial assets</b>		<b>1,862,059</b>	<b>1,935,422</b>
Deferred tax credits	4	2,757	3,364
<b>Total non-current assets</b>		<b>1,871,269</b>	<b>1,945,499</b>
<b>Current assets</b>			
Inventories			
Trade receivables	5	1,200	1,178
Current tax credits	6	255	291
Other receivables	7	828	241
Assets held for trading		-	-
Assets available for sale		-	-
Financial receivables	8	-	2,752
<b>Total current assets</b>		<b>2,283</b>	<b>4,462</b>
Cash and cash equivalents	9	6,255	42,808
<b>Total current assets</b>		<b>8,538</b>	<b>47,270</b>
<b>Total assets</b>		<b>1,879,807</b>	<b>1,992,769</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Shareholders' equity	10		
a. share capital		46,250	46,250
b. reserves and earnings		1,794,735	1,793,373
<b>Total shareholders' equity</b>		<b>1,840,985</b>	<b>1,839,623</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions for risks and charges and employee severance indemnity	11	874	321
Trade payables		-	-
Other payables		-	-
Bank debt	12	34,983	-
Hedging derivatives		-	-
Other financial liabilities		-	-
Deferred tax liabilities	13	4	3
<b>Total non-current liabilities</b>		<b>35,861</b>	<b>324</b>
<b>Current liabilities</b>			
Trade payables	14	1,171	1,390
Other payables	15	814	749
Bank debt	16	11	149,773
Other financial liabilities	17	192	251
Current tax liabilities	18	773	659
<b>Total current liabilities</b>		<b>2,961</b>	<b>152,822</b>
<b>Total liabilities</b>		<b>38,822</b>	<b>153,146</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,879,807</b>	<b>1,992,769</b>

## Income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2017	FY 2016
<b>Financial income and charges</b>	19		
Income from equity investments:			
from subsidiaries		47,965	46,561
from other businesses		767	6,880
Total income from equity investments		<b>48,732</b>	<b>53,441</b>
Other financial income		3,173	6,381
Interest and other financial charges		(1,290)	(3,050)
<b>Total financial income and charges (A)</b>		<b>50,615</b>	<b>56,772</b>
<b>Value adjustments of financial assets</b>	20		
Revaluations		-	-
Write-downs		(897)	(5,127)
<b>Total value adjustments of financial assets (B)</b>		<b>(897)</b>	<b>(5,127)</b>
<b>Other operating income (C)</b>	21	<b>2,553</b>	<b>2,097</b>
<b>Other operating costs</b>	22		
payroll costs		(1,762)	(1,370)
costs for services		(7,288)	(7,309)
costs for raw materials		(3)	(4)
other costs		(774)	(1,223)
amortisation, depreciation and write-downs		(262)	(263)
other provisions for risks and charges			
<b>Total other operating costs (D)</b>		<b>(10,089)</b>	<b>(10,169)</b>
<b>Profit (loss) before taxes (A+B+C+D)</b>		<b>42,182</b>	<b>43,573</b>
Taxes	23	1,233	2,114
<b>Profit (loss) for the period</b>		<b>43,415</b>	<b>45,687</b>

*Note:* To take into account the activity of ASTM S.p.A. as an "industrial holding company", we have used the format required by CONSOB Communication no. 94001437 of 23 February 1994 for this type of Company, which differs, for these reasons, from the format used for the ASTM Group.

## Other comprehensive income

<i>(amounts in thousands of EUR)</i>	FY 2017	FY 2016
<b>Profit (loss) for the period (a)</b>	<b>43,415</b>	<b>45,687</b>
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity)	12	58
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement	-	-
<b>Profit (loss) that will not be subsequently reclassified in the Income Statement (b)</b>	<b>12</b>	<b>58</b>
Profit (loss) posted to "reserves for revaluation to <i>fair value</i> " (financial assets available for sale)	855	(1,115)
Tax effect on profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met	-	5
<b>Profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met (c)</b>	<b>855</b>	<b>(1,110)</b>
<b>Comprehensive income (a) + (b) + (c)</b>	<b>44,282</b>	<b>44,635</b>

## Cash flow statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2017	FY 2016
<b>Beginning cash and cash equivalents (a)</b>		<b>42,808</b>	<b>150,077</b>
<b>Business operations:</b>			
<b>Profit</b>		<b>43,415</b>	<b>45,687</b>
<b>Adjustments</b>			
Amortisation and depreciation		262	263
Updating Employee Severance Indemnity		673	37
Financial charges (income)		-	(6,363)
Capital gain on sale of investments		(394)	-
Write-down/(revaluation) of the "option component" of the SIAS convertible bond loan		897	(3,421)
Changes in the "credit component" of the SIAS convertible bond loan		(1,792)	5,128
<i>Operating cash flow (I)</i>		<b>43,061</b>	<b>41,331</b>
Net change in deferred tax credits and liabilities		608	(2,070)
Change in net working capital	24,1	(613)	(647)
Other changes from operating activity	24,2	(108)	(924)
<i>Change in net working capital and other changes (II)</i>		<b>(113)</b>	<b>(3,641)</b>
<b>Cash generated (absorbed) by operating activity (I+II) (b)</b>		<b>42,948</b>	<b>37,690</b>
<b>Investment activity:</b>			
Investments in intangible assets		(2)	-
Investments in property, plant, machinery and other assets		-	-
Net investments in non-current financial assets - equity investments		-	-
- (275)		(275)	-
- Sale of IGLI shares		-	25,834
- Sale of Investments and other assets		864	1,149
Net investments in other financial assets		-	-
- Repayment of Convertible bond loan		102,818	-
- Loan to IGLI		(27,900)	-
Net divestiture of property, plant, machinery and other assets		-	-
<b>Cash generated (absorbed) by investment activity (c)</b>		<b>75,505</b>	<b>26,983</b>
<b>Financial activity:</b>			
Change in bank debt		(114,779)	149,773
Change in other financial liabilities		(59)	(275,749)
Investments in non-current financial assets		-	-
Divestiture of non-current financial assets		2,752	10,164
Expenses linked to share capital increase		-	(1,349)
Purchase of treasury shares		-	(15,602)
Dividend distribution		(42,920)	(39,179)
<b>Cash generated (absorbed) by financial activity (d)</b>		<b>(155,006)</b>	<b>(171,942)</b>
<b>Ending cash and cash equivalents (a+b+c+d)</b>		<b>6,255</b>	<b>42,808</b>
Additional information:			
Taxes paid during the period		-	65
Financial charges paid during the period		872	2,909
Dividends collected during the period		48,338	46,912

The Company's "net financial position" as at 31 December 2017 is provided in the relevant paragraph of the Management Report.

## Statement of changes in shareholders' equity

<i>Amounts in thousands of EUR</i>	Share capital	Share premium reserve	Revaluat. reserves	Legal reserve	Reserve for purchase of treasury shares	Purchased treasury shares	Reserve for revaluation to fair value	Capital reserves	Reserve for discounting Employee Severance Indemnity	Retained earnings (losses)	Profit (loss) for the period	Total
<b>31 December 2015</b>	<b>41,539</b>	<b>25,861</b>	<b>9,325</b>	<b>10,538</b>	<b>54,638</b>	<b>(52,177)</b>	<b>4,031</b>	<b>34,059</b>	<b>(86)</b>	<b>1,559,953</b>	<b>35,089</b>	<b>1,722,770</b>
Allocation of 2015 profits										14,433	(14,433)	-
Distribution of 2015 balance dividend (EUR 0.25 per share)											(20,656)	(20,656)
Share capital increase for contribution of Itinera equity investment	5,499	122,524										128,023
Expenses related to share capital increase		(1,024)										(1,024)
Distribution of 2016 interim dividend (EUR 0.20 per share)											(18,523)	(18,523)
Creation of "Reserve for the purchase of treasury shares"					15,602					(15,602)		-
Purchase of treasury shares	(788)					(14,814)						(15,602)
Total profit for the period							(1,110)		58		45,687	44,635
<b>31 December 2016</b>	<b>46,250</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>70,240</b>	<b>(66,991)</b>	<b>2,921</b>	<b>34,059</b>	<b>(28)</b>	<b>1,558,784</b>	<b>27,164</b>	<b>1,839,623</b>
Allocation of 2016 profits										4,039	(4,039)	-
Distribution of 2016 balance dividend (EUR 0.25 per share)										-	(23,125)	(23,125)
Distribution of 2017 interim dividend (EUR 0.214 per share)											(19,795)	(19,795)
Total profit for the period							855		12		43,415	44,282
<b>31 December 2017</b>	<b>46,250</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>70,240</b>	<b>(66,991)</b>	<b>3,776</b>	<b>34,059</b>	<b>(16)</b>	<b>1,562,823</b>	<b>23,620</b>	<b>1,840,985</b>

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## Valuation criteria and explanatory notes

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## General information

ASTM S.p.A. is organised according to the laws of the Italian Republic.

ASTM S.p.A. operates in Italy as an industrial holding company and through its subsidiaries, mainly in the management of motorway networks under concession and in the construction of major infrastructure.

The Company's registered office is at Corso Regina Margherita 165 - Turin, Italy.

The ordinary shares are listed on the MTA [electronic stock market] operated by Borsa Italiana S.p.A. and are included in the FTSE Italia Mid Cap index.

The financial statements of ASTM were prepared in Euro, which is the current currency of the economy in which the Company operates.

The Board of Directors examined and approved the financial statements on 14 March 2018.

Based on the provisions of article 4, paragraph 1 of Legislative Decree no. 38 of 28/2/2005, these financial statements were prepared in accordance with the **international accounting standards (IFRS)** issued by the International Accounting Standard Board (IASB) and approved by the European Commission. IFRS means all revised international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"). Consequently, also the comparative data referring to the previous financial year complies with the cited accounting standards.

The financial statements comprise the balance sheet, the income statement, the cash flow statement, the statement of changes in shareholders' equity and these explanatory notes and apply the provisions contained in IAS 1 "Presentation of Financial Statements", as well as the general cost method. The balance sheet has been prepared by distinguishing between current and non-current assets and liabilities, while in the income statement costs have been presented and classified based on their nature. The cash flow statement has been prepared using the indirect method.

### Valuation criteria and accounting standards

The valuation criteria applied in the preparation of the financial statements as at 31 December 2017 are the same as those used to draw up the financial statements as at 31 December 2016.

#### Intangible assets

"Intangible assets" are posted at cost. They are systematically amortised over the period in which the assets are expected to be used by the business.

When events arise that indicate a reduction in value of intangible assets, the difference between the book value and the associated recovery value is imputed to the income statement.

#### Tangible assets

These assets are posted at purchase cost or production cost (including directly imputable auxiliary costs) and include the related directly imputable financial charges needed to make the assets available for use.

Depreciation rates used to distribute systematically the value of tangible assets based on their useful life are as follows:

<u>Category</u>	<u>Rate</u>
Land	not depreciated
Non-industrial and industrial buildings	3%
Electromechanical and electronic machines	20%

#### Equity investments in subsidiaries, jointly controlled entities and associated companies

Equity investments in subsidiaries, jointly controlled entities and associated companies are accounted for according to the "cost" method. Whenever appropriate tests highlight signs of impairment in value, the book value is adjusted. The original cost is restored in later years, should the reasons for the adjustments no longer hold true.

#### Loans and Receivables

These are initially posted at fair value (including costs incurred for the purchase/issue) at the date of the transaction. Later, they are valued at their amortised cost using the criterion of effective interest. Any loss in value is posted to the income statement.

The original value is restored in later accounting periods, should the reasons for the write-down no longer hold true. The options, classified as derivatives, are valued at fair value with a contra item in the income statement.

#### Financial assets available for sale

Included in this category are the financial assets not included in the items "Financial assets held for trading", "Financial assets held to maturity" or "Loans and Receivables". More specifically, this item includes the shares not held and not eligible as control, connection or joint control.

These are recorded at fair value at the settlement date of the transaction. Profits and losses from later changes in fair value are accounted for by the equity method as the contra entry until the asset is sold and the income is posted to the income statement. In determining the fair value as at the date of the report, the following was taken into account: i) the security listing on active markets or the listing of similar securities; ii) variables other than listings on active markets that can be observed on the market, either directly (listings) or indirectly (listing derivatives); iii) the values that can be inferred from recent appraisals or transactions (these values are not always

based on market values that can be observed), or from business models/plans. If the fair value cannot be reliably established, the financial asset is valued at cost (pro-rata share of shareholders' equity) if it is considered as better representing the situation of the fair value of the equity investment.

Every year, or at the closing of an interim period, the presence of significant/accumulated impairment losses is assessed. If impairment is detected, the related loss is entered into the income statement at market prices, for listed securities, or, for non-listed, at the current value of the estimated future financial flows discounted at the actual interest rate. Specifically, with regard to listed securities, the impairment parameters are represented by a reduction in the fair value which is approximately one third greater or prolonged for more than 18 months compared to the originally posted value. In any case, the accounting of an accumulated impairment in the income statement is dependent on a valuation of each investment that takes into account, among other things, of particularly volatile or unusual market trends. If, subsequently, the reasons for the impairment cease to exist, a write-back is posted into the shareholders' equity.

#### Financial assets held to maturity

These include debt securities with fixed payments or payments that can be determined and with a fixed maturity, intended to be held to maturity from the start.

These are posted at cost, which is close to their fair value upon acquisition. Later, they are valued at their amortised cost using the criterion of effective interest. Any loss in value is posted to the income statement.

The original value is restored in later accounting periods, should the reasons for the write-down no longer hold true.

With regard to the *bond loan convertible* into ordinary SIAS S.p.A. shares, the components of the loan itself (being a "compound" financial instrument) were separated, in accordance with IAS 32:

- the "*credit component*" is equal to the present value of the net cash (principal + interest) related to the security, discounted at the "market interest rate" (equal to the value of securities with similar residual duration and rating but without the conversion right). The financial income – calculated on the "credit component" – is posted to the income statement on the basis of said "market interest rate";
- the "*option component*" is equal to the difference between the "present value" of net cash (as determined above) and the purchase price. This option is valued at fair value – as it is a "derivative" with a contra item in the income statement.

#### Receivables

These are initially booked at their fair value at the date of the transaction, with any accumulated impairment losses being posted to the income statement.

The original value is restored in later accounting periods, should the reasons for the write-down no longer hold true.

#### Cash and cash equivalents

Cash includes cash on hand, including cheques, and bank demand deposits. Cash equivalents are represented by financial investments with a maturity of three months or less (from the date of purchase), readily convertible into cash and with an insignificant risk of change in value.

These items are recorded at fair value. Profits or losses from any changes in the fair value are posted to the income statement.

#### Loans and other liabilities

These are recorded when opened, net of any costs that can be ascribed to them. Later, they are valued at their amortised cost using the criterion of effective interest.

#### Provisions for risks and charges

Provisions for risks and charges concern costs and charges of known type and of certain and probable existence, the amount and date of occurrence of which was not known at the closing date of the accounting period. Provisions are recorded when: (i) a current, legal or implied obligation probably exists from a past event; (ii) it is probable that meeting the obligation will be burdensome; (iii) the amount of the obligation can be reliably estimated.

The provisions to reserves represent our best estimate of the amount needed to extinguish the obligation or to transfer it to third parties as at the closing date of the financial statements. When the financial impact of time is significant and the dates for paying off the obligations can be reliably estimated, the provisions are discounted.

The Notes also explain any potential liabilities represented by: (i) possible (but not probable) obligations from past events, the existence of which will be confirmed only upon the occurrence of one or more uncertain future events not completely under the control of the Company; (ii) current obligations from past events, the total of which cannot be reliably estimated or the fulfilment of which is probably not costly.

#### *Employee benefits (Employee Severance Indemnity)*

Liabilities related to the Employee Severance Indemnity ("defined-benefit plan") have been determined based on actuarial assumptions and recorded using the matching principle consistently with the service periods required to obtain the benefits. Liability was appraised with the help of independent actuaries.

As they come from changes in the actuarial assumptions used or changes in the plan conditions, actuarial profits and losses from these plans are posted to the shareholders' equity as they arise.

#### Treasury shares

Treasury shares are posted at purchase cost, as a reduction in shareholders' equity. The value resulting from their transfer is posted with a contra-item in shareholders' equity and no entry in the income statement.

#### Revenues

Revenues are posted based on the matching principle when it is probable that the future economic benefits will accrue to the Company and their value can be determined reliably. In detail:

#### *Revenues for services*

Revenues for services are recognised based on the accrued payment.

#### Financial income

Interest income is calculated on the value of the related financial assets at the effective interest rate.

#### Dividends

Dividends paid by investee companies are posted when the right to receive them is established, which corresponds

to the date that the investee company Shareholders' Meeting approves the distribution.

Any interim dividends are recorded when the distribution is approved by the Board of Directors of the investee company.

#### Financial charges

Financial charges are recorded as a cost in the year in which they are borne.

#### Income taxes

Current and deferred taxes are posted to the income statement when they do not relate to transactions directly posted to shareholders' equity.

Income taxes are posted based on an estimate of the taxable income for the period, in compliance with current regulations.

In accordance with IAS 12, "deferred tax liabilities" and "deferred tax credits" are calculated based on the temporal differences between the recognised value for tax purposes of an asset or a liability and its value on the balance sheet, when it is probable that these differences will cancel themselves out in the foreseeable future. The amount of "deferred tax liabilities" or "deferred tax credits" is determined based on tax rates established by tax laws in force at the end of each reporting period and that will be applicable in the period when the tax asset is "realised" or the tax liability is settled.

Deferred tax credits are posted when their recovery is likely.

"Deferred tax credits" and "deferred tax liabilities" are offset when it is legally allowed.

#### Impairment test

The book values of the Company's assets are assessed for impairment at every reference date of the financial statements. If impairment is detected, the recoverable value of the asset is estimated. Impairment is accounted for in the income statement when the book value of an asset or of a cash generating unit exceeds the recoverable value.

The recoverable value of non-financial assets corresponds to the highest between their fair value net of sale costs and their useful life. In order to establish their useful life, the estimated future financial flows are discounted at a rate that reflects the current market valuation of the money value and the risk related to that type of asset. If the assets do not generate incoming cash flows deemed as widely independent, the recoverable value of the cash generating unit to which the asset belongs is calculated.

With regard to the equity investment in the subsidiary SIAS S.p.A., in line with the provisions of IAS 36, the Company determined the "useful life" of each Cash Generating Unit (CGU) by discounting the future cash flows deriving from the motorway management activity (discounted cash flow). The data contained in the financial plans annexed to the current Standard Agreements approved or pending updates. The economic and financial plan for each motorway management company shows the forecast results over the entire duration of the concession and, despite being prepared on an average time horizon of more than five years, is the important document for identifying future cash flows. In addition, the so-called terminal value was not calculated as these concessions have a predefined useful life.

The figures contained in the aforesaid financial plans were adjusted (when necessary) to reflect the changes occurred after the preparation date of the financial plans (traffic volumes, toll rates, completion of the investment

programme etc.). In particular, the traffic forecasts reflect the outcome of the traffic studies prepared by an independent expert.

The net cash, as determined above, was discounted at a real, post-tax WACC rate. A "real" rate was adopted (by deducting real inflation from the nominal rate) since the financial plans adopted have been prepared using a "constant currency".

When determining the discounting rate, the following parameters were taken into account:

"Free risk" rate equal to the return of the 10-year BTP – average 12 months	2.09%
Risk premiums as provided for by CIPE Resolution No. 68/2017 (basis to calculate the WACC of Standard Agreements)	5.50%
Beta of the Italian motorway sector (SIAS/Atlantia) redetermined on the company's financial structure as of the assessment date	0.560
Cost of debt in line with the average cost of debt of the Group	3%
Inflation rate equal to the inflation component included in the 10-year IRS	1.34%

The discounting rates (that have been specifically calculated for each licensee in order to reflect the financial structure) fluctuate between 3.32% and 3.81%.

With regard to the cash generating units, for which the "useful life" was calculated, *sensitivity analysis* of the results was also carried out, changing both the flows components (toll revenues/traffic volumes) on the basis of the various scenarios included in the specific traffic studies, and the discounting rates applied. This analysis did not highlight significant differences with the "useful lives" originally obtained.

With regard to investments in Brazil held through the jointly controlled subsidiary IGLI S.p.A., it should be noted that in determining the impairment of that company, the investment in the Brazilian company Primav Infraestrutura S.A. was considered as a separate CGU and that the impairment test was calculated considering stock exchange listings as at 31 December 2017 of the listed asset Ecorodovias Infraestrutura e Logística S.A..

The above impairment procedure was approved by the Board of Directors during a separate meeting and before the approval of the financial statements.

Subsequently, when an impairment loss on an asset other than goodwill or other indefinite useful life assets ceases to exist or decreases, the book value of the assets or of the cash generating unit is increased to the new estimated recoverable value and cannot exceed the value that would have been calculated if no impairment loss had been recorded. The reversal of an impairment is immediately recorded in the income statement.

#### **ESTIMATES AND VALUATIONS**

The preparation of these financial statements and the related notes required estimates and assumptions that had an effect on the values of the assets and liabilities in the report and on the information related to potential assets and liabilities as at the reporting date. Actual results achieved may differ from these estimates. The estimates are used, among other things, for the valuation of financial assets and liabilities (including the fair value of assets available for sale), for impairment testing, for actuarial appraisals and to record the amortisation/depreciation, the write-downs of assets and provisions for risks. The outcomes of assessments by independent experts were also used to calculate the estimates. The estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the income statement.

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The accounting standards shown above have been applied coherently and consistently in preparing these financial statements.

Any items in the previous financial statements that were reclassified in order to make them comparable with the amounts reported in the current year proved immaterial.

Pursuant to article 5, paragraph 2 of Legislative Decree no. 38 of 28 February 2005 and in compliance with paragraph 46 of IAS 1, these financial statements were prepared in thousands of Euro. For ASTM S.p.A., the Euro is both the "operating currency" and the "presentation currency".

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**Newly-issued accounting standards and interpretations, or revisions and amendments to existing standards not yet in effect and not adopted in advance by the Company, and IFRS accounting standards, amendments and interpretations not yet approved by the European Union.**

A summary of the Standards that may have an impact on the Company in future years is provided in the stretch entitled "Principles of consolidation, valuation criteria and explanatory notes" in the consolidated financial statements.

## Notes – Information on the balance sheet

### Note 1 – Intangible assets

This item totalled approximately EUR 41 thousand (EUR 80 thousand as at 31 December 2016) and refers to expenses for software licenses. Amortisation for the year totalled EUR 41 thousand.

### Note 2 – Tangible assets

#### Property, plant, machinery and other assets

This item breaks down as follows:

	Land and buildings	Other assets	Total
<b>Cost:</b>			
as at 1 January 2016	9,788	865	10,653
Investments	-	-	-
Restatements	-	-	-
Divestitures	-	-	-
<b>as at 31 December 2016</b>	<b>9,788</b>	<b>865</b>	<b>10,653</b>
<b>Accumulated amortisation:</b>			
as at 1 January 2016	(2,936)	(861)	(3,797)
2016 depreciation	(221)	(2)	(223)
Reclassifications/other changes	-	-	-
Reversals	-	-	-
<b>as at 31 December 2016</b>	<b>(3,157)</b>	<b>(863)</b>	<b>(4,020)</b>
<b>Net book value:</b>			
as at 1 January 2016	6,852	4	6,856
as at 31 December 2016	6,631	2	6,633

	Land and buildings	Other assets	Total
<b>Cost:</b>			
as at 1 January 2017	9,788	865	10,653
Investments	-	-	-
Restatements	-	-	-
Divestitures	-	-	-
<b>as at 31 December 2017</b>	<b>9,788</b>	<b>865</b>	<b>10,653</b>
<b>Accumulated depreciation:</b>			
as at 1 January 2017	(3,157)	(863)	(4,020)
2017 depreciation	(220)	(1)	(221)
Reclassifications/other changes	-	-	-
Reversals	-	-	-
<b>as at 31 December 2017</b>	<b>(3,377)</b>	<b>(864)</b>	<b>(4,241)</b>
<b>Net book value:</b>			
as at 1 January 2017	6,631	2	6,633
as at 31 December 2017	6,411	1	6,412

The item "land and buildings" can be attributed, for EUR 4 million, to the property owned in Turin, which houses the Company's Registered Office, and, for EUR 1.8 million, to a building of high architectural value in the municipality of Tortona, which can be used as a "representative office" after being adequately restored.

The item "other assets" refers to furniture, electronic office machines, equipment and safety systems.

## Note 3 – Non-current financial assets

### 3.a – Equity investments in subsidiaries

The breakdown of and changes in "equity investments in subsidiaries" during the year are shown below:

	% owned at 31/12/2017	31/12/2016	Changes during the period				31/12/2017
			Purchases/Increases	Sales	Write-downs	Reclassifications/other changes	
<b>Equity investments:</b>							
SIAS	61.69%	1,402,911					1,402,911
IGLI	60.00%	233,475					233,475
ITINERA	66.12%	158,022					158,022
SINECO	-	13,056				(13,056)	-
SINA	100.00%	7,443	275			13,056	20,774
Sistemi e Servizi <sup>(1)</sup>	14.00%	14					14
<b>Total</b>		<b>1,814,921</b>	<b>275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,815,196</b>

(1) "Subsidiary" according to the stakes held by subsidiaries.

Changes in the period are attributable to:

- The purchase by the subsidiary SIAS S.p.A. of all shares held in the company SINA S.p.A., equal to 20,281 shares, for a total value of EUR 0.3 million. As a result of this transaction, ASTM S.p.A. holds 100% of the share capital in SINA S.p.A..
- On reclassification, due to the effect of the merger by absorption of the company Sineco S.p.A. with Sina S.p.A. effective from 1 September 2017.

The principal data concerning subsidiaries are shown below:

Investee company	Registered office	Share capital	No. of shares	Shareholders' equity	Profit/(loss)	Financial statements data as at
SIAS S.p.A. (*)	Turin – Via Bonzanigo 22	113,771	227,542,156	2,088,619	97,864	31/12/2017
IGLI S.p.A. (*)	Milan – Via Isonzo 14/1	37,130	37,130,000	572,367	3,618	31/12/2017
ITINERA (**)	Tortona – Via M. Balustra 15	86,837	86,836,594	231,570	2,816	31/12/2017
SINA (**)	Milan - Viale Isonzo 14/1	10,141	4,056,250	69,008	4,207	31/12/2017
Sistemi e Servizi (**)	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	100	100,000	100	-	31/12/2017

(\*) Separate financial statements prepared in compliance with international accounting standards

(\*\*) Separate financial statements prepared in compliance with national accounting standards/OIC.

**3.b – Equity investments in associated companies**

The item "equity investments in associated companies" did not change during the year; the breakdown of this item is illustrated below:

	% owned at 31/12/2017	31/12/2017
<b>Equity investments:</b>		
Baglietto	31.00%	9,547
Edilrovaccio 2 S.r.l.	20.00%	-
<b>Total</b>		<b>9,547</b>

With reference to the equity investment in Baglietto S.p.A., the agreement signed by ASTM S.p.A. with the Parent Company Argo Finanziaria S.p.A. was taken into account. This agreement offers ASTM S.p.A. the option of transferring its investment in Baglietto S.p.A. to the aforementioned company at the predefined price of EUR 9.5 million.

The principal data concerning the above-cited equity investments are shown below:

Company	Registered office	Share capital	No. of shares	Shareholders' equity <sup>(*)</sup>	Profit/(loss) <sup>(*)</sup>	Financial statements data as at
Baglietto <sup>(*)</sup>	La Spezia – Viale San Bartolomeo 414	9,561	25,338,000	5,237	(4,323)	31/12/2017
Edilrovaccio 2 S.r.l. <sup>(*)</sup>	Turin – Via Schina 5	46	45,900	(286)	(15)	31/12/2017

<sup>(\*)</sup> Separate financial statements prepared in compliance with national accounting standards/OIC.

**3.c - Equity investments in other businesses – available for sale**

The breakdown of and changes in "equity investments in other businesses - available for sale" during the year are shown below:

	%	31/12/2016			Changes in the year				31/12/2017		
		Original value	Adj. to fair value	Total	Purchases	Sales/other	Adj. to fair value SH. EQUITY	INC. STAT.	Original value	Adj. to fair value	Total
Abertis Infraestructuras	0.001	56	103	159	-	-	63	-	56	166	222
Assicurazioni Generali	0.013	2,384	512	2,896	-	-	221	-	2,384	733	3,117
Mediobanca	0.061	2,872	2,136	5,008	-	(470)	571	-	2,402	2,707	5,109
<b>Total Level 1</b>		<b>5,312</b>	<b>2,751</b>	<b>8,063</b>	<b>-</b>	<b>(470)</b>	<b>855</b>	<b>-</b>	<b>4,842</b>	<b>3,606</b>	<b>8,448</b>
		-	-	-	-	-	-	-	-	-	-
Interporto di Rivalta Scrivia	4.34	575	-	575	-	-	-	-	575	-	575
Milano - Serravalle	0.048	60	174	234	-	-	-	-	60	174	234
<b>Total Level 3</b>		<b>635</b>	<b>174</b>	<b>809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>635</b>	<b>174</b>	<b>809</b>
<b>Total</b>		<b>5,947</b>	<b>2,925</b>	<b>8,872</b>	<b>-</b>	<b>(470)</b>	<b>855</b>	<b>-</b>	<b>5,477</b>	<b>3,780</b>	<b>9,257</b>

**Fair value measurement hierarchy**

**Level 1:** fair value calculated on the basis of the security listing on active markets.

**Level 2:** (not present) fair value determined based on different inputs other than the listing price described for Level 1, which can be directly (price) or indirectly (price derivatives) observed on the market.

**Level 3:** fair value, not based on observable market data, determined based on the price reflected in recent appraisals or transactions, cost.

The changes during the year were due to:

- the sale of 105,750 shares of Mediobanca S.p.A. for a total amount of EUR 865 thousand, realising a capital gain of EUR 0.4 million (with consequent "reversal" of the fair value adjustment made in previous years);
- fair value adjustment of equity investments (based on market prices), with "shareholders' equity" of EUR 855 thousand.

As shown in the table above, the value of investments "available for sale" as at 31 December 2017 was net of approximately EUR 3.8 million relating to the positive adjustment to their fair value (EUR 2.9 million as at 31 December 2016).

The main data concerning investments in "other businesses" is shown below:

Investee company	Registered office	Share capital	No. of shares	Shareholders' equity	Profit/(loss)	Financial statements data as at
Abertis Infraestructuras S.A.	Barcelona – Parc Logistic Avenue 12-20 B	2,971,144	990,381,308	5,523,274	159,262	31/12/2016
Assicurazioni Generali S.p.A.	Trieste – Piazza Duca degli Abruzzi 2	1,559,883	1,559,883,538	14,670,385	1,096,260	31/12/2016
Interporto Rivalta Scrivia S.p.A. (*)	Rivalta Scrivia (AL) – Strada Savonesa 12/16	11,848	22,785,000	85,644	(8,022)	31/12/2016
Mediobanca S.p.A.	Milan – Piazzetta Enrico Cuccia 1	435,510	871,020,094	5,275,268	288,038	30/06/2016
Milano Serravalle-Milano Tangenziali S.p.A. (*)	Assago Milanofiori (MI)-Via del Bosco Rinnovato 4/A	93,600	180,000,000	439,087	24,441	31/12/2016

(\*) Separate financial statements prepared in compliance with national accounting standards/OIC.

The information on the performance of subsidiaries, joint ventures and the key economic-financial data of these companies are provided in the Report on Operations and in the Explanatory Notes of the "Consolidated Financial Statements".

### 3.d Non-current financial assets - loans

The item, amounting to EUR 28 million (EUR 159 thousand as at 31 December 2016), refers to the financial receivable equal to EUR 27.9 million paid during the year to the subsidiary IGLI S.p.A. and EUR 0.1 million for the financial receivable from the associated company Edilrovaccio 2 S.r.l..

### 3.e – Other

	31 December 2017	31 December 2016
SIAS convertible bond loan		
- Credit component	-	101,027
- Option component	-	896
<b>Total</b>	<b>-</b>	<b>101,923</b>

The item "SIAS convertible bond loan" included - in the previous year - the receivable for the portion subscribed by ASTM S.p.A. of the "SIAS 2.625% 2005-2017 convertible bond loan" repaid on 30 June 2017. On this date ASTM S.p.A. collected (i) EUR 102.8 million relative to 9,792,264 unconverted bonds relative to the "SIAS 2.625% 2005-2017 bond loan convertible into ordinary shares" and (ii) interest accrued in the period 1 January - 30 June 2017 equal to a total of EUR 1.3 million.

## Note 4 – Deferred tax credits

This item totalled EUR 2,757 thousand (EUR 3,364 thousand as at 31 December 2016). For the breakdown and changes of this item, please refer to Note 23 – Income taxes.

**Note 5 – Trade receivables**

This item, amounting to EUR 1,200 thousand (EUR 1,178 thousand as at 31 December 2016), mainly refers to costs for advisory services being recharged to the subsidiaries Itinera S.p.A. (EUR 0.6 million) to SIAS S.p.A. (EUR 0.1 million) and to SINA S.p.A. (EUR 0.2 million) and for services to the subsidiary SIAS (EUR 0.3 million).

**Note 6 – Current tax credits**

This item totalled EUR 255 thousand (EUR 291 thousand as at 31 December 2016) and refers to tax receivables resulting from the liquidation of Inpar S.p.A. (EUR 44 thousand) and VAT receivables (EUR 211 thousand).

**Note 7 – Other receivables**

This item can be broken down as follows:

	31 December 2017	31 December 2016
Receivables from parent companies	647	163
from others	181	78
<b>Total</b>	<b>828</b>	<b>241</b>

"Receivables from parent companies" refer to (i) receivables of EUR 114 thousand from the Parent Company Aurelia S.r.l. concerning the corporate income tax refund request that the company submitted pursuant to current legislation with regard to the portion of regional production tax not deducted in the period 2008-2011 on costs for employees and staff treated as such and (ii) EUR 533 thousand for receivables for tax consolidation.

**Note 8 – Financial receivables**

In 2016, this item mainly referred to the receivable due from SIAS S.p.A. for interest - accrued at a "nominal" rate - on the "SIAS 2.625% 2005-2017" convertible bond loan, repaid on 30 June 2017.

**Note 9 – Cash and cash equivalents**

These consist of:

	31 December 2017	31 December 2016
Bank and postal deposits	6,252	42,805
Cash and cash equivalents on hand	3	3
<b>Total</b>	<b>6,255</b>	<b>42,808</b>

For details of the changes, see information provided in the cash flow statement.

## Note 10 – Shareholders' equity

### 10.1 – Share capital

As at 31 December 2017, the share capital consisted of 98,998,600 ordinary shares at a nominal value of EUR 0.50 each, for a total amount of EUR 49,499 thousand, entirely subscribed and paid in.

The share capital includes an amount of EUR 11.8 million consisting of revaluation reserves pursuant to Italian Law 72/83. In case of distribution, these reserves will represent the Company's income, pursuant to current tax regulations.

Pursuant to IAS 1, the value of treasury shares is posted as an adjustment to the share capital. The balance as at 31 December 2017 was unchanged compared to the previous year and is shown in the table below:

	No. of shares	Nominal value (in EUR)	% on the share capital	Average unit value (in EUR)	Total countervalue (thousands of EUR)
<b>31 December 2016</b>	<b>6,497,328</b>	<b>3,248,664</b>	<b>6.56%</b>	<b>10.81</b>	<b>70,240</b>
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
<b>31 December 2017</b>	<b>6,497,328</b>	<b>3,248,664</b>	<b>6.56%</b>	<b>10.81</b>	<b>70,240</b>

With regard to the above-mentioned aspects, the share capital as at 31 December 2017 is as follows (amounts in thousands of EUR):

<b>Nominal Value of Share Capital</b>	49,499
Nominal value of treasury shares held	-3,249
<b>Nominal Value of adjusted Share Capital</b>	<b>46,250</b>

### 10.2 – Reserves

#### 10.2.1 – Share premium reserve

This item - unchanged compared to 31 December 2016 - amounted to EUR 147,361 thousand.

#### 10.2.2 – Revaluation reserves

This item totalled EUR 9,325 thousand (EUR 9,325 thousand as at 31 December 2016).

In the event of distribution, the revaluation reserves will constitute income for the Company and the Shareholders.

#### 10.2.3 – Legal reserve

This item totalled EUR 10,538 thousand (EUR 10,538 thousand as at 31 December 2016) and has reached the limit amount set out in art. 2430 of the Italian Civil Code.

#### 10.2.4 – Reserve for purchase of treasury shares

This "unavailable" reserve was created to purchase treasury shares, in execution of Shareholders' Meetings resolutions. This item totalled EUR 70,240 thousand (unchanged compared to 31 December 2016); this reserve was established through reclassification from the item "Retained earnings".

10.2.5 – Purchased treasury shares

This item represents the contra-item paid to purchase treasury shares. As illustrated in the "Valuation criteria", this amount, totalling EUR 66,991 thousand, adjusts the shareholders' equity reserves (net of the nominal value of treasury shares, amounting to EUR 3,249 thousand, which is deducted directly from the "share capital").

10.2.6 – Reserves for revaluation to fair value

This item was established and moves as a direct contra entry at fair value of financial assets classified as "available for sale" ("Equity investment in other businesses" and "Other financial assets"). As at 31 December 2017, this reserve was positive for EUR 3,776 thousand (positive by EUR 2,921 thousand as at 31 December 2016).

10.2.7 – Capital reserves

This item totalled EUR 34,059 thousand and was unchanged from 31 December 2016.

10.2.8 – Reserve for discounting Employee Severance Indemnity

This item refers to actuarial gains and losses relative to Employee Severance Indemnity. As at 31 December 2017, this item presented a negative balance of EUR 16 thousand (a negative balance of EUR 28 thousand as at 31 December 2016).

10.2.9 – Retained earnings

As at 31 December 2017, this item amounted to EUR 1,562,823 thousand (EUR 1,558,784 thousand as at 31 December 2016). This reserve increased by EUR 4,039 thousand following the allocation of income for 2016.

10.3 – Profit (loss) for the period

This item refers to profits/losses for the year and totalled EUR 43,415 thousand (EUR 45,687 thousand in 2016).

The table below shows a breakdown of the "type, possible use and distribution of the items of shareholders' equity" as at 31 December 2017, as well as any drawdowns made during the last three accounting periods.

<i>(amounts in thousands of EUR)</i>	Amount at 31 December 2017	Possibility of use	Quota available	Drawdowns in the last three years
<b>Share capital</b>	46,250 <sup>(1)</sup>			
<b>Reserves</b>				
- Share premium reserve	147,361	A, B, C	147,361	
- Revaluation reserves	9,325	A, B, C <sup>(2)</sup>	9,325	
- Legal reserve	10,538	B	638 <sup>(3)</sup>	
- Capital reserves	34,059	A, B, C	34,059	
- Reserve for purchase of treasury shares	3,249 <sup>(4)</sup>			
- Retained earnings (losses)	1,562,823	A, B, C	1,562,823	
- Reserve for revaluation to fair value and discounting of Employee Severance Indemnity	3,760			
<b>Total quota that can be distributed</b>			<b>1,754,206</b>	
Quota that cannot be distributed			-	
<b>Residual quota that can be distributed</b>			<b>1,754,206</b>	

Key:

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

(1) Net of the nominal value of the treasury shares in portfolio (EUR 3,249 thousand).

(2) In the event of distribution to shareholders, these reserves will be subject to taxation in compliance with individually applicable laws. Any distribution must also comply with the provisions of article 2445 of the Italian Civil Code, paragraphs 2 and 3.

(3) Quota exceeding the limit set out in article 2430 of the Italian Civil Code.

(4) This is the residual amount of the reserve, following the purchase of treasury shares (as the nominal value of treasury shares in the portfolio was used to reduce the share capital).

\* \* \*

## Note 11 – Provisions for risks and charges and Employee benefits

	31 December 2017	31 December 2016
Other provisions	640	-
Employee benefits	234	321
<b>Total provisions for risks and charges and employee benefits</b>	<b>874</b>	<b>321</b>

### 11.1 – Provisions for risks and charges

The item "other provisions" equal to EUR 0.6 million refers to amounts inferred from premiums relative to the "management incentive system".

### 11.2 – Employee benefits (Employee Severance Indemnity)

As at 31 December 2017, this item totalled EUR 234 thousand (EUR 321 thousand as at 31 December 2016).

Changes during the period were as follows:

<b>1 January 2017</b>	<b>321</b>
Period contributions	20
Indemnities advanced/liquidated during the period	(108)
Transfers and other changes	1
<b>31 December 2017</b>	<b>234</b>

The tables below show the economic/financial and demographic assumptions respectively used for the actuarial appraisal of these liabilities.

**Economic/financial assumptions**

Annual discount rate	1.61% <sup>(1)</sup>
Annual inflation rate	1.5%
Annual rate of increase in severance pay	2.625%
Annual rate of salary increases	From 1.00% to 2.50%

**Demographic assumptions**

Mortality	RG 48 tables
Disability	INPS tables by age and gender
Retirement age	Requirements met
% of frequency of advances	1.00%
Turnover	3.00%

<sup>(1)</sup> In accordance with the regulations of the Italian Board of Actuaries – the rate used was the annual rate resulting from the "A" rating Iboxx Eurozone Corporate index in line with the previous year, as it was deemed more representative of the reality in which the Company operates. If the Company had used the "AA" rating Iboxx Eurozone Corporate index, the debt for "employee benefits" would have been higher by approximately EUR 9 thousand, with an effect on shareholders' equity amounting to around EUR 7 thousand net of the related tax effect.

**Note 12 – Bank debt (non-current)**

This item amounted to EUR 34,983 thousand and refers to the loan taken out with Unicredit S.p.A. in December 2017. This loan, concluded at a variable rate, matures (bullet) on 31 December 2020.

Lending bank	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2017	Within 1 year	1 to 5 years	Beyond 5 years
Unicredit	31/01/2020	35,000	Variable	EUR	35,000	-	35,000	-
			Accruals and deferrals		(17)	-	(17)	
			<b>Bank debt</b>		<b>34,983</b>	-	<b>34,983</b>	-

**Note 13 – Deferred tax liabilities**

This item totalled EUR 4 thousand (EUR 3 thousand as at 31 December 2016) for the breakdown of this item, please refer to Note 23 – Income taxes.

**Note 14 – Trade payables (current)**

Trade payables totalled EUR 1,171 thousand (EUR 1,390 thousand as at 31 December 2016).

**Note 15 – Other payables (current)**

These consist of:

	31 December 2017	31 December 2016
Payables to subsidiaries	129	14
Payables to welfare organisations	167	128
Other payables	518	607
<b>Total</b>	<b>814</b>	<b>749</b>

“Payables to subsidiaries” mainly include payables to Itinera S.p.A. for EUR 0.1 thousand and refer wholly to costs for the temporary and partial secondment of personnel as at 31/12/2017 being charged back.

“Other payables” mainly include the payables due to shareholders for dividends to be paid (EUR 244 thousand), payables due to employees (EUR 178 thousand) and amounts due to Directors for remuneration not yet paid (EUR 83 thousand).

### **Note 16 – Bank debt (current)**

The item “bank debt” equal to EUR 11 thousand refers to (i) EUR 3 thousand for the portion accrued on nominal interest as at 31 december 2017 relative to the loan taken out by ASTM S.p.A. on 22 december 2017 with Unicredit S.p.A. and (ii) EUR 8 thousand for fees for failure to use credit lines, maturing as at 31 december 2017.

In 2016, this item, equal to EUR 149,773 thousand, referred to the loan taken out with Unicredit S.p.A. and repaid in full during the year.

### **Note 17 – Other financial liabilities**

This item amounts to EUR 192 thousand (EUR 251 thousand as at 31 December 2016) and refers to the payable to the company IGLI S.p.A. for charges on the guarantee that the company IGLI S.p.A. issued as a security to ASTM S.p.A. relative to the loan taken out by ASTM S.p.A. on 23 december 2015 with Unicredit S.p.A. repaid in full during 2017.

### **Note 18 – Current tax liabilities**

Current tax liabilities totalled EUR 773 thousand (EUR 659 thousand as at 31 December 2016) and refer exclusively to liabilities for personal income tax withheld.

## Explanatory Notes – Information on the income statement

### Note 19 – Financial income and charges

#### 19.1 – Financial income

This item breaks down as follows:

	2017	2016
<b>Income from equity investments:</b>		
- income from subsidiaries	47,965	46,561
- income from other businesses	373	351
- other income from equity investments	394	6,529
<b>Total</b>	<b>48,732</b>	<b>53,441</b>

"Income from subsidiaries" refers to dividends and interim dividends collected by the Company during the year (EUR 46.4 million paid by SIAS S.p.A. – of which EUR 21 million as a 2017 interim dividend and EUR 1.6 million from Sineco S.p.A.. The increase compared to the previous year is mainly due to higher dividends distributed by the subsidiary SIAS S.p.A..

"Income from other businesses" mainly refers to the dividends distributed by Assicurazioni Generali S.p.A, Mediobanca S.p.A. and Abertis Infraestructura S.A. (EUR 0.4 million).

"Other income from equity investments" refers to the capital gain from the sale of part of the shares of Mediobanca S.p.A..

#### 19.2 – Other financial income

	2017	2016
<b>Interest income and other financial income</b>		
- from credit institutions	50	190
- from financial assets	3,123	6,191
<b>Total</b>	<b>3,173</b>	<b>6,381</b>

The item "income from credit institutions" refers to interest accruing on bank current accounts during the period. The change compared to the previous year is due to the lower stock of liquidity on current accounts.

The item "income from financial assets" mainly refers to accrued interest - recalculated based on the "market" interest rate - of the "credit component" of the convertible bonds relative to the convertible bond loan issue of SIAS S.p.A. repaid in the year.

#### 19.3 – Interest and other financial charges

This item breaks down as follows:

	2017	2016
<b>Interest expense to credit institutions:</b>		
- on loans	1,065	1,308
<b>Miscellaneous interest expense:</b>		
- from financial discounting	4	20
- from intercompany loans	-	566
<b>Other financial charges:</b>		
- other financial charges	221	1,156
<b>Total</b>	<b>1,290</b>	<b>3,050</b>

Interest expense "on loans" mainly refers to financial charges accrued on the loan from UniCredit S.p.A. during 2016

for EUR 150 million granted and repaid in full during 2017.

Interest expense "*from financial discounting*" refers to the "financial component" of the provisions allocated to the Employee Severance Indemnity.

In 2016, interest expense "*from intercompany loans*" referred to expenses on the loan relative to the subsidiary IGLI S.p.A., fully repaid during 2016.

The item "other financial charges" mainly refers to commission expense on guarantees (EUR 0.2 million).

## Note 20 – Value adjustments of financial assets

The item "*write-downs*", which amounts to EUR 897 thousand, refers to the alignment of the "option component" on the SIAS convertible bonds held by the Company to its related fair value (revaluation of EUR 5,127 thousand in 2016).

## Note 21 – Other operating income

This income breaks down as follows:

	2017	2016
Revenue from sales and services	450	450
Rental income	693	693
Re-debiting of costs and other income	1,410	954
<b>Total</b>	<b>2,553</b>	<b>2,097</b>

"*Revenue from sales and services*" refer to the management consulting activity of the subsidiary SIAS S.p.A..

The change (increase of EUR 456 thousand) is due to higher amounts charged back to Group companies in 2017 for consultancy costs.

## Note 22 – Other operating costs

### Payroll costs

This item can be broken down as follows:

	2017	2016
Salaries and wages	1,090	1,002
Social security contributions	320	292
Allocations to payroll provisions	104	58
Other costs	248	18
<b>Total</b>	<b>1,762</b>	<b>1,370</b>

The increase in payrolls costs is attributable to the different composition of personnel and the item "other costs" which refers, for EUR 200 thousand, to the estimate of premiums relative to the "management incentive system".

The following table shows the detailed and the average headcount broken down by category:

	Punctual composition		Average Composition	
	2017	2016	2017	2016
Executives	5	4	4	4
Middle managers	2	1	1	2
Office workers	2	4	4	3
<b>Total</b>				
Executives	9	9	9	9

#### Costs for services

This expense item breaks down as follows:

	2017	2016
Consulting	2,557	3,219
Compensation and reimbursements for Directors and Statutory Auditors	2,769	2,158
Other payroll costs	117	48
IT services	20	50
Expenses incurred on behalf of third parties	136	40
Other costs for services	1,689	1,794
<b>Total</b>	<b>7,288</b>	<b>7,309</b>

The increase in the item "Compensation and reimbursements for Directors and Statutory Auditors" refers to the estimate of premiums for the "management incentive system" for EUR 440 thousand.

#### Costs for raw materials

This item totalled EUR 3 thousand (EUR 4 thousand in 2016) and refers essentially to costs for the purchase of stationery, printers and low-value equipment.

#### Other costs

This expense item breaks down as follows:

	2017	2016
Leases and rental expenses	75	156
Other operating expenses	699	1,067
<b>Total</b>	<b>774</b>	<b>1,223</b>

The decrease of EUR 449 thousand is mainly due to the lower amount of non-deductible VAT (EUR 357 thousand) compared to 2016, included in the item "Other operating expenses".

#### Amortisation and depreciation

This item breaks down as follows:

	2017	2016
Intangible assets:		
- Other intangible assets	41	40
Tangible assets:		
- Buildings	220	221
- Other assets	1	2
<b>Total amortisation and depreciation</b>	<b>262</b>	<b>263</b>

**Note 23 – Income taxes**

This item can be broken down as follows:

	2017	2016
<b>Current taxes:</b>		
• Corporate income tax (IRES)	-	-
• Regional production tax (IRAP)	-	-
<b>Total</b>	-	-
<b>Taxes (prepaid)/deferred:</b>		
• Corporate income tax (IRES)	617	(2,068)
• Regional production tax (IRAP)	(11)	-
<b>Total</b>	<b>606</b>	<b>(2,068)</b>
<b>Taxes related to prior years</b>	-	<b>(46)</b>
<b>Income from tax consolidation</b>	<b>(1,839)</b>	-
<b>Total</b>	<b>(1,233)</b>	<b>(2,114)</b>

Income from tax consolidation refers to the portion of the 2016 tax loss transferred to Group taxation and actually used by the latter.

As regards the remaining part of the 2016 tax loss, not yet used, deferred tax assets have been allocated.

Deferred tax assets mainly refer to the next effect of provisions for the Ace excess, the tax loss for 2017 and reversals of deferred tax assets in relation to the aforementioned use, as part of Group taxation, of the tax loss from 2016.

In compliance with paragraph 81 (c) of IAS 12, we provide below the reconciliation of the "effective" and "theoretical" income taxes posted to the financial statements as at 31 December 2017 and 2016.

Reconciliation between "effective" and "theoretical" rates (**Corporate income tax**):

	2017		2016	
<b>Period income before taxes</b>		<b>42,182</b>		<b>43,573</b>
<b>Effective income taxes (from financial statements)</b>	<b>617</b>	<b>1.46%</b>	<b>(2,114)</b>	<b>-4,85%</b>
<b>Lower taxes (compared to the theoretical rate):</b>				
- partially tax-exempt dividends	11,021	26.13%	12,256	28.13%
- other	103	0.24%	1,917	4.40%
<b>Higher taxes (compared to the theoretical rate):</b>				
-				
- non-deductible expenses	(1,618)	(3.84%)	(76)	(0.17%)
<b>Theoretical income taxes</b>	<b>10,144</b>	<b>24.00%</b>	<b>11,983</b>	<b>27.50%</b>

With regard to the reconciliation between the "theoretical" rate and the "effective" IRAP rate, it should be noted that, in the present and in the previous year, the IRAP tax base, calculated according to the provisions in force for financial companies, is negative. Deferred tax assets amounting to 11 thousand euro are attributable to the deferred taxation of the "managerial incentive system" introduced in the current year.

\* \* \*

With regard to the period under review and 2016, the tables below show the total deferred tax income and expenses (posted to the income statement) and the total deferred tax credits and liabilities (posted to the balance sheet).

	2017	2016
<b>Deferred tax income</b> related to: (*)		
• advance taxes on SIAS convertible bond loan	-	(62)
• tax payments on tax losses	(1,597)	(1,608)
• prepaid tax allocation	(255)	(538)
<b>Total (A)</b>	<b>(1,852)</b>	<b>(2,208)</b>
<b>Deferred tax expenses</b> related to: (*)		
- reversal of deferred tax assets on the SIAS convertible bond loan	812	-
- reversal of deferred tax assets on the tax loss of the previous year	1,281	
- reversal of other deferred tax assets	325	140
<b>Total (B)</b>	<b>2,418</b>	<b>-</b>
<b>Taxes (prepaid)/deferred (B) – (A)</b>	<b>566</b>	<b>(2,068)</b>

(\*) Deferred tax income and expenses are accounted for based on tax rates in effect at the time their repayment is expected

During the year, with a contra-item in "shareholders' equity", "deferred taxes" were recorded for approximately EUR 1 thousand, related to the fair value measurement of "financial assets available for sale".

	31 December 2017	31 December 2016
<b>Deferred tax credits</b> related to: (*)		
- costs deductible for cash and other changes	833	944
- advance taxes on SIAS convertible bond loan	-	812
- taxes on tax loss	1,924	1,608
<b>Total</b>	<b>2,757</b>	<b>3,364</b>
<b>Deferred tax liabilities</b> related to: (*)		
- valuation of financial assets at fair value	(4)	(3)
- other	-	-
<b>Total</b>	<b>(4)</b>	<b>(3)</b>

(\*) Deferred tax credits and liabilities are accounted for based on tax rates in effect at the time that their repayment is expected

**Note 24 – Information on the cash flow statement**24.1 – Change in net working capital

	2017	2016
Trade and other receivables	(609)	1,118
Current tax credits	36	(123)
Current trade payables and other payables	(154)	(1,654)
Current tax liabilities	114	12
<b>Total</b>	<b>(613)</b>	<b>(647)</b>

24.2 – Other changes from operating activity

	2017	2016
Drawdown on Employee Severance Indemnity	(108)	(1,032)
Drawdown on other provisions and other changes	-	108
<b>Total</b>	<b>(108)</b>	<b>(924)</b>

**Note 25 - Significant non-recurring events and transactions**

As stated in the Management Report, 2017 was affected by significant non-recurring events and transactions – as defined in CONSOB Communication no. DEM/60642931<sup>1</sup> – with a negative impact of EUR 0.5 million. In particular, “non-recurring items” refer to expenses for the period attributable to the project to reorganise, optimise procedures and streamline resources.

**Note 26 - Atypical and/or unusual transactions**

Pursuant to CONSOB Communication no. DEM/6064296 of 28 July 2006, in 2017 the Company did not carry out any atypical and/or unusual transactions, as defined in the Communication, according to which an atypical and/or unusual transaction is one for which the significance/materiality, nature of the counterparty, subject matter of the transaction, transfer pricing mechanism used and timing of the event (e.g. close to year end) could raise doubts about: the accuracy/completeness of information in the financial statements, conflict of interest, asset protection and the protection of minority interests.

<sup>1</sup> Significant non-recurring transactions are transactions or events that are not frequently repeated as part of normal business activities.

## Other information

Information is shown below related to (i) the commitments undertaken by the Company, (ii) the determination of the fair value, (iii) the financial risk management, (iv) fees for independent auditors and (v) related party transactions and (vi) to information on the company preparing the consolidated financial statements. For information about the Company, "**Significant subsequent events**", "**Business outlook**" and the "**Allocation of profits**" please see the "Management Report".

### (i) Commitments undertaken by the Company

On 3 December 2004, an additional agreement was signed between ANAS, ASTM S.p.A. and SATAP S.p.A. according to which – following the transfer to SATAP of the agreement for the "Torino-Milano" section – ASTM S.p.A. would maintain shareholding control over time of SATAP S.p.A..

In this context, on 28 May 2007 the Company – although being aware that, also in case it reduces its equity investment in SIAS under the threshold of the so-called "legal control", it will actually exercise "de facto control" over SIAS and, indirectly, over SATAP since, as pointed out by the Granting Body, it will hold an investment in SIAS such as to enable it to have enough votes to exercise a dominant influence during the ordinary shareholders' meeting of SIAS – showed its willingness towards ANAS (in case ASTM reduces its investment in SIAS under the threshold of the so-called legal control) to enter into a shareholders' agreement with the Parent Company Aurelia S.r.l., according to which it will be possible to jointly steer the exercise of the voting right related to the shares representing the absolute majority of the share capital of SIAS, held by Aurelia S.r.l. and ASTM. Moreover – if said agreement is not renewed, is no longer effective or the equity investment is under the threshold of so-called control "as of right" of SIAS – ASTM showed its willingness to repurchase (from SIAS) and the latter to transfer (to ASTM) the shareholding control of SATAP, pursuant to the agreement mentioned in the note.

The company is providing a guarantee to ANAS S.p.A., which arose from the signing of the above-mentioned "additional agreement". This guarantee (equal to EUR 75.1 million) corresponds to the value of ASTM assets that are not included in the business segment being allocated, exceeding 10% of the shareholders' equity of ASTM as stated in the financial statements as at 31 December 2004.

### (ii) Assessing the fair value: additional information

Concerning the valuation of the fair value of financial instruments, we specify the following in compliance with IFRS 7:

#### **Assets**

- non-current financial assets - Other financial assets/receivables:	the value posted to the financial statements represents their fair value
- cash and cash equivalents:	the value posted to the financial statements represents their fair value
- investments available for sale:	the value posted to the financial statements represents their fair value

#### **Liabilities**

- trade payables:	the value posted to the financial statements represents their fair value
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**(iii) Financial risk management**

In compliance with IFRS7, we specify that in the normal conduct of its operating activities, ASTM S.p.A. is potentially exposed to the following financial risks:

- "market risk" mainly from exposure to interest rate fluctuations;
- "liquidity risk" from a lack of financial resources suitable for operational activities and repayment of liabilities assumed in the past.

The risks cited above are broken down in detail below:

*Market risk*

With regard to the risks associated with *interest rate fluctuations*, the strategy of ASTM S.p.A. is aimed at containing such risk by means of careful monitoring of the performance of financial markets and, where possible, through an adequate division between fixed-rate and variable-rate loans. As at 31 December 2017 there was only one variable-rate loan disbursed by Unicredit S.p.A. in 2017 (amounting to EUR 35 million).

*Liquidity risk*

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. ASTM S.p.A. believes that the dividend flow from investee companies, together with the diversification of financing sources and available cash, guarantee that financial requirements as at 31 December 2017 can be met.

The **credit lines** of ASTM S.p.A. can essentially be broken down as follows:

1. Medium- and long-term loans used as investment support;
2. Uncommitted credit lines referring to current account overdraft/receivables conversion facilities to support working capital needs.

The company's "medium- and long-term loans" refer to the loan granted to ASTM S.p.A. by Unicredit S.p.A. in December 2017 for EUR 35 million. This loan is to temporarily cover part of the financial requirements associated with the Brazilian initiative described in the Management Report, to which reference should be made.

The total of available credit lines – set up mainly for current account overdrafts and good till cancelled – was EUR 86 million as at 31 December 2017.

**(iv) Fees paid to the independent auditors**

Pursuant to article 149 – duodecies of CONSOB Resolution 11971/99 (Issuer Regulation), the table below shows the fees due for the year to PricewaterhouseCoopers S.p.A. (auditor of ASTM S.p.A.) and its "network" companies for services provided to ASTM S.p.A. and its subsidiaries.

Type of services	Parent Company	Subsidiaries
<b>Auditing services</b>		
Auditing of the financial statements - including auditing of the accounts <sup>(1)</sup>	12	320
Auditing of the consolidated financial statements	8	15
Limited auditing of the half-year report as at 30 June	5	64
<b>Miscellaneous services other than certification audit</b>		
Opinion on the distribution of interim dividends	14	24
<b>Other services</b>		
Agreed auditing procedures for quarterly reports as at 30 September	1	10
Agreed inspection procedures	-	60 <sup>(2)</sup> <sup>(3)</sup>
<b>Total<sup>(4)</sup></b>	<b>40</b>	<b>493</b>

- (1) The auditing of the accounts by PricewaterhouseCoopers S.p.A. as from the date of the appointment (28 April 2017) to 31 December 2017. Auditing for the first quarter of 2017 was carried out by the previous auditors Deloitte&Touche S.p.A.
- (2) Agreed audit procedures ("comfort letter") related to the documentation required for preparation of the EMTN Programme, other agreed audit procedures and other activities.
- (3) Audit procedures agreed pursuant to ISA 800 on the financial position and performance as at 30 June 2017 of the subsidiary SATAP S.p.A.. and other procedures.
- (4) As at 31 December 2017, approximately EUR 314.3 thousand had been invoiced relative to activities carried out as from the start date of the appointment (28 April 2017).

**(v) Related-party transactions**

The main transactions of the Company with related parties, identified according to criteria set out in the related-party transactions procedure, in compliance with article 2391 bis of the Civil Code/IAS 24 and the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 as amended, are described below. This procedure, which is published in the sector "Procedures and documents" available on the website [www.astm.it](http://www.astm.it), sets out the rules governing the approval, management and public disclosure of related-party transactions carried out by ASTM, in order to guarantee the transparency and procedural and substantive fairness of the transactions.

The table below shows the commercial and financial balances arising from related-party transactions.

**STATEMENT OF FINANCIAL POSITION:**

<i>(amounts in thousands of EUR)</i>	TOTAL 2017	Parent Companies	Subsidiaries	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Assets</b>								
<b>Non-current assets</b>								
Intangible assets	41							
Tangible assets	6.412							
<b>Non-current financial assets</b>								
equity investments in subsidiaries	1.815.196							
equity investments in jointly controlled and associated companies	9.547							
equity investments in other businesses – available for sale	9.257							
Receivables	28.059		27.900		159		28.059	100%
<b>Total non-current financial assets</b>	<b>1.862.059</b>							
Deferred tax credits	2.757							
<b>Total non-current assets</b>	<b>1.864.816</b>							
<b>Current assets</b>								
Inventories								
Trade receivables	1.200		1.196		2		1.198	100%
Current tax credits	255							
Other receivables	828		647				647	78%
<b>Total current assets</b>	<b>2.283</b>							
Cash and cash equivalents	6.255							
<b>Total current assets</b>	<b>8.538</b>							
<b>Total assets</b>	<b>1.879.807</b>							
<b>Shareholders' equity and liabilities</b>								
<b>Shareholders' equity</b>								
Shareholders' equity								
Share capital	46.250							
Reserves and retained earnings	1.794.735							
<b>Total shareholders' equity</b>	<b>1.840.985</b>							
<b>Liabilities</b>								
<b>Non-current liabilities</b>								
Provisions for risks and charges and employee severance indemnity	874					640	640	73%
Bank debt	34.983							
Deferred tax liabilities	4							
<b>Total non-current liabilities</b>	<b>35.861</b>							
<b>Current liabilities</b>								
Trade payables	1.171	87	38	33			158	13%
Other payables	814		130				130	16%
Bank debt	11							
Other financial liabilities	192		192				192	100%
Current tax liabilities	773							
<b>Total current liabilities</b>	<b>2.961</b>							
<b>Total liabilities</b>	<b>38.822</b>							
<b>Total shareholders' equity and liabilities</b>	<b>1.879.807</b>							

(1) Amounts include relations with Directors, Statutory Auditors and other key management personnel of the Company.

In particular, the main relationships with subsidiaries, associated companies, holding companies and the companies that they control concern:

- receivables relating to the loan granted to IGLI S.p.A. totalling EUR 27.9 million;
- receivables relating to the loan granted to Edilrovaccio 2 S.r.l. totalling EUR 0.2 million;
- receivables of EUR 1.2 million for services rendered and amounts recharged to the subsidiaries ITINERA S.p.A., SIAS S.p.A. and SINA S.p.A., SITAF S.p.A., Ativa S.p.A. and SATAP S.p.A.;
- receivables amounting to EUR 0.6 million from the Parent Company Aurelia S.r.l. concerning the request for the repayment of corporate income tax made by the company pursuant to applicable laws, for the portion of regional production tax not deducted in the period 2008-2011 on costs for employees and staff

(for approximately EUR 0.2 million) and for the receivable relating to 2017 tax consolidation for EUR 0.5 million;

- trade and other payables of EUR 0.3 million relative to the parent company Argo Finanziaria S.p.A. (EUR 0.08 million), the subsidiaries Itinera S.p.A. (EUR 0.1 thousand), Sinelec S.p.A. (EUR 0.04 million), Codelfa S.p.A. (EUR 0.03 million), SIAS S.p.A. (EUR 0.01 million) and Sistemi e Servizi S.c.a.r.l. (EUR 0.03 million).
- the financial payable to IGLI S.p.A. for EUR 0.2 million.

## INCOME STATEMENT

<i>(amounts in thousands of EUR)</i>	Total 2017	Parent Companies	Subsidiaries	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Financial income and charges</b>								
Income from equity investments:								
from subsidiaries	47.965		47.965				47.965	100%
from associated companies	-							
from other businesses	767							
Total income from equity investments	<b>48.732</b>							
Other financial income	3.173		3.123				3.123	98%
Interest and other financial charges	(1.290)		(192)				(192)	15%
<b>Total financial income and charges (A)</b>	<b>50.615</b>							
<b>Value adjustments of non-current financial assets</b>								
Revaluations	-							
Write-downs	(897)							
<b>Total value adjustments of financial assets (B)</b>	<b>(897)</b>							
<b>Other operating income (C)</b>	<b>2.553</b>	6	2.480		8	7	2.501	98%
<b>Other operating costs</b>								
payroll costs	(1.762)							
costs for services	(7.288)	(249)	(439)	(77)		(2.643)	(3.408)	47%
costs for raw materials	(3)							
other costs	(774)	(2)	-	(28)			(30)	4%
amortisation, depreciation and write-downs	(262)							
other provisions for risks and charges								
<b>Total other operating costs (D)</b>	<b>(10.089)</b>							
<b>Profit (loss) before taxes (A+B+C+D)</b>	<b>42.182</b>							
Taxes	1.233							
<b>Profit (loss) for the period</b>	<b>43.415</b>							
Profit (loss) for "assets held for sale" net of taxes	-							
<b>Profit (loss) for the period</b>	<b>43.415</b>							

(1) Amounts include relations with Directors, Statutory Auditors and other key management personnel of the Company.

In particular, the main relationships with subsidiaries, associated companies, holding companies and the companies that they control concern:

- dividends distributed by SIAS S.p.A. and Sineco S.p.A., for EUR 48 million;
- interest income related to the "credit component" of the "SIAS 2005-2017" convertible bond loan for EUR 3.1 million;
- interest expense on the loan disbursed by IGLI S.p.A. and fees for EUR 0.2 million;
- other operating income from associated companies for EUR 2.5 million, in particular for services relative to accounting, business and financial consulting services to the subsidiaries SIAS S.p.A., revenues for real estate rentals from SATAP S.p.A. and services rendered to the companies Autostrada dei Fiori S.p.A., Società Autostrada Ligure Toscana S.p.A., SITAF S.p.A., Ativa S.p.A., SATAP S.p.A., Itinera S.p.A., Autosped S.p.A., Terminal San Giorgio S.r.l., G&A S.p.A., SINA S.p.A., Argo Finanziaria S.p.A., SIAS S.p.A., Aurelia S.r.l. and Sinelec S.p.A. for a total of EUR 2.5 million;

- costs for services to subsidiaries for EUR 0.4 million, in particular for seconded staff and temporary staff to Itinera S.p.A. for approximately EUR 0.3 million and costs for the supply of goods and services to SATAP S.p.A. for approximately EUR 0.1 million;
- costs for services to parent companies for EUR 0.2 thousand for managerial assistance and services provided by the parent company Argo Finanziaria S.p.A.;
- expenses for insurance services, from P.C.A. S.p.A. totalling EUR 0.1 million;
- services relative to the maintenance of real estate in the municipality of Tortona provided by Codelfa S.p.A. for approximately EUR 0.06 million.

**(vi) information on the company preparing the consolidated financial statements**

In compliance with the provisions of paragraph 22-quinquies of article 2427 of the Italian Civil Code, the consolidated financial statements of the largest set of companies to which the company belongs as a subsidiary, is the company Aurelia S.r.l. with registered office in Tortona (Alessandria). The copy of the consolidated financial statements is available at the Chamber of Commerce of Alessandria.

The Company, in accordance with current applicable legislation, has prepared the consolidated financial statements, to which reference is made for an equity, income and financial assessment of the Group.

**Information on management and coordination activities of the Company**

As indicated above, Argo Finanziaria S.p.A. unipersonale exercises management and coordination activities of the companies pursuant to article 2497 of the Italian Civil Code.

Pursuant to article 2497-bis, paragraph 4 of the Italian Civil Code, the statement shown below summarises the essential data from the latest company financial statements of the company cited above (as at 31 December 2016).

For an adequate and complete understanding of the balance sheet, financial situation and income statement of Argo Finanziaria S.p.A., a single person company, for the period ending 31 December 2016, please see the financial statements which are available, supplemented by the report of the independent auditors, in the forms and manner required by law.

For the additional information required by articles 2497-bis, paragraph 5 and 2497-ter of the Italian Civil Code, see the preceding paragraph "Related-party transactions".

**Financial Statements<sup>(\*)</sup> as at 31 December 2016 of Argo Finanziaria S.p.A. (single member company), parent company that exercises "Management and Coordination"**

**BALANCE SHEET**

**ASSETS**

<b>Amounts in EUR</b>		<b>31/12/2016</b>
A	Subscribed capital unpaid	-
B	Fixed assets	445,485,394
C	Current assets	42,922,647
D	Accruals and deferrals	49,666
<b>TOTAL ASSETS</b>		<b>488,457,707</b>

**LIABILITIES**

<b>Amounts in EUR</b>		<b>31/12/2016</b>
A	Shareholders' equity	
	Share capital	30,000,000
	Reserves	403,726,117
	Profit (loss) for the period	28,789,947
B	Provisions for risks and charges	13,138,667
C	Employee Severance Indemnity	221,926
D	Payables	11,658,618
E	Accrued liabilities and deferred income	922,432
<b>TOTAL LIABILITIES</b>		<b>488,457,707</b>

**INCOME STATEMENT**

<b>Amounts in EUR</b>		<b>2016</b>
A	Value of production	5,784,911
B	Production cost	(5,148,519)
C	Financial income and charges	95,085,369
D	Value adjustments of financial assets	(72,997,338)
	Income taxes	6,065,524
<b>Profit (loss) for the year</b>		<b>28,789,947</b>

<sup>(\*)</sup> Financial statements prepared in compliance with national accounting standards/OIC.

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Certification  
of the Separate Financial Statements  
pursuant to article 154-bis  
of Legislative Decree no. 58/98

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**Certification of the Separate Financial Statements pursuant to art. 154-bis of  
Legislative Decree no. 58/98**

- The undersigned Alberto Rubegni as Managing Director and Lucia Scaglione as Manager in charge of drawing up the corporate accounting documents of ASTM S.p.A., taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, hereby certify:
  - the adequacy with regard to the characteristics of the business and
  - the actual implementationof the administrative and accounting procedures for preparing the separate financial statements for 2017.
  
- They also certify that:
  - the financial statements as at 31 December 2017
    - a) are prepared in compliance with the international accounting standards approved by the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council dated 19 July 2002;
    - b) correspond to the books and accounting entries;
    - c) provide a true and correct representation of the equity, economic and financial position of ASTM S.p.A.;
  
  - the Management Report includes a reliable analysis of the trend and results of the Company's management as well as a description of the main risks and uncertainties to which it is exposed.

Tortona, 14 March 2018

the Managing Director

*Alberto Rubegni*

the Manager in charge of drawing up  
the corporate accounting documents

*Lucia Scaglione*

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## Report of the Board of Statutory Auditors

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**REPORT OF THE BOARD OF STATUTORY AUDITORS  
TO THE SHAREHOLDERS' MEETING  
OF ASTM S.P.A. PURSUANT TO ARTICLE 153  
OF LEGISLATIVE DECREE NO. 58/98 AND ARTICLE 2429, PARAGRAPH 2  
OF THE CIVIL CODE**

Dear Shareholders

During 2017, we carried out the supervisory activities required by applicable laws.

We established that the financial statements were prepared based on provisions in article 4, paragraph 1 of Legislative Decree no. 38 of 28/2/2005, according to international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Commission.

The Board of Statutory Auditors has taken part in Shareholders' Meetings and Board of Directors' meetings. We have obtained information from the Directors on activities carried out - also through the subsidiaries - as well as on the most significant economic and financial transactions. We have ensured that the actions resolved and implemented were compliant with the law and the Articles of Association, were not in conflict with resolutions taken by the Shareholders' Meeting or in potential conflict of interest and were guided by principles of sound management.

The main relationships with subsidiaries, associated companies, parent companies and the enterprises subject to the control of these latter companies concern:

- dividends distributed by SIAS S.p.A. and SINA S.p.A., for a total amount of EUR 48 million;
- interest income related to the "credit component" of the "SIAS 2005-2017" convertible bond loan for EUR 3.1 million;
- interest expense on the loan disbursed by IGLI S.p.A. and fees for EUR 0.2 million;
- other operating income from associated companies for EUR 2.5 million, in particular for services relative to accounting, business and financial consulting services to the subsidiaries SIAS S.p.A., revenues for real estate rentals from SATAP S.p.A. and services rendered to the companies Autostrada dei Fiori S.p.A., Società Autostrada Ligure Toscana S.p.A., SITAF S.p.A., Ativa S.p.A.,

SATAP S.p.A., Itinera S.p.A., Autosped S.p.A., Terminal San Giorgio S.r.l., G&A S.p.A., SINA S.p.A., Argo Finanziaria S.p.A., SIAS S.p.A., Aurelia S.r.l. and Sinelec S.p.A. for a total of EUR 2.5 million;

- costs for services to subsidiaries for EUR 0.4 million, in particular for seconded staff and temporary staff to Itinera S.p.A. for approximately EUR 0.3 million and costs for the supply of goods and services to SATAP S.p.A. for approximately EUR 0.1 million;
- costs for services to parent companies for EUR 0.2 thousand for managerial assistance and services provided by the parent company Argo Finanziaria S.p.A.;
- expenses for insurance services, from P.C.A. S.p.A. totalling EUR 0.1 million;
- services relative to the maintenance of real estate in the municipality of Tortona provided by Codelfa S.p.A. for approximately EUR 0.06 million.

Since the “Direction and Coordination” activities are carried out by Argo Finanziaria S.p.A. – pursuant to art. 2497 of the Italian Civil Code – the relationships with both Argo Finanziaria S.p.A. and SIAS S.p.A. are also reported for purposes of providing the information required by art. 2497-bis, paragraph 5 of the Italian Civil Code.

The transactions indicated above were carried out under normal market conditions.

Pursuant to art. 2391-bis of the Civil Code and based on the general principles indicated by Consob and the rules of corporate governance in the “Corporate Governance Code” adopted by the Company, related party transactions (either direct or through subsidiaries) were performed in compliance with the procedure for “related party transactions” and based on rules that assure their transparency as well as their essential and procedural correctness.

During the 2017 financial year, the Company reviewed procedures concerning transactions with related parties, taking into account, among other things, any changes in the ownership structure, as well as the effectiveness demonstrated by the procedures in practical application.

In the 2017 financial year, no transactions with Related Parties were undertaken.

Furthermore, the Board of Statutory Auditors:

- acknowledges that external audit activities were carried out by the Independent Auditors PricewaterhouseCoopers S.p.A., who expressed in their reports a positive

opinion on the separate and consolidated financial statements, pursuant to legal provisions;

- verified compliance with provisions in Legislative Decree no. 254/2016 on Non-Financial Disclosure, monitoring the adequacy of processes to produce, report, measure and represent results and non-financial information. acknowledged that the Company had prepared Consolidated Non-Financial Disclosure, in compliance with provisions in articles 3 and 4 of the aforesaid Decree, and that the Company had applied the exemption from the obligation to prepare Individual Non-Financial Disclosure pursuant to article 6, paragraph 1 of Legislative Decree no. 254/2016, as it had prepared Consolidated Disclosure as of article 4 of the aforesaid Decree. As regards this Disclosure, the following were provided:
  - the auditor's report on the compliance of information provided with the aforesaid Legislative Decree;
  - indication from the auditors appointed to audit the financial statements, in a specific sector of the audit report, that the board of directors had approved the Disclosure;
- participation in Audit and Risk Committee meetings allowed the Board to coordinate with the Committee's activities to carry out its duties as "Internal Control and Audit Committee", assumed pursuant to article 19 of Italian Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016 and, in particular, to supervise:
  - the financial and non-financial disclosure process;
  - the effectiveness of internal audit, accounting audit and risk management systems;
  - the statutory auditing of the annual accounts and consolidated accounts;
  - the transparency report and additional report prepared by the independent auditors in compliance with criteria as of Regulation 537/2014, noting that, based on information obtained, no critical aspects were identified concerning the independence of the independent auditors;
  - aspects related to the independence of the independent auditors, with particular reference to services the latter provides to the audited entity, other than the auditing of the accounts;

- the correct adoption of provisions as of Regulation (EU) 537/2014 in relation to services provided by the auditor other than auditing; in this regard, the Company, with the approval of the Internal Control and Audit Committee, prepared an internal procedure to approve services to assign to the independent auditors and its network;
- No complaints were received pursuant to article 2408 of the Civil Code, nor submitted by third parties;
- the independent auditors PricewaterhouseCoopers S.p.A., tasked with the statutory auditing pursuant to article 159 of Legislative Decree no. 58/1998 of the Separate Financial Statements of ASTM S.p.A. and the Consolidated Financial Statements of the ASTM Group as at 31 December 2017, as notified by the auditors, was awarded, together with the companies belonging to its "network", the following mandates by ASTM S.p.A. and its subsidiaries:

<i>(amounts in thousands of EUR)</i>		
<b>Type of services</b>	<b>Parent Company</b>	<b>Subsidiaries <sup>(1)</sup></b>
<b>Auditing services</b>		
Auditing of the financial statements - including auditing of the accounts <sup>(1)</sup>	12	320
Auditing of the consolidated financial statements	8	7
Limited auditing of the half-year report as at 30 June	5	64
<b>Miscellaneous services other than certification audit</b>		
Opinion on the distribution of interim dividends	14	24
<b>Other services</b>		
Agreed auditing procedures for quarterly reports as at 30 September	1	10
Agreed inspection procedures		60 <sup>(2) (3)</sup>
<b>Total<sup>(4)</sup></b>	<b>40</b>	<b>493</b>

(1) The auditing of the accounts by PricewaterhouseCoopers S.p.A. as from the date of the appointment (28 April 2017) to 31 December 2017. Auditing for the first quarter of 2017 was carried out by the previous auditors Deloitte&Touche S.p.A.

(2) Agreed audit procedures ("comfort letter") related to the documentation required for preparation of the EMTN Programme, other agreed audit procedures and other activities.

(3) Audit procedures agreed pursuant to ISA 800 on the financial position and performance as at 30 June 2017 of the subsidiary SATAP S.p.A. and other procedures.

(4) As at 31 December 2017, approximately EUR 314.3 thousand had been invoiced relative to activities carried out as from the start date of the appointment (28 April 2017).

- On 18 July 2017, the Board of Directors of ASTM S.p.A. approved the Group Strategic Plan for 2017-2021. The guidelines of the Strategic Plan require the Group to focus, at a national and international level, on its core activities of motorway concessions and the constructions sector, streamlining and making the corporate structure efficient, and disposing of non-strategic assets;

- the company Sineco S.p.A. was merged by absorption with Sina S.p.A., effective from 1 September 2017. The mergers were recognised in the accounts retroactively as from 1 January 2017;
- on 5 July 2017, the subsidiary Itinera S.p.A., an international player in the construction of major infrastructure, signed an agreement for the acquisition, through the newly established subsidiary Itinera USA Corp., of a controlling interest in the capital of Halmar International LLC. The interest acquired represents 50% of the share capital in Halmar, which is controlled under "governance" agreements signed by shareholders. The value of the transaction amounted to USD 60 million (of which USD 50 million to purchase shares and USD 10 million as additional equity). Halmar International LCC is one of the top five construction companies operating in the metropolitan area of New York in the design and development of transport infrastructure (roads, motorways, railways, subways, airports, bridges and viaducts);
- with reference to investments in Brazil, the following transactions took place during the 2017 financial year. On 25 April 2017 the jointly held subsidiary IGLI and Primav Construcoes and Comercio SA entered into: (a) an agreement for the early repayment of the loan granted to the latter by IGLI on 4 May 2016, which provides for the transfer of 11.651.919 preferred shares of Primav Infraestrutura SA in exchange for the repayment of the principal and interest accrued as at 21 February 2017 (approximately 1311 million Reais); (b) a contract for the purchase of the additional remaining 5,062,635 preference shares of Primav Infraestrutura S.A. for approximately 572 million Reais. Moreover, on 29 March 2017 the Board of Directors of IGLI approved the acquisition on the stock exchange of a number of Ecorodovias shares representing up to 5% of the share capital of the company. Following this decision, IGLI S.p.A. acquired 14,025,000 shares of Ecorodovias (equal to 2.51% of the share capital) for a total outlay of EUR 37 million (132.1 million Reais);
- The Board of Statutory Auditors held 13 meetings and took part in 9 meetings of the Board of Directors in 2017. The Audit and Risk Committee held 7 meetings; the Supervisory Body held 7 meetings; the Remuneration Committee held 5 meetings;

- As part of the annual audit, the Board of Directors, having acknowledged the statements made by the interested parties and having taken into account the available information, confirmed that the Directors who declared themselves independent upon their appointment, as well as the members of the Board of Statutory Auditors, satisfied the independence requirements envisaged in Application Criterion 3.C.1 of the Corporate Governance Code and article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998;
- the company's organisational structure is adequate; that principles of proper administration have been followed and that the provisions issued by the Company to the subsidiaries are adequate pursuant to article 114, paragraph 2 of Legislative Decree no. 58/98. The Board verified the adequacy of the internal audit system and the administrative-accounting system by analysing corporate documents, collecting information from the heads of departments, analysing the results of the work performed by the Independent Auditors and those obtained during the meetings with them, thereby ensuring the systems' suitability in correctly representing operational events.
- Pursuant to article 150 of Legislative Decree no. 58/98, during the periodic meetings held by the Board of Statutory Auditors with the representatives of the Independent Auditors, no relevant aspects emerged that need to be highlighted in this report;
- the Board of Statutory Auditors gave its opinion when requested by the Board of Directors, also in compliance with provisions which, for some decisions, require the Board of Statutory Auditors to be consulted beforehand;
- The Company adopted the "Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001" and the "Code of Ethics and Conduct", making appropriate updates as regards the gradual extension of the application scope of the aforesaid decree; the Board of Statutory Auditors liaises with the Supervisory Body on an ongoing basis, also as a result of having a member of the Board in the Supervisory Body;
- with regard to corporate governance, the Company complies with the Corporate Governance Code and has fully implemented the document issued by the committee coordinated by Borsa Italiana S.p.A.. In this context, the Remuneration

Committee and the Audit and Risk Committee exercise the functions delegated to them. Pursuant to the article 123-bis of Legislative Decree no. 58/98, the Board of Directors issued the “Annual Report on Corporate Governance and Ownership Structure”, which provides an appropriate description of the implementation methods of said Code.

The Board of Directors prepared the report on the first half of 2017, as well as the interim management reports for the first and third quarter of 2017, and published them according to the terms and methods set out by current legislation.

The financial statements as at 31.12.2017 show a profit of EUR 43,415 thousand and the Board of Statutory Auditors was informed within the deadlines required by law. The Board of Statutory Auditors, having acknowledged the positive opinion expressed in the report of the Independent Auditors PricewaterhouseCoopers S.p.A., believes that the financial statements as at 31 December 2017 may be submitted for your approval, together with the proposal of the Board of Directors concerning the allocation of profit for the year.

Turin, 29 March 2018

THE AUDITORS

Marco Fazzini

Piera Braja

Ernesto Ramojno

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## Report of the Independent Auditors

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## ***Independent auditor's report***

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the Shareholders of  
ASTM SpA

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### ***Report on the Audit of the Financial Statements***

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#### ***Opinion***

We have audited the financial statements of ASTM SpA (the "Company"), which comprise the balance sheet as of 31 December 2017, the income statement, the other comprehensive income, the cash flow statement, the statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### ***PricewaterhouseCoopers SpA***

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matters</b>	<b>Auditing procedures performed in response to key audit matters</b>
<p><b>Evaluation of the recoverability of the value of investments in subsidiaries, associates and other companies</b></p> <p><i>“Valuation criteria and accounting standards” paragraph “impairment test” and note 3 “Non-current financial assets”</i></p> <p>At 31 December 2017, the Company holds, among “non-current financial assets”, the following investments:</p> <ul style="list-style-type: none"><li>• subsidiaries: Euro 1,815.2 million;</li><li>• associates: Euro 9.5 million;</li><li>• other companies: Euro 9.3 million.</li></ul> <p>The total value of these investments represents approximately 97% of the total assets of the financial statements as of 31 December 2017.</p> <p>According to the accounting standards, investments in subsidiaries and associates are valued at cost; in case of impairment losses, these are recognized in the income statement.</p> <p>“Equity investments in other businesses - available for sale” include equity investments other than controlled and associated companies, not held for trading, recorded at fair value through other comprehensive income, with impairment losses booked in the income statement in case of sale or in the presence of a long lasting decline in value.</p>	<p>We have obtained the models and documentation used by management to identify any impairment loss in accordance with the Procedure and, also through the support of experts belonging to the PwC network, we have carried out the following main auditing procedures:</p> <ul style="list-style-type: none"><li>• analysis of the Procedure and verification of the consistency of its contents with the provisions of IAS 36, as well as of its consistent application;</li><li>• analysis of the results of the audits performed by the component auditors;</li><li>• verification of the mathematical accuracy of the models;</li><li>• evaluation, also through discussions with management, of the reasonableness of the main assumptions underlying the determination of the data included in the models, with particular reference to discount rates, traffic data, tariffs, investments and operating costs;</li></ul>



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In accordance with the accounting standards and with the impairment procedure approved by the Board of Directors on 28 February 2018 (the “Procedure”), the above investments are tested for impairment in presence of indicators of loss in their value.

- reasonableness assessment of the main assumptions used in the event that the recoverable amount was determined according to the fair value less cost to sell;
- verification of sensitivity analysis.

We considered the valuation of equity investments as a key audit matter, taking into account the significance of the values and the high degree of judgment necessary for the determination of the main assumptions used in the identification of any impairment loss, with particular reference to forecast cash flows and discounting rates.

Finally, our procedures included the analysis of the explanatory notes to the financial statements to verify the accuracy and completeness of the disclosure.

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### ***Other aspects***

The financial statements of ASTM SpA for the year ended 31 December 2016 have been audited by another auditor who, on 31 March 2017, expressed a judgment without modification on these financial statements.

The Company, as required by law, has included in the explanatory notes the essential data of the last financial statements of the company exercising on it management and coordination activities; our opinion on the financial statements of ASTM SpA does not extend to such data.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Statutory Auditors ("Collegio Sindacale") is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



- We concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014***

On 28 April 2017, the Shareholders of ASTM SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.



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## ***Report on Compliance with other Laws and Regulations***

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### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

Management of ASTM SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Company as of 31 December 2017, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of ASTM SpA as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of ASTM SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 29 March 2018

PricewaterhouseCoopers SpA

*Signed by*

Piero De Lorenzi  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

**Consolidated Financial Statements**  
**as at 31 December 2017**

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# Consolidated Financial Statements

## Consolidated balance sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2017	31 December 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1		
goodwill		82,865	42,034
other intangible assets		14,685	16,080
concessions – non-compensated revertible assets		2,909,419	3,124,903
<b>Total intangible assets</b>		<b>3,006,969</b>	<b>3,183,017</b>
Tangible assets	2		
property, plant, machinery and other assets		103,109	98,269
financial lease assets		7,590	6,317
<b>Total tangible assets</b>		<b>110,699</b>	<b>104,586</b>
Non-current financial assets	3		
Equity accounted investments		1,007,179	1,034,440
unconsolidated investments – available for sale		123,917	140,994
receivables		111,744	208,302
other		364,999	226,998
<b>Total non-current financial assets</b>		<b>1,607,839</b>	<b>1,610,734</b>
Deferred tax credits	4	151,079	156,981
<b>Total non-current assets</b>		<b>4,876,586</b>	<b>5,055,318</b>
<b>Current assets</b>			
Inventories	5	156,334	117,068
Trade receivables	6	208,267	193,065
Current tax credits	7	29,340	28,036
Other receivables	8	55,385	47,046
Assets held for trading	9	5,915	11,660
Assets available for sale		-	-
Financial receivables	10	243,688	235,722
<b>Total</b>		<b>698,929</b>	<b>632,597</b>
Cash and cash equivalents	11	554,936	877,185
<b>Subtotal Current assets</b>		<b>1,253,865</b>	<b>1,509,782</b>
Discontinued operations/Non-current assets held for sale	12	46,942	-
<b>Total current assets</b>		<b>1,300,807</b>	<b>1,509,782</b>
<b>Total assets</b>		<b>6,177,393</b>	<b>6,565,100</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Shareholders' equity attributed to the parent company	13		
share capital		46,221	46,221
reserves and earnings		1,812,865	1,771,976
<b>Total</b>		<b>1,859,086</b>	<b>1,818,197</b>
Capital and reserves attributed to minority interests		1,006,954	925,323
<b>Total shareholders' equity</b>		<b>2,866,040</b>	<b>2,743,520</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions for risks and charges and Employee benefits	14	211,831	232,410
Trade payables		-	-
Other payables	15	203,234	213,667
Bank debt	16	950,801	956,785
Hedging derivatives	17	55,092	87,466
Other financial liabilities	18	996,425	995,090
Deferred tax liabilities	19	59,501	66,161
<b>Total non-current liabilities</b>		<b>2,476,884</b>	<b>2,551,579</b>
<b>Current liabilities</b>			
Trade payables	20	241,795	241,637
Other payables	21	213,746	189,835
Bank debt	22	308,616	531,744
Other financial liabilities	23	46,355	282,820
Current tax liabilities	24	23,957	23,965
<b>Subtotal current liabilities</b>		<b>834,469</b>	<b>1,270,001</b>
Liabilities directly related to Discontinued operations/Non-current assets held for sale		-	-
<b>Total current liabilities</b>		<b>834,469</b>	<b>1,270,001</b>
<b>Total liabilities</b>		<b>3,311,353</b>	<b>3,821,580</b>
<b>Total shareholders' equity and liabilities</b>		<b>6,177,393</b>	<b>6,565,100</b>

## Consolidated income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2017	FY 2016 restated (*)
<b>Revenues</b>	25		
motorway sector – operating activities	25,1	1,123,298	1,081,205
motorway sector – planning and construction activities	25,2	190,032	175,222
construction sector - planning and construction activities	25,3	37,381	11,908
construction sector	25,4	286,900	105,635
engineering sector	25,5	8,093	10,292
technology sector	25,6	39,449	36,072
Other	25,7	59,708	49,999
<b>Total revenue</b>		<b>1,744,861</b>	<b>1,470,333</b>
Payroll costs	26	(253,170)	(209,649)
Costs for services	27	(570,127)	(404,451)
Costs for raw materials	28	(79,211)	(57,590)
Other costs	29	(137,230)	(138,732)
Capitalised costs on fixed assets	30	1,182	1,322
Amortisation, depreciation and write-downs	31	(336,282)	(322,187)
Adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets	32	9,948	14,419
Other provisions for risks and charges	33	(7,594)	(4,812)
Financial income:	34		
from unconsolidated investments		35,632	1,182
other		21,867	43,166
Financial charges:	35		
interest expense		(78,602)	(87,965)
other		(5,796)	(7,718)
write-down of equity investments		(1,824)	(12,672)
Profit (loss) of companies accounted for by the equity method	36	10,992	(13,890)
<b>Profit (loss) before taxes</b>		<b>354,646</b>	<b>270,756</b>
Taxes	37		
Current taxes		(97,054)	(104,622)
Deferred taxes		5,365	8,301
<b>Profit (loss) for the period for continued operation</b>		<b>262,957</b>	<b>174,435</b>
<i>Profit (loss) for assets held for sale net of taxes (Discontinued Operation)</i>	38	516	2,183
<b>Profit (loss) for the period</b>		<b>263,473</b>	<b>176,618</b>
• portion assigned to Non-Controlling Interests (Continued Operations)		113,353	80,278
• <b>share attributable to Parent Company's Shareholders (Continued operations)</b>		<b>149,604</b>	<b>94,157</b>
• portion assigned to Non-Controlling Interests (Discontinued Operations)		192	813
• <b>share attributable to Parent Company's Shareholders (Discontinued operations)</b>		<b>324</b>	<b>1,370</b>
<b>Earnings per share</b>			
Earnings (euro per share) (Continued Operations)	39	1.600	0.989
Earnings (euro per share) (Discontinued Operations)		0.003	0.023

## Other comprehensive income

<i>(amounts in thousands of EUR)</i>	FY 2017	FY 2016 Restated(*)
<b>Profit (loss) for the period (a)</b>	<b>263,473</b>	<b>176,618</b>
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity)	595	(1,547)
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity) – companies accounted for by the equity method	(281)	22
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement	(125)	385
<b>Profit (loss) that will not be subsequently reclassified in the Income Statement (b)</b>	<b>189</b>	<b>(1,140)</b>
Profit (loss) posted to "reserve for revaluation to fair value" (financial assets available for sale)	(2,008)	1,701
Profit (loss) posted to "reserve for cash flow hedge" (interest rate swap)	42,845	12,012
Profit (loss) posted to "reserve for cash flow hedge" (foreign exchange hedge)	(2,053)	38,053
Portion of other profit/(loss) of companies accounted for by the equity method (reserve for foreign exchange translations)	(98,133)	101,591
Tax effect on profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met	(6,948)	(6,624)
<b>Profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met (c)</b>	<b>(66,297)</b>	<b>146,733</b>
<b>Comprehensive income (a) + (b) + (c)</b>	<b>197,365</b>	<b>322,211</b>
• Share attributable to Non-Controlling Interests (Continued operations)	109,342	103,109
• <b>Share attributable to Parent Company's Shareholders (Continued operations)</b>	<b>84,670</b>	<b>216,437</b>
• Share attributable to Non-Controlling Interests (Discontinued operations)	1,248	992
• <b>Share attributable to Parent Company's Shareholders (Discontinued operations)</b>	<b>2,105</b>	<b>1,673</b>

(\*) The comparative data of the previous year, as described in the Notes, have been restated as a result of the classification pursuant to IFRS 5 of costs and revenues of Fiera Parking S.p.A. following its sale in November 2017.

## Consolidated cash flow statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2017	FY 2016
<b>Beginning cash and cash equivalents</b>		<b>877,185</b>	<b>1,176,540</b>
Change in the scope of consolidation	40,1	13,509	77,020
<b>Beginning cash and cash equivalents, adjusted (a)</b>		<b>890,694</b>	<b>1,253,560</b>
<b>Profit (loss)</b>		<b>263,473</b>	<b>176,618</b>
<b>Adjustments</b>			
Amortisation and depreciation		335,250	321,746
Amortisation and depreciation of other assets		575	4,253
Adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets		(9,948)	(14,419)
Adjustment of the provision for employee severance indemnities		1,219	4,071
Provisions for risks		11,879	4,895
Other non-cash income/charges		(8,336)	-
Profit (loss) of companies accounted for by the equity method (net of dividends collected)		5,941	22,612
Other financial income/charges		(33,996)	-
(Revaluations) write-downs of financial assets		1,824	12,672
Foreign exchange differences		-	(8,157)
Other capitalised financial charges (income)		(14,792)	(15,113)
Capitalisation of financial charges		(19,699)	(21,316)
<i>Operating cash flow (I)</i>		<b>533,390</b>	<b>487,862</b>
Net change in deferred tax credits and liabilities		(4,399)	(14,713)
Change in net working capital	40,2	(26,201)	(35,568)
Other changes from operating activity	40,3	(27,998)	(8,648)
<i>Change in net working capital and other changes (II)</i>		<b>(58,598)</b>	<b>(58,929)</b>
<b>Cash generated (absorbed) by operating activity (I+II) (b)</b>		<b>474,792</b>	<b>428,933</b>
Investments in revertible assets		(227,577)	(196,625)
Divestiture of revertible assets		-	245
Grants related to revertible assets		32,394	22,543
<i>Net investments in revertible assets (III)</i>		<b>(195,183)</b>	<b>(173,837)</b>
Investments in property, plant, machinery and other assets		(10,133)	(8,313)
Investments in intangible assets		(2,549)	(2,888)
Net divestiture of property, plant, machinery and other assets		2,052	1,944
Net divestiture of intangible assets		185	827
<i>Net investments in intangible and tangible assets (IV)</i>		<b>(10,445)</b>	<b>(8,430)</b>
Acquisition of equity investments		(727)	(19,525)
(Investments)/divestiture in non-current financial assets		(960)	(3,163)
Loan to Primav Construções e Comércio SA		-	(27,150)
Divestiture in non-current financial assets – equity investments		-	1,149
<i>Purchase of Primav Infraestrutura SA and Ecorodovias Infraestrutura e Logistica SA shares sale of parking sector sale of investments</i>	40,4	<b>(53,385)</b>	<b>-</b>
<i>Net investments in non-current financial assets (V)</i>		<b>11,929</b>	<b>-</b>
<i>Purchase of Halmar Group(VI)</i>		<b>(51,837)</b>	<b>-</b>
<i>Capital increase of Primav Infraestrutura SA (VII)</i>		<b>-</b>	<b>(476,268)</b>
<b>Cash generated (absorbed) by investment activity (III+IV+V+VI+VII) (c)</b>		<b>(239,108)</b>	<b>(707,224)</b>
Net change in bank debt		(222,462)	7,128
Change in financial assets		(12,092)	9,513
(Investments)/Divestiture of capitalisation policies		(20,671)	26,986
(Investments)/Divestiture of assets held for trading		5,745	(9,963)
Change in other financial liabilities (including Central Insurance Fund)		(239,544)	(20,221)
Changes in capital and reserves attributed to Non-Controlling Interests		(854)	(17,283)
Changes in shareholders' equity attributed to the Parent Company – purchase of treasury shares		-	(15,602)
Changes in shareholders' equity attributed to the Parent Company		-	(1,024)
Dividends (and interim dividends) distributed by the Parent Company		(42,920)	(39,179)
Dividends (and interim dividends) distributed by Subsidiaries to Non-Controlling Interests		(38,645)	(38,439)
<b>Cash generated (absorbed) by financial activity (d)</b>		<b>(571,442)</b>	<b>(98,084)</b>
<b>Ending cash and cash equivalents (a+b+c+d)</b>		<b>554,936</b>	<b>877,185</b>
<b>Additional information:</b>			
• Taxes paid during the period		98,612	128,450
• Financial charges paid during the period		95,188	99,057
• Operating free cash flow		533,390	487,862
<i>Operating cash flow</i>		<b>533,390</b>	<b>487,862</b>
<i>Change in net working capital and other changes</i>		<b>(58,598)</b>	<b>(58,929)</b>
<i>Net investments in revertible assets</i>		<b>(195,183)</b>	<b>(173,837)</b>
<i>Operating free cash flow</i>		<b>279,609</b>	<b>255,096</b>

The Group's "net financial position" is described in the related paragraph in the Management Report.

## Statement of changes in shareholders' equity

(amounts in thousands of EUR)	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Reserve for the purchase of treasury shares	Purchased treasury shares	Reserves for revaluation to fair value	Reserve for cash flow hedge	Exch. rate diff. reserve	Reserve for disc. Empl. Sev. Ind.	Retained earnings (losses)	Profit (loss) for the period	Total shareholders' equity attributed to Parent Company's Shareholders	Capital and reserves attributed to minority interests	Total shareholders' equity
<b>1 January 2016</b>	<b>41,539</b>	<b>25,861</b>	<b>9,325</b>	<b>10,538</b>	<b>54,638</b>	<b>(52,177)</b>	<b>5,176</b>	<b>(70,213)</b>	<b>635</b>	<b>(855)</b>	<b>1,436,920</b>	<b>91,505</b>	<b>1,552,892</b>	<b>887,172</b>	<b>2,440,064</b>
Allocation of 2015 profits											70,849	(70,849)	-		-
Capital increase	5,499	122,524											128,023		128,023
Expenses related to share capital increase		(1,024)											(1,024)		(1,024)
Distribution of 2015 balance dividend (EUR 0.25 per share)												(20,656)	(20,656)	(22,753)	(43,409)
Distribution of 2016 interim dividend (EUR 0.20 per share)												(18,523)	(18,523)	(15,686)	(34,209)
Creation of "Reserve for the purchase of treasury shares"					15,602						(15,602)		-		-
Purchase of treasury shares	(817)					(14,814)					(582)		(16,213)		(16,213)
Change in the scope of consolidation											(24,580)		(24,580)	(1,045)	(25,625)
Acquisition of minorities and other changes											168		168	(26,465)	(26,297)
Comprehensive income							1,131	36,363	85,737	(647)		95,527	218,110	104,101	322,211
<b>31 December 2016</b>	<b>46,221</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>70,240</b>	<b>(66,991)</b>	<b>6,307</b>	<b>(33,850)</b>	<b>86,372</b>	<b>(1,502)</b>	<b>1,467,173</b>	<b>77,004</b>	<b>1,818,197</b>	<b>925,323</b>	<b>2,743,520</b>
Allocation of 2016 profits											53,879	(53,879)	-		-
Capital increase															
Expenses related to share capital increase															
Distribution of 2016 balance dividend (EUR 0.25 per share)												(23,125)	(23,125)	(21,767)	(44,892)
Distribution of 2017 interim dividend (EUR 0.214 per share)												(19,795)	(19,795)	(16,878)	(36,673)
Creation of "Reserve for the purchase of treasury shares"															
Purchase of treasury shares															
Change in the scope of consolidation														11,540	11,540
Acquisition of minorities and other changes											(2,966)		(2,966)	(1,854)	(4,820)
Comprehensive income <sup>(1)</sup>							(960)	20,588	(82,893)	112		149,928	86,775	110,590 <sup>(2)</sup>	197,365
<b>31 December 2017</b>	<b>46,221</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>70,240</b>	<b>(66,991)</b>	<b>5,347</b>	<b>(13,262)</b>	<b>3,479</b>	<b>(1,390)</b>	<b>1,518,086</b>	<b>130,133</b>	<b>1,859,086</b>	<b>1,006,954</b>	<b>2,866,040</b>

## Notes:

(1) The breakdown of this item is included in the related "statement of comprehensive income" (at the bottom of the "income statement")

(2) Comprehensive income assigned to minority interests

Minority interests' profit	113,545
cash flow hedge – IRS, pro-rata share	12,730
Cash flow hedge – foreign exchange, pro-rata share	(300)
Provisions for foreign exchange differences, pro-rata - Primav infrastruttura	(13,469)
Provisions for foreign exchange differences, pro-rata -others	(653)
Actuarial component of Employee Severance Indemnity, pro-rata share	77
Adjustment to fair value, pro-rata share	(1,340)
"Comprehensive" income attributable to minority interests	<u>110,590</u>

## Reconciliation statement between the shareholders' equity, the profit (loss) for the period of ASTM S.p.A. and the corresponding amounts of the ASTM Group

<i>(amounts in millions of EUR)</i>	Shareholders' equity <sup>(1)</sup>	Profit/(loss)
<b>ASTM S.p.A. as at 31 December 2016</b>	<b>1,839.6</b>	<b>45.7</b>
Shareholders' equity and profit of the consolidated companies	1,793.5	96.4
Book value of the consolidated companies	(1,814.9)	-
Reversal of dividends collected from the subsidiaries/associated companies	-	(46.6)
<b>ASTM Group as at 31 December 2016 – attributed to shareholders</b>	<b>1,818.2</b>	<b>95.5</b>

<i>(amounts in millions of EUR)</i>	Shareholders' equity <sup>(1)</sup>	Profit/(loss)
<b>ASTM S.p.A. as at 31 December 2017</b>	<b>1,841.0</b>	<b>43.4</b>
Shareholders' equity and profit of the consolidated companies	1,833.3	154.5
Book value of the consolidated companies	(1,815.2)	-
Reversal of dividends collected from the subsidiaries/associated companies	-	(48.0)
<b>ASTM Group as at 31 December 2017 – attributed to shareholders</b>	<b>1,859.1</b>	<b>149.9</b>

(1) The equity investments (i) transferred / acquired as part of the Corporate Reorganisation of 2007 and (ii) acquired in the "constructions" sector in 2016 were recognized - in the financial statements of ASTM S.p.A. - based on "current" values (resulting from the appraisals prepared by independent experts), which are higher than the corresponding values reported in the consolidated financial statements as the transactions related to the Corporate Reorganisation / acquisitions in the "constructions sector" - having taken place within the Group - were accounted for in the consolidated financial statements on an ongoing basis.

Principles of consolidation,  
valuation criteria and  
explanatory notes

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## General information

ASTM S.p.A. is organised according to the laws of the Italian Republic.

ASTM S.p.A. operates in Italy as an industrial holding company and through its subsidiaries, mainly in the management of motorway networks under concession and in the construction of major infrastructure.

The registered office of the Parent Company is at Corso Regina Margherita 165 - Turin, Italy.

The ordinary shares are listed on the MTA [electronic stock market] operated by Borsa Italiana S.p.A. and are included in the FTSE Italia Mid Cap index.

The consolidated financial statements are drawn up in Euro, which is the current currency in the economy in which the Group mainly operates.

Pursuant to article 5, paragraph 2 of Legislative Decree no. 38 of 28 February 2005 and in compliance with paragraph 46 of IAS 1, these consolidated financial statements were prepared in thousands of Euro.

The consolidated financial statements of the ASTM Group were examined and approved by the ASTM S.p.A. Board of Directors on 14 March 2018.

### Preparation criteria and contents of the consolidated financial statements

Based on the provisions of article 3, paragraph 1 of Legislative Decree no. 38 of 28/2/2005, these consolidated financial statements were prepared in accordance with the **international accounting standards (IFRS)** issued by the International Accounting Standards Board (IASB) and approved by the European Commission. IFRS means all revised international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"). Consequently, also the comparative data referring to the previous financial year complies with the cited accounting standards.

The consolidated financial statements comprise the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in shareholders' equity and these notes and apply the provisions contained in IAS 1 "Presentation of Financial Statements". The statement of financial position has been prepared by distinguishing between current and non-current assets and liabilities, while in the income statement costs have been presented and classified based on their nature. The cash flow statement has been prepared using the "indirect method".

## Principles of consolidation and valuation criteria

### Principles of consolidation

In addition to the financial statements of the Parent Company – ASTM S.p.A. – these consolidated financial statements include the financial statements of the companies over which it exercises control (these financial statements were suitably adjusted/restated to make them compatible with the Parent Company's regulations and the IAS/IFRS international accounting standards for preparing financial statements).

Control occurs when the Parent Company has the power to direct the relevant activities of the company and is exposed to the variability of its profit/loss. The financial statements of subsidiaries are included in the consolidated financial statements starting from the date upon which control is assumed until the moment control ceases to exist.

Joint arrangements can be classified as (i) "interests in joint ventures" if the Group holds the rights to net assets under the arrangement, e.g. for a company with its own legal status, or (ii) "jointly controlled entities" if the Group holds the right to assets and obligations on liabilities underlying the arrangement. The classification of ASTM Group agreements is based on analysis of the contractual rights and obligations. In particular, based on current agreements, the ASTM Group holds rights to net assets of the agreement classified as "investments in joint ventures" or in "joint operations" (recognising the portion of rights and obligations of the holder in the financial statements).

Companies over which "significant influence" is exercised are assessed according to the "equity method".

In the paragraph "Scope of consolidation" below, consolidated investments and changes to them are shown in detail.

\* \* \*

#### *Consolidation by the "line-by-line method"*

In brief, consolidation by the line-by-line method involves taking the assets and liabilities, costs and revenue of the consolidated companies, regardless of the amount of investment held, and attributing to minority shareholders the share of profits and provisions applicable to them in a dedicated heading of Shareholders' Equity called "Minority interests".

The main consolidation adjustments made were the following:

1. Elimination of equity investments in businesses included in the scope of consolidation and of their corresponding fractions of shareholders' equity attributing the current value as at the date of acquiring control to the individual elements of the statement of financial position. If the requirements are met, any positive difference is posted to the asset item "Goodwill". A negative difference is recognised in the income statement.  
  
The premium/lower price paid for a corresponding fraction of shareholders' equity, from the acquisition of additional shares of subsidiaries, increased/decreased the shareholders' equity by the same amount.  
  
The acquisitions of controlling shareholdings as part of the same Group (i.e. "business combinations under common control") are accounted for according to ongoing value.
2. Elimination of receivables and payables between businesses included in the scope of consolidation, as well as income and expenses related to transactions between the businesses themselves. Significant profit and loss from transactions between these companies and related to amounts included in the statement of financial position and the income statement were eliminated, except only for those related to the planning and construction of non-compensated revertible assets which are entered at fair value pursuant to IFRIC 12, as described later on. Intercompany losses are not eliminated if they reflect an impairment in value of the underlying asset.
3. Reversal of dividends collected from the consolidated companies.

*Valuation of investments with the "equity method"*

The equity investments are initially entered at cost and the book value is increased or decreased to record the share of profits and losses of the investee company accruing to the holding company, which are realised after the acquisition date. Any goodwill included in the value of the investment is subject to an impairment test. The acquisition cost is attributed to the pro-rata amount of the fair value of the identifiable assets and liabilities of the associated companies or joint ventures, and the difference as goodwill. The portion of operating profits of the investee company accruing to the holding company is posted to the income statement of the holding company, except for the effects of other changes to shareholders' equity of the investee other than transactions with shareholders, which are entered directly in the statement of comprehensive income of the Group. For any losses exceeding the book value of the investments, the excess is recognised to a special provision under liabilities to the extent to which the investor is committed to legal or implicit obligations to the investee or in any event to cover its losses. Dividends received from an investee company reduce the book value of the investment.

**Valuation criteria**

The valuation criteria applied to the preparation of the consolidated financial statements as at 31 December 2017 are the same as those used to draw up the financial statements as at 31 December 2016.

Intangible assets*Goodwill*

As an intangible asset, this is not subject to amortisation. An impairment test is conducted at least annually, and in any case when events arise that may indicate a reduction in value. This check is carried out at the level of the individual cash generating unit to which goodwill has been allocated and based on which Management evaluates the yield of the investment. Write-downs are not subject to reversal.

*Concessions – introduction*

Based on contractual agreements (Concessions) included in the scope of application of IFRIC 12, the licensee operates as service provider with regard to (i) the construction and/or improvement of the infrastructure used to provide public service and (ii) its management and maintenance for a specific time-frame. As a result, the construction and improvement activities of the infrastructure can be compared to those of a construction company. Therefore, in the period during which these services are provided, construction revenue and costs are recorded in the income statement, pursuant to IAS 11.

As provided for in IFRIC 12, for construction and/or improvement services rendered by the licensee, the grantor pays an amount to the licensee, to be recorded at its fair value, which can consist of rights to:

- a) a financial asset (the so-called financial asset model); or
- b) an intangible asset (the so-called intangible asset model).

The financial asset model is applied when the licensee has an unconditional right to receive contractually guaranteed cash flows (so-called "guaranteed minimum amount") for construction services, regardless of the actual use of the infrastructure.

On the other hand, in the intangible asset model the licensee acquires the right to charge users with a fee for the use of the infrastructure, in return for construction and improvements services on the infrastructure. Therefore, the licensee's cash flows are not guaranteed by the grantor, but are related to the actual use of the infrastructure by users, thus implying a demand risk for the licensee. This risk implies that revenue from the exploitation of the right to charge users for the use of the infrastructure is not enough to ensure an adequate remuneration margin for the investments made.

We talk about a mixed accounting model if the licensee is paid for construction and improvement services on the infrastructure partly by means of a financial asset and partly through an intangible asset. In this case, it is necessary to separate the parts of the agreement referring to the financial asset and those referring to the intangible asset. In this event, IFRIC 12 sets out that the licensee firstly calculates the part concerning the financial asset and then the amount referring to the intangible asset in a residual way (as compared to the value of the construction and/or improvement services rendered).

With regard to the concession agreements held by the **motorway companies** and by the **construction companies**, the intangible asset model is applicable, while for the agreements held by the remaining companies (including those of the parking sector) both the 2016 mixed model (represented by both the financial asset model and the intangible asset model as part of the same concession) as well as the intangible asset model are applicable.

#### *Concessions – non-compensated revertible assets*

"Non-compensated revertible assets" represent the right of the Licensee to use the asset under concession, given the costs incurred for planning and construction activities of the asset. The value corresponds to the fair value of the planning and construction activities plus financial charges capitalised during the construction phase, in adherence with the requirements set forth in IAS 23. The book value of these assets is represented net of "capital grants" (the receivable related to these capital grants is posted – in compliance with the financial model of the Interpretation IFRIC 12 – among "financial receivables"); capital grants, as interpreted by IFRIC 12, are deemed as the right to obtain a prearranged amount (financial asset) against the costs incurred to carry out the works.

These assets are amortised on the basis of the expected traffic (kilometres) over the term of the individual concessions, a method that reflects the way in which the future economic benefits deriving from the asset are expected to be used by the Licensee. In determining the amortisation of revertible assets of some investee companies, the "takeover" values set out in current agreements, or in the financial plans that are currently being examined by the Granting Body, have been taken into account for these investments.

Concerning non-compensated revertible assets, the depreciation reserve and the provisions for restoration, replacement or maintenance, considered overall, provide adequate coverage of the following expenses:

- free alienation to the Granting Body, at the end of the concession, of non-compensated revertible assets with a useful life greater than the duration of the concession;
- recovery and replacement of components of non-compensated revertible assets, which are subject to wear;
- recovery of the investment also in relation to new works scheduled in the financial plans.

When events arise that indicate a reduction in value of intangible assets, the difference between the book value and the associated recovery value is imputed to the income statement.

The cost of "non-compensated revertible motorway fixed assets" includes the value of the sections in operation built by third parties and given to the Group to operate. The "provision for capital grants" was increased by an equivalent amount.

#### *Other intangible assets*

"Other intangible assets" are posted at cost. They are systematically amortised over the period in which the assets are expected to be used by the business.

Expenses associated with development activities are posted to the statement of financial position assets when: (i) the expense related to the intangible asset can be reliably determined; (ii) there is the intention, the availability of financial resources and the technical ability to make the asset available for use or sale; (iii) it can be proved that the asset can produce future economic benefits. These intangible assets are amortised over a period not to exceed five financial years.

When events arise that indicate a reduction in value of intangible assets, the difference between the book value and the associated recovery value is imputed to the income statement.

Expenses for research activities are posted to the income statement of the period in which they are incurred.

Tangible assets

*Property, plant, machinery and other assets*

These assets are posted at purchase cost or production cost (including directly imputable auxiliary costs) and include the related directly imputable financial charges needed to make the assets available for use.

Depreciation rates used to distribute systematically the value of tangible assets based on their useful life are as follows:

<u>Category</u>	<u>Rate</u>
Land	not depreciated
Non-industrial and industrial buildings	3% - 4%
Plant, machinery and vehicles	4% - 5% - 8% - 10% - 15% - 20%
Light structures	12.5%
Technical equipment	12% - 15% - 25%
Facilities and light structures	10% - 12% - 25% - 40%
Metal formwork	25%
Excavators and mechanical diggers	20%
Radio and alarm equipment	25%
Automobiles and motor vehicles	20% - 25%
Office furniture and machines	12% - 20% - 40%

*Leased assets – Financial lease contracts*

Assets purchased with a financial lease transaction are posted among the assets of the statement of financial position at the lesser of fair value or present value of the lease payments owed to purchase them, which is determined using the interest rate implied in the lease. As a contra entry, the value is posted among liabilities as a financial payable to the lessor. Any direct costs incurred in finalising the leasing contract (e.g. costs to negotiate and finalise the financial leasing transaction) are recorded as an increase to the value of the asset. Leased assets are routinely depreciated using the depreciation criteria for owned assets of the same type. When it is not reasonably certain that the asset will be purchased at the end of the lease, it is completely depreciated over the shorter of the lease contract or its useful life.

Lease payments are divided between repaid principal and financial charges posted to the income statement according to the matching principle.

Ordinary maintenance costs of tangible assets are posted to the income statement for the period in which they are incurred.

*Leased assets – Operating lease contracts*

Lease payments for operating leases are posted to the income statement and constant amounts distributed across the duration of the underlying contract.

Inventories

*Raw materials, ancillary materials, consumables, semi-finished goods, finished goods and merchandise*

These are valued at the lesser of the cost – determined with the "average weighted cost" method – and the "net realisable value".

*Contract work in progress*

This item is assessed, on the basis of the fees agreed, based on the progress of construction/execution activities on the

reference date of the accounting situation, in line with the "completion percentage" method. Advances paid by clients are deducted from the value of the inventories to the extent of the fees accrued; The remainder is posted to liabilities. Any losses at the end are posted to the income statement.

Requests for additional payments because of change to contractual works or other requests due, for example, to greater expenses incurred for reasons attributable to the client, are recognised in the financial statements in the total payments, when and to the extent that it is probable that the counterparty will accept them.

#### Financial assets held for trading

These include the financial assets/securities held for the purpose of trading.

These are recorded at fair value at the settlement date of the transaction; Profit and losses from any changes in the fair value are posted to the income statement. When the fair value cannot be reliably determined, the financial asset is valued at cost, adjusted in the event of any loss of value.

The original value is restored in later accounting periods, should the reasons for the write-down no longer hold true.

#### Financial assets held to maturity

These include debt securities with fixed payments or payments that can be determined and with a fixed maturity, intended to be held to maturity from the start.

These are posted at cost, which is close to their fair value upon acquisition. Later, they are valued at their amortised cost using the criterion of effective interest. Any loss in value is posted to the income statement.

The original value is restored in later accounting periods, should the reasons for the write-down no longer hold true.

#### Loans and Receivables

These are initially posted at fair value (including costs incurred for the purchase/issue) at the date of the transaction. Later, they are valued at their amortised cost using the criterion of effective interest. Any loss in value is posted to the income statement.

The original value is restored in later accounting periods, should the reasons for the write-down no longer hold true.

#### Financial assets available for sale

Included in this category are the financial assets not included in the items "Financial assets held for trading", "Financial assets held to maturity" or "Loans and Receivables". More specifically, this item includes the shares not held and not eligible as control, connection or joint control.

These are recorded at fair value at the settlement date of the transaction; profits and losses from later changes in fair value are accounted for by the equity method as the contra entry until the asset is sold and the income is posted to the income statement. In determining the fair value as at the date of the report, the following was taken into account: i) the security listing on active markets or the listing of similar securities; ii) variables other than listings on active markets that can be observed on the market, either directly (listings) or indirectly (listing derivatives); iii) the values that can be inferred from recent appraisals or transactions (these values are not always based on market values that can be observed), or from business models/plans. If the fair value cannot be reliably established, the financial asset is valued at cost (pro-rata share of shareholders' equity) if it is considered as better representing the situation of the fair value of the equity investment.

Every year or at the closing of an interim period, the presence of significant/accumulated impairment losses is assessed. If impairment is detected, the related loss is entered into the income statement at market prices, for listed securities, or, for non-listed, at the current value of the estimated future financial flows discounted at the actual interest rate. Specifically, with regard to listed securities, the impairment parameters are represented by a reduction in the fair value which is approximately one

third greater or prolonged for more than 18 months compared to the originally posted value. In any case, the accounting of an accumulated impairment in the income statement is dependent on a valuation of each investment that takes into account, among other things, of particularly volatile or unusual market trends. If, subsequently, the reasons for the impairment cease to exist, a write-back is posted into the shareholders' equity.

#### Non-current assets held for sale/discontinued operations

Non-current assets held for sale or disposal groups whose book value will be mainly recovered through sale rather than through continuous use, are classified as held for sale and presented separately from the other consolidated statement of financial position assets and liabilities. The corresponding statement of financial position values of the previous period were not reclassified in the consolidated statement of financial position, but are indicated in the comment of the individual items of the Notes when these are significant.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria:

- it represents a major line of business or geographical area of operations;
- it is part of a coordinated disposal plan of a major line of business or geographical area of operations;
- it is a subsidiary acquired solely for the purpose of being sold.

The results of discontinued operations—whether disposed of or classified as held for sale—are entered separately in the consolidated income statement net of fiscal effects. The corresponding values for the previous period, where present, are reclassified and entered separately in the consolidated income statement, net of fiscal effects, for the purposes of comparison. Non-current assets held for sale or disposal groups classified as held for sale are initially recognised in compliance with the specific IFRS of reference applicable to each asset and liability and then are recognised at the lesser of the carrying amount and related fair value, net of the sale costs.

Any following impairment losses are recognised directly to adjust the non-current assets or disposal groups classified as held for sale with contra-entry in the consolidated income statement.

A reversal is recognised for each subsequent increment of the fair value of an asset net of the sale costs, but only up to the loss for the overall impairment previously recognised.

#### Financial receivables

"Financial receivables" include:

- receivables from connected companies for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period (so-called cash in transit);
- repurchase agreements;
- term current accounts;
- receivables for capital grants which are recognised as financial assets, in accordance with the provisions of the IFRIC 12 interpretation;
- financial receivables for the discounted amount of minimum cash flows guaranteed by the Granting Body, resulting from the application of the financial asset model (IFRIC 12) for parking sector companies.

These are initially booked at their fair value at the date of the transaction, with any accumulated impairment losses being posted to the income statement.

The original value is restored in later accounting periods, should the reasons for the write-down no longer hold true.

Cash and cash equivalents

Cash includes cash on hand, including cheques, and bank demand deposits. Cash equivalents are represented by financial investments with a maturity of three months or less (from the date of purchase), readily convertible into cash and with an insignificant risk of change in value.

These items are recorded at fair value. Profits or losses from any changes in the fair value are posted to the income statement.

Loans and other liabilities

These are recorded when opened, net of any costs that can be ascribed to them. Later, they are valued at their amortised cost using the criterion of effective interest.

With regard to the *bond loan convertible* into ordinary shares, in the financial statements as at 31 December 2016, we separated the components of the loan itself at the time of initial posting, in accordance with IAS 32, because it is a composite financial instrument.

The "*liability component*" is equal to the present value of net cash (principal + interest) related to the debenture loan, discounted at the market interest rate (equal to the cost of the debt capital of the issuer over 12 years; this rate is considered representative of the yield on similar fixed-income securities that do not carry a right of conversion).

The "*shareholders' equity component*" is equal to the difference between the present value of net cash (as determined above) and the cash from the bond issue net of related deferred tax effects.

Financial charges are calculated on the "liability component". They are imputed to the income statement based on the "market interest rate" mentioned above.

Payables to ANAS and the Central Insurance Fund

These payables refer to operations undertaken by the parties in question during earlier accounting periods on behalf of a number of motorway licensees for the payment of loan instalments and trade payables. To facilitate the economic and financial equilibrium of the respective concessions, the financial plans attached to them require repayment of these liabilities based on the duration of the concession, in the absence of related interest payments.

Therefore, these payables have been discounted based on a specific interest rate for each licensee. In compliance with IAS 39, this interest rate is established using as a reference financial instruments with essentially the same conditions and features (the discounting rates that have been used vary between 4.91% and 6.22%). The difference between the original amount of the debt and its current value is posted among liabilities to "deferred income".

The charge from the discounting process is imputed to the income statement among "financial charges". At the same time, the amount previously deferred (and included in "deferred income") is posted to the item "other income".

Provisions for risks and charges

Provisions for risks and charges concern costs and charges of known type and of certain and probable existence, the amount and date of occurrence of which was not known at the closing date of the accounting period. Provisions are recorded when: (i) a current, legal or implied obligation probably exists from a past event; (ii) it is probable that meeting the obligation will be burdensome; (iii) the amount of the obligation can be reliably estimated.

The provisions to reserves represent our best estimate of the amount needed to extinguish the obligation or to transfer it to third parties as at the closing date of the financial statements. When the financial impact of time is significant and the dates for paying off the obligations can be reliably estimated, the provisions are discounted.

The Notes also explain any potential liabilities represented by: (i) possible (but not probable) obligations from past events, the existence of which will be confirmed only upon the occurrence of one or more uncertain future events not completely under

the control of the Group; (ii) current obligations from past events, the total of which cannot be reliably estimated or the fulfilment of which is probably not costly.

*Provision for restoration, replacement or maintenance of non-compensated revertible assets*

Consistent with the contractual obligations in the financial plans attached to current agreements, as at the reporting date, the "Provision for restoration, replacement or maintenance of non-compensated revertible assets" receives the provisions needed to carry out maintenance to ensure the due functionality and safety of the motorway network during later accounting periods.

*Employee benefits (Employee Severance Indemnity)*

Liabilities related to the Employee Severance Indemnity ("defined-benefit plan") have been determined based on actuarial assumptions and recorded using the matching principle consistently with the service periods required to obtain the benefits. Liability was appraised with the help of independent actuaries.

As they come from changes in the actuarial assumptions used or changes in the plan conditions, actuarial profits and losses from these plans are posted to the shareholders' equity as they arise.

Treasury shares

Treasury shares are posted at purchase cost, as a reduction in shareholders' equity. The value resulting from their transfer is posted with a contra-item in shareholders' equity and no entry in the income statement.

Revenues

Revenues are posted based on the matching principle when it is probable that the future economic benefits will accrue to the Group and their value can be determined reliably. In detail:

*Proceeds from tolls*

These are posted based on the related transits. In particular, the net toll revenue was calculated by multiplying the kilometres travelled by users on the relevant sections by the tariff in force and approved by the Granting Body for each motorway stretch.

*Rental income and royalties*

Rental income and royalties are valued based on the payment indicated in the underlying contracts with the respective counterparties. In particular, royalties relating to the service areas on the motorway networks managed are quantified on the basis of a (fixed) percentage of revenues from the economic use of sub-concession areas (normally the sale of food and oil products).

*Revenues from product sales*

Revenues from product sales are recognised when the risks are transferred to the buyer, a moment that usually coincides with shipping/delivery.

*Revenues for services*

Revenues for services are recognised based on the accrued payment.

*Revenues for works and planning*

Revenue accruing during the period related to contract work in progress is posted based on the agreed payments as a function of the state of progress of the work, according to the percentage of completion method. Recognition under revenues takes place according to the final acceptance of the work by the customer.

### Financial income

Interest income is calculated on the value of the related financial assets at the effective interest rate.

### Dividends

Dividends paid by unconsolidated companies are posted when the right to receive them is established, which corresponds to the date that the Shareholders' Meeting of the investee companies approves the distribution.

Any interim dividends are recorded when the distribution is approved by the Board of Directors of the investee company.

### Grants

Grants are recognised when there exists a reasonable certainty that they will be received and that all the conditions for their disbursement will be met. Capital grants are posted to the statement of financial position as an adjustment entry to the book value of the asset to which they refer. Operating grants are imputed as income and systematically allocated to the cost related to them using the matching principle.

### Financial charges

Financial charges are recorded, on an accrual basis, as a cost in the accounting period in which they are incurred except for those which are directly imputable to the construction of non-compensated revertible assets and other assets, which are capitalised as an additional part of the cost of production. Capitalisation of financial charges begins when activities are under way to prepare the asset for use, and it ends when these activities are essentially completed.

### Income taxes

Current and deferred taxes are posted to the income statement when they do not relate to transactions directly posted to shareholders' equity.

Income taxes are posted based on an estimate of the taxable income for the period, in compliance with current regulations.

In accordance with IAS 12, "deferred tax liabilities" and "deferred tax credits" are calculated based on the temporal differences between the recognised value for tax purposes of an asset or a liability and its value on the statement of financial position, when it is probable that these differences will cancel themselves out in the foreseeable future. The amount of the "deferred tax liabilities" or "advance tax payments" is determined based on tax rates that are expected to apply to the period in which the tax credit is realized or the tax liability is extinguished. The tax rates are those established in current fiscal legislation as at the reference date of the individual accounting entries.

Deferred tax credits are posted when their recovery is likely.

"Deferred tax credits" and "deferred tax liabilities" are offset when it is legally allowed.

Furthermore, tax effects have been considered, deriving from the adjustments made to the financial statements of consolidated businesses while applying uniform Group valuation criteria.

### Derivatives

Derivatives are assets and liabilities recognised at fair value. The fair value of derivatives is determined by discounting the expected net cash, using the market interest rate curves for the date of reference and the listed credit default swap curve of the counterparty and the group companies, to include the risk of non-performance explicitly envisaged in IFRS 13.

Derivatives are classified as hedging instruments when the relationship between the derivative and the subject of the coverage is formally documented and the coverage is highly effective, which is verified periodically. When hedging derivatives cover the risk of changes to the fair value of the instruments being covered (a "fair value hedge", for example, covering the variability of the fair value of assets/liabilities at a fixed rate), the derivatives are recognised at fair value and their effects are recognised to

the income statement. At the same time, the instruments hedged are updated to reflect the changes to their fair value associated with the underlying risk. When derivatives cover the risk of changes in net cash from the instruments being covered (cash flow hedge, for example, covering the variability of cash flows from assets/liabilities at a variable rate), changes to fair value of the derivatives are initially posted to shareholders' equity and later imputed to the income statement along with the economic effects produced by the covered transaction. Changes to the fair value of derivatives that do not satisfy the conditions to be classified as hedges are posted to the income statement.

#### Impairment test

The book values of the Company's assets are measured for impairment at the end of each reporting period (or in the case of impairment indicators). If the impairment is detected, the recoverable value of the asset is estimated. Impairment is accounted for in the income statement when the book value of an asset or of a cash generating unit exceeds the recoverable value.

*Intangible assets with indefinite useful life (goodwill)* are assessed every year and whenever there is an indication of potential impairment, in order to ascertain if such impairment effectively exists.

As regards goodwill related to motorway licensees, in line with the provisions of IAS 36, the Company determined the "useful life" of each Cash Generating Unit (CGU) by discounting the future cash flows deriving from the motorway management activity (discounted cash flow). Each licensee is an independent CGU, to which financial plans of managed sections refer. The data contained in the financial plans annexed to the current Standard Agreements approved or pending updates. The economic and financial plans for each motorway management company show the forecast results over the entire duration of the concession and, despite being prepared on an average time horizon of more than five years, are important documents for identifying future cash flows. In addition, the so-called terminal value was not calculated as these concessions have a predefined useful life. If at the end of the concession the incoming entity is expected to pay an indemnity for works completed but not yet amortised ("taken over"), this value will be taken into account among operating cash flows of the last concession year.

The figures contained in the aforesaid financial plans were adjusted (when necessary) to reflect the changes occurred after the preparation date of the financial plans (traffic volumes, toll rates, completion of the investment programme etc.). In particular, the traffic forecasts reflect the outcome of the traffic studies prepared by an independent expert.

The net cash, as determined above, was discounted at a real, post-tax WACC rate. A "real" rate was adopted (by deducting real inflation from the nominal rate) since the financial plans adopted have been prepared using a "constant currency".

When determining the discounting rate, the following parameters were taken into account:

"Free risk" rate equal to the return of the 10-year BTP – average 12 months	2.09%
Risk premiums as provided for by CIPE Resolution No. 68/2017 (basis to calculate the WACC of Standard Agreements)	5.50%
Beta of the Italian motorway sector (SIAS/Atlantia) redetermined on the company's financial structure as of the assessment date	0.560
Cost of debt in line with the average cost of debt of the Group	3%
Inflation rate equal to the inflation component included in the 10-year IRS	1.34%

The discounting rates (that have been specifically calculated for each licensee in order to reflect the financial structure) fluctuate between 3.32% and 3.81%.

With regard to the Cash Generating Units, for which the "value in use" was calculated, sensitivity analysis of the results was also carried out, changing both the flows components (toll revenues/traffic volumes) on the basis of the various scenarios included in the specific traffic studies, and the discounting rates applied, varying the risk premium in the +0.5-0.5% range. This analysis did not highlight significant differences with the "useful lives" originally obtained.

With regard to investments in Brazil held through the jointly controlled investee Primav Infraestrutura S.A., impairment of this company was determined considering the Brazilian company as a separate CGU and the impairment test was calculated also considering stock exchange listings as at 31 December 2017 of the listed asset Ecorodovias Infraestrutura e Logística S.A..

The above impairment procedure was approved by the Board of Directors during a separate meeting and before the approval of the financial statements.

The recoverable value of *non-financial assets* corresponds to the highest between their fair value net of sale costs and their useful life. In order to establish their useful life, the estimated future financial flows are discounted at a rate that reflects the current market valuation of the money value and the risk related to that type of asset. If the assets do not generate incoming cash flows deemed as widely independent, the recoverable value of the cash generating unit to which the asset belongs is calculated.

The losses posted in the income statement are written back in case of changes in the valuation criteria used to determine the recoverable value. A value write-back is recorded in the income statement by aligning the book value of the assets to its recoverable value. The latter cannot exceed the value that would have been determined, net of amortisation and depreciation expense, if impairment had not been posted in the previous years.

#### Earnings per share

The basic earnings per share are calculated by dividing the Group share of profit by the weighted average of Parent Company shares in issue during the year.

#### **Estimates and valuations**

The preparation of these consolidated financial statements and related notes required estimates and assumptions that had an effect on the values of the assets and liabilities in the financial statements and on the information related to potential assets and liabilities as at the reporting date. Actual results achieved may differ from these estimates. Among other things, the valuation used the fair value to appraise financial assets and liabilities (including the fair value of assets available for sale), to perform the impairment test, for the actuarial appraisals and to record the amortisation/depreciation, the write-downs of assets and the provisions for risks. The outcomes of assessments by independent experts were also used to calculate the estimates. The estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in statement of comprehensive income.

Generally, some valuation processes – in particular the most complex ones, such as the assessment of any loss in value of long-term assets – are completely carried out only upon drawing up of the financial statements, when all necessary information is available. However, in case there is evidence of potential losses in value, an impairment test is carried out and the potential loss is reflected in each single book value.

#### **Translation of foreign currency items**

The statement of financial position and income statement of each consolidated company are prepared using the functional currency of the economy in which each company carries out its operations. Transactions in foreign currencies other than the functional currency are recorded at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a currency other than the functional currency are subsequently adjusted at the exchange rate prevailing as at the reporting date with any exchange rate differences recognised through profit or loss. Non-monetary assets and liabilities

denominated in foreign currencies and recorded at historical cost are translated using the exchange rate prevailing at the time the transaction was first recognised.

For the purpose of consolidation in the Group accounts, the income statement and statement of financial position of consolidated companies with functional currencies other than the Euro are translated by applying the exchange rate prevailing as at the reporting date to assets and liabilities, including goodwill and adjustments made upon consolidation, and the average exchange rates for the year or for the consolidation period, whichever is less, to income statement items. The resulting foreign exchange differences are recognised directly in the statement of comprehensive income and reclassified to the income statement upon loss of control over the investee and, therefore, upon de-consolidation.

The main exchange rates applied during the period to translate the income statements and statements of financial position with functional currency other than the Euro, are those published by the Bank of Italy and presented in the following table:

Foreign currency	2017	
	Spot exchange rate as at 31 December (*)	Average annual exchange rate
EUR/GBP Great Britain	0.88723	0.87667
EUR/BRL	3.9729	3.6041
EUR/USD	1.1993	1.176 (**)
EUR/Kuwaiti Dinar	0.3621	0.3621
Euro/Omani Rial	0.4342	0.4342
Euro/Angola - Reajustado Kwana	198.906	187.385
Euro/Botswana - Pula	11.8158	11.6802
Euro/South Africa - Rand	14.8054	15.0434
Euro/Romania - Ron	4.6585	4.5687
Euro/Saudi Arabia - Saudi Ryal	4.4974	4.2351
Euro/United Arab Emirates - Arab Emirates Dirham	4.4044	4.1461
Euro/Zambia - Zambian Kwacha	11.9679	10.7462

(\*) exchange rate as at 29 December 2017

(\*\*) average exchange rate for the second half of 2017

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The accounting standards shown above have been applied coherently and consistently in preparing these consolidated financial statements.

Any items in the previous consolidated financial statements that were reclassified in order to make them comparable with the amounts reported in the current year are illustrated in detail in the Explanatory Notes.

### New standards and interpretation adopted by the EU and effective from 1 January 2017

- Amendments to **IAS 12 – Income taxes**: recognition of assets for deferred tax assets on unrealised losses. On 6 November 2017, Regulation (EU) No 2017/1989 was issued implementing some amendments to IAS 12 (Income Taxes) at EU level; the amendments clarify the recognition of assets for deferred tax assets on losses not realised relative to debt instruments measured at fair value.
- Amendments to **IAS 7 - Statements of Cash Flows** - Disclosure Initiative. On 6 November 2017, Regulation (EU) No 2017/1989 was issued implementing some amendments to IAS 7 (Statement of cash flows) at an EU level. These amendments provide additional information for financial statement users to evaluate changes (cash flows and otherwise) and liabilities arising from financing activities, indicating the following in the reconciliation between the opening and closing balances of these liabilities:
  - changes in cash flows from financing activities;
  - changes from the acquisition or loss of control of business units;
  - changes in fair value; and
  - other changes.

The adoption of these amendments has not had any significant impact on the consolidated financial statements of the ASTM Group as at 31 December 2017.

### New accounting standards and interpretations issued by the IASB and adopted by the EU

At the reporting date of this financial report, the following standards had been issued by the IASB and adopted by the EU:

- **IFRS 15 - Revenue from Contracts with Customers** applicable from **1 January 2018** is intended to replace *IAS 18 - Revenue and IAS 11 - Construction Contracts*, and *IFRIC 13 - Customer Loyalty Programmes*, *IFRIC 15 - Agreements for the Construction of Real Estate*, *IFRIC 18 - Transfers of Assets from Customers* and *SIC 31 - Revenues-Barter Transactions Involving Advertising Services*. The standard establishes a new model for revenue recognition, to be applied to all contracts signed with customers except those covered by other IAS/IFRS standards such as leases, insurance contracts and financial instruments. According to the new model, the key steps for revenue accounting are:
  - o contract identification with the customer;
  - o identification of contractual performance obligations;
  - o price setting;
  - o price allocation to the contractual performance obligations;
  - o revenue recognition criteria when the entity satisfies each performance obligation.

A work group was set up to analyse in advance the effects that adoption of the new standard IFRS 15 could have on the recognition of Group revenues. As regards the motorway sector (main sector in which the Group operates), no significant differences compared to current criteria were identified; with reference to other sectors, analyses carried out estimated, on a preliminary basis, a limited impact on main Group indicators, such as shareholders' equity. In particular, analyses conducted so far referred main areas to the following aspects: (i) determination of the transaction price in the case of variable amounts, (ii) measurement of the progress of contract work in progress, (iii) accounting treatment of pre-operating costs and costs for contractual obligations.

- **IFRS 9 – Financial instruments**, applicable as from **1 January 2018**. The document contains the results of IASB project stages relating to classification and measurement, impairment and hedge accounting, with a view to replacing IAS 39:

- introduces new criteria for the classification and measurement of financial assets and liabilities;
- with reference to the impairment model, the new standard requires that the estimation of losses on receivables is performed according to the expected losses model (and not the incurred losses model used by IAS 39), using supporting evidence obtainable without unreasonable cost or effort, including historic, current and forecast data;
- introduces a new *hedge accounting* model (increase in the types of transactions eligible for *hedge accounting*, change in the accounting method for forward contracts and options when included in a *hedge accounting* relationship, amendments to the effectiveness testing).

The Company expects the adoption of IFRS 9 to have a limited impact on the Group's main indicators, such as shareholders' equity; the main area concerns the measurement of unconsolidated equity investments - available for sale. However, to date a reasonable estimate of the effects cannot be provided as the detailed analysis of the contracts with customers is not yet complete.

- On 13 January 2016, the IASB published the standard **IFRS 16 – Leases** (approved on 31 October 2017), due to replace IAS 17 – *Leases*, from **1 January 2019** and the interpretation IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating leases – Incentives* and SIC -27 *Evaluating the substance of transactions involving the legal form of a lease*.

The new standard provides a new definition of lease and introduces a criterion based on the right of use of an asset to distinguish leases from service agreements, stating the following as discriminating factors: identification of the asset, the right to replace it, the right to essentially obtain all economic benefits deriving from use of the asset and the right to direct the use of the asset underlying the contract.

The principle establishes a single lease recognition and measurement model for lessees, which envisages recognition of the asset covered by the lease under "assets" (also for operating leases) which a balancing entry as a financial payable, in addition offering the option of not recognising as leases any contract involving "low-value assets" and leases with a contractual duration of 12 months or less. However, the Standard does not include significant amendments for lessors. The Company expects the application of IFRS 16 may have an impact on the accounting of leases and on related information provided in the consolidated financial statements of the Group. However, to date, it is not possible to make a reasonable estimate of the effects, as the Group has not yet completed detailed analysis of the related contracts.

- Improvements to IFRS (2014-2016 cycle) approved on 7 February 2018 – Amendments to **IFRS 12**, effective from 1 January 2017, and to **IAS 28**, effective from 1 January 2018.

#### **New accounting standards and interpretations issued by the IASB and not adopted yet by the EU**

At the reporting date of these half-yearly financial statements, the following standards were issued by the IASB and not adopted yet by the EU:

- Amendments to **IFRS 10 - Consolidated Financial Statements** and to **IAS 28 - Investments in Associates and Joint Ventures**: sale or transfer of assets between an investor and its associated company/joint venture, the application of which is deferred indefinitely.
- Amendments to **IFRS 2 – Classification and Measurement of Share-based Payment Transactions**, effective from 1 January 2018.
- **IFRIC 22 – Foreign Currency Transactions and Advance Consideration**, effective from 1 January 2018.
- Amendments to **IAS 40 – Investment Property**, effective from 1 January 2018.
- **IFRIC 23 - Uncertainty over Income Tax Treatments**, effective from 1 January 2019.

- On 12 October 2017, the IASB issued amendments to **IFRS 9 “Prepayments Features with Negative Compensation”**, which allow the entity to measure the amortised cost of some prepaid financial assets with negative compensation. These amendments will be effective for years starting on or after 1 January 2019.
- On 12 October 2017, the IASB issued amendments to **IAS 28 “Long-term Interests in Associates and Joint Ventures”**. The amendments clarify that a company shall adopt IFRS 9 for long-term interests in associates or joint ventures that are part of the net investment of the associated company or joint venture. These amendments are effective from financial years starting on or after 1 January 2019. Any impact on the consolidated financial statements arising from these new standards/interpretations are being evaluated.

## Explanatory notes - Scope of consolidation

The list of subsidiary companies included in the scope of consolidation is shown below.

### Parent company

Name	Registered office
ASTM S.p.A.	Turin - Corso Regina Margherita 165

### Subsidiaries – consolidated with the "line-by-line method"

Name	Registered office	Share capital	% of the group <sup>1</sup>	Directly-held %
Adelaide Crystal Holdings Llc	421 East Route 59 Nanuet, Ny 10954-2908	USD 300,000	100.000	
Cisa Engineering S.p.A.	Ponte Taro (PR) – Via Camboara 26/A	1,000,000	100.000	
Consorzio SINA	Milan - Viale Isonzo 14/1	50,000	100.000	
Crispi S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	100.000	
Euroimpianti S.p.A.	Tortona (AL) – Via Balustra 15	120,000	100.000	
Finanziaria di Partecipazioni e Investimenti S.p.A.	Tortona (AL) – S.S. 211 Loc. San Guglielmo 3/13	22,680,725	100.000	
Fiori Real Estate s.r.l.	Imperia – Via della Repubblica 46	110,000	100.000	
Halmar International Trucking Inc	421 East Route 59 Nanuet, Ny 10954-2908	-	100.000	
Halmar Transportation System Llc	421 East Route 59 Nanuet, Ny 10954-2908	-	100.000	
HIC Insurance Company Inc.	198 Country Club Drive, Unit 42 Incline Village Nevada, 89451	USD 200,000	100.000	
IGLI S.p.A.	Milan - Viale Isonzo 14/1	37,130,000	100.000	60.000
ITINERA CONSTRUCCOES LTDA	Sao Paolo (BRAZIL) - Vila Nova Conceicao	Reais 1,000,000	100.000	
ITINERA S.p.A. (*)	Tortona (AL) – Via Balustra 15	86,836,594	100.000	70.364
Itinera USA CORP	2140 s Duport Highway 19934 Delaware	-	100.000	
Logistica Tirrenica S.p.A.	Lido di Camaiore (LU) – Via Don Tazzoli 9	12,000,000	100.000	
S2 Engineering USA Corp	1300 Pennsylvania Avenue, Suite 700 Washington, D.C. 20004	-	100.000	
SIAS Parking S.r.l. unipersonale	Turin – Via Bonzanigo 22	5,000,000	100.000	
SINA S.p.A.	Milan - Viale Isonzo 14/1	10,140,625	100.000	100.000
Società di Progetto Autovia Padana S.p.A.	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	163,700,000	100.000	
Urbantech S.p.A.	56025 Pontedera (PI) - Via Lombardia, 34	300,000	100.000	
Torre di Isola S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	99.900	
SATAP S.p.A.	Turin – Via Bonzanigo 22	158,400,000	99.874	
Marcallo S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50,000	99.900	
SINELEC S.p.A.	Tortona (AL) – S.S. 211 Loc. San Guglielmo 3/13	7,383,435	97.514	
Lambro S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	200,000	97.210	
Carisio S.c.a r.l.	15057 Tortona (AL), Via Balustra 15	10,000	96.000	
Taranto Logistica S.p.A.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	13,000,000	96.000	
Società Autostrada Ligure Toscana p.A. (**)	Lido di Camaiore (LU) – Via Don Tazzoli 9	160,000,000	95.178	
Siteco Informatica S.r.l.	Milan - Viale Isonzo 14/1	13,784	80.400	
Diga Alto Cedrino S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50,000	80.000	
Mazze' S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	80.000	
Sistemi e Servizi S.c.a.r.l.	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	100,000	80.000	14.000
CORNIGLIANO 2009 S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	77.900	
AGOGNATE S.c.a r.l.	15057 Tortona (AL), Str. Priv. Ansaldi 8	10,000	75.900	
BIANDRATE S.c.a r.l.	15057 Tortona (AL), Str. Priv. Ansaldi 8	10,000	75.900	
Argo Costruzioni Infrastrutture S.c.p.a.	Tortona (AL) – S.S. per Alessandria 6/A	130,000	73.415	
Autostrada dei Fiori S.p.A. (***)	Imperia – Via della Repubblica 46	325,000,000	70.917	
Atlantic Coast Foundations Llc	421 East Route 59 Nanuet, Ny 10954-2908	-	70.000	
Bishop/Halmar JV	421 East Route 59 Nanuet, Ny 10954-2908	USD 90,000	70.000	
Halmar International - LB Electric LLC	421 East Route 59 Nanuet, Ny 10954-2908	-	70.000	
Mortara S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	70.000	
SAV S.p.A.	Châtillon (AO) – Strada Barat 13	24,000,000	65.085	
Autostrada Asti-Cuneo S.p.A.	Rome – Via XX Settembre 98/E	200,000,000	65.000	
Malpensa 2011 S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	65.000	
Pedemontana Lombarda Manutenzioni S.c.a.r.l. (P.L.M)	Strada Statale per Alessandria 6/A	10,000	64.600	
SIAS S.p.A.	Turin – Via Bonzanigo 22	113,768,002	63.411	61.693
Brescia Milano Manutenzione S.c.a.r.l.	Tortona (AL) – S.S. per Alessandria 6/A	10,000	62.000	
Brescia Milano Impianti S.c.a.r.l. BMI	Tortona (AL) - Strada per Alessandria 6/a	10,000	60.000	
CONSORZIO SINTEC	Milan - Viale Isonzo 14/1	20,000	60.000	
Halmar-A Servidone - B Anthony LLC	421 East Route 59 Nanuet, Ny 10954-2908	USD 1,600,000	60.000	
S.G.C. S.c.ar.l.	Tortona (AL) – Località Passalacqua	10,000	60.000	
Albenga Garesio Ceva S.p.A.	Cuneo – Via XX Settembre, 47/bis	600,000	58.225	
A 7 barriere S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
Cervit S.c.a.r.l.	20151 Milan, Via Antonio Cechov 50	10,000	51.000	
Ponte Meier S.c.a.r.l.	Tortona (AL) – Località Passalacqua	10,000	51.000	
Ramonti S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
SINERGIE S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
CRZ01 S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	50.750	
Halmar International LLC	421 East Route 59 Nanuet, Ny 10954-2908	USD 27,080,000	50.000	
ITINERA GEOSYSTEM S.A.R.L.	Algeri - Cooperative Ain Zeboudja, lot n.4 - commune d'El Biar	Algerian Dinar 5,000,000	45.000	

(\*) except for one share held by SEA Segnaletica Stradale S.p.A.

(\*\*) The company Autocamionale della Cisa S.p.A. was merged by absorption with Società Autostrada Ligure Toscana p.A, effective from 1 November 2017. The merger was recognised in the accounts retroactively as from 1 January 2017.

(\*\*\*) The company Autostrada Torino Savona S.p.A. was merged by absorption with Autostrada dei Fiori S.p.A. effective from 1 November 2017 and recorded in the accounts as from 1 January 2017.

<sup>1</sup> The percentage indicates the sum of percentages of equity investments held by individual Group companies.

**List of Joint Operations**

Name	Registered office	% of the group <sup>1</sup>	Directly-held %
Itinera/Cimolai JV	Gaborone/Republic of Botswana	72.230	
Consortium Baixada Santista	Sao Paulo (BRAZIL) - Vila Nova Conceicao	50.000	
Itinera - Ghantoot JV	Emirate of Abu Dhabi, UAE	50.000	

**List of equity investments in jointly controlled entities and associated companies accounted for by the "equity method"**

Name	Registered office	Share capital	% of the group <sup>1</sup>	Directly-held %
<b>Jointly controlled entities</b>				
Primav Infrastruttura S.A. (*)	Sao Paulo, Rua Doutor Eduardo de Souza Aranha, 387	Reais 2,224,011	69.100	
A.T.I.V.A. S.p.A.	Torino – Strada Cebrosa 86	44,931,250	41.170	
Tangenziali Esterne di Milano S.p.A.	Milan – Via Fabio Filzi, 25	220,344,608	41.547	
FEDERICI STIRLING BATCO LLC (**)	Muscat (Oman) - P.O. BOX 1179 AL ATHAIBA, 130	Oman rial 642,061	34.300	
Tangenziale Esterna S.p.A.	Milan – Via Fabio Filzi, 25	464,945,000	18.694	
Autostrade Lombarde S.p.A. (***)	Brescia – Via Somalia 2/4	467,726,626	13.335	
EcoRodovias Infrastruttura e Logistica S.A.	San Paulo, Rua Gomes de Carvalho, 1510 3 andar cj 31/32 Vila Olimpia	Reais 360,900,000	2.510	
BRE.BE.MI S.p.A. (***)	Brescia – Via Somalia 2/4	332,117,693	2.710	
<b>Associated companies</b>				
Aurea S.c.a.r.l.	Milano, Via Fabio Filzi 25	10,000	99.000	
CON.SI.L.FER.	Rome – Via Indonesia 100	5,164	50.000	
Europa S.c.a.r.l.	43121 Parma - Via Anna Maria Adorni 1	10,000	50.000	
Lissone S.c.a.r.l.	20147 Milan, Via Marcello Nizzoli 4	10,000	50.000	
Malco S.c.a.r.l.	36100 Vicenza - Viale dell'Industria 42	10,000	50.000	
Nichelino Village S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	50.000	
Ponte Nord S.p.A.	43121 Parma - Via Anna Maria Adorni 1	1,667,000	50.000	
SERRAVALLE VILLAGE S.C.A R.L.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	50.000	
Tunnel Frejus S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50,000	50.000	
V.A. Bitumi S.r.l.	11020 Issogne (AO) - Località Mure	20,800	50.000	
Interconnessione S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	49.900	
ASTA S.p.A.	Turin – Via Bonzanigo 22	6,000,000	49.002	
I.Co.M. S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	49.000	
Letimbro S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	100,000	49.000	
Siteco BGOOD	Sofi Kniaz Boris I 55, Bulgaria	5,215	48.993	
Rivalta Terminal Europa S.p.A.	Tortona (AL) – Fraz. Rivalta Scriveria – Strada Savonesa 12/16	14,013,412	45.873	
Mose Bocca Di Chioggia Scarl	35127 Padua, Via Belgio 26	10,328	42.500	
ATIVA Immobiliare S.p.A.	Torino – Strada Cebrosa 86	1,100,000	41.170	
VETIVARIA s.r.l.	Milan – Via Spallanzani 6	72,000	40.326	
MOSE OPERAEE	35127 Padua, Via Belgio 26	10,000	40.220	
COVA S.c.a.r.l.	Bologna - Via del Tappezziere, 4	10,000	40.000	
Edilrovaccio 2 S.r.l.	Turin – Via M. Schina 5	45,900	40.000	20.000
OMT S.p.A.	Tortona (AL) – S.P. Pozzolo Formigaro 3/5	1,000,000	40.000	
C.T.E. Consorzio Tangenziale Engineering	Milan – Via Girolamo Vida 11	20,000	40.000	
Fondo Valle S.c.a.r.l. in liquidation	Tortona (AL) – Strada privata Ansaldo 8	10,000	39.330	
Marchetti S.c.a.r.k.	Tortona (AL)-Strada Statale Alessandria 6/A	10,000	36.770	
S.I.T.A.F. S.p.A.	Susa (TO) – Fraz. S. Giuliano, 2	65,016,000	36.600	
SITRASB S.p.A.	S.Rhémy-en-Bosses Frazione S.Léonard (AO)	11,000,000	36.500	
S.A.C. S.r.l. Consortile in liquidation	Carini (PA) – S.S. 113 Zona Industriale	10,300	35.000	
Consorzio Costruttori TEEM	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	34.999	
GSG TUNNELING SRL in liquidation	Rome - Piazza Ferrando De Lucia 65	10,300	33.000	
Consorzio Cancellò Frasso Telesino	Parma, Via Madre Anna Maria Adorni 1	15,000	33.330	
Baglietto S.p.A.	La Spezia – Viale San Bartolomeo n. 414	34,899,000	30.996	30.996
Quires S.r.l.	Milan – Via Fantoli 6/15	100,000	30.000	
Autostrada Nogare Mare Adriatico S.c.p.A.	37135 Verona, Via Flavio Gioia 71	120,000	29.000	
Interporto di Vado Intermodal Operator S.c.p.A.	Vado ligure (SV) – Via Trieste 25	3,000,000	28.000	
Società Autostrada Broni-Mortara S.p.A.	Milan – Via dei Missaglia 97	28,902,000	26.850	
C.I.M. S.p.A.	Novara – Via Carlo Panseri 118	24,604,255	24.313	
D.N.C. S.c.a.r.l.	00139 Rome, Piazza Fernando De Lucia, 65	20,000	25.000	
Mose TREPORTI	35127 Padua, Via Belgio 26	10,328	22.540	
Formazza S.c.a.r.l.	15057 Tortona (AL), Str. Priv. Ansaldo, 8	10,200	20.000	
ROAD LINK Holdings Ltd.	Northumberland - 4 Gilsgate - U.K.	GBP 1,000	20.000	
CMC Itinera JV S.c.p.A.	Ravenna, Via Trieste	100,000	49.000	
Mill Basin Bridge Constructors	421 East Route 59 Nanuet, Ny 10954-2908	USD 12,755	50.000	

(\*) Of which 30.9 ordinary shares and 38.2 preference shares - equal to 50% of the voting rights

(\*\*) of which 34.3% ordinary shares - equal to 49% of the voting rights

(\*\*\*) as at 31 December 2017, equity investments in Autostrade Lombarde S.p.A. and BRE.BE.MI. S.p.A. were reclassified under "Discontinued operations/Non-current assets held for sale" and measured with the equity method up to the date of reclassification.

<sup>1</sup> The percentage indicates the sum of percentages of equity investments held by individual Group companies.

## List of unconsolidated investments - available for sale

Name	Registered office	Share capital	% of the group <sup>1</sup>	Directly-held %
DAITA S.c.a.r.l.	Caltanissetta - Via N. Colayanni 314/E	10,328	80.000	
FIUMICINO PISTA 3 S.c.a.r.l. in liquidation	Rome – L.go Lido Duranti 1/a	10,000	19.990	
ABESCA EUROPA S.r.l.	39100 Bolzano, Via Galileo Galilei 10	100,000	19.524	
iOne Solution S.r.l.	Tortona – Corso Romita 10	10,200	19.000	
CES.I.F. (Celer Subectio Incrementa firmata) S.c.p.A. in liquidation	80122 Naples, Riviera di Chiaia, 72	250,000	18.800	
Tubosider S.p.A.	Asti – Corso Torino 236	9,331,017	18.595	
Confederazione Autostrade S.p.A.	Verona – Via Flavio Gioia, 71	6,000,000	16.667	
CODELFA S.p.A.	Tortona – Località Passalacqua S.S. 211 Km. 13	2,500,000	16.423	
Consorzio Autostrade Italiane Energia	Rome – Via A. Bergamini 50	113,949	15.697	
Argentea Gestioni S.p.A.	Brescia – Via Somalia 2/4	120,000	14.240	
MILANO SERRAVALLE – MILANO TANGENZIALI S.p.A.	Assago Milanofiori (MI)-Via del Bosco Rinnovato 4/A	93,600,000	13.595	0.048
AUTOSTRADe CENTROPADANE S.p.A.	Cremona – Località San Felice	30,000,000	11.095	
C.R.S. – Centro Ricerche Stradali S.p.A.	Mestre (VE) Piazzale Leonardo da Vinci, 8/A	300,000	11.081	
CSI – Consorzio Servizi Ingegneria	Verona – Via Cattaneo 20	10,000	11.000	
Pedelombarda S.c.p.A.	Milan – Via dei Missaglia 97	5,000,000	11.000	
Passante Dorico S.p.A.	20142 Milan, Via dei Missaglia n.97	24,000,000	11.000	
Cons. Costr. Veneti San Marco	Via Trieste 32, Padua	51,646	10.000	
Cons. Pedelombarda 2 S.c.p.A.	20142 Milan, Via dei Missaglia n.97	10,000	10.000	
SPEDIA S.p.A. in liquidation	La Spezia-Via delle Pianazze 74	2,413,762	7.971	
AGENZIA di POLLENZO S.p.A.	Bra, Fraz. Pollenzo (CN) – Piazza Vittorio Emanuele 13	24,319,920	5.746	
AEDES S.p.A.	20143 Milan, Via Morimondo 26	212,945,601	5.300	
TUNNEL GEST S.p.A.	Arcugnano (VI) – Via dell'Industria n. 2	8,500,000	5.000	
INTERPORTO RIVALTA SCRIVIA S.p.A.	Rivalta Scrivia (AL) – Strada Savonese 12/16	11,848,200	4.340	4.340
Eurolink S.c.p.A.	Roma -Via dei Crociferi 44	150,000,000	2.000	
Industria e Innovazione S.p.A.	Milan – Via San Vittore, 40	32,945,783	2.244	
P.S.T. S.p.A.	Rivalta Scrivia (AL) – Strada Comunale Savonese 9	5,271,936	1.957	
SOGEAP Aeroporto di Parma S.p.A.	Parma -Via Ferretti Licinio 50/A	19,454,528	1.986	
SEVESO SCARL (in liquidation)	VIA VALTELLINA 17 - MILAN	10,000	1.500	
CONSORZIO MITECO (in liquidation)	Via Einaudi 6 - Peschiera Borromeo (MI)	10,000	1.300	
MN 6 S.c.a.r.l.	80142 Naples Via Galileo Ferraris 101	51,000,00	1.000	
Alitalia - Compagnia Aerea Italiana S.p.A.	Fiumicino Roma – Piazza Almerico da Schio Pal RPU	80,225,194	0.540	
BANCA CARIGE S.p.A.	Genoa – Via Cassa di Risparmio 15	2,845,857,461	0.447	
Interporto Toscano A. Vespucci S.p.A.	Collesalvetti – LI – Via delle Colline 100	22,458,263	0.345	
C.e.P.I.M. S.p.A.	Fontevivo (PR) – Piazza Europa, 1	6,642,928	0.211	
Mediobanca S.p.A.	Milan – Piazzetta Enrico Cuccia 1	440,617,579	0.094	0.060
NOSEDO SCRL	Milan - VIA LAMPEDUSA 13	100,000	0.100	
Milano Depur S.p.A.	20141 Milan, Via Lampedusa 13	1,900,000	0.100	
Assicurazioni Generali S.p.A.	Trieste – Piazza Duca degli Abruzzi 2	1,559,883,538	0.032	0.010
Assoservizi Industrie s.r.l.	Carrara (MS) – Viale XX Settembre 118	724,890	0.034	
C.A.A.F. IND. E.C. S.p.A.	Bologna- Via San Domenico, 4	377,884	0.014	
Banco BPM S.p.A.	Milano - Piazza Meda	7,100,000	0.013	
Società cooperativa elettrica Gignod	Saint Christophe (AO) – Loc. Grand. Chemin	316,900	0.010	
Abertis Infraestructuras S.A.	Barcelona – Spain – Parc Logistic Avenue 12-20	2,971,143,924	0.001	0.001
Uirnet S.p.A.	Rome – Via Francesco Crispi 115	1,061,000	0.001	
Vettabbia S.c.a.r.l.	Milano, Via Lampedusa 13	100,000	0.100	
Atlantia (formerly Autostrade S.p.A.)	Rome – Via Bergamini 50	825,783,990	-	
Salini Impregilo S.p.A. (*)	Milan – Via dei Missaglia 97	544,740,000	-	

(\*) The Group only owns saving shares

<sup>1</sup> The percentage indicates the sum of percentages of equity investments held by individual Group companies.

### Changes in the scope of consolidation

With regard to main changes in the scope of consolidation:

- on 23 March 2017, the company under Brazilian law, Itinera Construcoes LTDA, was incorporated by the subsidiaries Itinera S.p.A. and Sinelec S.p.A.; as from the date of incorporation, the Brazilian company falls within the consolidation scope;
- following the liquidation and cancellation from the Companies' Register on 30 March 2017, the single-member company GTT Falchera S.c.ar.l. (in liquidation) and the single-member company Castelnuovo S.c.ar.l. (in liquidation) and Terminal Container Civitavecchia S.c.ar.l., are no longer included in the scope of consolidation as from the same date; therefore, the wound-up companies were consolidated – with the comprehensive method – solely for the “income statement figures”;
- inclusion of the company under US law Itinera USA Corp., of which Itinera S.p.A. holds 100% of the share capital; as from the date of incorporation on 5 July 2017, the US company falls within the consolidation scope;
- following the acquisition on 5 July 2017, the scope of consolidation includes Halmar International LLC and its investees Adelaide Crystal HLLC, Atlantic Coast Foundations LLC, Halmar International Trucking LLC, Halmar Transportation System LLC, HIC Insurance Company Inc, Bishop Halmar JV, Halmar Servidore B. Antony LLC, Halmar International - LB Electric LLC;
- following the liquidation of Lira S.r.l. on 30 September 2017, this company is no longer included in the scope of consolidation (as from the liquidation date); therefore, the wound-up company was consolidated on a line-by-line basis solely for “income statement figures”;
- the company Fiera Parking S.p.A. was deconsolidated following its sale on 29 November 2017.

With reference to the mergers of Autostrada Torino Savona S.p.A. with Autostrada dei Fiori S.p.A. and Autocamionale della Cisa S.p.A. with Società Autostrada Ligure Toscana S.p.A. on 1 November 2017, and the merger of Sineco S.p.A. with Sina S.p.A. on 1 September 2017, recorded in the accounts from 1 January 2017, there were no changes in the scope of consolidation as the merged companies were already consolidated on a line-by-line basis.

## Explanatory notes – Operating segments

On the basis of the current organisational structure of the ASTM Group, the information required by IFRS 8 is provided below, broken down by "business segment".

The activity of the group is divided into six main sectors:

- Motorway sector (operating activities)
- Planning and construction sector
- Construction sector
- Engineering sector
- Technology sector
- Services sector

The financial and equity data for each sector are shown in the table below. Transactions between sectors are reversed in the "eliminations" column.

As already described, following the sale of the companies in the parking sector, in November 2017, the "parking sector" is no longer reported separately.

(amounts in thousands of EUR)	Business segment												Eliminations		Consolidated			
	Motorway sector (operating activities)		Motorway sector (planning and construction activities)		Construction sector		Engineering sector		Technology sector		Services sector		2017	2016	2017	2016		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016						
Revenue, minority interests:																		
Motorway (tolls)	1.093.184	1.052.942															1.093.184	1.052.942
Other motorway revenue	30.114	28.263															30.114	28.263
Motorway revenue - planning and construction			190.032	175.222													190.032	175.222
Construction					286.900	105.635											286.900	105.635
Construction sector - planning and construction engineering			37.381	11.908													37.381	11.908
Technology							8.093	10.292									8.093	10.292
Other	45.403	35.462			10.726	6.122			39.449	36.069	1.057	1.414	2.522	6.843			59.708	49.841
<b>Total revenue, NCIs</b>	<b>1.168.701</b>	<b>1.116.667</b>	<b>227.413</b>	<b>187.130</b>	<b>297.626</b>	<b>111.757</b>	<b>8.093</b>	<b>10.292</b>	<b>40.506</b>	<b>37.483</b>	<b>2.522</b>	<b>6.843</b>					<b>1.744.861</b>	<b>1.470.172</b>
Intersegment revenue	8.559	14.724			159.552	120.652	33.270	38.945	52.056	55.821	10.069	10.520	(263.506)	(240.662)				
<b>Total revenue</b>	<b>1.177.260</b>	<b>1.131.391</b>	<b>227.413</b>	<b>187.130</b>	<b>457.178</b>	<b>232.409</b>	<b>41.363</b>	<b>49.237</b>	<b>92.562</b>	<b>93.304</b>	<b>12.591</b>	<b>17.363</b>	<b>(263.506)</b>	<b>(240.662)</b>			<b>1.744.861</b>	<b>1.470.172</b>
operating costs	(484.088)	(485.907)	(227.413)	(187.130)	(437.620)	(221.940)	(35.926)	(44.869)	(73.200)	(74.599)	(30.980)	(33.312)	263.506	240.662	(1.025.721)	(807.095)		
<b>Sector GOM</b>	<b>693.172</b>	<b>645.484</b>			<b>19.558</b>	<b>10.469</b>	<b>5.437</b>	<b>4.368</b>	<b>19.362</b>	<b>18.705</b>	<b>(18.389)</b>	<b>(15.949)</b>					<b>719.140</b>	<b>663.077</b>
Non-recurring items	(4.920)	856			(560)	(560)	(560)	(560)	(445)	(445)	(6.350)	(2.700)			(12.835)	(1.844)		
Amortisation/depreciation and provisions	(320.193)	(299.534)			(8.128)	(5.159)	(1.237)	(2.283)	(3.739)	(3.384)	(631)	(2.220)			(333.928)	(312.580)		
Write-downs																		
<b>Operating profit</b>	<b>368.059</b>	<b>346.806</b>			<b>10.870</b>	<b>5.310</b>	<b>3.640</b>	<b>2.085</b>	<b>15.178</b>	<b>15.321</b>	<b>(25.370)</b>	<b>(20.869)</b>					<b>372.377</b>	<b>348.653</b>
Financial charges	(84.370)	(88.594)			(2.480)	(885)	(131)	(144)	(101)	(114)	(63.201)	(72.241)	65.885	66.295	(84.398)	(95.683)		
Financial income	15.970	14.845			1.551	2.128	38	81	1.052	283	104.773	93.306	(65.885)	(66.295)	57.499	44.348		
Write-downs	(109)	(67)			(836)	(1.836)	(189)	(331)			(690)	(10.438)			(1.824)	(12.672)		
Profit (loss) of companies accounted for by the equity method	(1.404)	2.973			(3.196)	(6.538)			113	(332)	15.479	(9.993)			10.992	(13.890)		
<b>Pre-tax profit (loss)</b>																		
Profit (loss) for assets held for sale net of taxes (Discontinued Operation)																	516	2.183
Income taxes																	(91.689)	(96.321)
<b>Net income, including minority interests</b>																	<b>263.473</b>	<b>176.618</b>

(amounts in thousands of EUR)	Business segment										Eliminations		Consolidated	
	Motorway sector (operating activities)		Construction sector		Technology sector		Engineering sector		Services sector		2017	2016	2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016				
Fixed assets	3.773.556	4.519.059	330.816	228.661	16.611	17.426	65.857	37.571	4.834.150	4.757.651	(4.502.620)	(4.770.963)	4.518.370	4.789.405
Current assets	120.201	111.488	479.131	462.101	60.245	62.806	25.951	28.582	24.983	27.563	(211.936)	(307.325)	498.575	385.215
<b>Total assets</b>													<b>5.016.945</b>	<b>5.174.620</b>
Short-term liabilities	299.092	315.263	451.495	421.948	31.384	28.340	13.486	17.571	35.814	26.329	(362.979)	(384.466)	468.292	424.985
Medium/long-term liabilities and funds	313.728	328.889	23.297	13.734	5.652	5.638	3.833	4.914	2.989	31.442			349.499	384.617
Net financial indebtedness (available funds)	1.152.818	1.498.622	20.789	11.884	(36.213)	(17.962)	(19.542)	(20.892)	215.262	149.846			1.333.114	1.621.498
Shareholders' equity													<b>2.866.040</b>	<b>2.743.520</b>
<b>Total liabilities</b>													<b>5.016.945</b>	<b>5.174.620</b>
Equity accounted investments	111.479	113.505	27.846	69.210	696	880	152	152	867.006	850.703			1.007.179	1.034.450

## Explanatory Notes – Concessions

Business operations are mainly represented by the **construction and management of motorway and parking infrastructures** and a **logistics platform** for which the Group companies are the licensees.

The **motorway licensees** that are subsidiaries, jointly controlled or associated companies of the ASTM Group operate in accordance with specific concession agreements signed with the Granting Body, which govern the rights and obligations of the parties. In this respect, the licensees are in fact obliged, under their own responsibility and at their own expense, to arrange the planning, construction, maintenance and management of the motorway infrastructure until expiry of the concession agreement and the right to collect tolls from users (calculated and updated according to the methods specified in the agreement), which guarantees that the investments made are remunerated fairly. On expiry of the concessions, all motorway works completed (the "revertible assets") by the licensee must be transferred free of charge and in good condition to the Granting Body, except for concessions involving payment by the incoming licensee of the residual book value of the revertible assets (the "takeover value").

The following table provides details of the motorway concessions, with breakdown by licensee:

Licensee (amounts in thousands of EUR)	Motorway stretch	Expiry of the concession
<b>Subsidiaries – Italy</b>		
SATAP S.p.A.	Torino – Milano	31 December 2026
SATAP S.p.A.	Torino – Piacenza	30 June 2017 (*)
SAV S.p.A.	Quincinetto-Aosta	31 December 2032
Salt p.A.	Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia	31 July 2019
Salt p.A.	La Spezia-Parma (and road link with the Brenner motorway)	31 December 2031
ADF S.p.A.	Savona-Ventimiglia	30 November 2021
ADF S.p.A.	Torino – Savona	31 December 2038
Asti-Cuneo S.p.A.	Asti-Cuneo	(**)
Società di Progetto Autovia Padana S.p.A.	Piacenza-Cremona-Brescia	(***)
<b>Jointly controlled entities and associated companies – Italy</b>		
ATIVA S.p.A.	Tangenziale di Torino (Turin bypass), Torino-Quincinetto, Ivrea-Santhià and Torino-Pinerolo	31 August 2016 (*)
SITAF S.p.A.	Torino-Bardonecchia, Frejus Road Tunnel	31 December 2050
SITRASB S.p.A.	Great St. Bernard Tunnel	31 December 2034
Tangenziale Esterna S.p.A.	Tangenziale Est Esterna di Milano	30 April 2065
Bre.Be.Mi. S.p.A.	Brescia – Bergamo- Milano	December 2039 (***)
<b>Jointly controlled entities and associated companies – International</b>		
Road Link	A69 Carlisle-Newcastle (UK)	31 March 2026
Ecovia Comiho do Mar (****)	Curitiba metropolitan area – Port of Paranaguá	November 2021
Ecocataratas (****)	Paraná – "triple border" (Brazil, Argentina and Paraguay)	November 2021
Ecovias dos Imigrantes (****)	Sao Paulo metropolitan area – Port of Santos	October 2025
Ecosul (****)	Pelotas – Porto Alegre and Rio Grande Port	March 2026
Eco 101 (****)	Macuri/BA Rio de Janeiro border	May 2038
Ecopistas (****)	Sao Paulo metropolitan area – Industrial region of Vale do Rio Paraiba	January 2039
Ecoponte (****)	Rio de Janeiro Niteroi – State of Rio de Janeiro	May 2045

(\*) Management has been granted a "extension" pending the appointment of a new licensee.

(\*\*) For this stretch, still pending completion, the duration of the concession is 23.5 years calculated as from the infrastructure's completion date.

(\*\*\*) The term of the concession was set to 25 years; As previously reported, on 31 May 2017, the company Società di Progetto Autovia Padana S.p.A. signed an agreement with the Ministry of Infrastructures and Transport (MIT) for the A21 Piacenza – Cremona – Brescia motorway concession. The agreement became effective on 22 December 2017, following the Court of Auditors registering the relative Interministerial Decree of approval (overseen by the MIT and Ministry of Economy and Finance). On 1 March 2018, Società di Progetto Autovia Padana S.p.A. took over from Autostrade Centropadane S.p.A. in managing the Piacenza-Cremona Brescia concession.

(\*\*\*\*) Company held for sale under agreements entered into with Intesa SanPaolo, as described in the Management Report. Following approval of the rebalancing plan, the expiry of the concession was extended from 31 December 2033 to 31 December 2039.

(\*\*\*\*\*) Investee company through IGLI S.p.A.

**Other concessions**

The company **VEM ABC** (a subsidiary of Primav Infraestrutura S.A.), operating in the **urban mobility sector**, holds the concession to build and operate a 14.9 km monorail connecting the City of Sao Paolo and the bordering region of ABC, an important industrial region, with 13 stations. The concession lasts for 25 years and the start date of the works is being defined in agreement with the Granting Body. The value of the expected investment is around BRL 6 billion (EUR 1.7 billion), with a government grant of 50%.

**TARANTO LOGISTICA**

The company Taranto Logistica S.p.A. operates as a licensee, by virtue of the agreement signed with the granting body, the Taranto Port Authority, for the executive design and the execution of the Taranto Port infrastructure node – Integrated Logistics Facilities, as well its management after execution.

## Explanatory notes - Information on the balance sheet

### Note 1 – Intangible assets

This item breaks down as follows:

	Goodwill	Other intangible assets		Total
		In operation	In process	
<b>Cost:</b>				
<b>as at 1 January 2016</b>	<b>42,034</b>	<b>35,028</b>	<b>1,476</b>	<b>78,538</b>
Change in the scope of consolidation		<b>12,894</b>		12,894
Investments		2,157	731	2,888
Restatements and other changes		(1)		(1)
Divestitures		(167)	(910)	(1,077)
<b>as at 31 December 2016</b>	<b>42,034</b>	<b>49,911</b>	<b>1,297</b>	<b>93,242</b>
<b>Accumulated amortisation:</b>				
<b>as at 1 January 2016</b>	-	<b>(21,355)</b>	-	<b>(21,355)</b>
Change in the scope of consolidation		<b>(10,851)</b>		(10,851)
2016 depreciation		(3,174)		(3,174)
Reversals		250		250
Other changes		2		2
<b>as at 31 December 2016</b>	-	<b>(35,128)</b>	-	<b>(35,128)</b>
<b>Net book value:</b>				
<b>as at 1 January 2016</b>	<b>42,034</b>	<b>13,673</b>	<b>1,476</b>	<b>57,183</b>
<b>as at 31 December 2016</b>	<b>42,034</b>	<b>14,783</b>	<b>1,297</b>	<b>58,114</b>

	Goodwill	Other intangible assets		Total
		In operation	In process	
<b>Cost:</b>				
<b>as at 1 January 2017</b>	<b>42,034</b>	<b>49,911</b>	<b>1,297</b>	<b>93,242</b>
Change in the scope of consolidation	<b>42,829</b>	<b>(130)</b>		42,699
Investments		2,062	487	2,549
Restatements and other changes		935	(713)	222
Divestitures		(59)	(196)	(255)
Foreign exchange differences	(1,998)			(1,998)
<b>as at 31 December 2017</b>	<b>82,865</b>	<b>52,719</b>	<b>875</b>	<b>136,459</b>
<b>Accumulated amortisation:</b>				
<b>as at 1 January 2017</b>	-	<b>(35,128)</b>	-	<b>(35,128)</b>
Change in the scope of consolidation		<b>105</b>		105
2017 depreciation		(3,734)		(3,734)
Reversals		61		61
Other changes		(213)		(213)
<b>as at 31 December 2017</b>	-	<b>(38,909)</b>	-	<b>(38,909)</b>
<b>Net book value:</b>				
<b>as at 1 January 2017</b>	<b>42,034</b>	<b>14,783</b>	<b>1,297</b>	<b>58,114</b>
<b>as at 31 December 2017</b>	<b>82,865</b>	<b>13,810</b>	<b>875</b>	<b>97,550</b>

The "goodwill" values are summarised below:

Cash Generating Unit	Amount as at 31/12/2017
SALT p.A.	38,435
Autostrada dei Fiori S.p.A.	313
SATAP S.p.A.	2,907
Halmar International LLC	40,831
Sinelec S.p.A.	379
<b>Total</b>	<b>82,865</b>

Following the merger by absorption of Autocamionale della Cisa S.p.A. with Salt p.A., the goodwill allocated to the licensee Autocamionale della Cisa S.p.A., equal to EUR 25.8 million, is included in figures relative to Salt p.A..

The change in the scope of consolidation is due to the acquisition of the Halmar Group on 5 July 2017. Pursuant to IFRS 3 revised, the Group temporarily allocated the business combination cost to the fair value of the net assets acquired.

**Main information on the investment in Halmar International LLC is given below**

*(amounts in millions of EUR)*

Company	Main Activity	Acquisition Date	Percentage of voting rights acquired	Percentage acquired	Acquisition Cost
Halmar International LLC	Industrial holding operating in the constructions industry, in the metropolitan area of New York	05/07/2017	50%	50%	55.3

EUR 51.8 million of the acquisition cost - equal to EUR 55.3 million - was paid on the closing of the transaction, with EUR 3.5 million allocated as future payments.

	<u>05/07/2017</u>
<u>Determination of start-up resulting from acquisition</u>	
Acquisition cost of Halmar International LLC	55.3
(-) Book value of the net assets and liabilities acquired - pro rata	(12.5)
Goodwill	<u>42.8</u>

In accordance with IAS 36, goodwill is not subject to amortisation but – since it is an intangible asset with an indefinite useful life – to an impairment test at least once a year or when events arise that may indicate impairment. For the purpose of this test, goodwill has been allocated on the cash generating units shown above. For details on the methods for determining the impairment test as at 31 December 2017, please refer to the note "*Impairment of assets (impairment test)*".

The item "*other intangible assets*" mainly includes the capitalisation of basic and application software expenses and licences for software programmes. The decrease in the period is due to (i) greater investments (EUR +2.5 million) mainly for costs incurred to develop an accounting and management software system offset by (ii) amortisation for the period (EUR 3.7 million).

**Concessions – non-compensated revertible assets**

	Motorway in operation	Motorway under construction	Other non-compensated revertible assets in operation	Other non-compensated revertible assets under construction	Total
<b>Cost:</b>					
as at 1 January 2016	7,721,013	998,867	12,403	-	8,732,283
Change in the scope of consolidation			-	94,758	94,758
Investments	8,848	187,690	-	20,639	217,177
Divestitures and other changes	(227)	(19)	-	-	(246)
Restatements	143,435	(143,434)	-	-	1
<b>as at 31 December 2016</b>	<b>7,873,069</b>	<b>1,043,104</b>	<b>12,403</b>	<b>115,397</b>	<b>9,043,973</b>
<b>Capital grants:</b>					
as at 1 January 2016	(1,139,334)	(256,660)	-	-	(1,395,994)
Change in the scope of consolidation			-	(69,177)	(69,177)
Increases	(1,426)		-	(21,117)	(22,543)
Restatements	(56,595)	56,595	-	-	-
<b>as at 31 December 2016</b>	<b>(1,197,355)</b>	<b>(200,065)</b>	<b>-</b>	<b>(90,294)</b>	<b>(1,487,714)</b>
<b>Accumulated amortisation:</b>					
as at 1 January 2016	(4,117,769)	-	(4,023)	-	(4,121,792)
Restatements and other changes			-		-
2016 depreciation	(309,195)		(369)		(309,564)
<b>as at 31 December 2016</b>	<b>(4,426,964)</b>	<b>-</b>	<b>(4,392)</b>	<b>-</b>	<b>(4,431,356)</b>
<b>Net book value:</b>					
as at 1 January 2016	2,463,910	742,207	8,380	-	3,214,497
<b>as at 31 December 2016</b>	<b>2,248,750</b>	<b>843,039</b>	<b>8,011</b>	<b>25,103</b>	<b>3,124,903</b>

	Motorway in operation	Motorway under construction	Other non-compensated revertible assets in operation	Other non-compensated revertible assets under construction	Total
<b>Cost:</b>					
as at 1 January 2017	7,873,069	1,043,104	12,403	115,397	9,043,973
Change in the scope of consolidation	-	-	(12,403)	-	(12,403)
Investments	7,578	198,870	-	37,381	243,829
Divestitures and other changes	(4)	-	-	-	(4)
Restatements	260,859	(360,380)	-	-	(99,521)
<b>as at 31 December 2017</b>	<b>8,141,502</b>	<b>881,594</b>	<b>-</b>	<b>152,778</b>	<b>9,175,874</b>
<b>Capital grants:</b>					
as at 1 January 2017	(1,197,355)	(200,065)	-	(90,294)	(1,487,714)
Change in the scope of consolidation	-	-	-	-	-
Increases	(3,796)	-	-	(28,498)	(32,294)
Restatements	-	-	-	-	-
<b>as at 31 December 2017</b>	<b>(1,201,151)</b>	<b>(200,065)</b>	<b>-</b>	<b>(118,792)</b>	<b>(1,520,008)</b>
<b>Accumulated amortisation:</b>					
as at 1 January 2017	(4,426,964)	-	(4,392)	-	(4,431,356)
Change in the scope of consolidation	-	-	4,392	-	-
Restatements and other changes	-	-	-	-	-
2017 depreciation	(319,483)	-	-	-	(319,483)
<b>as at 31 December 2017</b>	<b>(4,746,447)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,746,447)</b>
<b>Net book value:</b>					
as at 1 January 2017	2,248,750	843,039	8,011	25,103	3,124,903
<b>as at 31 December 2017</b>	<b>2,193,904</b>	<b>681,529</b>	<b>-</b>	<b>33,986</b>	<b>2,909,419</b>

The gross value of the motorway network – equal to EUR 9,023.1 million – includes EUR 1,445.7 million of capitalised financial charges, of which EUR 19.7 million capitalised during the financial year (EUR 1,426 million as at 31 December 2016).

As detailed in the "valuation criteria", in order to assess the amortisation of non-compensated revertible assets, the so-called "takeover" values set out in the current agreements and in the financial plans which are currently being examined by the Granting Body have been taken into account.

On 30 June 2017, the concession relative to the A21 "Torino- Piacenza" stretch, managed by the subsidiary SATAP S.p.A., expired; based on agreements entered into with the Granting Body (which includes, inter alia, the extended management of the stretch, pending the identification of the new licensee), a takeover value was recognised equal to EUR 107.9 million. The item "reclassifications" relative to the motorway in operation, equal to EUR 260.8 million as at 31 December 2017 was (i) net of the above reclassification from the "motorway in operation" to "other financial assets" for the takeover value of the A21 "Torino-Piacenza" stretch and (ii) includes EUR 8.3 million from service area alienations.

The "change in the scope of consolidation" is attributable to the deconsolidation of the company Fiera Parking S.p.A. following the sale of the entire equity investment in November 2017.

At 31 December 2017, the item "concessions – non-compensated revertible assets" broke down as follows:

#### **Motorway concessions**

Licensee <i>(amounts in thousands of EUR)</i>	Motorway stretch	Net value
SATAP S.p.A.	Torino – Milano	933,748
SAV S.p.A.	Quincinetto-Aosta	294,626
SALT S.p.A.	Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia	323,724
SALT S.p.A.	La Spezia-Parma (and road link with the Brenner motorway)	444,149
ADF S.p.A.	Savona-Ventimiglia	243,210
ADF S.p.A.	Torino – Savona	309,539
Asti-Cuneo S.p.A.	Asti-Cuneo	326,437
<b>Motorway concessions – Total non-compensated revertible assets</b>		<b>2,875,433</b>

#### **Other concessions**

Licensee company <i>(amounts in thousands of EUR)</i>	Concession object	Net value
Taranto Logistica S.p.A.	Logistics platform at the port of Taranto	33,986
<b>Total Non-compensated revertible assets</b>		<b>33,986</b>

## Note 2 – Tangible assets

### Property, plant, machinery and other assets

	Land and buildings	Plant and mach.	Ind. and comm. equip.	Other assets	Financial lease assets	Constr. in progress and advance payments	Total
<b>Cost:</b>							
<b>as at 1 January 2016</b>	<b>69,812</b>	<b>22,095</b>	<b>22,705</b>	<b>47,807</b>	<b>13,041</b>	<b>9,987</b>	<b>185,447</b>
Change in the scope of consolidation	28,077	24,381	13,391	5,601	20,415	-	91,865
Investments	2,713	801	1,446	1,727	800	826	8,313
Restatements and other changes	7,873	(114)	12	44	(257)	(7,873)	(315)
Divestitures	(5)	(3,769)	(1,735)	(2,336)	(401)	(764)	(9,010)
<b>as at 31 December 2016</b>	<b>108,470</b>	<b>43,394</b>	<b>35,819</b>	<b>52,843</b>	<b>33,598</b>	<b>2,176</b>	<b>276,300</b>
<b>Accumulated amortisation:</b>							
<b>as at 1 January 2016</b>	<b>(23,477)</b>	<b>(16,139)</b>	<b>(15,953)</b>	<b>(45,833)</b>	<b>(10,373)</b>	-	<b>(111,775)</b>
Change in the scope of consolidation	(9,810)	(16,929)	(10,771)	(4,128)	(16,596)	-	(58,234)
2016 depreciation	(2,088)	(2,000)	(1,376)	(2,843)	(701)	-	(9,008)
Restatements and other changes	1	(25)	55	(13)	(12)	-	6
Reversals	-	2,474	1,516	2,906	401	-	7,297
<b>as at 31 December 2016</b>	<b>(35,374)</b>	<b>(32,619)</b>	<b>(26,529)</b>	<b>(49,911)</b>	<b>(27,281)</b>	-	<b>(171,714)</b>
<b>Net book value:</b>							
<b>as at 1 January 2016</b>	<b>46,335</b>	<b>5,956</b>	<b>6,752</b>	<b>1,974</b>	<b>2,668</b>	<b>9,987</b>	<b>73,672</b>
<b>as at 31 December 2016</b>	<b>73,096</b>	<b>10,775</b>	<b>9,290</b>	<b>2,932</b>	<b>6,317</b>	<b>2,176</b>	<b>104,586</b>

	Land and buildings	Plant and mach.	Ind. and comm. equip.	Other assets	Financial lease assets	Constr. in progress and advance payments	Total
<b>Cost:</b>							
<b>as at 1 January 2017</b>	<b>108,470</b>	<b>43,394</b>	<b>35,819</b>	<b>52,843</b>	<b>33,598</b>	<b>2,176</b>	<b>276,300</b>
Change in the scope of consolidation	5,478	(897)	7,924	2,356	4,130	-	18,991
Investments	47	1,571	4,138	3,341	656	380	10,133
Restatements and other changes	56	324	(165)	85	(148)	(835)	(683)
Foreign exchange differences	(107)	-	(156)	(53)	(80)	-	(396)
Divestitures	(567)	(2,387)	(2,360)	(1,297)	(196)	-	(6,807)
<b>as at 31 December 2017</b>	<b>113,377</b>	<b>42,005</b>	<b>45,200</b>	<b>57,275</b>	<b>37,960</b>	<b>1,721</b>	<b>297,538</b>
<b>Accumulated amortisation:</b>							
<b>as at 1 January 2017</b>	<b>(35,374)</b>	<b>(32,619)</b>	<b>(26,529)</b>	<b>(49,911)</b>	<b>(27,281)</b>	-	<b>(171,714)</b>
Change in the scope of consolidation	(549)	(110)	(4,798)	(1,692)	(1,583)	-	(8,732)
2017 depreciation	(2,549)	(2,515)	(2,329)	(3,017)	(1,623)	-	(12,033)
Restatements and other changes	(81)	(51)	180	(7)	-	-	41
Foreign exchange differences	12	-	114	41	40	-	207
Reversals	301	1,778	2,142	1,094	77	-	5,392
<b>as at 31 December 2017</b>	<b>(38,240)</b>	<b>(33,517)</b>	<b>(31,220)</b>	<b>(53,492)</b>	<b>(30,370)</b>	-	<b>(186,839)</b>
<b>Net book value:</b>							
<b>as at 1 January 2017</b>	<b>73,096</b>	<b>10,775</b>	<b>9,290</b>	<b>2,932</b>	<b>6,317</b>	<b>2,176</b>	<b>104,586</b>
<b>as at 31 December 2017</b>	<b>75,137</b>	<b>8,488</b>	<b>13,980</b>	<b>3,783</b>	<b>7,590</b>	<b>1,721</b>	<b>110,699</b>

The item "change in the scope of consolidation" is mainly attributable to the consolidation of the Halmar Group and Itinera Costrucoes LTDA (net book value equal to EUR 9.6 million) and the deconsolidation of Fiera Parking S.p.A. (net book value equal to EUR 0.6 million).

With regard to the item "land and buildings", there is a mortgage security in favour of Cassa di Risparmio di La Spezia for the building owned by Logistica Tirrenica S.p.A. as guarantee for a loan, whose residual debt as at 31 December 2017 amounts to EUR 0.5 million.

As regards the Halmar Group, mortgages were registered in favour of M&T Bank and TD Bank on land and buildings owned by Halmar International LLC and Adelaide Crystal Holdings LLC to guarantee the loans of which residual debt as at 31 December 2017 amounted to EUR 1.9 million and EUR 0.4 million respectively.

Financial lease assets

As at 31 December 2017, the Group had in place 42 financial leases to acquire plant and machinery, and industrial and commercial equipment. Their net book value as at 31 December 2017 totalled EUR 7.6 million.

Lease payments are based on the value of the asset at the beginning of the contract and the duration of the contract. The lease payments are updated periodically, based on the specific financial parameters of each contract. Guarantees were not issued for the commitments from contracts in place as at 31 December 2017.

## Note 3 – Non-current financial assets

### 3.a – Investments accounted for by the equity method

Changes during the period to investments in businesses accounted for by the "equity method" were as follows:

	31 December 2016	Purchases/ Increases	Sales/ Decreases	Change in the scope	Reclassific ations and other changes	Adjustments to "shareholders' equity"			Foreign exchange differences	31 December 2017
						Profit/(los s)	Dividends	Other (*)		
<b>Equity investments:</b>										
<b>a) in jointly controlled entities</b>										
ATIVA S.p.A.	59,678	-	-	-	-	14,964	(13,401)	(263)	-	60,978
Autostrade Lombarde S.p.A.	26,315	-	-	-	(27,918)	(2,574)	-	4,177	-	-
EcoRodovias Infraestrutura e Logística S.A.	-	36,966	-	-	-	1,358	(851)	(814)	(3,863)	32,796
Federici Stirling Batco LLC	17,513	755	-	-	-	(1,099)	-	-	(1,634)	15,535
Parccheggio Piazza Meda S.r.l.	1,095	-	(1,063)	-	-	246	(360)	82	-	-
Parccheggio Piazza Trento e Trieste S.r.l.	1,726	-	(1,635)	-	-	209	(300)	-	-	-
Parccheggio Piazza Piazza Vittorio S.r.l.	843	-	(765)	-	-	117	(195)	-	-	-
Parccheggio Via Manuzio S.r.l.	-	-	-	-	-	-	-	-	-	-
Primav Infrastruttura S.A.	598,876	54,627	-	-	-	1,405	-	(3,678)	(89,290)	561,940
Tangenziale Esterna S.p.A.	73,224	-	-	-	-	(4,621)	-	1,647	-	70,250
Tangenziali Esterne Milano S.p.A.	73,975	-	-	-	-	(6,368)	-	2,184	-	69,791
Bre.BE.Mi. S.p.A.	-	-	-	-	-	-	-	-	-	-
<b>b) in associated companies</b>										
ASTA S.p.A.	3,847	-	-	-	-	(69)	-	-	-	3,778
ATIVA Immobiliare S.p.A.	453	-	-	-	-	-	-	-	-	453
ATON s.r.l.	51	-	(64)	-	-	113	(100)	-	-	-
Aurea S.c.ar.l.	-	-	-	10	-	-	-	-	-	10
Autostrada Nogare Mare Adriatico S.c.p.a.	33	-	-	-	-	-	-	-	-	33
Baglietto S.p.A.	9,547	-	-	-	-	-	-	-	-	9,547
CIM S.p.A.	6,129	-	-	-	-	-	-	-	-	6,129
CMC Itinera JV S.c.p.a.	-	-	-	49	-	-	-	-	-	49
CONSILFER	3	-	-	-	-	-	-	-	-	3
Consorzio costruttori TEEM	4	-	-	-	-	-	-	-	-	4
Cova S.c.a.r.l.	4	-	-	-	-	-	-	-	-	4
CSI Consorzio Servizi Ingegneria	1	-	-	-	-	-	-	-	-	-
C.T.E. Consorzio tangenziale Engineering	84	-	-	-	-	-	-	-	-	84
D.N.C. S.c.a.r.l.	4	-	-	-	-	-	-	-	-	4
Edilrovaccio 2 S.r.l.	-	-	-	-	-	-	-	-	-	-
Europa S.c.a.r.l.	5	-	-	-	-	-	-	-	-	5
Fondo Valle S.c.ar.l. (in liquidation)	4	-	-	-	-	-	-	-	-	4
Formazza S.c.ar.l.	2	-	-	-	-	-	-	-	-	2
I.Co.M. S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Interconnessione S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Letimbro S.c.ar.l.	49	-	-	-	-	-	-	-	-	49
Lissone S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Malco S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Marchetti S.c.ar.l.	4	-	-	-	-	-	-	-	-	4
Mill Basin Bridge Constructors	-	-	-	7,293	-	221	-	-	-	7,514
Mose Bocca di Chioggia S.c.ar.l.	4	-	-	-	-	-	-	-	-	4
Mose Operae	2	-	-	-	-	-	-	-	-	2
Mose Treporti	2	-	-	-	-	-	-	-	-	2
Nichelino Village S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
OMT S.p.A.	175	-	-	-	-	-	-	-	-	175
Ponte Nord S.p.A.	781	-	-	-	-	-	-	-	-	781
Quires S.r.l.	17	-	-	-	-	-	-	-	-	17
Rivalta Terminal Europa S.p.A.	6,993	-	-	-	-	(1,404)	-	-	-	5,589
Road Link Holdings Ltd	2,700	-	-	-	-	1,264	(1,247)	-	(29)	2,688
SABROM S.p.A.	7,264	-	-	-	-	-	-	-	-	7,264
Serravalle Village S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
SITAF S.p.A.	123,384	-	-	-	-	7,224	-	1,907	-	132,515
SITRASB S.p.A.	11,947	-	-	-	-	-	(479)	-	-	11,468
Tunnel Frejus S.c.ar.l.	25	-	-	-	-	-	-	-	-	25
V.A. Bitumi S.r.l.	393	-	-	-	-	6	-	-	-	399
Vado Intermodal Operator S.c.p.a.	7,186	-	-	-	-	-	-	-	-	7,186
Vetivaria s.r.l	68	-	-	-	-	-	-	-	-	68
<b>Total</b>	<b>1,034,440</b>	<b>92,348</b>	<b>(3,527)</b>	<b>7,352</b>	<b>(27,918)</b>	<b>10,992</b>	<b>(16,933)</b>	<b>5,242</b>	<b>(94,816)</b>	<b>1,007,179</b>

(\*) This regards the pro-rata portion of the fair value adjustments carried out by the investee companies in relation to the IRS agreements and the actuarial components of the Employee Severance Indemnity.

The item "*purchases/increases*" mainly refers to:

- the purchase by the subsidiary IGLI S.p.A. of a total of 16,714,554 preference shares of the Brazilian company Primav Infraestrutura S.A. More specifically, the increase was the result of 11,651,919 preference shares in exchange for the repayment of the principal and interest accrued at 21 February 2017 of the loan paid out to Primav Construcoes e Comercio Ltda for EUR 38.2<sup>1</sup> million and (ii) 5,062,635 shares for a total payment of EUR 16.4<sup>2</sup> million. As a result of this purchase, the subsidiary Igli S.p.A. holds 69.1% of the share capital of Primav Infraestrutura S.A.;
- upon the purchase by the subsidiary IGLI S.p.A of a total of 14,025,000 shares of Ecorodovias Infraestrutura & Logistica S.A. for a total outlay of EUR 37 million (132.1 million Reais).
- the purchase, by the subsidiary Itinera S.p.A. of 49,000 shares in CMC Itinera JV S.c.p.A. for an outlay equal to EUR 49 thousand;
- the increase in share capital, by the subsidiary Itinera S.p.A. with reference to the company Federici Stirling Batco LLC by waiving a part of the loan for a total amount of EUR 0.8 million.

The item "*sales/decreases*" refers to:

- the sale by the subsidiary SIAS Parking S.r.l. of equity investments - equal to 50% of the share capital - in Parcheggio Piazza Meda S.r.l., Parcheggio Via Manuzio S.r.l., Piazza Vittorio S.r.l. and Parcheggio Piazza Trento e Trieste S.r.l..
- the sale, by the subsidiary Euroimpianti S.p.A., of all shares held in ATON S.r.l. (equal to 40% of the share capital).

The item "*change in the scope of consolidation and other changes*" refers to changes arising from consolidation on a "line-by-line" basis of the equity investment in Halmar International LLC as from 5 July 2017.

The item "*reclassifications and other changes*" refers to the reclassification of the equity investment held in Autostrade Lombarde S.p.A. to the item "*Discontinued operations/Non-current assets held for sale*" as a consequence of agreements entered into on 28 July 2017 by SIAS S.p.A. and SATAP S.p.A. with Intesa Sanpaolo S.p.A. in order to separate respective investments in Tangenziali Esterne Milano S.p.A., Tangenziale Esterna S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A..

The item "*adjustments to shareholders' equity*" incorporates the pro-rata share of the profit/loss, the dividend distribution and the adjustments posted with "shareholders' equity" as contra-item, of the investee companies. This latter item includes the difference accrued in the period with regard to the fair value of interest rate swap agreements and the discounting to present value of the Employee Severance Indemnity. As agreements were immediately signed after the end of the first half, the adjustment in the equity investment in Autostrade Lombarde S.p.A. and companies in the parking sector refer only to the first half of 2017.

With reference to the measurement of the investee Baglietto, the agreement signed by ASTM S.p.A. with the Parent Company Argo Finanziaria S.p.A. was taken into account. This agreement offers ASTM S.p.A. the option of transferring its investment in Baglietto S.p.A. to the aforementioned company at the predefined price of EUR 9.5 million.

The item "*exchange differences*" reflects the changes resulting from translation into euro, of the financial statements of the foreign associated company Road Link Holdings Ltd, as well as the exchange differences recognised in the financial statements

<sup>1</sup> Equal to 131 million reais based on the Euro/Reais exchange rate of 3.4329 at 25 April 2017

<sup>2</sup> Equal to 57 million Reais based on the Euro/Reais exchange rate of 3.4329 at 25 April 2017

of the associated/jointly controlled companies Primav Infraestrutura S.A, Ecorodovias Infraestrutura & Logistica S.A. e Federici Stirling Batco LLC.

As at 31 December 2017, 82,161,512 shares of the investee company Tangenziale Esterna S.p.A. were pledged in favour of the lending banks as part of a project financing operation.

As at 31 December 2017, 9,000,000 shares constituted a pledge in favour of the lending banks as part of a project financing transaction relative to the investee Bre.Be.Mi S.p.A..

**The main economic and financial data for the companies accounted for by the "equity method" (Joint ventures and associated companies) is provided below**

The investee companies Tangenziali Esterne di Milano S.p.A., Tangenziale Esterna S.p.A. and Autostrade Lombarde S.p.A.<sup>1</sup> (together with Società di Progetto Autostrada Diretta Brescia Milano S.p.A.) are jointly controlled by the Group and Intesa Sanpaolo S.p.A. based on the agreements signed in 2013 by the subsidiaries SIAS S.p.A. and SATAP S.p.A. and Intesa Sanpaolo S.p.A..

The investee Primav Infraestrutura S.A. and Ecorodovias Infraestrutura & Logistica S.A. <sup>2</sup>are jointly controlled by the ASTM Group and by the CR Almeida Group by virtue of the agreements signed by ASTM S.p.A. and the subsidiary SIAS S.p.A. with CR Almeida.

The ATIVA Group is subject to the joint control of the subsidiary SIAS S.p.A. (41.17%) and Mattioda Pierino & Figli Autostrade S.r.l. (41.17%), by virtue of a shareholders' agreement.

Federici Stirling Batco LLC is subject to joint control through the subsidiary Itinera S.p.A. (34.30%) and BATCO HOLDING S.A.L. - a Lebanese company (35.70%) by virtue of shareholders' agreements. In particular, on 20 October 2015, the subsidiary Itinera S.p.A. signed an agreement with BATCO HOLDING S.A.L. for the acquisition of 34.30% of the shares, representing 49% of the financial interests, of the Omani company FEDERICI STIRLING BATCO LLC with registered office in Muscat, the capital of the Sultanate of Oman, which operates in the construction industry. The remainder of the share capital (30%) is held by a company incorporated in Oman, pursuant to local regulations.

The price agreed for the purchase of the interest was USD 23 million in total, of which USD 20.4 million paid at the closing of the transaction (equal to EUR 18.2 million), plus USD 0.2 million for ancillary charges. The remaining USD 2.6 million was tied to the investee collecting a specific accounting item (claims) within 2 years from the closing date (20 October 2015). After this deadline, without the above item being collected, the commitment undertaken by Itinera S.p.A. ended.

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<sup>1</sup> The equity investment held in Autostrade Lombarde, although still under joint control, was reclassified to the item "Discontinued operations/Non-current assets held for sale".

<sup>2</sup> ASTM S.p.A. and SIAS S.p.A., through IGLI S.p.A., jointly control, with Primav Construções e Comércio S.A., Primav Infraestrutura S.A. into which the following holdings were transferred: (i) 69.10% of the share capital of Ecorodovias, and (ii) 55% of the share capital of VEM. In addition, in 2017, the company Igli S.p.A. purchased 2.51% of the share capital of Ecorodovias Infraestrutura & Logistica S.A.

With regard to the equity-financial situation:

<i>(amounts in thousands of EUR)</i>	Current assets		Non-current assets	Current liabilities		Non-current liabilities	
		<i>of which cash and cash equivalents</i>			<i>of which financial</i>		<i>of which financial</i>
Primav Infrastruttura S.A. <sup>(2) (3)</sup>	546,354	413,537	1,765,087	473,229	313,988	1,533,216	1,419,442
Ecorodovias Infrastruttura & logistica SA <sup>(2) (3)</sup>	538,497	404,737	1,428,771	442,894	289,339	1,333,941	1,220,544
Tangenziale Esterna S.p.A. <sup>(1)</sup>	137,101	93,749	1,362,442	26,517	-	1,136,917	1,136,694
Tangenziali Esterne di Milano S.p.A. <sup>(1)</sup>	209,412	57,042	12,867	34,988	1,979	48,624	-
Gruppo Ativa <sup>(2)</sup>	114,611	2,294	7,654	102,137	41,875	17,440	15,601
Federici Stirling Batco LLC <sup>(2) (3)</sup>	111,392	3,406	2,953	81,933	25,765	38,543	36,795

(1) Data prepared according to the IFRS accounting standards adopted by the Group, by preparing a specific reporting package as at the closing date.

(2) Information included based on the financial statements of companies prepared according to IFRS/IAS

(3) Figures converted using the exchange rate as at 31 December 2017.

With regard to the economic situation:

	Revenues	Profit (loss) for the year	Total other comprehensive income	Dividends received
Primav Infrastruttura S.A. <sup>(3)</sup>	888,073	68,549	68,549	-
Ecorodovias Infrastruttura & logistica SA <sup>(3)</sup>	888,073	114,406	114,406	852
Tangenziale Esterna S.p.A.	57,041	(31,114)	(31,114)	-
Tangenziali Esterne di Milano S.p.A.	160,569	35,471	35,077	-
Gruppo Ativa	52,643	(4,559)	(4,559)	13,401
Federici Stirling Batco LLC <sup>(3)</sup>	888,073	68,549	68,549	-

(1) Data prepared according to the IFRS accounting standards adopted by the Group, by preparing a specific reporting package as at the closing date.

(2) Information included based on the financial statements of companies prepared according to IFRS/IAS

(3) Figures converted using the exchange rate as at 31 December 2017.

Note also that:

- Joint venture agreements do not envisage significant restrictions or limitations on the use of resources of the companies under joint control.
- However, the agreements envisage lock up clauses (blocking the disposal of joint arrangements) and exit mechanisms from the agreements mentioned above.
- In accordance with the project finance agreements signed by Tangenziale Esterna S.p.A. and Società di Progetto Autostrada diretta Brescia Milano S.p.A. (Autostrade Lombarde Group), there are clauses – typical of this type of transaction – to temporarily restrict the distribution of dividends in the initial period and to subordinate any distribution to specific covenants.
- The agreements signed by ASTM and SIAS with CR Almeida provide for a ban on the transfer of Primav Infrastruttura S.A. shares (lock-up), including through indirect transfer, for a period of two years.

Key information regarding the investment in Primav Infraestruturas S.A. is provided below

Company	Main Activity	Acquisition Date	Percentage of voting rights acquired	Percentage acquired	Acquisition Cost
Primav Infraestruturas S.A.	Industrial holding active in motorway licensee company management, urban mobility, ports and logistics	04/05/2016	50%	64.10%	512,378
		25/04/2017	0%	5.00%	54,627

The cost of acquisition was paid in full at the *closing* of the relevant transactions and does not comprise potential future fees.

	<u>04/05/2016</u>	<u>25/04/2017</u>
<u><i>Determination of start-up resulting from acquisition</i></u>		
Consideration paid	512,378	54,627
(-) Book value of the net assets and liabilities acquired - pro rata difference to allocate	<u>(131,119)</u>	<u>(11,825)</u>
	<u>381,259</u>	<u>42,802</u>
<u><i>Allocation to fair value of acquired assets</i></u>		
Concessions – non-compensated revertible assets	503,227	46,954
Equity investments - VEM	16,535	1,543
Deferred taxes	<u>(171,097)</u>	<u>(15,964)</u>
Allocation	348,665	32,532
<b>Goodwill (included in "Primav Infraestruturas S.A. equity investment")</b>	<b>32,594</b> } 381,259	<b>10,270</b> } 42,802

Below follow the main disclosures relating to the investment in Ecorodovias Infraestruturas & Logística S.A.

Company	Main Activity	Acquisition Date	Percentage of voting rights acquired	Percentage acquired	Acquisition Cost
EcoRodovias Infraestruturas e Logística S.A.	Industrial holding active in the management of motorway licensees, ports and logistics	1st half 2017	2.51%	2.51%	36,966

The acquisition cost was fully paid at the closing of the operation and does not include potential future considerations.

<u><i>Determination of start-up resulting from acquisition</i></u>		
Consideration paid		36,966
(-) Book value of the net assets and liabilities acquired - pro rata 2.51% difference to allocate		<u>(2,776)</u>
		<u>34,190</u>
<u><i>Allocation to fair value of acquired assets</i></u>		
Concessions – non-compensated revertible assets		35,402
Deferred taxes		<u>(12,037)</u>
Allocation		23,365
<b>Goodwill (included in "Primav Infraestruturas S.A. equity investment")</b>		<b>10,825</b> } 34,190

**Associated companies**

Below is the financial and income information of associated companies; consortium associated companies have not been included since their inclusion is reflected in the accounts of the consortium companies.

Company	Total assets	Total liabilities	Total revenue	Profit/loss for the year	Financial Statement figures <sup>(1)</sup> as at
ASTA S.p.A.	10,839	4,203	92	(457)	31/12/2016
Aurea S.c.ar.l.	15,192	15,182	11,576	-	31/12/2017
ATIVA Immobiliare S.p.A.	3,247	1,269	630	28	31/12/2016
Baglietto S.p.A.	82,940	77,703	28,722	(4,323)	31/12/2017
C.I.M. S.p.A.	85,178	53,753	6,304	84	31/12/2016
Consorzio costruttori TEEM	37,558	37,548	30,341	-	31/12/2017
C.T.E. Consorzio Tangenziale Engineering	3,155	3,135	2,039	-	31/12/2016
Edilrovaccio 2 S.r.l.	853	1,139	12	(15)	31/12/2016
Mill Basin Bridge Constructors <sup>(2)</sup>	26,860	8,836	63,528	(3,863)	31/12/2017
OMT S.p.A.	8,331	7,753	14,274	(422)	31/12/2016
Ponte Nord S.p.A.	3,721	2,160	23	0	31/12/2017
Quires S.r.l.	2,601	1,477	2,704	249	31/12/2016
Rivalta Terminal Europa S.p.A.	54,859	40,881	3,429	(1,903)	31/12/2016
ROAD LINK Holdings Ltd. <sup>(3)</sup>	-	-	5,500	5,500	31/03/2017
S.I.T.A.F. S.p.A.	1,655,106	1,360,254	154,388	25,223	31/12/2016
SITRASB S.p.A.	47,647	14,922	11,605	2,108	31/12/2016
Società Autostrada Broni-Mortara S.p.A.	46,344	19,245	578	(30)	31/12/2016
V.A. Bitumi S.r.l.	1,020	259	1,002	12	31/12/2016
VETIVARIA s.r.l.	595	423	752	2	31/12/2016

(1) Financial statements prepared in compliance with national accounting standards/OIC

(2) Figures converted into USD using the exchange rate at 29 December 2017

(3) In thousands of GBP

**3.b – Unconsolidated investments – available for sale**

Changes to investments in "other businesses" during the period were as follows:

	31 December 2016			Changes during the period						31 December 2017		
	Original value	Adj. to "fair value"	Total	Purchases/ Increases	Sales/ Decreases	Change area	Restatements and other changes	Fair value to fair value		Original value	Adj. to "fair value"	Total
								Sharehol. d. Eq.	Inc. stat.			
<b>Equity investments:</b>												
Abertis Infraestructura	56	104	160	-	-	-	-	63	-	56	167	223
AEDES S.p.A.	6,538	-	6,538	-	-	-	-	1,389	-	9,165	(1,238)	7,927
Alerion Clean Power S.p.A.	-	-	-	-	-	-	-	-	-	-	-	-
Assicurazioni Generali S.p.A.	6,397	1,372	7,769	-	-	-	-	594	-	6,397	1,966	8,363
Banca CA.RI.GE. S.p.A.	1,356	(178)	1,178	-	(637)	-	-	177	(690)	29	(1)	28
Banco Popolare	301	(51)	250	-	-	-	-	36	-	301	(15)	286
FNM S.p.A.	2,700	5,351	8,051	-	(2,700)	-	-	(5,351)	-	-	-	-
Industria e Innovazione S.p.A.	84	(15)	69	-	-	-	-	(1)	-	84	(16)	68
Impregilo S.p.A. - savings shares	7,621	171	7,792	-	(1,249)	-	-	(569)	559	6,931	(398)	6,533
Mediobanca S.p.A.	4,205	3,128	7,333	-	(470)	-	-	1,083	-	3,735	4,211	7,946
<b>Total Level 1</b>	<b>29,258</b>	<b>9,882</b>	<b>39,140</b>	<b>-</b>	<b>(5,056)</b>	<b>-</b>	<b>-</b>	<b>(2,579)</b>	<b>(131)</b>	<b>26,698</b>	<b>4,676</b>	<b>31,374</b>
ABESCA EUROPA S.r.l.	124	-	124	76	-	-	-	-	(42)	158	-	158
Aeroporto Pavia Rivanazzano s.r.l.	-	-	-	-	-	-	-	-	-	-	-	-
Agenzia di Pollenzo S.p.A.	1,424	-	1,424	-	-	-	-	-	-	1,424	-	1,424
Argentea Gestioni S.C.p.A.	17	-	17	-	-	-	-	-	-	17	-	17
Assoservizi Industria s.r.l.	1	-	1	-	-	-	-	-	-	1	-	1
ASTA S.p.A.	-	-	-	-	-	-	-	-	-	-	-	-
Autostrade Centro Padane S.p.A.	9,328	-	9,328	-	-	-	-	-	-	9,328	-	9,328
Banca Alpi Marittime Credito cooperativo CARRU'	20	-	20	-	(20)	-	-	-	-	-	-	-
CE.P.I.M. S.p.A.	14	-	14	-	-	-	-	-	-	14	-	14
CES.I.F.S.c.p.A.	49	-	49	-	(49)	-	-	-	-	-	-	-
Codelfa S.p.A.	6,218	-	6,218	-	-	-	-	-	-	6,218	-	6,218
Compagnia Aerea Italiana S.p.A.	-	-	-	202	-	-	(202)	-	-	-	-	-
Società Confederazione Autostrade S.p.A.	420	-	420	-	-	-	-	-	(2)	418	-	418
Consorzio Autostrade Energia	16	-	16	-	-	-	-	-	-	16	-	16
Cons. Costr. Veneti San Marco	15	-	15	-	-	-	-	-	-	15	-	15
Cons. Pedemontana 2 S.c.p.A.	1	-	1	-	(1)	-	-	-	-	-	-	-
CRS Centro Ricerche Stradali S.p.A.	3	-	3	-	-	-	-	-	-	3	-	3
CSI Consorzio Servizi Ingegneria	1	-	1	-	-	-	-	-	-	1	-	1
DAITA S.c.ar.l.	8	-	8	-	-	-	-	-	-	8	-	8
Eurolink S.c.p.A.	3,000	-	3,000	-	-	-	-	-	-	3,000	-	3,000
Fiumicino Pista 3 s.c.ar.l.	2	-	2	-	(2)	-	-	-	-	-	-	-
Interporto Rivalta Scrivia S.p.A.	576	-	576	-	-	-	-	-	-	576	-	576
Interporto Toscano A. Vespucci S.p.A.	77	-	77	-	-	-	-	-	-	77	-	77
Milano Serravalle-Milano Tangenziali S.p.A.	65,873	198	66,071	-	-	-	-	-	-	65,873	198	66,071
Milano Depur S.p.A.	1	-	1	-	-	-	-	-	-	1	-	1
MN 6 S.c.ar.l.	1	-	1	-	-	-	-	-	-	1	-	1
iOne Solutions S.r.l.	2	-	2	-	-	-	-	-	-	2	-	2
Passante Dorico S.p.A.	2,640	-	2,640	-	-	-	-	-	(17)	2,623	-	2,623
Partecipazioni Costruzioni S.p.A.	-	-	-	-	-	-	-	-	-	-	-	-
Pedemontana S.c.p.A.	8,800	-	8,800	-	(8,250)	-	-	-	-	550	-	550
Società per Autostrada Tirrenica S.p.A.	-	-	-	-	-	-	-	-	-	-	-	-
P.S.T. S.p.A.	166	-	166	-	-	-	-	-	-	166	-	166
Siteco BG ODD	10	-	10	-	-	-	-	-	-	10	-	10
SO.GE.A.P. S.p.A.	242	-	242	-	-	-	-	-	(53)	189	-	189
SPEDIA S.p.A.	432	-	432	-	-	-	-	-	(56)	376	-	376
Taranto logistica S.p.A.	-	-	-	-	-	-	-	-	-	-	-	-
Terminal Container Civitavecchia S.c.ar.l.	4	-	4	-	(4)	-	-	-	-	-	-	-
TRA.DE.CIV Consorzio tratta Determinate Città Vitale	-	-	-	-	-	-	-	-	-	-	-	-
Tubosider S.p.A.	1,736	-	1,736	-	-	-	-	-	(892)	844	-	844
Tunnel Gest S.p.A.	426	-	426	-	-	-	-	-	-	426	-	426
Uirnet	10	-	10	-	-	-	-	-	-	10	-	10
<b>Total Level 3</b>	<b>101,657</b>	<b>198</b>	<b>101,855</b>	<b>278</b>	<b>(8,326)</b>	<b>-</b>	<b>(202)</b>	<b>-</b>	<b>(1,062)</b>	<b>92,345</b>	<b>198</b>	<b>92,543</b>
<b>Total</b>	<b>130,915</b>	<b>10,080</b>	<b>140,995</b>	<b>278</b>	<b>(13,382)</b>	<b>-</b>	<b>(202)</b>	<b>(2,579)</b>	<b>(1,193)</b>	<b>119,043</b>	<b>4,874</b>	<b>123,917</b>

**Fair value measurement hierarchy**

**Level 1:** fair value calculated on the basis of the security listing on active markets.

**Level 2:** (not present) fair value determined based on different inputs other than the listing prices described for Level 1, which can be directly (price) or indirectly (price derivatives) observed on the market.

**Level 3:** fair value, not based on observable market data, determined based on the price reflected in recent appraisals or transactions, cost, shareholders' equity, models/financial plans.

The main changes during 2017 refer to:

- the sale of 16,290,308 shares of FNM S.p.A. for a total amount of EUR 8.9 million;
- the transfer of 107,247 savings shares of Impregilo S.p.A. for a total amount of EUR 0.6 million, realising a capital gain of EUR 55 thousand;
- the transfer of 105,750 shares of Mediobanca S.p.A. for a total amount of EUR 865 million, realising a capital gain of EUR 0.4 million;
- the sale of pre-emption rights relative to the share capital increase in the investee Banca Ca.Ri.Ge. S.p.A., as well as the fair value adjustment of the investments held by Finanziaria di Partecipazioni e Investimenti S.p.A. in Banca Ca.Ri.Ge. S.p.A. and by Igli S.p.A. in Impregilo S.p.A. savings shares (based on market prices) with a contra-entry in the "income statement" (resulting in the "reversal" of the "fair value" adjustment made in previous periods);
- the subscription of 19,305,278 new shares of Compagnia Aerea Italiana S.p.A. by the subsidiary Finanziaria di Partecipazioni e Investimenti S.p.A., as part of the commitments undertaken in the investment project between Compagnia Aerea Italiana S.p.A. and Etihad Airways P.J.S.C., for a total amount of EUR 0.2 million; and the value being reset by using the specific provision allocated in previous years;
- the fair value adjustment of equity investments (based on market prices), with a contra-entry in "shareholders' equity".

As at 31 December 2017, the value of "available for sale" investments included a total positive amount (Group and minority interests) of approximately EUR 4.9 million (EUR 10 million as at 31 December 2016) which related to the fair value adjustment of the investments.

As at 31 December 2017, the Tunnel Gest S.p.A. shares held by Sinelec S.p.A. constituted a pledge in favour of the lending banks.

3.c – Receivables

These consist of:

	31 December 2017	31 December 2016
<b>Loans:</b>		
• Loans to investee companies	76,952	127,124
<b>Receivables:</b>		
• financial receivables due from the Granting Body for "minimum guaranteed amounts"	2,335	49,787
• from INA	9,277	9,028
• as collateral on fidejussory policies	20,512	20,000
• from suppliers as security deposits	1,089	981
• from others	1,579	1,382
<b>Total</b>	<b>111,744</b>	<b>208,302</b>

"Loans to investees" mainly refer to loans granted by SIAS S.p.A. to Tangenziale Esterna S.p.A. (EUR 64 million), by SATAP and ASTM S.p.A. to Edilrovaccio 2 S.r.l. (EUR 0.3 million) and by Itinera S.p.A. to Federici Stirling Batco LLC (EUR 5.9 million), to Tunnel Frejus S.c.a.r.l. (EUR 3 million) and to Nichelino Village S.c.a.r.l. (EUR 1 million).

During the year, loans granted by Sias Parking S.r.l. to the companies Parcheggio Via Manuzio S.r.l. (EUR 0.6 million) and Parcheggio Piazza Meda S.r.l. (EUR 2.3 million) for a total of EUR 2.9 million were repaid in full. Moreover, the loan granted by SATAP S.p.A. to Autostrade Lombarde S.p.A. (EUR 17 million) was reclassified under the item "Discontinued operations/Non-current assets held for sale" as a result of agreements entered into between SIAS S.p.A. and SATAP S.p.A. with Intesa Sanpaolo S.p.A..

In accordance with IFRIC 12, the item "*financial receivables due from the Granting Body for minimum guaranteed amounts*" represents the present value of the medium-long term portion of the minimum cash flows guaranteed by the Granting Body to Euroimpianti Electronic S.p.A. (EUR 2.4 million). The change in the item is attributable to the sale of Fiera Parking S.p.A..

"Receivables from INA" represent the provisions during previous periods to the employee severance indemnity of motorway licensees.

The item "*receivables as collateral on fidejussory policies*" represents the value of the pledge issued against fidejussory policies by the Insurance Institutes on behalf of Autostrada Asti-Cuneo S.p.A., with regard to the bidding competition for the Asti-Cuneo concession.

3.d – Other

These consist of:

	31 December 2017	31 December 2016
• Insurance policies	242,314	216,126
• Takeover	111,260	-
• Other financial assets	11,425	10,872
<b>Total</b>	<b>364,999</b>	<b>226,998</b>

The item "*insurance policies*" mainly refers to capitalisation policies with single premium and guaranteed capital, of which the capital appreciates according to the higher of the minimum guaranteed return (where provided for by the contract) and the return of the separate management of the underlying fund to which the policy refers. In particular, the amount refers to the capitalisation policies, entered into by the subsidiary Salt p.A., with Credit Agricole Vita, Reale Mutua Assicurazioni, Allianz, Credit Agricole Vita, Compagnia Italia di previdenza, UnipolSai Assicurazioni and Cardiff. The change in the year is mainly

attributable to (i) repayments/redemptions of insurance policies by the parent company (EUR -29.3 million), (ii) new policies taken out by SALT p.A. (EUR +50 million) and (iii) relative interest income (EUR +5.2 million).

Said amount includes the interests accrued and not yet collected as at the reporting date.

These agreements represent a temporary investment of excess liquidity and expire beyond next year. However, there is the option of turning the investment into cash in the short term.

The item "*takeover*" mainly refers to the following: (i) EUR 107.9 million for the value of works as at 30 June 2017 subject to the takeover relative to the A21 "Torino – Piacenza" stretch, of which the concession expired on 30 June 2017, (ii) EUR 3.4 million for a receivable accrued for investments in the A21 "Torino –Piacenza" stretch after this date.

The item "*other financial assets*" includes the units of the investment fund Pharus Sicav (former Atlante Europe Absolute Fund), subscribed in previous years by the Parent Company to invest cash for a total of EUR 10 million. This investment, classified under assets available for sale, is stated at fair value; the fair value adjustment in the period resulted in a revaluation equal to EUR 0.6 million.

#### **Note 4 – Deferred tax credits**

This item totalled EUR 151,079 thousand (EUR 156,981 thousand as at 31 December 2016). For a breakdown of this item, see Note 38 – Income taxes.

## Note 5 – Inventories

These consist of:

	31 December 2017	31 December 2016
Raw materials, ancillary materials and consumables	16,893	18,165
Work in progress and semi-finished goods	7,017	1,535
Contract work in progress	128,673	95,311
Finished products and goods	3,060	1,562
Advance payments	691	495
<b>Total</b>	<b>156,334</b>	<b>117,068</b>

Contract work in progress breaks down as follows:

	31 December 2017	31 December 2016
Gross value of the orders	2,093,512	1,485,341
Advance payments on work progress	(1,907,776)	(1,345,175)
Advance payments on reserves and price changes	(44,184)	(34,314)
Provisions to guarantee work in progress	(12,879)	(10,541)
<b>Net value</b>	<b>128,673</b>	<b>95,311</b>

The increase in the item "*inventories*" is mainly attributable to (i) the consolidation of the Halmar Group and (ii) higher production levels in the constructions sector.

As at 31 December 2017, the item "*contract work in progress*" included reserves (claims) totalling a net amount of EUR 47.5 million. This amount, that has been reliably calculated and confirmed by technical-accounting reports and external consultants, represents the "probable amount" that will be accepted by the customer.

## Note 6 – Trade receivables

Trade receivables totalled EUR 208,267 thousand (EUR 193,065 thousand as at 31 December 2016), net of provisions for bad debts of EUR 7,523 thousand.

The increase reflects the effects of the change in the scope of consolidation.

## Note 7 – Current tax credits

This item totalled EUR 29,340 thousand (EUR 28,036 thousand as at 31 December 2016) and refers to receivables for VAT, regional production tax, corporate income tax and other tax credits. The change in the item is mainly attributable to higher amounts of VAT receivables.

## Note 8 – Other receivables

This item breaks down as follows:

	31 December 2017	31 December 2016
advances to suppliers	3,992	6,387
from jointly controlled entities and associated companies	18,993	15,719
from Parent Companies	23	1,142
from subsidiaries of Parent Companies	611	632
from others	23,794	16,492
prepaid expenses	7,972	6,674
<b>Total</b>	<b>55,385</b>	<b>47,046</b>

The "Receivables from jointly controlled and associated companies" mainly refer to receivables held by Autostrada dei Fiori S.p.A. vis à vis Rivalta Terminal Europa S.p.A. (EUR 13.8 million) and vis à vis VIO S.p.A. (EUR 1.4 million), as well as to receivables held by SIAS S.p.A. vis-à-vis Road Link Holding LTD (EUR 0.6 million) and the consolidation of Halmar (EUR 2.5 million).

The item "receivables due from parent companies" as at 31 December 2016 mainly referred to receivables due to the subsidiary Itinera S.p.A from Aurelia S.p.A. (for EUR 1,119 thousand).

The change in the item "receivables due from others" is mainly attributable to the change in the scope of consolidation of the company Halmar International LLC and its subsidiaries (EUR 10.7 million).

## Note 9 – Assets held for trading

This item equal to EUR 5,915 thousand (EUR 11,660 thousand as at 31 December 2016), changed due to (i) the divestment of BNP Paribas - Brasil - of a Brazilian bank certificate of deposit (CDB) for a total of 40 million Reais undertaken by the subsidiary IGLI S.p.A., as liquidity investment (EUR 10 million and EUR 1.7 million for adjustment to the EUR/BRL exchange rate as at 31 December 2016) and (ii) the increase of EUR 5.9 million following Brazilian bank certificates of deposit being taken out on 18 October 2017 and 20 December 2017 for a total of 20 million and 3.5 million Brazilian Reais respectively; the measurement at the exchange rate as at 31 December 2017 led to the recognition of an exchange loss equal to approximately EUR 0.4 million.

## Note 10 – Financial receivables

These consist of:

	31 December 2017	31 December 2016
From connected companies	224,993	206,589
Receivables from ANAS for capital grants	5,940	5,940
Pledged current accounts and other financial receivables	12,710	19,149
Financial receivables for "minimum guaranteed amounts"	45	4,044
<b>Total</b>	<b>243,688</b>	<b>235,722</b>

The item "receivables from connected companies" refers to receivables from connected companies not belonging to the Group for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period.

The item "receivables from ANAS for capital grants" refers to receivables from ANAS related to the assessment of grants due for the works carried out by SATAP S.p.A. for the realisation of the motorway access facilities for the "New Milano Rho-Però fair

centre" and the "Bernate-Ticino Bypass".

The "*Pledged current accounts*", equal to EUR 11.4 million (EUR 15.2 million as at 31 December 2016), refer to the "reserve accounts" servicing the debt in relation to some loans entered into by the subsidiaries SAV S.p.A. and Autostrada dei Fiori - Tronco A6 S.p.A..

The item "*other financial receivables*" as at 31 December 2016 included interest income accrued on the loan granted by the subsidiary IGLI S.p.A. to Primav Construcões e Comércio S.A. (EUR 2.7 million, net of the provision for bad debts equal to EUR 2.2 thousand) and on deposit certificates (EUR 0.8 million) collected during 2017.

The change in the item "*financial receivables due from the Granting Body for minimum guaranteed amounts*" is attributable to the sale of Fiera Parking S.p.A. during the year.

## Note 11 – Cash and cash equivalents

These consist of:

	31 December 2017	31 December 2016
Bank and postal deposits	540,916	863,121
Cheques	30	12
Cash and cash equivalents on hand	13,990	14,052
<b>Total</b>	<b>554,936</b>	<b>877,185</b>

The change in the item "*cash and cash equivalents*" is mainly attributable to the repayment of the SIAS 2005-2017 convertible bond loan by the subsidiary SIAS S.p.A., the purchase of the equity investments in Primav Infrastruttura S.A. and Ecorodovias Infrastruttura e Logistica S.A. and the purchase of the Halmar International S.p.A. Group by the subsidiary Itinera S.p.A..

For detailed analysis of changes in this item, reference is made to the statement of cash flows, and to the management report as regards the composition of and changes in net financial indebtedness.

## Note 12 - Discontinued operations/Non-current assets held for sale

Following agreements entered into on 28 July 2017 by SIAS S.p.A. and SATAP S.p.A. with Intesa Sanpaolo S.p.A. in order to separate respective investments in Tangenziali Esterne Milano S.p.A., Tangenziale Esterna S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A., the equity investment in Autostrade Lombarde S.p.A. (EUR 27.9 million), although still under joint control, and the receivable for loans (EUR 19 million) were reclassified, pursuant to IFRS 5, to the item "Discontinued operations/Non-current assets held for sale" for a total value equal to EUR 46.9 million.

## Note 13 – Shareholders' equity

### 13.1 – Share capital

As at 31 December 2017, the share capital consisted of 98,998,600 ordinary shares at a nominal value of EUR 0.50 each, for a total value of EUR 49,499 thousand, entirely subscribed and paid in.

The share capital includes an amount of EUR 11.8 million consisting of revaluation reserves pursuant to Italian Law 72/83. In case of distribution, these reserves will represent the Company's income, pursuant to current tax regulations.

Pursuant to IAS 1, the value of treasury shares is posted as an adjustment to the share capital. as at 31 December 2017 amounts (including shares of the parent company held in subsidiaries<sup>(\*)</sup>) were unchanged compared to the previous year, as shown in the table below:

	No. of shares	Nominal value (in EUR)	% on the share capital	Average unit value (in EUR)	Total countervalue (thousands of EUR)
<b>31 December 2016</b>	<b>6,556,207</b>	<b>3,278,104</b>	<b>6.623%</b>	<b>10.84</b>	<b>71,091</b>
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
<b>31 December 2017</b>	<b>6,556,207</b>	<b>3,278,104</b>	<b>6.623%</b>	<b>10.84</b>	<b>71,091</b>

(\*) The subsidiary Albenga Garessio Ceva S.p.A. holds 58,879 shares.

With regard to the above-mentioned aspects, the share capital as at 31 December 2017 is as follows (amounts in thousands of EUR):

<b>Nominal Value of Share Capital</b>	49,499
Nominal value of treasury shares held	(3,249)
Nominal value of treasury shares held by subsidiaries	(29)
<b>Nominal Value of adjusted Share Capital</b>	<b>46,221</b>

### 13.2 – Reserves

#### 13.2.1 – Share premium reserve

This item totalled EUR 147,361 thousand (EUR 147,361 thousand as at 31 December 2016).

#### 13.2.2 – Revaluation reserves

This item totalled EUR 9,325 thousand (EUR 9,325 thousand as at 31 December 2016).

In the event of distribution, the revaluation reserves will constitute income for the Parent Company and the Shareholders.

#### 13.2.3 – Legal reserve

This item totalled EUR 10,538 thousand, unchanged compared to 31 December 2016 since it is higher than the limit set out in art. 2430 of the Italian Civil Code.

#### 13.2.4 – Reserve for the purchase of treasury shares

This "unavailable" reserve was created to purchase treasury shares, in execution of Shareholders' Meetings resolutions. It totalled EUR 70,240 thousand (EUR 70,240 thousand as at 31 December 2016). this reserve was established through a reclassification from the item "Retained earnings".

13.2.5 – Purchased treasury shares

This item represents the contra-item paid to purchase treasury shares. As illustrated in the "Valuation criteria", this amount, totalling EUR 66,991 thousand, adjusts the shareholders' equity reserves (net of the nominal value of treasury shares, amounting to EUR 3,249 thousand, which is deducted directly from the "share capital").

13.2.6 – Reserves for fair value revaluation

This item was established and moves as a contra entry of the financial assets classified as "available for sale". As at 31 December 2017, it totalled EUR 5,347 thousand, net of the related deferred tax effect (EUR 6,307 thousand as at 31 December 2016). For changes in this item, please see note 3.b above, "Unconsolidated investments - available for sale" and "Other financial assets".

13.2.7 – Reserve for cash flow hedge

This item was established and moved as a direct contra-entry to the fair value measurement of interest rate swap agreements and of the effect of foreign exchange hedge derivatives. As at 31 December 2017, this item showed a negative balance of EUR 13,262 thousand, net of the related deferred tax effect (negative balance of EUR 33,850 thousand as at 31 December 2016). This amount also reflects the pro-rata share of amounts related to companies consolidated using the "equity method", for which reference is made to the comments in Note 3 "Unconsolidated investments available for sale" and "Other non-current financial assets". More specifically, the change in the period, amounting to EUR 20,588 thousand, is detailed below:

(amounts in thousands of EUR)

Adjustment to IRS (Companies consolidated with the "line-by-line method")	32,379
Tax effect on IRS adjustment (Companies consolidated with the "line-by-line method")	(7,774)
Adjustment to IRS (companies consolidated with the "equity method")	10,466
Foreign exchange hedge	(2,053)
Tax effect of foreign exchange hedge	-
Total	<u>33,018</u>
Of which:	
Portion assigned to minority interests	12,430
<b>Share attributable to the Parent Company's Shareholders</b>	<b><u>20,588</u></b>
Total	<u>33,018</u>

13.2.8 – Foreign exchange difference reserve

This item amounted to EUR 3,479 thousand (EUR 86,372 thousand as at 31 December 2016) and includes the foreign exchange differences related to the jointly controlled investee Primav Infraestructura S.A. and to the associated companies Road Link Holdings Ltd and Itinera S.p.A.. More specifically, the change in the period, amounting to EUR 82,893 thousand, is detailed below:

(amounts in thousands of EUR)

Foreign exchange adjustment effect Primav Infraestructura S.A.	(92,035)
Foreign exchange adjustment effect (other companies accounted for by the line-by-line method)	(4,980)
Total	<u>(97,015)</u>
Of which:	
Portion assigned to minority interests	(14,122)
<b>Share attributable to the Parent Company's Shareholders</b>	<b><u>(82,893)</u></b>
Total	<u>(97,015)</u>

13.2.9 – Reserve for discounting Employee Severance Indemnity

This reserve – which is negative for an amount of EUR 1,390 thousand (negative balance of EUR 1,502 thousand as at 31 December 2016) – includes the actuarial differences arising from the remeasurement of liabilities relating to "Employee benefits (Employee Severance Indemnity)".

13.2.10 – Retained earnings

This item totals EUR 1,518,086 thousand (EUR 1,467,173 thousand as at 31 December 2016). It includes the prior-year profits/losses of consolidated companies and also includes amounts related to the differences in accounting treatment that arose on the date of transition to IFRS (1 January 2004), which can be traced to the adjustments made to the financial statements that were prepared up to that date in compliance with national accounting standards.

The increase in this item – amounting to EUR 50.9 million – was due to (i) the allocation of the pro-rata share of net profit for 2016 of EUR 53.9 million; (ii) *goodwill/badwill* from the acquisition of minorities and other changes (EUR 3 million).

13.3 – Profit (loss) for the period

This item includes the profits/losses for the period. It totalled EUR 149,928 thousand (EUR 95,527 thousand in 2016).

13.4 Reserves attributed to minority interests

As at 31 December 2017, this item amounted to EUR 1,006,954 thousand (EUR 925,323 thousand as at 31 December 2016) and mainly relates to the subsidiaries SIAS S.p.A., SALT p.A., Autostrada dei Fiori S.p.A., Autostrada Asti-Cuneo S.p.A., SAV S.p.A., Halmar International LLC (through the Itinera Group) and Igli S.p.A..

The change in the period (equal to EUR 81.6 million) is due to: (i) the distribution of dividends and advances for a total amount of EUR 38.6 million, and (ii) the acquisition of minorities and other changes for EUR 1.8 million, (iii) the pro-rata share of the "reserve for exchange differences" for EUR 14.4 million, and (iv) the change in the *reserve for revaluation to fair value* for EUR 1.3 million offset by (v) profit for the period of EUR 113.5 million (vi) the change in the scope of consolidation for EUR 11.5 million (vii) the pro-rata "cash flow hedge reserve" for 12.7 million.

Details of the "Reserves attributed to minority interests" are provided below, with an indication of any minority interests considered significant:

<i>(amounts in millions of EUR)</i>	% assigned to minority interests	Capital and Reserves	Profit/(loss)	Total
SIAS Group	36.60%	861.7	110.7	972.3
Igli S.p.A.	14.60%	5.4	0.8	6.2
Itinera Group	13.00%	26.2	2.1	28.3
Other companies		0.2		0.2
<b>Total</b>		<b>893.4</b>	<b>113.6</b>	<b>1007.0</b>

The aforementioned investments were considered significant on the basis of quantitative parameters (impact of the related minority interests' share on minority shareholders' equity as at the reporting date) and qualitative parameters (their business activities – motorway management concessions).

As more extensively illustrated in the Management Report, (to which reference should be made), the main economic-financial figures of the subsidiaries with significant minority interests are summarised below.

<i>(amounts in thousands of EUR)</i>	Autostrada				Autostrada	IGLI S.p.A.	Gruppo Itinera
	SIAS S.p.A. <sup>(3)</sup>	dei Fiori S.p.A.	SAV S.p.A.	SALT S.p.A.	Asti-Cuneo S.p.A.		
Net toll revenue <sup>(1)</sup>	-	224,418	68,732	285,619	18,940	-	-
Other motorway sector revenue <sup>(2)</sup>	-	5,973	829	11,096	(12)	-	-
Construction sector revenue	-	-	-	-	-	-	388,203
Other revenue	6,154	8,641	7,333	9,725	1,041	90	11,994
<b>Turnover (A)</b>	<b>6,154</b>	<b>239,032</b>	<b>76,864</b>	<b>306,440</b>	<b>19,969</b>	<b>90</b>	<b>400,197</b>
Operating costs <sup>(1)(2)</sup> (B)	(14,629)	(105,801)	(28,398)	(117,385)	(17,554)	(2,195)	(380,639)
<b>Gross operating margin<sup>(3)</sup> (A - B)</b>	<b>(8,475)</b>	<b>133,231</b>	<b>48,496</b>	<b>189,055</b>	<b>2,415</b>	<b>(2,105)</b>	<b>19,558</b>

<sup>(1)</sup> amounts net of the fee/additional fee payable to ANAS

<sup>(2)</sup> amounts net of revenue and costs for construction activities of non-compensated revertible assets

<sup>(3)</sup> the gross operating margin reflects the industrial holding's activities performed by the subsidiary SIAS S.p.A. and Igli S.p.A.

<i>(amounts in thousands of EUR)</i>	SIAS	Autostrada	SAV	SALT	Autostrada	IGLI S.p.A.	Gruppo Itinera
	S.p.A.	dei Fiori S.p.A.			Asti-Cuneo S.p.A.		
A) Cash	5,823	71,317	16,486	128,942	1,936	6,192	88,836
B) Financial receivables	77,370	105,645	15,526	299,861	4,995	192	1,801
C) Short-term borrowings	(405,543)	(30,862)	(12,223)	(33,145)	(73,432)	(46,500)	(55,186)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>(322,350)</b>	<b>146,100</b>	<b>19,789</b>	<b>395,658</b>	<b>(66,501)</b>	<b>(40,116)</b>	<b>35,451</b>
E) Long-term borrowings	(1,377,358)	(204,241)	(57,497)	(598,695)	(149,888)	-	(56,240)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(1,699,708)</b>	<b>(58,141)</b>	<b>(37,708)</b>	<b>(203,037)</b>	<b>(216,389)</b>	<b>(40,116)</b>	<b>(20,789)</b>
G) Discounted value of the payable due to ANAS – Central Insurance Fund	-	-	(87,683)	(48,590)	-	-	-
<b>H) "Adjusted" net financial indebtedness (F) + (G) + (H)</b>	<b>(1,699,708)</b>	<b>(58,141)</b>	<b>(125,391)</b>	<b>(251,627)</b>	<b>(216,389)</b>	<b>(40,116)</b>	<b>(20,789)</b>

With reference to the provisions of paragraphs 12 and 13 of IFRS 12 and taking into account the fact that the concession assets are governed by specific contractual arrangements with the Granting Body (as indicated in the paragraph "Concessions" in the explanatory notes) there are no significant restrictions or limitations to report on the use of certain assets or the settlement of liabilities.

The articles of association of a number of the motorway licensees envisage qualifying majority approval for extraordinary transactions (transformation, merger, share capital increases, etc.).

**Note 14 – Provisions for risks and charges and Employee benefits**

	31 December 2017	31 December 2016
Provision for restoration	149,227	159,175
Tax reserve	50	12,729
Other provisions	22,604	17,041
Employee benefits	39,950	43,465
<b>Total provisions for risks and charges and employee benefits</b>	<b>211,831</b>	<b>232,410</b>

14.1 – Provisions for risks and charges

The following table shows the changes in provisions for risks and charges compared to the values at the end of the previous financial year.

	Provision for restoration	Tax reserve	Other provisions	Total
<b>1 January 2017</b>	<b>159,175</b>	<b>12,729</b>	<b>17,041</b>	<b>188,945</b>
Change in the scope of consolidation			69	69
Provisions	110,996		11,389	122,385
Drawdowns	(120,944)	(12,679)	(5,820)	(139,443)
Foreign exchange differences			(17)	(17)
Reclassifications and other changes			(59)	(59)
<b>31 December 2017</b>	<b>149,227</b>	<b>50</b>	<b>22,604</b>	<b>171,881</b>

A brief description of the types of obligations associated with the provisions is provided below.

Provision for restoration, replacement and maintenance of non-compensated revertible assets.

The provisions for renewal for FY 2017 totalled EUR 110,996 thousand, while drawdown amounted to EUR 120,944 thousand and represented all maintenance operations.

Tax reserve

As at 31 December 2017, this item totalled EUR 50 thousand (EUR 12,729 thousand as at 31 December 2016); This provision was made in previous years for the possible failure to exercise the conversion right relative to "SIAS 2005-2017 convertible bonds".

Pursuant to article 5(4) of the Italian Decree dated 8 June 2011, in the case of failed exercise (whether in full or in part) of the right to conversion by the bond holders, the (corresponding) equity component is subject to taxation if it has given to rise to greater interest expense deducted by the issuer over the length of the conversion loan.

Following repayment of the convertible bond loan - on 30 June 2017 - the above provision was used which, also considering other income components realised by the Company, was in excess by approximately EUR 1.2 million (of which EUR 797 thousand attributable to corporate income tax and EUR 251 thousand attributable to regional production tax). This excess is recognised in the item Current taxes for the year.

Other provisions

This item equal to EUR 22,604 thousand (EUR 17,041 thousand as at 31 December 2016) changed mainly due to (i) provisions for the period equal to EUR 11.4 million and (ii) use for EUR 5.8 million. This item mainly refers to the following:

- EUR 4.6 million set aside for possible risks and charges borne by Società Autostrada Ligure Toscana p.A.; these risks

- mainly refer to the charges for work on behalf of ANAS on the Ghiare di Berceto-Bivio di Bertorella section;
- EUR 0.1 million set aside by SATAP S.p.A. for lawsuit expenses;
  - EUR 0.3 million set aside by Albenga Garessio Ceva S.p.A. for lawsuit expenses;
  - EUR 0.2 million euro set aside by the subsidiary Euroimpianti Electronic S.p.A. for the corporate restructuring plan implemented;
  - EUR 1.3 million set aside by the subsidiary Autostrada dei Fiori S.p.A. in view of pending litigation (EUR 0.8 million) and risks for work performed (EUR 0.5 million);
  - EUR 2.1 million for expenses to be incurred as part of the optimization and rationalisation of human resources carried out under trade union agreements signed in the period by the subsidiaries Autostrada dei Fiori S.p.A., Autostrada Asti Cuneo S.p.A., Società Autostrada Ligure Toscana p.A. e SATAP S.p.A. (the item allocated is included in the payroll expenses);
  - EUR 5.1 million from Itinera for (i) the company reorganisation plan (EUR 0.3 million), (ii) provisions for risks on investees (EUR 1.6 million), (iii) provisions for the adjustment of prices of materials (EUR 0.9 million) and (iv) provisions and charges allocated for risks related to legal disputes (EUR 2.3 million).
  - EUR 0.9 million refers to the provision for risks for investees allocated by the subsidiary Halmar International LLC;
  - EUR 5.5 million to the provision for risks relating to SATAP A21, the concession of which expired on 30 June 2017. The aforementioned provision was set aside with regard to the uncertain scenario resulting, inter alia, from the non-finalisation of the Financial Economic Plan update procedure for the regulatory period 2013-30 June 2017.
  - EUR 0.4 million set aside by SINA S.p.A. for losses on orders;
  - EUR 0.4 million set aside by SINA S.p.A. for the procedure to reduce personnel;
  - EUR 1.4 million for premiums relative to the "management incentive system" introduced in the previous year;

The item "uses" includes - for an amount equal to EUR 1.2 million - revision of the estimate of the provision previously allocated by SIAS Parking S.r.l. for losses expected with reference to the equity investment Parcheggio Via Manuzio S.r.l., sold in the year.

The change in the scope of consolidation is mainly attributable to the consolidation of Halmar International LLC Group (EUR 0.9 million) and the deconsolidation of Fiera Parking S.p.A. (EUR 0.8 million).

The Group contributed, through its US subsidiaries and associated companies operating in the constructions sector, to pension schemes involving several employers ("Multi Employer Pension Plans"), that use the aggregate of assets allocated to the scheme to provide benefits for employees of various entities, determining the levels of contributions and benefits regardless of the entity employing the personnel. As provided for by IAS 19, the Group records these plans as defined contribution plans.

#### 14.2 – Employee benefits (Employee Severance Indemnity)

As at 31 December 2017, this item totalled EUR 39,950 thousand (EUR 43,465 thousand as at 31 December 2016). Changes during the period were as follows:

<b>1 January 2017</b>	<b>43,465</b>
Period contributions <sup>(*)</sup>	686
Transfer from other companies not in the scope of consolidation	(11)
Indemnities advanced/liquidated during the period	(3,998)
Reclassifications and other changes	(192)
<b>31 December 2017</b>	<b>39,950</b>

<sup>(\*)</sup> including the actuarial gains recorded in the statement of comprehensive income of approximately EUR 0.6 million.

The tables below show the economic/financial and demographic assumptions respectively used for the actuarial appraisal of these liabilities.

**Economic/financial assumptions**

Annual discount rate	1.61% <sup>(1)</sup>
Annual inflation rate	1.5%
Annual rate of increase in severance pay	2.625%
Annual rate of salary increases (for Companies with less than 50 employees)	From 1% to 2.5%

**Demographic assumptions**

Mortality	RG 48
Disability	INPS tables by age and gender
Retirement age	Requirements met
% of frequency of advances	From 1% to 4%
Turnover	From 1% to 10%

(1) In accordance with the regulations by the Italian Board of Actuaries – the rate used was the annual rate resulting from the "A" rating Iboxx Eurozone Corporate index (in line with the previous year), as it was deemed more representative of the reality in which the ASTM Group operates. If the Group Companies had used the "AA" rating Iboxx Eurozone Corporate index, the debt for "employee benefits" would not have significantly changed shareholders' equity (Group and minority interests) and on profit/loss for the year.

**Note 15 – Other payables (long-term)**

These consist of:

	31 December 2017	31 December 2016
To ANAS – Central Insurance Fund	124,373	127,621
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	68,253	77,636
From others	10,608	8,410
<b>Total</b>	<b>203,234</b>	<b>213,667</b>

The item payable "to ANAS - Central Insurance Fund" refers to operations undertaken by the parties in question in favour of the licensees SALT p.A. and SAV S.p.A. to make instalment payments and for payables to suppliers. The amount of the payable has been discounted based on the repayment plans set out in the respective agreements.

The breakdown by licensee of payables discounted as at 31 December 2017 and their developments until fully repaid is as follows:

(amounts in millions of EUR)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	87.7	81.7	75.4	68.7	56.8	43.8	29.9	15.2	-	-	-
SALT- A15 stretch	48.6	51.1	53.8	56.6	59.6	62.7	66.1	69.7	73.5	74.0	26.4
<b>TOTAL</b>	<b>136.3<sup>(1)</sup></b>	<b>132.8</b>	<b>129.2</b>	<b>125.3</b>	<b>116.4</b>	<b>106.5</b>	<b>96</b>	<b>84.9</b>	<b>73.5</b>	<b>74</b>	<b>26.4</b>

<sup>(1)</sup> of which EUR 124.4 million as the non-current portion and EUR 11.9 million as the current portion (Note 21)

The item "deferred income related to discounting the payable to ANAS – Central Insurance Fund" collects the difference between the original amount of the payable and its discounted value. The charge from the discounting process is imputed to the income statement among "financial charges". At the same time, the amount previously deferred is posted to the item "other income".

The item payables "to others" includes - for EUR 10.4 million - advances on works, from clients in accordance with law and to be recovered on the issue of interim payment certificates in proportion to the percentage of the work order carried out, only after 31 December 2018.

At 31 December 2016, the item included EUR 8 million as a "one-off contribution" paid by the Granting Body Sviluppo Sistema Fiera S.p.A. to Fiera Parking S.p.A., as set out in the agreement for the assignment of planning, construction, maintenance and management activities of the parking system for the new trade fair centre, according to a project financing procedure.

The payables shown above are broken down by maturity as follows:

	Between one and five years	Beyond five years	Total
Payables to ANAS – Central Insurance Fund	46,070	78,303	124,373
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	39,699	28,554	68,253
Other payables	10,608	-	10,608
<b>Total</b>	<b>96,377</b>	<b>106,857</b>	<b>203,234</b>

### Note 16 – Bank debt (non-current)

Borrowings from banks totalled EUR 950,801 thousand (EUR 956,785 thousand as at 31 December 2016).

The change compared to the previous year is due to (i) early repayments for the refinancing of some contracts as described in the management report (EUR -143.5 million), (ii) the payment of new loans (EUR +431.1 million) (iii) the change in the scope of consolidation due to the sale of Fiera Parking S.p.A. (EUR -21.6 million) and the consolidation of Halmar International LLC and its subsidiaries (EUR +2.6 million) (iv) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments due in the following 12 months (EUR -272.6 million) and (v) the so-called amortised cost (EUR -1.9 million).

The tables below show bank debt as at 31 December 2017 and 31 December 2016, indicating the related balance due (current and non-current portion) and summarizing the principal conditions applied to each liability.

31 December 2017									
Lending bank	Company	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2017	Balance as at 31 December 2017		
							Within 1 year	1 to 5 years	Beyond 5 years
Unicredit	ASTM	31/01/2020	35,000	Variable	EUR	35,000	-	35,000	-
Banca BIIS – Intesa Group	SATAP	15/06/2024	75,000	Variable/IRS	EUR	31,452	4,839	19,355	7,258
Mediobanca (EIB funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	5,400	1,200	4,200	-
Mediobanca (EIB funding)	SATAP	15/06/2024	59,450	Variable/IRS	EUR	24,930	3,835	15,342	5,753
Mediobanca	SATAP	13/12/2021	400,000	Variable/IRS	EUR	320,000	80,000	240,000	-
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	EUR	162,000	36,000	126,000	-
Cassa Depositi e Prestiti	SATAP	31/12/2025	60,000	Variable/IRS	EUR	60,000	4,000	32,002	23,998
BNL – Mediobanca	SAV	15/12/2019	50,000	Variable/IRS	EUR	8,334	4,167	4,167	-
Banca BIIS – UniCredit	SALT	30/06/2018	110,000	Variable/IRS	EUR	5,000	5,000	-	-
Monte dei Paschi di Siena	SALT	22/05/2018	170,000	Variable/IRS	EUR	8,092	8,092	-	-
Crédit Agricole	LOGISTICA TIRRENICA	01/04/2019	3,400	Variable	EUR	534	357	177	-
Mediobanca, Unicredit and UBI (EIB funding)	SIAS	15/12/2024	24,500	Variable	EUR	24,500	3,500	14,000	7,000
Mediobanca, Unicredit and UBI	SIAS	15/12/2024	143,500	Variable	EUR	143,500	20,500	82,000	41,000
EIB	SIAS	15/12/2024	77,000	Variable	EUR	77,000	11,000	44,000	22,000
EIB	SIAS	15/06/2018	25,000	Variable	EUR	3,571	3,571	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/06/2018	20,000	Variable	EUR	2,857	2,857	-	-
EIB	SIAS	15/12/2020	25,000	Variable	EUR	12,500	4,167	8,333	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2020	45,000	Variable	EUR	22,500	7,500	15,000	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2020	15,000	Variable	EUR	7,500	2,500	5,000	-
UBI	SIAS	30/09/2019	70,000	Variable	EUR	70,000	-	70,000	-
BNL	SIAS	14/09/2019	30,000	Variable	EUR	30,000	-	30,000	-
Banca Popolare di Milano	SIAS	31/01/2019	50,000	Variable	EUR	50,000	-	50,000	-
BNL	SIAS	10/12/2018	50,000	Variable	EUR	50,000	50,000	-	-
MT BANK	HALMAR	25/06/2034	2,513	Fixed	EUR	1,749	78	314	1,356
MT BANK	HALMAR	26/03/2021	435	Fixed	EUR	237	72	165	-
MT BANK	HALMAR I	25/01/2019	10,000	Fixed	EUR	910	566	344	-
TD BANK	ADELAIDE CRYSTAL	01/06/2029	624	Fixed	EUR	413	29	117	267
Banca Carige	ITINERA	30/09/2019	30,000	Variable	EUR	19,998	10,000	9,998	-
Banca Passadore	ITINERA	30/12/2022	10,000	Fixed	EUR	10,000	1,985	8,015	-
BIPER	ITINERA	15/12/2021	30,000	Fixed	EUR	30,000	7,500	22,500	-
Banca Carige	TARANTO LOGISTICA	30/09/2019	12,144	Fixed	EUR	12,144	-	12,144	-
Unicredit	SITECO Informatica	31/12/2018	150	Variable	EUR	30	30	-	-
Unicredit	SITECO Informatica	31/12/2018	100	Variable	EUR	20	20	-	-
Cariparma	SITECO Informatica	08/07/2019	65	Variable	EUR	22	14	8	-
						1,230,192	273,379	848,180	108,633
Accrued liabilities and deferred income, ASTM Group						(5,621)	391	(4,104)	(1,908)
						1,224,571	273,770	844,076	106,725
<b>Total bank debt (non-current)</b>								<b>950,801</b>	

(\*) Original amount in USD

Almost all the medium- and long-term loan contracts in place as at 31 December 2017 require compliance with certain economic and financial parameters (covenants) that are normal for loans of this type. As at 31 December 2017, these parameters had been satisfied.

The interest on the loans is essentially tied to the EURIBOR (i.e. the reference IRS) plus an average weighted spread of 0.923% for an average residual duration of the payable of approximately 4.9 years.

The table below shows the average spread broken down between fixed rate borrowings (IRS parameter for the period) and variable rate borrowings (Euribor parameter for the period).

	Average spread
Fixed rate borrowings	0.854
Variable rate borrowings	1.007

The note "Other information – Financial risk management" contains the description of the financial risks of the Group and the management policies for them.

31 December 2016									
Lending bank	Company	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2016	Within 1 year	1 to 5 years	Beyond 5 years
UniCredit	ASTM	23/12/2017	150,000	Variable	EUR	150,000	150,000	-	-
Banca BISS – Intesa Group	SATAP	15/06/2024	75,000	Variable/IRS	EUR	36,290	4,839	19,355	12,097
Mediobanca (EIB funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	6,600	1,200	4,800	600
Mediobanca (EIB funding)	SATAP	15/06/2024	59,450	Variable/IRS	EUR	28,766	3,835	15,342	9,589
Mediobanca	SATAP	13/12/2021	400,000	Variable/IRS	EUR	400,000	80,000	320,000	-
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	EUR	180,000	18,000	162,000	-
BNL – Mediobanca	SAV	15/12/2019	50,000	Variable/IRS	EUR	12,500	4,167	8,333	-
Banca BISS – UniCredit	CISA	30/06/2018	110,000	Variable/IRS	EUR	15,000	10,000	5,000	-
Cassa Risparmio La Spezia	LOGISTICA TIRRENICA	01/04/2019	3,400	Variable	EUR	892	356	536	-
Monte dei Paschi di Siena	SALT	22/05/2018	170,000	Variable/IRS	EUR	24,283	16,191	8,092	-
BBVA	SIAS	04/09/2017	40,000	Variable	EUR	40,000	40,000	-	-
Barclays Bank	SIAS	25/01/2017	50,000	Variable	EUR	50,000	50,000	-	-
BBVA	SIAS	06/10/2017	30,000	Fixed	EUR	30,000	30,000	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2024	200,000	Variable/IRS	EUR	160,000	20,000	80,000	60,000
EIB	SIAS	15/12/2024	150,000	Variable IRS	EUR	120,000	15,000	60,000	45,000
EIB	SIAS	15/06/2018	25,000	Variable	EUR	10,714	7,143	3,571	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/06/2018	20,000	Variable	EUR	8,571	5,714	2,857	-
EIB	SIAS	15/12/2020	25,000	Variable/IRS	EUR	16,667	4,167	12,500	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2020	45,000	Variable	EUR	30,000	7,500	22,500	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2020	15,000	Variable	EUR	10,000	2,500	7,500	-
BNP Paribas	SIAS	10/12/2018	50,000	Variable	EUR	50,000	-	50,000	-
UniCredit	Fiera Parking	30/06/2024	45,000	Variable	EUR	24,195	2,606	12,162	9,427
Banca CARIGE	Itinera	30/09/2019	30,000	Variable	EUR	30,000	10,000	20,000	-
UBI Banca	Itinera	31/03/2017	9,000	Variable	EUR	1,578	1,578	-	-
Banca CARIGE	TARANTO LOGISTICA	30/09/2019	9,530	Fixed	EUR	9,530	-	9,530	-
UniCredit	Siteco Informatica	31/12/2018	150	Variable	EUR	60	30	30	-
CariParma	Siteco Informatica	08/07/2019	65	Variable	EUR	35	13	22	-
UniCredit	Siteco Informatica	31/12/2018	100	Variable	EUR	40	20	20	-
						1,445,722	484,859	824,150	136,713
Accruals and deferrals						(2,106)	1,972	(3,174)	(904)
						1,443,616	486,831	820,976	135,809
<b>Total bank debt (non-current)</b>							<b>956,785</b>		

## Note 17 – Hedging derivatives

This item amounts to EUR 55,092 thousand (EUR 87,466 thousand as at 31 December 2016) and refers to the fair value as at 31 December 2017 of the Interest Rate Swap contracts concluded by Group companies in order to prevent the risk deriving from changes in interest rates.

## Note 18 – Other financial liabilities (non-current)

These consist of:

	31 December 2017	31 December 2016
2010-2020 bond loan	497,456	496,628
2014-2024 bond loan	496,606	496,116
Other payables	2,363	2,346
<b>Total</b>	<b>996,425</b>	<b>995,090</b>

The item "2010-2020 bond loan" refers to the EUR 500 million bond loan issued in October 2010. The bonds have a minimum unit of EUR 50 thousand and were placed at an issue price ("below par") of EUR 99.134. These bonds are governed by English law and traded at the Irish Stock Exchange.

In compliance with IAS 32, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

- duration: 10 years;
- coupon: 4.50% per year, gross;
- redemption: bonds will be redeemed upon maturity (26 October 2020) in a lump sum at par value.

The item "2014-2024 bond loan" refers to the "senior secured" bond loan of EUR 500 million issued in February 2014; The bonds issued have a minimum unit of EUR 100 thousand and were placed at an issue price ("below par") of EUR 99.466 only with qualified investors. These bonds are governed by English law and traded at the Irish Stock Exchange.

In compliance with IAS 32, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

- duration: 10 years;
- coupon: 3.375% per year, gross;
- redemption: bonds will be redeemed upon maturity (13 February 2024) in a lump sum at par value.

The increase in the above-mentioned "bond loans" is due to the application of the so-called "amortised cost", according to which the payable is progressively aligned with its redemption value.

"Other payables" refer to the portion of medium- and long-term loans related to the lease-purchase of assets. These liabilities mature between one and five years.

**Note 19 – Deferred tax liabilities**

This item totalled EUR 59,501 thousand (EUR 66,161 thousand as at 31 December 2016). For a breakdown of this item, see Note 38 – Income taxes.

**Note 20 – Trade payables (current)**

Trade payables totalled EUR 241,795 thousand (EUR 241,637 thousand as at 31 December 2016).

**Note 21 – Other payables (current)**

These consist of:

	31 December 2017	31 December 2016
Advance payments	21,911	3,336
Payables to jointly controlled entities and associated companies	547	571
Payables to Parent Companies	2,319	1,722
Payables to welfare organisations	14,803	14,504
Payables to ANAS – Central Insurance Fund	11,900	30,452
Payable for cross charges from consortium companies	66,523	44,697
Payables to Autostrada dei Fiori shareholders for option	10,341	10,341
Deferred income	11,753	12,361
Other payables	73,649	71,851
<b>Total</b>	<b>213,746</b>	<b>189,835</b>

The item "*advance payments*" includes advances received from buyers in accordance with the law and intended to be recovered based on the progress of the work. The change over the previous year mainly reflects the increase in advances from the company Itinera S.p.A. and its subsidiaries (EUR +12.2 million) as well as consolidation of the company HALMAR International LLC and its subsidiaries (EUR 5.4 million).

"*Payables to parent companies*" refer to payables for the tax consolidation.

The item "*payables to ANAS – Central Insurance Fund*" represents the portion of the debt maturing during the next accounting period.

The item "*payable for cross charges from consortium companies*" refers to cross charges made by consortium companies in the constructions sector and namely Consorzio TEEM (EUR 7.8 million), Darsena Nord Civitavecchia (EUR 6.1 million), CMC Itinera JV S.c.p.A. (EUR 4.6 million), Interconnessione (EUR 5.2 million), Mose Bocca di Chioggia (EUR 2.9 million), Argentea S.c.a.r.l. (EUR 2.3 million), Mose Tre Porti S.c.a.r.l. (EUR 1.3 million), Tunnel Frejus S.a.c.r.l. (EUR 4 million), Malco S.c.a.r.l. (EUR 2.9 million) and Letimbro S.c.p.A. (EUR 20.2 million) and is recognised net of advances invoiced.

As part of the share capital increase of the subsidiary Autostrada dei Fiori S.p.A., which was approved by the Shareholders' Meeting on 23 October 2012, the subsidiary SALT S.p.A. granted a put option to some shareholders of Autostrada dei Fiori S.p.A. on 2,602,320 shares (equal to 3.652% of the share capital) subscribed by them. The item "*payables to Autostrada dei Fiori shareholders for option*" represents the estimate of the price to be paid to the shareholders if the latter decide to exercise the put option for the above-mentioned shares.

The item "*deferred income*" mainly refers to prepaid lease, easement payments, grants received by SATAP S.p.A. (A4 and A21 stretches) from TAV S.p.A., RFI S.p.A., Autostrade Centro Padane S.p.A., Autostrade per l'Italia S.p.A., and grants received by SAV S.p.A. from RAV S.p.A. and the Autonomous Region Valle d'Aosta.

The increase in "*other payables*" is mainly due to (i) greater payables for concession fees (EUR 3.8 million) (ii) greater payables for personnel (EUR 1.8 million) and (iii) lower other payables (EUR 1.7 million).

**Note 22 – Bank debt (current)**

These consist of:

	31 December 2017	31 December 2016
Current account overdrafts and advances	34,846	44,913
Maturing portion of medium- and long-term loans	273,770	486,831
<b>Total</b>	<b>308,616</b>	<b>531,744</b>

The change in the item "*current account overdrafts and advances*" is mainly due to the use of available credit lines by Autostrada Asti-Cuneo S.p.A. and Itinera S.p.A. and to the change in the scope of consolidation (amounting to EUR 12.4 million for current account overdrafts and advances).

The change in the item "*maturing portion of medium- and long-term loans*" is due to (i) the repayment of instalments due in the 2017 (EUR 482.3 million), (ii) the reclassification from the item "*loans from banks (non-current)*" of instalments due within 12 months (EUR 272.6 million), (iii) the recognition of interest accrued (EUR 1.6 million) and (iv) the change in the scope of consolidation due to the sale of Fiera Parking S.p.A. (EUR 2.6 million) and the consolidation of Halmar International LLC (EUR 0.8 million).

**Note 23 – Other financial liabilities (current)**

These consist of:

	31 December 2017	31 December 2016
2005-2017 convertible bond loan	-	235,610
2010-2020 bond loan	4,130	4,130
2014-2024 bond loan	14,887	14,892
Payables to connected companies	8,266	8,928
Other payables	19,072	19,260
<b>Total</b>	<b>46,355</b>	<b>282,820</b>

At 30 June 2017, the principal and interest portion for the "*SIAS 2005-2017 convertible bond loan*" were repaid net of conversions made in the first half equal to EUR 8 thousand.

The items "*SIAS 2010-2020 bond loan*" and "*SIAS 2014-2024 bond loan*", refer to the payable to the bondholders for the interest accrued as at 31 December 2017.

The item "*payables to connected companies*" refers to payables to connected companies not belonging to the Group for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period.

"*Other payables*" mainly refer – for EUR 14.2 million – to the payable relating to the higher contribution received with respect to the amount accrued by the subsidiary Autostrada Torino–Savona (EUR 18 million as at 31 December 2016).

With regard to the total debt (short-, medium- and long-term) for assets under finance leases, we show below the reconciliation as at 31 December 2017 between total future payments for leased assets and their present value using the interest rate implicit in the respective contract.

<b>Future payments</b>	<b>3,924</b>
Near present value of the instalments based on the implicit rate in the contracts	(455)
<b>Present value of future payments</b>	<b>3,469</b>

## Note 24 – Current tax liabilities

Current tax liabilities totalled EUR 23,957 thousand (EUR 23,965 thousand as at 31 December 2016) and refer to liabilities for corporate income tax, regional production tax, VAT and personal income tax withheld and direct taxes following the consolidation of Halmar International LLC and its subsidiaries.

## Notes – Information on the income statement

**Economic data** for the year under review reflect the inclusion of the subsidiary Halmar International LLC and its subsidiaries in the scope of consolidation as from 5 July 2017.

Comparative data of the previous year have been restated following the classification, pursuant to IFRS 5, of Fiera Parking S.p.A., sold in November 2017.

The comparison between revenue and expenditure items reflects the consolidation of the subsidiary Itinera S.p.A., Argo Costruzioni S.p.A. - ACI S.c.p.a. and the respective subsidiaries - as from 1 July 2016; consequently economic data for 2017 are not directly comparable with 2016.

### Note 25 – Revenues

#### 25.1 – Motorway sector revenue – operating activities

This item breaks down as follows:

	2017	2016 restated
Net toll revenue	1,017,280	978,864
Fee/additional fee payable to ANAS	75,904	74,078
<b>Gross toll revenue</b>	<b>1,093,184</b>	<b>1,052,942</b>
Other accessory revenue	30,114	28,263
<b>Total motorway sector revenue</b>	<b>1,123,298</b>	<b>1,081,205</b>

The increase in "net toll revenue", equal to EUR 38.4 million (+3.92%) was due to the growth in traffic volumes for EUR 23.3 million (a 1.93% increase which had a 2.38% effect on net toll revenue considering the traffic/toll mix) and to increases in tolls as from 1 January 2017 of EUR 15.1 million (+1.54%), partially limited to the Torino-Milano, Torino-Piacenza, Parma-La Spezia and Torino-Savona stretches.

The change in the item "*fee/additional fee payable to ANAS*" (EUR +1.8 million) was due to the increase in traffic volumes on the sections managed by the other licensees. Based on the fact that the fees had been collected on behalf of ANAS, this increase wholly affected the item "operating costs".

The increase in the item "*other accessory revenues*", is attributable to (i) the growth in rental income on service areas (+10%) as of new economic conditions agreed during the reassignment of some service areas and (ii) the downturn in other accessory revenues/capital gains from motorway management.

#### 25.2 – Motorway sector revenue – planning and construction activities

This item totalled EUR 190,032 thousand (EUR 175,222 thousand in 2016) and refers to the "planning and construction" activity of non-compensated revertible assets that – according to IFRIC 12 – are booked among revenues with regards to both the portion obtained by Group companies and that of Third Parties. The corresponding costs were entered under "Other costs for services".

25.3 – Construction sector revenue – planning and construction activities

This item totalled EUR 37,381 thousand (EUR 11,908 in 2016) and refers to the “planning and construction activity” of the Taranto port platform (infrastructure node of the Port of Taranto - Logistics Platform) that – according to IFRIC 12 – is recognised among revenues with regards to both the portion implemented internally and that implemented by Third Parties. A similar amount of costs was booked against these revenues under item “Other costs for services”.

The change compared to the previous year is due to the consolidation of Itinera S.p.A. as from 1 July 2016.

25.4 – Construction sector revenue

This item breaks down as follows:

	2017	2016 restated
Revenue from works and planning and variation in contract work in progress	263,411	94,600
Other revenue	23,489	11,035
<b>Total</b>	<b>286,900</b>	<b>105,635</b>

The item “*construction sector revenue*” is mainly attributable to (i) the consolidation of the Itinera Group and ACI Group for the entire year (the economic results of these Groups were only consolidated for the second half of 2016) (ii) the consolidation of the Halmar Group as from 5 July 2017. This amount was posted net of the intercompany “production” related to maintenance and expansion services performed on the motorway network by the cited Companies for the Group motorway companies.

25.5 – Engineering sector revenue

This item breaks down as follows:

	2017	2016 restated
Revenue from works and planning and variation in contract work in progress	7,138	9,505
Other revenue	955	787
<b>Total</b>	<b>8,093</b>	<b>10,292</b>

This is the total of “production” carried out for Third Parties by the subsidiaries SINA S.p.A., LIRA S.p.A., CISA Engineering S.p.A., Siteco Informatica and Consorzio SINTEC. This amount was posted net of the intercompany “production” related to maintenance and expansion services performed on the motorway network by the cited Companies for the Group motorway companies.

The change compared to the previous year is attributable to the lower activity towards third parties as well as the consolidation of the Itinera Group with subsequent elimination of intergroup items.

25.6 – Technology sector revenue

This item breaks down as follows:

	2017	2016 restated
Revenues	26,824	69,356
Change in contract work in progress	9,227	(36,581)
Change in work in progress, semi-finished products, finished goods and other revenue	3,398	3,297
<b>Total</b>	<b>39,449</b>	<b>36,072</b>

This is the total amount of “production” carried out for Third Parties by the subsidiaries Sinelec S.p.A., Euroimpianti S.p.A., Brescia Milano Manutenzione S.c.ar.l. and PLM S.c.ar.l.. The above-mentioned amounts are recognised net of intergroup

"production" related to maintenance and enhancement activities for the motorway network, which were carried out by said Companies in favour of the Group's motorway licensees. The increase in the item "technological sector revenue" compared to the previous year, reflects activities carried out for third parties by the subsidiary Sinelec S.p.A. and by the subsidiary Euroimpianti S.p.A..

#### 25.7 – Other revenue

This item breaks down as follows:

	2017	2016 restated
Claims for damages	5,290	3,852
Recovery of expenses and other income	35,860	30,621
Share of income resulting from the discounting of the payable due to ANAS – Central Insurance Fund	9,583	10,642
Works on behalf of third parties and cost reversal	6,892	4,181
Operating grants	2,083	703
<b>Total</b>	<b>59,708</b>	<b>49,999</b>

The item "*claims for damages*" refers to the refunds – by insurance companies – of the costs incurred by motorway licensees for repair to the motorway network following accidents and other damages, as well compensation for damages in the constructions sector.

The change in the item "*recovery of expenses and other income*" is mainly attributable to recoveries for service area alienations (EUR +7.5 million) offset by the reduction (i) in contingent assets (EUR - 1 million), other revenues (EUR 0.8 million) and the change in the scope of consolidation.

The item "*share of income resulting from the discounting of the payable due to ANAS – Central Insurance Fund*" refers to the share related to the difference – which was previously deferred – between the original amount of the payable and its present value.

The item "*Works on behalf of third parties and cost reversal*" mainly consists of revenues from cross charges to consortium companies posted by the subsidiary SATAP S.p.A. and revenues for contract work carried out by the various Group licensee companies. The change in this item compared to the previous year is related to the consolidation of the Itinera Group with subsequent elimination of intergroup items.

The change in the item "*operating grants*" is mainly attributable to the recognition of contributions for some motorway licensees as part of the MedTIS Project relative to development of the "Transit times" detections system.

**Note 26 – Payroll costs**

This item can be broken down as follows:

	2017	2016 restated
Salaries and wages	175,278	148,110
Social security contributions	50,723	45,157
Allocations to payroll provisions	16,633	13,039
Other costs	10,536	3,343
<b>Total</b>	<b>253,170</b>	<b>209,649</b>

The increase in "payroll costs" is mainly attributable to (i) the consolidation of the Halmar Group as from 5 July 2017 (for a total of EUR 13.8 million) and of the company Itinera Costrucoes LTDA as from 2017 (EUR 1.7 million) (ii) the consolidation for 12 months of the company Itinera S.p.A. and its subsidiaries compared to consolidation in the previous year, which was only in the second half (EUR 20.9 million) (iii) EUR 5.3 million for indemnities paid for company restructuring plans in the automotive sector (iv) EUR 2.4 million for contract increases for companies operating in the motorway sector (v) EUR 1.8 million for premiums of the "management incentive system" introduced in the previous year and (vi) EUR 0.4 million for increases in the headcount in the technological and services sector (vii) partially offset by the reduction in the headcount in the engineering sector (EUR 2.8 million).

Average employee staffing breaks down by category as follows:

	31/12/2016	Change in the scope of consolidation	Other changes	31/12/2017
Executives	124	7	(3)	128
Middle managers	104	22	49	175
Office workers	2,461	57	(114)	2,403
Workers	756	86	(9)	832
<b>Total</b>	<b>3,445</b>	<b>172</b>	<b>(77)</b>	<b>3,539</b>

**Note 27 – Costs for services**

This expense item breaks down as follows:

	2017	2016 restated
Maintenance of non-compensated revertible assets	41,018	53,546
Other costs related to non-compensated revertible assets	17,554	22,706
Other costs for services	511,555	328,199
<b>Total</b>	<b>570,127</b>	<b>404,451</b>

The item "*maintenance of non-compensated revertible assets*" is recognised net of intercompany "production" carried out by Group companies operating in the "construction" and "technology" sectors in favour of motorway companies. The decrease in the item is attributable to the consolidation of the Itinera Group with subsequent elimination of intergroup items. The total amount of maintenance operations carried out in the period under review totalled EUR 122.1 million.

The decrease in "*other costs related to non-compensated revertible assets*" is the result of (i) the consolidation of the Itinera Group with subsequent elimination of intergroup items (in the previous year only for six months) (ii) higher costs incurred for "*motorway cleaning services*" (iii) lower costs incurred for "*winter services*", related to weather conditions in the first few months of 2017 and "other costs on revertible assets".

The item "other costs for services" includes – as set out in IFRIC 12 – the costs related to "planning and construction activities" of non-compensated revertible assets.

The change compared to the same period of the previous year is mainly due to (i) higher costs attributable to the change in the scope of consolidation of the 12 months of the Itinera Group and ACI Group and (ii) higher costs relative to the planning and construction of revertible assets (IFRIC 12).

## Note 28 – Costs for raw materials

This expense item breaks down as follows:

	2017	2016 restated
Raw materials	45,871	32,367
Consumables	32,014	23,641
Changes in inventories of raw materials, consumables and merchandise	1,326	1,582
<b>Total</b>	<b>79,211</b>	<b>57,590</b>

This item relates to production material and consumables and mainly refers to the subsidiaries Euroimpianti S.p.A., Sinelec S.p.A., SATAP S.p.A., Autostrada dei Fiori S.p.A., SALT p.A., Sina S.p.A., Siteco Informatica S.r.l., Itinera S.p.A., ACI S.c.p.A, Halmar International LLC and Itinera Costrucoes LTDA. The increase compared to the previous year is related to higher costs due to the consolidation of the Itinera Group and the ACI Group for 12 months in 2017 (only six months in 2016), and the consolidation of the Halmar International LLC Group as from 5 July 2017 offset by lower production compared to the previous year of the subsidiaries Euroimpianti Electronic S.p.A, Sinelec S.p.A., and Sina S.p.A..

## Note 29 – Other operating costs

This expense item breaks down as follows:

	2017	2016 restated
Concession fee pursuant to article 1, par. 1020 of Italian Law No. 296/06	24,776	23,855
Fee pursuant to article 19, par. 9-bis of Italian Law Decree no. 78/09	75,904	74,078
Sub-concession fee	5,632	4,405
Leases and rental expenses	10,966	9,139
Other operating expenses	19,952	27,255
<b>Total</b>	<b>137,230</b>	<b>138,732</b>

The item "concession fee pursuant to article 1, paragraph 1020 of Law no. 296/06" has been calculated according to 2.4% of "net toll revenue"; the change in this item is due to the increase in toll revenues.

The item "fee pursuant to article 19, paragraph 9 of Law Decree no. 78/09" has been calculated according to EUR 0.0060 vehicle/km for light vehicles and EUR 0.0180 vehicle/km for heavy vehicles. The change compared to the previous year was due the increase in traffic on the sections managed by the licensees.

The change in the "subconcession fee" - calculated on the royalties from service areas - is largely due to the positive change in revenue from royalties following the new economic terms negotiated during the reassignment of certain service areas.

The cost for "leases and rental expenses" mainly refers to operating leases for industrial and commercial equipment used by the Group Companies. The associated contracts for these assets contain clauses for both redemption upon maturity at market prices for the contracted asset and renewal options upon maturity. The lease payments increase annually based on the ISTAT index. The change in the item is mainly attributable to the change in the scope of consolidation.

The change in the item "other operating expenses" is mainly attributable to fewer contingent liabilities and other operating expenses.

### Note 30 – Capitalised expenses for internal works

This item, amounting to EUR 1,182 thousand (EUR 1,322 thousand in 2016), refers to internal works carried out within the Group and capitalised as an increase to tangible assets.

### Note 31 – Amortisation, depreciation and write-downs

This item breaks down as follows:

	2017	2016 restated
Intangible assets:		
• Other intangible assets	3,734	3,174
• Non-compensated revertible assets	319,483	309,195
Tangible assets:		
• Buildings	2,549	2,088
• Plant and machinery	2,515	1,851
• Industrial and commercial equipment	2,329	1,376
• Other assets	3,017	2,843
• Assets in financial lease	1,623	701
<b>Total amortisation and depreciation</b>	<b>335,250</b>	<b>321,228</b>
Write-down of goodwill and other write-downs	1,032	959
<b>Total amortisation, depreciation and write-downs</b>	<b>336,282</b>	<b>322,187</b>

The item "Write-down of goodwill and other write-downs" refers to write-downs of trade receivables. In the previous year, the item included EUR 478 thousand for write-downs of fixed assets.

### Note 32 – Update of the provision for restoration, replacement and maintenance of non-compensated revertible assets

The adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets is detailed as follows:

	2017	2016 restated
Use of the provision for restoration, replacement and maintenance of non-compensated revertible assets	(120,944)	(135,700)
Set-aside to provision for restoration, replacement and maintenance of non-compensated revertible assets	110,996	121,281
<b>Net adjustment of the provision for restoration, replacement or maintenance of non-compensated revertible assets</b>	<b>(9,948)</b>	<b>(14,419)</b>

The use of the provision for restoration, replacement or maintenance of non-compensated revertible assets represents all maintenance costs borne by the motorway licensees during the period. The provision includes the amount needed to update the fund to meet scheduled maintenance programmes in the financial plans attached to the individual concessions in later accounting periods, in order to ensure the appropriate functionality and safety of the respective motorway infrastructures. The different amount of the net adjustment of the provision for restoration, replacement or maintenance of non-compensated revertible assets is due, among other things, to a different schedule of maintenance operations.

**Note 33 – Provisions for risks and charges**

These break down as follows:

	2017	2016 restated
Allocation to tax reserve	-	1,600
Other allocations to provisions for risks and charges	7,594	3,212
<b>Total</b>	<b>7,594</b>	<b>4,812</b>

The allocation to the "tax reserve" refers to taxes prudentially allocated (EUR 1.6 million) in accordance with tax regulations concerning the deductibility of interest expense calculated on the "liability component" of the "SIAS 2.625% 2005-2017" convertible bond loan. The bond loan was repaid on 30 June 2017.

During 2017, "other provisions" mainly referred to allocations made (i) for EUR 5.5 million by the subsidiary SATAP S.p.A. for the potential risk in relation to outstanding uncertainties related to the expiry of the concession agreement for the A21 stretch, which expired on 30 June 2017 (ii) for EUR 1.5 million for various expenses in the constructions sector and (iii) for EUR 0.6 million for allocations for charges for legal fees and labour employment disputes.

**Note 34 – Financial income**

This item breaks down as follows:

	2017	2016 restated
<b>Income from equity investments:</b>		
• dividends from other businesses	1,011	1,182
• capital gain on sale of investments	34,621	-
<b>Total</b>	<b>35,632</b>	<b>1,182</b>
<b>Interest income and other financial income</b>		
• from credit institutions	1,075	4,398
• from financial assets	13,815	27,521
• from interest Rate Swap agreements	-	-
• other	6,977	11,247
<b>Total</b>	<b>21,867</b>	<b>43,166</b>
<b>Total financial income</b>	<b>57,499</b>	<b>44,348</b>

The item "dividends from other businesses" mainly refers to the dividends received from the investees Assicurazioni Generali S.p.A. (EUR 0.4 million), Mediobanca S.p.A. (EUR 0.3 million) and Impregilo S.p.A. Risparmio (EUR 0.3 million).

The item "capital gain on the sale of equity investments", refers to (i) EUR 27.2 million for the sale of shares in Fiera Parking S.p.A., Parcheggio Piazza Meda S.r.l., Parcheggio Piazza Trento e Trieste S.r.l., Parcheggio Piazza Vittorio S.r.l. e Parcheggio Via Manuzio S.r.l., (ii) EUR 6.2 million for the sale of shares in FNM S.p.A., (iii) EUR 0.4 million for the sale of shares in Mediobanca S.p.A. and (iv) EUR 0.8 million for the sale of shares in Aton S.p.A..

The decrease in the item "interest income from credit institutions" was due to the lower average level of deposits held with these institutions.

The item "from financial assets" mainly refers to (i) income from insurance policies for EUR 5.4 million (EUR 4.6 million as at 31 December 2016), (ii) interest on intergroup loans equal to EUR 6.8 million (EUR 6.6 million as at 31 December 2016), (iii) interest on the loan granted by the subsidiary IGLI S.p.A. to Primav Costrucoes LTDA for EUR 1 million (EUR 4.7 million as at 31

December 2016) and (iv) interest on the Brazilian Deposit Certificate for EUR 0.4 million (EUR 10.3 million as at 31 December 2016). The change in the period is mainly attributable to lower interest income on the loan to Primav Costrucoes e Comercio S.A. and lower interest income on the Brazilian Deposit Certificate undersigned in 2016 and repaid in March 2017.

The item "others" mainly includes (i) EUR 3.3 million for net income - realised on the EIB loan - equal to the difference between the book value of the payable prior to refinancing and the present value obtained from discounting flows of the new loan to the interest rate prior to financing, minus additional loan costs (i) EUR 2.4 million for "exchange differences" arising from the reversal of the "cash flow hedge" reserve to profit and loss following the repayment to Primav Costrucoes e Comercio S.A. (EUR 2.1 million), the exchange rate adjustment on the Brazilian Deposit Certificate (EUR 0.1 million) and exchange rate adjustment on the purchase of preference shares (EUR 0.2 million). The change in the item compared to 2016 is mainly due to exchange rate differences of the subsidiary IGLI S.p.A..

## Note 35 – Financial charges

### 35.1 – Financial charges

This item breaks down as follows:

	2017	2016 restated
<b>Interest expense:</b>		
• on loans	13,173	15,668
• on current accounts	523	804
<b>Miscellaneous interest expense:</b>		
• from interest Rate Swap agreements	28,795	30,736
• from financial discounting	10,167	11,526
• from SIAS 2005-2017 convertible bond loan	4,903	9,829
• from SIAS 2010-2020 bond loan	23,328	23,303
• from SIAS 2014-2024 bond loan	17,360	17,354
• from financial lease contracts	52	61
• Other financial charges	5,796	7,718
<b>Total</b>	<b>104,097</b>	<b>116,999</b>
<b>Capitalised financial charges <sup>(1)</sup></b>	<b>(19,699)</b>	<b>(21,316)</b>
<b>Total</b>	<b>84,398</b>	<b>95,683</b>

(1) As reported in Note 1 – Intangible assets / Concessions of non-compensated revertible assets, an amount equal to EUR 19.7 million was capitalised under the item "non-compensated revertible assets".

The change in the item "interest expense on loans" (also taking into account interest expense on IRS agreements) was due to the lower average level of borrowing from Credit Institutions compared to FY 2016, and to trends in interest rates on the portion of variable-rate financial debt.

Interest expense related to "financial discounting" of non-current liabilities refers to payables to the Central Insurance Fund and ANAS (EUR 9.6 million) and to the "financial component" of the employee severance indemnity and tax reserve (EUR 0.6 million).

Interest expense on the "convertible bond loan" represents the charges on the "liabilities component" of the loan issued by SIAS S.p.A. in July 2005, recalculated based on the market interest rate and repaid at 30 June 2017.

Interest expense on the "bond loan SIAS 2010-2020" represents the expense accrued on the bond loan issued by SIAS on 19 October 2010.

Interest expense on the "*bond loan SIAS 2014-2024*" represents the expense accrued during the year on the bond loan issued by SIAS on 6 February 2014.

The item other "financial expenses" includes capital losses from sales of equity investments (EUR 1 million) exchange differences (EUR 1.5 million) and other financial charges (EUR 3.2 million).

The item other "financial charges " includes the write-down of part of the interest and penalty accrued on the loan granted by the subsidiary IGLI S.p.A. to Primav Costrucoes e Comercio S.A. (EUR 2.2 million) as at 31 December 2016.

### 35.2 – Write-down of equity investments

The item "*write-down of equity investments*" amounted to EUR 1,824 thousand (EUR 12,672 thousand in 2016) and mainly refers to the write-down of the equity investment held in Banca Carige. S.p.A. (EUR 0.7 million) and Tubosider S.p.a. (EUR 0.9 million). The change compared to the previous year is mainly due to lower write-downs of shares in Banca Carige S.p.A. (EUR - 4.3 million), Salini Impregilo S.p.A. (EUR -5.3 million) and Aedes SIIQ S.p.A (EUR -2.2 million).

**Note 36 – Profit (loss) of companies accounted for by the equity method**

This item is detailed as follows:

	2017	2016 restated
<b>Revaluations (write-downs) of equity investments:</b>		
• Asta S.p.A.	(69)	8
• Ativa S.p.A.	14,964	8,643
• Aton S.r.l.	113	-
• BRE.BE.MI. S.p.A.	-	(1,712)
• Autostrade Lombarde S.p.A.	(2,574)	(6,790)
• Ecorodvias Infrastruttura e Logistica S.A.	1,358	-
• FEDERICI STIRLING BATCO LLC	(1,099)	(2,243)
• Itinera S.p.A.	-	3,482
• Mill Basin Bridge Constructors	221	-
• OMT S.p.A.	-	(332)
• Parcheggio Piazza Meda S.r.l.	246	429
• Parcheggio Piazza Trento e Trieste S.r.l.	209	378
• Parcheggio Piazza Vittorio S.r.l.	117	230
• Ponte Nord S.p.A.	-	41
• PRIMAV INFRAESTRUTURA S.A.	1,405	(13,812)
• Road Link Holding Ltd.	1,264	1,117
• Rivalta Terminal Europa S.p.A.	(1,404)	-
• SABROM S.p.A.	-	(77)
• SITAF S.p.A.	7,224	8,945
• SITRASB S.p.A.	-	823
• Tangenziale Esterna S.p.A.	(4,621)	(5,411)
• Tangenziali Esterne di Milano S.p.A.	(6,368)	(7,452)
• V.A. Bitumi S.p.A.	6	3
• Vetivaria	-	(160)
<b>Total</b>	<b>10,992</b>	<b>(13,890)</b>

This item includes – with regard to the pro-rata share – the results achieved by the investee companies accounted for by the equity method.

**Note 37 – Income taxes**

This item can be broken down as follows:

	2017	2016 restated
<b>Current taxes:</b>		
• Corporate income tax (IRES)	80,610	88,118
• Regional production tax (IRAP)	18,283	17,672
• International taxes	165	-
	<b>99,058</b>	<b>105,790</b>
<b>Taxes (prepaid)/deferred:</b>		
• Corporate income tax (IRES)	(4,229)	(8,212)
• Regional production tax (IRAP)	(457)	(89)
• International taxes	(679)	-
	<b>(5,365)</b>	<b>(8,301)</b>
<b>Taxes related to prior years</b>		
• Corporate income tax (IRES)	(1,996)	(155)
• Regional production tax (IRAP)	(8)	(1,013)
	<b>(2,004)</b>	<b>(1,168)</b>
<b>Total</b>	<b>91,689</b>	<b>96,321</b>

During the year, with "shareholders' equity" as contra-item, "deferred taxes" were debited for approximately EUR 7.1 million, related to the fair value measurement of "financial assets available for sale", interest rate swaps as well as the actuarial components related to Employee Severance Indemnity and exchange rate adjustment.

In compliance with paragraph 81 (c) of IAS 12, we provide below the reconciliation of the "effective" and "theoretical" income taxes posted to the financial statements as at 31 December 2017 and 2016.

	2017		2016 restated	
<b>Period income before taxes</b>	<b>354,646</b>		<b>270,756</b>	
<b>Effective income taxes</b>	<b>75,867</b>	<b>21.39%</b>	<b>79,906</b>	<b>29.51%</b>
<b>Lower taxes (compared to the theoretical rate):</b>				
• lower taxes on dividends	231	0.06%	309	0.11%
• lower taxes on capital gain from disposal of investments under participation exemption	8,309	2.34%	-	0.00%
• adjustment of investments accounted for by the equity method	2,638	0.74%	-	0.00%
• other changes	-	-	4,171	1.54%
• net effect international taxeso	514	0.14%	-	-
<b>Higher taxes (compared to the theoretical rate):</b>				
• Taxes on intercompany dividends, non-deductible write-downs and other changes	(1,990)	-0.56%	(2,660)	-0.98%
• adjustment of investments accounted for by the equity method	-	-	(3,820)	-1.41%
• non-deductible write-downs and other changes	(454)	-0.13%	(3,448)	-1.27%
<b>Theoretical income taxes</b>	<b>85,115</b>	<b>24.00%</b>	<b>74,458</b>	<b>27.50%</b>

Reconciliation between "effective" and "theoretical" rates (IRAP):

	2017		2016 restated	
<b>Value added (Regional production tax taxable base)</b>	<b>379,971</b>		<b>353,465</b>	
<b>Effective income taxes</b>	<b>17,826</b>	<b>4.69%</b>	<b>17,583</b>	<b>4.97%</b>
<b>Higher/Lower taxes (compared to the theoretical rate):</b>				
• Net miscellaneous deductible expenses	(3,007)	-0.79%	(3,798)	-1.07%
<b>Theoretical income taxes</b>	<b>14,819</b>	<b>3.90%</b>	<b>13,785</b>	<b>3.90%</b>

The table below shows the total amount of deferred tax income and expenses (posted to the income statement and statement of comprehensive income) and the total deferred tax credits and liabilities (posted to the statement of financial position).

	31 December 2016	Changes entered in the income statement (*)	Changes entered in the statement of comprehensive income (*)	Delta and other changes	31 December 2017
<b>Deferred tax credits</b> related to: (**)					
• intangible assets not capitalised in accordance with IAS/IFRS	190	(95)			95
• provisions to tax deferral reserves	7,737	1,700			9,437
• maintenance costs exceeding deductible share	11,056	(4,097)			6,959
• valuation of financial assets and IRS at fair value	23,175	(2,230)	(6,800)	(776)	13,369
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	50,595	5,810			56,405
• maintenance costs restoration provision (IRES)	38,027	5,336		-190	43,173
• maintenance costs restoration provision (IRAP)	8,030	-		-30	8,000
• actuarial appraisal of the Employee Severance Indemnities Reserve	886	67	(179)		774
• other	17,285	(3,452)		(966)	12,867
<b>Total deferred tax credits (Note 4)</b>	<b>156,981</b>	<b>3,039</b>	<b>(6,979)</b>	<b>(1,962)</b>	<b>151,079</b>
<b>Deferred tax liabilities</b> related to: (**)	-				
• assets in financial lease	(873)	(77)			(950)
• valuation of work in progress	(1,679)	(78)			(1,757)
• valuation of financial assets at fair value	(291)	106	(148)		(333)
• actuarial appraisal of the Employee Severance Indemnities Reserve	(627)	(26)	54		(599)
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	(61,084)	2,074		4,687	(54,323)
• other	(1,607)	327		(259)	(1,539)
<b>Total deferred tax liabilities (Note 18)</b>	<b>(66,161)</b>	<b>2,326</b>	<b>(94)</b>	<b>4,428</b>	<b>(59,501)</b>
<b>Total</b>		<b>5,365</b>			

(\*) Deferred tax income and expenses are accounted for based on tax rates in effect at the time their repayment is expected

### Note 38 - Profit (loss) from “Assets held for sale” (Discontinued Operations)

As stated previously, in November 2017, the equity investment held in Fiera Parking S.p.A. was sold (equal to 99% of the share capital). The equity investment in Fiera Parking S.p.A., in compliance with IFRS 5, was reclassified among the “assets held for sale” and below follows a summary of the economic impact:

	2017 (*)	2016
Parking sector revenue	785	3,087
Other revenue	244	311
<b>Total revenue from “Assets held for sale”</b>	<b>1,029</b>	<b>3,398</b>
Costs for services	(1,223)	(1,931)
Other costs	(21)	(32)
Amortisation, depreciation and write-downs	(376)	(518)
Other provisions for risks and charges	(64)	(83)
Financial income	2,276	3,086
Financial charges	(880)	(1,318)
<b>Profit/loss from “Assets held for sale” gross of taxes</b>	<b>741</b>	<b>2,602</b>
Taxes from “Assets held for sale”	(225)	(419)
<b>Profit/loss for assets held for sale net of taxes (Discontinued Operation)</b>	<b>516</b>	<b>2,183</b>
• share attributable to Non-Controlling Interests (Discontinued Operations)	192	813
• Portion assigned to Parent Company’s Shareholders (Discontinued Operations)	324	1,370

(\*) Reporting data as of the accounts before the sale

**Note 39 – Earnings per share**

In accordance with IAS 33, earnings per share are calculated by dividing the Group share of net profit/loss by the average number of outstanding shares during the period. The average number of shares is calculated taking into account the average number of treasury shares held by the Parent Company and its Subsidiaries.

<i>(amounts in thousands of EUR)</i>	2017	2016
Net profit – Group share - continued operations	149,604	94,157
Average number of outstanding shares during the period	93,501,272	94,362,398
<b>Earnings per share (euro per share)</b>	<b>1.600</b>	<b>0.998</b>
Number of ordinary shares	99,998,600	99,998,600
Weighted average of treasury shares held during the period	(6,497,328)	(5,636,202)
Weighted average of ordinary shares in circulation during the period	93,501,272	94,362,398

<i>(amounts in thousands of EUR)</i>	2017	2016
Net profit – Group share - <i>discontinued operations</i>	324	1,370
Average number of outstanding shares during the period	93,501,272	94,362,398
<b>Earnings per share (euro per share)</b>	<b>0.003</b>	<b>0.015</b>
Number of ordinary shares	99,998,600	99,998,600
Weighted average of treasury shares held during the period	(6,497,328)	(5,636,202)
Weighted average of ordinary shares in circulation during the period	93,501,272	94,362,398

During 2017 and 2016, no options, warrants or equivalent financial instruments on dilutive “potential” ordinary shares were recorded.

**Note 40 – Information on the cash flow statement**40.1 - Change in the scope of consolidation

This item refers to liquidity relative to the Halmar Group (EUR 18,263 thousand) at the date when it joined the scope of consolidation, net of the liquidity relative to Fiera Parking S.p.A. (EUR 5,754 thousand) sold during the year.

40.2 – Change in net working capital

	2017
Inventories	(32,073)
Trade receivables	8,062
Current tax credits	(1,471)
Receivables from others	5,210
Trade payables	(18,481)
Other current payables	12,723
Current tax liabilities	(171)
<b>Total</b>	<b>(26,201)</b>

**40.3 – Other changes from operating activity**

	2017
Drawdown on provisions for Employee Severance Indemnities	(3,998)
Drawdown on other provisions and other changes	(24,000)
<b>Total</b>	<b>(27,998)</b>

**40.4 – Equity investments and disinvestments**

The table below shows the details of the cash absorbed by equity investments:

Purchase of Primav Infraestruturura SA shares	(16,419)
Purchase of Ecorodovias Infraestruturura e Logistica shares	(36,966)
<b>Cash flows absorbed by equity investments</b>	<b>(53,385)</b>

**Note 41 - Significant non-recurring events and transactions**

As stated in the Management Report, 2016 was affected by significant non-recurring events and transactions – as defined in CONSOB Communication no. DEM/6064293 <sup>1</sup>– with a negative impact of EUR 12.8 million, attributable to costs for the period as a result of the project to reorganise, optimise procedures and streamline resources.

**Note 42 - Atypical and/or unusual transactions**

Pursuant to CONSOB Communication no. DEM/6064296 of 28 July 2006, in 2017 the Group did not carry out any atypical and/or unusual transactions, as defined in the Communication, according to which an atypical and/or unusual transaction is one for which the significance/materiality, nature of the counterparty, subject matter of the transaction, transfer pricing mechanism used and timing of the event (e.g. close to year end) could raise doubts about: the accuracy/completeness of information in the financial statements, conflict of interest, asset protection and the protection of minority interests.

<sup>1</sup> Significant non-recurring transactions are transactions or events that are not frequently repeated as part of normal business activities.

## Other information

Information is shown below with regard to (i) the commitments undertaken by the Group Companies, (ii) the determination of the fair value, (iii) financial risk management and (iv) related party transactions. For information about the Group, "**Significant subsequent events**" and the "**Business outlook**", please see the "Management Report".

### (i) Commitments undertaken by the Companies of the Group

- Guarantees, equal to EUR 126.4 million, issued by some banks and insurance companies, in the interest of motorway licensees<sup>1</sup> in favour of the Ministry of Infrastructures and Transport to guarantee the good management of concessions, as provided for by the current Standard Agreements. The amount of these guarantees, initially 3% of the total monetary operating costs included in the financial plans annexed to said agreements, is untied on an annual basis with regards to the amount of the pro-rata of each year of the concession.
- Guarantees amounting to EUR 1.2 million issued by SATAP S.p.A. in favour of Concessioni Autostradali Lombarde in the interest of Argentea S.c.p.a. and Aurea S.c.ar.l., to guarantee the commitments undertaken by them.
- The guarantee for a total of EUR 4 million (pro-rata share), issued in favour of UniCredit S.p.A. by SATAP S.p.A. in relation to the loan granted to the subsidiary S.A.Bro.M S.p.A..
- The guarantee, amounting to EUR 7.9 million (pro-rata share), issued in favour of SACE BT Credit & Surety, through which SATAP S.p.A. guarantees the commitments undertaken by the associated company S.A.Bro.M S.p.A. following the signing of the agreement related to the Broni-Mortara motorway stretch on 16 September 2010.
- The guarantees equal to EUR 1.5 million, issued in favour of the Municipality of Bernate Ticino and Parco Lombardo della Valle del Ticino, according to which SATAP S.p.A. guarantees the commitments undertaken for the construction of the Bernate Bypass.
- The guarantee, amounting to EUR 1.1 million, issued by SATAP S.p.A. in favour of the Piedmont Region to guarantee the interventions in terms of environmental monitoring and territorial input, environmental protection, mitigation and compensation in the Torino – Novara Est motorway stretch.
- The guarantees issued by Autostrada Asti-Cuneo S.p.A., SINELEC S.p.A., Euroimpianti S.p.A. to Autostrada dei Fiori S.p.A. (A6 Stretch – Torino Savona), Società Autostrada Ligure Toscana p.A. (A 15 Stretch - La Spezia – Parma), Sina s.p.A., Siteco Informatica S.p.A., Itinera S.p.A., Taranto Logistica S.p.A., Argo Costruzioni e Infrastruttura S.c.p.A. and Lambro S.c.a.r.l. as performance bonds for works for EUR 244.1 million.
- The Itinera Group issued sureties and other guarantees amounting to EUR 156.7 million for credit lines to financial institutions.
- Following the acquisition of Halmar International LLC, Itinera took over, for the portion attributable to it, guarantees pledged as securities to banks and insurances companies, to support the company, through the issue of "corporate" guarantees. In particular, it signed with the US insurance company that had issued performance bonds necessary for execution of the works, an indemnity agreement for a total of USD 300 million (EUR 250.1 million), in which it undertook to counter-guarantee 50% (equal to the investment held in the US company) of works being performed at the time of closing; at the end of the reporting period, the risk commensurate with the works still to carry out, amounted to EUR 52 million. For works purchased by the Halmar Group after the closing date, Itinera issued guarantees for a total of USD 30.8 million, equivalent to EUR 25.7 million; the risk commensurate with the works still to carry out, amounted to EUR 21.6 million.

<sup>1</sup> With regard to Autostrada Asti-Cuneo S.p.A., as indicated in "Note 3.c – Receivables", financial receivables include the receivable - amounting to EUR 20 million - for the pledge against fidejussory policies by insurance institutes with reference to the bidding competition for the Asti-Cuneo concession.

- The guarantees issued by Unicredit S.p.A. to the MIT on behalf of Società di Progetto Autovia Padana S.p.A. for (i) the payment of the takeover value for the total amount of EUR 317.2 million and (ii) for the sum guaranteed to the MIT for the failed takeover equal to EUR 8.4 million pursuant to article 113(1) of Italian Legislative Decree No. 163/2006.
- The surety, equal to EUR 25.6 million issued by UniCredit S.p.A. on behalf of the company Società di Progetto Autovia Padana S.p.A. to guarantee good performance of the operating management of the concession.

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### Commitments and guarantees

#### *Sistema Tangenziale Esterna*

With regard to the agreements for the investment in "Sistema Tangenziale Esterna", the Group currently has guarantees in place, pursuant to the Equity Contribution Agreement, for the payment, if certain conditions are met, of approximately EUR 22.7 million as equity reserve and approximately EUR 1.2 million to cover any other charges and costs, also of a tax nature. These guarantees were issued as autonomous first demand guarantees, issued by Intesa Sanpaolo to Tangenziale Esterna S.p.A. on 8 April 2014.

The guarantee issued by SATAP S.p.A. for the fidejussory policy, amounting to EUR 2.8 million, issued by Intesa Sanpaolo S.p.A. in favour of Società di Progetto Bre.Be.Mi S.p.A., to guarantee the commitments undertaken by the investee company Autostrade Lombarde S.p.A. in accordance with the capitalisation agreement signed in March 2013.

Following agreements with Intesa Sanpaolo during the year, as from February 2018, the above commitments for Tangenziale Esterna S.p.A. (i) increased by EUR 10.9 million with reference to the Equity Contribution Agreement amounting to a total guarantee value of EUR 33.6 million as at 31 December 2017 (ii) decreased due to the guarantee issued by Intesa Sanpaolo to SATAP, in favour of BRE.BE.MI. S.p.A. for a value equal to EUR 2.8 million as at 31 December 2017.

As part of agreements in which SIAS purchased shares held by Itinera S.p.A. in Tangenziali Esterne di Milano and in Tangenziale Esterna S.p.A., the company Itinera S.p.A. undertakes to purchase TE S.p.A. shares from Consorzio Tangenziale Engineering (2,200,000 shares after testing of the motorway stretch, EUR 2.5 million including interest as at 31.12.2017) and from the cooperatives CMC, CMB, Unienco and Coopsette (4,649,450 shares after testing of the motorway stretch, EUR 5.1 million including interest as at 31.12.2017). The subsequent transfer of the above shares to SIAS S.p.A. has been planned.

#### *Società di Progetto Autovia Padana S.p.A.*

- As at 31 December 2017, with reference to the guarantee issued by Unicredit S.p.A. on behalf of Società Progetto Autovia Padana S.p.A. for a total amount of EUR 317.2 million, the company (i) Progetto Autovia Padana undertakes vis-à-vis Unicredit to keep at least EUR 40 million deposited in a current account and (ii) SATAP S.p.A. undertakes with Unicredit not to use and to keep a deposit in a current account of at least EUR 41.8 million and to keep deposited an additional EUR 31.1 million in said account, in both cases up to the date on which the Takeover Cost is paid in full by Società di Progetto Autovia Padana .

In this regard, on 19 January 2018, the company SATAP S.p.A. paid the remaining 75% of the share capital increase in the company società di Progetto Autovia Padana S.p.A. for a total amount equal to EUR 85.4 million; following this payment, the company SATAP S.p.A. is no longer required to retain funding necessary for the share capital increase in a current account.

On 1 March 2018, Società di Progetto Autovia Padana S.p.A. took over from Autostrade Centropadane S.p.A. in managing the Piacenza-Cremona Brescia concession. Following the takeover, the guarantee equal to EUR 317.2 million issued by Unicredit in favour of MIT in the interest of Progetto Autovia Padana S.p.A. was settled.

*Euroimpianti S.p.A.*

- The agreement for the sale of the equity investment held by Euroimpianti S.p.A. in Aton S.r.l. includes - as per industry practices - the possibility for the purchaser to resell the equity investment to Euroimpianti S.p.A. in the five years following the purchase, if the feed in tariff from GSE based on an ongoing agreement, is permanently withdrawn due to causes attributable to the previous operator.

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On 3 December 2004, an additional agreement was signed between ANAS, ASTM S.p.A. and SATAP S.p.A. according to which - following the transfer to SATAP of the agreement for the "Torino-Milano" section - ASTM S.p.A. would maintain shareholding control over time of SATAP S.p.A..

In this context, on 28 May 2007 the Company - although being aware that, also in case it reduces its equity investment in SIAS under the threshold of the so-called "legal control", it will actually exercise "de facto control" over SIAS and, indirectly, over SATAP since, as pointed out by the Granting Body, it will hold an investment in SIAS such as to enable it to have enough votes to exercise a dominant influence during the ordinary shareholders' meeting of SIAS - showed its willingness towards ANAS (in case ASTM reduces its investment in SIAS under the threshold of the so-called legal control) to enter into a shareholders' agreement with the Parent Company Aurelia S.r.l., according to which it will be possible to jointly steer the exercise of the voting right related to the shares representing the absolute majority of the share capital of SIAS, held by Aurelia S.r.l. and ASTM. Moreover - if said agreement is not renewed, is no longer effective or the equity investment is under the threshold of so-called control "as of right" of SIAS - ASTM showed its willingness to repurchase (from SIAS) and the latter to transfer (to ASTM) the shareholding control of SATAP, pursuant to the agreement mentioned in the note.

The company is providing a guarantee to ANAS S.p.A., which arose from the signing of the above-mentioned "additional agreement". This guarantee (equal to EUR 75.1 million) corresponds to the value of ASTM assets that are not included in the business segment being allocated, exceeding 10% of the shareholders' equity of ASTM as stated in the financial statements as at 31 December 2004.

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**(ii) Assessing the fair value: additional information**

Concerning the measurement of the fair value of financial instruments, the following is specified, in compliance with IFRS 7:

**Assets**

- non-current financial assets – receivables: the value posted to the financial statements approximates their fair value
- cash and cash equivalents: the value posted to the financial statements approximates their fair value
- investments available for sale: the value posted to the financial statements approximates their fair value

**Liabilities**

- variable rate loans: the value posted to the financial statements approximates their fair value
- trade payables: the value posted to the financial statements approximates their fair value

\* \* \*

The "SIAS 2010-2020 bond loan", issued on 26 October 2010, is posted to the financial statements at nominal value net of issue charges. As this involves a listed financial instrument, shown below is a comparison between its market value and the corresponding book values:

SIAS 2010-2020 bond loan (amounts in millions of EUR)	31 December 2017	31 December 2016
• book value in the financial statements	501 <sup>(1)</sup>	500
• official market listing	566	576

(1) Payable: EUR 497 million + interest: EUR 4 million

The "SIAS 2014-2024 bond loan", issued on 6 February 2014, is posted to the financial statements at nominal value net of issue charges. As this involves a listed financial instrument, shown below is a comparison between its market value and the corresponding book values:

SIAS 2014-2024 bond loan (amounts in millions of EUR)	31 December 2017	31 December 2016
• book value in the financial statements	511 <sup>(1)</sup>	511
• official market listing	575	568

(1) Payable: EUR 496 million + interest: EUR 15 million

*Derivatives*

As at 31 December 2017, hedging transactions were in place (IRS-based). These contracts, signed by the subsidiaries SALT p.A., SATAP S.p.A. e SAV S.p.A. were classified as hedging instruments because the relationship between the derivative and the subject of the coverage (maturity, rates) is formally documented. These financial instruments are valued at fair value and changes are imputed completely to a specific reserve in shareholders' equity.

The fair value of derivatives is determined by discounting the expected net cash, using the market interest rate curves for the date of reference. The features of the derivative contracts in place as at 31 December 2017 and the related fair value are summarised below:

(amounts in thousands of EUR)

calibr	Type	Purpose of hedging	Counterparts	Currency	Duration of the derivative contract		31-Dec-17		Hedged financial liability			
					From	To	Notional reference	Fair Value	Description	Nominal amount	Maturity	
SALT	Interest Rate Swap	Change in interest rate	Société Generale	EUR	31/12/2008	29/06/2018	1,579	-37	Loan	10,000	29/06/2018	
SALT	Interest Rate Swap	Change in interest rate	Société Generale	EUR	31/12/2008	29/06/2018	833	-14	Loan		29/06/2018	
SALT	Interest Rate Swap	Change in interest rate	Société Generale	EUR	01/01/2009	22/05/2018	8,092	-121	Loan	8,092	22/05/2018	
SATAP	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	30/06/2009	13/12/2021	88,000	-6,993	Loan	320,000	13/12/2021	
SATAP	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	31/12/2008	13/12/2021	100,000	-10,205	Loan		13/12/2021	
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	30/06/2009	31/12/2021	88,000	-7,124	Loan		31/12/2021	
SATAP	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	30/06/2009	13/12/2021	44,000	-3,536	Loan		13/12/2021	
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	15/06/2009	15/06/2024	31,452	-3,707	Loan	31,452	15/06/2024	
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	30/06/2009	31/12/2021	162,000	-15,055	Loan	162,000	31/12/2021	
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	15/06/2009	15/06/2024	24,931	-2,831	Loan	24,931	15/06/2024	
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	15/06/2009	15/03/2022	5,400	-398	Loan	5,400	15/03/2022	
SATAP	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	07/05/2012	15/12/2024	21,000	-1,316	Loan	42,000	15/12/2024	
SATAP	Interest Rate Swap	Change in interest rate	Unicredit	EUR	11/05/2012	15/12/2024	21,000	-1,269	Loan		15/12/2024	
SATAP	Interest Rate Swap	Change in interest rate	SOGE	EUR	05/07/2012	15/12/2024	14,000	-792	Loan	14,000	15/12/2024	
SATAP	Interest Rate Swap	Change in interest rate	NOMURA	EUR	18/10/2012	15/12/2024	14,000	-700	Loan	14,000	15/12/2024	
SATAP	Interest Rate Swap	Change in interest rate	BNP PARIPAS	EUR	15/12/2014	15/12/2024	38,500	-752	Loan	38,500	15/12/2024	
SAV	Interest Rate Swap	Change in interest rate	MEDIOBANCA	EUR	17/12/2012	15/12/2020	5,000	-93	Intercompany loan	5,000	15/12/2020	
SAV	Interest Rate Swap	Change in interest rate	BANCA AKROS	EUR	15/12/2013	15/12/2020	7,500	-149	Intercompany loan	7,500	15/12/2020	
								Total	-55,092			

### **(iii) Financial risk management**

In compliance with the said IFRS 7, we specify that in the normal conduct of its operating activities, the ASTM Group is potentially exposed to the following financial risks:

- "market risk" mainly from exposure to interest rate fluctuations and to the change in foreign exchange rates;
- "liquidity risk" from a lack of financial resources suitable for operational activities and repayment of liabilities assumed in the past.

The risks cited above are broken down in detail below:

#### *Market risk*

With regard to the risks connected with the *fluctuation of interest rates*, the ASTM Group strategy has been designed to contain this risk mainly by carefully monitoring the dynamics associated with interest rates. More specifically, this risk has been strongly reduced by signing "hedging agreements": at present, about 75% of the medium/long-term debt of the Group is at "fixed rate/hedged".

With regard to the above, the "sensitivity analysis" concerning the changes in interest rates is not significant.

#### *Counterparty creditworthiness risk for hedging agreements*

As reported above, the Group licensee companies signed hedging transactions with major financial institutions in order to prevent the risks arising from the changes in the benchmark interest rates.

With regard to these transactions, note that there could be risks related to the strength/creditworthiness of the counterparties with which said hedging agreements were signed.

#### *Foreign exchange risk*

The Group is exposed to foreign exchange risk arising from various factors including (i) cash inflows and outflows in currencies other than the functional currency (economic foreign exchange risk); (ii) net invested capital in investees whose functional currency is not the Euro (translation exchange rate risk); (iii) deposit and/or financing transactions in currencies other than the functional currency (transaction exchange rate risk).

The Group implements a hedging policy against exchange rates fluctuations by making use of the financial instruments available on the market.

Nevertheless, as at 31 December 2017, there were no foreign exchange hedging transactions in place.

*Liquidity risk*

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. The ASTM Group believes that the generation of cash flow, together with the planned diversification of financing sources and the current debt maturity, guarantee being able to satisfy scheduled financial requirements.

The tables below show the breakdown of financial liabilities in place as at 31 December 2017 by maturity date. The amounts shown below also include interest payments (we clarify that the interest on variable-rate loans is calculated based on the last available rate as at the reference date, keeping it constant to maturity).

Lending bank	Company	Total financial flows (**)		Maturity dates (*)					
				Within 1 year		2 to 5 years		Beyond 5 years	
		Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
Unicredit	ASTM	35,000	262	-	127	35,000	135	-	-
Banca BIIS – Intesa Group	SATAP	31,452	4,542	4,839	1,254	19,355	2,998	7,258	290
Mediobanca (EIB funding)	SATAP	5,400	464	1,200	185	4,200	279	-	-
Mediobanca (EIB funding)	SATAP	24,930	3,491	3,835	964	15,342	2,304	5,753	223
Mediobanca	SATAP	320,000	30,330	80,000	12,736	240,000	17,594	-	-
Mediobanca	SATAP	162,000	20,454	36,000	7,900	126,000	12,554	-	-
Cassa Depositi e Prestiti	SATAP	60,000	4,337	4,000	913	32,002	2,786	23,998	638
BNL – Mediobanca	SAV	8,334	90	4,167	67	4,167	23	-	-
Banca BIIS – UniCredit	SALT	5,000	59	5,000	59	-	-	-	-
Monte dei Paschi di Siena	SALT	8,092	123	8,092	123	-	-	-	-
Crédit Agricole	LOGISTICA TIRRENICA	534	1	357	1	177	-	-	-
Mediobanca, Unicredit and UBI (EIB funding)	SIAS	24,500	6,207	3,500	1,086	14,000	4,214	7,000	907
Mediobanca, Unicredit and UBI	SIAS	143,500	4,584	20,500	845	82,000	3,096	41,000	643
EIB	SIAS	77,000	5,640	11,000	1,065	44,000	3,798	22,000	777
EIB	SIAS	3,571	29	3,571	29	-	-	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	2,857	29	2,857	29	-	-	-	-
EIB	SIAS	12,500	492	4,167	243	8,333	249	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	22,500	709	7,500	343	15,000	366	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	7,500	215	2,500	103	5,000	112	-	-
UBI	SIAS	70,000	560	-	321	70,000	239	-	-
BNL	SIAS	30,000	287	-	168	30,000	119	-	-
Banca Popolare di Milano	SIAS	50,000	332	-	306	50,000	26	-	-
BNL	SIAS	50,000	313	50,000	313	-	-	-	-
MT BANK	HALMAR INTERNATIONAL	1,748	891	78	78	313	276	1,357	537
MT BANK	HALMAR INTERNATIONAL	238	16	72	8	166	8	-	-
MT BANK	HALMAR INTERNATIONAL	910	36	566	29	344	8	-	-
TD BANK	ADELAIDE CRYSTAL HOLDINGS	414	112	29	16	118	52	267	45
Banca Carige	ITINERA	19,998	165	10,000	124	9,998	41	-	-
Banca Passadore	ITINERA	10,000	104	1,985	36	8,015	68	-	-
BIPER	ITINERA	30,000	238	7,500	97	22,500	141	-	-
Banca Carige	TARANTO LOGISTICA	12,144	266	-	152	12,144	114	-	-
Unicredit	SITECO INFORMATICA	30	1	30	1	-	-	-	-
Unicredit	SITECO INFORMATICA	20	-	20	-	-	-	-	-
Cariparma	SITECO INFORMATICA	22	1	14	1	8	-	-	-
<b>Total loans</b>		<b>1,230,193</b>	<b>85,381</b>	<b>273,379</b>	<b>29,721</b>	<b>848,181</b>	<b>51,599</b>	<b>108,633</b>	<b>4,060</b>
2010-2020 bond loan	SIAS	500,000	67,500	-	22,500	500,000	45,000	-	-
2014-2024 bond loan	SIAS	500,000	118,125	-	16,875	-	67,500	500,000	33,750
<b>Total financial payables</b>		<b>2,230,193</b>	<b>271,006</b>	<b>273,379</b>	<b>69,096</b>	<b>1,348,181</b>	<b>164,099</b>	<b>608,633</b>	<b>37,810</b>

(\*) Distribution upon maturity is based on current residual contract duration.

(\*\*) The above-mentioned hedging agreements on interest rate fluctuations have been included when calculating the flow of interest on loans.

It is worth highlighting that the payable due to ANAS - Central Insurance Fund as at 31 December 2017 amounts to EUR 204.5 million. The discounted value of said payable totals EUR 136.3 million (this payable is not included in the data provided above).

Details are provided below of the amount payable to ANAS – Central Insurance Fund and its developments until fully repaid. In relation to the discounted value of this payable, reference should be made to the illustration provided in Note 21 – Other payables (long-term).

<i>(amounts in millions of EUR)</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	116.3	104.9	93.5	82.1	65.9	49.3	32.8	16.2	-	-	-
SALT- A15 stretch	88.3	87.8	87.3	86.8	86.3	85.8	85.3	84.8	84.3	80.2	28.0
<b>TOTAL</b>	<b>204.5</b>	<b>192.6</b>	<b>180.7</b>	<b>168.8</b>	<b>152.2</b>	<b>135.1</b>	<b>118.0</b>	<b>100.9</b>	<b>84.3</b>	<b>80.2</b>	<b>28.0</b>

The **credit lines** of ASTM Group companies can essentially be broken down as follows:

1. Bond loans issued as part of the EMTN Programme;
2. Medium- and long-term loans used as investment support;
3. Uncommitted credit lines referring to current account overdraft/receivables conversion facilities to support working capital needs.
4. "Committed" credit lines to cover the operating needs of the companies.

With reference to the Bond loans issued as part of the EMTN Programme reference is made to *Note 18 – Other financial liabilities (non-current)*.

"medium- and long-term loans as at 31 December 2017 of Group companies had all been disbursed as at the reporting date, except for:

- a loan granted to the subsidiary SATAP S.p.A. by Cassa Depositi e Prestiti S.p.A.;
- a loan granted to SIAS S.p.A. by UniCredit S.p.A., Intesa Sanpaolo S.p.A. and Cariparma S.p.A.;
- a loan granted to Autovia Padana S.p.A. by UniCredit S.p.A. and Intesa Sanpaolo S.p.A. and Cariparma (VAT credit line);
- a loan granted to SIAS S.p.A. by Credito Valtellinese S.p.A.;
- a loan granted to SIAS S.p.A. by Banco Popolare di Milano;
- a loan granted to SIAS S.p.A. by Credito Valtellinese S.p.A..

For each ASTM Group company, the following table illustrates the total of medium- and long-term loans granted, with an indication of (i) the amount used (book value) and (ii) the amount available, not yet disbursed as at 31 December 2017.

Medium- and long-term loans		
<i>(amounts in thousands of EUR)</i>	<b>amount used as at 31 December 2017</b>	<b>amount available as at 31 December 2017</b>
Autovia Padana S.p.A.	-	66,000
Logistica Tirrenica S.p.A.	534	
SALT p.A.	13,092	
SATAP S.p.A.	603,782	290,000
SAV S.p.A.	8,334	
SIAS S.p.A.	493,928	270,000
ASTM S.p.A.	35,000	30,000
ITINERA S.p.A.	59,998	
Taranto Logistica S.p.A.	12,144	
Halmar International LLC	2,895	
Adelaide Crystal Holdings	413	
Siteco Informatica	72	
<b>Total</b>	<b>1,230,192</b>	<b>656,000</b>

With reference to loans granted to SIAS S.p.A. for EUR 270 million by Unicredit S.p.A., Intesa San Paolo S.p.A. and Cariparma S.p.A. and EUR 66 million for the loan granted to Autovia Padana S.p.A. by Unicredit S.p.A. and Intesa San Paolo S.p.A. and Cariparma, not disbursed as at 31 December 2017 and to pay the "takeover value" and costs for development of the first lot of works relative to the concession managed by the subsidiary Autovia Padana S.p.A., EUR 137 million was used on 28 February 2018 (by SIAS S.p.A.) and EUR 54.7 million (by Autovia Padana S.p.A.). The liquidity from the SIAS S.p.A. loan was used to finance the above subsidiary in paying the takeover indemnity, on the same date, to the Ministry of Infrastructures and Transport and to the outgoing licensee Autostrade Centro Padane.

For each ASTM Group company, the following table illustrates the total of uncommitted credit lines – set up mainly for current account overdrafts and good till cancelled – with an indication of (i) the amount used (book value) and (ii) the amount available as at 31 December 2017.

<b>Company</b>	<b>amount used as at 31 December 2017</b>	<b>amount available as at 31 December 2017</b>
Autostrada Asti Cuneo S.p.A.	4,428	25,572
Autostrada dei Fiori S.p.A.	-	109,715
Euroimpianti S.p.A.	-	4,300
Finanziaria di Partecipazioni S.p.A.	-	5,000
SALT p.A.	-	20,762
SATAP S.p.A.	-	33,000
SAV S.p.A.	-	57,000
SIAS S.p.A.	-	64,000
Sinelec S.p.A.	-	4,000
Itinera Group	30,318	300,075
SINA	-	4,181
SITECO	88	112
ASTM S.p.A.	11	86,000
<b>Total</b>	<b>34,845</b>	<b>713,717</b>

In addition, (i) SIAS S.p.A. was granted backup committed facilities equal to EUR 80 million from Banco Popolare di Milano and Credito Valtellinese and (ii) the Itinera Group was granted committed lines, still available, equal to EUR 8.2 million.

**(iii) Related-party transactions**

The main transactions of the Company with related parties, identified according to criteria set out in the related-party transactions procedure, in compliance with article 2391 bis of the Civil Code/IAS 24 and the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 as amended, are described below. This procedure, which is published in the sector "Procedures and documents" available on the website [www.astm.it](http://www.astm.it), sets out the rules governing the approval, management and public disclosure of related-party transactions carried out by the ASTM Group, directly or through Subsidiaries, in order to guarantee the transparency and procedural and substantive fairness of transactions.

The table below shows the commercial and financial balances arising from related-party transactions.

STATEMENT OF FINANCIAL POSITION:

<i>(amounts in thousands of EUR)</i>	TOTAL 2017	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Assets</b>							
<b>Non-current assets</b>							
Intangible assets							
goodwill	84.863						
other intangible assets	12.687						
concessions – non-compensated	2.909.419						
reversible assets							
<b>Total intangible assets</b>	<b>3.006.969</b>						
Tangible assets							
property, plant, machinery and other assets	103.109						
financial lease assets	7.590						
<b>Total tangible assets</b>	<b>110.699</b>						
Non-current financial assets							
Equity accounted investments	1.007.179						
unconsolidated investments – available for sale	123.917						
Receivables	111.744			75.468		75.468	67,5%
other	364.999						
<b>Total non-current financial assets</b>	<b>1.607.839</b>						
Deferred tax credits	151.079						
<b>Total non-current assets</b>	<b>4.876.586</b>						
<b>Current assets</b>							
Inventories	156.334		1.631	10.537	1.546	13.714	8,8%
Trade receivables	208.267	14	11.788	48.347	3.965	64.114	30,8%
Current tax credits	29.340						
Other receivables	55.385	3.249	611	18.994		22.854	41,3%
Assets held for trading	5.915						
Financial receivables	243.688			503		503	0,2%
<b>Total</b>	<b>698.929</b>						
Cash and cash equivalents	554.936						
<b>Subtotal Current assets</b>	<b>1.253.865</b>						
Discontinued operations/Non-current assets held for sale	46.942			46.942		46.942	100%
<b>Total current assets</b>	<b>1.300.807</b>						
<b>Total assets</b>	<b>6.177.393</b>						

(1) Amounts include relations with Directors, Statutory Auditors and other key management personnel of the Group

<i>(amounts in thousands of EUR)</i>	TOTAL 2017	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Shareholders' equity and liabilities</b>							
<b>Shareholders' equity</b>							
Shareholders' equity attributed to the parent company							
Share capital	46.221						
Reserves and retained earnings	1.812.865						
<b>Total</b>	<b>1.859.086</b>						
Capital and reserves attributed to minority interests	1.006.954						
<b>Total shareholders' equity</b>	<b>2.866.040</b>						
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Provisions for risks and charges and Employee benefits	211.831				1.448	1.448	0,7%
Trade payables	-						
Other payables	203.234						
Bank debt	950.801						
Hedging derivatives	55.092						
Other financial liabilities	996.425						
Deferred tax liabilities	59.501						
<b>Total non-current liabilities</b>	<b>2.476.884</b>						
<b>Current liabilities</b>							
Trade payables	241.795	2.596	10.278	11.940	6.005	30.819	12,7%
Other payables	213.746	2.319	3	55.537	869	58.728	27,5%
Bank debt	308.616						
Other financial liabilities	46.355						
Current tax liabilities	23.957						
<b>Subtotal current liabilities</b>	<b>834.469</b>						
Liabilities directly related to Discontinued operations/Non-current assets held for sale	-						
<b>Total current liabilities</b>	<b>834.469</b>						
<b>Total liabilities</b>	<b>3.311.353</b>						
<b>Total shareholders' equity and liabilities</b>	<b>6.177.393</b>						

(1) Amounts include relations with Directors, Statutory Auditors and other key management personnel of the Group

More specifically, the main relationships between the Companies of the Group, arranged by items in the financial statements, are the following:

- Receivables recognised as non-current financial assets from related parties for EUR 75.5 million in particular from Tangenziale Esterna S.p.A. for EUR 64 million granted by SIAS S.p.A. and from Federici Stirling Batco LLC for EUR 6 million, from Tunnel Frejus S.c.a.r.l. for EUR 3 million and from Nichelino Village S.c.a.r. for EUR 1 million granted by Itinera S.p.A..
- Inventories for EUR 13.7 million of which:
  - EUR 10.5 million relative to jointly controlled and associated companies, and in particular Sitaf S.p.A. for EUR 5.3 million, BRE.BE.MI S.p.A. for EUR 3 million, Interconnessione S.c.a.r.l. for EUR 1 million and Autostrada Broni Mortara S.p.A. for EUR 0.7 million;
  - EUR 1.6 million relative to companies controlled by parent companies in particular relative to G&A S.p.A. for EUR 0.7 million, Baglietto S.p.A. for EUR 0.5 million and Tomato Farm S.c.a.r.l. for EUR 0.3 million.
  - EUR 1.5 million relative to other related parties, referring to Interstrade S.p.A.
- Trade receivables for services from Itinera S.p.A. to companies controlled by parent companies for EUR 9.8 million of which EUR 4 million from Appia S.r.l., EUR 2.8 million from Terminal San Giorgio S.r.l., EUR 1.3 million from SEA Segnaletica Stradale S.p.A., EUR 0.8 million from Impresa Grassetto S.p.A. in liquidation and EUR 0.6 million from Tomato Farm S.c.a.r.l.);
- Trade receivables for services from Euroimpianti S.p.A. to companies controlled by parent companies for 0.7 million of which EUR 0.4 million from Baglietto S.p.A. and EUR 0.3 million from Azeta S.p.A.;
- Trade receivables for services from Itinera S.p.A. from jointly controlled and associated companies for EUR 39 million, of which EUR 7.9 million from Letimbro S.c.a.r.l., EUR 7.2 million from Aurea S.c.a.r.l., EUR 6.8 million from BRE.BE.MI

- S.p.A., EUR 5.9 million from Consorzio Costruttori TEEM S.c.ar.l., EUR 3.3 million from Interconnessione S.c.ar.l., EUR 2.3 million from CMC Itinera JV S.c.p.A., EUR 1.2 million from Rivalta Terminal Europa S.p.A., EUR 1.1 million from Tunnel Frejus S.c.ar.l. and EUR 1.1 million from Ponte Nord S.p.A..
- Trade receivables for services from SATAP S.p.A. from the jointly controlled and associated company Aurea S.c.ar.l. for EUR 6.2 million.
  - Trade receivables for IT services provided by Sinelec S.p.A. from jointly controlled and associated companies for EUR 4.3 million of which EUR 2.5 million from Interconnessione S.c.ar.l. and EUR 1.1 million from Ativa S.p.A..
  - Trade receivables for services from Euroimpianti S.p.A. from jointly controlled and associated companies for EUR 3 million of which EUR 1.1 million from Interconnessione S.c.ar.l..
  - Trade receivables for services from the Group, in particular from Argo Costruzioni Infrastrutture S.c.p.a., for EUR 3.9 million.
  - Other receivables due from the parent company Aurelia S.r.l. for EUR 2.9 million of which EUR 1.5 million from SINA S.p.A., EUR 0.8 million from Itinera S.p.A. and EUR 0.6 million from ASTM S.p.A.
  - Other receivables due from companies controlled by parent companies for EUR 0.6 million, in particular for receivables due to Itinera S.p.A. from Impresa Grassetto S.p.A. for EUR 0.5 million.
  - Receivables for loans granted from Autostrada dei Fiori S.p.A. due from Rivalta Terminal Europa S.p.A. for EUR 13.8 million and Vado Intermodal Operator S.c.p.a. for EUR 1.4 million.
  - Receivables for loans granted from Halmar International LLC due from Mill Basin Bridge Constructors for EUR 2.5 million.
  - Current financial receivables from jointly controlled and associated companies for EUR 0.5 relative to SIAS S.p.A. due from Ativa immobiliare S.p.A.
  - The balance of non-current assets held for sale of EUR 46.9 million refers to the value of the equity investment in Autostrade Lombarde S.p.A. (EUR 27.9 million) and the receivable for loans (EUR 19 million) reclassified pursuant to IFRS 5.
  - Payables for managerial assistance and other services provided by the Parent Company Argo Finanziaria S.p.A. to Group companies for EUR 2.6 million.
  - Payables for services and supplies of materials from SEA Segnaletica Stradale S.p.A. to Group companies for EUR 5.7 million of which EUR 1.8 million to Autostrada Dei Fiori S.p.A., EUR 1.8 million to SATAP S.p.A. and EUR 1.3 million to Società Autostrada Ligure Toscana p.A..
  - Payables for services from Codelfa S.p.A. in particular to Itinera S.p.A. for EUR 1.6 million.
  - Payables for services from the company controlled by parent companies Gale S.r.l. to Group companies for a total of EUR 1 million, of which 0.8 million to Itinera S.p.A.
  - Payables for services from Itinera S.p.A. to jointly controlled and associated companies for EUR 5 million of which EUR 2.4 million to Tunnel Frejus S.c.ar.l. and EUR 1 million to Letimbro S.c.ar.l.
  - Payables for services from SATAP S.p.A. for EUR 5.4 million to the jointly controlled and associated company Aurea S.c.ar.l.
  - Payables for services from Lambro S.c.ar.l. for EUR 1.4 million to the jointly controlled and associated company Consorzio Costruttori TEEM.
  - Payables for services from Interstrade S.p.A. for EUR 5.7 million to Group companies.
  - Payable for tax consolidation to the parent company Aurelia S.r.l. for EUR 2.3 million from Itinera S.p.A.
  - Other payables of Itinera S.p.A. to jointly controlled and associated companies for EUR 63.3 million, of which EUR 20 million to Letimbro S.c.ar.l., EUR 7.8 million to Consorzio Costruttori TEEM, EUR 6.2 million to Darsene Nord Civitavecchia S.c.ar.l., EUR 5.5 million to Aurea S.c.ar.l., EUR 4.6 million to CMC Itinera JV S.c.p.A., EUR 4.6 million to

Nichelino Village S.c.ar.l., EUR 4 million to Tunnel Frejus S.c.ar.l., EUR 2.9 million to Malco S.c.ar.l., EUR 2.9 million to Mose Bocca di Chioggia S.c.ar.l., EUR 2.7 million to Interconnessione S.c.ar.l. and EUR 1.3 million to Mose Treporti.

INCOME STATEMENT:

<i>(amounts in thousands of EUR)</i>	TOTAL 2017	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Revenues</b>							
motorway sector – operating activities	1.123.298				7	7	0,0%
motorway sector – planning and construction activities	190.032						
construction sector - planning and construction activities	37.381						
construction sector	288.003		5.900	63.252	1.117	70.269	24,4%
engineering sector	8.528	17	35	2.225	60	2.337	27,4%
technology sector	39.154	21	487	12.406	98	13.012	33,2%
Other	59.708	18	1.408	9.372	223	11.021	18,5%
<b>Total revenue</b>	<b>1.746.104</b>						
Payroll costs	(253.170)				(2.822)	(2.822)	1,1%
Costs for services	(571.370)	(5.305)	(18.637)	(79.345)	(24.589)	(127.876)	22,4%
of which:							
- maintenance	(58.572)		(12.715)	(557)	(13.261)	(26.533)	45,3%
- Other costs for services	(353.730)	(5.305)	(5.100)	(78.788)	(9.742)	(98.935)	28,0%
- costs incurred on reversible	(159.068)	-	(822)	-	(1.586)	(2.408)	1,5%
Costs for raw materials	(79.230)	-	(4.680)	(324)	(2.448)	(7.452)	9,4%
Other costs	(137.211)	(640)	(1.307)	(32)	(164)	(2.143)	1,6%
Capitalised costs on fixed assets	1.182						
Amortisation, depreciation and write-downs	(336.282)						
Adjustment of the provision for restoration, replacement and maintenance of non-compensated reversible assets	9.948						
Other provisions for risks and charges	(7.594)						
Financial income:							
from unconsolidated investments	35.632						
other	21.867			6.449		6.449	29,5%
Financial charges:							
interest expense	(78.602)						
other	(5.796)			(163)		(163)	2,8%
write-down of equity investments	(1.824)						
Profit (loss) of companies accounted for by the equity method	10.992						
<b>Profit (loss) before taxes</b>	<b>354.646</b>						
Taxes							
Current taxes	(97.054)						
Deferred taxes	5.365						
<b>Profit (loss) for the year from ongoing activities</b>	<b>262.957</b>						
<b>(Continued Operations)</b>							
Profit (loss) for assets held for sale net of taxes (Discontinued Operation)	516						
<b>Profit (loss) for the year</b>	<b>263.473</b>						

(1) Amounts include relations with Directors, Statutory Auditors and other key management personnel of the Group

More specifically, the main relationships between the Companies of the Group, arranged by items in the financial statements, are as follows:

- Services from Itinera S.p.A. specifically for the companies controlled by parent companies G&A S.p.A. (for EUR 3 million) and Appia (for EUR 2.9 million);
- Services from Itinera S.p.A. to jointly controlled and associated companies for EUR 60 million in particular to BRE.BE.MI S.p.A. for EUR 23.4 million, to Consorzio Costruttori TEEM for EUR 8.6 million, to Sitaf S.p.A. for EUR 8.2 million, to Interconnessione S.c.ar.l. for EUR 8.2 million, to Letimbro S.c.ar.l. for EUR 6.5 million, to CMC Itinera Jv S.c.p.A. for EUR 2.3 million, to Sviluppo Cotorossi S.p.A for EUR 1.2 million and to Nichelino Village S.c.ar.l. for EUR 1 million.
- Services from Halmar International LLC to the jointly controlled company Mill Basin Bridge Constructors for EUR 4 million.
- Services from Argo Costruzioni Infrastrutture S.c.p.A. to other related parties, specifically to Interstrade S.p.A. (for EUR 1.1 million).

- Services from SINA S.p.A. supplied in the engineering sector to jointly controlled and associated companies (for EUR 1.9 million) in particular to CTE - Consorzio Tangenziale Engineering, Aurea S.c.ar.l., Tangenziale Esterna S.p.A., Musinet Engineering S.p.A., Tunnel Frejus S.c.ar.l. and Interconnessione S.c.ar.l.
- IT services from Sinelec S.p.A. for EUR 6.4 million, in particular to Ativa S.p.A. for EUR 5.7 million;
- Services from Euroimpianti S.p.A. for EUR 6 million to jointly controlled and associated companies, of which EUR 2.5 million for Interconnessione S.c.ar.l., EUR 1.5 million for Sitalfa S.p.A., EUR 0.7 million for Ativa S.p.A. and EUR 0.6 million for Nichelino Village S.c.ar.l.
- Services from Sinelec S.p.A. and Euroimpianti S.p.A. to companies controlled by parent companies for EUR 0.5 million of which EUR 0.1 million for Baglietto S.p.A..
- Services from Sistemi e Servizi S.c.ar.l. for EUR 1 million to companies controlled by parent companies of which G&A S.p.A. for 0.4 million and Autosped G S.p.A. for 0.3 million and to Interstrade S.p.A. (other related party) for EUR 0.2 million.
- Services from Itinera S.p.A. for EUR 0.2 million to the company controlled by the parent company Impresa Grassetto S.p.A. in liquidation.
- Services from SATAP S.p.A. to the associated company Aurea S.c.ar.l. for EUR 5 million;
- Services from the group to other jointly controlled and associated companies for EUR 4.9 million, in particular to Ativa S.p.A. for EUR 2.2 million, Tunnel Frejus S.c.ar.l. for EUR 0.5 million, Letimbro S.c.ar.l. for EUR 0.4 million and Serravalla Village S.c.ar.l. for EUR 0.3 million.
- Professional and design services from the company controlled by the parent company SEA Segnaletica Stradale S.p.A. to the Group for EUR 12.6 million of which, in particular, EUR 4 million for Società Autostrada Ligure Toscana p.A., EUR 3.8 million for SATAP S.p.A. and EUR 3.8 million for Autostrada dei Fiori S.p.A..
- Services and supplies of materials from the associated company ATIVA S.p.A. to SAV S.p.A. for EUR 0.3 million.
- Services from Interstrade S.p.A. to Autostrada dei Fiori S.p.A., Autostrada Asti-Cuneo S.p.A. and SATAP S.p.A. for a total of 8.3 million;
- insurance costs for maintenance to the broker PCA S.p.A. for EUR 3.5 million, in particular concerning Società Autostrada Ligure Toscana p.A. and SATAP S.p.A.
- Services and managerial assistance from the parent company Argo Finanziaria S.p.A. totalling EUR 5.3 million for managerial assistance and consulting provided to all Group companies.
- Services from companies controlled by parent companies for a total of EUR 5.3 million to group companies, of which Autosped G S.p.A. for EUR 2.8 million, Transider S.p.A. for EUR 0.6 million, Codelfa S.p.a. for EUR 0.4 million and SEA Segnaletica Stradale S.p.A. for 0.8 million.
- Other costs for services to/from jointly controlled and associated companies for EUR 94 million, in particular for services and supplies of materials from Interconnessione, Darsene Nord Civitavecchia S.c.ar.l., CMC itinera JV, Consorzio Costruttori TEEM, Letimbro S.c.ar.l., Tunnel Frejus S.c.ar.l., Malco S.c.ar.l., Aurea S.c.ar.l. and Nichelino Villaga S.c.ar.l. to Itinera S.p.A. for a total of EUR 90.6 million.
- Other costs for services from Aurea S.c.ar.l. to SATAP S.p.A. for EUR 2.2 million.
- Other costs for brokering fees relative to PCA S.p.A. for EUR 5.3 million concerning all Group companies;
- Other costs incurred by the Group for Interstrade S.p.A. for EUR 0.7 million, of which 0.6 million for Argo Costruzioni Infrastrutture S.c.p.a.
- Costs incurred for the revertible asset relative to related parties totalled EUR 2.4 million and refer in particular to planning and professional services from SEA Segnaletica Stradale S.p.A. to group companies for EUR 0.8 million and services from other related parties such as Interstrade S.p.A. and PCA S.p.A. for a total of EUR 1.6 million.

- costs incurred for the purchase of raw materials relative to companies controlled by parent companies for EUR 4.7 million for purchases of the Group from Gale S.r.l. for EUR 2.5 million, from Autosped G S.p.A. for EUR 1.7 million and from SEA Segnaletica Stradale S.p.A. for EUR 0.5 million.
- Costs incurred with other related parties for EUR 2.4 million for purchases made by Itinera S.p.A. from Interstrade S.p.A..
- Costs incurred by Itinera S.p.A. for the purchase of raw materials from V.A. Bitumi S.r.l. for EUR 0.3 million.
- Other costs relative to companies controlled by parent companies for EUR 1.3 million, of which EUR 0.3 million for services from Appia S.r.l. to the group and for services from SEA Segnaletica Stradale S.p.A. for EUR 0.7 million.
- Financial charges concerning related parties for a total of EUR 6.7 million of which EUR 6.1 million relating to Tangenziale Esterna S.p.A.

In addition, as at 31 December 2016, the subsidiary Autostrada Albenga Gressio Ceva S.p.A. (consolidated as of this half-year) and ATIVA S.p.A. (company subject to "joint control") respectively held 58,878 shares (nominal value EUR 29,439) and 21,500 shares (nominal value EUR 10,750) of the Parent Company ASTM S.p.A..

In addition to what is shown above, there are relationships between the businesses of the Group concerning transactions in the system that interconnects motorway tolls.

The transactions indicated above were carried out under normal market conditions.

Pursuant to article 2391-bis of the Italian Civil Code, we specify that based on the general principles indicated by CONSOB and the rules of corporate governance, related party transactions (either direct or through subsidiaries) were performed in accordance with regulations that assure their transparency as well as their essential and procedural correctness.

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#### **(iv) RFI S.p.A. lawsuit**

On 8 June 2015, Rete Ferroviaria Italiana S.p.A. (RFI S.p.A.) sent to ANAS S.p.A. and the subsidiary SATAP S.p.A. an injunction concerning the acknowledgement of the charges (EUR 1,160 million) incurred to carry out the works to solve the interference created by the high-speed/high-load line with the existing A4 Turin-Milan motorway, as well as claims made by the company that made the works (approximately EUR 180 million).

Having taken into account the position of the lawyers of SATAP S.p.A., and in compliance with reference accounting standards, no provisions were recorded in these consolidated financial statements, because (i) RFI S.p.A. has no right to lay claims to SATAP S.p.A. for the realisation of works to solve the interference created by the high-speed/high-load line with the existing A4 Turin-Milan motorway, and (ii) SATAP S.p.A. has no responsibilities for the choices made by RFI S.p.A. in defining and managing its relationships with the entity that carried out the works.

On 1 June 2016, by writ served on 11 June 2016, RFI – Rete Ferroviaria Italiana S.p.A. summoned ANAS and SATAP – Società Autostrada Torino Alessandria Piacenza S.p.A. before the Court of Rome, seeking a judgement:

- a) first, by way of contractual liability, ordering SATAP to reimburse RFI the amount of EUR 485.8 million, corresponding to the charges allegedly due from SATAP to RFI, and ANAS to pay the sum of EUR 698.2 million, again to RFI; in the alternative, ordering ANAS to pay the total amount of EUR 1,184 million;
- b) in the alternative, ordering SATAP to pay RFI the same amount, but by way of pre-contractual liability, and ordering ANAS to pay on the same basis the sums mentioned in a);
- c) in the further alternative, ordering SATAP to pay the sum referred to in a), on ground of unjust enrichment, and ordering ANAS, on the same basis, to pay the same sum of EUR 698.2 million already mentioned in a);
- d) plus interest and revaluation.

SATAP appeared in court on 31 January 2017, requesting the claims be rejected. Following the exchange of briefs, the judge did not consider it necessary to carry out an expert appraisal and set the hearing for summary pleadings for 30 January 2018. During this hearing, the judge deferred the decision, assigning a deadline of 60 days for filing the closing briefs and 20 days for filing responses.

## (v) Sintesi Lawsuit

It should also be noted that, in 2006, Sintesi S.p.A. ("**Sintesi**") lodged a compensation claim for the illegal occupation of buildings it owns against (i) MIT and (ii) Itinera, managing partner (40%) of the temporary association of companies of which Pizzarotti & Co. S.p.A. (40%), CO.GE. Costruzioni Generali S.r.l. (19.99%) and Impresa Gelfi Costruzioni S.p.A. in receivership (0.01%), as the principal's concessionary for the building of the Bollate jail, belonged. Damages quantified by Sintesi, as per the claim lodged, amounted (i) in the main, to EUR 78.2 million and, (ii) in alternative, to EUR 32.6 million, plus interest and monetary revaluation. Also taking into account a specific opinion issued by its lawyers, Itinera recognised a provision of EUR 0.2 million in financial statements of previous years, in compliance with applicable accounting standards, as: (i) in the indemnity judgement of the Regional Administrative Court of Lombardy - Milan, R.G. n. 1732/12, the company produced evidence of the various reminders sent by Itinera to the Public Authority up to the expiry date for the issuing of the remedial purchase order, aimed at proving the absence of any liability on the part of Itinera; (ii) the company produced evidence of the handover of the areas Bollate jail to MIT before expiry of the deadline for the issuing of the expropriation order; (iii) the amount provided for by the remedial purchase order pursuant to Article 42 *bis* of the President of the Italian Republic No. 327/2001, with respect to damages for the illegal occupation of the area, was of EUR 0.2 million.

The order of the Court of Appeal of Milan, filed on 28 November 2016, upheld the exception of the lack of passive legitimacy put forward by Itinera, sentencing the Ministry of Infrastructure and Transport and the Ministry of Justice to pay Sintesi the amounts due as compensation for damages.

The Ministry appealed the order.

In fact, the Attorney General's Office notified - on behalf and in the interest of the Ministry - the appeal lodged before the Court of Cassation of the charges of the aforementioned order about Itinera's lack of passive legitimacy and the amount of the damages for unlawful occupation. In turn, Sintesi notified its counter-appeal with cross-appeal about the payment of the interests on damages for unlawful occupation. Itinera notified its counter-appeal and cross-appeal subject to Ministry's appeal being upheld.

At present, notification of the hearing for the appeal at the Court of Cassation is pending.

Following the positive outcome, Itinera used most of the fund previously allocated to cover legal fees which had been charged in the meantime.

Certification of the  
Consolidated Financial Statements  
pursuant to article 154-bis  
of Legislative Decree no. 58/98

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**Certification of the Consolidated Financial Statements pursuant to 154-bis of Legislative Decree no. 58/98**

- The undersigned Alberto Rubegni as Managing Director and Lucia Scaglione as Manager in charge of drawing up the corporate accounting documents of ASTM S.p.A. – Parent Company – taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, hereby certify:
  - the adequacy with regard to the characteristics of the business and
  - the actual implementationof the administrative and accounting procedures for preparing the consolidated financial statements for 2017.
  
- Furthermore, we attest that:
  - the consolidated financial statements as at 31 December 2017:
    - a) are prepared in compliance with the international accounting standards approved by the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council dated 19 July 2002;
    - b) correspond to the books and accounting entries;
    - c) provide a true and correct representation of the equity, economic and financial position of the issuer and all the businesses included in the consolidation;
  
  - the Management Report includes a reliable analysis of the trend and results of the management of the Company and the other companies included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

Tortona, 14 March 2018

the Managing Director

*Alberto Rubegni*

The Manager in charge of drawing up  
the corporate accounting documents

*Lucia Scaglione*

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## Report of the Board of Statutory Auditors

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**AUDITORS' REPORT PURSUANT TO ARTICLE 41  
OF LEGISLATIVE DECREE NO. 127/1991 ON THE CONSOLIDATED FINANCIAL STATEMENTS AS  
AT 31/12/2017 OF THE ASTM GROUP**

Dear Shareholders,

the 2017 Consolidated Financial Statements of the ASTM Group, submitted to you, present a profit for the period of EUR 263.4 million, of which the portion attributable to the Group and to minority interests (continued operations) amounts to EUR 149.6 million and EUR 113.3 million respectively.

Based on the provisions of article 3, paragraph 1 of Legislative Decree no. 38 of 28.2.2005, these consolidated financial statements were prepared in accordance with the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Commission.

The financial statements were notified to us, within the times established by law, along with the management report.

Based on controls carried out by PriceWaterhouseCoopers S.p.A., appointed as auditors, the figures in the financial statements correspond with the accounts of the Parent Company, with the separate and consolidated financial statements of the Subsidiaries and with relative information reported by them.

In addition to the financial statements of the Parent Company – ASTM S.p.A. – these consolidated financial statements include the financial statements of the companies over which it exercises control (these financial statements were suitably adjusted/restated to make them compatible with the Parent Company's regulations and the IAS/IFRS international accounting standards for preparing financial statements). The Board of Statutory Auditors did not therefore control these financial statements.

The determination of the scope of consolidation, the choice of consolidation principles of equity investments and procedures adopted reflect provisions established by law.

The management report adequately reflects the financial position and performance of the group, and performance during 2017, and also provides adequate disclosure of relations between group companies and significant events after the end of the reporting period.

The Board of Statutory Auditors reviewed compliance with provisions established by Legislative Decree no. 254/2016 as regards non-financial disclosure, monitoring the adequacy of processes to produce, report, measure and represent non-financial results and information. The Company prepared its Non-financial Disclosure in compliance with articles 3 and 4 of the Decree and applied the exemption to prepare individual non-financial disclosure pursuant to article 6, paragraph 1 of Legislative Decree no. 254/2016, as it prepared Consolidated Disclosure as of article 4 of the above Decree. As regards this Disclosure, the appointed auditor issued its report on the conformity of information provided pursuant to the aforesaid Decree, and the independent auditors appointed to audit the financial statements confirmed the approval of the administrative board in a specific section of the audit report.

In view of the above and based on information provided by the Independent Auditors and its opinion issued without findings pursuant to law, the Board of Statutory Auditors does not have any observations to make concerning the Consolidated Financial Statements of the ASTM Group as at 31 December 2017.

Turin, 29 March 2018

THE AUDITORS

Marco Fazzini

Piera Braja

Ernesto Ramojno

## Report of the Independent Auditors

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## ***Independent auditor's report***

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the Shareholders of  
ASTM SpA

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### ***Report on the Audit of the Consolidated Financial Statements***

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#### ***Opinion***

We have audited the consolidated financial statements of ASTM SpA and its subsidiaries (the “ASTM Group”), which comprise the balance sheet as of 31 December 2017, the income statement, the other comprehensive income, the cash flow statement, the statement of changes in shareholders’ equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the ASTM Group as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of ASTM SpA (the “Company”) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### ***PricewaterhouseCoopers SpA***

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## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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### **Key Audit Matters**

### **Auditing procedures performed in response to key audit matters**

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#### **Evaluation of the recoverability of goodwill and intangible assets referring to concessions (non-compensated revertible assets)**

*"Valuation criteria", paragraph "impairment test" and note 1 - "Intangible assets"*

Among the intangible assets of the consolidated financial statements as at 31 December 2017, the ASTM Group recognizes non-compensated revertible assets related to the concessions of the motorway sector, equal to Euro 2,875.4 million, plus Euro 41.7 million of goodwill allocated to them, which together represent approximately 47% of total consolidated assets.

Within the ASTM Group, each motorway concession company is an autonomous cash-generating unit, which the business plans of each motorway refer to.

The valuation of these intangible assets, and in particular the analysis of their recoverability through the performance of the impairment test, is the result of a process that is significantly affected by the estimates made by management, in particular with reference to expected traffic flows, future investments and to the elements composing the discounting rate.

We have obtained the models and documentation used by management to identify any impairment loss in accordance with the Procedure and, also through the support of experts belonging to the PwC network, we have carried out the following main auditing procedures:

- analysis of the Procedure and verification of the consistency of its contents with the provisions of IAS 36, as well as of its consistent application;
- verification of the mathematical accuracy of the models;
- evaluation, also through discussions with management, of the reasonableness of the main assumptions underlying the determination of the data included in the models, with particular reference to discount rates, traffic data, tariffs, investments and operating costs;

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In accordance with the accounting principles and with the impairment procedure approved by the Board of Directors on 28 February 2018 (the “Procedure”), the aforementioned intangible assets have been verified in order to ascertain the possible presence of an impairment.

We considered the valuation of the recoverability of non-compensated revertible assets and goodwill as a key audit matter, taking into account the significance of their values and the high degree of judgment necessary for the determination of the main assumptions used in the determination of the recoverable amount.

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**Classification of the take-over value referred to the A21 Turin-Piacenza motorway**

*Note 1 “Intangible assets” and note 3d “Non-current financial assets – other”*

On 30 June 2017, the concession relating to the A21 Turin-Piacenza motorway, managed by the subsidiary S.A.T.A.P. SpA (“SATAP”), expired.

After such expiration, the Ministry of Infrastructures and Transport (“MIT” or “Granting Body”) asked SATAP to continue, while completing the possible third-party takeover of the concession, to manage it according to terms and conditions of the current concession. In September 2017, SATAP and the Granting Body also defined the discipline of the takeover indemnity, quantified in Euro 107.9 million at the date of expiry, as well as the regime of urgent investments to be made after expiry, granting in return the waiver of the dispute, previously established by SATAP with reference to the missed tariff adjustments.

Consequently, in the consolidated financial statements as of 31 December 2017, the takeover indemnity of Euro 107.9 million, in addition to the receivable accrued for urgent investments carried out on the A21 Turin-Piacenza motorway

- verification of sensitivity analysis.

Finally, our audit procedures included the analysis of the explanatory notes to the financial statements to verify the accuracy and completeness of the disclosure.

Our audit procedures focused on the analysis of the substance of the agreements signed with the Granting Body, in order to understand the method of recovering the related asset, on which its correct classification depends in the financial statements. Our procedures involved the technical and accounting experts belonging to the PwC network.

Finally, the audit procedures included the analysis of the explanatory notes to the financial statements to verify the accuracy and completeness of the disclosure.

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subsequent to the expiry date and until 31 December 2017, equal to Euro 3.4 million, were reclassified from “intangible assets - Concessions – non-compensated revertible assets” to the item “non-current financial assets”.

This classification expresses the right to recover the asset through the consideration recognized by the successor or by the Granting Body, rather than through the use of the non-compensated revertible asset to which it is related.

The classification of this asset within the consolidated balance sheet has been considered as a key audit matter considering the significance of its value and the degree of judgment used by management for the purposes of its classification into the financial statements.

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### ***Other aspects***

The consolidated financial statements of the ASTM Group for the year ended 31 December 2016 have been audited by another auditor who, on 31 March 2017, expressed a judgment without modification on these financial statements.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the ASTM Group’s ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management either intends to liquidate ASTM SpA or to cease operations, or has no realistic alternative but to do so.



The Board of Statutory Auditors (“Collegio Sindacale”) is responsible for overseeing, in the terms prescribed by law, the ASTM Group’s financial reporting process.

### ***Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ASTM Group’s internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ASTM Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the ASTM Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the ASTM Group to express an opinion on the



consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014***

On 28 April 2017, the Shareholders of ASTM SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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#### ***Report on Compliance with other Laws and Regulations***

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#### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

Management of ASTM SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the ASTM Group as of 31 December 2017, including their consistency with the relevant consolidated financial statements and their compliance with the law.



We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the ASTM Group as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the ASTM Group as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the ASTM Group and its environment obtained in the course of the audit, we have nothing to report.

***Declaration pursuant to Article 4 of the Consob Regulation implementing Legislative Decree 30 December 2016, No. 254***

The directors of ASTM SpA are responsible for the preparation of the consolidated non-financial statement pursuant to Legislative Decree 30 December 2016, No. 254. We verified the approval of the consolidated non-financial statement by the directors.

Pursuant to Article 3, paragraph 10 of Legislative Decree 30 December 2016, No. 254, this consolidated non-financial statement is the subject of a separate attestation of conformity by another auditor.

Turin, 29 March 2018

PricewaterhouseCoopers SpA

*Signed by*

Piero De Lorenzi  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

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ASTM S.p.A.

[www.astm.it](http://www.astm.it)

## **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

prepared pursuant to article 123-bis of the TUF (Consolidated Law on Finance)  
(traditional management and control model)

2017

Approved by the Board of Directors on 14 March 2018

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## GLOSSARY

**Shareholders' Meeting:** the Shareholders' Meeting of the Issuer.

**Shareholders:** the Shareholders of the Issuer.

**Borsa Italiana:** Borsa Italiana S.p.A..

**Code/ Corporate Governance Code:** the Corporate Governance Code for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Civil Code:** the Italian Civil Code.

**Board of Statutory Auditors:** the Board of Statutory Auditors of the Issuer.

**Board:** the Board of Directors of the Issuer.

**Issuer/ASTM:** the issuer of securities to which the Report refers.

**MTA:** the Electronic Stock Market organised and managed by Borsa Italiana.

**Consob Issuer Regulation:** the Regulation issued by Consob with resolution no. 11971 of May 1999 (as amended) on Issuers.

**Consob Related Parties Regulation:** the Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as amended) on transactions with related parties.

**Report:** the report on corporate governance and ownership structure that companies are required to produce pursuant to article 123-bis of the TUF.

**Articles of Association:** the Articles of Association of the Issuer in effect.

**Consolidated Law on Finance/TUF:** Legislative Decree no. 58 of 24 February 1998.

## 1.0 ISSUER'S PROFILE

The Issuer is an industrial holding operating in motorway concessions, the engineering and the construction of major infrastructure and transport technology. The Issuer was established in 1928 and has been listed on the stock exchange since 1969.

Through its subsidiary SIAS S.p.A. (Italy's second motorway operator, managing approximately 23% of the national network) and the joint subsidiary Ecorodovias Infraestrutura e Logistica S.A (a leading Brazilian company in the motorway sector) the Issuer is the fourth motorway concession operator worldwide, managing a network of approximately 4,000 km.

The Issuer operates in the construction of major infrastructure and civil and industrial buildings through the subsidiaries Itinera S.p.A. (one of Italy's leading operators in terms of size, revenues and order book), and Halmar International LCC (a major player in the metropolitan area of New York, developing transport infrastructure).

In the engineering sector, the Issuer operates through the subsidiary SINA S.p.A., which designs transport and mobility works, and carries out monitoring and maintenance for the life cycle of concession-managed infrastructure.

As regards technology, the Issuer operates through the subsidiary Sinelec S.p.A., an Italian leader in the design and development of advanced systems for the management and monitoring of critical infrastructure in the transport sector.

The Issuer's governance structure is based on a "traditional" organisational model, where the company is managed by a Board of Directors and monitored by a Board of Statutory Auditors; both boards have powers and functions as established by the Civil Code, by special applicable laws and by the Articles of Association, while the Shareholders' Meeting represents all Shareholders.

The Issuer endorses the Corporate Governance Code and its corporate governance structure conforms to recommendations in the Code, apart from the exceptions indicated in the Report. This Report describes the Company's "corporate governance" system and its compliance with the Code, providing evidence of recommendations that were implemented and those that were considered inapplicable, as they did not reflect the existing organisational and management structure.

The Report, drafted in compliance with article 123-bis of the TUF, also takes into account the explanatory criteria and methods contained in the "format" prepared by Borsa Italiana in January 2018.

## 2.0 INFORMATION ON CORPORATE OWNERSHIP (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1 OF THE TUF) AT 14 MARCH 2018

### a) Share capital structure (pursuant to article 123-bis, paragraph 1(a) of the TUF)

The share capital, subscribed and paid-up, of EUR 49,499,300, consists of 98,998,600 ordinary shares with no par value, traded on the MTA (FTSE Italia Mid Cap index).

There are no (i) financial instruments assigning the right to subscribe to new-issue shares(ii) equity-based incentive plans (stock options, stock grants, etc.) involving capital increases for this purpose.

### b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1(b) of the TUF)

There are no restrictions on the transfer of securities, such as limits to the holding of securities or the need to obtain approval by the Issuer or other securities' holders.

Pursuant to article 6 of the Articles of Association, shares are registered if required by law; otherwise, if fully paid, these can be registered shares or bearer shares, at the choice and expense of the Shareholder.

### c) Significant shareholdings (pursuant to article 123-bis, paragraph 1(c) of the TUF)

Entities with significant shareholdings, directly or indirectly, in the Issuer, pursuant to article 120 of the TUF, as of notices issued in accordance with the TUF, are indicated in Table 1 in the appendix.

### d) Shares that confer special rights (pursuant to article 123-bis, paragraph 1(d) of the TUF)

The Issuer did not issue securities granting special control rights.

### e) Employees' share ownership: exercise of voting rights (pursuant to article 123-bis, paragraph 1(e) of the TUF)

The Issuer did not approve any employee shareholding scheme with regard to its share capital.

### f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1(b) of the TUF)

There are no restrictions on voting rights.

The Issuer has only issued ordinary shares and there are no shares with voting rights other than ordinary shares.

### g) Shareholders' agreements (pursuant to article 123-bis, paragraph 1(g) of the TUF)

The Issuer is not aware of any Shareholders' agreements as of article 122 of the TUF.

**h) Change of control clauses (pursuant to Article 123-bis, paragraph 1(h), TUF) and provisions on takeover bids contained in the Articles of Association (pursuant to Articles 104, paragraph 1-ter, and 104-bis, paragraph 1)**

Some loan agreements entered into by companies of the Issuer's group contain normal clauses setting out, subject to the consent of lenders, the obligation to repay the debt in advance if the subsidiary SIAS S.p.A. or the parent company Aurelia s.r.l. lose control over the relevant licensee(s). Moreover, these clauses are included (i) in the majority of ISDA agreements governing derivative contracts entered into by companies of the Issuer's group in order to prevent risk from interest rate fluctuations; and (ii) in some indemnity agreements concerning guarantees issued by companies of the Issuer's group.

The "Standard Agreements" in force, which were signed by the licensees of the Issuer's group, expressly set out the requirements with which the new controlling entity must comply in case of a change of control of the licensees. More specifically:

- with reference to concessions relative to the stretches A4 and A21 (managed by SATAP S.p.A.), A15 (managed by SALT p.A.) and A33 (managed by Autostrada Asti-Cuneo S.p.A.), the requirements are as follows: (i) integrity, financial strength, professionalism and reliability with regard to compliance with the obligations resulting from contracts signed with public administrations; (ii) compliance with requirements in so-called "anti-mafia regulations"; (iii) maintaining the licensee's head office in Italy (only for concessions relative to the A15 and A33 stretches);
- with reference to the concessions relative to the stretches A5 (managed by S.A.V. S.p.A.), A6 and A10 (managed by Autostrada dei Fiori S.p.A.), A12 (managed by SALT p.A.) and A21 (managed by Autovia Padana S.p.A.), the requirements are as follows: (i) adequate capitalisation (the shareholders' equity as shown in the latest set of approved and certified Financial Statements must be equal to least 1/8 of the licensee's shareholders' equity at 31 December of the previous financial year); (ii) maintaining the registered office in a country not included in the list of countries that are tax havens; (iii) maintaining the registered office of the licensee in Italy, as well as keeping the licensee's organisational capabilities, with the new controlling entity undertaking to ensure that the licensee has the resources necessary to comply with the agreement's obligations; (iv) a management body comprising members that meet requirements of integrity, professionalism and with at least one member who is independent.

Without prejudice to the above requirements, changes in control are subject in any case to the previous approval of the granting body.

The Articles of Association neither contain derogations with regard to passivity rule provisions set out in article 104, paragraphs 1 and 2 of the TUF, nor set out the implementation of the neutralisation rules in article 104bis, paragraphs 2 and 3 of the TUF.

**i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to article 123bis, paragraph 1, letter m) of the TUF)**

The Board has not been assigned powers to *(i)* increase share capital pursuant to article 2443 of the Civil Code; *(ii)* issue participation-based financial instruments.

On 28 April 2017, the Ordinary Shareholders' Meeting approved a new authorisation for the purchase and disposal of treasury shares, since the previous one, approved by the Ordinary Shareholders' Meeting of 28 April 2016, had elapsed with the approval of the 2016 Financial Statements.

The current authorisation, in line with the previous one, has the purpose of providing the Board with suitable operational flexibility in pursuing the following objectives:

- fulfil the obligations arising from any stock option programs or other allocations of the Issuer's shares to employees or members of the Boards of Directors and Statutory Auditors of ASTM or of associated companies, as well as fulfil any obligations arising from debt instruments convertible into or exchangeable with equity instruments;
- acquire a portfolio of treasury shares to have at their disposal in the context of any extraordinary operations, including the exchange of shares, with other parties as part of the operations of interest to the Issuer (so-called "treasury stock") or for other uses considered of financial, operational and/or strategic interest for the Issuer;
- operate on the market, in compliance with the provisions in force, with a view to investing or otherwise seizing opportunities to maximize the value of the stock that may result from market fluctuations;
- offer shareholders an additional means of monetizing their investment.

Under the authorisation, stock buybacks may be conducted up until the approval of the financial statements for the year ending 31 December 2017, or for a period of 18 months as of the approval date, considering treasury shares already in the portfolio and held by subsidiaries, for a maximum of 19,799,720 ordinary shares in total (equal to 20% of the then share capital), whereas no time limits are provided for disposals.

On authorisation, the Issuer had in its portfolio a total of 6,577,706 treasury shares (equal to 6.64% of the share capital), of which 6,497,328 held directly and 80,378 held indirectly through the subsidiary Autostrada Albenga Garessio Ceva S.p.A. (58,878 shares ) and the subsidiary ATIVA S.p.A. (21,500 shares).

The purchase price of the shares is identified case by case, having regard to the set procedures for the transaction and in compliance with any statutory or regulatory requirements, as well as accepted market practices.

In any case, the purchase price shall not be more than 10% below, at the minimum, and not be more than 10% above, at the maximum, the reference price recorded on the trading day prior to each single purchase transaction or the date on which the price is fixed and, in any case, where purchases are carried out on the regulated market, the price cannot be greater than the highest between the price of the last independent transaction and the highest current independent purchase offer price on the same market, in accordance with the provisions of article 3 of Commission Delegated Regulation (EU) 2016/1052.

In view of the above, the Board of Directors, on 15 April 2017, having taken into account the ASTM shares already held in the portfolio (around 6.64% of the share capital) approved the launch of the new treasury shares purchase plan by authorising the acquisition of up to a further 3,960,000 ASTM shares (approximately 4% of the share capital, hence up to approximately 10.64% of the share capital. Based on the trend of the Issuer's share on the stock exchange and with daily trade volumes higher than final figures on average, the Issuer decided it was not appropriate to put the plan in place and therefore no treasury shares were purchased.

**j) Management and coordination (pursuant to article 2497 et seq. of the Civil Code)**

The Issuer is subject to management and coordination by Argo Finanziaria S.p.A. unipersonale.

The information required by article 123bis, paragraph 1, letter i) of the TUF (*“the agreements between the company and the directors [...] providing for indemnities in case of resignation or dismissal without just cause or termination following a takeover bid”*) is contained in the remuneration report published in compliance with article 123ter of the TUF.

The information required by article 123bis, paragraph 1, letter l) of the TUF (*“the rules for the appointment and replacement of Directors [...], as well as for the amendment of the Articles of Association, if different from the supplementary legal and regulatory rules”*) is detailed in the section of the Report on the Board of Directors (Section 4.1).

### 3.0 COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2(A) OF THE TUF)

As already stated, the Issuer endorses the Corporate Governance Code, which is available on the website of the Corporate Governance Committee: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Current governance of the Issuer therefore complies with the Code, save for recommendations which the Issuer did not adopt, given the specific nature of the company's dimension and organisation, ownership structure and business.

The Issuer is a Company incorporated under the laws of Italy and is not subject to laws of other countries affecting the corporate governance structure of the Issuer.

### 4.0 BOARD OF DIRECTORS

#### 4.1 Appointment and replacement (pursuant to article 123-bis, paragraph 1(l) of the TUF)

Pursuant to article 16 of the Articles of Association, the Company is managed by a Board of Directors composed of a number of members ranging between seven and fifteen, according to the decision taken by the Shareholders' Meeting, ensuring a number of independent directors, as well as gender balance, as required by law.

The entire Board of Directors is appointed on the basis of lists submitted by the Shareholders; the candidates – who are listed by a sequence number – have to comply with the requirements of integrity provided for by applicable law.

The lists submitted by the Shareholders shall be filed at the registered office within the terms and according to the methods set out by current regulations.

Each Shareholder may submit or contribute to submitting one list only.

Each list shall include a number of candidates not exceeding the maximum number of Directors established in the Articles of Association and, upon filing at the registered office, shall include (i) information concerning personal and professional details of the candidates; (ii) the written acceptance of the candidature and the declaration that the candidate does not belong to other lists; as well as (iii) any other document provided for by applicable law. Each list shall include at least two candidates who meet the independence requirements provided for by law, clearly indicating them and entering one of them at the top of the list. Lists containing a number of candidates greater than or equal to three must also include, as specified in the meeting call, candidates of different gender, in order to ensure compliance with the requirements of regulations in force at any time concerning gender balance.

Only shareholders who alone or together with other Shareholders hold shares representing the shareholding in the share capital, as set out by law, have the right to submit lists. The legal title to the above-mentioned shareholding shall be proved according to the methods and time scales provided for by applicable law.

The list that does not comply with the abovementioned provisions shall be considered as not submitted.

Each person entitled to vote may vote only one list.

Election of members will proceed as follows:

- a) from the list obtaining the majority of votes cast by those entitled, four fifths of the Directors to be elected, with rounding down in the event of a fractional number, will be taken in the order in which they appear on the list;
- b) the remaining Directors are elected from the other lists; to this end, the votes obtained by said lists are divided by one, two or three, according to the number of Directors to be elected. The quotients thus obtained are sequentially assigned to the candidates on each list, in the order in which they are listed. The quotients thus attributed to the candidates of the various lists are arranged in a single decreasing order ranking, resulting in the election of the candidates with the highest quotients.
- c) If more than one candidate obtains the same quotient, the candidate from the list which has not yet elected any Directors or which has elected the lowest number of Directors will be elected. In the case of an equal number of votes of the list and, therefore, with the same quotient, a new vote of the Shareholders' Meeting takes place, will the candidate obtaining the simple majority of votes being elected.
- d) If the outcome of the aforementioned procedure generates a composition of the Board of Directors that does not allow the gender balance to be complied with, the candidates elected in the various lists are arranged in a single decreasing order ranking, created according to the quotient system indicated in point b) above. The candidate of the most represented gender with the lowest quotient among the candidates taken from all lists is replaced, subject to compliance with the minimum number of independent directors, by the first non-elected candidate belonging to the less represented gender indicated in the same list as the replaced candidate.
- e) In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of directors is taken will be replaced.
- f) If the replacement of the candidate of the most represented gender with the lowest quotient in the ranking does not allow, however, the minimum threshold established by current

legislation for gender balance to be achieved, the above-mentioned replacement operation is also performed with reference to the candidate of the most represented gender having the second last quotient and so on going up from the bottom of the ranking. In all cases in which the above procedure is not applicable, the replacement is made by the Shareholders' Meeting with the legal majority, in compliance with the principle of proportional representation of minorities on the Board.

If no list is submitted or admitted or in any case, for any reason, the appointment of one or more Directors cannot be carried out according to the provisions of the Articles of Association, the Shareholders' Meeting decides with the legal majorities so as to nevertheless ensure, pursuant to current legislation, the presence of the number of Directors who meet the independence requirements and compliance with the requirements of legislation in force at any time concerning gender balance.

A vacancy for one or more Directors that arises during the financial year shall be filled in line with applicable legal provisions, appointing, in sequential order, candidates drawn from the list to which the ceased Director belonged who are still eligible and prepared to accept the office, ensuring at any rate, in line with applicable laws, the presence of the required number of Independent Directors, as well as gender balance.

If, in case of resignation or other reasons, the majority of Directors appointed by the Meeting fails, the whole Board shall resign and its termination shall be effective from the moment when the Board of Directors will be reestablished, following the appointments made by the Meeting that shall be convened as soon as possible.

The Directors are in office for the time agreed by the Meeting (in any case, not more than three financial years) and can be reappointed; the term of office of persons appointed during this period shall end together with those members who were already in office upon their appointment.

#### Succession planning

Having taken into account the current corporate structure with one reference Shareholder, the Board decided not to adopt a succession planning policy for executive directors, since it was deemed inappropriate to identify persons or criteria for their selection before the actual need to replace an executive director arises.

#### **4.2 Composition (pursuant to article 123-bis, paragraph 2, letter d) and d-bis) of the TUF)**

On 28 April 2016, the ordinary Shareholders' Meeting appointed a new Board of Directors for the years 2016–2017–2018, with term of office ending as of the approval of the financial statements for the year ending 31 December 2018, from a single list of candidates presented by the shareholder Argo Finanziaria S.p.A. unipersonale (which holds 53.39% of the share capital of the

Issuer) comprising 15 candidates: Gian Maria Gros-Pietro, Stefania Bariatti, Caterina Bima, Marco Antonio Cassou, Giuseppe Garofano, Giuseppe Gatto, Beniamino Gavio, Daniela Gavio, Marcello Gavio, Barbara Poggiali, Luigi Roth, Alberto Rubegni, Anna Chiara Svelto, Stefano Viviano and Marco Weigmann.

The minimum shareholding in the share capital required in order to present lists was set out by Consob, in Resolution no. 19499 of 28 January 2016 and is equal to 1%.

After establishing the number of the members of the Board of Directors to be elected as 15, all the aforementioned candidates became part of the Issuer's Management Body.

Out of 65,602,083 shares (equal to 74.548% of the share capital with voting rights):

- the list presented by Argo Finanziaria S.p.A. was voted for by 65,477,874 shares (equal to 99.811% of the share capital present and 74.406% of the share capital with voting rights);
- abstaining votes accounted for 124,066 shares (equal to 0.189% of the share capital present and 0.140% of the share capital with voting rights);
- abstaining votes accounted for 143 shares (equal to 0.0002% of the share capital present and 0.0001% of the share capital with voting rights).

The shareholders elected Gian Maria Gros-Pietro as Chairman of the Board of Directors.

For each voting, the list with the names of the shareholders and their votes is included in the meeting's minutes of 28 June 2016, which have been published on the Company's website under the "governance" section.

In the meeting of 28 April 2016, the newly elected Board approved the organisational chart for corporate offices, confirming Daniela Gavio and Marcello Gavio as the two Deputy Chairpersons and Alberto Rubegni as Managing Director, conferring the relevant management powers.

On 28 March 2017, the Board Director Marco Antonio Cassou stepped down from office, and this was made public. The Board of Directors met on 29 March 2017, noting the resignations received and, in view of the forthcoming Shareholders' Meeting, saw fit to present directly to the Shareholders any determination on the composition of the management body, including, for this purpose, the agenda of the aforementioned Meeting, already convened by the Board meeting of 13 March 2017 for 28 April 2017.

In this regard, based on the proposal from the Shareholder Argo Finanziaria S.p.A. unipersonale (disclosed to the market according to the terms and procedures required by law), the Shareholders' Meeting appointed Maurizio Leo to the Board of Directors, whose term of office will end, together with other Directors in office, on the date of the Shareholders' Meeting convened to approve the 2018 Financial Statements. On 2 May 2017, Maurizio Leo notified that he was not able to accept the appointment.

On 23 October 2017, the Board, following assessments to identify a suitable candidate for the board, co-opted Umberto Tosoni as the new Director. Pursuant to article 2386 of the Civil Code, Umberto Tosoni will remain in office until the next Shareholders' Meeting convened to approve the 2017 Financial Statements.

The remaining members of the Board were appointed for the first time as follows: Daniela Gavio (co-opted by the Board on 24 March 1994), Giuseppe Garofano (Ordinary Shareholders' Meeting of 10 May 2007), Marcello Gavio, Luigi Roth, Stefano Viviano (Ordinary Shareholders' Meeting of 28 April 2010), Gian Maria Gros-Pietro (Ordinary Shareholders' Meeting of 20 April 2012), Stefania Bariatti, Caterina Bima, Barbara Poggiali, Alberto Rubegni, Marco Weigmann (Ordinary Shareholders' Meeting of 10 June 2013), Giuseppe Gatto, Beniamino Gavio, Anna Chiara Svelto (Ordinary Shareholders' Meeting of 28 April 2016).

Table 2, in the Appendix includes a summary of the information concerning the members of the Board and relevant Committees.

As may be inferred from the short bibliographical notes detailed below, the Directors have adequate professional experience (as regards legal, technical, economic and financial subjects, as applicable), as well as specific skills through which they actively participate and contribute to the Board's proceedings and decisions. The comprehensive curricula of the members of the Board are available on the Issuer's website, under the "*governance*" section.

- Gian Maria Gros-Pietro (Chairperson): born in Turin on 4 February 1942. He was awarded a degree in Economics and Business from Turin University. He taught Business Economics first at Turin University and then at Luiss Guido Carli in Rome, where he was Head of the Economics and Management Department and is a Board Director. From 1974 to 1995 he headed the Research Institute on Enterprise and Development. He has written numerous publications on economic, business and financial topics. He was Chairperson of Iri, Eni and Atlantia, as well as the Director of numerous listed companies, including Fiat and Caltagirone. He is currently the Chair of the Board of Directors of Intesa Sanpaolo S.p.A. and is a member of the Board of Directors of Edison S.p.A..
- Daniela Gavio (Deputy Chair): born in Alessandria on 16 February 1958. She was awarded a degree in Medicine (Surgery) from Genoa University. She acquired expertise in corporate

management matters mainly within the Gavio Group, with particular reference to the sectors of motorway concessions, logistics and road transport. Currently, her offices include that of Deputy Chair of the Board of Directors of SIAS S.p.A., of SATAP S.p.A. Acting Deputy Chair and member of the Executive Committee of SALT p.A. and member of the Board of Directors of Aurelia S.r.l..

- Marcello Gavio (Deputy Chair): born in Alessandria on 8 October 1967. He graduated from the Tortona Technical Institute for Building Surveyors with a Surveying Diploma and acquired expertise in corporate management matters mainly within the Gavio Group, with particular reference to the sectors of motorway concessions, building, construction, logistics and transport. Currently his offices include that of Deputy Chair of the Board of Directors of Aurelia S.r.l. and Alternate Director of Primav Infrastruttura S.A. e Ecorodovias Infrastruttura e Logistica S.A..
- Alberto Rubegni (Managing Director): born in Pisa on 15 March 1951. He was awarded a degree in Civil Engineering (Structures) and boasts long-standing experience in the management of highly complex infrastructure projects in Italy and worldwide both in large-scale works and the concessions and project financing sectors. From July 1997 to July 2012, he was General Manager and then Managing Director of Impregilo S.p.A.. His current offices include that of Chair of the Board of Directors of Itinera S.p.A. and Director of Primav Infrastruttura S.A., Ecorodovias Infrastruttura e Logistica S.A., Autostrade Lombarde S.p.A., Società di Progetto Bre.Be.Mi S.p.A. and Tangenziale Esterna S.p.A..
- Stefania Bariatti: born in Milan on 28 October 1956. She was awarded a degree in Law from Milan University, where she is Professor of International Law. She is counsel at the Chiomenti law firm. She is also Chair of the Board of Directors of SIAS S.p.A. and of Banca Monte dei Paschi di Siena S.p.A.. From 1999 to 2007 she represented the Italian Government at the Hague Conference on Private International Law. She is the author of numerous publications on Private International Law, European Union Law and International Law.
- Caterina Bima: born in Borgo San Dalmazzo (Cuneo) on 30 January 1960. She holds a degree in Political Science with a specialisation in international policy and a Law degree from Turin University. She works as a notary in Turin, specialising in the corporate sector. She currently holds the office of Director of Unicredit Leasing S.p.A..
- Giuseppe Garofano: born in Nereto (Teramo) on 25 January 1944. He has a degree in Chemical Engineering from Milan Polytechnic and gained a Master's Degree in Business Administration at Bocconi University, Milan in 1972. In 1977 he worked at Morgan Stanley – First Boston in New York. He holds offices in management bodies, also as Chairperson, in companies such as Industria e Innovazione S.p.A.. He worked as independent management

consultant and in-house consultant for IBI, which then became part of Alerion S.p.A..

- Giuseppe Gatto: born in Murazzano (Cuneo) on 17 October 1941. He was awarded a degree in Economics and Business from Turin University. He gained managerial experience by working for and holding corporate offices in major Italian and international companies, such as Impresit S.p.A., Risanamento S.p.A., A.G. Energia S.r.l., Huarte – Spain, Hasa – Spain and Itinera S.p.A. (where he is currently a member of the Board of Directors).
- Beniamino Gavio: born in Alessandria on 13 October 1965. After obtaining a degree in Economics at Kensington University in Glendale (California), he acquired expertise in corporate management matters mainly within the Gavio Group, with particular reference to the sectors of motorway concessions, logistics, maritime transport, energy, construction and engineering. Currently his offices include that of Chair of the Board of Directors of Aurelia S.r.l. and Primav Infrastruttura S.A., as well as member of the Board of Directors of SIAS S.p.A. and Ecorodovias Infrastruttura e Logistica S.A..
- Barbara Poggiali: born in Milan on 4 March 1963. She holds a degree and a PhD in Engineering from the Massachusetts Institute of Technology. She has extensive professional experience in technology, internationalisation and change management. Her managerial background includes various managerial positions in leading companies, including Poste Italiane, Rizzoli, Cable and Wireless and Vodafone. She is a Board Director of a number of listed companies, including Falck Renewables and SnaiTech.
- Luigi Piergiuseppe Ferdinando Roth: born in Milan on 1 November 1940. He was awarded a degree in Economics and Business from Bocconi University, Milan. He is a registered statutory auditor. He has worked for major companies including Pirelli, Finanziaria Ernesto Breda, Breda Costruzioni Ferroviarie, Ferrovie Nord Milano, Ansaldo Trasporti and Finmeccanica. From 2004 to 2007 he was Deputy Chair of Cassa Depositi e Prestiti Spa. From 2009 to 2011 he was Chair of the Milan Consortium Città della Salute e della Ricerca. From 2009 to 2012 he was Director of Meliorbanca. From 2001 to 2009 he was Chairperson of Fondazione Fiera Milano. From 2005 to 2014 he was Chairperson of Terna Spa. He is the Chairperson of Alba Leasing Spa, Equita Sim SpA and Sec S.p.A. and Director of Alkimis Sgr. He is Chair of the Lombardy Group of Cavalieri del Lavoro (Industry Leaders). He is socially committed and his managerial experience has served institutes such as the Menotti Tettamanti Foundation for the study and treatment of child leukaemia and Caritas Ambrosiana.

- Anna Chiara Svelto: born in Milan on 29 October 1968. She was awarded a degree in Law from Milan University, and was admitted to the Bar in September 1995. From March 1996 to February 1998, she worked in the Legal Department of Edison, and subsequently headed the Legal and Corporate Affairs Department of Shell Italy from March 1998 to September 2000. She joined the Pirelli Group, where she worked until May 2016 in various managerial positions at the Headquarters, becoming the Corporate Affairs and Compliance Director, as well as the Secretary of the Board Directors and its Advisory Committees. She was a Member of the Board of Directors of Prelios S.p.A. and is currently a Member of the Board of Directors of Enel S.p.A.. Since June 2016, she has been Chief General Counsel of Ubi Banca.
- Umberto Tosoni: born in Varese on 4 March 1975. He was awarded a degree in Business Management, specialising in Transport Planning. He gained his professional experience mainly working for the Gavio Group, which he joined in 2004. He holds the position of General Manager of SIAS S.p.A. and Managing Director of the licensees Asti Cuneo S.p.A., SATAP S.p.A., SAV S.p.A. and SITAF S.p.A..
- Stefano Viviano: born in Genoa on 21 June 1976. He was awarded a degree in Business Administration with specialisation in Finance in 2000. In 2003 he became a Certified Internal Auditor (CIA) and in 2004 was awarded Certification in Control Self – Assessment (CCSA). He has been working for the Gavio Group since 2005, where he gained experience primarily in the area of group finance. He holds important management offices in various companies, including Tangenziale Esterna S.p.A..
- Marco Weigmann: born in Turin on 20 May 1940. He was awarded a degree in Law from Turin University and is a leading partner of the Tosetto, Weigmann e Associati law firm. He has considerable experience in civil, commercial and, in particular, corporate law. He is a member of the National and International Chamber of Arbitration of Milan and is currently a member of the Chamber of Arbitration of Piedmont. He is a member of the Council of the Bar Association of Turin and of various non-profit civil society entities, as well as member of the Board of Directors of major companies, such as Società Reale Mutua Assicurazioni, Reale Immobili S.p.A. and Auchan S.p.A..

#### Diversity policies

As regards the composition of the management body, the current composition of the Board, as in the past, has an adequate mix of members in terms of age, gender, education and professional background, and therefore the Issuer did not consider it necessary to adopt a specific diversity policy for the composition of the management body. However, to value human capital on the basis of merit, professional expertise, conduct, integrity and confidence, while also promoting an inclusive work environment that is open to diversity, the Board approved a "diversity and

inclusion" policy on 14 March 2018, applicable to the Issuer and its subsidiaries.

Maximum number of offices held in other companies

In January 2008, the Issuer adopted a procedure, last reviewed in November 2012, aimed at identifying the maximum number of offices as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises.

The directors accept the office by taking into account, in their duties, the limits set out by above procedure (available on the website under the "governance" section), which takes into consideration the level of commitment implied in each position, also with regard to the nature and size of the companies in which offices are held, as well as whether or not these belong to the Issuer's Group. Large enterprises are defined as follows:

- a) Italian companies with shares listed on Italian or foreign regulated markets;
- b) Italian or foreign companies with shares that are not listed on regulated markets, which operate in the insurance, banking, financial brokerage, asset management or financial sectors;
- c) Italian or foreign companies other than those described in the previous paragraphs a) and b), which, individually or at Group level in case they draw up the consolidated financial statements, show i) revenue from sales and services higher than EUR 500 million; and ii) balance sheet assets higher than EUR 800 million, based on the last set of approved Financial Statements.

Having taken into account the commitment implied in each single position, the following maximum numbers on administration or control offices that can be held in large enterprises, as defined above, were established:

- Executive Directors with management powers: 4
- Executive Directors without management powers: 6
- Non-executive Directors: 8

With regard to the calculation of offices:

- those positions held in companies directly and/or indirectly controlled by ASTM, as well as in its Parent Companies are not taken into account;

- alternate auditor offices, as well as management and control offices held in associations, foundations, consortium companies, consortia and unlisted cooperatives are not taken into account;
- in order to identify large enterprises pursuant to paragraph c), the item "revenue from sales and services" means income from ordinary operations;
- in case of offices held in companies belonging to the same group and if the Director holds a similar office in the parent company and in companies under its control and included in its scope of consolidation, the identification of large enterprises shall be carried out, for the parent company, on the basis of the Consolidated Financial Statements and, for subsidiaries, based on the related Separate Financial Statements, also if the latter, as sub-holding companies, draw up their own Consolidated Financial Statements;
- in case of offices held in large enterprises belonging to the same group, the weight given to each of the offices except for the first one is reduced by half and, in any case, the fact of holding several positions within the same group shall not imply a total "weighting" higher than 2.

However, the Board is allowed to grant derogations (including temporary ones) for exceeding the abovementioned limits.

The list attached to Table 2 shows the offices held by some Directors, in view of the aforementioned parameters and criteria.

#### Induction Programme

Through frequent Board Meetings, the Chairperson and Managing Director ensure that the Directors and Auditors are constantly informed of corporate and market situations, as well as of the main legal and regulatory developments concerning the Issuer and its Group. Having considered the industrial holding activities of the Issuer, special attention has been paid to the purchase and disposal of equity investments, in order to have an updated framework on the corporate activities and dynamics under way/being assessed, and take appropriate decisions.

Specifically, in July 2017, during the presentation of the *"Going Global 2017-2021 Strategic Plan"* (which targets the development of the ASTM-SIAS Group through a growth strategy based on geographic expansion and consolidation of the domestic market), the ASTM Group and its core business were presented, with particular reference to the motorway, EPC (Engineering, Procurement & Construction) Contractor, Engineering and Technology sectors.

#### **4.3 Role of the Board of Directors (pursuant to article 123bis, paragraph 2(d) of the TUF)**

During 2017, the Board held 9 meetings, which last on average for one and a half hours.

As regards 2018 as detailed in the annual schedule of corporate events sent to Borsa Italiana S.p.A. in January 2018 at least 4 meetings have been planned to approve the Financial Statements, the halfyearly Financial Report, as well as the Quarterly Interim Management Reports. Since the beginning of 2018, 3 meetings have already been held, although 2 were not included in the abovementioned schedule.

The Chairperson and the Managing Director have always made sure that Directors and Auditors could receive the documents about the agenda for well in advance of each Board meeting.

The Chairperson and the Managing Director have always made sure that Board Members and Auditors could receive the documents about the agenda well in advance of each Board meeting. In compliance with the Code and considering the operating dynamics of the Issuer and its group, as well as the specific nature of the organisational and management structure, the Board established a deadline of two business days for sending information prior to board meetings, save for urgent circumstances and in the case of confidential, price-sensitive information. During 2017, the above deadline was met.

Moreover, the Chairperson ensures that each item on the agenda is dealt with thoroughly, by encouraging discussion, which is useful in order to take decisions. To this end, the Chairperson may request executives and managers of specific corporate functions of the Issuer or its group to take part in board meetings, and, where conditions are met, advisors and/or legal consultants, in order to thoroughly analyse issues on the agenda. As a standard practice, the Financial Reporting Officer also takes part in board meetings on financial reporting.

Moreover, in order to facilitate the participation of Directors in corporate activities, pursuant to article 19 of the Articles of Association, it is possible for them to attend board meetings remotely, using conference call or video conference systems that ensure prompt and timely information flows.

##### *Powers and authorities of the Board*

Pursuant to article 21 of the Articles of Association, the Board has the broadest powers for the ordinary and extraordinary administration of the Issuer, and may take all actions, including acts of disposal, deemed necessary to achieve the corporate purpose, with the sole exception of actions reserved by law for the Shareholders' Meeting.

The Board is responsible for examining and approving strategic, business and financial plans of the Issuer and its Group. Having taken into account the information provided by the Managing Director also with regard to the exercise of relevant management powers, the Board assesses the general results of operations on an ongoing basis.

With reference to the specific powers set out by the Code, the Board monitors the adequacy of the organisational, administrative and accounting structure of the Issuer and subsidiaries with strategic importance. In concrete terms, the Board is responsible for analysing the following transactions with major strategic, economic and financial relevance implemented by the Issuer or its subsidiaries:

- a) the issue of financial instruments, for a total value higher than EUR 10 million;
- b) the granting of loans to entities other than Subsidiaries, for amounts higher than EUR 10 million, if this is proportional to the shareholding or for amounts higher than EUR 5 million if this is not proportional to the shareholding;
- c) the signing of derivative contracts of an amount higher than EUR 10 million as notional value, and which not only aim at hedging corporate risks (by way of non-limiting example: interest rate, foreign exchange and raw material hedging);
- d) the granting of personal guarantees and/or collaterals in favour of entities other than the Issuer or subsidiaries, for amounts higher than EUR 10 million;
- e) merger and splitoff transactions, where at least one of the companies involved is not a subsidiary;
- f) acquisition or disposal of real estate whose value is equal or higher than EUR 5 million;
- g) acquisition or disposal of companies or business units, fixed assets and other assets, whose transaction value is equal or higher than EUR 10 million;
- h) acquisition or disposal of equity investments, incorporation of new companies and transactions involving new contributions that are not proportional to the shareholding ("new contributions" means share capital increase subscription, payments towards future share capital increase, payments to cover losses) for which the value of the transaction/contribution for the Issuer is equal to or higher than EUR 10 million (equal or higher than EUR 5 million for transactions executed by subsidiaries), as well as the signing of agreements for the exercise of rights related to these equity investments and transactions that can involve, during their development or at their end, commitments and/or purchase agreements and/or disposal agreements of this kind and of this extent.

Purchases of treasury shares effected as a result of the authorisation granted by the Shareholders' Meeting pursuant to current regulations are not considered as acquisitions of equity investments;

- i) any other transaction that, according to the competent Bodies of a subsidiary, has an impact on the strategic, economic and financial position and results of the Issuer.

With respect to the above, for a correct implementation of the procedure within the Issuer's Group, the Board immediately issued the necessary instructions. As regards the operations of the subsidiary Itinera S.p.A. (active in the construction of major infrastructure), following the decision taken by the Board on 14 March 2018, offers for contracts of a value (relative to Itinera) in excess of EUR 400 million (EUR 300 million in the case of lump sum projects), and all offers in geographic areas that are new and not included in the areas identified in the group's strategic plan and/or which require a parent company guarantee, will be previously reviewed by ASTM.

As regards the decisions taken by the Board on the identification of significant transactions with related parties and implementing procedures, reference should be made to the specific information in paragraph 12.0 "Directors' interests and transactions with related parties".

#### Assessment on the size, composition and functioning of the Board

The Directors carried out the usual annual assessment of the size, composition and functioning of the Board, in compliance with the Code.

In line with previous years, the assessment was based on a questionnaire, with the format including: (i) main responsibilities of the Board; (ii) the functioning of the Board; (iii) the climate and dynamics within the Board; (iv) the role of the Chairman of the Board of Directors; (v) the composition, professional expertise and size of the board; (vi) executive directors and the organisational structure; (vii) the role of independent directors - criteria and establishing eligibility; (viii) an assessment of Board committees; (ix) the self-assessment of Directors.

Directors were asked to give an evaluation in the questionnaire, choosing from a number of options, and could also put their comments and observations, i.e. suggestions to help improve the functioning of the Board. The replies given - which remain anonymous - were then channelled into a specific report, as aggregate data, reviewed by the Board in its meeting of 14 March 2018.

To ensure an effective and independent assessment, the Directors were assisted by Willis Towers Watson, an international consulting company with extensive experience in the sector. Interviews with individual Directors were also conducted by the advisor.

With particular reference to the industrial holding activity carried out by the Issuer, the Directors believe they have adequate professional experience (concerning legal, technical, economic and financial subjects as applicable), through which they ensure the Board, also taking into account seniority and number, has the expertise to achieve the strategies and guidelines of the Issuer and its Group.

In particular, the Board Directors, with specific reference to corporate operations and objectives achieved in 2017, also considering assistance from Committees, the Internal Audit and Risk Management Director and Supervisory Bodies: (i) acknowledged that they took part in corporate activities and actively contributed to the works and decisions, as confirmed by their regular and continued participation in the meetings; (ii) were updated on the ordinary and extraordinary operations of the Issuer, on significant events, as well as on initiatives under assessment and those carried out in the exercise of management powers. In this context, in order to allow Directors to express an informed opinion, they were usually provided with documentation and information on items on the agenda reasonably in advance of individual Board meetings.

#### Non-competition clause pursuant to article 2390 of the Civil Code

The Meeting did not grant derogations with regard to the noncompetition clause pursuant to article 2390 of the Civil Code as a general and preventive measure.

#### **4.4 Delegated bodies**

##### Managing Director

Following the renewal of the Board of Directors by the Shareholders' Meeting held on 28 April 2016, the Board of Directors, on the same date, set out the Issuer's governance lines, adopting resolutions on corporate offices and the related management powers, in line with the previous financial year.

In this regard, the Board confirmed Alberto Rubegni as Managing Director of the Issuer, giving him the power to carry out all company operations, save for limitations established by law and by the Articles of Association, with the exception of the following powers, which require prior authorisation from the Board: (i) sell, exchange and transfer real estate in incorporated companies or under incorporation, (ii) transfer, sell, award and generally dispose of the equity investments held in subsidiaries so that the equity investment is lower than 50.1% of the share capital. Moreover, the Managing Director also has the power to appoint and revoke appointment of proxies and attorneys by setting out their powers, as well as to promote and support legal actions on behalf of the Issuer – acting as both claimant or defendant – at any court (civil, penal

or administrative) and at any level of jurisdiction, in Italy and abroad.

#### Chairperson

The Shareholders' Meeting of 26 April 2016 appointed Gian Maria Gros-Pietro as Chairman of the Board of Directors of the Issuer. The Chairman legally represents the Company before third parties and in court, as set out by the Articles of Association, and has the following powers to be exercised with separate signature: (i) setting the agenda of the Board of Directors' meeting, in agreement with the Managing Director, (ii) providing for external communication, together with the Managing Director, (iii) signing corporate mail and the documents related to the office and the exercise of powers.

#### Deputy Chairpersons

With a view to ensuring the Board's management continuity, Daniela Gavio and Marcello Gavio were appointed as Deputy Chairs of the Board of Directors during the Board meeting of 26 April 2016. The Deputy Chairs have the same powers as the Chairperson, to be exercised with separate signature, in the absence or impediment of the Chairperson.

#### General Management

The Issuer's current organisational structure does not provide for a General Management function.

#### Executive Committee (pursuant to Article 123-bis, paragraph 2(d) of the TUF)

Based on the current organisational and operating structure of the Issuer, the Board of Directors has not appointed an Executive Committee.

#### Information to the Board

The Managing Director reported to the Board and the Board of Statutory Auditors on the activities carried out in the exercise of his powers, as well as on the overall performance and the outlook, and on major economic, financial and asset transactions effected by the Issuer or its subsidiaries during individual meetings, held at least every quarter.

#### 4.5 Other Executive Directors

Besides the Managing Director Alberto Rubegni, the following directors are considered as executive directors, pursuant to the definition in the Code:

- Beniamino Gavio, as Chair of the Parent Companies Aurelia S.r.l. and Argo Finanziaria S.p.A. unipersonale;
- Daniela Gavio as she holds (i) the office of Manager of Itinera S.p.A., a subsidiary with strategic importance and (ii) the office of Director of the Parent Companies Aurelia S.r.l. and Argo Finanziaria S.p.A. unipersonale;
- Marcello Gavio as he holds (i) the office of Manager of Itinera S.p.A., a subsidiary with strategic importance and (ii) the office of Deputy Chair of the Parent Companies Aurelia S.r.l. and Argo Finanziaria S.p.A. unipersonale;
- Stefano Viviano as Managing Director of the subsidiary with strategic relevance Igli S.p.A..

#### 4.6 Independent Directors

As regards the Issuer's corporate structure , 7 Directors (Caterina Bima, Giuseppe Garofano, Giuseppe Gatto, Barbara Poggiali, Luigi Roth, Anna Chiara Svelto and Marco Weigmann) declared, on their appointment, that they meet the independence requirements envisaged by the Code and the TUF.

After the appointment of the above directors and during annual assessments, of which the last one was conducted on 14 March 2018, the Board considered the above requirements as being met, also after consulting with the Board of Statutory Auditors. In this regard it should be noted that the independence of the Director Giuseppe Garofano was confirmed by virtue of his independent judgement and proven professional capabilities and considering that the aforementioned Director *(i)* has served over nine years in office and *(ii)* is the Chairperson of the Board of Directors of Industria e Innovazione S.p.A., a company in which the Parent Company Argo Finanziaria S.p.A. held an equity interest of around 9.38% of the share capital until 29 December 2017, which was then reduced to 0.483%. Likewise, the Board gave a favourable opinion on the independence of Giuseppe Gatto, considering that the position he holds as Director in the subsidiary Itinera S.p.A. (without any management or executive function) cannot affect his independent judgement in any way.

All Directors undertook to report to the Issuer on any change of the information provided upon acceptance of the candidature, among which their independence.

In the framework of its specific powers and authorities, the Board of Statutory Auditors favourably

examined and verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

#### Independent Directors' meeting

The Independent Directors met in December 2017. Following their assessment, they confirmed the favourable opinion with regard to the operations and composition of the Management Body. Its members have professional profiles and knowledge suitable in order to achieve the strategies and aims of the Issuer and its group.

In this context, they expressed their favourable opinion on the existing information flow that enables them to monitor corporate activities and the internal audit system of the Issuer and its main subsidiaries, also thanks to the timely co-operation of corporate management and the responsible staff.

It was noted that the Board is periodically updated on the ordinary and extraordinary operations of the Issuer, on significant events, as well as on initiatives under assessment and those carried out in the exercise of management powers.

The precious contribution provided by the Audit, Risk and Sustainability Committee (also in its capacity as Related Parties' Committee, where applicable), by the Remuneration Committee and Supervisory Board was also recognised.

#### **4.7 Lead independent director**

The current organisational structure of the Board, with regard to the distribution and allocation of management powers, complies with the principles contained in the Code, according to which the company management should be divided from the office of Chairperson. For this reason, there is no need to appoint a lead independent director among independent directors.

### **5.0 HANDLING OF CORPORATE INFORMATION**

During the financial year, the Chairperson and the Managing Director, in co-operation with the investor relations' supervisor, were in charge of the management of corporate information, with particular reference to pricesensitive information.

Documents and information on the Issuer and its subsidiaries are disclosed externally in agreement with the Chairperson and the Managing Director by the Board's Secretarial Department and the Corporate and Compliance Function for notices to relevant Authorities and Shareholders, and by the investor relations manager for notices to institutional investors.

In compliance with the new legal framework on market abuse, established by the entry into force of Regulation (EU) No 596/2014, the Issuer has adopted a procedure to guarantee *(i)* the internal management and external disclosure of corporate documents and information concerning the Issuer and its subsidiaries, with particular reference to inside information, and *(ii)* to keep an

insider list, i.e. of persons that have access to inside information (as regards the latter aspect, the Issuer has a specific IT procedure, with contents and operating mechanisms that are aligned with the principles and objectives of applicable laws). In particular, the new procedure includes provisions pertaining to the internal handling and the external disclosure of corporate documents and information, with specific reference to inside information, and defines roles, responsibilities and operational methods for the management of such information, considering their identification and disclosure to the market, including, where applicable, the activation of the procedure for delayed disclosure to the market and the updating of the insider list.

Following the publication on 13 October 2017 of Consob guidelines on the "*Management of inside information*", the Issuer started work with the Audit, Risk and Sustainability Committee to adopt Consob guidelines, also in view of "inside information" relative to SIAS identified with reference to the 2013/2017 period. Following this activity, the Board, on 14 March 2018, with the approval of the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, approved a new "*Procedure for the management, processing and disclosure of significant and inside information of ASTM S.p.A.*" which (i) identifies the functions or organisational units that, for various reasons, are involved, within the Issuer, in the processing of significant or inside information (ii) mapped the potential types of significant or inside information and (iii) coded provisions relative (x) to the internal management and external communication of corporate documents and information concerning the Issuer and its subsidiaries, with particular reference to significant and inside information and (y) kept and updated the Insider List.

With respect to "Insider Trading" rules, which are governed by a dedicated procedure that was last updated also to take into account the entry into force of Regulation (EU) no. 596/2014, the Corporate Compliance Function is the unit responsible for receiving, managing and disclosing to the market any material transactions effected, on the Issuer's shares and of financial instruments linked to it, by "relevant persons" and "close associates", as identified on the basis of current legal and regulatory provisions. In order to promptly comply with disclosure requirements, a document entitled "Transactions carried out by relevant parties and close associates" is drawn up and given to relevant parties. This document contains (i) all legal and regulatory provisions that constitute the regulatory framework, as well as (ii) the terms and conditions for communications to Consob, Issuer and the market.

## 6.0 BOARD COMMITTEES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2(D) OF THE TUF)

Following the renewal of the Management Body by the Shareholders' Meeting of 28 April 2016, the Board, in its meeting held on the same date, appointed the Remuneration Committee and the Audit and Risk Committee (subsequently named the Audit, Risk and Sustainability Committee), with a composition in line with the provision of the Code since all members are independent non-executive Directors.

The Board decided not to establish the Appointments Committee or other committees, for reasons described below.

## 7.0 APPOINTMENTS COMMITTEE

In line with assessments made in the past, the Board decided not to establish an Appointments Committee, as the appointment of Directors is carried out by means of list voting, in compliance with the terms and conditions set out in article 16 of the Articles of Association and as required by current regulations, also considering, in accordance with Criterion 1.C.1. letter h) of the Code, the opinion of the Board to Shareholders concerning managerial and professional positions, which are considered as appropriate for the Board.

## 8.0 REMUNERATION COMMITTEE

### Composition and functioning of the Remuneration Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

The Remuneration Committee consists of the independent directors Marco Weigmann (Chair), Anna Chiara Svelto and Barbara Poggiali, who have adequate financial and remuneration policies knowledge.

The Committee is convened upon request of its members by the Board's Secretarial Department, which also records the minutes of each single meeting. All members of the Board of Statutory Auditors are invited to take part in the meetings. Pursuant to the recommendations contained in the Code, the Directors do not attend the Committee's meetings during which proposals are made to the Board with regard to their remuneration.

The Committee held 5 meetings in 2017 and 3 meetings in 2018, of which the duration was in line with the issues addressed.

### Functions

In compliance with the Code, the Remuneration Committee has the power to (i) submit proposals to the Board concerning remuneration policies for directors and key management personnel; (ii) periodically assess the adequacy, general consistency and practical implementation of remuneration policies adopted for directors and key management personnel, by making use (with regard to this latter point) of the information provided by the Managing Director, as well as

make proposals to the Board on this subject; (iii) submit proposals or express opinions to the Board on the remuneration of executive directors and other directors holding specific offices, as well as on the performance objectives related to the variable portion of this remuneration; (iv) monitor the implementation of the decisions adopted by the Board by assessing, in particular, the achievement of performance objectives.

In exercising the above powers, the Committee developed project activities to introduce a management incentive scheme as from 2017, with the aim of promoting the achievement of even more outstanding results and establishing a profitable link between compensation and business performance. This activity - which took into account recent major developments in the strategy of the Issuer and its group - led to ASTM's remuneration policies being revised in general, with the aim of aligning compensation models with the need to compete on new markets and link remuneration to the company's medium/long-term results to a greater extent.

The new guidelines were shared by the Board in March 2017 and subsequently approved by the Shareholders' Meeting of 28 April 2017.

In this regard, the Committee made a proposal in August 2017 to supplement the Managing Director's remuneration, already approved in 2016, with a monetary incentive related to the achievement of specific economic/financial objectives and to objectives of the industrial strategic plan, referred to above, which was approved in July 2017.

The Committee also acknowledged that based on the above project activities and market analysis specifically conducted, the Issuer's positioning was identified as being below the average and of comparable listed companies, and considered it appropriate to revise the remuneration of the Director of the internal audit and risk management system, as well as for members of Committees established in compliance with rules of corporate governance and the Supervisory Board.

The above proposals were shared with and approved by the Board, after receiving a favourable opinion from the Board of Statutory Auditors and, as regards the compensation of the Managing Director, from the Audit, Risk and Sustainability Committee in its capacity as the Committee for Related Parties Transactions.

To carry out its duties, the Committee uses corporate resources and may be assisted by external consultants, whose costs are to be borne by the Issuer. To date, the Board has decided to not adopt a specific budget for the Committee.

## 9.0 DIRECTORS' REMUNERATION

### General remuneration policy

Pursuant to article 16 of the Articles of Association in effect, the Shareholders' Meeting approves the annual compensation payable to members of the Board, which remains valid also for financial years following the year of approval, until a new decision is taken by the meeting. The members of the Board are also entitled to the reimbursement of expenses incurred as a result of their office.

Without prejudice to the remuneration approved by the Shareholders' Meeting, the remuneration of directors holding corporate offices are established by the Board, upon proposal of the Remuneration Committee and having consulted with the Board of Statutory Auditors, pursuant to article 2389 of the Civil Code, as well as, where applicable, with the Audit, Risk and Sustainability Committee, in compliance with the procedure on transactions with related parties adopted by the Issuer.

The Board also determines the compensation for members of the Supervisory Board, and for Committees and functions which are recommended by the Code.

In March 2017, on the proposal of the Remuneration Committee, the Board approved the remuneration policy of the Issuer which the Shareholders' Meeting of 28 April 2017, requested to pass an advisory vote, approved. The main parts of remuneration considered in the remuneration policy are: fixed remuneration, the annual management incentive scheme and benefits. The approach to overall retribution entails a balanced package of fixed and variable elements, both monetary and non-monetary, that considers the Issuer's strategic objectives and risk profile with respect to the sector in which the Issuer operates and the characteristics of the activity performed. Consequently, the management incentive system provides for the following: (i) variable remuneration linked to the achievement of specific corporate performance parameters; (ii) previously established and determined objectives, directly linked to the process to define corporate objectives.

In particular, during 2017 (i) an annual incentive system was adopted for the Managing Director (MBO Plan), which gives the beneficiary a monetary bonus if established economic/financial and project/strategic objectives are achieved and (ii) technical analysis was started to assess the use of long-term incentives related to long-term objectives, to award the achievement of long-term quantitative and qualitative results that are functional for generating value and sustainable growth, in keeping with the interests of shareholders and stakeholders, and for retaining key personnel of the Issuer).

This issue is described in full in the "Remuneration Report" (prepared in compliance with article 123ter of the TUF and article 84-quater of the Consob Issuer Regulation), which is available on

the Issuer's website, under the "governance" section.

Remuneration of key management personnel

The Issuer did not identify any key management personnel pursuant to the definition in the Consob Related Parties Regulation.

Incentives for the internal audit manager and the manager responsible for financial reporting

Incentives for the internal audit manager and manager responsible for financial reporting are defined in line with (i) policies adopted by the Issuer on the remuneration of management and (ii) the duties assigned to these functions.

Directors' indemnity in case of resignation, dismissal or termination of the employment relationship following a takeover bid (pursuant to Article 123bis, paragraph 1(i) of TUF)

The Issuer did not sign with the Directors and the General Manager any agreements for indemnities in case of resignation, dismissal or termination of the employment following a takeover bid, as well as no non-competition agreements entailing the payment of a sum in respect of the obligation arising from the aforementioned agreements.

## 10.0 AUDIT, RISK AND SUSTAINABILITY COMMITTEE

Composition and functioning of the Audit, Risk and Sustainability Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

The Committee comprise the non-executive, independent Directors Giuseppe Garofano (Chairman), Giuseppe Gatto and Luigi Roth.

The Committee is convened upon request of its members by the Board's Secretarial Department, which also records the minutes of each single meeting. All members of the Board of Statutory Auditors are invited to take part in the meetings.

The Committee held 7 meetings in 2017 and 2 meetings in 2018, of which the duration was in line with the issues addressed.

Based on the "Guidelines for the Internal Audit and Risk Management system", approved by the Board in May 2014 and last revised by resolution of the Board of 14 May 2018, the Committee reports on the results of its activities on a halfyearly basis, during meetings held to approve the annual and interim accounting documents; as a consequence, at least 2 meetings have been planned for FY 2018, without prejudice to further meetings concerning any preliminary assessment of transactions with related parties.

### Functions

The Committee assisted the Board in carrying out the tasks assigned to the latter with regard to internal audit issues, by having access to all necessary corporate information and functions.

The Committee carries out all the tasks set out by the Code, specifically: a) together with the manager responsible for financial reporting and having consulted with the independent statutory auditor and the Board of Statutory auditors, it assesses the correct use of accounting policies and, in case of groups, their uniformity with regard to the preparation of the Consolidated Financial Statements; b) it expresses opinions on specific aspects concerning the identification of the main corporate risks; c) it evaluates the periodic reports on the assessment of the internal audit and risk management systems and those of significant importance prepared by the internal audit function; d) it monitors the autonomy, adequacy, efficacy and effectiveness of the internal audit function; e) where deemed necessary, it requests the internal audit function to carry out audits on specific operating areas, by notifying this to the Chairperson of the Board of Statutory Auditors; f) it reports to the Board on its activity and the adequacy of the internal audit and risk management system at least on a halfyearly basis, at the time of approval of the annual and half-yearly financial reports; g) it supports, with suitable investigation activity, the assessment and the decisions of the Board on the management of risks arising from detrimental events that have come to the attention of the Board.

In this context, the Committee receives the following information flows:

- the Audit Plan from the Internal Audit function, to submit to the Board of Directors for approval, as well as the periodic report on audit results;
- from the Manager responsible for financial reporting, a report on the activities carried out to ensure the correctness, completeness and operating efficiency of the administrative and accounting procedures required to adequately prepare the Separate and Consolidated Financial Statements;
- from the Director responsible for the internal audit and risk management system, the report on the implementation of Guidelines for the internal audit and risk management system and on the adequacy and effectiveness of the System as a whole, as well as any reports on specific issues and criticalities identified while carrying out his/her duties.

In compliance with the above *“Guidelines on the internal audit and risk management system”* meetings are also scheduled with the Director responsible for the internal audit and risk management system of the subsidiary SIAS S.p.A..

On 9 August 2017, the Board also resolved to assign the Committee, in addition to the above functions, the supervision of sustainability issues related to its operations and engagement with

stakeholders, as well as review of the sustainability plan, the monitoring of its implementation and review of the sustainability report. This decision - approved by the Committee, as it is considered functional for and compatible with the activities it already carries out - meets the Issuer's aim, as part of its approach to Corporate Social Responsibility, of integrating its current governance structure and set of procedures, processes and structures of the operational organisation that monitor the production, reporting, measurement and representation of non-financial disclosure. In relation to the above, the Committee, that was renamed the "Audit, Risk and Sustainability Committee" endorsed the 2017-2021 Sustainability Plan, approved by the Board in November 2017, monitoring its implementation status.

According to the procedure on transactions with related parties adopted by the Issuer, the Committee is in charge of analysing in advance and as applicable, transactions with related parties, in order to support the Board's resolutions.

To carry out its duties, the Committee uses corporate resources and may be assisted by external consultants, whose costs are to be borne by the Issuer. To date, the Board has decided to not adopt a specific budget for the Committee.

#### **11.0 INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM**

The Board is responsible for the internal audit and risk management system; thanks to the support given by the Committee, it identifies its policies and regularly assesses its suitability and effectiveness, ensuring that the main corporate risks are identified and managed consistently with strategic objectives.

Taking into account its profile as an industrial holding, the Issuer currently has an adequate organisational structure, since it carries out its activities through its subsidiaries, which enjoy full management autonomy.

Moreover, the director responsible for the internal audit and risk management system, the internal audit function, the manager responsible for financial reporting, as well as the "Model 231" and the "Control Model 262" aim at safeguarding principles of proper and efficient management. For further details, see other relative sections of this Report.

With respect to the above, the Board, as part of the assessment performed in March 2018, believes that the internal audit system is adequate and effective for the identification, measurement, management and monitoring of risks considering the risk profile assumed and the features of the Issuer and of each business sector in which the Group to which it belongs operates.

With specific regard to the main features of the existing risk management and internal audit systems concerning the (consolidated) financial reporting process, if applicable, reference is made to Annex 1.

#### **11.1 Director responsible for the internal audit and risk management system**

As from 28 April 2016, the Director Stefano Viviano has been the Director responsible for the internal audit and risk management system ("Director responsible").

The Responsible Director carried out an assessment in the second half of 2017 and first few months of 2018, for areas under his responsibility, together with the Audit, Risk and Sustainability Committee, based on which the Internal Audit and Risk Management System of the Issuer was revised, giving the Issuer, in its capacity as an industrial holding, a key role in coordinating and promoting equity investments and identifying new investment opportunities. In this context, the Issuer:

- manages financial and compliance risks relative to the nature of the holding;
- defines guidelines for the internal audit and risk management system of subsidiaries;
- monitors the implementation status of the group's strategic plan and main economic/financial indicators of its subsidiaries.

Moreover, the subsidiaries, as part of their legal and operational autonomy, are independently responsible for managing the operational risk of their own business activities.

#### **11.2 Internal Audit Manager**

On the proposal of the appointed Director and after consulting with the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, the Board proposed the appointment of Amelia Celia to the Internal Audit function, as from 1 January 2016, deciding on her annual compensation for the position. Amelia Celia has adequate professional experience in accounting, and in the mapping of key corporate processes and the assessment of relevant risks, acquired in major Italian and international listed Groups in various industrial sectors, including manufacturing and consumer goods.

In February 2016, the Board, after consulting with the Audit, Risk and Sustainability Committee, the Board of Statutory Auditors and the Director Responsible, approved the *"2016-2018 Audit*

*Plan*” and details of actions for 2016, indicating the relative times and expected commitment in terms of "men/days", assigning a fund of EUR 30,000 to the Internal Audit manager to carry out her duties.

In order to prepare the aforementioned Plan and identify the relevant areas/processes, the following was taken into account: the results of (i) audit activities performed in previous financial years, (ii) the risk assessment prepared by ASTM's management and periodically updated, (iii) meetings with the management of the Issuer aimed at investigating the most at-risk areas, as well as (iv) assessments carried out pursuant to Law no. 262/2005 and Legislative Decree no. 231/2001.

Based on the relevance of identified risks, priorities and audit activities were defined and planned by identifying the companies, processes and systems, as well as the type of audit actions and related objectives and the time scales of each Plan intervention.

In line with the results from the risk assessment carried out by the appointed Director during the second half of 2016, following the Issuer's purchase of the controlling interest in Itinera S.p.A., the Internal Audit function supplemented the 2016 Work Schedule, increasing its work commitments from original plans. This led to an increase of EUR 45,000 in the funds originally made available. In February 2017, the Board - after consulting with the Audit, Risk and Sustainability Committee, the Board of Statutory Auditors and Director responsible - approved the update for the 2016-2018 Audit Plan and the 2017 Work Schedule, assigning the Internal Audit function funds of EUR 90,000 for 2017.

Following the revision of the internal audit and risk management system of the ASTM Group, described above and approved by the Board on 14 March 2018, a new audit plan for the 2018-2020 period will be approved.

As set out by the Code, the Internal Audit Manager periodically prepares reports on her activities, methods used to manage risks and compliance with plans defined for their mitigation, submitting them to the Chairpersons of the Board of Directors, the Board of Statutory Auditors and the Audit, Risk and Sustainability Committee and to the Responsible Director.

### **11.3 Organisational model pursuant to Legislative Decree no. 231/2001**

The Issuer has adopted an Organisational Model pursuant to Legislative Decree no. 231/2001 (Model 231) aimed at preventing the possibility of committing the offences referred to in the aforementioned Decree and, therefore, at shielding the Issuer from administrative liability.

The Model 231 - aligned with the principles in the “Confindustria Guidelines” approved in March 2002 and last updated in 2014 – was then updated on an ongoing basis, as approved by the Board of Directors, both to take into account the many offences that were gradually included in the scope of the crimes under Decree no. 231/2001 and to implement the necessary adjustments

due to organisational changes over the years.

In February 2018, the Issuer updated its Model 231, and documents mapping applicable offences, with reference to legal developments taking place after 22 September 2016 (date of the last update), and in particular:

- Law 199 of 29 October 2016 which introduced the offence of "Unlawful brokerage and exploitation of labour" as of article 603-bis of the Criminal Code into the Decree 231;
- Legislative Decree no. 38 of 15 March 2017, "Implementing Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector", which introduced, as an offence for which entities have administrative liability, the (i) offence of "Instigating individuals to commit bribery", as of the new article 2635-bis of the Civil Code and (ii) amended the offence of "bribery between individuals" as of article 2635 of the Civil Code, expanding the scope;
- Law 161 of 17 October 2017 with "Amendments to the code of anti-mafia laws and prevention measures", amending article 25-duodecies of Legislative Decree 231/01, extending the types of sanctioned offences to include conduct related to the use of citizens from third countries without a residence permit and the exploitation of clandestine immigration;
- Law 167 of 20 November 2017 on "Provisions for alignment with obligations arising from Italy being a part of the European Union", introducing article 25-terdecies to Legislative Decree 231/01, sanctioning the offences of "Racism and Xenophobia";

The Board of Directors appointed a Supervisory Body ("SB") to which it has allocated the task of monitoring the operation, effectiveness of and compliance with "Model 231", as well as proposing updates.

The SB adopts the rules required for its functioning, formalising them in a dedicated regulation. Members of the SB remain in office for three financial years.

The SB, appointed on 28 April 2016, comprises the Board Director Caterina Bima (Chair), the Acting Auditor Piera Braja and Roberto Sanino.

The SB held 7 meetings during 2017 and has held 1 meeting in 2018.

The Board did not consider it necessary to assign the SB's functions to the Board of Statutory Auditors.

Finally, it should be noted that the main subsidiaries of the Issuer have adopted a Model 231 and appointed a Supervisory Body, which typically includes one member of the Board of Statutory Auditors.

#### **11.4 Independent Auditors**

Up until 28 April 2017 (the date of approval of the 2016 Financial Statements), the Issuer's accounts were audited by Deloitte & Touche S.p.A., appointed, on the proposal of the Board of Statutory Auditors, by the Shareholders' Meeting of 28 April 2009 for the 2009-2017 financial years.

As the appointment of Deloitte & Touche S.p.A. to audit the accounts of the subsidiary SIAS S.p.A. and its subsidiaries for the 2008 - 2016 financial years ended on the date to approve the 2016 Financial Statements (with SIAS consequently being required to appoint new auditors for statutory auditing over the nine year period), the ordinary Shareholders Meeting of 28 April 2017 of ASTM, with a view to a more efficient coordination of audit activities of the Group and subject to the early termination of Deloitte & Touche S.p.A.'s appointment, on the proposal of the Board of Statutory Auditors, appointed PricewaterhouseCoopers S.p.A., a registered auditor with Consob, to carry out the statutory auditing of the accounts of the Issuer for the 2017-2025 financial years, pursuant to article 161 of the TUF and article 43, paragraph 1, letter i) of Legislative Decree no. 39 of 27 January 2010.

The above is explained in full in the Report and published documents, according to the times and procedures established by law (available on the Issuer's website), in view of the above Shareholders' Meeting of 28 April 2017.

#### **11.5 Manager responsible for financial reporting and other corporate roles and functions**

On 28 April 2016, the Board, after the favourable opinion of the Board of Statutory Auditors, appointed - in compliance with the professionalism requirements provided for by applicable regulations and the Articles of Association - as manager responsible for financial reporting Lucia Scaglione, a Manager of ASTM who is tasked with preparing the Separate and Consolidated Financial Statements as well as the procedures, group instructions, reporting packages and management of the process that underlies the preparation of financial reports.

The Director has the power to obtain from the heads of each corporate department any

information relevant to carry out her duties, as well as the power to i) structure and organise within her own activities the human resources available; ii) consult with board of directors and statutory auditors, including participation ad audiendum in the Board's meetings held for the examination and approval of accounting documents; iii) consult with the Audit, Risk and Sustainability Committee and the Supervisory Body; iv) take part in the design of information systems that have an impact on the economic and financial situation.

The Board, moreover, approved a fee of EUR 45,000, that may be increased upon justified request of the individual in question.

During 2017, the Director monitored the functioning of the "control model pursuant to Law 262/2005 ("Model 262"). This model was implemented at the Issuer and other main subsidiaries, with a topdown approach, in order to align with significant administrative accounting procedures concerning duties governed by article 154bis of the TUF. The adoption of this model also entails the appointment of specific officers by all group units/functions concerned.

Moreover, the implementation of the said model also entailed the appointment of dedicated managers by all Group companies involved.

With a view to optimising controls, within the funds made available to each Manager the assessment of the correct implementation of the aforementioned procedures was carried out, as in previous years, with the help of a leading consulting firm, based on the plan drawn up by each Company, according to which tests shall be concentrated in the periods dedicated to the preparation of the Financial Statements and the halfyearly financial report. The results of these controls mainly confirmed the correct implementation of the administrative accounting procedures under review.

As part of the procedures concerning the "Control model 262", the Managers of all companies of the Issuer's group forwarded any related "statement" and "certification" concerning annual and interim accounting documents.

In compliance with the provisions of the "*Guidelines for the Internal Audit and Risk Management System*", the manager reports the findings of his/her activities and checks to the Audit, Risk and Sustainability Committee and to the Board of Directors on a half-yearly basis.

#### **11.6 Coordination between individuals involved in the internal audit and risk management system**

As described above, the functions and bodies that make up the Issuer's internal audit system report on the activities carried out in order to comply with their institutional tasks and the related findings, according to the methods and deadlines set out by the related legal and regulatory provisions, as well as by the Code's recommendations providing for their establishment.

As regards the above, the Issuer analysed the relationships between the functions, with regard to their remit and operations, as well as the related information flows, in order to optimise the related system in a structured and efficient manner, for a timely monitoring and management of risks. Following these activities, and in order to code coordination rules for relative functions, the Issuer adopted "*Guidelines for the Internal Audit and Risk Management System*".

## **12.0 DIRECTORS' INTERESTS AND RELATED PARTIES' TRANSACTIONS**

Since 1 January 2011 the procedure on transactions with related parties has been in force. This procedure was approved by the Board on 26 November 2010 (and subsequently amended on 9 November 2012, 6 March 2014 and 25 January 2017 with the favourable opinion of the Audit, Risk and Sustainability Committee) in compliance with the Consob Related Parties Regulation, having obtained the favourable opinion of a dedicated Committee, which is made up entirely of Independent Directors in office.

The Board of Statutory Auditors ascertained that the procedure is compliant with the aforementioned Regulation and acknowledged that it is adequate in order to ensure substantial and procedural transparency and correctness.

The procedure – which is available on the website under the section "*governance*", as well as on the Borsa Italiana's website – sets out i) the amounts that, based on specific materiality indexes, allow the identification of transactions of lesser or greater importance; ii) the transactions that have been excluded and are not subject to the procedure provided for their approval, except for disclosure obligations towards Consob, if of greater importance; iii) the transactions carried out by subsidiaries - other than SIAS S.p.A. or subsidiaries of SIAS S.p.A. - that shall be subject to approval of the Board of Directors, having heard the opinion of the Audit, Risk and Sustainability Committee. This category includes:

- a) the acquisition or disposal of real estate whose value is higher than EUR 1 million;
- b) merger transactions, division by acquisition or non-proportional division transactions, if a company (which represents related parties' interests that can be defined as significant, as set out in the procedure) takes part in the transaction;

- c) transactions other than those mentioned above, with an individual value of over EUR 10 million (such as, by way of non-limiting example, acquisitions or disposals of equity investments, companies or business units, or granting of guarantees).

In this respect, the management authority of the listed subsidiary SIAS S.p.A. is not affected, in line with the practice of not priorly examining or approving the transactions of the aforementioned SIAS S.p.A. and its subsidiaries.

For a correct implementation of the procedure within the ASTM Group, any relevant information and operational instructions were promptly notified to the subsidiaries.

Moreover, for the proper management of the procedure, ASTM's related parties are recorded in a specific database created on the basis of the register of equity investments and statements made by said related parties.

As already mentioned above, the Audit, Risk and Sustainability Committee will issue an opinion on transactions with related parties, if requirements are met. For the orderly functioning of the Committee, an age-based replacement system has been created if some members are already involved in specific transactions.

A new review was carried out in January 2017. Based on the findings, the Board, having obtained the favourable opinion of the Audit, Risk and Sustainability Committee, decided to not substantially revise the procedure, considering it adequate for complying with legal and regulatory provisions.

Any Director who has an interest potential or indirect in corporate transactions shall promptly and fully inform the Board, showing willingness to withdraw from the meeting or refrain from any discussion and related resolution, in case such interest is considered "relevant" by the other Directors. However, the Board has the power to take the most appropriate decisions in case transactions are carried out at normal market conditions on the basis of independent experts' appraisals or if the withdrawal from the meeting of the Directors when the resolution is taken gives reason to believe that the necessary constituent quorum may not be reached.

### **13.0 APPOINTMENT OF AUDITORS**

Pursuant to article 26 of the Articles of Association, the Board of Statutory Auditors is made up of three Acting Auditors and three Alternate Auditors who are appointed by the Shareholders' Meeting.

Pursuant to article 27 of the Articles of Association and in order for an Acting and an Alternate Auditor to be elected from the minority, the Board of Statutory Auditors is appointed on the basis of lists submitted by the Shareholders, in which candidates are listed by name and marked with a progressive number.

The list is made up of two sections: one for candidates for the office of Acting Auditor, the other for candidates for the office of Alternate Auditor. For the purposes of compliance with current legislation on gender balance, the lists that, considering both sections, have a number of candidates greater than or equal to three must include candidates of different genders in the first two places for both the section for Acting Auditors and that Alternate Auditors.

Only shareholders who alone or together with others hold shares representing the shareholding in the share capital, as set out by law, have the right to submit lists. The legal title to the above-mentioned shareholding shall be proved according to the methods and time scales provided by the applicable law.

Each shareholder, as well as Shareholders belonging to the same group and those who have entered into a Shareholders' agreement involving the Issuer's shares may not submit or vote more than one list, neither through a third party or a trust company.

Each candidate may be presented on one list only upon penalty of ineligibility for election.

Those candidates who do not comply with the requirements of integrity and professionalism established by law may not be included in the lists. At least one Acting Auditor and one Alternate Auditor are chosen among those enrolled in the Auditors' Register and shall have exercised independent statutory audit activities for not less than three years. Those Auditors who do not comply with the aforementioned requirement are chosen among those who have three years' experience in:

- management and control activities and executive duties for corporations with a share capital no lower than EUR 2 million; or
- professional or tenured university teaching activities in legal, economic, financial and technical-scientific subjects, with regard to the industrial, commercial, banking, transport services, logistics, technology and IT sectors; or
- management posts at public institutions or administrations operating in the credit, financial, insurance, industrial, commercial, transport services, logistics, technology and IT sectors.

The outgoing auditors can be re-elected.

The lists submitted shall be filed at the Issuer's registered office within the terms and according to the methods set out by current regulations, as mentioned in the meeting's notice.

The declarations by which candidates accept their candidacy and represent, under their own responsibility, that there are no reasons for their ineligibility and incompatibility, together with any document required by law, must be deposited with each list; they also confirm they comply with legislative and statutory requirements.

The list that does not comply with the abovementioned provisions shall be considered as not submitted.

Election of Statutory Auditors will proceed as follows:

- from the list obtaining the most votes in the Shareholders' Meeting, two acting and two alternate members are taken, based on the sequential order in which they were listed in the sections of the list;
- from the list obtaining the second most votes in the Shareholders' Meeting, the remaining acting member and the remaining alternate member are taken, based on the sequential order in which they were listed in the sections of the list.
- In the event of a tie between two or more lists, the most senior candidates are elected, up to the number of places to be assigned.
- The Chairperson of the Board of Statutory Auditors is assigned to the candidate from the list obtaining the second most votes in the Shareholders' Meeting; in the event of a tie between two or more lists, the preceding paragraph applies;
- Should application of the above procedure not allow, for Acting Auditors, compliance with the legislation on gender balance, the quotient of votes to be attributed to each candidate taken from the acting auditor sections of the various lists is calculated, dividend the number of votes obtained from each list by the sequential number of each of said candidates; the candidate of the most represented gender with the lowest quotient of candidates taken from all the lists is replaced by that belonging to the less represented gender, where indicated, with the immediately higher sequential number, in the same section of the Acting Auditors of the list of the replaced candidate or, alternatively, in the section of the Alternate Auditors of the same list of the replaced candidate (which in this case takes over the position of the alternate candidate he/she replaces). In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of auditors is taken or, alternatively, the candidate taken from the list which obtained the least votes will be replaced; For the appointment of auditors, for any reason, not appointed in the manner provided above, the Shareholders' Meeting decides with the legal majorities and in compliance with current legislation regarding gender balance.

If legal and statutory requirements cease to apply, the Auditor forfeits his/her office.

In the event of replacement of an Auditor, the alternate auditor belonging to the same list of the one ceased from office shall be appointed, so as to comply with the provisions applicable from time to time with respect to gender balance, with respect to the composition of the Board of Statutory Auditors. If the above-mentioned replacement does not allow to comply with the current regulations on gender parity, the Shareholders' Meeting shall be convened as soon as possible so as to comply with such regulations..

In case of integration of the Board of Statutory Auditors following termination of office of one of its members for any reason, the Meeting shall resolve according to the simple majority principle and ensure representation on the Board to the minority as set out in the Articles of Association, as well as compliance with the current regulations on gender parity.

#### **14.0 COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-bis, paragraph 2(d) of the TUF)**

The Board in office until 28 April 2017 was appointed by the Ordinary Shareholders' Meeting of 22 April 2014 for the financial years 2014-2015-2016 (i.e. until the approval of the 2016 Financial Statements), based on the 2 filed lists:

- list no. 1 (representing the majority) submitted by the shareholder Argo Finanziaria S.p.A. unipersonale (owning, at that date, 53.386% of the share capital, with 2 candidates for the office of Acting Auditor (Piera Braja and Ernesto Ramojno ) and 2 candidates for the office of Alternate Auditor (Roberto Coda and Annalisa Donesana);
- list no. 2 (representing the minority) submitted by the shareholder Assicurazioni Generali S.p.A. (owning, at that date, 4.341% of the share capital) with 1 candidate for the office of Acting Auditor (Marco Fazzini) and 1 candidate for the office of Alternate Auditor (Massimo Berni).

The following candidates were therefore voted to the Board of Statutory Auditors: Marco Fazzini (Chairperson), Piera Braja (Acting Auditor), Ernesto Ramojno (Acting Auditor) Annalisa Donesana (Alternate Auditor), Roberto Coda (Alternate Auditor) and Massimo Berni (Alternate Auditor).

For further information on the Board of Statutory Auditors in office until 28 April 2017, reference is made to the "2016 Report on corporate governance and ownership structure" available on the Issuer's website, under the governance" section.

The Board of Statutory Auditors currently in office was appointed for the financial years 2017-2018-2019 by the Ordinary Shareholders' Meeting of 28 April 2017, until approval of the 2019 Financial Statements.

The minimum shareholding in the share capital required in order to submit lists was set out by Consob by means of Resolution no. 19856 of 25 January 2017 and is equal to 2.5% of the share

capital. In the 25 days prior to the Shareholders' Meeting, one list was presented by the Shareholder Argo Finanziaria S.p.A. unipersonale (owning, at this date, an equity investment equal to 56.597% of the share capital) with 4 candidates: Ernesto Ramojno and Piera Braja (as Acting Auditors), Roberto Coda and Annalisa Donesana (as Alternate Auditors). Consequently the Issuer, in compliance with applicable regulations, notified the market of new terms for presenting additional lists, based on the minority threshold established by applicable laws (1.25% of the share capital). As no other lists were filed within this new deadline, the Shareholder Argo Finanziaria S.p.A. unipersonale on 12 April 2017 proposed supplementing its own list of candidates for the Board of Statutory Auditors to be elected, with Marco Fazzini in a capacity as Chairperson and Massimo Berni as Alternate Auditor.

Out of 72,223,620 shares (equal to 72.954% of the share capital with voting rights):

- the proposal submitted by the Shareholder Argo Finanziaria S.p.A. was voted for by 72,167,613 shares (equal to 99.92% of the share capital present and 72.898% of the share capital with voting rights);
- abstaining votes accounted for 32,829 shares (equal to 0.05% of the share capital present and 0.033% of the share capital with voting rights);
- no votes were cast for 23,178 shares (equal to 0.03% of the share capital present and 0.023% of the share capital with voting rights).

For each voting, the list with the names of the shareholders and their votes is included in the meeting's minutes of 28 April 2017, which have been published on the Company's website under the "*governance*" section.

As regards the composition of the management body, the current composition of the Board of Statutory Auditors, as in the past, has an adequate mix of members in terms of age, tender, education and professional background, and therefore the Issuer did not consider it necessary to adopt a specific diversity policy for the composition of the board. As already stated in Paragraph 4.3, on 14 March 2018, the Board adopted a policy on "diversity and inclusion" applicable to the Issuer and its subsidiaries.

Some short bibliographical notes on the members of the Board of Statutory Auditors are detailed below. Their full curricula vitae are published on the website, under the "*governance*" section.

- Marco Fazzini: born in Florence on 12 October 1974. He was awarded a degree in Business Administration from the faculty of Economics, Florence University. He works as a chartered accountant and independent statutory auditor and is professor of Methodology and Quantitative Standards for Companies at the European University of Rome and of Extraordinary Transactions at Florence University. He has also authored many monographs

and articles. He holds the following positions in companies: Chairman of the Board of Statutory Auditors of Compagnia Aeronautica Italiana (CAI) S.p.A., Chairman of the Board of Statutory Auditors of Poste Vita S.p.A.; He is Acting Auditor of Galileo TP Equipment S.r.l. and Sole Auditor of Bluclad S.r.l..

- Piera Braja: born in Turin on 15 June 1964. She was awarded a degree in Economics and Business from Turin University. She is a chartered accounting and statutory auditor, and is also on the role of Court-appointed expert witnesses of the Court of Turin. She mainly provides consultancy services on corporate and tax matters to commercial companies, both with respect to ordinary operations and extraordinary or restructuring transactions. She holds the following positions in companies: She is Chair of the Board of Statutory Auditors of Sait Finanziaria S.p.A., Chair of the Board of Statutory Auditors of Sait Abrasivi S.p.A., Chair of the Board of Statutory Auditors of Farid Industrie S.p.A. (Farid European Group), Chair of the Board of Statutory Auditors of Cerrato S.r.l., Chair of the Board of Statutory Auditors of CA.NOVA S.p.A. (GTT Group); She is Acting Auditor of Consusa Servizi Piemonte – CONSEPI S.p.A., Acting Auditor of Danfoss Power Solution S.r.l., Acting Auditor of Feg Brivio S.p.A. (Farid European Group), Acting Auditor of Feg S.p.A. (Farid European Group), Acting Auditor of Finpat S.p.A., Acting Auditor of Immobiliare Isober S.p.A., Acting Auditor of Jacobacci & Partners S.p.A., Acting Auditor of O.M.T. - Officine Meccaniche Torinesi S.p.A., Acting Auditor of SITAF S.p.A., Board Director of Centrale del Latte d'Italia S.p.A..
- Ernesto Ramojno: born in Turin on 5 July 1949. He was awarded a degree in Economics and Business from Turin University. He works as a chartered accountant and independent statutory auditor and has gained considerable experience in tax, corporate and banking matters. He has acted as Auditor for major companies, including Ferrero S.p.A. and Fiat Chrysler Risk Management S.p.A.. He holds the following positions in companies: Chair of the Board of Statutory Auditors of Accornero Mollificio S.p.A., Chair of the Board of Statutory Auditors of Alessandria Calore S.r.l., Chair of the Board of Statutory Auditors of Ferrero S.p.A., Chair of the Board of Statutory Auditors of Ondulato Torinese S.p.A., Chair of the Board of Statutory Auditors of Rieter Design S.r.l. in liquidation, Chair of the Board of Statutory Auditors of S.T.E. Soluzioni Tecniche Energetiche S.p.A., Chair of the Board of Statutory Auditors of Sereco Piemonte S.p.A., Chair of the Board of Statutory Auditors of Simta S.p.A., Chair of the Board of Statutory Auditors of STS Acoustics S.p.A., Acting Auditor of Altav S.r.l., Acting Auditor of Barricalla S.p.A., Acting Auditor of C.I.E. S.p.A., Acting Auditor of Ferrero Industriale Italia S.r.l., Acting Auditor of Fiat Chrysler Risk Management S.p.A., Acting Auditor of Rosso S.p.A., Acting Auditor of Sait Abrasivi S.p.A., Acting Auditor of Sait Finanziaria S.p.A., Sitalfa S.p.A.; Sole Director of Foam Immobiliare S.p.A., Managing Partner of Giomar s.s., Sole Director of Lucy s.s..

- Massimo Berni: born in Florence on 13 September 1949. He was awarded a degree in Economics and Business from Florence University. He works as a chartered accountant and independent statutory auditor and is on the role of Court-appointed expert witnesses of the Court of Florence, based on which he has acted as curator, judicial commissioner and judicial liquidator in insolvency proceedings. He holds the following positions in companies: Chair of the Board of Statutory Auditors of Moka Arra S.p.A.; Acting Auditor of A.F.S. S.p.A., Acting Auditor of Gualfonda S.p.A., Acting Auditor of FIMM Italia S.p.A., Acting Auditor of Istituto per lo Studio della Prevenzione Oncologica.
- Roberto Coda: born in Turin on 3 September 1959. He was awarded a degree in Economics and Business from Turin University. He works as a chartered accountant and independent statutory auditor and has gained experience in taxation and corporate affairs, specialising in corporate reorganisations, mergers, acquisitions and international tax planning. He is on the board of major industrial and utility companies and provides advisory services to companies and family groups on wealth management and succession planning. He holds the following positions in companies: Board Director of Consorzio Area PD, GI Pharma S.r.l., Logico S.r.l., New Bravo Seven, Centro Congressi Torino Metropoli S.p.A., Fondazione Torino Musei, Graglia Immobiliare S.s.; Acting and statutory auditor of Aurora Uno S.p.A., Arka Technologies S.r.l., Coopcasa Piemonte, Cooperativa Giuseppe di Vittorio, Cooperativa Quadrifoglio 91, Cooperativa San Pancrazio, Consorzio Valli di Lanzo, Foat Architetti, Gm S.r.l., Immobiliare Ropa S.p.A., Itinera S.p.A., Risorse Idriche S.p.A., Segreto Fiduciaria S.p.A., Ste S.p.A., S.I.I. S.p.A.; Acting Auditor of Associazione Primo Levi, Confservizi Piemonte Valle d'Aosta, Fast-Loc S.p.A., Finsoft S.r.l., Invicta S.p.A., Seven S.p.A., Sicogen S.r.l.; Sole auditor of CIAC S.c.a.r.l.; Chair of the Board of Statutory Auditors and statutory auditor of Chieppa S.p.A., Cts Solutions S.r.l.; Chair of the Board of Statutory Auditors of Prima Electro S.p.A.; Statutory auditor of Consorzio Riva Sinistra Stura;
- Annalisa Donesana: born in Treviglio (Bergamo) on 9 June 1966. She was awarded a degree in Economics and Business from Bocconi University, Milan. She works as a chartered accountant and independent statutory auditor and has gained significant expertise in taxation, with a particular focus on international tax law and on listed companies. She works as a consultant in international restructuring transactions for major groups operating in the real estate, plant, food, chemical, fashion-luxury sectors. She holds the following positions in companies: Acting Auditor of Dea Capital S.p.A., Acting Auditor of Dea Capital Partecipazioni S.p.A., Acting Auditor of A2A Security S.c.p.a., Acting Auditor of SIAS S.p.A., Acting Auditor of Casa di Cura San Pio X S.r.l., Acting Auditor of Banca del Mezzogiorno - Mediocredito Centrale S.p.A., Acting Auditor of Umanitas Centro Catanese di Oncologia S.p.A., Acting Auditor of Edwards Lifesciences Italia S.p.A., Acting Auditor of A2A Calore & Servizi S.r.l., Acting Auditor of A2A

Energy Solutions S.r.l..

With regard to the above, Table 3 (included in the Appendix) provides a summary of the data concerning the Board of Statutory Auditors.

During 2017, the Board met 13 times, with the duration of the meetings depending on the issues addressed, with all 9 members taking part.

With regard to its institutional tasks and the frequency of its assessments, in 2018 the Board of Statutory Auditors anticipates to meet at least on a quarterly basis; five meetings have been held since the beginning of the 2018 financial year.

Compliance with the independence requirements set out by the Code (that was stated upon filing of the lists and upon acceptance of the candidature) was positively assessed following the renewal by both the Board of Statutory Auditors and the Board of Directors, as well as during the annual assessment made on 14 March 2018.

If requirements are met, the Auditors shall promptly provide information on the transactions in which on own account or on behalf of third parties they have an interest, as provided for by the Code.

The Board of Statutory Auditors monitored the independence of the Independent Auditors by assessing the nature and extent of the services other than audit services provided to the Issuer and its subsidiaries; the outcomes of these assessments were notified in the annual report to the Shareholders' Meeting pursuant to article 153 of the TUF. The Board of Statutory Auditors, as part of its functions pursuant to Legislative Decree 39/2010 approved the *"Procedure for the approval of services to assign to the independent auditors and its network"* in 2017, which sets out, in compliance with applicable laws, the limits and conditions of services other than auditing, to be provided by the statutory auditors.

The Board of Auditors also gave the Shareholders' Meeting its favourable opinion on the mutually agreed early termination of the appointment of the independent auditors Deloitte & Touche S.p.A., proposing the appointment of PricewaterhouseCoopers S.p.A. as statutory auditors for the 2017-2025 period.

As part of their duties, the Auditors obtained information also through meetings with the Independent Auditors' representatives, with the Remuneration Committee and the Audit, Risk and Sustainability Committee (also in its capacity as Related Parties' Committee).

## 15.0 SHAREHOLDERS' RELATIONS

In order to make access to information quicker and easier, the Issuer pays particular attention to the creation and updating of its website, with specific reference to "financial information" and "corporate governance". Moreover, the website contains a descriptive profile of the Issuer's Group and its investee companies, as well as the annual Financial Statements and interim statements of the Issuer, the Articles of Association, the Regulations for Shareholders' Meetings, press releases and reports on the issues discussed at the Shareholders' Meetings, including notice of call and related minutes.

Upon the appointment of Corporate Bodies, the lists of candidates, together with personal and professional details, are made available on the website.

In any case, the Chairperson and the Managing Director in compliance with the procedure concerning the disclosure of documents and information on the Issuer have taken any necessary action so as to create and promote dialogue with the Shareholders and Institutional Investors, based on the understanding of reciprocal roles and functions.

To make sure that these relationships are professionally handled and managed and taking into account the principles contained in the "*Guidelines for disclosure of information to the market*", the investor relations' officer carries out intense and constant information activities with regard to the results, as well as the growth and development prospects of the Issuer and the group, by means of both personal and institutional meetings with investors and analysts, both in Italy and abroad.

The Investor Relations Officer, Giuseppe Agogliati, may be contacted at [investor.relations@astm.it](mailto:investor.relations@astm.it).

With regard to their roles, the Chairperson, the Managing Director and Investor Relations' Officer were assisted by the Board's Secretarial Department and Compliance and Corporate Function, especially as regards notices to relevant Authorities and Shareholders.

## 16.0 SHAREHOLDERS' MEETINGS (pursuant to article 123-bis, paragraph 2(c) of the TUF)

In view of the Articles of Association and applicable laws and regulations, entities who sent the Issuer notice, through the enabled broker, of their right to take part in and vote at the Shareholders' Meeting, based on evidence at the end of the accounting day of the seventh open trading day prior to the date scheduled for the Meeting - may take part in and vote at the meeting.

Those who are entitled to vote can be represented at the Meeting by written proxy or proxy sent electronically, in compliance with applicable regulations. The Chairperson shall ascertain the validity of proxies. The electronic notification of the proxy shall be made by using the dedicated

section of the Issuer's website or the dedicated email address, according to the methods described in the notice of call.

For each Shareholders' Meeting, the Issuer can appoint – by specifying it in the notice of call – a person to whom the Shareholders can give a proxy with voting instructions on one or all issues on the agenda, according to the methods and terms set out by law and regulations. The proxy is valid only with regard to those issues for which voting instructions have been given.

The Meeting is chaired by the Chairperson of the Board of Directors. In case of absence or impediment, the meeting is chaired by a Deputy Chairperson or, if both are absent, by another person appointed by the Meeting.

The Chairperson appoints the Secretary with the approval of the Meeting and, if necessary, two scrutineers, by choosing them among the Shareholders with voting right or their representatives. In the cases provided for by law, or if deemed appropriate by the Chairperson of the Meeting, the minutes are prepared by a Notary Public appointed by the Chairperson. In this case, it is not necessary to appoint a Secretary.

The (ordinary and extraordinary) Shareholders' Meeting is duly convened and takes resolutions according to the majorities set out by current regulations.

To date, the Issuer has not provided for the possibility of taking part in the Meetings by means of audio-visual connection systems, electronic vote or voting by correspondence.

In view of the annual Shareholders' Meeting to be held on 28 April 2017, the shareholder Argo Finanziaria S.p.A. unipersonale, submitted, along with its list of candidates, proposals regarding point 4) Board of Statutory Auditors: 4.1 Appointment of the Board of Statutory Auditors 4.2 Appointment of the Chairman of the Board of Statutory Auditors 4.3 Determination of the remuneration of the Chairman of the Board of Statutory Auditors and of the Acting Auditors. As regards other items on the Shareholders' Meeting agenda, proposals were put by the Board regarding specific reports and by the Board of Statutory Auditors are regards point 6) Early termination, mutually agreed, of the independent auditors and appointment for statutory auditing for the financial years 2017-2025.

#### Regulations for Shareholders' Meeting

Proceedings of shareholders' meetings are governed by specific regulations, which are in line with the format produced by ABI and Assonime. More specifically, the aforementioned Regulations govern the operating methods for the Meeting's activities and the exercise of participants' rights. More specifically:

- In this regard, the Chairperson opens the discussion and calls those members who requested to speak according to a priority order; if necessary, the Chairperson may decide that speeches

shall be booked in writing, with indication of the subject.

- each party entitled to take part in the Shareholders' Meeting may take the floor concerning issues on the agenda to be discussed and make observations and proposals;
- taking into account the subject and relevance of each single issue as well as the questions received before the Meeting and the number of persons who want to speak the Chairperson may predetermine the duration of speeches and answers by notifying the participants, so as to make sure that works are completed within one single meeting.

For further information on the rules governing the Issuer's meetings, reference should be made to the Regulations published on the Issuer's website (under the "*governance*" section).

#### Information to Shareholders

At the meetings, the Board provides the Shareholders with information on the Issuer, in compliance with the regulations on insider trading information.

During the meetings, the Chairperson and the Managing Director strive to provide the Shareholders with the information necessary or useful to pass resolutions.

More specifically on the basis of the documents, concerning the points on the agenda, that are given to all participants the main features of any transaction and resolution that shall be examined and approved by the Shareholders are explained. Maximum openness is ensured to talk and discuss the requests for clarifications submitted by the participants.

8 Directors took part in the Annual General Meeting held on 28 April 2017.

#### Changes in capitalisation and shareholding structure

The Directors believe that the provisions contained in the Articles of Association concerning percentages for the exercise of the actions and rights for the safeguard of minorities are in line with the current market capitalisation of the ASTM security.

### **17.0 ADDITIONAL CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2(A) OF THE TUF)**

No further corporate governance policies are reported than those detailed in previous paragraphs and currently applied by the Issuer, except for the obligations set out by legal and regulatory provisions.

### **18.0 CHANGES SINCE THE END OF THE FINANCIAL YEAR**

The Issuer's governance structure has not changed since the end of the reporting period.

## 19.0 CONSIDERATIONS ON THE LETTER OF 13 DECEMBER 2017 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In December 2017, the Chairman of the Board of Directors, the Managing Director and Chairman of the Board of Statutory Auditors of the Issuer were sent the letter of the Chairman of the Corporate Governance Committee, along with the *"2017 Report on developments in corporate governance of listed companies"*. This letter was then disclosed to the Board and Board of Statutory Auditors during the board meetings of 6 February and 14 March 2018. As regards Committee recommendations, the Board made the following considerations:

- as regards recommendations on information given prior to board meetings, the evaluation of independence requirements, board review activities and clawback clauses, the Board considered the Issuer as being compliant and therefore did not take any further measures in these areas;
- as regards other areas for improvement suggested, and in particular the establishment of an Appointments Committee and the adoption of succession plans, the Board did not consider it necessary to take measures, for the reasons already indicated in the Report in Paragraphs 7 and 4.1.

## **TABLES**

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AT 14 MARCH 2018**

SHARE CAPITAL STRUCTURE				
	No. of shares	% of share capital	Listed	Rights and obligations
Ordinary shares	98,998,600 <sup>(1)</sup>	100	<b>MTA (FTSE Italia Mid Cap Index)</b>	
Shares with more than one	=	=	=	=
Shares with limited voting	=	=	=	=
Shares without voting right	=	=	=	=
Other	=	=	=	=

<sup>(1)</sup> Pursuant to Articles 2359-bis and 2357-ter of the Civil Code, the voting right is suspended for no. 6,497,328 treasury shares owned by the Issuer, no. 21,500 shares held by the subsidiary ATIVA S.p.A. and no. 58,878 shares held by the subsidiary Autostrada Albenga Garesio Ceva S.p.A..

SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL			
Declarant	Direct shareholder	% share of ordinary share capital	% share of voting share capital
<b>Aurelia S.r.l.</b>	Aurelia S.r.l.	0,555	0,555
	Argo Finanziaria S.p.A. Unipersonale	56,597	56,597
	Codelfa S.p.A.	1,967	1,967
	<b>Total Group</b>	<b>59,119</b>	<b>59,119</b>
<b>Astm S.p.A.</b>	Astm S.p.A.	6,563 voting right suspended pursuant to article 2357-ter of the Civil Code	6,563 voting right suspended pursuant to article 2357-ter of the Civil Code
	ATIVA S.p.A.	0,022 voting right suspended pursuant to article 2359-bis of the Civil Code	0,022 voting right suspended pursuant to article 2359-bis of the Civil Code
	Società Autostrada Albenga Garesio Ceva S.p.A.	0,059 voting right suspended pursuant to article 2359-bis of the Civil Code	0,059 voting right suspended pursuant to article 2359-bis of the Civil Code
	<b>Total Group</b>	<b>6,644</b>	<b>6,644</b>

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES**

		Board of Directors											Audit, Risk and Sustainability Committee		Remuneration Committee	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Executive	Non-executive	Independent pursuant to the Code	Independent pursuant to TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)
01) Chairperson	G. M. GROS-PIETRO	1942	20/04/2012	28/04/2016	Approval of 2018 Financial Statements	M		x			2	9/9				
02) Vice Chair	D. GAVIO	1958	24/03/1994	28/04/2016	Approval of 2018 Financial Statements	M	x				=	9/9				
03) Vice Chair	M. GAVIO	1967	28/04/2010	28/04/2016	Approval of 2018 Financial Statements	M	x				1.5	9/9				
04) Managing Director <sup>6</sup>	A. RUBEGNI	1951	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M	x				4	9/9				
05) Director	S. BARIATTI	1956	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M		x			1	9/9				
06) Director	C. BIMA	1960	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	2	8/9				
07) Director	G. GAROFANO	1944	10/05/2007	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	2.5	9/9	7/7	P		
08) Director	G. GATTO	1941	28/04/2016	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	=	9/9	7/7	M		
09) Director	B. GAVIO	1965	28/04/2016	28/04/2016	Approval of 2018 Financial Statements	M	x				1.5	9/9				
10) Director	B. POGGIALI	1963	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	2	8/9			5/5	M
11) Director	ROTH L.	1940	28/04/2010	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	4	8/9	6/7	M		
12) Director	A. C. SVELTO	1968	28/04/2016	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	1	9/9			5/5	M
13) Director	U. TOSONI <sup>(1)</sup>	1975	23/10/2017	23/10/2017	Next Shareholders' Meeting	M		x			1	0/1				
14) Director *	S. VIVIANO	1976	28/04/2010	28/04/2016	Approval of 2018 Financial Statements	M	x				1	9/9				
15) Director	M. WEIGMANN	1940	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	3	9/9			5/5	P
<b>DIRECTOR WHO CEASED FROM OFFICE DURING THE FINANCIAL YEAR UNDER REVIEW</b>																
Director	M.A. CASSOU <sup>(2)</sup>	1957	28/04/2016	28/04/2016	28/03/2017	M		x			5 <sup>(3)</sup>	2/3				
<b>Number of meetings held during FY 2017</b>						Board of Directors: 9				Audit, Risk and Sustainability Committee: 7			Remuneration Committee: 5			
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to Article 147-ter TUF): 1.00%																

**NOTES**

<sup>(1)</sup> Co-opted during the board meeting of 23 October 2017, replacing M.A. Cassou

<sup>(2)</sup> Resigned from 28 March 2017

<sup>(3)</sup>, based on the data recorded in January 2017, with reference to the "Report on corporate governance and ownership structure" for the FY 2016, to which we refer you for a comprehensive list of the aforementioned offices.

• This symbol indicates the "Director responsible for the internal audit and risk management system".

◊ This symbol indicates the main supervisor for the Issuer's management (Managing Director or CEO).

\* The date of first appointment of each Director means the date on which the Director was appointed for the first time (in absolute terms) to the Board of Directors of the Issuer.

\*\* This column indicates the list from which each Director was drawn ("M": majority list; "m": minority list).

\*\*\* This column shows the number of offices held as Director or Auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises. The list in the Annex shows (based on the data as at January 2018, with reference to the parameters and calculation criteria provided for by the "procedure for the maximum number of offices held" adopted by the Issuer) the aforementioned companies, specifying whether they are part of the group to which the Issuer belongs,

(\*) This column shows the percentage of directors' attendance to the meetings of the Board of Directors and the Committees, respectively (no. of attendances/no. of meetings held during the term of office by the interested party).).

(\*\*) This column shows the Director's office in the Committee: "C": Chairperson; "M": Member.

Offices as director or auditor held by some Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises.

Member	Company	Office held
S. Bariatti	Società Iniziative Autostradali e Servizi S.p.A. <sup>(1)</sup> Banca Monte dei Paschi di Siena S.p.A.	Chairperson of the Board of Directors Chairperson of the Board of Directors
C. Bima	Unicredit Leasing S.p.A. Fondazione Cassa di Risparmio di Torino	Director Director
G. Garofano	Industria e Innovazione S.p.A. Miroglio S.p.A. Miroglio Textile S.p.A.	Chairperson of the Board of Directors Director Director
B. Gavio	Aurelia S.r.l. <sup>(2)</sup> Ecorodovias Infraestrututa e Logística Primav Infraestrututa S/A Società Iniziative Autostradali e Servizi S.p.A. <sup>(1)</sup>	Chairperson of the Board of Directors Director Chairperson of the Board of Directors Director
D. Gavio	Società Iniziative Autostradali e Servizi S.p.A. <sup>(1)</sup> Società Autostrada Torino-Alessandria-Piacenza S.p.A. <sup>(1)</sup> Società Autostrada Ligure Toscana p.A. <sup>(1)</sup> Aurelia S.r.l. <sup>(2)</sup>	Deputy-Chairperson of the Board of Directors Deputy-Chairperson of the Board of Directors Acting Deputy-Chairperson and Member of the Executive Committee Director
M. Gavio	Aurelia S.r.l. <sup>(2)</sup> Ecorodovias Infraestrututa e Logística Primav Infraestrututa S/A	Deputy-Chairperson of the Board of Directors Alternate Director Alternate Director
G.M. Gros-Pietro	Intesa Sanpaolo S.p.A. Edison S.p.A.	Chairperson of the Board of Directors Director
B. Poggiali	Snai Tech S.p.A. Falck Renewables S.p.A.	Director Director
L. Roth	Sec S.p.A. Alba Leasing S.p.A. Equita Sim S.p.A. Alkimis Sgr	Chairperson of the Board of Directors Chairperson of the Board of Directors Chairperson of the Board of Directors Director
A. Rubegni	Autostrade Lombarde S.p.A. Società di Progetto Brebemi S.p.A. Tangenziale Esterna S.p.A. Ecorodovias Infraestrututa e Logística Primav Infraestrututa S/A	Director Director Director Director Director
A.C. Svelto	Enel S.p.A.	Director
U. Tosoni	Società Iniziative Autostradali e Servizi S.p.A. <sup>(1)</sup> Società Autostrada Torino-Alessandria-Piacenza S.p.A. <sup>(1)</sup> Società Autostrada Ligure Toscana p.A. <sup>(1)</sup> Tangenziale Esterna S.p.A.	General Manager Managing Director Director and Member of the Executive Committee Director
S. Viviano	Tangenziale Esterna S.p.A.	Director
M. Weigmann	Società Reale Mutua di Assicurazioni S.p.A. Italiana Assicurazioni S.p.A. (Gruppo Reale Mutua Ass.) Reale Immobili S.p.A. (Gruppo Reale Mutua Ass.) Banca Reale S.p.A. (Gruppo Reale Mutua Ass.) Reale Seguros Generales S.A. (Gruppo Reale Mutua Ass.) Inmobiliaria Grupo Asegurador Reale S.A. (Gruppo Reale Mutua Ass.) Reale Vida Y Pensiones Sociedad Anonima de Seguros (Gruppo Reale Mutua Ass.) Auchan S.p.A.	Director Director Director Director Vice Chair Vice Chair Vice Chair Director

<sup>(1)</sup> subsidiary of the Issuer

<sup>(2)</sup> Parent Company of the Issuer

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

Appointed by the Ordinary Shareholders' Meeting of 28.04.2017

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independent pursuant to the Code	Attendance to Board of Statutory Auditors' Meetings ***	Number of other offices ****
Chairperson	M. FAZZINI <sup>(1)</sup>	1974	29/04/2011	28/04/2017	Approval of 2019 Financial Statements	M	x	13/13	4
Acting auditor	P. BRAJA	1964	22/04/2014	28/04/2017	Approval of 2019 Financial Statements	M	x	13/13	15
Acting auditor	E. RAMOJNO	1949	29/04/2011	28/04/2017	Approval of 2019 Financial Statements	M	x	13/13	21
Alternate auditor	M. BERNI <sup>(1)</sup>	1949	22/06/1999	28/04/2017	Approval of 2019 Financial Statements	M	x		5
Alternate auditor	R. CODA	1959	29/04/2005	28/04/2017	Approval of 2019 Financial Statements	M	x		34
Alternate auditor	A. DONESANA	1966	22/04/2014	28/04/2017	Approval of 2019 Financial Statements	M	x		10
<b>Number of meetings held during FY 2017 : 13</b>									
<b>Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 148 TUF): 2.5%</b>									

**NOTES**

<sup>(1)</sup> During the previous term of office, these referred to minorities, in the list of the Shareholder Assicurazioni Generali S.p.A.

\* The date of first appointment of each Auditor means the date on which the Auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the Issuer.

\*\* This column indicates the list from which each Auditor was drawn ("M": majority list; "m": minority list).

\*\*\* This column shows the percentage of Auditors' attendance to the meetings of the Board of Statutory Auditors (no. of attendances/no. of meetings held during the term of office by the interested party).

\*\*\*\* This column shows the number of offices as Director or Auditor held by the involved party, pursuant to Article 148-bis of the TUF and the relevant implementing provisions contained in the Consob Issuer Regulation. The full list of offices is published by Consob on its website, pursuant to Article 144-quinquiesdecies of Consob Issuer Regulation. Moreover, given that, following the amendments introduced by Consob Resolution no. 18079 of 20 January 2012 to the Consob Issuer Regulation, which entered into force on 22 February 2012, the regulations on the limitation on total mandates for the members of control bodies is valid only for those who hold an office in more than one listed or widely distributed issuer, the number of "other offices" reflects the assessment launched in January 2018 with the interested parties.

## ANNEX

**Paragraph on “Main features of risk management and internal audit systems with respect to the financial disclosure process”, pursuant to article 123-bis, paragraph 2 b), TUF.**

### **1) Foreword**

As already pointed out in the "Report on corporate governance and ownership structure", the internal audit system of the Issuer is made up of functions and organisations that – according to their roles and institutional tasks – allow the achievement of the strategic objectives of the Issuer and its group.

With regard to the financial reporting process, these objectives may be the reliability, accuracy and timeliness of reporting.

Based on the system used – which includes rules, procedures and guidelines – the Issuer ensures a suitable information flow and data exchange with its subsidiaries, through constant and timely coordination and update activities. In this context, reference is made to both the regulation on the application of reference accounting standards (i.e. the Group accounting manual) and the procedures governing the preparation of the Consolidated Financial Statements and the periodic accounting statements, which include those for the management of the consolidation system and intercompany transactions. Any related document is distributed by the Issuer so that subsidiaries can implement it.

### **2) Description of the main features of the existing risk management and internal audit system with regard to the financial reporting process**

The assessment, monitoring and update of the Internal Audit System with regard to financial reporting entails an analysis (at Group level) of organisational and operating structures according to a risk identification/assessment procedure based on the use of the so-called "risk scoring" method. Thanks to this activity, assessments can be carried out focusing on those areas characterised by higher risks and/or relevance, or on the risks of major errors (also as a consequence of frauds) in the items of financial statements and any related information document. To this end, the activity aims at:

- identifying and assessing the origin and probability of major errors in the items of the economic-financial reporting;
- assessing if key controls are adequately defined, so that it is possible to identify – in advance or afterwards – any possible error in the items of the economic financial reporting;
- assessing control operations based on the assessment of error risks for financial reporting, focusing testing on higher risk areas.

The risk assessment process adopted allows the identification of organisational structures, processes and any related accounting item, as well as any specific activity, which can give rise to major potential errors. For each administrative accounting process, testing activities are carried out with regard to so-called "key controls" that, according to international best practice, essentially fall into the categories detailed below:

- controls at Group level or for each single subsidiary, such as the assignment of responsibilities, powers and proxies, the separation of duties and rights to access IT applications;
- controls at process level, such as the issue of authorisations, the implementation of reconciliations and consistency assessments, etc.. This category includes controls on operational and accounting closing processes. These controls can be "preventive", i.e. aimed at preventing any anomaly or fraud that could give rise to errors in the financial reporting, or "detective", i.e. aimed at identifying existing anomalies or frauds. These controls can be "manual" or "automatic" (e.g. application controls that refer to the technical and setting features of the information systems supporting business activities).

Testing activities are carried out by a major consulting firm, with the help of the employees of each subsidiary, by using sampling techniques recognised by international best practice. The assessment of controls, if deemed appropriate, may involve the identification of compensating controls, corrective actions or improvement plans.