

THE FINANCIAL STATEMENTS HAVE BEEN TRANSLATED INTO ENGLISH SOLELY FOR THE CONVENIENCE OF THE INTERNATIONAL READER. IN THE EVENT OF CONFLICT OR INCONSISTENCY BETWEEN THE TERMS USED IN THE ITALIAN VERSION OF THE DOCUMENT AND THE ENGLISH VERSION, THE ITALIAN VERSION SHALL PREVAIL, AS THE ITALIAN VERSION CONSTITUTES THE OFFICIAL



2018 Financial Statements

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**SEPARATE FINANCIAL STATEMENTS
AND
CONSOLIDATED FINANCIAL STATEMENTS
AS AT
31 DECEMBER 2018**



ASTM S.p.A.

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ORDINARY SHAREHOLDERS' MEETING

16 MAY 2019

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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>
email: astm@astm.it
Direction and coordination: Nuova Argo Finanziaria S.p.A. Unipersonale

MEMBERS OF THE BOARD OF DIRECTORS

Chairman
Gian Maria Gros-Pietro

Deputy-Chairpersons
Daniela Gavio
Marcello Gavio
Roberto Testore⁽³⁾

Managing Director
Alberto Rubegni⁽¹⁾

Directors
Juan Angoitia
Caterina Bima ⁽⁴⁾
Arabella Caporello ⁽²⁾
Giuseppe Garofano ⁽³⁾
Giuseppe Gatto ⁽³⁾
Beniamino Gavio
Barbara Poggiali ⁽²⁾
Luigi Roth
Anna Chiara Svelto ⁽²⁾
Marco Weigmann

Secretary
Cristina Volpe

BOARD OF STATUTORY AUDITORS

Chairman
Marco Fazzini

Standing Auditors
Ernesto Ramojno
Piera Braja ⁽⁴⁾

Substitute Auditors
Massimo Berni
Annalisa Donesana
Roberto Coda

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

TERM OF OFFICE

The Board of Directors were 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 were 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 Daniela Gavio, Marcello Gavio – who were appointed by the Board of Directors on 28 April 2016 – and Roberto Testore – appointed by the Board of Directors on 14 November 2018 – 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. Separate financial statements as at 31 December 2018 Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors ensuing resolutions. Presentation of the 2018 Consolidated Financial Statements. Presentation of the 2018 Sustainability Report - Consolidated Non-Financial Report drawn up pursuant to Legislative Decree no. 254/2016.
2. Allocation of profit for the period.
3. Remuneration report, pursuant to article 123-ter of Legislative Decree no. 58 of 24 February 1998.
4. Appointment of the Board of Directors.
 - 4.1 Determination of the number of members of the Board of Directors.
 - 4.2 Determination of the term of office of the Board of Directors.
 - 4.3 Appointment of members of the Board of Directors.
 - 4.4 Appointment of the Chairman of the Board of Directors.
 - 4.5 Determination of the remuneration of the members of the Board of Directors.
5. Request to authorise the purchase and sale of treasury shares.

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Financial Statements
as at 31 December 2018

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Operating performance

Below are the main consolidated income and financial data as at 31 December 2018 and compared to the previous year:

<i>(amounts in millions of EUR)</i>	2018	2017
Turnover	1,717.0	1,436.1
Net toll revenue	1,103.3	1,017.3
Construction sector revenues	490.5	286.9
Gross operating margin (EBITDA)	771.0	719.1
Gross operating margin "reported"	760.9	706.3
Operating profit attributable to the Parent Company – <i>Continued Operations</i>	166.5	149.6
Operating profit attributable to the Parent Company – <i>Discontinued Operations</i>	-	0.3
Operating cash flow	593.5	533.4
Motorway investments ¹	449.6	190.1

<i>(amounts in millions of EUR)</i>	31 December 2018	31 December 2017
Adjusted net financial indebtedness	1,268.8	1,333.1

In 2018, "Turnover" was **higher** than **EUR 1.7 billion and up by approximately 20%**; in particular **net toll revenue exceeded EUR 1.1 billion (+8.46%)**, while **Construction sector revenue amounted to EUR 0.5 billion (+71%)**.

The increase in "**net toll revenue**" of EUR 86 million (**+8.46%**) is attributable (i) for EUR 51.2 million (+5.03%) to the revenue of the licensee Autovia Padana relative to the period March-December 2018², (ii) EUR 31.4 million (+3.09%) to the recognition from 1 January 2018 of the toll adjustments and (iii) EUR 3.4 million from the change in light/heavy traffic mix (+0.34%).

The **growth** in "**constructio sector revenue**" was mainly due to a considerable increase in business volumes, as well as to the consolidation - as from 4 July 2018 - of the production of SEA Segnaletica Stradale S.p.A. and Interstrade S.p.A. and for the entire financial year of the Halmar Group (consolidated in 2017 for the period from 5 July to 31 December only).

In 2018, the "**gross operating margin**" **increased by EUR 51.8 million (+7.2%)**, amounting to **EUR 771 million**. This increase reflects the growth in the gross operating margin of both the "motorway sector" (EUR +44.9 million) as well as the "construction sector" (EUR +8.3 million), the services sector (EUR +5 million) offset by the decline recorded in the "engineering sector" (EUR -2.3 million) and in the "technology sector" (EUR -4 million). In particular, with regard to the "motorway sector", this change was due for EUR 22.9 million to the management as from 1 March 2018 of the A21 Piacenza-Cremona-Brescia stretch and for EUR 22 million to the increased margins of the remaining motorway companies.

The recognition of non-recurring expenses in 2018 led to a gross operating margin reported of EUR 760.9 million (EUR 706.3 million in 2017, taking into account non-recurring items).

¹ Inclusive in 2018 of EUR 301 million for the acquisition of the Piacenza-Cremona-Brescia A21 concession.

² On 1 March 2018, the subsidiary Società di Progetto Autovia Padana S.p.A. (hereafter also Autovia Padana) effectively took over the 25-year concession for the A21 Piacenza-Cremona-Brescia stretch.

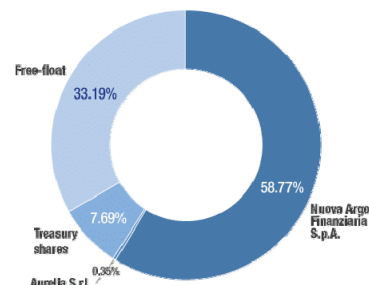
*The growth in the "reported gross operating margin" (EUR 54.6 million) together with the reduction in amortisation and depreciation/net provisions made in the year (EUR 10.9 million) led to an increase in **operating income** of EUR 65.5 million (+17.6%).*

The improvement in operating income and the drop in "financial income" (which saw greater dividends distributed by investees and lower gains deriving from the disposal of equity investments) were reflected - net of the corresponding tax effect and of profit pertaining to minority interests - in "income attributable to owners of the parent" that went up by approximately EUR 16.9 million (+11.3%) to a value equal to EUR 166.5 million.

ASTM S.p.A. Shareholding

As at 31 December 2018, 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:

Nuova Argo Finanziaria S.p.A. ^{(1) (2)}	58.77%
Aurelia S.r.l.	0.35%
Treasury shares ⁽³⁾	7.69%
Outstanding shares	33.19%
Total	100.00%

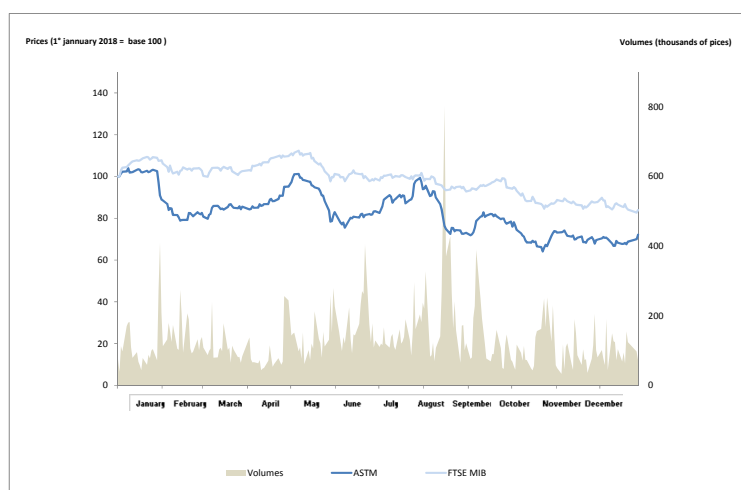


⁽¹⁾ Company indirectly controlled by **Aurelia S.r.l.** (60%) and directly part-owned by **Mercure Investment S.à r.l.** (40%) a subsidiary of **Ardian**. On 27 September 2018, Aurelia S.r.l. sold 40% of the share capital of Nuova Argo Finanziaria S.p.A. to Mercure Investment S.à r.l..

⁽²⁾ of which 1.97% through **Nuova Codelfa**

⁽³⁾ ASTM S.p.A. 7.67%; Ativa S.p.A. 0.02%.

ASTM S.p.A. on the stock exchange - security performance in 2018



Information on the security

No. of shares as at 31 December 2018	98,998,600
Treasury shares as at 31 December 2018	(7,612,203)
Outstanding shares as at 31 December 2018	91,386,397
Market capitalisation as at 28 December 2018 (million EUR)	1,583
2017 balance dividend per share (May 2018, EUR)	0.255
2018 interim dividend per share (November 2018, EUR)	0.230
Listing as at 28 December 2018	17.32
Maximum price in the period 1 January - 28 December 2018 (9 January 2018)	24.96
Minimum price in the period 1 January - 28 December 2018 (23 October 2018)	15.39
Average daily volumes in the period 1 January–28 December 2018 (thousands of shares)	132

The stock market price (22 March 2019) was 23.15 for a total capitalisation of EUR 2,115 million.

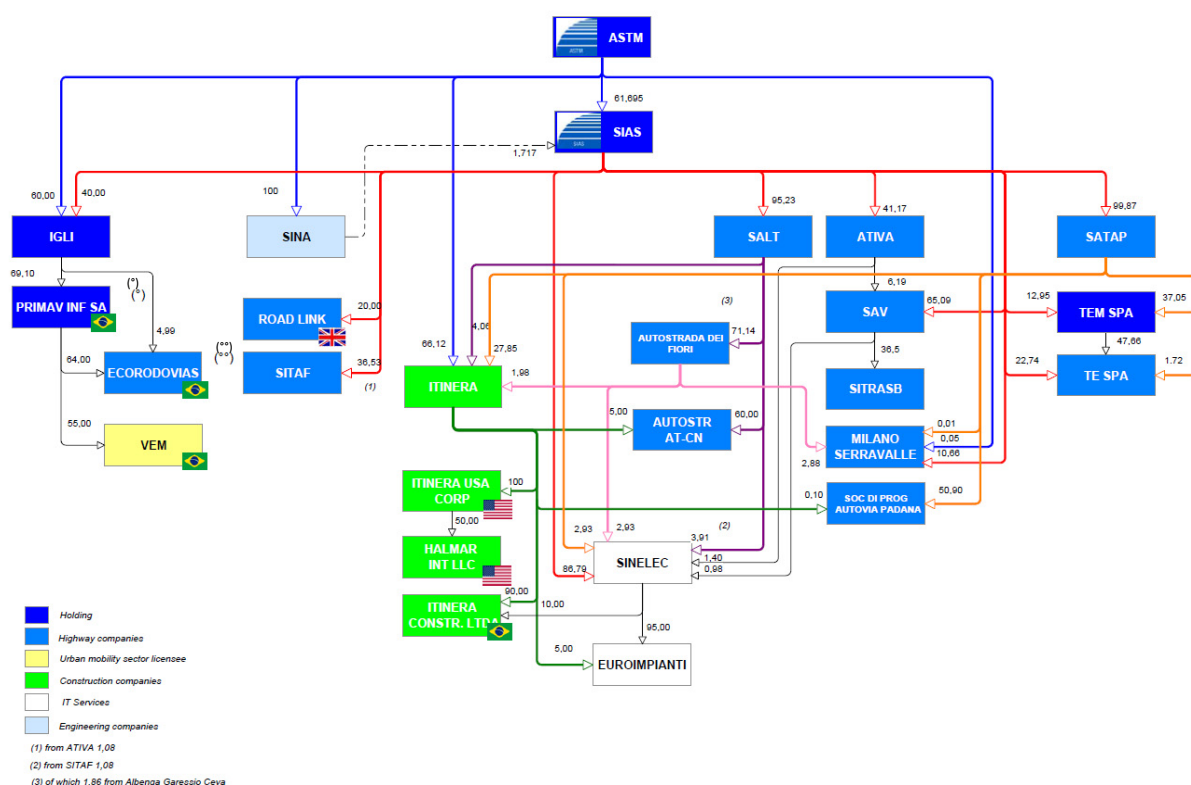
Group structure and business segments

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 49.21% of the share capital), a Brazilian holding company listed on the Novo Mercado BOVESPA.

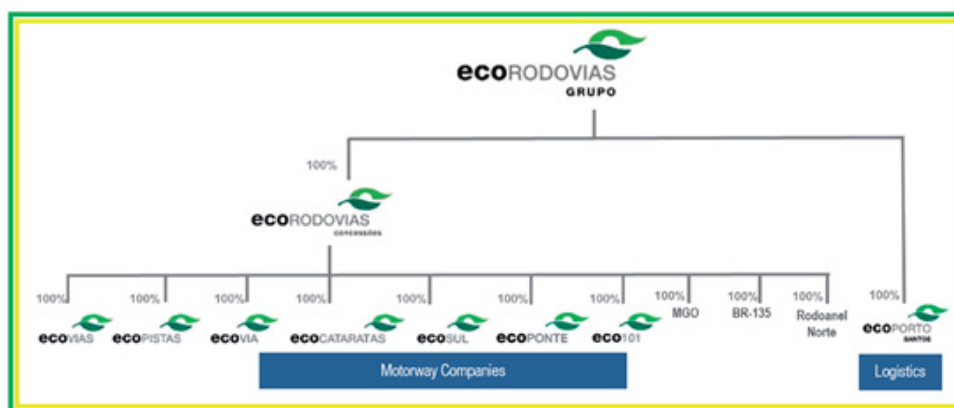
The Group is also engaged in the field of major infrastructure works in Italy and worldwide through its subsidiary Itinera S.p.A., a leading national *player* in the sector.

The current structure of the Group – only with regard to the main investee companies⁽¹⁾ – 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



¹ The entire list of investee companies is included in the "Explanatory 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 balance sheet 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 revenue" in the Consolidated Financial Statements as it does not include (i) revenue for the planning and construction of non-compensated revertible assets, (ii) the toll/surcharge payable to ANAS, (iii) reversals of costs/revenue for consortium companies (iv) and any "non-recurring" revenue items that the Company believes that they are non-repeatable.
- b) "Value of production": Value of production in the construction sector refers to revenue 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) "Gross operating margin Reported": 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 backlog not yet fulfilled in the construction sector.
- 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", "Investment funds", "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 (FCG)" 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": indicates the cash generated or absorbed by operating activities and was calculated by adding to the profit for the period the depreciation, amortisation, adjustment to the provision for restoration and replacement of non-compensated revertible assets the adjustment of the severance indemnity provision, the provisions for risks, the losses (profits) from companies accounted for by the equity method and the write-downs (revaluations) of financial activities, and by deducting the capitalisation of financial charges.

OPERATING ACTIVITIES

REGULATORY FRAMEWORK AND TOLL RATES

During the year, following the registration by the Court of Auditors of the interministerial decrees of approval, **the additional acts became effective** implementing the update of the financial plans for the five-year period 2014-2018 of the licensees **Autostrada dei Fiori S.p.A. - A10 Stretch, SALT p.A. - A12 Stretch and SAV S.p.A.**, signed during 2018. The registration by the Court of Auditors of the documents related to the financial plans of the licensees Autostrada dei Fiori S.p.A. - A6 Stretch and SALT p.A. - A15 Stretch is still pending.

With regard to the 2019-2023 regulatory period, the financial plans of the licensees must be approved by the Ministry of Infrastructures and Transport ("MIT") - under current legislation - by 30 June 2019.

With regard to the subsidiary **Autostrada Asti Cuneo S.p.A.**, it should be noted that on **27 April 2018** the **European Commission** announced that, on the basis of EU State aid rules, it had **approved** the plan presented by the Italian Government for the **financing of the completion of the A33 Asti-Cuneo motorway stretch by SATAP S.p.A. - A4 Section** ("Cross Financing") in exchange for an extension of the latter's concession for four years and recognition of a takeover value. During the first few months of 2019, discussions continued with MIT to activate cross financing according to the new indications formulated in the meantime by the Grantor, which - with substantially equivalent economic and financial terms - envisage the maintenance of the original expiry dates of the concessions and the recognition of a higher takeover value.

With regard to **toll adjustments for 2019**, on 31 December 2018 the Interministerial Decrees approving toll increases were issued.

The toll increases granted for the licensees of the SIAS Group were substantially in line with those requested from the Ministry of Infrastructures and Transport (MIT) (with reference to the licensee SALT p.A. - A12 Stretch, the Interministerial Decree ordered the conversion of the toll increase into an equivalent additional takeover value, given the forthcoming expiry of the concession). With regard to the licensee Autovia Padana S.p.A., the tariff increase granted was not in line with what was requested; the Company has therefore taken appropriate action to protect its interests.

In 2019, the SIAS Group will benefit from an overall average toll increase for line-by-line consolidated subsidiaries of +0.42% (this percentage does not take into account the effect of the higher takeover value granted to SALT p.A. - A12 Stretch). It should be noted - and welcomed - that the licensees of the SIAS Group, together with 5 other Italian licensees, are the only ones to have obtained tariff increases as of 1 January 2019.

It should also be noted that on 19 December 2018 the Transport Regulatory Authority issued a proposal for a new toll regime for Italian licensees; A consultation with all sector stakeholders is currently underway.

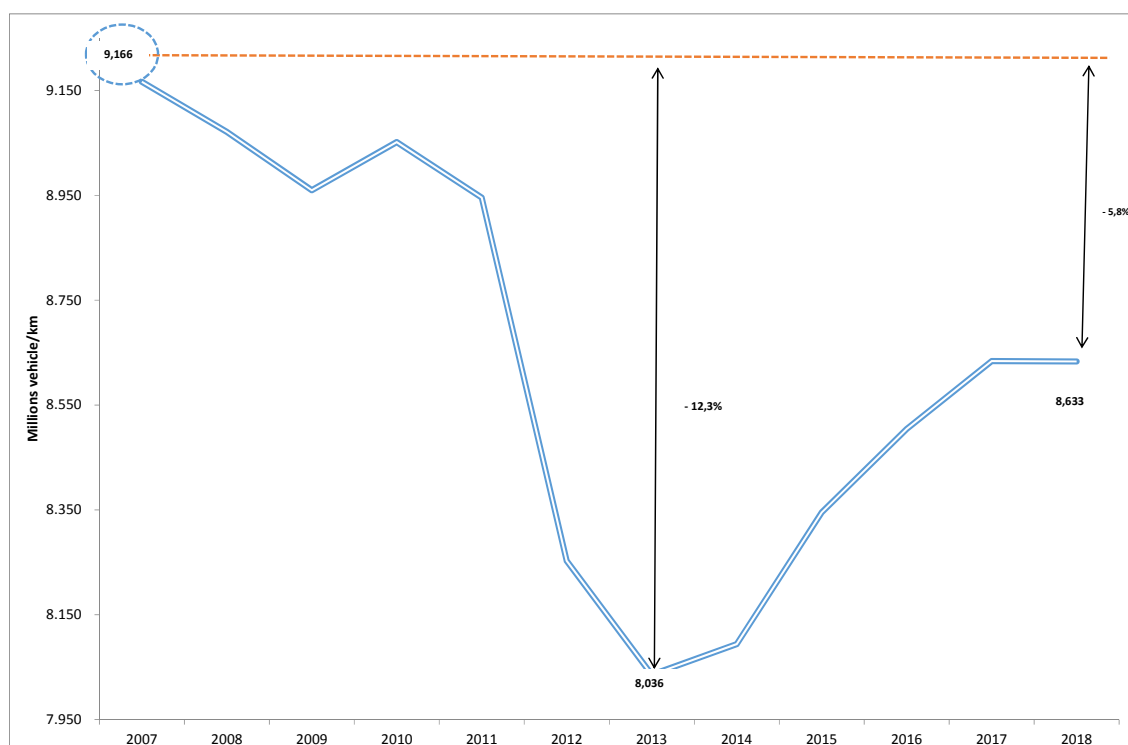
TRAFFIC PERFORMANCE

The general traffic performance for 2018, as compared to 2017, **grew by 8.55%** (-0.23% on like-for-like basis), as detailed below:

(millions vehicle/km)	2018			2017			Changes		
	Light	Heavy	Total	Light	Heavy	Total	Light	Heavy	Total
Total Q1: 1/1 – 31/3	1,478	572	2,051	1,506	558	2,064	-1.79%	2.48%	-0.64%
Total Q2: 1/4 - 30/6	1,914	637	2,551	1,931	620	2,552	-0.92%	2.69%	-0.04%
Total Q3: 1/7 - 30/9	2,288	612	2,900	2,291	603	2,894	-0.08%	1.44%	0.24%
Total Q4: 1/10 - 31/12	1,621	597	2,218	1,644	589	2,233	-1.41%	1.38%	-0.67%
Subtotal 1/1 – 31/12 on like-for-like basis	7,301	2,418	9,719	7,370	2,371	9,741	-0.95%	2.00%	-0.23%
Autovia Padana (from 1 March 2018)	563	292	855	-	-	-	-	-	-
Total 1/1 – 31/12	7,864	2,710	10,574	7,370	2,371	9,741	6.70%	14.29%	8.55%

As shown by the table above, the 2018 traffic figures benefitted from the takeover of the concession for the A21 Piacenza-Cremona-Brescia stretch as of 1 March 2018. On a like-for-like basis with 2017, traffic figures showed (i) a 2.00% increase in "heavy vehicles", which confirms the trend seen over recent years, and (ii) a 0.95% decrease in "light vehicles".

Despite the growth of recent years, the final figure as at 31 December 2018 was still approximately 5.8%¹ lower compared to pre-crisis (i.e. 2007) figures, as shown in the graph:



¹ The changes to the scope of consolidation in the period 2007-2018 were not considered (therefore, the "traffic volumes" for Autostrada Asti Cuneo S.p.A., ADF S.p.A. - A6 Stretch and Società di Progetto Autovia Padana S.p.A. were not included).

The traffic performance by single Licensee is shown below:

<i>(millions vehicle/km)</i>	1/1-31/12/2018			1/1-31/12/2017			Changes		
Company	Light	Heavy	Total	Light	Heavy	Total	Light	Heavy	Total
SATAP S.p.A. – Stretch A4	1,703	588	2,291	1,687	570	2,257	0.92%	3.22%	1.50%
SATAP S.p.A. – Stretch A21	1,348	674	2,021	1,370	667	2,036	-1.61%	1.06%	-0.74%
SAV S.p.A.	272	80	351	275	78	353	-1.23%	1.79%	-0.56%
Autostrada dei Fiori S.p.A. - Stretch A10	928	302	1,230	960	293	1,253	-3.33%	3.08%	-1.83%
Autostrada dei Fiori S.p.A. - Stretch A6	761	169	930	775	166	940	-1.75%	1.95%	-1.10%
Salt p.A. - Stretch A12	1,520	373	1,893	1,541	371	1,912	-1.32%	0.54%	-0.96%
SALT p.A. - Stretch A15	652	195	847	648	190	838	0.64%	2.47%	1.05%
Autostrada Asti-Cuneo S.p.A.	117	38	156	116	37	152	1.67%	4.47%	2.34%
Subtotal 1/1 – 31/12 on like-for-like basis	7,301	2,418	9,719	7,370	2,371	9,741	-0.95%	2.00%	-0.23%
Autovia Padana (from 1 March 2018)	563	292	855	-	-	-	-	-	-
Total 1/1 – 31/12	7,864	2,710	10,574	7,370	2,371	9,741	6.70%	14.29%	8.55%

INVESTMENTS

During 2018, **investments in motorway assets** totalled EUR **449.6 million**, of which EUR 301 million related to the concession of the A21 Piacenza Brescia section and EUR 148.6 million related to investments in the motorway network.

Piacenza - Brescia concession

On **1 March 2018**, the subsidiary Società di Progetto Autovia Padana S.p.A. **effectively took over the 25-year concession for the A21 Piacenza-Cremona-Brescia stretch**, which extends 100.1 kilometres, crossing two regions - Emilia Romagna and Lombardy - and connecting the A21 Torino-Piacenza motorway with the A4 Brescia Padova motorway.

During the period, Società di Progetto Autovia Padana S.p.A. paid – as envisaged in the tender – the concession price to the Ministry of Infrastructures and Transport (EUR 41 million), the indemnity to the outgoing licensee Autostrade Centropadane S.p.A. (EUR 260 million) and VAT (EUR 55 million), for a total amount of EUR 356 million.

The performance and financial data relating to the management of the new section are therefore reflected in the Group's figures with effect from 1 March 2018.

It should also be noted that on 4 May 2018 the Ministry of Infrastructures and Transport authorised the acquisition by Fondo Ardian of 49% of the share capital of Società di Progetto Autovia Padana S.p.A. with a consequent reduction in the equity investments held by SATAP S.p.A. and ITINERA S.p.A., which were reduced, respectively, to 50.9% (from the initial 70%) and 0.1% (from the initial 30%) of the share capital. The sale of these shares resulted in a total cash-in of approximately EUR 80 million (of which approximately EUR 31 million for SATAP S.p.A. and approximately EUR 49 million for Itinera S.p.A.).

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

<i>(amounts in millions of EUR)</i>	Stretch	2018	2017
SATAP S.p.A.	A4 Torino-Milano	11.5	39.2
SATAP S.p.A.	A21 Torino-Piacenza	3.3	4.2
SALT p.A.	A15 La Spezia-Parma	66.9	105.4
SALT p.A.	A12 Sestri Levante-Viareggio-Lucca and Fornola-La Spezia	13.3	13.9
Autostrada Asti-Cuneo S.p.A.	A33 Asti-Cuneo	4.7	4.0
Autostrada dei Fiori S.p.A.	A10 Savona-Ventimiglia	4.9	7.5
Autostrada dei Fiori S.p.A.	A6 Torino - Savona	25.2	11.5
SAV S.p.A.	A5 Quincinetto-Aosta	4.6	4.3
Autovia Padana S.p.A.	A21 Piacenza-Cremona-Brescia	14.2	-
	Total motorway network	148.6	190.1

The change in the amount of investments in motorway infrastructure made by the Group compared to the previous year is the result of the substantial completion of work on the A4 Torino-Milano stretch, offset by the investments made on the A21 Piacenza-Cremona-Brescia stretch.

It should also be noted that the bad weather conditions that characterised the first few months of 2018 led to a slowdown - with respect to the plans in place - in the works for the construction of the first lot of the "Tirreno-Brennero plurimodal corridor" (the so-called "Tibre") on the A15 stretch.

The Group's licensees continue to invest constantly in their own motorway network, with particular attention to improving quality and safety standards, in compliance not only with conventional obligations but, above all, with the industrial approach to business that has always distinguished the Group.

CHANGES IN THE EQUITY INVESTMENTS PORTFOLIO

The main changes in the equity investment portfolio are detailed below:

- on 29 January 2018 the subsidiary Sina S.p.A. purchased from the company Cisa Engineering S.p.A. in liquidazione 2,500 shares of Consorzio Sina for a total value of EUR 2.5 thousand, resulting in it holding 100% of the share capital; on 5 March 2018 Consorzio Sina S.p.A. was merged by incorporation into Sina S.p.A. The accounting effectiveness of the merger is retroactive to 1 January 2018;
- on 15 February and 19 October 2018, the subsidiary Società Autostrada Ligure Toscana p.A. acquired 981,973 shares (equal to 1.21% of the share capital) and 713,138 shares (equal to 0.88% of the share capital) of Autostrada dei Fiori S.p.A. which were offered for sale, respectively, by the Province of Savona and the City of Imperia for a total amount of EUR 8.7 million. As a result of these purchases, the stake that is currently held in this Company is equal to 71.141% of share capital;
- on 29 March 2018, the subsidiary Sinelec S.p.A. sold all the shares (400,000) held in the company OMT S.p.A. to the company AUTOSPED G. S.p.A. for a total value of EUR 0.2 million, realising a capital gain of EUR 46 thousand.
- on 19 April 2018 the subsidiary Sina S.p.A. purchased 2,701 shares of Siteco Informatica S.r.l. for a total value of EUR 15 thousand; as a result of said purchase, the stake held in this Company is now equal to 100% of the share capital;
- in July 2018, the subsidiary Itinera S.p.A. purchased all the shares of Interstrade S.p.A. for a total value of EUR 15.7 million; in December 2018 the company Interstrade S.p.A. was merged by incorporation into Itinera S.p.A.. The accounting effectiveness of the merger is retroactive to 4 July 2018;
- in July 2018, the subsidiary Itinera S.p.A. purchased all the shares of SEA Segnaletica Stradale S.p.A. (500,000 shares) for a total value of EUR 16.6 million;
- on 5 July 2018, the subsidiary Euroimpianti S.p.A. subscribed to 5,879 shares of the newly incorporated consortium Cervit Impianti Tecnologici S.c.a.r.l. ("C.I.T. S.c.a.r.l.") for EUR 6 thousand; as a result of said purchase, the stake held in this Company is now equal to 58.79% of the share capital;
- on 9 July 2018, ASTM S.p.A. sold all its 12,019 shares held in Abertis Infraestructura S.A. for a total value of EUR 221 thousand, realising a capital gain¹ equal to EUR 0.2 million;
- on 2 August 2018, the subsidiary Finanziaria di Partecipazioni e Investimenti S.p.A. – following the partial demerger of Codelfa S.p.A. into the beneficiary Nuova Codelfa S.p.A. – received 82,115 shares of the new company representing 16.423% of the share capital, whereby all the shares of ASTM S.p.A. were transferred;
- on 17 September 2018, the subsidiary Sinelec S.p.A. subscribed to 4,550 quotas of the newly incorporated company Smart Mobility System S.c.a.r.l. ("SMS S.c.a.r.l.") for EUR 5 thousand; as a result of said purchase, the stake held in this Company is now equal to 45.50% of the share capital;
- during 2018, the subsidiary SIAS S.p.A. acquired (i) 1,719 shares (0.001% of share capital) of Società Autostrada Ligure Toscana p.A. from Finanziaria di Partecipazioni e Investimenti S.p.A. for a total value of EUR 7 thousand and (ii) 79,023 shares (0.049% of share capital) of the subsidiary Società Autostrada Ligure Toscana p.A. from SEA S.p.A. for a total value of EUR 0.3 million; as a result of these purchases, the stake that is currently held in this company is equal to 95.229% of the share capital;

¹ In accordance with IFRS 9, this capital gain is recorded under "Retained earnings (losses)" in shareholders' equity.

- during 2018, ASTM S.p.A. sold all its 540,000 shares held in Mediobanca S.p.A. for a total value of EUR 5.3 million, realising a capital gain¹ of approximately EUR 2.9 million;
- during 2018, the subsidiary IGLI S.p.A. purchased a further 13,854,084 shares of Ecorodovias Infraestrutura e Logistica S.A. for a total R\$ 126.7 million (approximately EUR 30.2 million). As a result of these further purchases, IGLI S.p.A. holds 49.21% of Ecorodovias Infraestrutura e Logistica S.A. directly and indirectly (through Primav Infraestrutura S.A.).
- during 2018 the subsidiary IGLI S.p.A. sold 64,730 shares of Salini Impregilo S.p.A. savings shares equal to 1.311% of the share capital for a total value of EUR 0.4 million, realising a capital gain¹ of approximately EUR 14 thousand.

Treasury shares

- During the 2018 financial year (i) ASTM S.p.A. purchased 1,093,375 treasury shares (equal to 1.104% of the share capital) for a total value of approximately EUR 20.8 million and (ii) the subsidiary Autostrada Albenga Garesio Ceva S.p.A. sold to the market all the shares held in ASTM S.p.A. equal to 58,878 shares for a total value of EUR 1.4 million, realising a capital gain² equal to EUR 0.6 million.

¹ In accordance with IFRS 9, this capital gain is recorded under "Retained earnings (losses)" in shareholders' equity.

² This capital gain is recorded in shareholders' equity under "Retained earnings (losses)".

SISTEMA TANGENZIALE ESTERNA - BREBEMI

As reported in previous reports, in 2017, SIAS and 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. and Società di Progetto Autostrada diretta Brescia Milano S.p.A. ("BRE.BE.MI").

Considering the development of the industrial, economic and financial outlook of the TE and Brebemi licensees, the Parties have agreed on the desirability of moving beyond the 2013 Agreements with the purchase by the SIAS Group of the interests (equity investments, receivables and commitments) held by ISP in TEM/TE and the purchase by ISP of the interests (equity investments, receivables and commitments) held by the SIAS Group in AL/BRE.BE.MI..

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.

Following the reunion of the bare ownership and usufruct on 31 December 2018, as well as the exercise of the pre-emption right¹ by Autostrade per l'Italia S.p.A. ("ASPI") over the TEM shares sold by ISP, the percentage of share capital held by SIAS Group as at 31 December 2018 was 21.27% in TE (SIAS 19.94% and SATAP 1.33%), 46.50% in TEM (SIAS 12.24% and SATAP 34.26%), and the interest in AL was reduced to zero². The disposal of the equity investment in AL led to the recognition in the 2018 financial statements of a total capital gain of EUR 34.5 million, of which approximately EUR 20.1 million under "Financial income" in the Income Statement and approximately EUR 14.4 million in the "Cash flow hedge reserve" in Shareholders' equity.

In line with the provisions of the Agreement, the payment of the consideration for the sale and purchase of the shares and receivables mentioned above took place in January 2019 and resulted in net proceeds of EUR 19.5 million.

In addition, as part of these agreements with ISP and in view of the definition of ownership of the aforementioned equity investments, the SIAS Group granted AL an option right for the sale of the interests (equity investments, receivables and commitments) held by the latter in TEM/TE.

Following the exercise of this option right by AL, in January 2019 the SIAS Group acquired a further 3.18% of the share capital of TE and a further 3.50% of the share capital of TEM (the latter percentage net of the pre-emption right exercised by ASPI with reference to the TEM shares sold by AL). These purchases involved a total outlay of EUR 15.9 million.

In addition, for the purpose of defining the ownership of the said investments, AL granted Itinera S.p.A. - a company owned with a share of 33.88% by SIAS Group and a subsidiary of ASTM S.p.A. - an option right for the sale of the interests (equity investments, receivables and commitments) held by the latter in Bre.Be.Mi. Following the exercise of this option right by Itinera S.p.A., in January 2019 Itinera S.p.A. sold the above-mentioned equity investments and receivables to AL, collecting EUR 11.7 million. This disposal also led to the recognition of a total capital gain of EUR 9 million, of which approximately EUR 4.5 million under "Financial income" in the Income Statement and approximately EUR 4.5 million in the "Cash flow hedge reserve" in Shareholders' equity.

¹ Following the exercise of the pre-emption right by ASPI, the agreement with Pizzarotti (finalise at guaranteeing co-control of the investment in TEM/TE similar to that previously shared with ISP) is no longer effective.

² Following the reunion of the bare ownership and usufruct, at 31 December 2018, the agreements signed in 2013 with Intesa Sanpaolo S.p.A. for the purpose of joint control of the companies 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. "BRE.BE.MI" ceased to apply.

ECONOMIC, EQUITY AND FINANCIAL DATA

GROUP ECONOMIC DATA

The comparison between the **revenue and expenditure items** for the years 2018 and 2017 reflects the changes in the scope of consolidation; more specifically: (i) the recognition - with effect from 1 March 2018 - of the figures relating to the management of the motorway stretch A21 Piacenza-Cremona-Brescia after concession become effectively held by the subsidiary Società di Progetto Autovia Padana S.p.A., (ii) the consolidation for the entire financial year of the Halmar Group (consolidated only for the period 5 July - 31 December in financial year 2017) and (iii) the consolidation - with effect from 4 July 2018 - of the production of SEA Segnaletica Stradale S.p.A. S.p.A. and Interstrade S.p.A. (the latter subsequently merged by incorporation into Itinera S.p.A.) following the acquisition of control of them.

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Motorway sector revenue – operating activities ^{(1) (2)}	1,135,149	1,047,394	87,755
Construction sector revenue ⁽²⁾	490,527	286,900	203,627
Engineering sector revenue	6,244	8,093	(1,849)
Technology sector revenue	36,454	39,449	(2,995)
Other revenue ⁽³⁾	48,671	54,216	(5,545)
Turnover	1,717,045	1,436,052	280,993
Operating costs ⁽¹⁾⁽²⁾⁽³⁾	(946,063)	(716,912)	(229,151)
Gross operating margin (EBITDA)	770,982	719,140	51,842
Non-recurring items	(10,081)	(12,835)	2,754
Gross operating margin "reported"	760,901	706,305	54,596
Net amortisation/depreciation and provisions	(323,018)	(333,928)	10,910
Operating income	437,883	372,377	65,506
Financial income	43,380	57,499	(14,119)
Financial expenses	(99,902)	(104,097)	4,195
Capitalised financial expenses	14,085	19,699	(5,614)
Write-down of equity investments	-	(1,824)	1,824
Profit (loss) of companies accounted for by the equity method	2,159	10,992	(8,833)
Net financial income (expense)	(40,278)	(17,731)	(22,547)
Profit before tax	397,605	354,646	42,959
Income taxes (current and deferred)	(108,347)	(91,689)	(16,658)
Profit (loss) for the period from continued operations	289,258	262,957	26,301
Profit (loss) for the period of "assets held for sale net of taxes" (Discontinued Operations)	-	516	(516)
Profit (loss) for the period	289,258	263,473	25,785
▪ Share attributable to non-controlling interests (Continued Operations)	122,714	113,353	9,361
▪ Share attributable to owners of the Parent Company (Continued Operations)	166,544	149,604	16,940
▪ Share attributable to non-controlling interests (Discontinued Operations)	-	192	(192)
▪ Share attributable to owners of the Parent Company (Discontinued operations)	-	324	(324)

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 83.8 million in 2018 and EUR 75.9 million in 2017).

(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 186 million in 2018 – of which EUR 148.6 million relating to the motorway sector and EUR 37.4 million relating to the construction sector (EUR 227.4 million in 2017 of which EUR 190 million referred to the motorway sector and EUR 37.4 million referred to the construction sector) – were reversed for the same amount from the corresponding revenue/cost items.

(3) Amounts net of cost/revenue reversals of EUR 5.6 million in 2018 (EUR 5.5 million in 2017).

In FY 2018, the "turnover" amounted to over EUR 1.7 billion (+19.6%) at a Group level.

"Motorway sector revenue" totalled EUR 1,135.1 million (EUR 1,047.4 million in 2017) and breaks down as follows:

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue	1,103,296	1,017,280	86,016
Rental income and other accessory revenue	31,853	30,114	1,739
Total motorway sector revenue	1,135,149	1,047,394	87,755

The increase in "net toll revenue" of EUR 86 million (+8.46%) is attributable (i) for EUR 51.2 million (+5.03%) to the revenue of the licensee Società di Progetto Autovia Padana S.p.A. relative to the period March-December 2018, (ii) EUR 31.4 million (+3.09%) to the recognition from 1 January 2018 of the toll adjustments and (iii) EUR 3.4 million from the change in light/heavy traffic mix (+0.34%). The growth in "rental income and other accessory revenue" is attributable EUR 0.8 million to revenue of the licensee Autovia Padana for the period March-December 2018.

The growth in "construction" sector revenue was mainly due to a considerable increase in business volumes, as well as to the consolidation - as from 4 July 2018 - of the production of SEA Segnaletica Stradale S.p.A. and Interstrade S.p.A. and for the entire financial year of the Halmar Group (consolidated in 2017 for the period from 5 July to 31 December only).

The "engineering" sector recorded a downturn in activities with third parties in 2018, driven by the persistent uncertainty in this sector.

The "technology" sector, compared to an increase in activities carried out by Group companies - recorded a fall in production for third parties.

During FY 2017, the item "other revenue" included EUR 8.4 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" was mainly due to the above mentioned changes in the scope of consolidation of the construction sector and to the operating costs of the licensee Autovia Padana for the period March-December 2018.

With regard to the above, the "gross operating margin" increased by about EUR 52 million and reflects the changes in the Group's operating sectors, as follows:

<i>(amounts in millions of EUR)</i>	FY 2018	FY 2017	Changes
· Motorway sector	738.1	693.2	44.9
· Construction Sector	27.9	19.6	8.3
· Engineering Sector	3.1	5.4	(2.3)
· Technology Sector	15.4	19.4	(4.0)
· Services Sector (holding companies)	(13.6)	(18.5)	4.9
Total	770.9	719.1	51.8

"Non-recurring items" - equal to EUR 10.1 million negative - are attributable EUR 9 million to costs for the period as a result of the project to reorganise and optimise procedures and streamline resources and EUR 1.1 million to other non-recurring expenses. In 2017, this item was mainly attributable to the aforementioned costs for the project to reorganise and optimise procedures and streamline resources.

The item "*net amortisation/depreciation and provisions*" totalled EUR 323 million (EUR 333.9 million in 2017); the change compared to the previous year is the result of the following: (i) higher net provisions in the "provision for restoration and replacement" of non-compensated revertible assets for EUR 13.2 million, (ii) lower amortisation and depreciation for EUR 17.5 million¹ and (iii) lower provisions for risks and charges and other impairment losses for EUR 6.5 million.

The item "*financial income*" totalled EUR 43.4 million (EUR 57.5 million in 2017). The change compared to the corresponding period of the previous year is the result of (i) higher dividends distributed by investees and (ii) lower capital gains from the sale of investments and interest income from financing activities. In particular, 2018 benefited from the capital gain from the disposal of the equity investment held in Autostrade Lombarde S.p.A. (EUR 20.1 million) and Bre.Be.Mi. S.p.A. (EUR 4.6 million), while 2017 benefited from the capital gains from the disposal of the parking sector and in FNM S.p.A..

The item "*financial expenses*" – including the expenses for Interest Rate Swap contracts – decreased by EUR 4.2 million due to the process to streamline financial resources and funding sources.² The change in "*capitalised financial expenses*" is mainly related to the performance of the investments made.

In 2017, the item "*write-down of equity investments*" mainly referred 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 (loss) of companies accounted for by the equity method*" included the share of profits from jointly controlled entities and associated companies. More specifically, it reflects the Group share of the profits recorded by SITAF S.p.A. (EUR 12.7 million), ATIVA S.p.A. (EUR 9.3 million), Ecorodovias Infraestrutura e Logistica S.A. (EUR 2 million), Road Link Holding Ltd. (EUR 1 million), SITRASB S.p.A. (EUR 0.6 million) and ASTA S.p.A. (EUR 0.4 million), adjusted by the pro-rata recognition of the losses attributable to TEM S.p.A./TE S.p.A. (EUR 9.9 million), Federici Stirling Batco LLC (EUR 6.1 million), Mill Basin Bridge Constructors (EUR 5.7 million), Primav Infraestrutura S.A. (EUR 1.7 million), Sabrom S.p.A. (EUR 0.3 million), and Rivalta Terminal Europa S.p.A. (EUR 0.2 million).

In view of the above, the portion attributable to owners of the parent of "*profit for the period*" net of taxes and profit attributable to minority interests was EUR 166.5 million (EUR 149.6³ million in FY 2017).

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

² The SIAS convertible bond loan 2005-2017 was repaid on 30 June 2017; SIAS S.p.A. issued the SIAS bond loan 2018-2028 on 8 February 2018.

³ The share of "profit/loss for the period" attributed to owners of the Parent Company in 2017 does not take into account the portion attributable to discontinued operations, equal to EUR 0.3 million in 2017.

GROUP EQUITY AND FINANCIAL DATA

The main items of the consolidated balance sheet at 31 December 2018, compared with the corresponding figures of the previous year, may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
Net fixed assets	3,313,179	3,117,668	195,511
Equity investments and other financial assets	1,276,670	1,251,930	24,740
Working capital	30,020	62,698	(32,678)
Discontinued operations/Non-current assets held for sale	-	46,942	(46,942)
Net invested capital	4,619,869	4,479,238	140,631
Provision for restoration or replacement of non-compensated revertible assets	(152,013)	(149,227)	(2,786)
Employee severance indemnity and other provisions	(62,384)	(62,604)	220
Invested capital less provisions for medium- and long-term risks and charges	4,405,472	4,267,407	138,065
Shareholders' equity and profit (loss) (including minority interests)	3,076,895	2,866,040	210,855
"Adjusted" net financial indebtedness	1,268,781	1,333,114	(64,333)
Other long-term payables – Deferred income of the payable due to Central	59,796	68,253	(8,457)
Equity and non-controlling interests	4,405,472	4,267,407	138,065

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash and cash equivalents	1,087,633	554,936	532,697
B) Securities held for trading	-	-	-
C) Liquidity (A) + (B)	1,087,633	554,936	532,697
D) Financial receivables	510,362	491,917	18,445
E) Bank short-term borrowings	(100,191)	(34,846)	(65,345)
F) Current portion of medium/long-term borrowings	(338,735)	(273,770)	(64,965)
G) Other financial liabilities (current)	(62,761)	(46,355)	(16,406)
H) Short-term borrowings (E) + (F) + (G)	(501,687)	(354,971)	(146,716)
I) Current net cash (C) + (D) + (H)	1,096,308	691,882	404,426
J) Bank long-term borrowings	(793,691)	(950,801)	157,110
K) Hedging derivatives	(35,730)	(55,092)	19,362
L) Bonds issued	(1,537,183)	(994,062)	(543,121)
M) Other non-current liabilities	(2,607)	(2,363)	(244)
N) Long-term borrowings (J) + (K) + (L) + (M)	(2,369,211)	(2,002,318)	(366,893)
O) Net financial indebtedness^(*) (I) + (N)	(1,272,903)	(1,310,436)	37,533
P) Non-current financial receivables	136,952	113,595	23,357
Q) Discounted value of the payable due to ANAS – Central Insurance Fund	(132,830)	(136,273)	3,443
R) "Adjusted" net financial indebtedness (O) + (P) + (Q)	(1,268,781)	(1,333,114)	64,333

(*) Pursuant to ESMA Recommendation

"Adjusted net financial indebtedness" at 31 December 2018 was EUR 1,268.8 million and – notwithstanding the payment to the Ministry of Infrastructures and Transport of the price of the concession for the Piacenza-Cremona-Brescia stretch and the payment to take over from the outgoing licensee of approximately EUR 301 million – showed an improvement of EUR 64.3 million compared to 31 December 2017.

The change in the year in "net financial indebtedness" was mainly due to: (i) the payment of dividends (final 2017 and interim 2018) by the Parent Company (EUR 44.6 million), (ii) the payment of dividends and interim dividends by subsidiaries

to minority shareholders (EUR 50.4 million), (iii) the execution of enhancement works on the Group's motorway infrastructure (EUR 148.6 million), (iv) the aforementioned payment to the Ministry of Infrastructures and Transport of the concession price for the Piacenza-Cremona-Brescia stretch, and the takeover payment to the outgoing licensee totalling EUR 301 million, (v) the the realisation of other tangible and intangible assets (EUR 28.8 million), (vi) the purchase of equity investments and minorities (EUR 43.6 million), (vii) the subscription to investment funds (EUR 7.5 million), (viii) the purchase of treasury shares net of disposals (EUR 19.4 million), (viii) the payment of instalments falling due of the debt to ANAS-Central Insurance Fund (FCG) (EUR 11.9 million), and (ix) the debt consequent to the purchase and consolidation/merger of SEA S.p.A. and Intestrate S.p.A. (EUR 8.5 million). These outflows were offset by: (i) "operating cash flow" (EUR 593.5 million), (ii) the liquidity resulting from the sale of a portion of the equity investment held in Autovia Padana S.p.A. (EUR 80.3 million) e and other equity investments (EUR 6.1 million) and (iii) the changes in net working capital and other minor changes (EUR 2.5 million).

"Net financial indebtedness" as at 31 December 2018 also includes the positive difference accrued during the year (EUR 19.4 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 attributable to the issue of the "SIAS 2018-2028 bond loan" totalling EUR 541 million (net of expenses incurred for the issue). As regards this item, the following is also reported: (i) the payment of interest on bonds for about EUR 39.4 million (corresponding to a reduction in "other current financial liabilities"), (ii) the payment of instalments due with respect to the "current portion of non-current indebtedness" (EUR 249.5 million), (iii) the early repayment of a loan (EUR 15 million) and (iv) the subscription of insurance policies (EUR 30 million) and (v) temporary investments of liquidity made by companies in the construction sector (EUR 16.4 million). These outlays were offset by repayments/pay-offs of insurance policies (EUR 58.4 million) taken out in prior periods, the disposal of Brazilian bank certificates of deposit (EUR 1.5 million net of new subscriptions), the granting of new loans (EUR 193 million) and by the utilisation of short-term credit lines (EUR 41.5 million);
- the increase in the "financial receivables" (amounting to EUR 18.4 million) is due to: (i) the increase in receivables from interconnection (EUR 21.8 million), (ii) income matured on capitalisation policies (EUR 3.6 million), (iii) the subscription of insurance policies (EUR 30 million), (iv) the temporary investments of liquidity made by the Halmar Group during the year (EUR 16.4 million), (v) the receivables for the dividend disbursed by Primav Infrastruttura S.A. and collected in January 2019 (EUR 8.5 million), partially offset by the redemptions/repayments of insurance policies taken out in previous years (EUR 58.4 million) and the disinvestment of certificates outstanding as at 31 December 2017 and the subscription of new certificates carried out during the year 2018 (EUR 1.5 million);
- the change in the item "Bank short-term borrowings" was due to higher current account overdrafts (+EUR 61.9 million), mainly due to the use by Autostrada Asti-Cuneo S.p.A., Società di Progetto Autovia Padana S.p.A., ASTM S.p.A. and Itinera S.p.A. of available credit lines and to the disbursement of new short-term loans (+EUR 3.4 million);
- the change in the item "current portion of medium/long-term borrowings" is due to (i) reimbursement of instalments falling due in 2018 (EUR -269.4 million), (ii) the renegotiation of a loan reclassified from current to non-current (EUR -4 million), (iii) the granting of new loans (EUR +5.4 million), (iv) the reclassification – from the item "bank long-term borrowings" of instalments falling due within 12 months (EUR +331.9 million), (v) the change in the scope of consolidation of SEA Segnaletica Stradale S.p.A. (EUR +0.8 million) and (vi) recognition of interest accrued and the amortised cost (EUR +0.2 million);

- the change in "other current financial liabilities" was mostly attributable to: (i) the aforementioned payment of interest on bond issues (EUR -39.4 million), (ii) the assessment of interest accrued in the period (EUR 47.5 million) and (iii) higher payables for the interconnection system and other payables (EUR 8.3 million);
- the change in the item "Bank long-term borrowings" is the result of (i) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments in the following 12 months (EUR -331.9 million), (ii) the early repayment of some loans (EUR -25.4 million), (iii) the disbursement of new loans (EUR +193.6 million), (iv) the consolidation of SEA Segnaletica Stradale S.p.A. (EUR +2.2 million), (v) the renegotiation of a loan (EUR +4 million) and (vi) the effects of the so-called amortised cost of exchange rates on loans in currencies other than the euro (EUR +0.4 million);
- "hedging derivatives" amount to EUR 35.7 million, due to the recognition of the negative difference concerning the fair value of IRS agreements. As at 31 December 2018, approximately 77.12% of medium-long term consolidated debt was "fixed rate"/"hedged".
- the change in the item "Bonds issued" was due to: (i) the aforementioned issue of a corporate bond (EUR 541 million) and (ii) the effects of the so-called amortised cost (EUR 2.1 million).

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

- the item "non-current financial receivables" includes (i) receivables of EUR 117.5 million at the so-called "takeover value" for the A21 Torino-Piacenza section, the licence for which expired on 30 June 2017, (ii) EUR 17.2 million relative to "investment funds" subscribed as an investment of liquidity and (iii) EUR 2.3 million that represent – 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 reduction in the "discounted value of the payable due to ANAS - Central Insurance Fund", equal to EUR 3.4 million, is due to the payment of the instalments falling due (EUR 11.9 million) and the charges for discounting the payable itself (EUR 8.5 million).

* * *

The **financial resources available** at 31 December 2018 are broken down as follows:

(amounts in millions of EUR)

• Cash and financial receivables		1,598
• investment funds ¹		17
• Loan from Cassa Depositi e Prestiti (in favour of SATAP S.p.A.)	290 ²	
• Syndicated loan (in favour of Sias S.p.A.)	127 ²	
• "Uncommitted" credit lines (in favour of ASTM S.p.A. and its consolidated subsidiaries)	648 ²	
• Committed back up facilities (in favour of ASTM S.p.A.)	30 ²	
• Back up committed facilities (pertaining to SIAS S.p.A.)	80 ²	
• Committed cash credit lines (Itinera Group)	8 ²	
	Subtotal	1,183
	Total financial resources at 31 December 2018	2,798

¹ The amount relating to investment funds is included in the adjusted net financial position under the item "non-current financial receivables".

² For the breakdown of the items refer to the note "Other information – (ii) Financial risk management".

FINANCIAL INCOME

Considering that the financial management is mainly centralised under SIAS S.p.A., the main events that took place during 2018 are reported below, referring to the information provided in the "Results of operations" for further details.

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+ (negative 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 2018:

SIAS 2018-2028 bond loan issue

As mentioned in previous reports, 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, which took place on 8 February 2018, 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 falls under the EUR 2 billion Euro Medium Term Notes (EMTN) programme established in 2010, of which EUR 500 million was used in October of that year and a further EUR 500 million in February 2014. The programme allows the Group to continue to (i) centralise its financing activities within SIAS, with the subsequent transfer of liquidity to operating companies by means of specific intragroup loans, and (ii) to diversify its financing sources.

Società di Progetto Autovia Padana S.p.A. loan

On 28 February 2018, SIAS S.p.A. granted the subsidiary Società di Progetto Autovia Padana S.p.A. a loan for a total amount of EUR 137 million, to be drawn on "Line A" of the syndicated loan granted by UniCredit S.p.A., Intesa SanPaolo S.p.A. and Cariparma S.p.A..

This loan, together with the capital increases carried out by the shareholders, enabled Società di Progetto Autovia Padana S.p.A. to find the resources necessary to meet the concession commitments relating to the payment of the takeover value and the concession consideration for the Piacenza-Cremona-Brescia motorway. Following this payment, Società di Progetto Autovia Padana S.p.A. was able - among other things - to release the guarantee previously provided to the Ministry of Infrastructures and Transport.

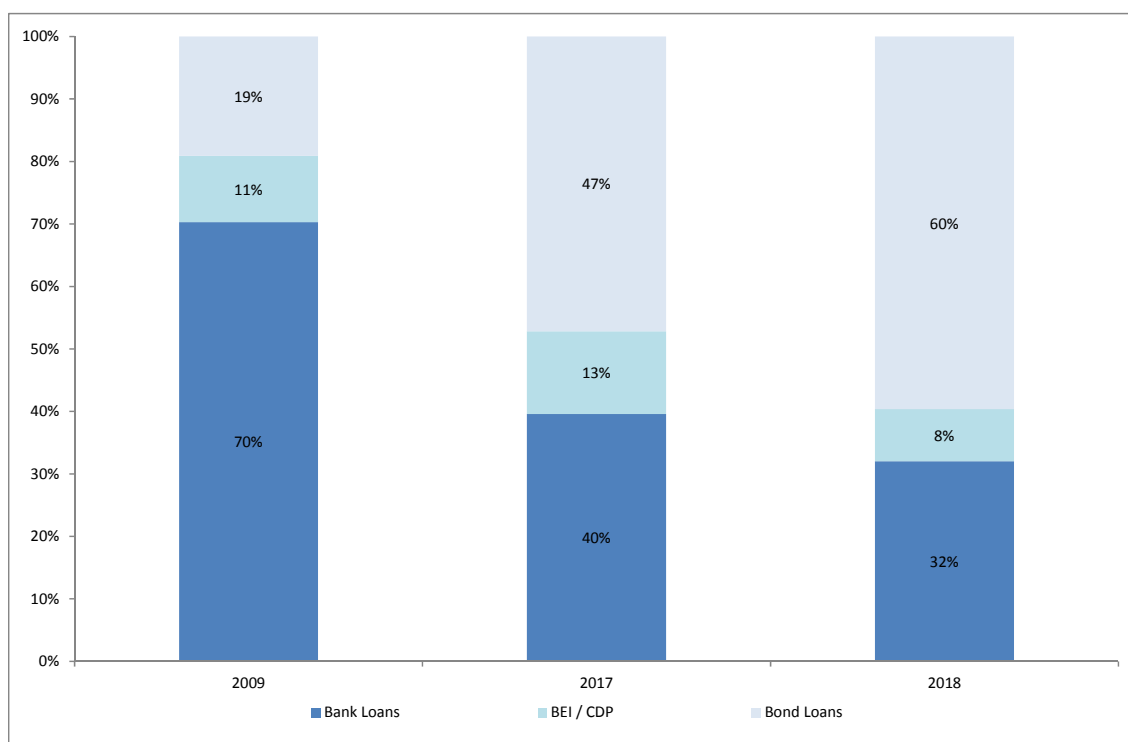
Early loan repayment

To improve the efficiency of its existing indebtedness, on 15 June 2018 SIAS S.p.A. – following the repayment of the intercompany loan by the subsidiary Autostrada dei Fiori S.p.A. – repaid in advance EUR 15 million related to an outstanding loan from the BEI funding.

These operations also made it possible to extend average debt repayment times and improve the time frames of repayment plans. The **average debt repayment time** is currently about **7.2 years**.

With reference to the **diversification of funding sources**, the SIAS Group further reduced its exposure to banks, which accounted for 32% of total debt at 31 December 2018 compared to 70% of total debt at 31 December 2009.

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 81.5% as at 31 December 2018):

<i>(amounts in millions of EUR)</i>	2009	2017	2018
Gross financial indebtedness - SIAS Group (a)	1,754	2,120	2,599
Gross financial indebtedness - SIAS S.p.A. (b)	335	1,494	2,116
 Holding company/Group gross financial indebtedness ratio (b/a)	19.1%	70.5%	81.5%

ANALYSIS OF 2018 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>	2018	2017	Changes
Income from equity investments	55,473	48,732	6,741
Other financial income	8	3,173	(3,165)
Interest and other financial expenses	(232)	(1,290)	1,058
Financial income and expenses	55,249	50,615	4,634
Value adjustments of financial assets	-	(897)	897
Other operating income	3,028	2,553	475
Other operating costs	(10,600)	(10,089)	(511)
Pre-tax profit (loss)	47,677	42,182	5,495
Income taxes	1,027	1,233	(206)
Profit (loss) for the period	48,704	43,415	5,289

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 mainly collected during 2018 by SIAS S.p.A. (EUR 51.2 million), Sina S.p.A. (EUR 4.1 million) and Assicurazioni Generali S.p.A. (EUR 0.2 million).

"*Other financial income*" in 2017 mainly related to interest accrued on SIAS S.p.A. convertible bonds.

"*Interest and other financial expenses*" refers mainly to the financial expenses accruing on the loan of EUR 35 million granted by Unicredit S.p.A. during 2017 the decrease was due to lower interest expense on the EUR 150 million loan disbursed by UniCredit and repaid in 2017.

The item "*Value adjustments of financial assets*" referred, in the previous financial year, to alignment of the "option component" of the SIAS convertible bonds - redeemed on 30 June 2017 - held by the Company to their fair value.

The item "*other operating income*" represents the compensation for the administrative-financial and corporate service activities carried out for Group companies. This 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 2018, compared with those as at 31 December 2017, may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash and cash equivalents	531	6,255	(5,724)
B) Securities held for trading	-	-	-
C) Liquidity (A) + (B)	531	6,255	(5,724)
D) Financial receivables	-	-	-
E) Bank short-term borrowings	(20,569)	(11)	(20,558)
F) Current portion of medium/long-term borrowings	-	-	-
G) Other financial liabilities (current)	-	(192)	192
H) Short-term borrowings (E) + (F) + (G)	(20,569)	(203)	(20,366)
I) Current net cash (C) + (D) + (H)	(20,038)	6,052	(26,090)
J) Bank long-term borrowings	(34,991)	(34,983)	(8)
K) Hedging derivatives	-	-	-
L) Bonds issued	-	-	-
M) Other non-current liabilities	-	-	-
N) Long-term borrowings (J) + (K) + (L) + (M)	(34,991)	(34,983)	(8)
O) Net financial indebtedness (I) + (N)	(55,029)	(28,931)	(26,098)

(*) Pursuant to ESMA Recommendation

As at 31 December 2018, the "net financial indebtedness" of the company totalled EUR 55 million (EUR 28.9 million as at 31 December 2017).

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

- With regard to the change in "*cash and cash equivalents*", it is pointed out that the liquidity deriving from: (i) operating activities (EUR 48.9 million), (ii) the sale of equity investments (EUR 5.5 million) and (iii) the disbursement of bank credit lines (EUR 20.6 million) was used (i) for the distribution of dividends (2017 final and 2018 interim dividend) for a total of EUR 44.6 million, (ii) for the purchase of treasury shares (EUR 20.8 million) and (iv) for the disbursement of a loan to the subsidiary IGLI S.p.A. (EUR 15 million);
- "*bank short-term borrowings*" refers to current account overdrafts at 31 December 2018;
- the item "*bank long-term borrowings*" refers to the loan of EUR 35 million disbursed in 2017 by 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 in the "explanatory notes" of 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>	2018	2017	Changes
Income from equity investments	12,881	1,167	11,714
Other financial income	96	3,984	(3,888)
Interest and other financial expenses	(857)	(653)	(204)
Financial income and expenses	12,120	4,498	7,622
Value adjustments of financial assets	-	-	-
Other operating income	764	90	674
Other operating costs	(1,693)	(2,195)	502
Pre-tax profit (loss)	11,191	2,393	8,798
Income taxes	442	1,225	(783)
Profit (loss) for the period	11,633	3,618	8,015

"Income from equity investments" includes dividends approved by Primav Infraestrutura S.A. for EUR 8.5 million, dividends distributed by Ecorodovias Infraestrutura e Logística S.A. for EUR 4.3 million and the dividend distributed by Salini Impregilo S.p.A. for EUR 46 thousand.

The item "*other financial income*" was mainly due to interest income on Brazilian certificates of deposit (EUR 95 thousand). In 2017, this item included (i) realised exchange gains on foreign currency items (EUR 2.4 million), (ii) interest income on the Brazilian bank deposit certificate (EUR 0.4 million), (iii) financial fees (EUR 0.2 million) and (iv) interest income on the loan granted to Primav Construcoes e Comercio S.A. (EUR 0.1 million).

The item "*interest and other financial expenses*" of EUR 0.8 million mainly refers to exchange losses realised.

The item "*other operating costs*" went down compared to the previous year, mainly attributable to lower costs incurred for professional consultancy services.

The main items related to financial income as at 31 December 2018, compared with those as at 31 December 2017, may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash and cash equivalents	295	277	18
B) Securities held for trading	-	-	-
C) Liquidity (A) + (B)	295	277	18
D) Financial receivables	12,852	6,107	6,745
E) Bank short-term borrowings	-	-	-
F) Current portion of medium/long-term borrowings	-	-	-
G) Other financial liabilities (current)	(71,500)	(46,500)	(25,000)
H) Short-term borrowings (E) + (F) + (G)	(71,500)	(46,500)	(25,000)
I) Current net cash (C) + (D) + (H)	(58,353)	(40,116)	(18,237)
J) Bank long-term borrowings	-	-	-
K) Hedging derivatives	-	-	-
L) Bonds issued	-	-	-
M) Other non-current liabilities	-	-	-
N) Long-term borrowings (J) + (K) + (L) + (M)	-	-	-
O) Net financial indebtedness^(*) (I) + (N)	(58,353)	(40,116)	(18,237)

(*) Pursuant to ESMA Recommendation

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

- with regard to the change in "*cash and cash equivalents*", the liquidity deriving (i) from operating activities (EUR 3 million), (ii) from loans received from ASTM S.p.A. (EUR 15 million) and SIAS S.p.A. (EUR 10 million) and from net

disinvestments in Brazilian Deposit Certificates and equity investments (totalling EUR 2.1 million), was used for the purchase of shares of Ecorodovias Infraestrutura e Logistica S.A.;

- "*Financial receivables*" include for EUR 4.4 million of Brazilian certificates of deposit (EUR 5.9 million as at 31 December 2017) and dividends receivable (EUR 8.4 million);
- the change in the item "other current financial liabilities" is attributable to loans from the parent companies ASTM S.p.A. (EUR 15 million) and SIAS S.p.A. (EUR 10 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>	2018	2017	Changes
Income from equity investments	221,715	110,361	111,354
Other financial income	83,740	65,928	17,812
Interest and other financial expenses	(67,759)	(63,599)	(4,160)
Financial income and expenses	237,696	112,690	125,006
Value adjustments of financial assets	(31,854)	(1,615)	(30,239)
Other operating income	7,328	6,154	1,174
Other operating costs	(18,604)	(20,439)	1,835
Amortisation/depreciation and provisions	(6)	(3)	(3)
Pre-tax profit (loss)	194,560	96,787	97,773
Income taxes	(4,012)	1,077	(5,089)
Profit (loss) for the period	190,548	97,864	92,684

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*" (amounting to EUR 221.7 million) was (i) due to the dividends paid during the financial year by SATAP S.p.A. (EUR 79.1 million), SIAS Parking S.r.l. unipersonale (EUR 59.9 million), SALT p.A. (EUR 46.9 million), SAV S.p.A. (EUR 9.8 million), Sinelec S.p.A. (EUR 8.7 million), ATIVA S.p.A. (EUR 15.8 million), Road Link Holdings Ltd (EUR 1.1 million) and Assicurazioni Generali S.p.A. (EUR 0.3 million).

The items "*other financial income*" and "*interest and other financial expenses*" 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 increase in "*other financial income*", equal to EUR 17.8 million is due to (i) higher interest income (EUR +21.9 million) (ii) lower interest on policies (EUR -1 million) sold during the prior year and lower other income (EUR -3.1 million). In 2017, the item "*other financial income*" included - among other things - approximately EUR 3.3 million related to the net income realised on BEI refinancing.

The increase in "*Interest and other financial expenses*" was due to (i) higher interest expense related to the issue of the SIAS 2018-2028 bond loan in February 2018 (EUR +8.7 million), higher interest expense on intercompany loans (EUR +1.3 million) and higher other financial expenses (EUR +1.2 million), which were offset by (ii) lower interest expense related to the "SIAS convertible bond loan 2005-2017", which was repaid in June 2017 (EUR -7 million).

In 2018, the item "*value adjustments of financial assets*" was due to the write-down of the equity investment held in SIAS Parking S.r.l. unipersonale as a result of specific impairment deriving from the distribution of dividends and reserves by the investee.

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

The decrease in "*other operating costs*" was due to lower costs for services (EUR -3.6 million), partially offset by higher personnel expenses (EUR +1.8 million) due to transfers between Group companies following the corporate reorganisation process.

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".

The main items related to *financial income* as at 31 December 2018, compared with those as at 31 December 2017, may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash and cash equivalents	44,609	5,823	38,786
B) Securities held for trading	-	-	-
C) Liquidity (A) + (B)	44,609	5,823	38,786
D) Financial receivables	83,189	77,370	5,819
E) Bank short-term borrowings	-	-	-
F) Current portion of medium/long-term borrowings	(191,525)	(105,155)	(86,370)
G) Other financial liabilities (current)	(249,314)	(300,388)	51,074
H) Short-term borrowings (E) + (F) + (G)	(440,839)	(405,543)	(35,296)
I) Current net cash (C) + (D) + (H)	(313,041)	(322,350)	9,309
J) Bank long-term borrowings	(369,602)	(383,296)	13,694
K) Hedging derivatives	-	-	-
L) Bonds issued	(1,537,183)	(994,062)	(543,121)
M) Other non-current liabilities	-	-	-
N) Long-term borrowings (J) + (K) + (L) + (M)	(1,906,785)	(1,377,358)	(529,427)
O) Net financial indebtedness^(*) (I) + (N)	(2,219,826)	(1,699,708)	(520,118)

(*) Pursuant to ESMA Recommendation

The change in the composition of net financial indebtedness is mainly attributable to the issue, on 8 February 2018 of the "2018-2028 bond loan" (EUR 541 million).

The "*net financial indebtedness*" as at 31 December 2018 showed a balance of EUR 2,219.8 million (EUR 1,699.7 million as at 31 December 2017); this amount does not include non-current receivables for "intercompany loans" granted, as part of the financial structure at holding level, to the investee companies SALT p.A., SATAP S.p.A., SAV S.p.A., Autostrada dei Fiori S.p.A., Autostrada Asti Cuneo S.p.A., Società di Progetto Autovia Padana S.p.A., Tangenziale Esterna S.p.A. and IGLI S.p.A. amounting to EUR 2,183¹ million (EUR 1,516 million as at 31 December 2017).

Liquidity generated from operating activities (equal to approximately EUR 205.5 million) was used in order to pay dividends for a total amount of EUR 83.1 million (EUR 45.5 million as balance dividend for 2017 and EUR 37.6 million as interim dividend for 2018); and for the purchase of shares in SALT p.A. (EUR 0.3 million). During the financial year under review, the Company also disbursed – net of repayments – an amount of EUR 672 million as medium/long-term loans to 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*" refers, in addition to the above-mentioned changes, to: (i) the payment of instalments due with respect to the "current portion of non-current indebtedness" (EUR 105.1 million) and (iii) the early repayment of a short-term intercompany loan granted in the prior year by SIAS Parking S.p.A. unipersonale (EUR 60 million) and (iii) the payment of interest on bonds (EUR 39.4 million) corresponding to a reduction of "other financial liabilities (current)", (iv) the early repayment of a loan (EUR 15 million); (v) the granting of new loans (EUR 193 million);
- the change in the item "*financial receivables*" (amounting to EUR 5.8 million) is due to: (i) collection from instalments due in the period of intercompany loans and of accrued interest (approximately EUR 77.4 million) and (ii) the reclassification of instalments due in the next 12 months of intercompany loans and any accrued interest (EUR 83.2 million);

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

- 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 and associated interest (EUR 105.1 million), (ii) the reclassification from the item "bank long-term borrowings" of the instalments due in the following 12 months (EUR 191.5 million);
- the change in "*other current financial liabilities*" is the result of: (i) the repayment of part of the loan granted by SIAS Parking S.r.l. unipersonale to SIAS S.p.A. (EUR 60 million), (ii) the aforementioned payment of interest on bond issues (EUR 39.4 million), (iii) the assessment of interest accrued in the period (EUR 47.4 million) and (iv) higher interest on loans received from Autostrada dei Fiori S.p.A. and SATAP S.p.A. (EUR +1.3 million);
- the decrease in the item "*bank long-term borrowings*" is due to: (i) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments falling due in the following 12 months (EUR -191.7 million), (ii) the early repayment of a loan (EUR -15 million) and (iii) the granting of new loans (EUR 193 million).
- the increase in the item "bonds issued" was mainly due to the issue, on 8 February 2018, of the 2018-2028 bond (EUR +541 million net of issue costs) and to the application of the so-called "amortised cost" method.

"Net financial indebtedness" does not include units of "investment funds" for approximately EUR 9.9 million subscribed in prior years order to invest cash.

RESULTS OF OPERATIONS - Motorway sector

As at 31 December 2018, the Group was managing a motorway network of approx. 4,156 km; this network is located in Italy for 1,423 km, while 2,733 km are located abroad.

Motorway sector – Italy

In Italy, the Group operates in the north-western area of the country.



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

Company	%	Managed stretch	Total in operation	Total under construction	Total kilometres	
SATAP	SOCIETÀ AUTOSTRADA TORINO ALESSANDRIA PIACENZA S.P.A.	99.87%	A4 TORINO-MILANO	130.3	-	130.3
			A21 TORINO-PIACENZA	167.7	-	167.7
SALT	SOCIETÀ AUTOSTRADA LIGURE TOSCANA P.A.	95.23%	A12 SESTRI LEVANTE-LIVORNO, VIAREGGIO-LUCCA AND FORNOLA-LA SPEZIA	154.9	-	154.9
			A15 LA SPEZIA-PARMA	101	81	182
SAV	SOCIETÀ AUTOSTRADE VALDOSTANE S.P.A.	65.08%	A5 QUINCINETTO-AOSTA	59.5	-	59.5
ADF	AUTOSTRADA DEI FIORI S.P.A.	73.00%	A10 SAVONA-VENTIMIGLIA	113.2	-	113.2
			A6 TORINO - SAVONA	130.9	-	130.9
AT-CN	SOCIETÀ AUTOSTRADA ASTI-CUNEO S.P.A.	65.00%	A33 ASTI-CUNEO	55	23	78
AUTOVIA PADANA	Società di Progetto Autovia Padana S.p.A.	50.90%	A21 Piacenza-Cremona-Brescia	100.1	11.5	111.6
TOTAL AMOUNT MANAGED BY SUBSIDIARIES (A)			1,012.6	115.5	1,128.1	
ATIVA	AUTOSTRADA TORINO-IVREA-VALLE D'AOSTA S.P.A. (1)	41.17%	A55 TANGENZIALE DI TORINO, TORINO-QUINCINETTO, IVREA-SANTHIA AND TORINO-PINEROLO	155.8	-	155.8
SITAF	SOCIETÀ ITALIANA TRAFORO AUTOSTRADALE DEL FREJUS S.P.A.	36.53%	A32 TORINO-BARDONECCHIA, T4 TRAFORO FREJUS	94	-	94
SITRASB	SOCIETÀ ITALIANA TRAFORO DEL GRAN SAN BERNARDO S.P.A.	36.50%	T2 TRAFORO GRAN SAN BERNARDO	12.8	-	12.8
TE	TANGENZIALE ESTERNA S.P.A.	21.27% ²	A58 TANGENZIALE EST ESTERNA DI MILANO	32	-	32
TOTAL AMOUNT MANAGED BY JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES (B)			294.6	-	294.6	
TOTAL (a+b)			1,307.2	115.5	1,422.7	

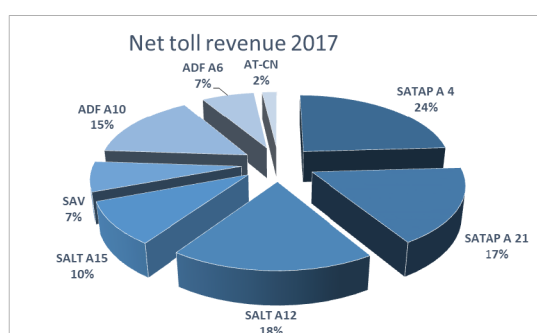
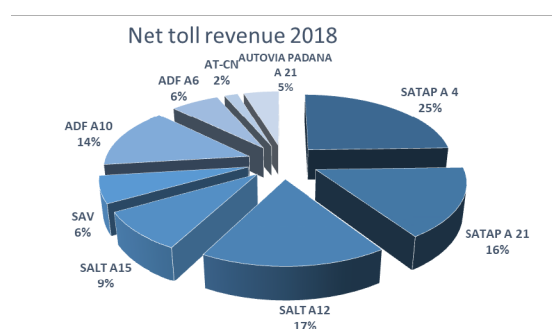
(1) Companies jointly controlled with another entity, by virtue of a specific agreement.

(2) Investee company of TEM S.p.A. (47.7% of the share capital), in which the Group holds 46.5% of the share capital.

The **net toll revenue** figure of the individual subsidiary licensees for FY 2018 - compared with the same period of the previous year - is shown below:

Amounts in thousands of EUR		2018	2017	Change
SATAP S.p.A.	A4 Torino-Milano stretch	270,541	244,765	25,776
SATAP S.p.A.	A21 Torino-Piacenza stretch	177,783	174,805	2,978
SALT p.A.	A12 Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia stretch	188,936	186,848	2,088
SALT p.A.	A15 La Spezia-Parma stretch	100,138	98,772	1,366
SAV S.p.A.	A5 Quincinetto-Aosta stretch	68,630	68,732	(102)
ADF S.p.A.	A10 Savona-Ventimiglia stretch	156,622	155,923	699
ADF S.p.A.	A6 Torino-Savona stretch	69,973	68,495	1,478
AT-CN S.p.A.	A33 Asti-Cuneo stretch	19,498	18,940	558
AUTOVIA PADANA S.p.A.	A21 Piacenza-Cremona-Brescia stretch (*)	51,175	-	51,175
TOTAL		1,103,296	1,017,280	86,016

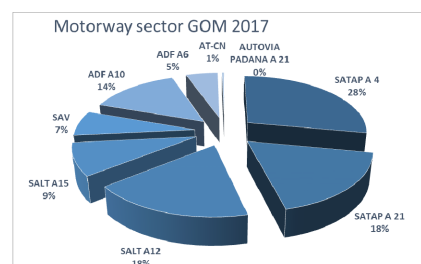
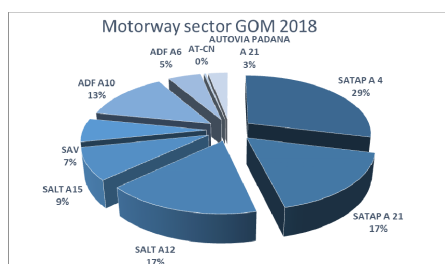
(*) Period 1 March -31 December



The **gross operating margin** figure of the individual subsidiary concession holders for FY 2018 - compared with the same period of the previous year - is shown below:

Amounts in thousands of EUR		2018	2017	Change
SATAP S.p.A.	A4 Torino-Milano stretch	213,109	194,236	18,873
SATAP S.p.A.	A21 Torino-Piacenza stretch	128,229	126,092	2,137
SALT p.A.	A12 Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia stretch	124,358	126,296	(1,938)
SALT p.A.	A15 La Spezia-Parma stretch	64,032	62,759	1,273
SAV S.p.A.	A5 Quincinetto-Aosta stretch	47,124	48,496	(1,372)
ADF S.p.A.	A10 Savona-Ventimiglia stretch	98,691	98,320	371
ADF S.p.A.	A6 Torino-Savona stretch	37,399	34,911	2,488
AT-CN S.p.A.	A33 Asti-Cuneo stretch	2,650	2,415	235
AUTOVIA PADANA S.p.A.	A21 Piacenza-Cremona-Brescia stretch (*)	22,536	(353)	22,889
TOTAL		738,128	693,172	44,956

(*) The gross operating margin of Società di Progetto Autovia Padana S.p.A. in 2018 benefitted from net toll revenue starting from 1 March 2018, the effective date of the concession for the A21 stretch Piacenza-Cremona-Brescia.



Motorway sector - 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>	2018	2017	Changes
Net toll revenue ⁽¹⁾	448,323	419,571	28,752
Other motorway sector revenue ⁽²⁾	15,241	15,421	(180)
Other revenue	12,360	18,606	(6,246)
Turnover (A)	475,924	453,598	22,326
Operating costs ⁽¹⁾⁽²⁾ (B)	(134,586)	(133,270)	(1,316)
Gross operating margin (A - B)	341,338	320,328	21,010
	<i>EBITDA margin %</i>	<i>72%</i>	<i>71%</i>
Non-recurring items	(1,060)	(2,080)	1,020
Gross operating margin "reported"	340,278	318,248	22,030

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 35.6 million in 2018 and EUR 35.3 million in 2017).

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 14.8 million for FY 2018 and EUR 43.4 million for FY 2017, 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>	2018	2017	Changes
Net toll revenue	177,783	174,805	2,978
Other motorway sector revenue	7,445	8,410	(965)
Other revenue	6,956	7,688	(732)
Turnover (A)	192,184	190,903	1,281
Operating costs (B)	(63,955)	(64,811)	856
Gross operating margin (A - B)	128,229	126,092	2,137
Non-recurring items	-	(728)	728
Gross operating margin "reported"	128,229	125,364	2,865

The increase in "net toll revenue" equal to EUR 3 million (+1.70%) was due to the increase in both toll rates (+1.92%) and the drop in traffic volumes/mix (-0.22%).

The decrease in the items "other motorway sector revenue" and "other revenue" was mainly due to the decrease in rental income from service areas and lower contributions for the year.

"Operating costs" fell by EUR 0.9 million to EUR 64 million.

With regard to the above, the "gross operating margin" (EBITDA) increased by EUR 2.1 million, amounting to EUR 128.2 million.

In 2017, "non-recurring items", equal to EUR 0.7 million, related to the estimated charges to be incurred as part of the optimization and rationalisation of human resources carried out under trade union agreements.

Torino – Milano (A4 stretch)

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue	270,541	244,765	25,776
Other motorway sector revenue	7,795	7,011	784
Other revenue	5,404	10,918	(5,514)
Turnover (A)	283,740	262,694	21,046
Operating costs (B)	(70,631)	(68,458)	(2,173)
Gross operating margin (A - B)	213,109	194,236	18,873
Non-recurring items	(1,060)	(1,352)	292
Gross operating margin "reported"	212,049	192,884	19,165

The increase in "net toll revenue" equal to EUR 25.8 million (+10.53%) was due to the increase in both toll rates (+8.64%) and traffic volumes/mix (+1.89%).

"Other motorway sector revenue" 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 change in the item "other revenue" is mainly attributable to the fact that in 2017 this item included EUR 5.4 million relative to the higher value recognised relative to service areas disposed of by the previous sub-licensees.

The increase of EUR 2.2 million in "operating costs" is due to: higher "maintenance and other costs for revertible assets" (EUR +1.8 million), higher costs for winter services (EUR +0.8 million) and lower other operating expenses (EUR -0.4 million).

The "gross operating margin" (EBITDA) totalled EUR 213.1 million (EUR 194.2 million in 2017).

The item "non-recurring items" is attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources, as well as other non-recurring expenses.

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash	604,365	130,064	474,301
B) Financial receivables	287,986	274,708	13,278
C) Short-term borrowings	(187,587)	(172,176)	(15,411)
D) Current net cash (A) + (B) + (C)	704,764	232,596	472,168
E) Long-term borrowings	(1,277,294)	(904,627)	(372,667)
F) Net financial indebtedness (D) + (E)	(572,530)	(672,031)	99,501
G) Non-current financial receivables - takeover	117,509	111,260	6,249
H) Discounted value of the payable due to ANAS – Central Insurance Fund	-	-	-
I) "Adjusted" net financial indebtedness (F) + (G) + (H)	(455,021)	(560,771)	105,750

In the financial year 2018, the company continued its investment programme in motorway assets (EUR 14.8 million) and distributed the dividend for the year 2017 (EUR 79.2 million). In addition, with regard to the equity investment in Società di Progetto Autovia Padana S.p.A., on 15 January 2018 SATAP S.p.A. paid the tenths still due (EUR 85.4 million) and on 30 May 2018 the company sold 31,266,700 shares in said investee company to Ardian for (EUR 31.3 million).

SALT - Società Autostrada Ligure Toscana p.A.

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue ⁽¹⁾	289,074	285,619	3,455
Other motorway sector revenue ⁽²⁾	11,312	11,096	216
Other revenue	7,956	9,725	(1,769)
Turnover (A)	308,342	306,440	1,902
Operating costs ⁽¹⁾⁽²⁾ (B)	(119,952)	(117,385)	(2,567)
Gross operating margin (A - B)	188,390	189,055	(665)
<i>EBITDA margin %</i>	61%	62%	
Non-recurring items	(1,246)	(229)	(1,017)
Gross operating margin "reported"	187,144	188,826	(1,682)

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 20.5 million in 2018 and EUR 20.5 million in 2017).

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 80.2 million for FY 2018 and EUR 119.3 million for FY 2017, 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>	2018	2017	Changes
Net toll revenue	188,936	186,848	2,088
Other motorway sector revenue	6,730	6,496	234
Other revenue	3,585	5,336	(1,751)
Turnover (A)	199,251	198,680	571
Operating costs (B)	(74,893)	(72,384)	(2,509)
Gross operating margin (A - B)	124,358	126,296	(1,938)
Non-recurring items	(1,087)	(155)	(932)
Gross operating margin "reported"	123,271	126,141	(2,870)

The increase in "net toll revenue" equal to EUR 2.1 million (+1.12%) was due to the increase in both toll rates (+1.89%) and the drop in traffic volumes/mix (-0.78%).

The item "other motorway sector revenue" mainly refers to rental income on service areas.

The change in the item "other revenue" is mainly attributable to the fact that in 2017 this item included EUR 1.7 million relative to the higher value recognised relative to service areas disposed of by the previous sub-licensees.

The increase in "operating costs" (EUR 2.5 million) is a result of the increase in personnel expenses (EUR +1.2 million), costs for "maintenance of non-compensated revertible assets" (EUR +0.7 million) and "other operating costs" (EUR +0.6 million).

The "gross operating margin" (EBITDA) totalled EUR 124.4 million (EUR 126.3 million in 2017).

"Non-recurring items" are attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources.

La Spezia- Parma (A15 stretch).

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue	100,138	98,772	1,366
Other motorway sector revenue	4,582	4,600	(18)
Other revenue	4,371	4,388	(17)
Turnover (A)	109,091	107,760	1,331
Operating costs (B)	(45,059)	(45,001)	(58)
Gross operating margin (A - B)	64,032	62,759	1,273
Non-recurring items	(159)	(74)	(85)
Gross operating margin "reported"	63,873	62,685	1,188

The increase in "net toll revenue" – equal to EUR 1.4 million (+1.38%) – was driven entirely by higher traffic volumes/mixes, as toll rates were not raised over the period.

"Operating costs" in line with the previous year were equal to EUR 45 million.

The "gross operating margin" (EBITDA) totalled EUR 64 million (EUR 62.8 million in 2017).

"Non-recurring items" are attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources.

* * *

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash	176,435	128,942	47,493
B) Financial receivables	266,188	299,861	(33,673)
C) Short-term borrowings	(13,206)	(33,145)	19,939
D) Current net cash (A) + (B) + (C)	429,417	395,658	33,759
E) Long-term borrowings	(598,930)	(598,695)	(235)
F) Net financial indebtedness (D) + (E)	(169,513)	(203,037)	33,524
G) Non-current financial receivables	4,826	-	4,826
H) Discounted value of the payable due to ANAS – Central Insurance Fund	(51,093)	(48,590)	(2,503)
H) "Adjusted" net financial indebtedness (F) + (G) + (H)	(215,780)	(251,627)	35,847

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).

In the financial year 2018, the company continued its investment programme in motorway assets (EUR 80.2 million) and distributed the dividend for the year 2017 (EUR 49.2 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>	2018	2017	Changes
Net toll revenue ⁽¹⁾	68,630	68,732	(102)
Other motorway sector revenue ⁽²⁾	808	829	(21)
Other revenue	6,883	7,333	(450)
Turnover (A)	76,321	76,894	(573)
Operating costs ⁽¹⁾⁽²⁾ (B)	(29,197)	(28,398)	(799)
Gross operating margin (A - B)	47,124	48,496	(1,372)
	<i>EBITDA margin %</i>		
	62%	63%	
Non-recurring items	-	(97)	97
Gross operating margin "reported"	47,124	48,399	(1,275)

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 2.7 million in 2018 and EUR 2.7 million in 2017).

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 4.6 million for FY 2018 and EUR 4.3 million for FY 2017, respectively).

The decrease in "*net toll revenue*" – equal to EUR 0.1 million (-0.15%) – was driven entirely by lower traffic volumes and by the traffic mix, as toll rates were not raised over the period. This decrease was due to both the adverse weather conditions and the scheduled interruptions to traffic at the Mont Blanc Tunnel.

The change in "*operating costs*" (equal to EUR 0.8 million) is essentially due to the increase in maintenance costs and other costs relating to revertible assets.

The "*gross operating margin*" (EBITDA) totalled EUR 47.1 million (EUR 48.4 million in 2017).

In 2017, the item "*Non-recurring items*" was attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources.

* * *

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash	5,328	16,486	(11,158)
B) Financial receivables	15,157	15,526	(369)
C) Short-term borrowings	(12,211)	(12,223)	12
D) Current net cash (A) + (B) + (C)	8,274	19,789	(11,515)
E) Long-term borrowings	(46,628)	(57,497)	10,869
F) Net financial indebtedness (D) + (E)	(38,354)	(37,708)	(646)
G) Discounted value of the payable due to ANAS – Central Insurance Fund	(81,737)	(87,683)	5,946
H) "Adjusted" net financial indebtedness (F) + (G)	(120,091)	(125,391)	5,300

In the financial year 2018, the company continued its investment programme in motorway assets (EUR 4.6 million) and distributed the dividend for the year 2017 (EUR 15.1 million).

ADF - Autostrada dei Fiori S.p.A.

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue ⁽¹⁾	226,595	224,418	2,177
Other motorway sector revenue ⁽²⁾	6,891	5,973	918
Other revenue	8,210	8,641	(431)
Turnover (A)	241,696	239,032	2,664
Operating costs ⁽¹⁾⁽²⁾ (B)	(105,606)	(105,801)	195
Gross operating margin (A - B)	136,090	133,231	2,859
	<i>EBITDA margin %</i>		
	56%	56%	
Non-recurring items	(40)	(2,178)	2,138
Gross operating margin "reported"	136,050	131,053	4,997

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 16.2 million in 2018 and EUR 16.3 million in 2017).

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 30.1 million for FY 2018 and EUR 19 million for FY 2017, 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>	2018	2017	Changes
Net toll revenue	156,622	155,923	699
Other motorway sector revenue	5,750	4,809	941
Other revenue	3,468	5,280	(1,812)
Turnover (A)	165,840	166,012	(172)
Operating costs (B)	(67,149)	(67,692)	543
Gross operating margin (A - B)	98,691	98,320	371
Non-recurring items	(40)	(1,325)	1,285
Gross operating margin "reported"	98,651	96,995	1,656

The increase in "net toll revenue" equal to EUR 0.7 million (+0.45%) was due to (i) the increase in toll rates (+0.93%) and (ii) the drop in traffic volumes/mix (-0.48%).

The change in the item "other revenue" is mainly attributable to the fact that in 2017 this item included EUR 1.3 million relative to the higher value recognised relative to service areas disposed of by the previous sub-licensees.

"Operating costs" fell by EUR 0.5 million to EUR 67.1 million.

"Non-recurring items" are attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources.

Torino-Savona (A6 stretch)

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue	69,973	68,495	1,478
Other motorway sector revenue	1,141	1,164	(23)
Other revenue	4,742	3,361	1,381
Turnover (A)	75,856	73,020	2,836
Operating costs (B)	(38,457)	(38,109)	(348)
Gross operating margin (A - B)	37,399	34,911	2,488
Non-recurring items	-	(853)	853
Gross operating margin "reported"	37,399	34,058	3,341

The increase in "net toll revenue" equal to EUR 1.5 million (+2.16%) was due to the increase in both toll rates (+2.80%) and the drop in traffic volumes/mix (-0.64%).

The increase in the item "other revenue" is mainly due to higher contingent assets for the period.

The increase of EUR 0.3 million in "operating costs" is the result of the increase in maintenance of non-compensated revertible assets and costs for winter services (EUR +0.9 million) and the decrease in other operating expenses (EUR -0.6 million).

With regard to the above, the "gross operating margin" totalled EUR 37.4 million (EUR 34.9 million in 2017).

In 2017, the item "Non-recurring items" was attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources.

* * *

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash	84,613	71,317	13,296
B) Financial receivables	105,822	105,645	177
C) Short-term borrowings	(22,525)	(30,862)	8,337
D) Current net cash (A) + (B) + (C)	167,910	146,100	21,810
E) Long-term borrowings	(189,462)	(204,241)	14,779
F) Net financial indebtedness (D) + (E)	(21,552)	(58,141)	36,589
G) Discounted value of the payable due to ANAS – Central Insurance Fund	-	-	-
H) "Adjusted" net financial indebtedness (F) + (G)	(21,552)	(58,141)	36,589

In the financial year 2018, the company continued its investment programme in motorway assets (EUR 30.1 million) and distributed the dividend for the year 2017 (EUR 42.5 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>	2018	2017	Changes
Net toll revenue ⁽¹⁾	19,498	18,940	558
Other motorway sector revenue ⁽²⁾	36	(12)	48
Other revenue	1,164	1,041	123
Turnover (A)	20,698	19,969	729
Operating costs ⁽¹⁾⁽²⁾ (B)	(18,048)	(17,554)	(494)
Gross operating margin (A - B)	2,650	2,415	235
	<i>EBITDA margin %</i>		
	13%	12%	
Non-recurring items	-	(336)	336
Gross operating margin "reported"	2,650	2,079	571

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 1.2 million in 2018 and EUR 1.2 million in 2017).

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 4.7 million in 2018 and EUR 4 million in 2017, respectively).

The increase in "*net toll revenue*" – equal to EUR 0.6 million (+2.95%) – was driven entirely by higher traffic volumes and by the traffic *mix*, as toll rates were not raised over the period.

The increase in "*operating costs*" (EUR 0.5 million) is a result of the increase in maintenance and other costs related to non-compensated revertible assets (EUR +0.2 million) and other operating costs (EUR +0.3 million).

With regard to the above-mentioned aspects, the "*gross operating margin*" was equal to EUR 2.6 million (EUR 2.4 million in 2017).

In 2017, "non-recurring items", equal to EUR 0.3 million, referred to the estimated charges to be incurred as part of the optimisation and rationalisation of human resources (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>	31/12/2018	31/12/2017	Changes
A) Cash	957	1,936	(979)
B) Financial receivables	6,742	4,995	1,747
C) Short-term borrowings	(182,049)	(73,432)	(108,617)
D) Current net cash (A) + (B) + (C)	(174,350)	(66,501)	(107,849)
E) Long-term borrowings	(50,000)	(149,888)	99,888
F) Net financial indebtedness (D) + (E)	(224,350)	(216,389)	(7,961)
G) Discounted value of the payable due to ANAS – Central Insurance Fund	-	-	-
H) "Adjusted" net financial indebtedness (F) + (G)	(224,350)	(216,389)	(7,961)

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 p.A.

In the financial year 2018, the company continued its investment programme in motorway assets (EUR 4.7 million).

Società di Progetto Autovia Padana S.p.A.

As previously reported, on 1 March 2018, the subsidiary Autovia Padana S.p.A. effectively took over the **25-year concession for the A21 Piacenza-Cremona-Brescia stretch**.

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue ⁽¹⁾	51,175	-	51,175
Other motorway sector revenue ⁽²⁾	766	-	766
Other revenue	1,497	14	1,483
Turnover (A)	53,438	14	53,424
Operating costs ⁽¹⁾⁽²⁾ (B)	(30,902)	(367)	(30,535)
Gross operating margin (A - B)	22,536	(353)	22,889
EBITDA margin %	42%		
Non-recurring items	(100)	-	(100)
Gross operating margin "reported"	22,436	(353)	22,789

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 7.6 million in 2018).

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 14.2 million in 2018).

"Net toll revenue" of EUR 51.2 million related to the period from 1 March (effective date of the concession for the A21 stretch Piacenza-Cremona-Brescia).

"Operating costs" related mainly to personnel expenses (EUR 13.6 million), maintenance and other costs related to non-compensated revertible assets (EUR 9.1 million) and other costs for services (EUR 8.2 million).

With regard to the above-mentioned aspects, the "gross operating margin" was equal to EUR 22.5 million (EUR -0.4 million in 2017).

In 2018, the item "Non-recurring items" was attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources.

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash	8,453	41,030	(32,577)
B) Financial receivables	17,333	-	17,333
C) Short-term borrowings	(11,288)	-	(11,288)
D) Current net cash (A) + (B) + (C)	14,498	41,030	(26,532)
E) Long-term borrowings	(141,423)	-	(141,423)
F) Net financial indebtedness (D) + (E)	(126,925)	41,030	(167,955)

During 2018, the company (i) paid, as envisaged in the call for tenders, the indemnity to the outgoing concession holder Autostrade Centropadane S.p.A. (EUR 260 million), the price of the concession to the Ministry of Infrastructures and Transport (EUR 41 million), as well as VAT (EUR 55 million) for a total amount of EUR 356 million, (ii) implemented the investment programme for motorway assets (EUR 14.2 million), (iii) called up 75% of the share capital (subscribed by shareholders in May 2017) from shareholders, collecting a total of EUR 122 million, (iv) obtained loans from the parent company SIAS S.p.A. (EUR 143 million).

Motorway sector in ITALY – Jointly controlled entities and associated companies

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

During 2018, the company showed net toll revenue amounting to EUR 129.3 million, up by approximately EUR 2.8 million (+2.2%) compared to the previous financial year. This change is attributable to an increase in traffic volumes (+0.3%) and the recognition of toll adjustments as from 1 January 2018 (+1.72%).

The “*gross operating margin*” totalled EUR 74.7 million (EUR 74.1 million in 2017).

The “*net financial position*” as at 31 December 2017 showed net liquid funds equal to EUR 204.4 million¹ (EUR 193.1 million as at 31 December 2017).

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.

TANGENZIALE ESTERNA S.p.A.

The accounting records as at 31 December 2018² revealed a loss of EUR 25 million (loss of EUR 31.1 million in 2017).

Despite increased traffic and a consequent rise in revenue, this amount is mainly due to financial expenses (which were no longer capitalised as the infrastructure came into operation) and to the amortisation and depreciation of non-compensated revertible assets.

On 2 August 2018, Tangenziale Esterna S.p.A. signed a new loan agreement for an amount of EUR 959 million with a syndicate of commercial lending banks, which includes Unicredit S.p.A., Banca Imi S.p.A., UBI Banca S.p.A., Banca Popolare di Milano S.p.A., Mediobanca S.p.A., BPER Banca S.p.A., already holding the mandate signed in 2013 for the organisation of the refinancing, and Cassa Depositi e Prestiti S.p.A.. The new loan agreement, which allowed the repayment of the existing debt on the same date, enabled the Company to benefit from the best market conditions and the progress of the Project, following the completion of the construction phase, guaranteeing the Company and its shareholders greater flexibility in the light of the altered structure of the risks relating to the Project, a significant reduction in financial expenses and a lengthening of the debt maturities.

¹ Amount includes the receivable for the takeover indemnity equal to EUR 130.9 million.

² Results from data presented according to IFRS

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

The financial statements as at 31 December 2018¹ show net toll revenue amounting to EUR 141.6 million, up by approximately EUR 9.7 million (+7.39%) compared to the previous financial year.

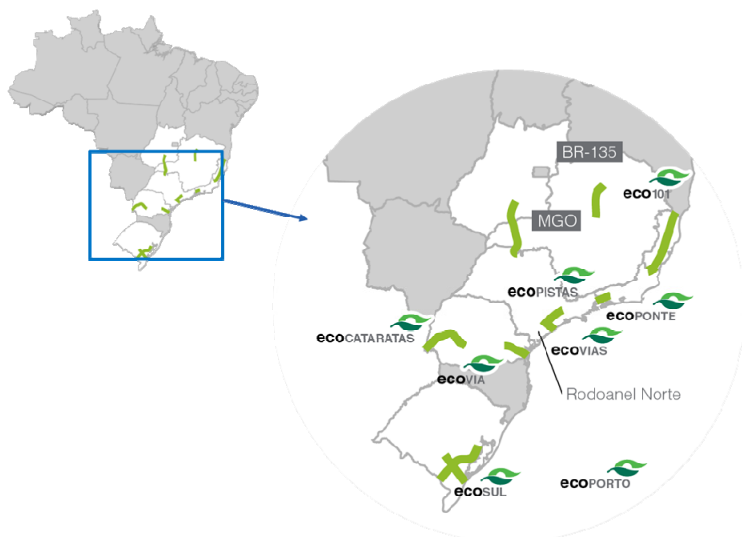
This change is due to (i) the combined effect of the change in traffic on the A32 motorway (heavy traffic +6.54% and light traffic -0.49%) and the toll increase of +5.71% as from 1 January 2018, and (ii) the combined effect of the change in traffic on the T4 tunnel (heavy traffic +5.96% and light traffic +0.45%) and the toll increase of +2.04% as from 1 January 2018.

¹Financial statements prepared in compliance with national accounting standards/OIC

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.¹, 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 2018, managed in Brazil through the subsidiaries EcoRodovias was as follows:

Company	%	Managed stretch	km
Concessionária Ecovia Caminho Do Mar S.A.	100%	Curitiba metropolitan area – Port of Paranagua	136.7
Rodovia das Cataratas S.A. – Ecocataratas	100%	Paraná – "triple border" (Brazil, Argentina and Paraguay)	387.1
Concessionária Ecovias dos Imigrantes S.A.	100%	Sao Paulo metropolitan area – Port of Santos	176.8
Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. – Ecopistas	100%	Sao Paulo metropolitan area – industrial region of Vale do Rio Paraiba	143.8
Concessionária Ponte Rio-Niteroi S.A. – Ecoponte	100%	Rio de Janeiro Niteroi – State of Rio de Janeiro	23.3
Empresa Concessionária de Rodovias do Sul S.A. – Ecosul	100%	Pelotas – Porto Alegre and Rio Grande Port	457.3
Eco 101 Concessionária de Rodovias S.A.	100%	Macuri/BA Rio de Janeiro border	475.9
Concessionária do Rodoanel Norte S.A. – Ecorodoanel (*)	100%	San Paulo Norterm Ring Road	47.6
Concessionária de Rodovias Minas Gerais Golas S.A. (MGO) (**)	100%	Cristalina (Goias) - Delta (Minas Gerais)	436.6
Eco135 Concessionária de Rodovias S.A. (***)	100%	Montes Claros (Minas Gerais)	364.0
Total amount managed by subsidiaries			2,649.1

(*) Company not yet operational as it is awaiting the signing of the concession agreement.

(**) With reference to this licensee, the procedures envisaged by the Grantor to give full effect to the transfer of the concession are being completed.

(***) In June 2018, an agreement was signed with the authorities for the concession of the Montes Claros (Minas Gerais) section, which became operational on 1 July 2018.

¹ 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 revenue in 2018, compared with the corresponding data for the previous year.

As regards the financial performance of the Ecorodovias Infraestrutura e Logistica Group, in 2018 the Company:

- traffic volume growth of 1.7%¹;
- revenue from motorway management essentially in line with the previous year, at 2,616.8 million Reais (EUR 588 million²);
- a pro-forma EBITDA equal to 1,760.9 million Reais (EUR 396.2 million²), up by 0.7%;
- a net profit of 393.0 million Reais (EUR 88.4 euro²).

Traffic volumes for each Brazilian licensee in 2018, as compared to the previous year, are detailed below:

<i>(thousands of equivalent paying vehicles)</i> ⁽³⁾	2018			2017			Changes		
	Light	Heavy	Total	Light	Heavy	Total	Light	Heavy	Total
Ecovia Caminho Do Mar	4,658	12,206	16,864	4,691	13,571	18,262	-0.7%	-10.1%	-7.7%
Ecocataratas	10,335	16,338	26,673	10,677	17,152	27,828	-3.2%	-4.7%	-4.2%
Ecovias dos Imigrantes	35,340	25,831	61,171	35,107	28,616	63,723	0.7%	-9.7%	-4.0%
Ecopistas	58,694	25,328	84,022	57,732	25,442	83,173	1.7%	-0.4%	1.0%
Ecoponte	25,239	4,212	29,452	25,618	4,391	30,009	-1.5%	-4.1%	-1.9%
Ecosul	6,658	19,815	26,473	6,899	19,485	26,384	-3.5%	1.7%	0.3%
Eco 101	15,527	31,449	46,975	15,667	30,852	46,518	-0.9%	1.9%	1.0%
Total	156,452	135,178	291,630	156,389	139,509	295,898	0.0%	-3.1%	-1.4%
Adjusted total (*)	152,450	130,206	282,656	151,137	126,686	277,823	0.9%	2.8%	1.7%

(*) The adjusted total takes into account the effects of (i) the "suspended axles" and (ii) the strikes that affected the period 21 May to 3 June.

Traffic decreased by 1.4% in 2018; this decrease was due to both the "truck drivers' strike" from 21 May to 3 June and the effects of the exemptions for "suspended axles" with reference to the licensees Ecovia Caminho Do Mar and Ecocataratas (as of 29 May) and Ecovias dos Imigrantes S.A. and Ecopistas (as of 31 May). These exemptions will be subject to contractual rebalancing. By correcting traffic data for the effects of "suspended axles" and "truck drivers' strikes", consolidated traffic in 2018 would show an increase of 1.7%.

With particular reference to heavy vehicles, traffic in 2018 was down 3.1%. Excluding the effects of "suspended axles" and the truck drivers' strike, heavy vehicle traffic would have increased by 2.8% in 2018. It should also be noted that (always excluding the effects mentioned above) the traffic (i) of Ecocataratas and Ecosul benefited from the increased exports of agricultural products to their respective regions, (ii) ECO101 saw an increase due to the recovery of industrial production in the region, (iii) Ecopistas saw an increase both due to the recovery of production in the region and a growth resulting from the exemption for "suspended axles", (iv) Ecovias Caminho Do Mar and Ecovias dos Imigrantes traffic was reduced as a result of the increase in freight rates, which resulted in less transport and shipment of crops, and (v) Ecoponte saw a drop as a result of the economic situation of the State of Rio de Janeiro.

¹ Percentage calculated net of the effects of "suspended axles" and strikes that affected the period from 21 May to 3 June.

² Based on the Euro/Reais exchange rate of 4.444 as at 31 December 2018.

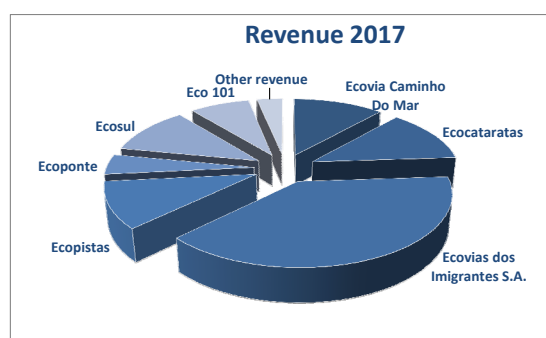
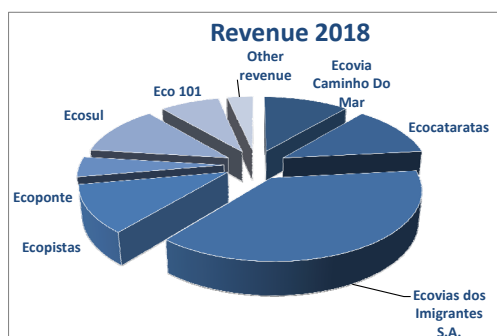
³ Traffic volumes are expressed in "equivalent paying vehicles", the basic reference unit used for toll statistics on the Brazilian market. Light vehicles (such as cars) correspond to one equivalent vehicle unit. Heavy vehicles (such as lorries and buses) are converted to equivalent vehicles using a multiplier that is applied to the number of vehicle axles and is established in the terms of each concession contract.

The figure for light vehicle traffic was substantially in line with 2017. Excluding the effects of the truck drivers' strike, light vehicle traffic would have increased by 0.9% in 2018. The traffic of Ecovias dos Imigrantes, Ecopistas, Ecovia Caminho do Mar and ECO 101 recorded an increase in traffic due to both favourable weather conditions and longer holiday periods. Ecosul's traffic was affected by adverse weather conditions, while Ecoponte has been affected by the economic situation of the State of Rio de Janeiro.

Motorway sector revenue for 2018¹ (compared to 2017) are as follows:

<i>(amounts in millions of Reais)</i>	2018	2017	Change
Ecovia Caminho Do Mar	290.9	303.3	-4.1%
Ecocataratas	320.2	323.7	-1.1%
Ecovias dos Imigrantes S.A.	983.6	1,016.7	-3.3%
Ecopistas	294.9	278.7	5.8%
Ecoponte	124.2	121.8	1.8%
Ecosul	311.8	290.7	7.3%
Eco 101	203.1	199.1	2.0%
Other motorway sector revenue	88.2	84.9	3.9%
TOTAL	2,616.8	2,618.9	-0.1%
Total in EUR (*)	588.8	589.3	-0.1%

(*) Based on the Euro/Reais exchange rate of 4.444 as at 31 December 2018



As reported in previous communications, in 2018 Ecorodovias increased the network managed under concession by a total of 850 km through:

- winning the tender for the "**Rodoanel Norte**" concession for a total value of R\$ 883 million. The motorway is the north stretch of the large bypass (approximately 48 km) around the metropolitan area of Sao Paulo in Brazil;
- winning the tender for the **BR-135/MG** for the concession of three motorway stretches in the state of Minas Gerais in Brazil, totalling 364 km, at an overall value of R\$ 2.06 billion. 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;
- acquiring the licensee **Rodovias Minas Gerais Golas S.A. ("MGO")** by signing an agreement for the acquisition of 100% of the share capital of MGO for a total value of R\$ 600 million. "MGO" has the concession to manage the BR-

¹ Including the tariff increases granted to individual licensees

050 (GO/MG) motorway, which is approximately 437 km long and connects the cities of Cristalina in Goias 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.

It should also be noted that:

- On 16 January 2018, the Ecorodovias Group entered into an agreement 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.
- The licensee Ecovias dos Imigrantes S.A. has also signed an agreement with the Granting Body which, in exchange for higher investments of approximately R\$ 270 million, extends the concession by approximately 8 months.

With reference to investments in Brazil, it should be noted that during the year, the subsidiary IGLI S.p.A. purchased a further 13,854,084 shares of Ecorodovias for a total R\$ 126.7 million (approximately EUR 30.2 million). As a result of these further purchases, IGLI S.p.A. holds 49.21% of Ecorodovias directly and indirectly (through Primav Infraestrutura S.A.).

In 2018, the subsidiary IGLI S.p.A. received a total of R\$ 18.4 million in dividends (2017 final dividend and 2018 interim dividend) from the directly held shares in Ecorodovias (equal to a total of EUR 4.3 million at the relevant EUR/BRL exchange rates).

On 9 January 2019, the subsidiary IGLI S.p.A. also received R\$ 37.6 million (approximately EUR 8.4 million based on the EUR/BRL exchange rate of 4.444 at 31 December 2018) in dividends approved on 27 November 2018 by the Board of Directors of the jointly held subsidiary Primav Infraestrutura S.A. (for the years 2016-2017 and 2018 interim dividend).

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 approximately EUR 1 million to the Group's profit.



RESULTS OF OPERATIONS – Construction Sector

The Group operates in the construction sector through Itinera S.p.A. and its respective subsidiaries. Since 5 July 2017, the company Itinera S.p.A. has controlled Halmar International LLC, a US construction company, through Itinera USA Corp. It should also be noted that on 4 July 2018 Itinera S.p.A. purchased all the shares of SEA Segnaletica Stradale S.p.A. and Interstrade S.p.A.. Interstrade S.p.A. was merged by incorporation into Itinera S.p.A. on 1 December 2018, with retroactive accounting effect from 4 July 2018.

Main companies operating in the construction sector are:

- Itinera S.p.A. (investee company with 100% of the share capital)
- SEA Segnaletica Stradale S.p.A. (investee with 100% of the share capital held)
- Argo Costruzioni Infrastrutture S.c.p.a (investee with 100% 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) and its subsidiaries.

Itinera Group

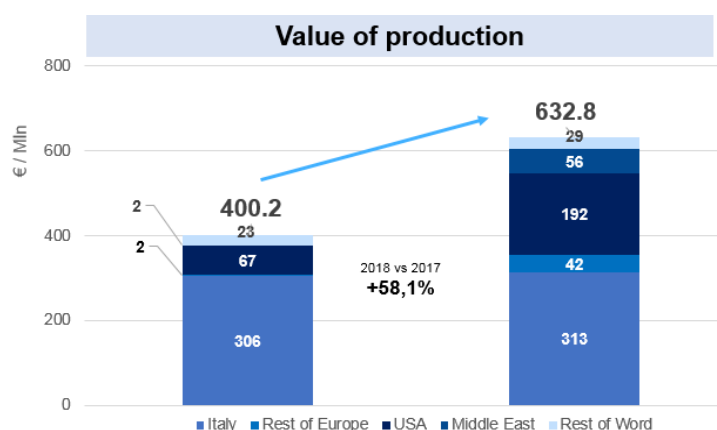
The companies in the Itinera Group operate in the construction sector and their main activities are the construction and maintenance of road, motorway and railway infrastructures, building works, as well as works for the construction of tunnels and underground railways.

Thanks to the internalisation process started in recent years, the Itinera Group is now a world player in the construction of large infrastructure works. The foreign business development plan continued in terms of participation in tenders, the opening of new branches and secondary offices, the establishment of new companies and direct investments in companies already active in the construction 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, Sweden), the USA, Brazil, Gulf countries (UAE, Kuwait, Oman, Saudi Arabia), and Southern Africa (Angola, Kenya, Botswana).

In 2018, the Itinera Group posted a "**value of production**" of EUR 632.8 million (EUR 400 million in 2017); foreign production amounted to EUR 317.6 million (of which EUR 192.4 million relating to the Halmar Group), while EUR 315.2 million was produced in Italy.

The increase in volumes also had a positive effect on "profit for the period attributable to the Shareholders of the parent company" of approximately EUR 7.8 million (EUR 4.7 million in 2017).



The change in the value of production compared to the previous year is due to both the 12-month consolidation of the Halmar Group (the previous year consolidated as from 4 July 2017) and to a considerable increase in business volumes. In particular, although some of the main foreign job orders in the portfolio of the Parent Company Itinera were affected by delays in the start of work for reasons not attributable to the company (mainly due to delays in administrative procedures for project approval and in some cases in the completion and definition of the related financial frameworks); the volumes on foreign markets increased significantly while, as regards production on the domestic market, activity is substantially in line with the previous year. In line with the strategic plan, the Company has therefore continued to pursue growth abroad, with the aim of achieving – in contrast to the contraction of the domestic market – a "conversion" to international markets, the complexity of which in operational terms is significant.

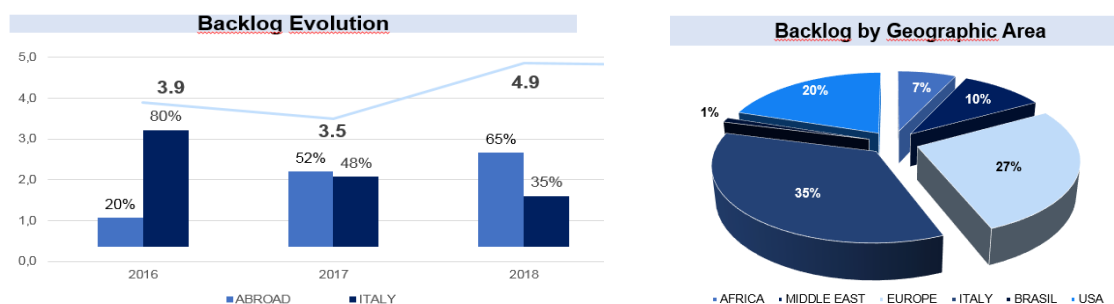
In order to achieve this important objective, the Group has invested in the commercial area, in the employment of staff dedicated to monitoring possible initiatives in the various geographical areas of interest, in the structures dedicated to the development and presentation of bids, and in the subsequent monitoring of activities carried out abroad; of course, this has been accompanied by the necessary commitment to identifying quality individuals in the operational area (area managers, project managers, site managers) and administrative-financial area (administrative managers, cost controllers) fields.

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash	110,184	88,836	21,348
B) Financial receivables	16,449	1,801	14,648
C) Short-term borrowings	(89,008)	(55,186)	(33,822)
D) Current net cash (A) + (B) + (C)	37,625	35,451	2,174
E) Long-term borrowings	(39,040)	(56,240)	17,200
F) Net financial indebtedness (D) + (E)	(1,415)	(20,789)	19,374

"Net financial indebtedness" totalled EUR 1.4 million (EUR 20.8 million as at 31 December 2017); the improvement in financial indebtedness is essentially due to the resources generated by operating activities, mainly attributable to the Halmar Group, as opposed to the absorption of resources from investment activities.

The “backlog” of the Group as at 31 December 2018, resulting from the update of investment plans which individual works refer to, amounted to approximately EUR 4.9 billion¹. The breakdown of the current total amount of the backlog among the main companies of the Group shows that the Parent Company Itinera S.p.A. is responsible for EUR 3.8 billion, Halmar International LLC for EUR 1 billion and Itinera Construcoes Ltda for EUR 0.1 billion. As regards the breakdown of the backlog by geographical area, Italy's share represents 35.1% of the total, for a total value of EUR 1.7 billion, while its share abroad, equal to 64.9% of the total, is equal to EUR 3.2 billion. The total amount of new acquisitions during the year amounted to approximately EUR 2.1 billion, of which EUR 0.3 billion in Italy and EUR 1.8 billion abroad.



The company's overall pipeline, covering pre-qualifications carried out and tenders under preparation or awaiting completion, totals approximately EUR 3.2 billion, of which about 12% in the United States, 12% for projects in Eastern Europe, 31% for projects in Italy and 45% in the Middle East.

The main economic and financial ratios of the HALMAR Group for financial year 2018 (compared with second half of 2017) and included in consolidated data of the Group are reported below:

- Value of production: 192.4 million euro (67.3 million euro in the second half of 2017)
- Gross operating margin: 11 million euro (4.5 million euro in the second half of 2017)
- Profit for the period of the group: 1.2 million euro (2.7 million euro in the second half of 2017)
- Financial position: cash of EUR 23.2 million (debt of EUR 3.6 million at 31 December 2017)

¹ Data resulting from the conversion exchange rates at 31.12.2018 for contracts in currencies other than the euro.

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)
- Siteco Informatica S.r.l. (investee company with 100% of the share capital)
- Consorzio Sintec (investee company with 60% of the consortium fund)

MERGER

Merger of CONSORZIO SINA S.p.A. into SINA S.p.A.

In January 2018, SINA S.p.A. purchased 2,500 shares of Consorzio Sina from CISA Engineering S.p.A. for a total value of EUR 2.5 thousand (the total share held in this company is equal to 100% of the share capital). On 9 November 2017, the respective shareholders' meetings resolved on the merger by incorporation of Consorzio Sina into SINA S.p.A. with effective date from 5 March 2018. The merger was recognised in the accounts retroactively as from 1 January 2018.

SINA S.p.A.

This Company operates in the study, planning and works management areas for railway and motorway works.

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Engineering sector revenue	37,113	37,545	(432)
Turnover (A)	37,113	37,545	(432)
Operating costs (B)	(33,491)	(32,520)	(971)
Gross operating margin (A - B)	3,622	5,025	(1,403)
Non-recurring items	(829)	(560)	(269)
Gross operating margin "reported"	2,793	4,465	(1,672)

In 2018, the item "*turnover*" amounted to EUR 37.1 million, in line with the previous year.

Operating costs increased by EUR 0.1 million compared to 2017, mainly due to higher costs for services due to greater outsourcing of production.

The "*gross operating margin*" came to EUR 3.6 million (EUR 5 million in 2017).

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

The "*financial position*" as at 31 December 2018 showed "net cash" equal to EUR 12.8 million (EUR 17.5 million as at 31 December 2017).

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 2018, revenue totalled EUR 0.7 million (EUR 1.8 million in 2017), compared with operating costs of EUR 1.2 million (EUR 1.8 million in 2017), while the gross operating margin was negative by EUR 0.4 million (essentially breakeven in 2017).

The "*financial position*" as at 31 December 2018 showed net cash of EUR 57 thousand (net debt of EUR 12 thousand as at 31 December 2017).

Consorzio SINTEC

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

In 2018 revenues totalled EUR 0.3 million (EUR 0.8 million in FY 2017).

The "*financial position*" as at 31 December 2018 showed cash of EUR 0.7 million (EUR 0.4 million as at 31 December 2017).

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).

Sinelec S.p.A.

The Company is active in the field of Information & Communication Technology: it designs, implements and manages advanced systems for the processing of data relating to mobility, transport and toll collection, as well as the development and implementation of new technologies in the service of safety and assisted driving of vehicles. It also 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.

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Technology sector revenue	55,805	56,420	(615)
Other revenue	493	488	5
Turnover (A)	56,298	56,908	(610)
Operating costs ⁽¹⁾ (B)	(43,433)	(40,827)	(2,606)
Gross operating margin (A - B)	12,865	16,081	(3,216)
Non-recurring items	(80)	(445)	365
Gross operating margin "reported"	12,785	15,636	(2,851)

¹ Amounts net of revenue and costs "reversed" by the consortium companies (EUR 0.1 million in 2017)

In 2018, the company posted a "turnover" of EUR 56.3 million (EUR 56.9 million in 2017).

"Operating costs" totalled EUR 43.4 million (EUR 40.8 million in 2018); the change of EUR 2.6 million in 2018 was due to higher costs for services (EUR +2.1 million) and higher personnel expenses (EUR +1 million), offset by the reduction in other operating costs (EUR -0.5 million). The "gross operating margin" totalled EUR 12.9 million (EUR 16.1 million in 2017).

"Non-recurring items" refers to the costs incurred in connection with the project to optimise and streamline resources (EUR 80 thousand).

The "net financial position" as at 31 September 2018 showed liquid funds for EUR 29.9 million, which consisted of the liquid funds available on the Company's current accounts (EUR 30.6 million as at 31 December 2017).

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>(amounts in thousands of EUR)</i>	2018	2017	Changes
Technology sector revenue	33,072	33,057	15
Other revenue	926	682	244
Turnover (A)	33,998	33,739	259
Operating costs (B)	(31,502)	(30,497)	(1,005)
Gross operating margin (A - B)	2,496	3,242	(746)
Non-recurring items	(149)	-	(149)
Gross operating margin "reported"	2,347	3,242	(895)

During the financial year, the Company posted a "turnover" of approximately EUR 34 million (EUR 33.8 million in FY 2017). "Operating costs" totalled EUR 31.5 million (EUR 30.5 million in 2017); The change of EUR 1 million in 2018 is mainly due to the increase in personnel costs. The "gross operating margin" totalled EUR 2.5 million (EUR 3.2 million in 2017).

"Non-recurring items" refers to the costs incurred in connection with the project to optimise and streamline resources.

The "net financial position" as at 31 December 2018 showed a cash position of EUR 2.8 million (cash of EUR 5.3 million as at 31 December 2017).

RESULTS OF OPERATIONS - Services Sector

Finanziaria di Partecipazioni e Investimenti S.p.A.

As at 31 December 2018, the Company was an investee company of the Group (which held 100% of its share capital).

In 2018 the company achieved substantial break-even; in 2017, the company posted a loss of EUR 1.4 million mainly due to the write-down of the book value of the equity investment held in Banca Ca.Ri.Ge. S.p.A. for EUR 0.6 million and the capital loss of 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 2018 showed "liquid funds" equal to EUR 5.7 million (EUR 5.9 million as at 31 December 2017). During the year, the company subscribed investment funds for EUR 2.5 million.

VEM

The company **VEM ABC**¹, 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 has a 25-year term from the start of works, which are expected to last about 4 years and whose start depends on the meeting the financial requirements (public and private quota). The value of the expected investment is around BRL 6 billion (EUR 1.7 billion), with a government grant of 50%.

¹Investee via IGLI S.p.A.

RISK FACTORS AND UNCERTAINTIES

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

Renewal and approval of the economic and financial plans of motorway companies and new toll regime proposed by the Transport Regulatory Authority

With regard to issues concerning 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 toll rates*".

Lapsed motorway concessions

With reference to motorway concessions which had expired as at 31 December 2018, there is a possible risk connected with any disputes that may arise with the Granting Body in relation to the management of the motorway stretch between the expiry of the Concession and 31 December 2018. For further details, reference is made to the section "Other information" in the Explanatory Notes to the Consolidated Financial Statements.

EcoRodovias Infraestrutura e Logística S.A.

With reference to the potential risks associated with the investigation conducted by the Federal Prosecutor's Office of the State of Paraná against two former managers of Ecovia Caminho do Mar and Rodovia das Cataratas - Ecocataratas, subsidiaries of Ecorodovias, for the possible offences committed by them in the past and described in the draft 2018 financial statements approved by the Board of Directors of Ecorodovias on 14 March 2019, please refer to the section "Other information" of the Explanatory Notes.

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 2018, 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.

¹ With regard to "financial risk" management, reference should be made to the "Other information" section included in the Explanatory Notes of the consolidated financial statements.

RFI S.p.A. lawsuit

As explained in more detail in the paragraph "Other information" in the Explanatory Notes to the Consolidated Financial Statements, the dispute with RFI - Rete Ferroviaria Italiana S.p.A. ("RFI") was concluded. In particular, the Court of Rome, by judgment no. 14860/2018, published on 17 July 2018, completely rejected all the claims made by RFI against ANAS, SATAP and MIT, declaring that no sum can be claimed by RFI against the defendants.

RFI subsequently discontinued appeal proceedings and agreed not to submit further expense claims to SATAP for the motorway works it carried out.

Sintesi lawsuit

With reference to the lawsuit initiated by Sintesi S.p.A. in 2006 against the (i) Ministry of Infrastructures and Transport and (ii) Itinera, managing partner (40%) of the temporary association of companies of which Impresa 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 its objects - based on the reference accounting principles- decided not to make any provisions for the current financial statements.

For a more detailed discussion of these issues, reference is made to the section "Other information" in the Explanatory Notes to the Consolidated Financial Statements.

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 Explanatory 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;

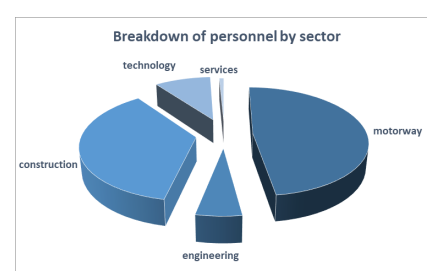
With reference to **employee**-related information, the Group Companies have maintained conduct based on the following principles:

- 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 2018, 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 2018, compared with the figures as at 31 December 2017:

	31/12/2017	Change in the scope of consolidation	Other changes	31/12/2018
Managers	126	5	37	168
Middle managers	176	5	74	255
Office workers	2,442	245	180	2,867
Workers	820	166	301	1,287
Total	3,564	421	592	4,577



Treasury shares and shares or stakes of Parent Companies

On 20 April 2018, 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 2018 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 15 May 2018 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, in 2018 1,093,375 treasury shares were purchased; in addition, during the 2018 financial year, the subsidiary Autostrada Albenga Garesio Ceva S.p.A. sold all its 58,878 shares in ASTM S.p.A.; to date, the parent company holds a total of 7,652,828 treasury shares (7.73% of share capital), of which 7,631,328 treasury shares held directly and 21,500 held indirectly via the jointly held subsidiary ATIVA S.p.A..

The Shareholders' Meeting that will be convened on 16 May 2019 will approve the proposal for a new authorisation to purchase/sell treasury shares, since the previous authorisation approved on 20 April 2018 will expire with the approval of the financial statements as at 31 December 2018.

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 separate 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.

The Company periodically reviews the procedures on related-party transactions, taking into account, among other things, any changes that may have occurred in the ownership structure and the effectiveness of the procedures in practice.

Report on Corporate Governance and ownership structure

With regard to the "Report on Corporate Governance and Ownership Structure", reference should be made to the "Governance" section of the company's website www.astm.it.

Certifications pursuant to articles 16 and 17 of CONSOB resolution no. 16191/07 ("Market regulation")

The Company does not fall within the scope of the regulations set out by art. 16 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 17 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.

Decisions in accordance with Article 2364(2) of the Italian Civil Code

On 20 March 2019, the Board of Directors expressed its favourable opinion on the possibility of making use of the option – provided for by Article 2364(2) of the Italian Civil Code and Article 11 of the company's articles of association – of calling the annual shareholders' meeting (to approve the financial statements) within one hundred and eighty days of the end of the financial year.

It was considered appropriate to make use of this option in order to be able to carry out further inquiries into certain issues relating to an investigation carried out by the Federal Prosecutor's Office of the State of Paraná against two former managers of Ecovia and Ecocataratas, subsidiaries of Ecorodovias Infraestrutura e Logística S.A., as described in the draft 2018 financial statements approved by Ecorodovias on 14 March 2019.

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 2018.

BUSINESS OUTLOOK

The Group increasingly sees itself as an industrial player in the infrastructure, construction and concessions sector and aims to develop its presence in Italy and worldwide in the coming years.

The Group's pursuit of efficiency and reorganisation and the know-how it has built up allow it to present itself on the domestic motorway concessions market as a true standard-bearer in terms of operational abilities and financial capacity, which will enable it to be successful in tenders over the coming years. In this context, the Group boasts a significant track record, having won its last tenders, including the Tangenziale Esterna di Milano (Milan Outer Ring Road) and the Piacenza-Cremona-Brescia road.

The Group's objective is also to grow on international markets. Through its jointly held subsidiary Ecorodovias, in 2018 the company increased its network in Brazil by approximately 850 km and in 2019 it is applying to successfully participate in the significant investment plans and tenders in the country in the motorway sector.

As part of its strategic growth plans, the Group is also pursuing the development of important green field concession projects in the USA and North America – markets with high growth potential – including by leveraging the EPC contractor experience of its subsidiaries Itinera and Halmar International. Itinera will also continue to pursue growth and development in the market for major works in Italy, where the group is now among the top three operators in the sector by backlog and financial solidity, and worldwide, by delivering its services in international markets, developing excellent solutions and providing its global customers with quality and innovative projects in the knowledge that its work helps to improve the mobility of people and goods.

As regards the management of its own infrastructures, the Group intends to continue to invest in improving the service offered to its customers, raising the technological standards of its network to help improve safety.

In this context, the subsidiary SINA plays a fundamental role in the field of engineering, where it is developing monitoring technologies to implement and further improve the useful life cycle of the infrastructures.

In the technology field, the subsidiary Sinelec is implementing its own strategic plan which aims for significant overseas growth, particularly in the American market, with major investments in the field regarding toll collection systems and in the development of "Smart Road" technologies.

The Group intends to become a leading player in this development, with a view to creating sustainable value for all our stakeholders, the land, the environment and people. The strategic key to this development is human capital, their know-how, their different cultures and their skills. A plan has been developed and will be implemented over the coming years to find new talent at the best Italian universities, as well as performance management programmes and incentive systems.

APPOINTMENT OF THE BOARD OF DIRECTORS

Dear Shareholders,

the three-year mandate given to the Board of Directors by the Shareholders' Meeting on 28 April 2016 expires with the Shareholders' Meeting that will be held for the approval of the Financial Statements as at 31 December 2018.

You are therefore required to appoint the new Board of Directors, according to the terms and within the period prescribed by article 16 of the Articles of Association, by means of list voting.

As prescribed by CONSOB Resolution no. 13 of 24 January 2019, the Shareholders who, alone or together with others, hold shares representing at least 1% of the share capital have the right to submit the lists of candidates.

PROPOSAL TO ALLOCATE PROFIT FOR THE YEAR

Dear Shareholders,

the Board of Directors hereby proposes:

- that you approve the financial statements as at 31 December 2018, showing a profit of EUR 48,703,888;
- that you allocate the profit for the year of EUR 48,703,888, which comes to EUR 27,658,596 (after the distribution of the 2018 interim dividend of EUR 0.230 per share, for a total of EUR 21,045,292, approved by the Board of Directors on 14 November 2018), as follows:
 - to the Shareholders (as a "dividend"), EUR -0.302 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 2018. Therefore, the total dividend per share for 2018 amounts to EUR 0.532;
 - 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 29 May 2019 (in such event, the shares shall be quoted ex-dividend from 27 May 2019, against detachment of coupon no. 49).

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 28 May 2019 (the record date).

Tortona, 27 March 2019

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

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Separate Financial Statements
as at 31 December 2018

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Financial Statements of the Parent Company

Balance Sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2018	31 December 2017
Assets			
Non-current assets			
Intangible assets	1	5	41
Tangible assets	2	6,194	6,412
Non-current financial assets	3		
equity investments in subsidiaries		1,815,196	1,815,196
equity investments in jointly controlled entities and associated companies		9,547	9,547
investments in other companies		3,804	9,257
Other non-current financial assets		43,006	28,059
Total non-current financial assets		1,871,553	1,862,059
Deferred tax assets	4	3,226	2,757
Total non-current assets		1,880,978	1,871,269
Current assets			
Inventories		-	-
Trade receivables	5	2,187	1,200
Current tax assets	6	225	255
Other receivables	7	1,449	828
Other current financial assets		-	-
Total current assets		3,861	2,283
Cash and cash equivalents	8	531	6,255
Total current assets		4,392	8,538
Total assets		1,885,370	1,879,807
Shareholders' equity and liabilities			
Shareholders' equity			
Shareholders' equity	9		
share capital		45,704	46,250
reserves and earnings		1,778,595	1,794,735
Total shareholders' equity		1,824,299	1,840,985
Liabilities			
Non-current liabilities			
Provisions for risks and charges and employee benefits	10	1,576	874
Trade payables		-	-
Other payables		-	-
Bank debt	11	34,991	34,983
Hedging derivatives		-	-
Other financial liabilities		-	-
Deferred tax liabilities	12	2	4
Total non-current liabilities		36,569	35,861
Current liabilities			
Trade payables	13	1,673	1,171
Other payables	14	1,525	814
Bank debt	15	20,569	11
Other financial liabilities	16	-	192
Current tax liabilities	17	735	773
Total current liabilities		24,502	2,961
Total liabilities		61,071	38,822
Total shareholders' equity and liabilities		1,885,370	1,879,807

Income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2018	FY 2017
Financial income and expenses	18		
Income from equity investments:			
from subsidiaries		55,294	47,965
from other companies		179	767
Total income from equity investments		55,473	48,732
Other financial income		8	3,173
Interest and other financial expenses		(232)	(1,290)
Total financial income and expenses (A)		55,249	50,615
Value adjustments of financial assets	19		
Revaluations		-	-
Write-downs		-	(897)
Total value adjustments of financial assets (B)		-	(897)
Other operating income (C)	20	3,028	2,553
Other operating costs	21		
Personnel expenses		(2,809)	(1,762)
costs for services		(6,545)	(7,288)
costs for raw materials		(3)	(3)
other costs		(975)	(774)
amortisation, depreciation and impairment losses		(268)	(262)
other provisions for risks and charges		-	-
Total other operating costs (D)		(10,600)	(10,089)
Profit (loss) before taxes (A+B+C+D)		47,677	42,182
Income Tax	22	1,027	1,233
Profit (loss) for the period		48,704	43,415

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 2018	FY 2017
Profit (loss) for the period (a)	48,704	43,415
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity)	26	12
Profit (loss) allocated to the "Reserves for revaluation to <i>fair value</i> "	52	855
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement	2	-
Profit (loss) that will not be subsequently reclassified in the Income Statement	80	867
Comprehensive income (a) + (b)	48,784	44,282

Cash flow statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2018	FY 2017
Cash and cash equivalents - opening balance (a)		6,255	42,808
Operating activities:			
Profit		48,704	43,415
Adjustments			
Amortisation and depreciation		268	262
Provisions		1,236	673
Financial expenses (income)		-	-
Capital gain on sale of investments		-	(394)
Write-down/(revaluation) of the "option component" of the SIAS convertible bond loan		-	897
Changes in the "credit component" of the SIAS convertible bond loan		-	(1,792)
	<i>Operating cash flow (I)</i>	50,208	43,061
Net change in deferred tax assets and liabilities		(471)	608
Change in net working capital	23.1	(403)	(613)
Other changes from operating activities	23.2	(456)	(108)
	<i>Change in net working capital and other changes (II)</i>	(1,330)	(113)
Cash generated (absorbed) by operating activities (I+II) (b)		48,878	42,948
Investing activities:			
Investments in intangible assets		(9)	(2)
Investments in property, plant, machinery and other assets		(5)	-
Net investments in non-current financial assets - equity investments			
- <i>Acquisitions</i>		-	(275)
- <i>Abertis sale</i>		221	-
- <i>Sale of investments and other assets</i>		5,287	864
Net investments in other financial assets		-	-
- <i>Repayment of Convertible bond loan</i>		-	102,818
- <i>Loan granted to IGLI S.p.A.</i>		(15,000)	(27,900)
Net divestiture of property, plant, machinery and other assets		-	-
Cash generated (absorbed) by investing activities (c)		(9,506)	75,505
Financing activities:			
Change in bank debt		20,566	(114,779)
Change in other financial payables		(192)	(59)
Investments in non-current financial assets		-	-
Divestiture of non-current financial assets		-	2,752
Expenses linked to share capital increase		-	-
Purchase of treasury shares		(20,836)	-
Dividend distribution		(44,634)	(42,920)
Cash generated (absorbed) by financing activities (d)		(45,096)	(155,006)
Cash and cash equivalents - closing balance (a+b+c+d)		531	6,255

Additional information:

Taxes paid during the period	-	-
Taxes collected during the period	361	1,398
Financial expenses paid during the period	356	1,123
Financial income collected during the period	3,073	4,504
Dividend payment	55,473	48,338

The Company's "net financial position" as at 31 December 2018 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
31 December 2017	46,250	147,361	9,325	10,538	70,240	(66,991)	2,921	34,059	(28)	1,558,784	27,164	1,839,623
Allocation of 2016 profits										4,039	(4,039)	-
Distribution of 2016 final 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
31 December 2017	46,250	147,361	9,325	10,538	70,240	(66,991)	3,776	34,059	(16)	1,562,823	23,620	1,840,985
Allocation of 2017 profits										31	(31)	-
Distribution of 2017 final dividend (EUR 0.255 per share)										-	(23,589)	(23,589)
Distribution of 2018 interim dividend (EUR 0.23 per share)											(21,045)	(21,045)
Purchase of treasury shares	(546)				20,836	(20,290)				(20,836)		(20,836)
Other changes (IFRS 9 effect)							(2,873)			2,873		-
Total profit for the period							(123)		26	177	48,704	48,784
31 December 2018	45,704	147,361	9,325	10,538	91,076	(87,281)	780	34,059	10	1,545,068	27,659	1,824,299

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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 S.p.A. 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 27 March 2019.

Based on the provisions of article 4, paragraph 1 of Legislative Decree no. 38 of 28/2/2005, these separate 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".

The financial statements for the year 2018 have been prepared on a going concern basis as there is a reasonable expectation that the Company will continue its operations in the foreseeable future and in any case within a time horizon of more than 12 months.

Valuation criteria and accounting standards

The valuation criteria applied to the preparation of the separate financial statements as at 31 December 2018 are the same as those used to draw up the financial statements as at 31 December 2017, with the exception of the application from 1 January 2018 of the following two new international accounting standards:

- **IFRS 15 “Revenue from Contracts with Customers”** which replaces the standards governing the recognition of revenues, i.e. *IAS 18 - Revenues*, *IAS 11 - Construction Contracts* and associated interpretations. The new standard introduces an overall framework for the recognition and measurement of revenue aimed at faithfully representing the process of transferring goods and services to customers for an amount that reflects the consideration expected to be obtained in exchange for the goods and services provided. In particular, while IAS 18 envisaged separate criteria for the recognition of revenue for goods and services, this distinction has been removed by IFRS 15. The new standard focuses on the identification of the so-called “performance obligation” to which to match the relevant rule for recognising revenue and sets out a five-step accounting model: (i) identification of the contract with the customer; (ii) identification of the *performance obligations* in the contract; (iii) determination of the transaction price; (iv) allocation of the price to the various performance obligations and (v) recognition of revenue as each performance obligation is satisfied. Taking into account the activities of the Company, the analysis started during the previous year did not identify any impacts on the financial statements.
- **IFRS 9 “Financial instruments”** replaced IAS 39 with effect from the financial years beginning 1 January 2018, introducing significant changes to the classification and measurement of financial instruments, *impairment* and hedge accounting.

Classification and measurement - Financial assets

In summary, IFRS 9 identifies the following three categories of financial assets: 1) financial assets measured at amortised cost (“AC”); 2) financial assets measured at fair value with changes in fair value recognised in comprehensive income (“FVOCI”); 3) financial assets measured at fair value with changes in fair value recognised in profit and loss (“FVPL”).

Classification of the assets results from an evaluation that depends on both of the following aspects: a) the business model adopted in the management of financial assets (hold to collect, hold to collect and sell), and b) the characteristics of the contractual cash flows generated by them, consisting of principal and interest.

In summary, IFRS 9 results in the following categories of financial assets:

- Financial assets measured at amortised cost (AC): these assets fall under a hold to collect business model and generate contractual cash flows of a principal and interest nature.
- financial assets measured at fair value with changes in fair value recognised in comprehensive income (“FVOCI”): these assets fall under a *hold to collect and sell business model* and generate contractual cash flows of a *principal* and *interest* nature.
- Financial assets measured at fair value with changes in fair value recognised in profit and loss (“FVPL”): this category covers the remainder and includes all financial assets other than those measured at amortised cost and at *fair value* changes in *fair value* recognised in comprehensive income (“FVOCI”).
- Non-controlling interests: IFRS 9 allows an irrevocable choice to be made, at the time of initial recognition, for subsequent changes in the fair value of an investment in an equity instrument that is not held for trading and is not a potential consideration arising from a business combination to be presented at FVOCI. Under this option,

contrary to what generally happens in the FVOCI category: 1) the gains and losses recognised in the comprehensive income statement are not subsequently transferred to the income statement (sometimes referred to as "recycling"), although the cumulative gain or loss may be transferred to equity; 2) equity instruments categorised at FVOCI under this option are not subject to impairment accounting; 3) dividends are still recognised in the income statement, unless they clearly represent a recovery of part of the investment cost. The measurement at cost of a minority interest is permitted in limited cases where the cost represents an adequate estimate of the fair value.

Consistent with the new provisions of IFRS 9, the Company has defined its *business models* for financial assets (other than trade receivables from customers) based on the use of liquidity and techniques for the management of financial instruments.

In terms of financial assets, the main impacts of the application of IFRS 9 are described below:

- minority interests, previously categorised as "assets available for sale" under IAS 39 (as such measured at FVOCI with *recycling*), have been designated in accordance with the irrevocable option allowed under IFRS 9 as financial assets at FVOCI without *recycling*. This option had no impact on 1 January 2018 and in the 2018 financial year.

Considering the insignificance of the impacts deriving from the application of the new *standard*, the Company has opted for the simplified retrospective approach provided for by IFRS 9, which does not involve the recalculation of comparative balances.

Classification and measurement - Financial liabilities

With regard to the classification and measurement of financial liabilities, IFRS 9 reiterates the accounting treatment provided by IAS 39, making limited changes, so that most of them are still measured at amortised cost. More specifically, IFRS 9 classifies financial liabilities into two categories:

- 1) financial liabilities measured at amortised cost using the effective interest rate ("AC") method;
- 2) financial liabilities measured at fair value with changes in fair value recorded in profit or loss ("FVPL"), which in turn are classified in the two subcategories Held for Trading and FVPL at inception.

IFRS 9 prohibits reclassification within financial liabilities.

The adoption of the new standard had no impact on the classification and measurement of the Company's financial liabilities.

Impairment

The new requirements for impairment provided for by IFRS 9, applicable to all financial instruments except those at FVPL, are based on an Expected Credit Loss ("ECL") model and replace the Incurred Credit Loss model under IAS 39, which resulted in late recognition of credit losses when a trigger event arose. In summary, the model provided for by IFRS 9 envisages 1) the application of a single framework for all financial assets, 2) the recognition of expected losses at any time and updating of their amount in each accounting period, in order to reflect changes in the credit risk of the financial instrument, 3) the assessment of the expected losses on the basis of reasonable information, available without excessive costs, including historical, current and forecast information. With reference to the sector in which the Company operates, it should be noted that the introduction of new methods for estimating losses due to impairment of financial assets did not have a significant impact on measurement processes.

Hedge Accounting

With regard to hedge accounting, it should be noted that the new rules introduced by IFRS 9 for the accounting recognition of hedging activities did not introduce significant substantive changes, but brought in a greater link between the substance of risk management operations and their accounting. The new model has made the application of hedge accounting easier, allowing entities to apply hedging operations on a larger scale.

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 expenses 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%-10%

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.

Financial assets:

In accordance with IFRS 9, financial assets are classified in the following three categories:

- Financial assets measured at amortised cost (AC) using the effective interest method: these assets fall under a hold to collect business model and generate contractual cash flows of a principal and interest nature. This category includes financial assets other than derivatives such as loans and receivables with payments that are fixed or can be determined, and that are not listed in an active market. Discounting is omitted when the effect is insignificant. This category includes cash, trade receivables and loans granted.

- financial assets measured at fair value with changes in fair value recognised in comprehensive income (“FVOCI”): these assets fall under a hold to collect and sell *business model* and generate contractual cash flows of a principal and interest nature. This category also includes minority interests, irrevocably designated as such under IFRS 9, other than equity instruments not held for trading and not a potential consideration arising from a business combination. For the latter, contrary to what generally happens with financial assets at FVOCI, the gains and losses recognised in the comprehensive income statement are not subsequently transferred to the income statement, although the cumulative gain or loss may be transferred to equity; In addition, such minority interests are not subject to impairment accounting. The dividends arising from these are still recognised in the income statement, unless they clearly represent a recovery of part of the investment cost. The measurement at cost of a minority interest is permitted in limited cases where the cost represents an adequate estimate of the fair value.
- Financial assets measured at fair value with changes in fair value recognised in profit and loss (“FVPL”): this category covers the remainder and includes all financial assets other than those measured at amortised cost and at *fair value* changes in *fair value* recognised in comprehensive income (“FVOCI”). This category includes financial assets without an interest component.

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.

Cash and cash equivalents are recognised at nominal value or amortised cost depending on their nature.

Financial liabilities

Financial liabilities include loans, bonds, trade payables, other payables and derivative financial instruments.

These are recorded at fair value when opened, net of any costs that can be ascribed to them. Subsequently, financial liabilities are measured at amortised cost using the effective interest method with the exception of derivative financial instruments (other than derivative financial instruments designated as effective hedging instruments) and financial liabilities designated at FVPL, which are accounted for at fair value through profit or loss.

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 Explanatory Notes also explain any contingent 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

The Employee Severance Indemnity ("TFR") takes the form of a defined benefit plan, measured with actuarial techniques using the Projected Unit Credit Method. It should be noted that from 1 January 2007 this liability refers exclusively to the portion of severance indemnities accrued up to 31 December 2006, which following the reform of the supplementary pension scheme (Legislative Decree 252 of 5 December 2005) continues to constitute an obligation for the company. Following the entry into force of the above reform by operation of Law 296 of 27 December 2006 (2007 Finance Act), as the liability refers to a benefit now fully accrued, has been recalculated without application of the pro-rata of the service provided and without considering the component relating to future salary increases in the actuarial calculation. The recognition of changes in actuarial gains/losses is recognised in other components of the comprehensive income statement. The cost of labour for companies with less than 50 employees, as well as the interest expense relating to the "time value" component in actuarial calculations, continue to be recognised in the income statement. The portion of employee severance indemnities paid to supplementary pension funds and the INPS treasury fund is considered a defined-contribution fund because the company's obligation to the employee ceases with the payment of the accrued contributions to the pension funds.

Treasury shares

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

Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity.

Revenue is recognised at a specific point in time or over time, when the Company meets its performance obligations by transferring the goods and services to its customers; the process underlying the recognition of revenues follows the five steps required by IFRS 15: (i) contract identification with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the price to the various performance obligations and (v) recognition of revenue as each performance obligation is satisfied. In particular, revenue for services are recognised based on the accrued payment, calculated by reference to the stage of completion.

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 expenses

Financial expenses 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 assets" are calculated based on the temporal differences between the recognised value for tax purposes of an asset or a liability and its value in 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 assets" 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 assets are posted when their recovery is likely.

Advance tax payments 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 (or when impairment is detected). 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.

The recoverable value of *non-financial assets* corresponds to the highest between their fair value net of disposal 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.

With regards to the equity investment in SIAS S.p.A., in line with the provisions of IAS 36, the Company determined their "recoverable value". The Company compares the "book value" with the "recoverable value" ("value in use") determined by adding together the value in use of the individual assets comprising SIAS S.p.A.; with regards to the assets pertaining to the motorway licensees, the value in use determined by subtracting net financial indebtedness from the present value of expected cash flows and the value of surplus assets; more specifically, for each individual "Cash Generating Unit", the discounted cash flows deriving from motorway management activity was calculated. 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 licence 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 is included in the operating cash flow of the last year of the concession.

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 *post-tax nominal WACC rate*.

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	2.59%
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 financial structure of the individual company/concession as of the assessment date	0.545
Cost of debt in line with the average cost of debt of the Group	2.90%

The discounting rates (that have been specifically calculated for each licence in order to reflect the financial structure) fluctuate between 4.8% and 5.6%.

With regards to the Cash Generating Units for which the "useful life" was calculated, a sensitivity analysis of the results was also carried out, changing the discount rates applied within the interval +0.5%/-0.5%. This analysis did not highlight significant differences with the "useful lives" originally obtained.

With regard to investments in Brazil held through the 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 determined as the sum of the values in use of the Brazilian licensee companies indirectly controlled by it through the investee Ecorodovias Infraestrutura e Logística S.A..

The recoverable value of the investment in the subsidiary Itinera S.p.A., which operates in the construction sector, is measured using the value in use method.

To determine the value in use of Itinera S.p.A., the Discounted Cash Flow method was used to estimate future cash flows on the basis of the economic and financial plans prepared by the Company (applying the terminal value in addition to the explicit period of discounting of flows).

The net cash, as determined above, was discounted at *post-tax nominal WACC rate*.

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

"Free risk" rate equal to the return of the 10-year Government Bond (of the country where the individual CGU operates) – average 12 months
The market risk premium: as determined for the reference markets of the various countries, ITA, BRA, USA on a statistical basis by Prof. Damodaran, NYU - New York.
The small-size risk premium: as determined by using the calculations proposed by Duff & Phelps 2017
The country risk premium: as determined for the reference markets of the various countries, ITA, BRA, USA on a statistical basis by Prof. Damodaran, NYU - New York
Beta Unlevered: derived by using the betas of a panel of companies listed on European markets - operating in the sector - and relevered by using the financial structure of the panel itself and the tax rate in which the construction group operates.
The cost of debt: estimated as the sum of the risk-free base rate and the debt risk premium that Itinera encounters in the various countries in which it operates
Weighting based on country revenues: Percentage weighting of Itinera, Itinera Construcoes (BRA) and Halmar (USA) revenue as per Itinera's business plan.

The discount rate determined as above was 11.7%.

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

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. Among other things, the valuation used the fair value to appraise financial assets and liabilities, 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 the income statement.

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".

New standards and interpretation adopted by the EU and effective from 1 January 2018

In addition to the foregoing, the following is noted:

- Amendment to **IFRS 2 "Share-based Payments"** through the issue of Regulation EU No. 289/2018. The changes, which did not have an impact on the Company, concern: 1) the methods for calculating the fair value of cash-settled share-based payment transactions at the measurement date, to be carried out taking into account market conditions and conditions other than vesting conditions; 2) the accounting treatment of equity-settled share-based payment transactions in which the entity acts as a withholding agent in respect of the employee's tax liabilities; 3) accounting for changes leading to a change in the classification of cash-settled or equity-settled share-based payments.
- **Improvements to IFRS (2014-2016 cycle)**. On 7 February 2018, Regulation (EU) No. 182/2018 was issued, endorsing a number of amendments to *IAS 28 - Investments in Associates and Joint Ventures*. In particular, the amendments clarify that the decision for an investment entity to measure its investments in associates and joint ventures at fair value through profit or loss (rather than using the equity method), must be made for each individual investment and at the time of its initial recognition. A similar clarification is also provided for an entity that is not an investment entity but has equity investments in associates/joint ventures that are investment entities. In this case, for the purposes of the application of the equity method, the entity can maintain the accounting at fair value through profit or loss carried out by its investments in associated companies/joint ventures. The adoption of these improvements had no effect on the separate financial statements as at 31 December 2018.
- **IFRIC 22 – Foreign Currency Transactions and Advance Consideration** On 3 April 2018, Regulation (EU) No. 519/2018 was issued, endorsing this interpretation, which clarifies the exchange rate to be used in transactions and advances paid/received in foreign currency. The adoption of this interpretation has not had any impact on the Company.
- **Amendments to IAS 40 - Investment Property**. On 15 March 2018, Regulation (EU) No. 400/2018 was issued, which introduced a number of amendments to IAS 40, providing clarification on transfers that lead to an asset that is not investment property being recognised as such, or vice versa. The adoption of this amendment has not had any impact on the Company.

New accounting standards and interpretations issued by the IASB and adopted by the EU

On 13 January 2016, the IASB published **IFRS 16 - Leases**, endorsed by Regulation (EU) No. 1986/2017, which replaced IAS 17 - *Leases*, as well as IFRIC 4 - *Determining Whether an Arrangement Contains a Lease*, SIC-15 - *Operating Leases - Incentives* and SIC-27 - *Evaluating the Substance of Transactions in 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, lastly, the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the recognition and measurement of lease contracts for the lessee, which calls for the leased asset, including operating assets, to be recognised as an asset but with a balancing entry under financial liabilities. However, the standard does not include significant amendments for lessors.

The standard will be adopted by the Company from 1 January 2019.

The Company completed its preliminary assessment of the potential impacts of applying the new standard at the transition date (1 January 2019). This process was divided into several phases, including the complete mapping of contracts potentially likely to contain a lease and the analysis of the same in order to understand the main clauses relevant for the purposes of IFRS 16.

The *implementation* process of the standard is nearing completion. This involves setting up the IT infrastructure for the accounting management of the standard and aligning administrative processes and controls to monitor the critical areas that the standard affects. This process is expected to be completed in 2019.

Transition with modified retrospective method

The Company has chosen to apply the standard retrospectively, recognising in equity the cumulative effect of applying the standard at 1 January 2019, in accordance with paragraphs IFRS 16:C7-C13. In particular, with regard to the lease contracts previously classified as operating leases, the Company will record:

- a) a financial liability, equal to the present value of future payments remaining at the transition date, discounted using the incremental borrowing rate applicable at the transition date for each contract;
- b) a right of use equal to the value of the financial liability at the transition date, net of any accruals and deferrals relating to the lease and recognised in the balance sheet at the reporting date of these financial statements.

The value of non-current assets relating to operating leases is increased by any accruals and deferrals recognised at 31 December 2018 and decreased by the accrued expenses and deferred income recognised at 31 December 2018.

When adopting IFRS 16, the Company intends to make use of the exemption provided by paragraph IFRS 16:5(a) in relation to short-term leases for asset classes.

Similarly, the Company intends to make use of the exemption granted by IFRS 16:5(b) with regard to lease contracts in which the underlying asset is a low-value asset (i.e. the assets underlying the lease contract do not exceed EUR 5 thousand when new). The contracts for which the exemption has been applied fall mainly within the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices.

For these contracts, the introduction of IFRS 16 will not result in the recognition of the financial liability of the lease and the related right of use, but the lease payments will be recognised in the income statement on a straight-line basis for the duration of the respective contracts.

In addition, with reference to the transition rules, the Company intends to make use of the following practical expedients available in the event of the choice of the modified retrospective transition method:

- Classification of contracts that expire within 12 months of the transition date, such as short-term leases. For these contracts the lease payments will be recognised in the income statement on a straight-line basis.
- Exclusion of initial direct costs from the measurement of the right of use on 1 January 2019;
- Use of information available at the transition date to determine the lease term, with particular reference to exercising extension and early termination options.

The transition to IFRS 16 introduces some elements of professional judgement that involve drawing up a number of accounting policies and the use of assumptions and estimates in relation to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- The Company has decided not to apply IFRS 16 for contracts containing a lease that has an intangible asset as the underlying asset.
- The Company has analysed all its lease contracts, calculating the lease-term for each, given by the "non-cancellable" term plus the effects of any extension or early termination clauses whose exercise was considered reasonably certain. Specifically, for real estate, this assessment took into account the specific facts and circumstances pertaining to each asset. Regarding the other categories of assets, mainly company cars, the Company generally considered it unlikely that any extension or early termination clauses would be exercised in view of the Company's usual practice.
- Since most of the contracts entered into by the Company do not include an implicit interest rate, the discount rate to be applied to future lease payments was determined as the risk-free rate, with maturities commensurate with the duration of the specific lease contract, plus the Company's credit spread.

The effects of the first-time adoption of IFRS 16, also taking into account the practical expedients listed above, will result in an increase in *Financial Liabilities* of about 0.5 million and the recording of a *Right of Use* of about EUR 0.5 million. The impact on the Company's shareholders' equity, net of the related tax effect, is therefore null.

- **IFRIC 23 - Uncertainty over income tax treatments.** The document addresses the issue of uncertainties over the treatment of income taxes. The interpretation states that uncertainties in the calculation of tax liabilities or assets are reflected in the financial statements only when it is probable that the entity will pay or recover the amount in question. In addition, the document does not contain any new disclosure requirements but underlines that the entity will have to determine whether it will be necessary to provide information on the considerations made by management and relating to the uncertainty inherent in accounting for taxes, in accordance with the provisions of IAS 1. The new interpretation applies from 1 January 2019, but early application is permitted.
- **Amendments to IFRS 9.** Regulation (EU) No. 498/2018 was published on 26 March 2018 on repayment features with negative compensation. It provided clarification on the treatment of contractual terms that could change the timing or amount of contractual cash flows (for example, if the asset can be prepaid before maturity or its term can be extended).

New accounting standards and interpretations issued by the IASB and not adopted yet by the EU

As at the reference date of these financial statements, the competent bodies of the European Union have not yet ended the approval process necessary for the adoption of the amendments and standards described below.

- **Amendments to IAS 28: Investments In Associates And Joint Ventures** (published 12 October 2017). This document clarifies the need to apply IFRS 9, including impairment requirements, to other long-term interests in associated companies and joint ventures to which the equity method is not applied. The amendment applies from 1 January 2019, but early application is permitted.

- **Improvements to IFRS (2015-2017 cycle)**, published on 12 December 2017 (including IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements - Remeasurement of previously held interest in a joint operation*, IAS 12 *Income Taxes - Income tax consequences of payments on financial instruments classified as equity*, IAS 23 *Borrowing costs Disclosure of interests in other entities - Borrowing costs eligible for capitalisation*) implementing amendments to certain standards as part of the annual process of improving them. The amendments will be applied from 1 January 2019 but early application is permitted.
- **Amendments to IAS 19: plan amendment, curtailment or settlement** (published on 7 February 2018). The document clarifies how an entity should recognise a change (i.e. a curtailment or settlement) of a defined benefit plan. The amendments, applicable from 1 January 2019, require an entity to update its assumptions and remeasure the net liability or asset resulting from the plan. The amendments clarify that after the occurrence of such an event, an entity uses updated assumptions to measure the current service cost and interest for the remainder of the reporting period following the event.
- **Amendments to IAS 10 and IAS 28: sale or contribution of an asset by an investor to its associate/joint venture (published on 11 September 2014)**. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of the profit or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an interest in the latter's capital. At present, the IASB has suspended the application of this amendment.
- **Amendments to IAS 1 and IAS 8. Definition of materiality**. The document, published by the IASB on 1 October 2018, introduced a change in the definition of "material" contained in IAS 1 and IAS 8. This amendment aims to make the definition of 'material' more specific and introduces the concept of 'obscured information' alongside the concepts of omitted or incorrect information already present in the two amended standards. The amendment clarifies that information is "obscured" if it has been described in such a way as to have an effect on primary readers of financial statements similar to that which would have occurred if such information had been omitted or incorrect.
- **Amendments to IFRS 3 - Business Combinations**, with reference to the definition of the business, applicable from 1 January 2020.
- **IFRS 17** - Insurance contracts, applicable from 1 January 2021.
- **Changes to references to the "conceptual framework" in IFRS.**

The Company is currently evaluating the possible effects of the introduction of these changes on its separate financial statements.

Explanatory notes – Information on the balance sheet

Note 1 – Intangible assets

This item totalled approximately EUR 5 thousand (EUR 41 thousand at 31 December 2017) and refers to expenses for software licenses. During the year, there were investments of EUR 9 thousand and also amortisation of EUR 45 thousand.

Note 2 – Tangible assets

This item breaks down as follows:

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

	Land and buildings	Other assets	Total
Cost:			
as at 1 January 2018	9,788	865	10,653
Investments	-	5	5
Restatements	-	-	-
Divestitures	-	-	-
as at 31 December 2018	9,788	870	10,658
Accumulated depreciation:			
as at 1 January 2018	(3,377)	(864)	(4,241)
2018 depreciation	(221)	(2)	(222)
Reclassifications/other changes	-	-	-
Reversals	-	-	-
as at 31 December 2018	(3,598)	(866)	(4,463)
Net book value:			
as at 1 January 2018	6,411	1	6,412
as at 31 December 2018	6,190	4	6,194

The item "land and buildings" can be mainly attributed, for EUR 3.8 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.

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

"Equity investments in subsidiaries" did not change during the year; the breakdown of this item is illustrated below:

	% owned at 31/12/2018	31/12/2018
Equity investments:		
SIAS	61.69%	1,402,911
IGLI	60.00%	233,475
ITINERA	66.12%	158,022
SINA	100.00%	20,774
Sistemi e Servizi ⁽¹⁾	14.00%	14
Total		1,815,196

⁽¹⁾ "Subsidiary" based on the stakes held by subsidiaries

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. (*)	Torino – Via Bonzanigo 22	113,771	227,542,156	2,195,929	190,548	31/12/2018
IGLI S.p.A. (*)	Milan – Via Isonzo 14/1	37,130	37,130,000	581,584	11,633	31/12/2018
ITINERA (*)	Tortona – Via M. Balustra 15	86,837	86,836,594	216,863	512	31/12/2018
SINA (**)	Milano - Viale Isonzo 14/1	10,141	4,056,250	67,299	2,348	31/12/2018
Sistemi e Servizi (**)	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	100	100,000	100	-	31/12/2018

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

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

3.b – Equity investments in associated companies

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

	% owned at 31/12/2018	31/12/2018
Equity investments:		
Baglietto S.p.A.	31.00%	9,547
Edilrovaccio 2 S.r.l. in liquidazione	20.00%	-
Total		9,547

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 at measurement. 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. This right was exercised in March 2019.

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

Company	Registered office	Share capital	No. of shares	Shareholders' equity ^(*)	Profit/(loss) ^(*)	Financial statements data as at
Baglietto S.p.A. ^(*)	La Spezia – Viale San Bartolomeo 414	9,561	25,338,000	3,113	(1,933)	31/12/2018
Edilrovaccio 2 S.r.l. In liquidazione ^(*)	Torino– Via Schina 5	46	45,900	(560)	(274)	31/12/2018

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

3.c – Investments in other companies

The breakdown of and changes in "investments in other companies" during the year are shown below:

	%	31/12/2017			Changes in the year			31/12/2018		
		Original value	Adj. to fair value	Total	Purchases	Sales/other	Adj. to fair value	Original value	Adj. to fair value	Total
Abertis Infraestructuras		56	166	222	-	(56)	(166)	-	-	-
Assicurazioni Generali	0.01	2,384	733	3,117	-	-	(122)	2,384	611	2,995
Mediobanca		2,402	2,707	5,109	-	(2,402)	(2,707)	-	-	-
Total Level 1		4,842	3,606	8,448	-	(2,458)	(2,995)	2,384	611	2,995
Interporto di Rivalta Scrivia	4.34	575	-	575	-	-	-	575	-	575
Milano - Serravalle	0.05	60	174	234	-	-	-	60	174	234
Total Level 3		635	174	809	-	-	-	635	174	809
Total		5,477	3,780	9,257	-	(2,458)	(2,995)	3,019	785	3,804

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:

- transfer of 12,019 shares of Abertis Infraestructuras S.A. for a total amount of EUR 0.2 million, realising a capital gain of¹ EUR 0.2 million;
- transfer of 540,000 shares of Mediobanca S.p.A. for a total amount of EUR 5.3 million, realising a capital gain¹ of EUR 2.9 million;

¹ In accordance with IFRS 9, this capital gain is recorded under "Retained earnings (losses)" in shareholders' equity.

- fair value adjustment of equity investments (based on market prices), with "shareholders' equity" of EUR 122 thousand.

As shown in the table above, the value of "other equity investments" as at 31 December 2018 was net of approximately EUR 0.8 million relating to the positive adjustment to their fair value (EUR 3.8 million as at 31 December 2017).

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
Assicurazioni Generali S.p.A.	Trieste – Piazza Duca degli Abruzzi 2	1,565,165	1,565,165,364	14,976,820	1,473,283	31/12/2018
Interporto Rivalta Scrivia S.p.A. (*)	Rivalta Scrivia (AL) – Strada Savonesa 12/16	11,848	22,785,000	81,399	(4,245)	31/12/2017
Milano Serravalle-Milano Tangenziali S.p.A. (*)	Assago Milanofiori (MI)-Via del Bosco Rinnovato 4/A	93,600	180,000,000	482,180	40,228	31/12/2017

(*) 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 – Other noncurrent financial assets

This item, amounting to EUR 43 million (EUR 28 million as at 31 December 2017), refers to the financial receivable of EUR 42.9 million disbursed to the subsidiary IGLI S.p.A. (of which EUR 15 million disbursed in 2018) and EUR 0.1 million to the financial receivable from the associated company Edilrovaccio 2 S.r.l. in liquidazione.

Note 4 – Deferred tax assets

This item totalled EUR 3,226 thousand (EUR 2,757 thousand as at 31 December 2017). For the breakdown and changes of this item, please refer to Note 22 – Taxes.

Note 5 – Trade receivables

This item, amounting to EUR 2,187 thousand (EUR 1,200 thousand at 31 December 2017), mainly refers to services rendered to the subsidiaries Itinera S.p.A. (EUR 1.4 million), SIAS S.p.A. (EUR 0.3 million), SINA S.p.A. (EUR 0.3 million) and IGLI S.p.A. (EUR 0.1 million).

Note 6 – Current tax assets

This item totalled EUR 225 thousand (EUR 255 thousand as at 31 December 2017) and refers to tax receivables resulting from the liquidation of Inpar S.p.A. (EUR 44 thousand) and VAT receivables (EUR 181 thousand).

Note 7 – Other receivables

This item can be broken down as follows:

	31 December 2018	31 December 2017
from parent companies	859	647
from subsidiaries	513	-
from others	77	181
Total	1,449	828

"Receivables due from parent companies", amounting to EUR 859 thousand, mainly refers to the receivable for tax consolidation (EUR 0.6 million as at 31 December 2017).

"Receivables from subsidiaries" mainly refer to receivables from the subsidiary SIAS S.p.A. (EUR 0.3 million) for checks on seconded personnel.

Note 8 – Cash and cash equivalents

These consist of:

	31 December 2018	31 December 2017
Bank and postal deposits	529	6,252
Cash and cash equivalents on hand	2	3
Total	531	6,255

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

Note 9 – Shareholders' equity

9.1 – Share capital

As at 31 December 2018, 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 and IAS 32, the nominal value of treasury shares is posted as an adjustment to the share capital; the balance as at 31 December 2018 is provided below:

	No. of shares	Nominal value (in EUR)	% on the share capital	Average unit value (in EUR)	Total countervalue (thousands of EUR)
31 December 2017	6,497,328	3,248,664	6.56%	10.81	70,240
Purchases	1,093,375	546,688	1.10%	19.06	20,836
31 December 2018	7,590,703	3,795,352	7.67%	12.00	91,076

With regard to the above-mentioned aspects, the share capital as at 31 December 2018 is as follows (amounts in thousands of EUR):

Nominal Value of Share Capital	49,499
Nominal value of treasury shares held	(3,795)
Nominal Value of adjusted Share Capital	45,704

9.2 – Reserves

10.2.1 – Share premium reserve

This item - unchanged compared to 31 December 2017 - amounted to EUR 147,361 thousand.

9.2.2 – Revaluation reserves

This item totalled EUR 9,325 thousand (EUR 9,325 thousand as at 31 December 2017).

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

9.2.3 – Legal reserve

This item totalled EUR 10,538 thousand (EUR 10,538 thousand as at 31 December 2017) and has reached the limit amount set out in art. 2430 of the Italian Civil Code.

9.2.4 – 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 91,076 thousand (EUR 70,240 thousand as at 31 December 2017). This reserve was established through reclassification from the item "Retained earnings". The change during the year refers to the purchase of additional treasury shares.

9.2.5 – Purchased treasury shares

This item represents the contra-item paid to purchase treasury shares. As illustrated in the "Valuation criteria", this

amount, totalling EUR 87,281 thousand, adjusts the shareholders' equity reserves (net of the nominal value of treasury shares, amounting to EUR 3,795 thousand, which is deducted directly from the "share capital").

9.2.6 – Reserve for revaluation to fair value

This item was established and moved as a direct contra-entry to the fair value measurement of financial assets classified as "investments in other companies". As at 31 December 2018, this reserve was positive for EUR 780 thousand (positive by EUR 3,776 thousand as at 31 December 2017); for changes in this item, please see Note 3.c. " investments in other companies".

9.2.7 – Capital reserves

This item totalled EUR 34,059 thousand and was unchanged from 31 December 2017.

9.2.8 – Reserve for discounting Employee Severance Indemnity

This item includes actuarial gains and losses relating to the Employee Severance Indemnity. As at 31 December 2018, this item showed a positive balance of EUR 10 thousand (negative balance of EUR 16 thousand as at 31 December 2017).

9.2.9 – Retained earnings (losses)

As at 31 December 2018, this item amounted to EUR 1,545,068 thousand (EUR 1,562,823 thousand as at 31 December 2017). This reserve increased by EUR 17,755 thousand following (i) the purchase of treasury shares and the consequent reclassification to the "Reserve for treasury shares" of approximately EUR 20.8 million and (ii) the capital gain realised on the sale of the equity investments held in Abertis Infraestructuras S.A. (EUR 0.2 million) and Mediobanca S.p.A. (EUR 2.7 million) classified, in accordance with IFRS 9, under this item.

9.3 – Profit (loss) for the period

This item refers to profits/losses for the year and totalled EUR 48,704 thousand (EUR 43,415 thousand in 2017).

The table below shows a breakdown of the "type, possible use and distribution of the items of shareholders' equity" as at 31 December 2018, as well as any drawdowns made during the last three accounting periods.

Nature and description of shareholders' equity items	31 December 2018	Possibility of use	Quota available	Drawdowns in the last three years
Share capital	45,704 ⁽¹⁾			
Capital reserves				
-Share premium reserve	147,361	A, B, C	147,361	
-Revaluation reserves	9,325	A, B, C ⁽²⁾	9,325	
-Capital reserves	34,059	A, B, C	34,059	
-Legal reserve	10,538	B	638 ⁽³⁾	
- Reserve for the purchase of treasury shares	3,795 ⁽⁴⁾			
-Retained earnings (losses)	1,545,068	A, B, C ⁽²⁾	1,545,068	
- Reserve for revaluation to fair value and discounting of Employee Severance Indemnity	790			
		Total portion available	1,736,451	
		Portion that cannot be distributed	-	
		Residual quota that can be distributed	1,736,451	

(1) Net of the nominal value of the treasury shares in portfolio (EUR 3,795 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).

* * *

The book value of shareholders' equity as at 31 December 2018 was higher than the Company's market capitalisation at that date. This higher value was confirmed by specific analyses conducted – as part of the impairment testing procedure – for appraisal of the corporate assets, which was submitted to the Board of Directors in February 2019. This difference is essentially due to the particular corporate structure of the ASTM Group, which includes a further listed sub-holding company in its chain of control, SIAS S.p.A., which holds direct and indirect equity investments in the Group's motorway companies (the "holding discount").

Note 10 – Provisions for risks and charges and Employee benefits

	31 December 2018	31 December 2017
Other provisions	1,198	640
Employee benefits	378	234
Total provisions for risks and charges and employee benefits	1,576	874

10.1 – Provisions for risks and charges

The item "other provisions" equal to EUR 1.2 million refers to amounts inferred from premiums relative to the "management incentive system". The change during the year is the result of (i) the allocation of the estimated incentives pertaining to the 2018 financial year and (ii) the use of those allocated in the previous financial year following their disbursement.

10.2 – Employee benefits

As at 31 December 2018, this item totalled EUR 378 thousand (EUR 234 thousand as at 31 December 2017). Changes during the period were as follows:

1 January 2018	234
Period contributions(*)	12
Indemnities advanced/liquidated during the period	(47)
Transfers and other changes	179
31 December 2018	378

(*) net of actuarial profit recognised in the statement of comprehensive income for EUR 26 thousand.

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	1.97% ⁽¹⁾
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	100% of requirements met
% of frequency of advances	1.00%
Turnover	3.00%

⁽¹⁾ 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 this was deemed to best reflect the economy in which the Company carries out its activities. If the Company had used the "AA" rating Iboxx Eurozone Corporate index, the debt for the "employee benefits" would have been lower by approximately EUR 34 thousand, with an effect on shareholders' equity amounting to around EUR 26 thousand net of the related tax effect.

Note 11 – Bank debt (non-current)

This item amounted to EUR 34,991 thousand at 31 December 2018 (EUR 34,983 thousand at 31 December 2017) 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 January 2020.

Lending bank	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2018	Maturity		
						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		(9)	-	(9)	
			Bank debt		34,991	-	34,991	-

Note 12 – Deferred tax liabilities

This item totalled EUR 2 thousand (EUR 4 thousand as at 31 December 2017). for the breakdown of this item, please refer to Note 22 – Taxes.

Note 13 – Trade payables (current)

Trade payables totalled EUR 1,673 thousand (EUR 1,171 thousand as at 31 December 2017).

Note 14 – Other payables (current)

These consist of:

	31 December 2018	31 December 2017
Payables to Parent Companies	19	-
Payables to subsidiaries	447	129
Payables to welfare organisations	222	167
Other payables	837	518
Total	1,525	814

"Payables to subsidiaries" mainly include payables due to SIAS S.p.A. for EUR 0.4 thousand and refer to the recharging by SIAS S.p.A. of the costs for the temporary secondment of staff (EUR 0.2 million), and for the transfer of staff from SIAS S.p.A. to ASTM S.p.A. (EUR 0.2 million).

"Other payables" mainly include the payables due to shareholders for dividends to be paid (EUR 248 thousand), payables due to employees (EUR 467 thousand) and amounts due to Directors for remuneration not yet paid (EUR 0.1 thousand).

Note 15 – Bank debt (current)

The item "Bank debt" totalling EUR 20,569 thousand (EUR 11 thousand as at 31 December 2017) refers only to uses of current account overdrafts at 31 December 2018.

Note 16 – Other financial liabilities

In 2017, this item, amounting to EUR 192 thousand, referred to the payable due to IGLI S.p.A. for fees on the guarantee that the subsidiary had given to ASTM S.p.A. in relation to the loan taken out by ASTM S.p.A. on 23 December 2015 with Unicredit S.p.A. and fully repaid during 2017.

Note 17 – Current tax liabilities

Current tax liabilities totalled EUR 735 thousand (EUR 773 thousand as at 31 December 2017) and refer exclusively to liabilities for personal income tax withheld.

Explanatory Notes – Information on the income statement

Note 18 – Financial income and expenses

18.1 – Financial income

This item breaks down as follows:

	2018	2017
Income from equity investments:		
- income from subsidiaries	55,294	47,965
- income from other businesses	179	373
- other income from equity investments	-	394
Total	55,473	48,732

"Income from subsidiaries" refers to dividends and interim dividends collected by the Company during the year (EUR 51.2 million paid by SIAS S.p.A. – of which EUR 23 million as an interim dividend 2018) and EUR 4.1 million from Sina S.p.A.). The increase compared to the previous year is mainly due to higher dividends distributed by both subsidiaries.

"Income from other businesses" mainly refers to the dividends distributed by Assicurazioni Generali S.p.A (EUR 0.2 million).

"Other income from equity investments" in 2017 referred to the capital gain from the sale of part of the shares of Mediobanca S.p.A..

18.2 – Other financial income

	2018	2017
Interest income and other financial income		
- from credit institutions	2	50
- from financial assets	6	3,123
Total	8	3,173

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 both the reduction in interest rates applied by banks to customer deposits and the lower level of current account deposits.

The item "income from financial assets and other" mainly referred, last year, 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 2017.

18.3 – Interest and other financial expenses

This item breaks down as follows:

	2018	2017
Interest expense to credit institutions:		
- on loans	143	1,065
Miscellaneous interest expense:		
- from financial discounting	5	4
Other financial charges:		
- other financial charges	84	221
Total	232	1,290

Interest expense "on loans" refers to financial expenses accrued on the loan granted by Unicredit S.p.A. during 2017.

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

Note 19 – Value adjustments of financial assets

The item "*writedowns*" refers to the alignment to the "option component" related to the SIAS convertible bonds – repaid on 30 June 2017 – held by the Company at the related fair value.

Note 20 – Other operating income

This income breaks down as follows:

	2018	2017
Revenue from sales and services	480	450
Rental income	699	693
Re-debiting of costs and other income	1,849	1,410
Total	3,028	2,553

"*Revenue from sales and services*" refer to management consulting activities for the subsidiaries SIAS S.p.A. (EUR 0.2 million), Itinera S.p.A. (EUR 0.1 million), IGLI S.p.A. (EUR 0.1 million) and SINA S.p.A. (EUR 0.1 million).

The item "*Re-debiting of costs and other income*" increased by EUR 0.4 million due to amounts charged back for staff costs.

Note 21 – Other operating costs

Payroll costs

This item can be broken down as follows:

	2018	2017
Salaries and wages	1,588	1,090
Social security contributions	464	320
Allocations to provision for employees	170	104
Other costs	587	248
Total	2,809	1,762

The change of EUR 1 million during the year is mainly due to the increase in the number of employees due to transfers within the Group following the corporate reorganisation. This increase was also reflected in a reduction in costs for services.

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

	Punctual composition		Avarage Composition	
	2018	2017	2018	2017
Managers	8	5	7	4
Middle managers	2	2	3	1
Office workers	4	2	3	4
Total	14	9	12	9

Costs for services

This expense item breaks down as follows:

	2018	2017
Consulting	2,453	2,557
Compensation and reimbursements for Directors and Statutory Auditors	3,029	2,769
Other personnel expenses	71	117
IT services	49	20
Expenses incurred on behalf of third parties	8	136
Other costs for services	935	1,689
Total	6,545	7,288

The change in the item "costs for services" is mainly attributable to lower costs incurred due to the progress of the corporate reorganisation project.

Costs for raw materials

This item totalled EUR 3 thousand (EUR 3 thousand in 2017) and refers essentially to costs for the purchase of stationery, printed material and low-value equipment.

Other costs

This expense item breaks down as follows:

	2018	2017
Leases and rental expenses	102	75
Other operating expenses	873	699
Total	975	774

The change in the item "other operating costs" of EUR is mainly due to higher VAT deductible compared to 2017 (EUR 0.1 million).

Amortisation and depreciation

This item breaks down as follows:

	2018	2017
Intangible assets:		
- Other intangible assets	45	41
Tangible assets:		
- Buildings	221	220
- Other assets	2	1
Total amortisation and depreciation	268	262

Note 22 – Taxes

This item can be broken down as follows:

	2018	2017
Current taxes:		
- Corporate income tax (IRES)	-	-
- IRAP	-	-
Total	-	-
Taxes (prepaid)/deferred:		
- Corporate income tax (IRES)	(442)	617
- RAP	(26)	(11)
Total	(468)	606
Taxes related to prior years	-	-
Income from tax consolidation (previous years)	(559)	(1,839)
Total	(1,027)	(1,233)

In financial year 2017, the uses of the deferred tax assets were higher than the provisions of the same financial year, also in consideration of the reversal of the deferred tax assets relating to the SIAS Convertible Bond Loan securities held by the Company and repaid in financial year 2017, at maturity.

In 2018, on the other hand, provisions for deferred tax assets were higher than uses for the year. These provisions essentially refer to the deferred tax assets relating to the tax losses of 2018 and to those of 2016 (the latter adjusted following the presentation of the Supplementary Declaration of Comprehensive Income of the Aurelia Tax Consolidation for 2016 in which ASTM held an interest until 2017).

Income from tax consolidation, amounting to EUR 559 thousand, is the result of the net effect of income from tax consolidation in 2017 (last year of participation in Group taxation), amounting to EUR 1,598 thousand, and the reduction, due to the aforesaid supplementary declaration, of income from tax consolidation in 2016, amounting to EUR 1,039 thousand.

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 2018 and 2017.

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

	2018		2017	
Period income before taxes		47,677		42,182
Effective income taxes (from financial statements)	(442)	-0.93%	617	1.46%
Lower taxes (compared to the theoretical rate):				
- partially tax-exempt dividends	12,648	26.53%	11,021	26.13%
- other	942	1.98%	103	0.24%
Higher taxes (compared to the theoretical rate):				
- non-deductible expenses	(1,705)	-3.58%	(1,618)	-3.84%
Theoretical income taxes	11,443	24.00%	10,144	24.00%

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 net value of production, calculated according to the provisions in force for industrial holding companies, is negative. Deferred tax assets amounting to EUR 26 thousand are attributable to the provisions relating to the "managerial incentive system" introduced in the previous year.

* * *

With regard to the period under review and 2017, 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).

	2018	2017
Deferred tax income related to: (*)		
• advance taxes on SIAS convertible bond loan		-
• tax payments on tax losses	(1,874)	(1,597)
• prepaid tax allocation	(385)	(255)
Total (A)	(2,259)	(1,852)
Deferred tax expenses 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	1,593	1,281
- reversal of other deferred tax assets	198	325
Total (B)	1,791	2,418
Taxes (prepaid)/deferred (B) – (A)	(468)	566

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

	31 December 2018	31 December 2017
Deferred tax assets related to: (*)		
- costs deductible for cash and other changes	1,021	833
- advance taxes on SIAS convertible bond loan	-	-
- taxes on tax loss	2,205	1,924
Total	3,226	2,757
Deferred tax liabilities related to: (*)		
- valuation of financial assets at fair value	(2)	(4)
- other	-	-
Total	(2)	(4)

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

Note 23 – Information on the cash flow statement23.1 – Change in net working capital

	2018	2017
Trade and other receivables	(1,608)	(609)
Current tax assets	30	36
Current trade payables and other payables	1,213	(154)
Current tax liabilities	(38)	114
Total	(403)	(613)

23.2 – Other changes from operating activity

	2018	2017
Drawdown on Employee Severance Indemnity	(640)	(108)
Drawdown on other provisions and other changes	184	-
Total	(456)	(108)

Note 24 - Significant non-recurring events and transactions

As stated in the Management Report, 2018 was affected by significant non-recurring events and transactions – as defined in CONSOB Communication no. DEM/6064293¹ – with a negative impact on the economic situation for 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 25 - Atypical and/or unusual transactions

Pursuant to CONSOB Communication no. DEM/6064296 of 28 July 2006, in 2018 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.

¹ 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, (vi) Ecorodovias Infrastruttura e Logistica S.A. – IGLI S.p.A. (vii) to information on the company preparing the consolidated financial statements and (viii) the disclosure on the transparency of public funding. 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

- The guarantee issued by ASTM S.p.A. in favour of the Danish client the Danish Road Directorate on behalf of the subsidiary Itinera S.p.A. for works for the construction of the Storstrom Bridge for a total amount of DKK 172 million (EUR 23 million¹). This guarantee, issued for the good execution of the works, is reduced according to the progress of the works.
- 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 Grantor, 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.

¹ Converted using the Euro/Danish Krone exchange rate of 7.4673 as at 31 December 2018.

(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	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
- equity investments - other companies	the value posted to the financial statements represents their fair value

Liabilities

- variable rate loans	the value posted to the financial statements represents their fair value
- trade payables	the value posted to the financial statements represents their fair value

(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;
- "credit risk" deriving from the exposure to potential losses arising from the failure of the counterparty to meet its obligations.
- "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 2018 there was only one variable-rate loan disbursed by Unicredit S.p.A. in 2017 (amounting to EUR 35 million).

Credit risk

Credit risk is the Company's exposure to potential losses arising from the failure of the counterparty to meet its obligations. This risk can derive both from factors of a strictly technical-commercial or administrative-legal nature and from factors of a typically financial nature, i.e. the so-called "credit standing" of the counterparty.

The Company manages credit risk using essentially counterparties with high credit standing and does not have significant concentrations of credit risk.

Individual write-downs are instead made for credit positions which are individually significant and show objective status of partial or complete uncollectibility. The amount of the write-downs takes account of an estimate of the recoverable cash flows and the related collection date, future expenses and costs for recovery and the value of guarantees and deposits received from customers.

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 2018 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.

"Medium- and long-term loans" of the company had all been disbursed as at 31 December 2018, except for:

- a loan granted to ASTM S.p.A. by Credito Valtellinese S.p.A. (EUR 30 million).

The total of available credit lines – set up mainly for current account overdrafts and good till cancelled – was EUR 65 million as at 31 December 2018.

(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
Auditing services		
Auditing of the financial statements - including auditing of the accounts	12	395
Auditing of the consolidated financial statements	8	45
Limited auditing of the half-year report as at 30 June	5	71
Miscellaneous services other than certification audit		
Opinion on the distribution of interim dividends	14	24
Other services		
Agreed auditing procedures for the quarterly reports at 31 March and 30 September	2	16
Agreed audit procedures	-	72 ⁽¹⁾
Total	41	623

(1) Agreed audit procedures ("comfort letter") related to the documentation required for preparation of the *EMTN Programme*, Agreed audit procedures "on capital ratios", and other agreed audit procedures and other activities.

(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, 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.

BALANCE SHEET:

<i>(amounts in thousands of EUR)</i>	31-dic-18	Parent Companies	Companies subject to the control of the Parent Companies	Subsidiaries	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	% OF FINANCIAL STATEMENT ITEM
Assets								
Non-current assets								
Intangible assets	5							
Tangible assets	6,194							
Non-current financial assets								
equity investments in subsidiaries	1,815,196							
equity investments in jointly controlled entities and associated companies	9,547							
investments in other companies	3,804							
Other non-current financial assets	43,006			42,900	106		43,006	100%
Total non-current financial assets	1,871,553							
Deferred tax assets	3,226							
Total non-current assets	1,880,978							
Current assets								
Trade receivables	2,187			2,181	4		2,185	99.9%
Current tax assets	225							
Other receivables	1,449	851	18	521			1,390	95.9%
Total current assets	3,861							
Cash and cash equivalents	531							
Total current assets	4,392							
Total assets	1,885,370							
Shareholders' equity and liabilities								
Shareholders' equity								
Shareholders' equity								
share capital	45,704							
reserves and earnings	1,778,595							
Total shareholders' equity	1,824,299							
Liabilities								
Non-current liabilities								
Provisions for risks and charges and employee severance indemnity	1,576					1,198	1,198	76.0%
Bank debt	34,991							
Deferred tax liabilities	2							
Total non-current liabilities	36,569							
Current liabilities								
Trade payables	1,673		165	63			228	13.6%
Other payables	1,525		19	447	1	73	540	35.4%
Bank debt	20,569							
Current tax liabilities	735							
Total current liabilities	24,502							
Total liabilities	61,071							
Total shareholders' equity and liabilities	1,885,370							

(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 42.9 million;

- receivables relating to the loan granted to Edilrovaccio 2 S.r.l. totalling EUR 0.1 million;
- trade receivables from subsidiaries of EUR 2.2 million, mainly related to recharges of costs for consultancy services to Itinera S.p.A. (EUR 1.4 million), SIAS S.p.A. (EUR 0.3 million), SINA S.p.A. (EUR 0.3 million) and IGLI S.p.A. (EUR 0.1 million);
- Other receivables from the parent company Aurelia S.r.l. for EUR 0.9 million mainly related to the receivable for tax consolidation;
- Other receivables from subsidiaries for EUR 0.5 million, mainly from SIAS S.p.A. (EUR 0.3 million) and Itinera S.p.A. (EUR 0.2 million) for checks on seconded personnel;
- Trade payables to companies subject to the control of the parent companies for EUR 0.2 million to Argo Finanziaria S.p.A.;
- Other payables of EUR 0.5 million to subsidiaries, in particular to SIAS S.p.A., mainly for the temporary secondment of staff and for payables arising from the transfer of staff from SIAS S.p.A. to ASTM S.p.A..

INCOME STATEMENT

<i>(amounts in thousands of EUR)</i>	FY 2018	Parent Companies	Companies subject to the control of the Parent Companies	Subsidiaries	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	% OF FINANCIAL STATEMENT ITEM
Financial income and expenses								
Income from equity investments:								
from subsidiaries	55,294			55,294			55,294	100.0%
from other companies	179							
Total income from equity investments	55,473							
Other financial income	8	5					5	62.5%
Interest and other financial expenses	(232)							
Total financial income and expenses (A)	55,249							
Value adjustments of non-current financial assets								
Write-downs	-							
Total value adjustments of financial assets (B)	-							
Other operating income (C)	3,028		16	2,825	94		2,935	96.9%
Other operating costs								
personnel expenses	(2,809)					(570)	(570)	20.3%
costs for services	(6,545)		(267)	(459)		(2,772)	(3,498)	53.4%
costs for raw materials	(3)							
other costs	(975)		(51)	(4)			(55)	5.6%
amortisation, depreciation and impairment losses	(268)							
Total other operating costs (D)	(10,600)							
Profit (loss) before taxes (A+B+C+D)	47,677							
Income Tax	1,027							
Profit (loss) for the period	48,704							

(1) Amounts include relations and compensation relating to Directors, Statutory Auditors and other key management personnel of the Company, as detailed in the "Report on Remuneration".

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 SINA S.p.A., for a total amount of EUR 55.3 million;
- other operating income from related companies for EUR 2.9 million, in particular for management consultancy services to the subsidiaries SIAS S.p.A., Itinera S.p.A., IGLI S.p.A. and SINA S.p.A. for a total of EUR 0.5 million, revenue from property leases to SATAP S.p.A. for EUR 0.7 million and services and other revenue for approximately EUR 1.7 million to subsidiaries, in particular to SINA for EUR 0.6 million and SIAS S.p.A. for EUR 0.5 million;

- costs for services provided to subsidiaries (EUR 0.5 million), in particular for seconded personnel and project workers to SIAS S.p.A. (EUR 0.3 million) and Itinera S.p.A. (approximately EUR 0.1 million);
- costs for services to parent companies for EUR 0.1 thousand for managerial assistance and services provided by the parent company Argo Finanziaria S.p.A.;
- 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.

In addition, costs for services includes expenses incurred by ASTM S.p.A. for services related to insurance premiums brokered by P.C.A. S.p.A. totalling EUR 0.1 million;

(vi) Ecorodovias Infraestrutura e Logistica S.A. – IGLI S.p.A.

With reference to investments in the motorway sector in Brazil, ASTM holds (through the subsidiary IGLI S.p.A.) 49.21% of Ecorodovias Infraestrutura e Logistica S.A. ("Ecorodovias" or the "Company"). In the separate financial statements of ASTM S.p.A., the equity investment in IGLI S.p.A. is accounted for using the "cost method".

On 14 March 2019, the Board of Directors of Ecorodovias – with the support of a leading Brazilian law firm – approved the draft financial statements for the year ended 31 December 2018, in which it acknowledged an investigation conducted by the Federal Prosecutor's Office of the State of Paraná against two former managers of the subsidiaries Ecovia Caminho do Mar ("Ecovia") and Rodovia das Cataratas - Ecocataratas ("Ecocataratas") in relation to potential unlawful acts carried out by them in the past.

Below is the text of note 21 of Ecorodovias' consolidated financial statements relating to the above events:

"With respect to the police investigation No. 5002963-29.2015.404.7013 and the police investigation related to the enactment of Provisional Act 752/2016, the Company informs that both investigations are being currently conducted by the 23rd Federal Court of Curitiba/PR, after the 13th Federal Court of Curitiba/PR has declined to judge the matter, as the facts being investigated are not related to facts under the exclusive authority of that court for determination of irregularities. With respect to the searches and seizures to obtain information on the subsidiaries of Companhia Concessionaria Ecovia Caminho do Mar e Rodovia das Cataratas – Ecocataratas, temporary detention of one superintendent officer and preventive detention of one employee (both already released and removed from their positions), which orders were issued under the search and seizure process No. 5036128-042.2018.4.04.7000, the Company informs that an indictment against these two executives has been filed and accepted in the case records of criminal case No. 5003165- 06.2019.4.04.7000 in progress at the 23rd Federal Court of Curitiba/PR. Subsidiaries Concessionaria Ecovia Caminho do Mar, Rodovia das Cataratas – Ecocataratas and Ecorodovias Concessões e Serviços inform that they were not subject to indictment in criminal case, only their removed executives, with a request from the General Attorneys' Office to determine the minimum amount for reimbursement of damages, which estimated amount for Ecovia is R\$200,499,632¹ and for Ecocataratas is R\$935,476,590². The Company and its investees are subject to Law 8.429/92 and Law 12.846/13 and, if the news reported are true, any penalties can have material impacts on the financial condition, results of operations and future cash flows of the Company and its investees. The Company is currently verifying the facts alleged in the claim and consulting its legal counsel to assess, with respect to potential claims that can be possibly filed in the future, the underlying risks, possible alternatives and defense allegations. However, it is not possible to currently determine a probable loss arising from present obligation resulting from past event or accurately determine the potential underlying risk. This because, among other factors: (i) the

¹ EUR 45.1 million at the exchange rate on 31 December 2018 4.444 Eur/Reais

² EUR 210.5 million at the exchange rate on 31 December 2018 4.444 Eur/Reais

Federal Prosecution Service has not filed a lawsuit against the Company or its subsidiaries based on the abovementioned events; and (ii) it is not currently known to which extent the allegations from the Federal Prosecution Service are correct and which claims and evidence would be used to support the allegations. In addition to the internal procedures performed by the Company's Management, in the context of the Corporate Crisis Management Committee, the Board of Directors, in fulfilling its due diligence duty, approved on March 7, 2018 the creation of an Independent Committee, with the following key responsibilities: (a) independently, cautiously, and responsibly determine, in a fair and impartial manner, allegations made against the Company and its subsidiaries; (b) hire an outside independent specialized firm to assist in the internal investigation of the facts referred to in the previous item; (c) approve an investigation plan; (d) receive and review the information sent by the team charged of the investigation, whether internal or external; (e) ensure that the investigation is conducted independently, by making sure that it is not barred or obstructed; (f) analyze and report to the Board of Directors the recommendations made by the team charged of the investigation; (g) authorize the team charged of the investigation to communicate with the competent authorities, including regulators, to clear doubts or make questions; (h) prepare a final report on the investigation's findings, and the Committee's recommendations regarding internal policies and procedures related to the investigation, and including the applicable disciplinary and/or legal actions. The Company hereby informs that, pursuant to the Minutes of the Board of Directors' Meeting held on April 16, 2018, it was decided to hire renowned firms to perform the work described in item b above. The Independent Committee has tried to make sure that the investigation team would use a forensics investigation methodology recognized by the market and that the work would be conducted on a comprehensive and unrestricted manner, resulting in the analysis of approximately 19,000 documents, 230,000 electronic files, 170 integrity reports and 248 transaction tests. With respect to the performance of the independent investigation work, the Company informs that the work was completed with the submission on February 7, 2019 of a final report to the Board of Directors, with the support of the representatives of the renowned firms hired. The Independent Committee's work was inconclusive in relation to the existence of illegal acts identified in the allegations of the General Attorneys' Office and did not indicate the applicability of legal or disciplinary measures. Also, the Independent Committee has warned that the result of the investigations conducted by the General Attorneys' Office can provide new information which, in turn, can potentially result in new allegations or evidence. The Independent Committee has completed the work and was extinguished on February 15, 2019. In view of such scenario, the Company currently does not have any elements that allow it to identify the existence of potential loss related to these events or not".

Based on the above, and taking into account the Audit Report on the Consolidated Financial Statements issued by Deloitte, which contains a qualified opinion in relation to aforementioned note 21, the Board of Directors of Ecorodovias has taken the decision, for prudential reasons, not to propose to the shareholders' meeting the distribution of dividends additional to those already distributed during the year, allocating all the remaining profit resulting from the 2018 financial statements (equal to R\$ 215,546,418.7¹) to the reserve (of which R\$ 18,725,499.53² to the legal reserve).

Following the events described above, IGLI S.p.A. engaged another leading Brazilian law firm – that is independent and extraneous to the matter under consideration – to prepare an opinion on whether, in handling the issues described above and in approving the draft financial statements for the year ended 31 December 2018, the members of the Board of Directors of Ecorodovias acted diligently and in the best interest of the Company.

After a description of how the duty of care of the directors is regulated by Brazilian law (section 153 Brazilian Corporation

¹ EUR 48.5 million at the exchange rate on 31 December 2018. 4.444 €/reais

² EUR 4.2 million at the exchange rate on 31 December 2018. 4.444 €/reais

Act) and a summary of the information used to prepare the opinion, the opinion comes to the following conclusion:

"On the basis of the information described in section 2 and, in particular, (a) the decision taken by [Ecorodovias] management to appoint an Independent Committee [...] and to consult with a leading law firm to assist the Company in relation to the potential involvement of its subsidiaries in the offences being investigated by the Federal Prosecutor's Office; and (b) the conclusions of the opinions given by the aforementioned law firm [...], we are of the opinion that the members of the Board of Directors [of Ecorodovias] acted diligently and in the best interest of the Company in relation to their vote for the approval of the draft financial statements for the financial year ending 31 December 2018."

Another important event occurred following the approval of the draft financial statements by Ecorodovias.

On that date, the judges of the 23rd Federal Lower Court of Curitiba (Paraná) – regarding the corrupt scheme allegedly committed by all the licensees of the State of Paraná, which, according to the public prosecutors, for all the licencees, caused total damage equal to approximately R\$ 8,888,686,425.94 to the treasury – ordered the freezing of current accounts and the seizure of certain assets of Ecovia and Ecocataratas, as well as the apprehension of the persons involved.

In relation to Ecovia, Ecocataratas and other companies indicated (construction and engineering companies other than Ecorodovias), the decision of the 23rd Federal Lower Court of Curitiba, specifies the sum of R\$ 82,569,672.41 as an estimate of the minimum amount of damages resulting from the alleged illicit acts, and the sum of R\$ 7,688,004.72 as an estimate of the alleged benefits obtained by public officials who would have received bribes, totalling R\$ 90,237,677.13¹.

The same decision also indicates that, theoretically, the maximum amount of the fine against all the natural persons involved - if all the alleged offences were to be proved - would reach the total sum of R\$ 325,148,400.00.

Finally, it should be noted that the sums referred to as 'damages' by the 23rd Federal Lower Court of Curitiba refer only to the sums that would have been paid by the licencees to shell companies for the creation of the cash supply that would then be used to pay the bribes. The decision, while limiting itself to analysing only the criminal aspects of the alleged facts, expressly clarifies that there could be additional damages deriving from the alleged offences.

All this considered, in light of this decision and on the basis of the information currently available, there is obvious uncertainty and inconsistency in the amounts estimated as "minimum damage" by the public prosecutors in the disputes (as for Ecovia and Ecocataratas, about R\$ 1.1 billion) and that identified by the 23rd Federal Lower Court of Curitiba (about R\$ 82.6 million).

¹ EUR 20.5 million at the exchange rate on 31 December 2018. 4.444 €/reais

(iv) Information about the company that prepares the consolidated financial statements

Please note that, by effect of 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 Srl with registered office in Tortona (AL). The copy of the consolidated financial statements is available at the Chamber of Commerce of Alessandria.

It should be noted that 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.

(viii) Disclosure on the transparency of public funding

Pursuant to Article 1, paragraphs 125-129 of Law 124/2017, subsequently supplemented by the "Safety" Decree Law (113/2018) and the "Simplification" Decree Law (135/2018), it should be noted that in 2018 no "subsidies, contributions, paid assignments or economic advantages of any kind" were paid to the Company by public administrations or by a series of similar entities¹ with which the Company has economic relations.

¹ The parties identified as the source of the funds to be disclosed are:

- public administrations and the entities referred to in Article 2-bis of Legislative Decree 33 of 14 March 2013;
- companies controlled, in law or in fact, directly or indirectly, by public administrations, including companies with shares listed on regulated markets and their investees;
- publicly-owned companies, including those issuing shares listed on regulated markets and their investees

Information on management and coordination activities of the Company

Argo Finanziaria S.p.A. unipersonale exercised direction and coordination activities over the company, pursuant to article 2497 of the Italian Civil Code, throughout 2018. As of 22 January 2019, the company Nuova Argo Finanziaria S.p.A., formed in 2018, resolved to begin exercising direction and coordination over ASTM S.p.A.

Pursuant to article 2497-bis, paragraph 4 of the Italian Civil Code, the statement shown below summarises the key data from the latest separate financial statements approved by Argo Finanziaria S.p.A. (as at 31 December 2017), which exercised direction and coordination for 2018.

For an adequate and complete understanding of the financial position and performance of Argo Finanziaria S.p.A. unipersonale as at 31 December 2017, please see the financial statements which are available, supplemented by the independent auditors' report, 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 "Information on related-party transactions".

Financial Statements^(*) as at 31 December 2017 of Argo Finanziaria S.p.A. (unipersonale), parent company that exercises "Direction and Coordination" at 31 December 2018

BALANCE SHEET

ASSETS

<i>Amounts in EUR</i>		31/12/2017
A	Subscribed capital unpaid	-
B	Fixed assets	455,157,727
C	Current assets	42,312,152
D	Accruals and deferrals	48,144
TOTAL ASSETS		497,518,023

LIABILITIES

<i>Amounts in EUR</i>		31/12/2017
A	Shareholders' equity	
	Share capital	30,000,000
	Reserves	432,516,064
	Profit (loss) for the period	6,202,389
B	Provisions for risks and charges	23,802,084
C	Employee Severance Indemnity	237,510
D	Payables	4,025,833
E	Accruals and deferrals	734,143
TOTAL LIABILITIES		497,518,023

INCOME STATEMENT

<i>Amounts in EUR</i>		2017
A	Value of production	5,665,139
B	Production cost	(6,231,077)
C	Financial income and charges	33,187,889
D	Value adjustments of financial assets	(25,685,340)
	Income taxes	(734,222)
Profit (loss) for the year		6,202,389

^(*) Financial statements prepared in compliance with national accounting standards/OIC.

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 2018.

- Furthermore, we attest that:
 - the financial statements as at 31 December 2018
 - 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, 27 March 2019

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 Legislative Decree 58/1998

Shareholders of ASTM S.p.A.,

1. Introduction

During the year ending at 31 December 2018, the Board of Statutory Auditors carried out its supervisory activities in compliance with law, observing the principles of conduct for boards of statutory auditors recommended by Italy's National Association of Certified Auditors and Accounting Professionals and notices issued by Consob concerning corporate control and the indications in the Code of Conduct.

The Board of Statutory Auditors' supervisory functions are governed by article 2403 of the Civil Code, Legislative Decree 58/1998 and Legislative Decree 39/2010. The Board examined the amendments to Legislative Decree 39/2010 made by Legislative Decree 135/2016 in implementation of Directive 2014/56/EU, which amended Directive 2006/43/EC, on statutory audits of annual accounts and consolidated accounts, and by Regulation (EU) 537/2014.

In relation to financial information, the Board of Statutory Auditors ascertained that the separate financial statements were prepared according to article 4, paragraph 1 of Legislative Decree 38 of 28/2/2005, in accordance with the international accounting standards (IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Commission.

The Board of Statutory Auditors has also checked that the provisions in Legislative Decree 254/2016, concerning non-financial declarations, are observed, ascertaining that production processes, accounting, measuring, and presentation of results and information are satisfactory.

This Report describes the supervisory activities carried out in the financial year 2018 and up to the present date, pursuant to Consob Notice DEM/1025564 of 6 April 2001 and amendments.

2. Monitoring compliance with the law and Articles of Association

The Board of Statutory Auditors has also ascertained that the company's activity conforms with the law, Articles of Association and principles of proper administration, ensuring that the activity is not manifestly unwise or risky, in conflict with the resolutions of the Shareholders' Meeting or likely to compromise the integrity of the company's assets; transactions involving the interests of Directors or other related parties are subject to the transparency procedures outlined in the relevant provisions.

The Board of Statutory Auditors acquired the information needed to carry out its supervisory functions through: participation in meetings of the Board of Directors and the Board Committees, hearings of the Company's management, meetings with the Independent Auditors and the corresponding control bodies of Group companies, analysis of the information flows acquired by the competent corporate structures, as well as further control activities.

Over the course of 2018, the Board of Statutory Auditors met 13 times and attended 10 meetings of the Board of Directors. The Board of Statutory Auditors attended a further 9

meetings of the “Audit, Risk and Sustainability Committee” and eight of the Appointments and Remuneration Committee.

3. Supervisory activities related to principles of proper administration

The Board of Statutory Auditors has monitored the principles of proper administration by taking part in meetings of the Board of Directors and the internal committees, and meetings with the Financial Reporting Manager.

As far as can be seen, the resolutions of the Board of Directors conform to the relevant rules, were adopted in the Company's interest, were compatible with the Company's resources and assets, and were adequately supported by information, analysis and assessment processes, as well as by recourse, where necessary, to consultation with the committees and outside professionals.

In light of this, the Board of Statutory Auditors affirms that the tools and institutions of governance adopted by the Company together constitute a suitable safeguard of the principles of proper administration.

The Board of Statutory Auditors acknowledges that management decisions were guided by a principle of correct information and reasonableness and that the directors, during the board discussions, showed that they were aware of the risks and effects of the resolutions taken.

The Board of Statutory Auditors took note of the company's business plan, annual budget, the draft separate financial statements and consolidated financial statements, and did not come across any atypical or unusual transactions with third or related parties, including Group companies.

Information relating to the main inter-company and related-party transactions carried out in the financial year 2018, as well as descriptions of them and their economic effects, is contained in the notes to the separate ASTM financial statements and the Group consolidated financial statements.

The Board of Statutory Auditors monitored compliance with the resolution of the Ordinary Shareholders' Meeting of 20 April 2018 concerning the purchase of treasury shares, and notes that, for the purposes of implementing the purchase plan, ASTM granted a specific mandate to a financial intermediary, which undertook to make decisions regarding the purchase of shares of the Company independently of the Issuer. As a result of these purchases, as at 31 December 2018, the Issuer held 7,612,203 treasury shares in its portfolio (equal to 7.69% of the share capital) of which 7,590,703 directly and 21,500 indirectly through the subsidiary ATIVA S.p.A.

4. Monitoring the adequacy of the organisational structure

The Board of Statutory Auditors, based on the information it has received, judges the organisational setup to be completely satisfactory in terms of structure, procedures, expertise and responsibilities, for the scale of the company and the nature and method of carrying out its aims.

On 7 August 2018, in setting up a strategic partnership between Aurelia S.r.l. and Mercure Investment S.à r.l. (a company indirectly controlled by funds managed by Ardian), both in the

motorway infrastructure sector, Nuova Argo Finanziaria S.p.A. acquired, by means of a demerger of itself and Codelfa S.p.A., 58.77% overall of the share capital of the Issuer.

On 27 September 2018, Aurelia S.r.l. and Mercure signed a shareholders' agreement whose provisions are made public pursuant to existing legislation and are relevant to article 122, paragraphs 1 and 5 (a), (b) and (c) of the Consolidated Law on Finance.

In line with the previous activities of Argo Finanziaria S.p.A., on 22 January 2019 Nuova Argo Finanziaria announced the start of direction and coordination of ASTM and the subsidiary SIAS S.p.A. pursuant to Articles 2497 and following of the Civil Code, in full compliance with the principles of correct corporate and business management, the independence and autonomy of judgement of their directors and in strict compliance with the provisions applicable to relations between parent company and subsidiaries. Taking note of this, at its meeting of 23 January 2019, the ASTM Board ascertained that Nuova Argo Finanziaria had begun direction and coordination.

In this context, Nuova Argo Finanziaria has promoted the adoption of a Group regulation – approved by the Board of ASTM at its meeting on 23 January 2019 – which allows it to exercise its role as head of the Group with respect to correct management principles for the companies it directs and controls.

This regulation is aimed at setting out the role of Nuova Argo Finanziaria's strategic and governing guidelines, by: (i) performing planning, monitoring and assessment of the Group's strategy, (ii) defining information flows within the Group and any specific instructions for individual companies, and (iii) preventive assessment of specific management activity with strategic relevance, organised by the management bodies of ASTM and SIAS.

Following the arrival of the new shareholder within the capital structure, over the year there were changes in certain Directors. This led to the composition of the Board roles being redefined. A new vice chair was appointed and the internal committees were reorganised.

In particular, Umberto Tosoni resigned with effect from 27 September 2018 and, on the same date, the Board co-opted Juan Angoitia Grijalba as a new director. On 14 November 2018, the Board of Directors, having acknowledged the resignation of Prof. Stefania Bariatti and Stefano Viviano, appointed Roberto Testore and Arabella Caporello to replace them as new directors.

As part of the annual audit, the Board of Directors, having acknowledged the statements made by the interested parties and taken into account the available information, confirmed that the Directors who declared themselves independent upon their appointment satisfied the independence requirements set out in application criterion 3.C.1 of the Corporate Governance Code and article 148, paragraph 3 of Legislative Decree 58 of 24 February 1998. Likewise, the Board of Directors confirmed that Directors co-opted in 2018 following the aforementioned changes met the independence requirements. The Board of Statutory Auditors agreed with the conclusions of the Board of Directors.

Likewise, the Board of Statutory Auditors assessed and confirmed each member's compliance with the independence requirements, pursuant to article 148, paragraph 3 of the Consolidated Law on Finance (TUF) and the code of professional conduct set out in article 19, paragraph 3 of Legislative Decree 2010/39 (as amended by Legislative Decree 135 of 17 July 2016).

The composition and size of the Company's Board of Directors are considered satisfactory. The work of the board and the board committees was carried out in an orderly and efficient way, as shown by the Report on Corporate Governance.

As far as can be seen, the company functions worked with efficiency, providing the Board of Directors with satisfactory information for making its decisions.

5. Monitoring the adequacy of the internal control system

The Board of Statutory Auditors monitored the state of the Internal Control and Risk Management System, analysing the work carried out by the main people responsible and the actions taken to improve the system and mitigate risks.

To access detailed information on the Internal Control and Risk Management System, read the Report on Corporate Governance and ownership structure for the financial year 2018.

The Board of Statutory Auditors exchanged information with the corresponding control bodies of the subsidiaries, taking note of the assessments of the overall adequacy of their internal control systems and of the fact that no critical situations were identified that needed to be reported to the Board of Statutory Auditors of the parent company.

The Board of Directors approved the updating of the Internal Control and Risk Management System, including revising the Company's risk assessment, which ASTM, as the holding company, uses as a basis for coordinating and optimising equity investments and identifying new investment opportunities, leaving the individual subsidiaries with the responsibility of managing the initiatives.

In 2018, the Board of Directors also approved the procedure for "management, processing and disclosure of important and inside information on ASTM S.p.A.", pursuant to Regulation (EU) 596/2014 ("MAR"), aimed at setting up a common legislative framework on abuse of inside information, illegal disclosure of inside information and market manipulation, as well as measures to prevent market abuse.

The Issuer has for some time adopted an organisational model pursuant to Legislative Decree 231/2001, finalized at preventing the ability to commit significant offences under the decree, and consequently to avoid the Issuer being held administratively liable ("Model 231"). The latest updated version of ASTM's Model and Code of Ethics was approved by the Board of Directors on 14 March 2018, in order to follow the latest changes in the relevant legislation.

The Board of Statutory Auditors maintains continuous contact with the Supervisory Body, including by having a member of the Board inside the Body.

During the meeting held on 27 March 2018, the Board of Directors, approved the new Audit Plan 2018-2020 and the related programme of operations planned for the financial year 2018, having shared them with the Audit, Risk and Sustainability Committee and heard from the Board of Statutory Auditors and relevant Director. The Board of Statutory Auditors considers that the regular reports by the head of the Internal Audit function are satisfactory.

Based on the regular reports provided by the board committees, Supervisory Body and company functions, the Board of Statutory Auditors, having not detected any critical issues, affirms that the internal control system is satisfactory and that the company functions respond in a timely manner to the corrective actions identified.

6. Monitoring the adequacy of the administration and accounting system and legal auditing of accounts

The Board of Statutory Auditors carried out its functions as an "Internal Control and Audit Committee", pursuant to article 19 of Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, supervising:

- a) the financial and non-financial disclosure process;
- b) the effectiveness of internal audit, accounting audit, and risk management systems;
- c) the statutory auditing of the annual accounts and consolidated accounts;
- d) the transparency report and additional report prepared by the independent auditors in compliance with the criteria in Regulation 537/2014, noting that, based on information obtained, no critical aspects were identified concerning the independence of the independent auditors;
- e) 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;
- f) the proper application of the provisions in Regulation (EU) 537/2014 in relation to services provided by the auditor other than auditing.

The Board of Statutory Auditors has acknowledged the certifications issued by ASTM's Managing Director and the Manager responsible for preparing the company's financial reports, which confirms the adequacy of the relevant processes in view of the characteristics of the company and the effective application of the administrative and accounting procedures for the preparation of the separate and consolidated financial statements during the 2018 financial year.

The independent auditors PricewaterhouseCoopers issued its reports on 24 April 2019, pursuant to articles 14 and 16 of Legislative Decree 39/2010 and article 10 of Regulation (EU) No 537/2014, in which it certifies that the separate financial statements of ASTM and the consolidated financial statements of the ASTM Group as at 31 December 2018: (i) comply with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as the regulations issued to implement as of art. 9 of Legislative Decree 38 of 2005; (ii) have been prepared in a clear manner and give a true and fair view of the financial position, and of the result of its operations and cash flows of the Company and the Group.

The Board of Statutory Auditors acknowledges that the Independent Auditors formulated an emphasis of matter paragraph (referred to in paragraph 7 of this Report) pertaining to an investigation involving former managers of Concessionária Ecovia Caminho do Mar SA and Rodovia das Cataratas SA, subsidiaries of Ecorodovias Infraestrutura e Logística SA, in which ASTM SpA holds – directly and indirectly through its subsidiary Igli SpA – a stake of 49.21% of share capital.

PricewaterhouseCoopers has also issued the "Additional Report for the Internal Control and Audit Committee" which sets out the results of the statutory audit carried out and includes the declaration of independence pursuant to Article 6, paragraph 2, letter a) of Regulation (EU) No. 537 of 16 April 2014, as well as the information required by Article 11 of the same Regulation.

The Board of Statutory Auditors will inform the Company's administration about the results of the legal auditing, providing the supplementary report pursuant to article 11 of Regulation (EU) 537/2014, complete if necessary with observations pursuant to article 19 of Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, responding to Regulation 2014/56/EU, which amended Directive 2006/43/EC, and by Regulation (EU) 537/2014.

The Independent Auditors also affirm that the management report and the information on the report on corporate governance and ownership structure set out in article 123-bis, paragraph 4 of the TUF are consistent with ASTM's separate financial statements and the ASTM Group's consolidated financial statements of 31 December 2018.

In the financial year, the Board of Statutory Auditors held meetings with the heads of the Independent Auditors, pursuant to article 150, paragraph 3 of Legislative Decree 58/1998, during which there were useful exchanges of information but no other facts or events worthy of mention. The Board of Statutory Auditors: (i) analysed the activities carried out by the Independent Auditors, specifically the methodological system, approach to auditing in different key areas of the financial statements, and planning of the auditing work, and (ii) shared with the Independent Auditors the problems related to company risks, thereby assessing the adequacy of the auditor's planned response to structural and risk profiles of the Company and the Group.

PricewaterhouseCoopers, as they themselves confirmed, along with companies belonging to its network, received the following responsibilities from ASTM S.p.A. and the following subsidiaries:

<i>(amounts in thousands of EUR)</i>		
Type of services	Parent Company	Subsidiaries
Auditing services		
Auditing of the financial statements - including auditing of the accounts	12	395
Auditing of the consolidated financial statements	8	45
Limited auditing of the half-year report as at 30 June	5	71
Miscellaneous services other than certification audit		
Opinion on the distribution of interim dividends	14	24
Other services		
Agreed auditing procedures for the quarterly reports at 31 March and 30 September	2	16
Agreed audit procedures	-	72 ⁽¹⁾
Total	41	623

(1) Agreed audit procedures ("comfort letter") related to the documentation required for preparation of the EMTN Programme, Agreed audit procedures "on capital ratios", and other agreed audit procedures and other activities.

Pursuant to article 19 of Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, in 2018 the Board of Statutory Auditors also continued to verify and monitor the independence of the independent auditors, in accordance with articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforesaid decree and article 6 of the European Regulation, in particular as regards the adequacy of the provision of non-audit services, in accordance with Article 5 of that Regulation.

Given:

- a) the declaration of independence pursuant to article 6, paragraph 2 (a) of Regulation (EU) 537 of 16 April 2014, contained in the supplementary report for the Internal Control Committee released by PwC, and the transparency report produced by the same company pursuant to article 18, paragraph 1 of Legislative Decree 39/2010;
- b) the responsibilities conferred on PricewaterhouseCoopers and companies belonging to its network by ASTM and Group companies;

the Board of Statutory Auditors believes that the conditions exist to certify the independence of the independent auditors PwC.

It should be noted that the Company has prepared the consolidated non-financial statement, pursuant to articles 3 and 4 of Legislative Decree 254/2016 and the Consob Regulation implementing the decree adopted with Resolution 20267. The non-financial declaration was approved by the Board of Directors on 27 March 2019, as a separate document from the Management Report in the consolidated financial statements from 31 December 2018. As regards this disclosure, the following were provided:

- a) the report from the designated auditor on the conformity of the information provided with the provisions of the aforementioned Legislative Decree;
- b) the notification of the auditor responsible for the legal auditing of the financial statements, in the appropriate section of the audit report, of the approval of the administrative body.

7. Proposals on the financial statements and their approval and on the matters for which the Board of Statutory Auditors is responsible

The separate financial statements as at 31.12.2018, prepared pursuant to and in accordance with IFRS, show a profit of EUR 48,704 thousand and were sent to the Board of Statutory Auditors within the deadlines required by law.

The Board of Statutory Auditors points out that the Company took advantage of the longer time period for the approval of the financial statements, pursuant to article 2364 of the Civil Code and article 11 of the Articles of Association, in order to carry out further inquiries into an investigation conducted by the Federal Prosecutor's Office of the State of Paraná against two former managers of the subsidiaries Ecovia Caminho do Mar (“Ecovia”) and Rodovia das Cataratas - Ecocataratas (“Ecocataratas”) in relation to potential unlawful acts carried out by them, as described in more detail in the paragraph "Other information - (vi) EcoRodovias Infraestrutura e Logística S.A." in the explanatory notes to the financial statements.

The Board of Statutory Auditors examined the documents provided by the Company bodies and spoke multiple times with the Chief Financial Officer, the Financial Reporting Manager, the Independent Auditors and the SIAS's Board of Statutory Auditors, taking part in meetings with the Audit, Risk and Sustainability Committee which dealt with the matter.

In light of the above, the Board, having taken note of the positive judgment expressed in the report from the Independent Auditors PricewaterhouseCoopers S.p.A. and the emphasis of matters indicated, affirms that the financial statements of ASTM S.p.A. on 31 December 2018 are ready for your approval, along with the proposal from the Board of Directors on the allocation of net profit for the financial year.

The consolidated financial statements include, in addition to the financial statements of ASTM, the financial statements of the companies over which it exercises control, suitably adjusted and restated to make them compatible with the Parent Company's standards; the Board of Statutory Auditors' control activities did not extend to these financial statements. As far as can be seen, the determination of the scope of consolidation, the standards for the consolidation of equity investments and the procedures adopted reflect the requirements of the law. The management report adequately illustrates the profit and loss and financial position of the Group, as well as the results of operations in 2018, and also contains adequate information on the relationships between the companies belonging to the group and on significant events occurring after the end of the financial year.

In view of the above, the information provided by the independent auditors and the opinion issued by the independent auditors pursuant to law with an emphasis of matters, the Board of

Statutory Auditors has no observations to make with regard to the Consolidated Financial Statements of the ASTM Group as at 31 December 2018.

8. Procedures for implementing rules on corporate governance

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..

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. This document has been prepared in accordance with the instructions given in the Regulations on Markets Organised and Managed by Borsa Italiana S.p.A. and in the Testo Unico delle Finanze (TUF).

Refer to this report for information on the composition and functions of the internal committees, as well as the Company's corporate governance, about which the Board of Statutory Auditors expresses a positive judgment.

9. Monitoring of relationships with subsidiaries and parent companies

As stated above, following changes to the ownership structure, the Company is currently subject to direction and coordination by Nuova Argo Finanziaria S.p.A., pursuant to article 2497 and following of the Civil Code.

As far as can be seen and is reported in the explanatory notes to the separate financial statements, in 2018 the Company carried on relations with its subsidiaries and parent companies.

In particular, the main relationships with subsidiaries, associated companies, holding companies and the companies that they control concern, in balance-sheet terms:

- a) receivables relating to the loan granted to IGLI S.p.A. totalling EUR 42.9 million;
- b) receivables relating to the loan granted to Edilrovaccio 2 S.p.A. totalling EUR 0.1 million;
- c) trade receivables of EUR 2.2 million, mainly related to recharges of costs for services and consultancy to Itinera S.p.A. (EUR 1.4 million), SIAS S.p.A. (EUR 0.3 million), SINA S.p.A. (EUR 0.3 million) and IGLI S.p.A. (EUR 0.1 million);
- d) other receivables from the parent company Aurelia S.r.l. for EUR 0.9 million related to the receivable for tax consolidation;
- e) other receivables for checks on personnel seconded to SIAS S.p.A. (EUR 0.3 million) and Itinera S.p.A. (EUR 0.2 million);
- f) trade payables due to Argo Finanziaria S.p.A. for EUR 0.2 million;
- g) payables arising from the secondment and transfer of staff to SIAS S.p.A. (EUR 0.5 million);

and in income-statement terms:

- a) dividends distributed by SIAS S.p.A. and SINA S.p.A., for a total amount of EUR 55.3 million;
- b) other operating income from associated companies of EUR 2.9 million. Specifically: management consulting for SIAS S.p.A. and SINA S.p.A., for EUR 0.5 million; revenue from leasing properties to SATAP S.p.A. for EUR 0.7 million; revenue from services

- for EUR 1.7 million to SINA S.p.A. (EUR 0.6 million) and SIAS S.p.A. (EUR 0.5 million);
- c) personnel secondment costs paid to SIAS S.p.A. (EUR 0.3 million) and Itinera S.p.A. (EUR 0.1 million);
 - d) costs for services for EUR 0.1 thousand paid to Argo Finanziaria S.p.A.;
 - e) expenses for insurance services from P.C.A. S.p.A. totalling EUR 0.1 million;
 - f) 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.

10. Monitoring of related party transactions

The Board of Statutory Auditors oversaw that the procedure for carrying out related party transactions adhered to legislation and regulations, was actually implemented, and functioned concretely, including through participation in the meetings of the Related Party Transactions Committee.

Pursuant to article 2391-*bis* of the Civil Code, as far as the Board of Statutory Auditors is aware, the related party transactions it examined were carried out in line with rules that ensure transparency and respect for the general principles indicated by Consob and the rules on corporate governance.

11. Omissions and objectionable actions. Opinions given and initiatives taken

The Board of Statutory Auditors has received no complaints pursuant to article 2408 of the Civil Code and no claims from shareholders or third parties.

While carrying out its monitoring, the Board of Statutory Auditors found no omissions, objectionable actions or irregularities.

The Board of Statutory Auditors gave its opinion when requested by the Board of Directors, in some cases to comply with provisions which, for some decisions, require it to be consulted beforehand. Specifically, the Board of Statutory Auditors expressed a positive opinion on the: the approval of the Work Programme prepared by the Corporate Social Responsibility function and the allocation of a fund of money; the approval of the three-year audit plan and the annual work programme; the approval of the remuneration policy guidelines; the determination of the Managing Director's remuneration; the appointment of Directors by co-optation.

* * *

This report was approved unanimously by the Board of Statutory Auditors.

Turin, 24 April 2019

Marco Fazzini
Chair of the Board of Statutory Auditors

Piera Braja
Member of the Board of Statutory Auditors

Ernesto Ramojno
Member of the Board of Statutory Auditors

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Independent Auditors' Report

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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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ASTM SpA (the "Company"), which comprise the balance sheet as of 31 December 2018, 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 2018, 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.

Emphasis of matter

Without modifying our opinion, we draw attention to what is indicated in the paragraph "Other information" of the explanatory notes to the financial statements, with reference to the investigation conducted by the Federal Prosecutor's Office of the State of Paraná against some former managers of Concessionária Ecovia Caminho do Mar SA and Rodovia das Cataratas SA, subsidiaries of Ecorodovias Infraestrutura and Logistica SA, in which ASTM SpA directly and indirectly through the subsidiary Igli SpA holds 49.21% of the share capital, in relation to potential unlawful acts carried out by them in the past.

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.

Key Audit Matters	Auditing procedures performed in response to key audit matters
<p>Evaluation of the recoverability of the value of investments in subsidiaries and associates</p> <p><i>“Valuation criteria and accounting standards” paragraph “impairment test” and note 3 “Non-current financial assets”</i></p> <p>At 31 December 2018, the Company holds, among “non-current financial assets”, the following investments:</p> <ul style="list-style-type: none">• subsidiaries: Euro 1,815.2 million;• associates: Euro 9.5 million; <p>The total value of these investments represents approximately 97% of the total assets of the financial statements as of 31 December 2018.</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>In accordance with the accounting standards and with the impairment procedure approved by the Board of Directors on 28 February 2019 (the “Procedure”), at the balance sheet date, the investments in subsidiaries and associates have been tested for impairment.</p> <p>We considered the valuation of the investments in subsidiaries and associates as a key audit matter, taking into account the significance of the values</p>	<p>We have obtained the valuation 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">• 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;• analysis of the results of the audits performed by the component auditors;• 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 operating revenues and costs, discount rates, traffic data, tariffs, investments, used to determine the value in use;• reasonableness assessment of the main assumptions used in the event that the

and the high degree of judgment necessary for the determination of the main assumptions used in the determination of the recoverable amount.

recoverable amount was determined according to the fair value less cost of disposal;

- comparison between the carrying amounts and the recoverable amount;
- verification of sensitivity analysis.

Finally, our procedures included the analysis of the explanatory notes to the financial statements to verify the accuracy and completeness of the disclosure.

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' meeting of ASTM SpA 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.

Report on Compliance with other Laws and Regulations

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 ASTM SpA as of 31 December 2018, 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 2018 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 2018 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, 24 April 2019

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 2018

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Consolidated Financial Statements

Consolidated balance sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2018	31 December 2017
Assets			
Non-current assets			
Intangible assets	1		
goodwill		86,026	82,865
other intangible assets		16,853	14,685
concessions – non-compensated revertible assets		3,080,281	2,909,419
Total intangible assets		3,183,160	3,006,969
Tangible assets	2		
property, plant, machinery and other assets		124,094	103,109
financial lease assets		5,925	7,590
Total tangible assets		130,019	110,699
Non-current financial assets	3		
equity-accounted investments		973,323	1,007,179
other equity investments		112,800	123,917
other non-current financial assets		543,989	476,743
Total non-current financial assets		1,630,112	1,607,839
Deferred tax assets	4	146,504	151,079
Total non-current assets		5,089,795	4,876,586
Current assets			
Inventories and contract assets	5	234,225	156,334
Trade receivables	6	244,765	208,267
Current tax assets	7	36,170	29,340
Other receivables	8	189,695	55,385
Current financial assets	9	293,871	249,603
Total		998,726	698,929
Cash and cash equivalents	10	1,087,633	554,936
Current assets - subtotal		2,086,359	1,253,865
Discontinued operations/Non-current assets held for sale	11	-	46,942
Total current assets		2,086,359	1,300,807
Total assets		7,176,154	6,177,393
Shareholders' equity and liabilities			
Shareholders' equity			
Shareholders' equity attributed to owners of the parent company	12		
share capital		45,704	46,221
reserves and earnings		1,880,051	1,812,865
Total		1,925,755	1,859,086
Shareholders' equity attributed to minority interests		1,151,140	1,006,954
Total shareholders' equity		3,076,895	2,866,040
Liabilities			
Non-current liabilities			
Provisions for risks and charges and employee benefits	13	214,397	211,831
Trade payables		-	-
Other payables and contract liabilities	14	205,212	203,234
Bank debt	15	793,691	950,801
Hedging derivatives	16	35,730	55,092
Other financial liabilities	17	1,539,790	996,425
Deferred tax liabilities	18	54,209	59,501
Total non-current liabilities		2,843,029	2,476,884
Current liabilities			
Trade payables	19	350,500	241,795
Other payables and contract liabilities	20	388,817	213,746
Bank debt	21	438,926	308,616
Other financial liabilities	22	62,761	46,355
Current tax liabilities	23	15,226	23,957
Current liabilities – subtotal		1,256,230	834,469
Liabilities directly related to Discontinued operations/Non-current assets held for sale		-	-
Total current liabilities		1,256,230	834,469
Total liabilities		4,099,259	3,311,353
Total shareholders' equity and liabilities		7,176,154	6,177,393

Consolidated income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2018	FY 2017
Revenue	24		
motorway sector – operating activities	24.1	1,218,972	1,123,298
motorway sector – planning and construction activities	24.2	148,601	190,032
construction sector - planning and construction activities	24.3	37,365	37,381
construction sector	24.4	490,527	286,900
engineering sector	24.5	6,244	8,093
technology sector	24.6	36,454	39,449
Other	24.7	54,255	59,708
Total revenue		1,992,418	1,744,861
Personnel expenses	25	(302,444)	(253,170)
Costs for services	26	(647,461)	(570,127)
Costs for raw materials	27	(128,538)	(79,211)
Other costs	28	(154,453)	(137,230)
Capitalised costs on fixed assets	29	1,379	1,182
Amortisation, depreciation and impairment losses	30	(319,125)	(336,282)
Adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets	31	(3,218)	9,948
Other provisions for risks and charges	32	(675)	(7,594)
Financial income:	33		
from unconsolidated investments		29,248	35,632
other		14,132	21,867
Financial expenses:	34		
interest expense		(80,529)	(78,602)
other		(5,288)	(5,796)
Impairment losses on equity investments		-	(1,824)
Profit (loss) of companies accounted for by the equity method	35	2,159	10,992
Profit (loss) before taxes		397,605	354,646
Income Tax	36		
Current taxes		(110,285)	(97,054)
Deferred taxes		1,938	5,365
Profit (loss) for the period from continued operations		289,258	262,957
<i>Profit (loss) for assets held for sale net of taxes (Discontinued Operations)</i>	37	-	516
Profit (loss) for the period		289,258	263,473
• share attributable to non-controlling interests (Continued Operations)		122,714	113,353
• Share attributable to owners of the Parent Company (Continued Operations)		166,544	149,604
• share attributable to non-controlling interests (Discontinued Operations)		-	192
• Share attributable to owners of the Parent Company (Discontinued Operations)		-	324
Earnings per share			
Earnings (euro per share) (Continued Operations)	38	1.809	1.617
Earnings (euro per share) (Discontinued Operations)		-	0.004

Consolidated other comprehensive income

<i>(amounts in thousands of EUR)</i>	FY 2018	FY 2017
Profit (loss) for the period (a)	289,258	263,473
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity)	349	595
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity) – companies accounted for by the equity method	(34)	(281)
Profit (loss) allocated to the "Reserves for revaluation to fair value"	(5,028)	(2,008)
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement	39	(417)
Profit (loss) that will not be subsequently reclassified in the Income Statement	(4,674)	(2,111)
Profit (loss) posted to "cash flow hedge reserve" (interest rate swaps)	40,483	42,845
Profit (loss) posted to "cash flow hedge reserve" (foreign exchange hedges)	3,094	(2,053)
Portion of other profit/(loss) of companies accounted for by the equity method (reserve for foreign exchange translations)	(64,734)	(98,133)
Tax effect on profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met	(3,871)	(6,656)
Profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met (c)	(25,028)	(63,997)
Comprehensive income (a) + (b) + (c)	259,556	197,365
• share attributable to non-controlling interests (Continued Operations)	124,693	109,342
• Share attributable to owners of the Parent Company (Continued Operations)	134,863	84,670
• share attributable to non-controlling interests (Discontinued Operations)	-	1,248
• Share attributable to owners of the Parent Company (Discontinued Operations)	-	2,105

Consolidated cash flow statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2018	FY 2017
Cash and cash equivalents – opening balance		554,936	877,185
Change in the scope of consolidation	39.1	4,346	13,509
Cash and cash equivalents, adjusted – opening balance (a)		559,282	890,694
Profit (loss)		289,258	263,473
Adjustments			
Amortisation and depreciation		318,696	335,250
Impairment of other assets		529	575
Adjustment of the provision for restoration/replacement of non-compensated revertible assets		3,218	(9,948)
Adjustment of the provision for employee severance indemnities		1,503	1,219
Provisions for risks		675	11,879
Other non-cash (income)/expenses		-	(8,336)
Profit (loss) of companies accounted for by the equity method (net of dividends collected)		27,886	5,941
Other financial income/expenses		(24,638)	(33,996)
(Revaluations)/write-downs of financial assets		1,377	1,824
Other capitalised financial expenses/(income)		(10,881)	(14,792)
Capitalisation of financial expenses		(14,085)	(19,699)
<i>Operating cash flow (I)</i>		<u>593,538</u>	<u>533,390</u>
Net change in deferred tax assets and liabilities		956	(4,399)
Change in net working capital	39.2	7,986	(26,201)
Other changes from operating activities	39.3	(2,690)	(27,998)
<i>Change in net working capital and other changes (II)</i>		<u>6,251</u>	<u>(58,598)</u>
Cash generated (absorbed) by operating activities (I+II) (b)		599,789	474,792
Investments in revertible assets		(491,806)	(227,577)
Divestiture of revertible assets		-	-
Grants related to revertible assets		28,847	32,394
<i>Net investments in revertible assets (III)</i>		<u>(462,959)</u>	<u>(195,183)</u>
Investments in property, plant, machinery and other assets		(17,375)	(10,133)
Investments in intangible assets		(6,547)	(2,549)
Net divestiture of property, plant, machinery and other assets		3,064	2,052
Net divestiture of intangible assets		651	185
<i>Net investments in intangible and tangible assets (IV)</i>		<u>(20,207)</u>	<u>(10,445)</u>
(Investments)/divestiture in equity investments		930	(727)
(Investments)/divestiture in non-current financial assets		(19,051)	(960)
<i>Purchase of Primav Infrastruttura SA and Ecorodovias Infrastruttura e Logistica SA shares</i>		(30,150)	(53,385)
Purchase of SEA Segnaletica Stradale S.p.A. and Intertrade S.p.A.		(5,278)	-
<i>Sale of parking sector</i>		-	61,500
<i>Sale of investments</i>		-	11,929
<i>Net investments in non-current financial assets (V)</i>		<u>(53,549)</u>	<u>18,357</u>
<i>Purchase of Halmar Group (VI)</i>		-	(51,837)
Cash generated (absorbed) by investing activities (III+IV+V+VI) (c)		(536,715)	(239,108)
Net change in bank debt		(35,651)	(222,462)
Issue/(Reimbursement) of bond loans		541,023	(231,569)
Change in financial assets		(45,795)	(12,092)
(Investments)/Divestiture of capitalisation policies		28,454	(20,671)
(Investments)/Divestiture of other financial assets		1,527	5,745
Change in other financial liabilities (including Central Insurance Fund)		20,726	(7,975)
Changes in shareholders' equity attributed to minority interests		69,498	(854)
Changes in shareholders' equity attributed to owners of the Parent Company – Purchase (sale) of treasury shares		(19,428)	-
Changes in shareholders' equity attributed to owners of the Parent Company		-	-
Dividends (and interim dividends) distributed by the Parent Company		(44,634)	(42,920)
Dividends (and interim dividends) distributed by subsidiaries to non-controlling interests		(50,443)	(38,645)
Cash generated (absorbed) by financing activities (d)		465,277	(571,442)
Cash and cash equivalents - closing balance (a+b+c+d)		1,087,633	554,936
Additional information:			
• Taxes paid during the period		128,878	98,612
• Financial expenses paid during the period		79,598	95,188
• Operating free cash flow		593,538	533,390
<i>Operating cash flow</i>		593,538	533,390
<i>Change in net working capital and other changes</i>		6,898	(58,598)
<i>Net investments in revertible assets</i>		(161,959)	(195,183)
<i>Concession – A21 Piacenza-Cremona-Brescia takeover</i>		(301,000)	-
<i>Operating free cash flow</i>		<u>137,477</u>	<u>279,609</u>

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	Reserve for revaluation to fair value	Cash flow hedge reserve	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
1 January 2017	46,221	147,361	9,325	10,538	70,240	(66,991)	6,307	(33,850)	86,372	(1,502)	1,467,173	77,004	1,818,197	925,323	2,743,520
Allocation of 2016 profits											53,879	(53,879)	-		-
Distribution of 2016 final 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)
Purchase of treasury shares															
Change in the scope of consolidation													-	11,540	11,540
Acquisition of <i>minorities</i> and other changes											(2,966)		(2,966)	(1,854)	(4,820)
Comprehensive income							(960)	20,588	(82,893)	112		149,928	86,775	110,590	197,365
31 December 2017	46,221	147,361	9,325	10,538	70,240	(66,991)	5,347	(13,262)	3,479	(1,390)	1,518,086	130,133	1,859,086	1,006,954	2,866,040
Allocation of 2017 profits											106,544	(106,544)	-		-
Distribution of 2017 final dividend (EUR 0.255 per share)												(23,589)	(23,589)	(36,707)	(60,296)
Distribution of 2018 interim dividend (EUR 0.23 per share)												(21,045)	(21,045)	(13,736)	(34,781)
Purchase/sale of treasury shares	(517)				20,836	(20,290)					(20,874)	-	(20,845)	(6)	(20,851)
Change in the scope of consolidation													-		-
Acquisition of <i>minorities</i> and other changes											(861)		(861)	70,220	69,359
Adoption of IFRS 9 and IFRS 15							(3,422)				1,568		(1,854)	(279)	(2,133)
Comprehensive income ⁽¹⁾							(3,220)	23,755	(52,498)	123	159	166,544	134,863	124,693 ⁽²⁾	259,556
31 December 2018	45,704	147,361	9,325	10,538	91,076	(87,281)	(1,295)	10,493	(49,019)	(1,267)	1,604,622	145,499	1,925,755	1,151,140	3,076,895

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	122,714
cash flow hedge – IRS, pro-rata share	12,081
Provisions for foreign exchange differences	(8,366)
Actuarial component of Employee Severance Indemnity, pro-rata share	108
Adjustment to fair value, pro-rata share	(1,844)
"Comprehensive" income attributable to minority interests	<u>124,693</u>

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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 27 March 2019.

Preparation criteria and contents of the consolidated financial statements

The consolidated financial statements for the year 2018 have been prepared on a going concern basis as there is a reasonable expectation that the ASTM Group will continue its operations in the foreseeable future and in any case within a time horizon of more than 12 months.

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 balance sheet, 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 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".

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. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. 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" (accounted for using the "equity method") 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". Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control of those policies. Significant influence is presumed when the Group holds at least 20% of the voting rights.

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 "Non-Controlling Interests".

The main consolidation adjustments made were the following:

1. Elimination of the carrying amount of equity investments consolidated on line-by-line basis and the 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 balance sheet 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 2018 are the same as those used to draw up the financial statements as at 31 December 2017, with the exception of the application from 1 January 2018 of the following two new international accounting standards:

- **IFRS 15 "Revenue from Contracts with Customers"** which replaces the standards governing the recognition of revenues, i.e. *IAS 18 - Revenues*, *IAS 11 - Construction Contracts* and associated interpretations. The new standard introduces an overall framework for the recognition and measurement of revenue aimed at faithfully representing the process of transferring goods and services to customers for an amount that reflects the consideration expected to be obtained in exchange for the goods and services provided. In particular, while IAS 18 envisaged separate criteria for the recognition of revenue for goods and services, this distinction has been removed by IFRS 15. The new standard focuses on the identification of the so-called "performance obligation" to which to match the relevant rule for recognising revenue and sets out a five-step accounting model: (i) identification of the contract with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the price to the various performance obligations and (v) recognition of revenue as each performance obligation is satisfied.

The process started during the previous year did not result in the ascertainment of impacts within the Group, in relation to the main business represented by the management of infrastructures through the concession contracts owned by the companies that are part of it. Equivalent conclusions were reached for the other major contracts within the concessions sector.

With reference to the construction sector, there was an impact deriving from the application of IFRS 15 arising from the different treatment of pre-operating costs (i.e. the costs incurred for preparing and making bids) as a result of the more stringent accounting criteria and the adoption of an input-based method for determining percentage of completion. As at 1 January 2018, this resulted in a reduction in shareholders' equity of EUR 2.2 million (net of deferred tax effects).

Considering the insignificance of the impacts deriving from the application of the new standard, the Group has opted for the simplified retrospective approach provided for by IFRS 15, which does not involve the recalculation of comparative balances.

- **IFRS 9 "Financial instruments"** replaced IAS 39 with effect from the financial years beginning 1 January 2018, introducing significant changes to the classification and measurement of financial instruments, impairment and hedge accounting.

Classification and measurement - Financial assets

In summary, IFRS 9 identifies the following three categories of financial assets: 1) financial assets measured at amortised cost ("AC"); 2) financial assets measured at fair value with changes in fair value recognised in comprehensive income ("FVOCI"); 3) financial assets measured at fair value with changes in fair value recognised in profit and loss ("FVPL").

Classification of the assets results from an evaluation that depends on both of the following aspects: a) the business model adopted in the management of financial assets (hold to collect, hold to collect and sell), and b) the characteristics of the contractual cash flows generated by them, consisting of principal and interest.

In summary, IFRS 9 results in the following categories of financial assets:

- Financial assets measured at amortised cost (AC): these assets fall under a hold to collect business model and generate contractual cash flows of a principal and interest nature.
- financial assets measured at fair value with changes in fair value recognised in comprehensive income ("FVOCI"): these assets fall under a hold to collect and sell business model and generate contractual cash flows of a principal and interest nature.
- Financial assets measured at fair value with changes in fair value recognised in profit and loss ("FVPL"): this category covers the remainder and includes all financial assets other than those measured at amortised cost and at fair value changes in fair value recognised in comprehensive income ("FVOCI").
- Non-controlling interests: IFRS 9 allows an irrevocable choice to be made, at the time of initial recognition, for subsequent changes in the fair value of an investment in an equity instrument that is not held for trading and is not a potential consideration arising from a business combination to be presented at FVOCI. Under this option, contrary to what generally happens in the FVOCI category: 1) the gains and losses recognised in the comprehensive income statement are not subsequently transferred to the income statement (sometimes referred to as "recycling"), although the cumulative gain or loss may be transferred to equity; 2) equity instruments categorised at FVOCI under this option are not subject to impairment accounting; 3) dividends are still recognised in the income statement, unless they clearly represent a recovery of part of the investment cost. The measurement at cost of a minority interest is permitted in limited cases where the cost represents an adequate estimate of the fair value.

Consistent with the new provisions of IFRS 9, the Group has defined its business models for financial assets (other than trade receivables from customers) based on the use of liquidity and techniques for the management of financial instruments, following the strategic approach of the Parent Company.

In terms of financial assets, the main impacts of the application of IFRS 9 are described below:

- minority interests, previously categorised as "assets available for sale" under IAS 39 (as such measured at FVOCI with recycling), have been designated in accordance with the irrevocable option allowed under IFRS 9 as financial assets at FVOCI without recycling. This option had no impact on 1 January 2018 and in the 2018 financial year.
- certain uses of liquidity consisting of investment funds, previously categorised as "available-for-sale assets" under IAS 39 (as such measured at FVOCI with recycling), were categorised as FVPL financial assets because they lacked the interest rate component. The consequent future increase in volatility of the income statement is however assumed to be very limited, given these investments' low risk profile. As a result of the above, on 1 January 2018 the Group reclassified the portion of the specific equity reserve generated by the above available-for-sale financial assets to the item "retained earnings (losses)". Changes in fair value in the period 1 January - 31 December 2018, have been recorded in the item financial income/expenses and are in any case insignificant.

Considering the insignificance of the impacts deriving from the application of the new standard, the Group has opted for the simplified retrospective approach provided for by IFRS 9, which does not involve the recalculation of comparative balances.

Classification and measurement - Financial liabilities

With regard to the classification and measurement of financial liabilities, IFRS 9 reiterates the accounting treatment provided by IAS 39, making limited changes, so that most of them are still measured at amortised cost. More specifically, IFRS 9 classifies financial liabilities into two categories:

- 1) financial liabilities measured at amortised cost using the effective interest rate ("AC") method;
- 2) financial liabilities measured at fair value with changes in fair value recorded in profit or loss ("FVPL"), which in turn are classified in the two subcategories Held for Trading and FVPL at inception.

IFRS 9 prohibits reclassification within financial liabilities.

The adoption of the new standard had no impact on the classification and measurement of the Group's financial liabilities.

Impairment

The new requirements for impairment provided for by IFRS 9, applicable to all financial instruments except those at FVPL, are based on an Expected Credit Loss ("ECL") model and replace the Incurred Credit Loss model under IAS 39, which had shown clear limitations relating to late recognition of credit losses when a trigger event arose. In summary, the model provided for by IFRS 9 envisages 1) the application of a single framework for all financial assets, 2) the recognition of expected losses at any time and updating of their amount in each accounting period, in order to reflect changes in the credit risk of the financial instrument, 3) the assessment of the expected losses on the basis of reasonable information, available without excessive costs, including historical, current and forecast information. With reference to the impairment of the motorway concessions sector, it should be noted that 1) most credits originate from interconnections, 2) the collection of these credits is governed by a specific agreement, 3) the historical analysis of losses on credits has not shown significant amounts; consequently, the Group has not identified any impacts in this sense. With reference to impairment in the other sectors in which the Group operates, it should be noted that the introduction of new methods for estimating impairment losses on financial assets did not have a significant impact on the measurement processes. This conclusion stems from the fact that the factors useful for identifying credit risk under IAS 39, such as customer risk, country risk and the assessment of relevant macroeconomic information, are already considered to be representative of an assessment methodology based on expected risk.

Hedge Accounting

With regard to hedge accounting, it should be noted that the new rules introduced by IFRS 9 for the accounting recognition of hedging activities did not introduce significant substantive changes, but brought in a greater link between the substance of risk management operations and their accounting. The new model has made the application of hedge accounting easier, allowing entities to apply hedging operations on a larger scale. The Group has established that all existing hedging relationships that are currently designated as effective hedges will continue to qualify for hedge accounting in accordance with IFRS 9. Since IFRS 9 does not change the general principle that an entity accounts for effective hedge relationships, the application of the requirements of IFRS 9 for the definition of hedges has not had an impact on the Group's financial statements.

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 IFRS 15.

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 **motorway licensee companies** and the **construction companies**, the intangible asset model applies, while the agreements held by the other companies are subject to the financial asset model.

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 expenses 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 balance sheet 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 expenses 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 constructions	12.5%
Technical equipment	12% - 15% - 25%
Equipment and light constructions	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 balance sheet 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 finalizing 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 expenses 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 assets

Construction contracts in progress are measured on the basis of the contractual consideration accrued with reasonable certainty in view of the progress of the work by using the percentage of completion approach, determined as the ratio between costs incurred and total estimated costs, so as to allocate the revenue and profit/loss deriving from the contract to the individual financial years pertaining to individual years in proportion to the progress made with the work. The positive or negative difference between the amount of the consideration accrued and the amount of the advance payments is entered respectively under assets or liabilities in the statement of financial position, also taking into account any write-downs made for risks connected with non-recognition of work carried out on behalf of customers.

In addition to the contractual consideration, contract revenue includes claims, price revisions and any requests for additional payments provided that it is highly probable that there will be no significant adjustment to them in the future.

If the performance of the contract activities is expected to generate a loss, this is immediately recognised in the income statement regardless of the progress of the contract.

Revenue for construction and/or improvement services in favour of the Granting Body and relating to concession contracts held by certain Group companies are recognised in the income statement based on the progress of the work. In particular, these revenue represent the consideration due for the activities performed and are measured at fair value, based on the total costs incurred (mainly consisting of costs for materials and external services, costs of benefits for employees dedicated to these activities, relevant financial expenses in the case of construction and/or improvement services relating to works expected to yield additional economic benefits), as well as any margin on services carried out with structures within the Group (as this represents the fair value of these services). The balancing entry to these revenue for construction and/or improvement services is financial assets (concession rights) or concession rights under intangible assets, as described in this paragraph.

Financial assets:

In accordance with IFRS 9, financial assets are classified in the following three categories:

- Financial assets measured at amortised cost (AC) using the effective interest method: these assets fall under a hold to collect business model and generate contractual cash flows of a principal and interest nature. This category includes financial assets other than derivatives such as loans and receivables with payments that are fixed or can be determined, and that are not listed in an active market. Discounting is omitted when the effect is insignificant. This category includes cash, trade receivables and receivables from connected companies for tolls collected on behalf of Group licensee companies, which had not yet been allocated by the end of the period, and interest-bearing loans granted.
- financial assets measured at fair value with changes in fair value recognised in comprehensive income ("FVOCI"): these assets fall under a hold to collect and sell business model and generate contractual cash flows of a principal and interest nature. This category also includes minority interests, irrevocably designated as such under IFRS 9, other than equity instruments not held for trading and not a potential consideration arising from a business combination. For the latter, contrary to what generally happens with financial assets at FVOCI, the gains and losses recognised in the comprehensive income statement are not subsequently transferred to the income statement, although the cumulative gain or loss may be transferred to equity; In addition, such minority interests are not subject to impairment accounting. The dividends arising from these are still recognised in the income statement, unless they clearly represent a recovery of part of the investment cost.

- Financial assets measured at fair value with changes in fair value recognised in profit and loss (“FVPL”): this category covers the remainder and includes all financial assets other than those measured at amortised cost and at fair value changes in fair value recognised in comprehensive income (“FVOCI”). This category includes financial assets without an interest component, including investments in investment funds.

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 balance sheet assets and liabilities. The corresponding statement of financial position values of the previous period were not reclassified in the consolidated balance sheet, but are indicated in the comment of the individual items of the explanatory 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.

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.

Cash and cash equivalents are recognised at nominal value or amortised cost depending on their nature.

Financial liabilities

Group financial liabilities include loans, bonds, trade payables, other payables and derivative financial instruments.

These are recorded at fair value when opened, net of any costs that can be ascribed to them. Subsequently, financial liabilities are measured at amortised cost using the effective interest method with the exception of derivative financial instruments (other than derivative financial instruments designated as effective hedging instruments) and financial liabilities designated at FVPL, which are accounted for at fair value through profit or loss.

Payables to ANAS – 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 IFRS, 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 6.18% 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 expenses". 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 Explanatory Notes also explain any contingent 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

The Employee Severance Indemnity ("TFR") takes the form of a defined benefit plan, measured with actuarial techniques using the Projected Unit Credit Method. It should be noted that from 1 January 2007 this liability refers exclusively to the portion of severance indemnities accrued up to 31 December 2006, which following the reform of the supplementary pension scheme (Legislative Decree 252 of 5 December 2005) continues to constitute an obligation for the company. Following the entry into force of the above reform by operation of Law 296 of 27 December 2006 (2007 Finance Act), as the liability refers to a benefit now fully accrued, has been recalculated without application of the pro-rata of the service provided and without considering the component relating to future salary increases in the actuarial calculation. The recognition of changes in actuarial gains/losses is recognised in other components of the comprehensive income statement. The cost of labour for Group companies with less than 50 employees, as well as the interest expense relating to the "time value" component in actuarial calculations, continue to be recognised in the income statement. The portion of employee severance indemnities paid to supplementary pension funds and the INPS treasury fund is considered a defined-contribution fund because the company's obligation to the employee ceases with the payment of the accrued contributions to the pension funds.

In the case of multi-employer pension plans the Group recognises them as defined benefit plans or defined benefit plans under the terms of the plan. In this case, when sufficient information is not available to use defined benefit accounting for a multi-employer defined benefit plan, these plans are recognised as defined contribution plans.

Treasury shares

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

Revenues

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity.

Revenue is recognised at a specific point in time or over time, when the Group meets its performance obligations by transferring the goods and services to its customers; the process underlying the recognition of revenue follows the five steps required by IFRS 15: (i) identification of the contract with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the price to the various performance obligations and (v) recognition of revenue as each performance obligation is satisfied. More specifically:

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).

Revenue from product sales

The Group recognises the revenue from product sales when it transfers control of the asset to its customers; this moment generally coincides with the Group obtaining the right to payment and the transfer of material possession of the asset, which incorporates the transfer of the significant risks and rewards of ownership.

Revenue for services

Revenue for services are recognised based on the accrued payment, calculated by reference to the stage of completion of the service.

Contract revenue

Revenue from construction contracts are recognised using the percentage of completion method. The percentage of completion is determined using the cost-to-cost method, calculated by applying the percentage of completion to the total expected revenue, as calculated by the ratio between the contractual costs incurred and the total expected costs.

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 balance sheet 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 expenses

Financial expenses 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 of the asset. Capitalisation of financial expenses 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 balance sheet, 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 assets are posted when their recovery is likely.

Advance tax payments 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, (e.g. hedging the variability of cash flows from assets/liabilities at variable rates), changes in the fair value of derivatives are recognised in other comprehensive income and included in the cash flow hedge reserve in shareholders' equity and subsequently charged to the income statement in line with the economic effects produced by the hedged transaction or in the event of total or partial ineffectiveness of the hedge. 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 Group'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.

The recoverable value of *non-financial assets* corresponds to the highest between their fair value net of disposal costs and their value in use. In order to establish their value in use, 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.

As regards goodwill related to motorway licensees, in line with the provisions of IAS 36, the Company determined the "value in use" of each Cash Generating Unit (CGU) by discounting the future cash flows deriving from the motorway management activity. 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 licence 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 is included in the operating cash flow of the last year of the concession.

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 post-tax nominal WACC rate.

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	2.59%
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 financial structure of the individual company/concession as of the assessment date	0.545
Cost of debt in line with the average cost of debt of the Group	2.90%

The discounting rates (that have been specifically calculated for each licensee in order to reflect the financial structure) fluctuate between 4.8% and 5.6%. 7

With regards to the CGU for which the "value in use" was calculated, a sensitivity analysis of the results was also carried out, changing the discount rates applied within the interval +0.5%/-0.5%. This analysis did not highlight significant differences with the "value in use" originally obtained.

With regard to investments in Brazil held through 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 determined as the sum of the values in use of the Brazilian licensee companies indirectly controlled by it through the investee Ecorodovias Infraestrutura e Logística S.A..

With regard to goodwill relating to companies operating in the construction sector, the recoverable value is determined using the value in use method.

To determine the value in use of an individual CGU, the Discounted Cash Flow method was used to estimate future cash flows on the basis of the economic and financial plans prepared by the Companies (applying the terminal value in addition to the explicit period of discounting of flows).

The net cash flows, as determined above, was discounted at a *post-tax nominal WACC rate*.

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

"Free risk" rate equal to the return of the 10-year Government Bond (of the country where the individual CGU operates) – average 12 months
The market risk premium: as determined for the reference markets of the various countries, ITA, BRA, USA on a statistical basis by Prof. Damodaran, NYU - New York.
The small-size risk premium: as determined by using the calculations proposed by Duff & Phelps 2017
The country risk premium: as determined for the reference markets of the various countries, ITA, BRA, USA on a statistical basis by Prof. Damodaran, NYU - New York
Beta Unlevered: derived by using the betas of a panel of companies listed on European markets - operating in the sector - and relevered by using the financial structure of the panel itself and the tax rate in the country in which the CGU operates.
The cost of debt: estimated as the sum of the risk-free base rate and the debt risk premium encountered in the country in which the CGU operates

The discounting rates (that have been specifically calculated for each company in order to reflect the financial structure) fluctuate between 11.18% and 14.43%.

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

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, 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 the income statement or 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	2018		2017	
	Spot exchange rate as at 31 December	Average annual exchange rate	Exchange rate as at 31 December (*)	Average annual exchange rate
EUR/GBP Great Britain	0.89453	0.88471	0.88723	0.87667
EUR/BRL	4.444	4.3085	3.9729	3.6041
EUR/USD	1.145	1.181	1.1993	1.176 (**)
EUR/Kuwaiti Dinar	0.3476	0.3567	0.3621	0.3621
Euro/Omani Rial	0.4403	0.4541	0.4342	0.4342
Euro/Angola - Reajustado Kwanza	353.021	297.38	198.906	187.385
Euro/Botswana - Pula	12.2591	12.0301	11.8158	11.6802
Euro/South Africa - Rand	16.4594	15.6186	14.8054	15.0434
Euro/Romania - Ron	4.6635	4.654	4.6585	4.5687
Euro/Saudi Arabia - Saudi Ryal	4.2938	4.4286	4.4974	4.2351
Euro/United Arab Emirates - Arab Emirates Dirham	4.205	4.3371	4.4044	4.1461
Euro/Zambia - Zambian Kwacha	13.6313	12.3378	11.9679	10.7462
Euro/Kenya - Kenyan Shilling	116.6284	119.638		
Euro/Algeria - Algerian Dinar	135.4881	137.6525		
Euro/Denmark - Danish Krone	7.4673	7.4532		
Euro/Svizzera - Swiss Franc	1.1269	1.155		
Euro/Sweden- Swedish Krona	10.2548	10.2583		

(*) exchange rate as at 29 December 2017

(**) average exchange rate second half 2017

The accounting principles 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 2018

In addition to the above with reference to IFRS 15 and IFRS 9, please note:

- Amendment to **IFRS 2 "Share-based Payments"** through the issue of Regulation EU No. 289/2018.. The changes, which did not have an impact on the Group, concern: 1) the methods for calculating the fair value of cash-settled share-based payment transactions at the measurement date, to be carried out taking into account market conditions and conditions other than vesting conditions; 2) the accounting treatment of equity-settled share-based payment transactions in which the entity acts as a withholding agent in respect of the employee's tax liabilities; 3) accounting for changes leading to a change in the classification of cash-settled or equity-settled share-based payments.
- **Improvements to IFRS (2014-2016 cycle)**. On 7 February 2018, Regulation (EU) No. 182/2018 was issued, endorsing a number of amendments to *IAS 28 - Investments in Associates and Joint Ventures*. In particular, the amendments clarify that the decision for an investment entity to measure its investments in associates and joint ventures at fair value through profit or loss (rather than using the equity method), must be made for each individual investment and at the time of its initial recognition. A similar clarification is also provided for an entity that is not an investment entity but has equity investments in associates/joint ventures that are investment entities. In this case, for the purposes of the application of the equity method, the entity can maintain the accounting at fair value through profit or loss carried out by its investments in associated companies/joint ventures. The adoption of these improvements had no effect on the consolidated financial statements as at 31 December 2018.
- **IFRIC 22 – Foreign Currency Transactions and Advance Consideration** On 3 April 2018, Regulation (EU) No. 519/2018 was issued, endorsing this interpretation, which clarifies the exchange rate to be used in transactions and advances paid/received in foreign currency. The adoption of this interpretation has not had any impact on the Group.
- **Amendments to IAS 40 - Investment Property**. On 15 March 2018, Regulation (EU) No. 400/2018 was issued, which introduced a number of amendments to IAS 40, providing clarification on transfers that lead to an asset that is not investment property being recognised as such, or vice versa. The adoption of this amendment has not had any impact on the Group.

New accounting standards and interpretations issued by the IASB and adopted by the EU

On 13 January 2016, the IASB published **IFRS 16 - Leases**, endorsed by Regulation (EU) No. 1986/2017, which replaced *IAS 17 - Leases*, as well as *IFRIC 4 - Determining Whether an Arrangement Contains a Lease*, *SIC-15 - Operating Leases - Incentives* and *SIC-27 - Evaluating the Substance of Transactions in 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, lastly, the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the recognition and measurement of lease contracts for the lessee, which calls for the leased asset, including operating assets, to be recognised as an asset but with a balancing entry under financial liabilities. However, the standard does not include significant amendments for lessors.

The standard will be adopted by the Group from 1 January 2019.

The Group completed its preliminary assessment of the potential impacts of applying the new standard at the transition date (1 January 2019). This process was divided into several phases, including the complete mapping of contracts potentially likely to contain a lease and the analysis of the same in order to understand the main clauses relevant for the purposes of IFRS 16.

The *implementation* process of the standard is nearing completion. This involves setting up the IT infrastructure for the accounting management of the standard and aligning administrative processes and controls to monitor the critical areas that the standard affects. This process is expected to be completed in 2019.

Transition with modified retrospective method

The Group has chosen to apply the standard retrospectively, recognising in equity the cumulative effect of applying the standard at 1 January 2019, in accordance with paragraphs IFRS 16:C7-C13. In particular, with regard to the lease contracts previously classified as operating leases, the Group will record:

- a) a financial liability, equal to the present value of future payments remaining at the transition date, discounted using the incremental borrowing rate applicable at the transition date for each contract;
- b) a right of use equal to the value of the financial liability at the transition date, net of any accruals and deferrals relating to the lease and recognised in the balance sheet at the reporting date of these financial statements.

The value of non-current assets relating to operating leases is increased by any accrued income and prepaid expenses recognised at 31 December 2018 and decreased by the accrued expenses and deferred income recognised on the same date.

When adopting IFRS 16, the Group intends to make use of the exemption provided by paragraph IFRS 16:5(a) in relation to short-term leases for asset classes.

Similarly, the Group intends to make use of the exemption granted by IFRS 16:5(b) with regard to lease contracts in which the underlying asset is a low-value asset (i.e. the assets underlying the lease contract do not exceed EUR 5 thousand when new). The contracts for which the exemption has been applied fall mainly within the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices.

For these contracts, the introduction of IFRS 16 will not result in the recognition of the financial liability of the lease and the related right of use, but the lease payments will be recognised in the income statement on a straight-line basis for the duration of the respective contracts.

In addition, with reference to the transition rules, the Group intends to make use of the following practical expedients available in the event of the choice of the modified retrospective transition method:

- Classification of contracts that expire within 12 months of the transition date, such as short-term leases. For these contracts the lease payments will be recognised in the income statement on a straight-line basis.
- Exclusion of initial direct costs from the measurement of the right of use on 1 January 2019;
- Use of information available at the transition date to determine the lease term, with particular reference to exercising extension and early termination options.

The transition to IFRS 16 introduces some elements of professional judgement that involve drawing up a number of accounting policies and the use of assumptions and estimates in relation to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- The Group has decided not to apply IFRS 16 for contracts containing a lease that has an intangible asset as the underlying asset;

- The Group has analysed all its lease contracts, calculating the lease-term for each, given by the "non-cancellable" term plus the effects of any extension or early termination clauses whose exercise was considered reasonably certain. Specifically, for real estate, this assessment took into account the specific facts and circumstances pertaining to each asset. Regarding the other categories of assets, mainly company cars, the Group generally considered it unlikely that any extension or early termination clauses would be exercised in view of the Group's usual practice.
- Since most of the contracts entered into by the Group do not include an implicit interest rate, the discount rate to be applied to future lease payments was determined as the risk-free rate, with maturities commensurate with the duration of the specific lease contract, plus the Group's credit spread.

The effects of the first-time adoption of IFRS 16, also taking into account the practical expedients listed above, will result in an increase in *Financial Liabilities* of about 19 million and the recording of a *Right of Use* of about EUR 19 million. The impact on the Group's shareholders' equity, net of the related tax effect, is therefore null.

- **IFRIC 23 - Uncertainty over income tax treatments.** The document addresses the issue of uncertainties over the treatment of income taxes. The interpretation states that uncertainties in the calculation of tax liabilities or assets are reflected in the financial statements only when it is probable that the entity will pay or recover the amount in question. In addition, the document does not contain any new disclosure requirements but underlines that the entity will have to determine whether it will be necessary to provide information on the considerations made by management and relating to the uncertainty inherent in accounting for taxes, in accordance with the provisions of IAS 1. The new interpretation applies from 1 January 2019, but early application is permitted.
- **Amendments to IFRS 9.** Regulation (EU) No. 498/2018 was published on 26 March 2018 on repayment features with negative compensation. It provided clarification on the treatment of contractual terms that could change the timing or amount of contractual cash flows (for example, if the asset can be prepaid before maturity or its term can be extended).

New accounting standards and interpretations issued by the IASB and not adopted yet by the EU

As at the reference date of these financial statements, the competent bodies of the European Union have not yet ended the approval process necessary for the adoption of the amendments and standards described below.

- **Amendments to IAS 28: Investments In Associates And Joint Ventures**(published 12 October 2017). This document clarifies the need to apply IFRS 9, including impairment requirements, to other long-term interests in associated companies and joint ventures to which the equity method is not applied. The amendment applies from 1 January 2019, but early application is permitted.
- **Improvements to IFRS (2015-2017 cycle)**, published on 12 December 2017 (including IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements - Remeasurement of previously held interest in a joint operation*, IAS 12 *Income Taxes - Income tax consequences of payments on financial instruments classified as equity*, IAS 23 *Borrowing costs Disclosure of interests in other entities - Borrowing costs eligible for capitalisation*) implementing amendments to certain standards as part of the annual process of improving them. The amendments will be applied from 1 January 2019 but early application is permitted.

- **Amendments to IAS 19: plan amendment, curtailment or settlement** (published on 7 February 2018). The document clarifies how an entity should recognise a change (i.e. a curtailment or settlement) of a defined benefit plan. The amendments, applicable from 1 January 2019, require an entity to update its assumptions and remeasure the net liability or asset resulting from the plan. The amendments clarify that after the occurrence of such an event, an entity uses updated assumptions to measure the current service cost and interest for the remainder of the reporting period following the event.
- **Amendments to IAS 10 and IAS 28: sale or contribution of an asset by an investor to its associate/joint venture (published on 11 September 2014)**. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of the profit or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an interest in the latter's capital. At present, the IASB has suspended the application of this amendment.
- **Amendments to IAS 1 and IAS 8. Definition of materiality**. The document, published by the IASB on 1 October 2018, introduced a change in the definition of "material" contained in IAS 1 and IAS 8. This amendment aims to make the definition of 'material' more specific and introduces the concept of 'obscured information' alongside the concepts of omitted or incorrect information already present in the two amended standards. The amendment clarifies that information is "obscured" if it has been described in such a way as to have an effect on primary readers of financial statements similar to that which would have occurred if such information had been omitted or incorrect.
- **Amendments to IFRS 3 - Business Combinations**, with reference to the definition of the business, applicable from 1 January 2020.
- **IFRS 17 - Insurance contracts**, applicable from 1 January 2021.
- Changes to references to the "**conceptual framework**" in IFRS.

The Group is currently evaluating the possible effects of the introduction of these changes on its consolidated financial statements.

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 ¹	Directly-held %
Adelaide Crystal Holdings Llc	421 East Route 59 Nanuet, Ny 10954-2908	USD 300,000	100.000	
Argo Costruzioni Infrastrutture S.p.a.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	130,000	100.000	
Crispi S.c.a r.l. con socio unico in liquidazione	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	100.000	
Euroimpianti S.p.A.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	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	
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.	421 East Route 59 Nanuet, Ny 10954-2908	200,000	100.000	
IGLI S.p.A.	Milano - Viale Isonzo 14/1	37,130,000	100.000	60.000
ITINERA CONSTRUOCOES LTDA	Cidade de São Paulo, Estado de São Paulo, na Rua Eduardo Souza Aranha n. 387 - Brazil	Reais 1,000,000	100.000	
ITINERA S.p.A.	Tortona (AL) – Via Balustra 15	86,836,594	100.000	66.117
Itinera USA CORP	2140 S Dupont Highway Street, Camden Delaware	USD 55,100,000	100.000	
Logistica Tirrenica S.p.A.	Lido di Camaiore (LU) – Via Don Tazzoli 9	12,000,000	100.000	
Marcallo S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50,000	100.000	
SEA Segnalatica Stradale S.p.A.	REGIONE RATTO 15057-TORTONA (AL)	500,000	100.000	
SIAS Parking S.r.l. unipersonale	Torino – Via Bonzanigo 22	5,000,000	100.000	
SINA S.p.A.	Milano - Viale Isonzo 14/1	10,140,625	100.000	100.000
SINERGIE S.c.ar.l. in liquidazione	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	100.000	
Siteco Informatica S.r.l. unipersonale	Milano - Viale Isonzo 14/1	13,784	100.000	
Società Attività Marittime (SAM) S.p.A.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	500,000	100.000	
Urbantech S.p.A.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	130,907	100.000	
Storstroem Bridge JV	4760 Vordingborg (Denmark) - Faergegaardsvej 15 L	-	99.980	
Torre di Isola S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	99.900	
SATAP S.p.A.	Torino – Via Bonzanigo 22	158,400,000	99.874	
SINELEC S.p.A.	Tortona (AL) – S.S. 211 Loc. San Guglielmo 3/13	7,383,435	97.514	
Lambro S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	200,000	97.210	
AGOGNATE S.c.ar.l. in liquidazione	15057 Tortona (AL), Str.Priv.Ansaldi 8	10,000	96.900	
BIANDRATE S.c.ar.l. in liquidazione	15057 Tortona (AL), Str.Priv.Ansaldi 8	10,000	96.900	
Carisio S.c.ar.l. in liquidazione	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	160,300,938	95.229	
Albenga Garesio Ceva S.p.A.	Cuneo- Corso Giolitti 17	600,000	94.732 ⁽²⁾	
Impresa Costruzioni Milano S.c.ar.l. - I.CO.M. in liquidazione	Tortona (AL) - Strada per Alessandria 6/a	10,000	93.000	
Diga Alto Cedrino S.c.ar.l.	15057 Tortona (AL), Via Balustra 15	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.ar.l.	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	100,000	80.000	14.000
CORNIGLIANO 2009 S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	77.900	
Autostrada dei Fiori S.p.A.	Imperia – Via della Repubblica 46	325,000,000	73.003	
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	90,000	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.	Roma – Via XX Settembre 98/E	200,000,000	65.000	
Malpensa 2011 S.c.ar.l.	Tortona (AL) - Strada per Alessandria 6/a	10,000	65.000	
Pedemontana Lombarda Manutenzioni S.c.ar.l. (P.L.M) in liquidazione	Strada Statale per Alessandria 6/A	10,000	64.600	
SIAS S.p.A.	Torino – Via Bonzanigo 22	113,771,078	63.413	61.695
Brescia Milano Manutenzione S.c.ar.l.	Tortona (AL) - Strada per Alessandria 6/a	10,000	62.000	
Halmar International - LB Electric LLC	421 East Route 59 Nanuet, Ny 10954-2908	-	60.000	
Brescia Milano Impianti S.c.ar.l. BMI in liquidazione	Tortona (AL) - Strada per Alessandria 6/a	10,000	60.000	
Consorzio Sintec	Milano - Viale Isonzo 14/1	20,000	60.000	
Halmar-A Servidone - B Anthony LLC	421 East Route 59 Nanuet, Ny 10954-2908	1,600,000	60.000	
Potomac Yard Constructors	421 East Route 59 Nanuet, Ny 10954-2908	-	60.000	
S.G.C. S.c.ar.l. in liquidazione	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	60.000	
CERVIT Impianti Tecnologici Consortile A Responsabilità Limitata (C.I.T. S.c.ar.l.)	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	58.790	
Società di Progetto Autovia Padana S.p.A.	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	163,700,000	51.000	
A 7 barriere S.c.ar.l. in liquidazione	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
CERVIT S.c.ar.l.	20151 Milan, Via Antonio Cechov 50	10,000	51.000	
Ponte Meier S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
Ramonti S.c.ar.l. in liquidazione	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
CRZ01 S.c.ar.l. in liquidazione	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	50.750	
Halmar International LLC	421 East Route 59 Nanuet, Ny 10954-2908	27,080,000	50.000	

¹ The percentage indicates the sum of percentages of equity investments held by individual companies of the Group.

² Net of treasury shares held by the company Autostrada Albenga Garesio Ceva S.p.A..

List of Joint Operations

Name	Registered office	% of the group ¹	Directly-held %
Itinera/Cimolai JV	Gabarone/Republic of Botswana	72.23	
ITINERA - GHANTOOT JV	Emirate of Abu Dhabi, UAE	50.00	
3RD TRACK CONTRACTORS	Sao Paolo (BRAZIL) - Via Nova Conceicao	23.00	
Consortium Baixada Santista	Sao Paolo (BRAZIL) - Via Nova Conceicao	50.00	
Alças da Ponte Consortium	Sao Paolo (BRAZIL) - Via Nova Conceicao	50.00	
MG-135 Consortium	Sao Paolo (BRAZIL) - Via Nova Conceicao	50.00	
CONS. BINÁRIO PORTO DE SANTOS	2900 Hellerup (Denmark) - Tuborg Havnevej 18	50.00	
Koge Hospital Project Team I/S	2900 Hellerup (Denmark) - Tuborg Havnevej 18	80.00	
Odense Hospital Project Team Joint Venture I/S	2900 Hellerup (Denmark) - Tuborg Havnevej 18	49.00	
Arge H51	A110 Vienna, Absberggasse 47, Austria	44.99	

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 ¹	Directly-held %
Jointly controlled entities				
Primav Infraestrutura S.A. (*)	Sao Paulo, Rua Doutor Eduardo de Souza Aranha, 387	R\$ 2,224,010,500	69.100	
A.T.I.V.A. S.p.A.	Torino - Strada Cebrosa 86	44,931,250	41.170	
FEDERICI STIRLING BATCO LLC (**)	Muscat (Oman) - P.O. BOX 1179 AL ATHAIBA, 130	RIA 300,000	34.300	
EcoRodovias Infraestrutura e Logística S.A.	San Paulo, Rua Gomes de Carvalho, 1510 3 andar cj 31/32 Vila Olimpia	Reais 360,900,000	4.990	
(*) 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				
Associated companies				
Aurea S.c.ar.l.	Milano, Via Fabio Filzi 25	10,000	99.000	
CONSORZIO SICILIANO LAVORI FERROVIARI - CON.SI.L.FER.	Rome - Via Indonesia 100	5,164	50.000	
Europa S.c.ar.l.	43121 Parma - Via Anna Maria Adorni 1	10,000	50.000	
Lisone S.c.ar.l. in liquidazione	20147 Milan, Via Marcello Nizzoli 4	10,000	50.000	
Malco S.c.ar.l.	36100 Vicenza - Viale dell'Industria 42	10,000	50.000	
Mill Basin Bridge Contractors LLC	421 East Route 59 Nanuet, Ny 10954-2908	USD 12,755	50.000	
Nichelino Village S.c.ar.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.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50,000	50.000	
Interconnessione S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	49.900	
ASTA S.p.A.	Torino - Via Bonzanigo 22	6,000,000	49.002	
CMC Itinera JV S.c.p.a.	Ravenna, Via Trieste 76	100,000	49.000	
Letimbro S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	100,000	49.000	
Tangenziali Esterne di Milano S.p.A.	Milano - Via Fabio Filzi, 25	220,344,608	46.497	
Rivalta Terminal Europa S.p.A.	Tortona (AL) - Fraz. Rivalta Scrivia - Strada Savonesa 12/16	14,013,412	45.873	
Smart Mobility Systems s.c.ar.l. (SMS S.C. A R.L.)	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	45.500	
Mose Bocca Di Chioggia S.c.ar.l.	35127 Padua, Via Belgio 26	10,000	42.500	
ATIVA Immobiliare S.p.A.	Torino - Strada Cebrosa 86	1,100,000	49.995 ⁽²⁾	
VETIVARIA s.r.l.	Milano - Via Spallanzani Lazzaro 6	72,000	40.326	
MOSE OPERAEE S.c.ar.l.	35127 Padua, Via Belgio 26	10,000	40.220	
COVA S.c.ar.l.	Bologna - Viale Antonio Silvani 6	10,000	40.000	
Edilrovaccio 2 S.r.l. in liquidazione	Torino-Via M. Schina 5	45,900	40.000	20.000
C.T.E. Consorzio Tangenziale Engineering	Milano - Via Girolamo Vida 11	20,000	39.999	
Fondo Valle S.c.ar.l. in liquidazione	Tortona (AL) - Strada privata Ansaldi 8	10,000	39.330	
Tessera S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	39.240	
Marchetti S.c.ar.l.	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.	Aosta - Saint Rhémy En Bosses Località Praz-Gentor	11,000,000	36.500	
S.A.C. S.r.l. Consortile in liquidazione	Carini (PA) - S.S. 113 Zona Industriale	10,329	35.000	
Consorzio Costruttori TEEM	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	34.999	
GSG TUNNELING SRL in liquidazione	Rome - Piazza Ferrando De Lucia 65	10,000	33.000	
Consorzio Cancelli 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
Autostrada Nogare Mare Adriatico S.c.p.a. in liquidazione	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	
S.A.BRO.M. S.p.A. - Società Autostrada Broni-Mortara	Milano - Via dei Missaglia 97	28,902,600	26.850	
D.N.C. S.c.ar.l.	00139 Rome, Piazza Fernando De Lucia, 65	20,000	25.000	
C.I.M. S.p.A. Novara - Centro Interportuale Merici	Novara - Via Carlo Panseri 118	24,604,255	24.313	
Mose TREPORI S.c.ar.l.	35127 Padua, Via Belgio 26	10,000	22.540	
Tangenziale Esterna S.p.A.	Milano - Via Fabio Filzi, 25	464,945,000	21.271	
Igea Romagna S.c.ar.l.	Ravenna - Via Pier Traversari,63	20,000	20.330	
Formazza S.c.ar.l. in liquidazione	15057 Tortona (AL), Str.Priv.Ansaldi, 8	10,200	20.000	
ROAD LINK Holdings Ltd.	Northumberland - Stocksfield NE43 7TN	GBP 1,000	20.000	

¹ The percentage indicates the sum of percentages of equity investments held by individual companies of the Group.

² Net of treasury shares held by the company ATIVA Immobiliare S.p.A.

List of other equity investments

Name	Registered office	Share capital	% of the group ⁽¹⁾	Directly-held %
DAITA S.c.ar.l.	Caltanissetta - Via N. Colajanni 314/E	10,328	80.000	
Siteco BGOOD	Sofi Kniaz Boris I 55, Bulgaria	5,215	48.993	
ABESCA EUROPA S.r.l.	23017 Morbegno (SO), Via Vanoni 24	100,000	19.524	
iOne Solutions S.r.l.	Tortona – Corso Romita 10	10,200	19.000	
CE.S.I.F. (Celer Survectio Incrementa Firmata) S.c.p.a. in liquidazione	80122 Naples, Riviera di Chiaia, 72	250,000	18.805	
Tubosider S.p.A.	Turin – Via Palmieri 29	9,331,017	18.597	
Confederazione Autostrade S.p.A.	Verona – Via Flavio Gioia, 71	6,000,000	16.667	
CODELFA S.p.A.	Tortona – Località Passalacqua	2,500,000	16.423	
NUOVA CODELFA S.p.A.	Tortona – Corso Romita 10	2,500,000	16.423	
Consorzio Autostrade Italiane Energia	Roma – Via A. Bergamini 50	113,949	15.700	
Argentea Gestioni S.c.p.a.	Brescia – Via Somalia 2/4	120,000	14.271	
MILANO SERRAVALLE – MILANO TANGENZIALI S.p.A.	Assago Milanofiori (Milan) – Via del Bosco Rinnovato 4/A	93,600,000	13.595	0.048
Società per azioni Autostrade Centropadane	Cremona – Via Colletta 1	30,000,000	11.095	
C.R.S. – Centro Ricerche Stradali S.p.A.	Mestre (VE) Piazzale Leonardo da Vinci, 8/A	26,850	11.081	
CSI – Consorzio Servizi Ingegneria	Verona – Via Cattaneo 20	10,000	11.000	
Pedelombarda S.c.p.a.	Milano – 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 liquidazione	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	
Restart SIIQ (ex AEDES S.p.A.)	Milano, Via Lanzone 37	5,000,167	5.300	
AEDES SIIQ S.p.A.	Milano, Via Lanzone 37	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	
Parco Scientifico e Tecnologico in Valle Scrivia S.p.A. - P.S.T. S.p.A.	Rivalta Scrivia (AL) – Strada Comunale Savonese 9	5,271,936	1.957	
SEVESO SCARL (in liquidazione)	VIA VALTELLINA 17 - MILAN	10,000	1.500	
MN 6 S.c.ar.l.	80142 Naples Via Galileo Ferraris 101	51,000	1.000	
Alitalia - Compagnia Aerea Italiana S.p.A.	Fiumicino Roma – Piazza Almerico da Schio Pal RPU	3,526,846	0.404	
Interporto Toscano A. Vespucci S.p.A.	Guasticce (Collesalveti – LI) – Via delle Colline 100	22,458,263	0.345	
PLC S.p.A. (ex Industria e Innovazione S.p.A.)	Milano, Via Lanzone 31	37,136,263	0.228	
C.e.P.I.M. S.p.A. - Centro Padano Interscambio Merci S.p.A.	Fontevivo (PR) – Piazza Europa, 1	6,642,928	0.211	
Milano Depur S.p.A.	20141 Milan, Via Lampedusa 13	1,900,000	0.100	
Vettabbia S.c.ar.l.	Milano - Via Lampedusa 13	100,000	0.100	
Mediobanca S.p.A.	Milano – Piazzetta Enrico Cuccia 1	443,521,470	0.035	
Assicurazioni Generali S.p.A.	Trieste – Piazza Duca degli Abruzzi 2	1,565,165,364	0.035	0.013
SOGEAP Aeroporto di Parma S.p.A.	Parma - Via Ferretti Licinio 50/A	17,892,636	0.015	
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	7,100,000,000	0.010	
Società cooperativa elettrica Gignod	LA CROIX NOIRE - RUE LA CROIX NOIRE 61	279,125	0.010	
BANCA CARIGE S.p.A.	Genova – Via Cassa di Risparmio 15	1,845,163,696	0.006	
Uirnet S.p.A.	Brescia – Via Somalia 2/4	1,142,000	0.001	
Salini Impregilo S.p.A. (*)	Milano – Via dei Missaglia 97	544,740,000	-	
Atlantia (formerly Autostrade S.p.A.)	Roma, Via Antonio Nibby 20	825,783,990	-	

⁽¹⁾ The percentage indicates the sum of percentages of equity investments held by individual companies of the Group.

(*) The Group only owns saving shares

Changes in the scope of consolidation

With regard to main changes in the scope of consolidation:

- on 25 June 2018, Itinera S.p.A. acquired a further 44% of the share capital of Impresa Costruzioni Milano S.c.ar.l. - I.CO.M. S.c.ar.l. in liquidazione, reaching a total share of 93% of the share capital; following this further acquisition, the company is included in the consolidation area;
- in July 2018, Itinera S.p.A. acquired all the shares in Interstrade S.p.A.. On 1 December 2018 the company Interstrade S.p.A. was merged by incorporation into Itinera S.p.A.; the accounting effectiveness of the merger is retroactive to 4 July 2018 with consequent inclusion in the consolidation area as from that date;
- on 4 July 2018 the company Itinera S.p.A. acquired the entire share capital of SEA Segnaletica Stradale S.p.A.; the company SEA Segnaletica Stradale S.p.A. is included in the consolidation area as of the acquisition date;
- on 5 July 2018, the Euroimpianti S.p.A. subscribed to 5,879 shares of the newly incorporated consortium C.I.T. S.c.a.r.l. – Cervit Impianti Tecnologici, reaching a total of 58.79% of share capital; from the date of incorporation, the consortium company is included in the consolidation area;
- on 10 September 2018, Halmar International LLC subscribed to 60% of the share capital of the newly incorporated Potomac Yard Constructors; as from the date of incorporation, the US company falls within the consolidation scope.
- following the liquidation, on 18 December 2018 the company Cisa Engineering S.p.A. con socio unico in liquidazione is no longer included within the scope of consolidation as of that date; therefore, the wound-up company was consolidated line-by-line solely for the “income statement figures”;
- following the liquidation, on 27 December 2018 the company Fiori Real Estate S.r.l. in liquidazione is no longer included within the scope of consolidation as of that date; therefore, the wound-up company was consolidated line-by-line solely for the “income statement figures”;
- during the course of 2018, the JV Storstroem Bridge JV became operative, which by virtue of the type of agreements in place is controlled by Itinera S.p.A.;
- on 31 December 2018, the company Itinera S.p.A. subscribed to 100% of the share capital of the newly incorporated company Attività Marittime S.p.A.; from the date of incorporation, the company is included in the scope of consolidation;
- following the liquidation and cancellation of 10 December 2018, Itinera Geosystem S.a.r.l. is no longer included in the scope of consolidation; therefore, the wound-up company was consolidated line-by-line solely for the “income statement figures”;
- the scope of consolidation includes, as from 2018, the joint operations 3RD TRACK CONSTRUCTORS, Alças da Ponte Consortium, MG-135 Consortium, CONS. BINÁRIO PORTO DE SANTOS, Koge Hospital Project Team I/S and Odense Hospital Project Team Joint Venture I/S.

In addition, effective 5 March 2018, Consorzio Sina S.p.A. was merged by incorporation into Sina S.p.A.; the accounting effectiveness of the merger is retroactive to 1 January 2018. Following this merger, there was no change in the scope of consolidation as the acquiring company was already consolidated - using the "line-by-line method".

The main effects arising from the "Change in the scope of consolidation" are described in the following explanatory notes.

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.

(amounts in thousands of EUR)	Business segment												Eliminations		Consolidated			
	Motorway sector (operating activities)		Motorway sector/construction (planning and construction activities)		Construction sector		Engineering sector		Technology sector		Services sector		2018	2017	2018	2017		
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017						
Revenue from third parties:																		
Motorway (tolls)	1,187,119	1,093,184	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,187,119	1,093,184
Other motorway revenue	31,853	30,114	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,853	30,114
Motorway revenue - planning and construction	0	0	148,601	190,032	-	-	-	-	-	-	-	-	-	-	-	-	148,601	190,032
Construction	-	-	-	-	490,527	286,900	-	-	-	-	-	-	-	-	-	-	490,527	286,900
Construction sector - planning and construction	-	-	37,365	37,381	-	-	-	-	-	-	-	-	-	-	-	-	37,365	37,381
Engineering sector	-	-	-	-	-	-	6,244	8,093	-	-	-	-	-	-	-	-	6,244	8,093
Technology sector	-	-	-	-	-	-	-	-	36,454	39,449	-	-	-	-	-	-	36,454	39,449
Other	38,251	45,403	-	-	11,949	10,726	242	-	1,379	1,057	2,434	2,522	-	-	-	54,255	59,708	
Total revenue from third parties	1,257,223	1,168,701	185,966	227,413	502,476	297,626	6,486	8,093	37,833	40,506	2,434	2,522	-	-	-	1,992,418	1,744,861	
Intersegment revenue	8,559	8,559	-	-	206,473	159,552	31,450	33,270	55,096	52,056	11,636	10,069	(313,214)	(263,506)	-	-	-	-
Total revenue	1,265,782	1,177,260	185,966	227,413	708,949	457,178	37,936	41,363	92,929	92,562	14,070	12,591	(313,214)	(263,506)	-	1,992,418	1,744,861	
Operating costs	(527,654)	(484,088)	(185,966)	(227,413)	(681,002)	(437,620)	(34,825)	(35,926)	(77,539)	(73,200)	(27,594)	(30,980)	313,214	263,506	(1,221,366)	(1,025,721)		
Sector GOM	738,128	693,172	-	-	27,947	19,558	3,111	5,437	15,390	19,362	(13,524)	(18,389)	-	-	-	771,052	719,140	
Non-recurring items	(2,446)	(4,920)	-	-	(603)	(560)	(829)	(560)	(229)	(445)	(6,044)	(6,350)	(10,151)	(12,835)	-	(10,151)	(12,835)	
Amortisation/depreciation and provisions	(307,911)	(320,193)	-	-	(9,909)	(8,128)	(723)	(1,237)	(3,353)	(3,739)	(1,122)	(631)	(323,018)	(333,928)	-	(323,018)	(333,928)	
Write-downs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating profit	427,771	368,059	-	-	17,435	10,870	1,559	3,640	11,808	15,178	(20,690)	(25,370)	-	-	-	437,883	372,377	
Financial expenses	(106,637)	(84,370)	-	-	(2,136)	(2,480)	(598)	(131)	(92)	(101)	(67,165)	(63,201)	90,811	65,885	(85,817)	(84,398)		
Financial income	21,563	15,970	-	-	7,438	1,551	26	38	477	1,052	104,687	104,773	(90,811)	(65,885)	43,380	57,499		
Write-downs	-	(109)	-	-	-	(836)	-	(189)	-	-	-	(690)	-	-	(1,824)	-		
Profit (loss) of companies accounted for by the equity method	97	(1,404)	-	-	(11,398)	(3,196)	(24)	-	-	113	13,484	15,479	-	-	2,159	10,992		
Pre-tax profit (loss)	342,794	298,146	-	-	11,339	5,909	963	3,358	12,193	16,242	30,316	30,991	-	-	397,605	354,646		
Profit (loss) for assets held for sale net of taxes (Discontinued Operations)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	516	
Income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(108,347)	(91,689)		
Net income, including minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	289,258	263,473		

(amounts in thousands of EUR)	Business segment										Eliminations		Consolidated	
	Motorway sector (operating activities)		Construction sector		Engineering sector		Technology sector		Services sector		2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017				
Non-current assets	3,593,799	3,773,556	217,542	330,816	46,543	65,857	16,747	16,611	6,130,721	4,834,150	(5,269,022)	(4,502,620)	4,736,330	4,518,370
Current assets	228,523	120,201	633,324	479,131	29,957	25,951	71,793	60,245	28,319	24,983	(287,038)	(211,936)	704,878	498,575
Total assets	-	-	-	-	-	-	-	-	-	-	-	-	5,441,207	5,016,945
Short-term liabilities	278,548	299,092	579,762	451,495	15,404	13,486	40,846	31,384	87,624	35,814	(259,541)	(362,979)	742,643	468,292
Medium/long-term liabilities and funds	304,323	313,728	35,378	23,297	2,415	3,833	6,178	5,652	4,594	2,989	-	-	352,888	349,499
Net financial indebtedness (available funds)	1,141,012	1,152,818	1,415	20,789	(14,630)	(19,542)	(32,672)	(36,213)	173,656	215,262	-	-	1,268,781	1,333,114
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	3,073,895	2,866,040
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	5,441,207	5,016,945
Equity-accounted investments	121,942	111,479	9,438	27,846	-	152	540	696	841,403	867,006	-	-	973,323	1,007,179

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 Group operate in accordance with specific concession agreements signed with the Grantor, 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 Grantor, 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
Subsidiaries – Italy		
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 Autostrada del Brennero)	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	28 February 2043
Jointly controlled entities and associated companies – Italy		
ATIVA S.p.A.	Tangenziale di Torino, Torino-Quincinetto, Ivrea-Santheta and Torino-Pinerolo	31 August 2016 (*)
SITAF S.p.A.	Torino-Bardonecchia, Traforo Frejus	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
Jointly controlled entities and associated companies – International		
Road Link	A69 Carlisle-Newcastle (UK)	31 March 2026
Ecovia Camiho do Mar (***)	Curitiba metropolitan area – Port of Paranagua	November 2021
Ecocataratas (****)	Paraná – "triple border" (Brazil, Argentina and Paraguay)	November 2021
Ecovias dos Imigrantes (***)	Sao Paulo metropolitan area – Port of Santos	June 2026
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	June 2039
Ecoponte (***)	Rio de Janeiro Noteroi – State of Rio de Janeiro	May 2045
Rodoanel Norte (***)	San Paolo Norterm Ring Road	September 2048
MGO (***)	Cristalina (Goias) – delta (Minas Gerais)	January 2044
BR-135 (***)	Montes Claros (Minas Gerais)	June 2048
(*)	A management "extension" has been granted, pending the appointment of a new licensee.	
(**)	For this stretch, still pending completion, the duration of the concession is 23.5 years as from the infrastructure's completion date.	
(***)	Investee via IGLI S.p.A.	

As regards the profit and loss figures of the individual motorway sections managed by the licensees, reference should be made to the information provided in the Management Report in the section "Results of Operations" - Motorway Sector.

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 has a 25-year term from the start of works, which are expected to last about 4 years and whose start depends on the meeting the financial requirements (public and private quota). The value of the expected investment is around BRL 6 billion (EUR 1.7 billion), with a government grant of 50%.

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	
Cost:				
as at 1 January 2017	42,034	46,223	1,297	89,554
Change in the scope of consolidation	42,829	(130)		42,699
Investments		2,062	487	2,549
Restatements and other changes		(2,159)	(713)	(2,872)
Divestitures		(59)	(196)	(255)
Foreign exchange differences	(1,998)			(1,998)
as at 31 December 2017	82,865	45,937	875	129,677
Accumulated depreciation:				
as at 1 January 2017	-	(31,440)	-	(31,440)
Change in the scope of consolidation		105		105
2017 depreciation		(3,734)		(3,734)
Reversals		61		61
Other changes		2,881		2,881
as at 31 December 2017	-	(32,127)	-	(32,127)
Net book value:				
as at 1 January 2017	42,034	14,783	1,297	58,114
as at 31 December 2017	82,865	13,810	875	97,550

	Goodwill	Other intangible assets		Total
		In operation	In process	
Cost:				
as at 1 January 2018	82,865	45,937	875	129,677
Change in the scope of consolidation	539	961	-	1,500
Investments	820	3,734	2,813	7,367
Restatements and other changes	-	163	(93)	70
Divestitures	-	(651)	-	(651)
Write-downs	-	-	(826)	(826)
Foreign exchange differences	1,802	-	-	1,802
as at 31 December 2018	86,026	50,144	2,769	138,939
Accumulated depreciation:				
as at 1 January 2018	-	(32,127)	-	(32,127)
Change in the scope of consolidation	-	(166)	-	(166)
2018 depreciation	-	(3,787)	-	(3,787)
Drawdowns	-	24	-	24
Foreign exchange differences	-	1	-	1
Other changes	-	(5)	-	(5)
as at 31 December 2018	-	(36,060)	-	(36,060)
Net book value:				
as at 1 January 2018	82,865	13,810	875	97,550
as at 31 December 2018	86,026	14,084	2,769	102,879

The "goodwill" values are summarised below:

Cash Generating Unit	Amount as at 31/12/2018
SALT p.A.	38,435
Autostrada dei Fiori S.p.A.	313
SATAP S.p.A.	2,907
Halmar International LLC	43,453 ⁽¹⁾
Sinelec S.p.A.	379
SEA Segnaletica Stradale S.p.A.	539
Total	86,026

⁽¹⁾ Amount converted using the exchange rate as at 31 December 2018.

The change in the consolidation area, equal to EUR 0.5 million, was due to the acquisition of the company SEA Segnaletica Stradale S.p.A., which took place on 4 July 2018.

With regard to the goodwill attributable to the acquisition of the Halmar group (amounting to EUR 43.5 million as at 31 December 2018) on 5 July 2017, the measurement process of the net liabilities acquired was completed as at the date of these financial statements. The difference between the consideration paid for the acquisition and the book values of the acquired assets and liabilities was recognised as "Goodwill".

Below follow the main disclosures relating to the investment in Halmar International LLC

(amounts in millions of EUR)

Company	Main Activity	Date of purchase	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%	56.3

EUR 51.8 million of the acquisition cost - equal to EUR 56.3 million - was paid on the closing of the transaction, with EUR 4.5 million allocated as future payments.

	<u>05/07/2017</u>
<u>Determination of goodwill resulting from acquisition</u>	
Acquisition cost of Halmar International LLC	56.3
(-) Book value of the net assets and liabilities acquired - pro rata	(12.3)
Goodwill	<u>44.0⁽¹⁾</u>

⁽¹⁾ EUR 43.5 million at the exchange rate at 31 December 2018

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 2018, 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 increase during the year was due to (i) the change in the scope of consolidation (EUR +1 million), (ii) higher investments (EUR +6.5 million) mainly for costs incurred for the development of an accounting and management software system, partially offset by (iii) amortisation and depreciation for the period (EUR +3.8 million), (iv) write-downs of assets under construction (EUR +0.8 million) and (v) disinvestments during the period (EUR +0.7 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
Cost:					
as at 1 January 2017	7,873,069	1,042,215	12,403	115,397	9,043,084
Change in the scope of consolidation	-	-	(12,403)	-	(12,403)
Investments	7,578	198,870	-	37,381	243,829
Divestitures and other changes	(5)	-	-	-	(5)
Restatements	260,859	(360,380)	-	-	(99,521)
as at 31 December 2017	8,141,501	880,705	-	152,778	9,174,984
Capital grants:					
as at 1 January 2017	(1,197,355)	(200,065)	-	(90,294)	(1,487,714)
Change in the scope of consolidation	-	-	-	-	-
Increases	(3,795)	-	-	(28,498)	(32,293)
Restatements	-	-	-	-	-
as at 31 December 2017	(1,201,150)	(200,065)	-	(118,792)	(1,520,007)
Accumulated depreciation:					
as at 1 January 2017	(4,426,075)	-	(4,392)	-	(4,430,467)
Change in the scope of consolidation	-	-	4,392	-	-
Restatements and other changes	-	-	-	-	-
2017 depreciation	(319,483)	-	-	-	(319,483)
as at 31 December 2017	(4,745,558)	-	-	-	(4,745,558)
Net book value:					
as at 1 January 2017	2,249,639	842,150	8,011	25,103	3,124,903
as at 31 December 2017	2,194,793	680,640	-	33,986	2,909,419

	Motorway in operation	Motorway under construction	Other non-compensated revertible assets under construction	Total
Cost:				
as at 1 January 2018	8,141,501	880,705	152,778	9,174,984
Investments	315,606	145,348	37,365	498,319
Divestitures and other changes	-	-	-	-
Restatements	25,523	(24,264)	-	1,259
as at 31 December 2018	8,482,630	1,001,789	190,143	9,674,562
Capital grants:				
as at 1 January 2018	(1,201,150)	(200,065)	(118,792)	(1,520,007)
Increases	(68)	-	(28,779)	(28,847)
Restatements	-	-	-	-
as at 31 December 2018	(1,201,218)	(200,065)	(147,571)	(1,548,854)
Accumulated depreciation:				
as at 1 January 2018	-	-	-	-
Restatements and other changes	-	-	-	-
2018 depreciation	(299,869)	-	-	(299,869)
as at 31 December 2018	(5,045,427)	-	-	(5,045,427)
Net book value:				
as at 1 January 2018	2,194,793	680,640	33,986	2,909,419
as at 31 December 2018	2,235,985	801,724	42,572	3,080,281

The gross value of the motorway network – equal to EUR 9,484.4 million – includes EUR 1,459.8 million of capitalised financial expenses, of which EUR 14.1 million capitalised during the financial year (EUR 1,445.7 million as at 31 December 2017).

"Investments" in the motorway network, amounting to EUR 461 million, include EUR 260 million for the indemnity paid to the outgoing concession holder (Autostrade Centro Padane S.p.A.) and EUR 41 million for the concession price paid to the Ministry of Infrastructures and Transport.

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 Grantor have been taken into account.

At 31 December 2018, 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	847,073
SAV S.p.A.	Quincinetto-Aosta	281,024
SALT p.A.	Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia	263,928
SALT p.A.	La Spezia-Parma (and road link with Autostrada del Brennero)	477,153
ADF S.p.A.	Savona-Ventimiglia	198,231
ADF S.p.A.	Torino – Savona	325,363
Asti-Cuneo S.p.A.	Asti-Cuneo	337,766
Autovia Padana S.p.A.	Piacenza-Cremona-Brescia	307,171
Motorway concessions – Total non-compensated revertible assets		3,037,709

Below follow the main disclosures relating to the takeover of the concession to the A21 Piacenza-Cremona-Brescia section.

On 1 March 2018, the subsidiary Autovia Padana S.p.A. effectively took over the 25-year concession for the A21 Piacenza-Cremona-Brescia stretch, which extends 100.1 kilometres, crossing two regions - Emilia Romagna and Lombardy - and connecting the A21 Torino-Piacenza motorway with the A4 Brescia Padova motorway.

During the period, Autovia Padana S.p.A., as required by the call for tenders, paid the indemnity to the outgoing concession holder (Autostrade Centropadane S.p.A.) for an amount of EUR 260 million plus VAT, as well as the concession price - equal to EUR 41 million - to the Ministry of Infrastructures and Transport.

The assets and liabilities resulting from the acquisition are shown below:

(millions of EUR)

Non-compensated revertible assets - takeover	260.0	} 301
Non-compensated revertible assets - concession	41.0	
Other assets	56.8	
Financial debt	(191.7)	
Other liabilities	(2.4)	
Total net assets acquired	163.7	
Group	83.5	
Minority interests - Ardian Group	80.2	
Total additions to equity⁽¹⁾	163.7	

⁽¹⁾ The additions to equity were paid 50.9% by the subsidiary SATAP S.p.A., 0.1% by ITINERA S.p.A. and 49% by the Ardian Group.

The performance and financial data relating to the management of the new section are therefore reflected in the Group's figures with effect from 1 March 2018.

Other concessions

Licensee <i>(amounts in thousands of EUR)</i>	Concession object	Net value
Taranto Logistica S.p.A.	Logistics platform at the port of Taranto	42,572
Total Non-compensated revertible assets		42,572

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
Cost:							
as at 1 January 2017	107,441	49,276	29,073	55,450	33,253	1,950	276,443
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)
as at 31 December 2017	112,348	47,887	38,454	59,882	37,615	1,495	297,681
Accumulated depreciation:							
as at 1 January 2017	(34,368)	(38,117)	(24,794)	(47,642)	(26,936)	-	(171,857)
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
Drawdowns	301	1,778	2,142	1,094	77	-	5,392
as at 31 December 2017	(37,234)	(39,015)	(29,485)	(51,223)	(30,025)	-	(186,982)
Net book value:							
as at 1 January 2017	73,073	11,159	4,279	7,808	6,317	1,950	104,586
as at 31 December 2017	75,114	8,872	8,969	8,659	7,590	1,495	110,699

	Land and buildings	Plant and mach.	Ind. and comm. equip.	Other assets	Financial lease assets	Constr. in progress and advance payments	Total
Cost:							
as at 1 January 2018	112,348	47,887	38,454	59,882	37,615	1,495	297,681
Change in the scope of consolidation	19,423	10,324	18,476	1,611	-	-	49,834
Investments	49	4,304	4,222	4,844	1,682	2,274	17,375
Restatements and other changes	(1,091)	8,101	1,679	(7,599)	(611)	(1,461)	(982)
Foreign exchange differences	255	(2)	428	162	167	45	1,055
Divestitures	(101)	(1,366)	(4,631)	(3,088)	(2,457)	-	(11,643)
as at 31 December 2018	130,883	69,248	58,628	55,812	36,396	2,353	353,320
Accumulated depreciation:							
as at 1 January 2018	(37,234)	(39,015)	(29,485)	(51,223)	(30,025)	-	(186,982)
Change in the scope of consolidation	(4,025)	(9,772)	(14,832)	(1,235)	-	-	(29,864)
2018 depreciation	(2,827)	(3,065)	(3,769)	(2,612)	(1,841)	-	(14,114)
Restatements and other changes	1,033	(6,164)	(959)	6,137	(457)	-	(410)
Foreign exchange differences	(32)	-	(315)	(85)	(78)	-	(510)
Reversals	101	1,010	2,765	2,773	1,930	-	8,579
as at 31 December 2018	(42,984)	(57,006)	(46,595)	(46,245)	(30,471)	-	(223,301)
Net book value:							
as at 1 January 2018	75,114	8,872	8,969	8,659	7,590	1,495	110,699
as at 31 December 2018	87,899	12,242	12,033	9,567	5,925	2,353	130,019

The item "change in the scope of consolidation" was mainly due to the consolidation of SEA Segnalatica Stradale and Interstrade S.p.A., the latter merged by incorporation into Itinera S.p.A..

With regard to the item "land and buildings", there was (i) a mortgage guarantee in favour of Cassa di Risparmio di La Spezia on the building owned by Logistica Tirrenica S.p.A. as guarantee for a loan, for which the residual payable as at 31 December 2018 totalled EUR 0.2 million and (ii) a mortgage guarantee in favour of Banca Regionale Europea on the land owned by SEA Segnalatica Stradale S.p.A. as guarantee for a loan, for which the residual payable as at 31 December 2018 totalled EUR 3 million.

With regard to the Halmar Group, mortgage guarantees have been recognised in favour of M&T Bank on land and buildings owned by Halmar International LLC to guarantee loans with a total outstanding debt of EUR 2 million at 31 December 2018.

Financial lease assets

As at 31 December 2018, the Group had in place 67 financial leases to acquire plant and machinery, and industrial and commercial equipment. Their net book value as at 31 December 2018 totalled EUR 5.9 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 2018.

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 2017	Purchases/ Increases	Sales/ Decreases	Change in the scope of consolidation	Reclassificati ons and other changes	Adjustments to "shareholders' equity"			Foreign exchange differences	31 December 2018
						Profit/ (loss)	Dividends	Other (*)		
Equity investments:										
a) in jointly controlled entities										
ATIVA S.p.A.	60,978					9,273	(15,856)	(16)		54,379
EcoRodovias Infraestrutura e Logística S.A.	32,796	30,150	-	-	-	2,049	(4,288)	101	(5,217)	55,591
Federici Stirling Batco LLC	15,535	-	-	-	-	(6,059)			523	9,999
Primav Infrastruttura S.A.	561,940	-	-	-	-	(1,659)	(8,547)	1,058	(59,500)	493,292
Tangenziale Esterna S.p.A.	70,250	-	-	-	(70,250)	-	-	-	-	-
Tangenziali Esterne Milano S.p.A.	69,791	-	-	-	(69,791)	-	-	-	-	-
b) in associated companies										
ASTA S.p.A.	3,778	-	-	-	-	378	-	-	-	4,156
ATIVA Immobiliare S.p.A.	453	-	-	-	-	15	-	-	-	468
Aurea S.c.a.r.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	-	-	-	-	(15)	-	-	-	6,114
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
C.T.E. Consorzio tangenziale Engineering	84	-	-	-	-	-	-	-	-	84
D.N.C. S.c.a.r.l.	4	-	-	-	-	-	-	-	-	4
Europa S.c.a.r.l.	5	-	-	-	-	-	-	-	-	5
Fondo Valle S.c.a.r.l. (in liquidazione)	4	-	-	-	-	-	-	-	-	4
Formazza S.c.a.r.l.	2	-	-	-	-	-	-	-	-	2
Igea Romagna S.c.a.r.l.	-	4	-	-	-	-	-	-	-	4
I.Co.M. S.c.a.r.l.	5	-	-	(5)	-	-	-	-	-	-
Interconnessione S.c.a.r.l.	5	-	-	-	-	-	-	-	-	5
Letimbro S.c.a.r.l.	49	-	-	-	-	-	-	-	-	49
Lissone S.c.a.r.l.	5	-	-	-	-	-	-	-	-	5
Malco S.c.a.r.l.	5	-	-	-	-	-	-	-	-	5
Marchetti S.c.a.r.l.	4	-	-	-	-	-	-	-	-	4
Mill Basin Bridge Constructors	7,514	1,863	-	-	-	(5,655)	-	-	237	3,959
Mose Bocca di Chioggia S.c.a.r.l.	4	-	-	-	-	-	-	-	-	4
Mose Operae	2	-	-	-	-	-	-	-	-	2
Mose Treporti	2	-	-	-	-	-	-	-	-	2
Nichelino Village S.c.a.r.l.	5	-	-	-	-	-	-	-	-	5
OMT S.p.A.	175	-	(175)	-	-	-	-	-	-	-
Ponte Nord S.p.A.	781	-	-	-	-	(26)	-	-	-	755
Quires S.r.l.	17	-	(17)	-	-	-	-	-	-	-
Rivalta Terminal Europa S.p.A.	5,589	-	-	-	-	(164)	-	-	-	5,425
Road Link Holdings Ltd	2,688	-	-	-	-	1,016	(1,116)	-	(17)	2,571
SABROM S.p.A.	7,264	-	-	-	-	(304)	-	-	-	6,960
Serravalle Village S.c.a.r.l.	5	-	-	-	-	-	-	-	-	5
SITAF S.p.A.	132,515	-	-	-	-	12,684	-	393	-	145,592
SITRASB S.p.A.	11,468	-	-	-	-	617	-	-	-	12,085
Smart Mobility System S.c.a.r.l. (SMS S.c.a.r.l.)	-	4	-	-	-	-	-	-	-	4
Tangenziale Esterna S.p.A.	-	11,987	-	-	70,250	(4,675)	-	926	-	78,488
Tangenziali Esterne Milano S.p.A.	-	28,779	(17,872)	-	69,791	(5,219)	-	981	-	76,460
Tessera S.c.a.r.l.	-	4	-	-	-	-	-	-	-	4
Tunnel Frejus S.c.a.r.l.	25	-	-	-	-	-	-	-	-	25
V.A. Bitumi S.r.l.	399	-	(161)	-	-	-	(238)	-	-	-
Vado Intermodal Operator S.p.a.	7,186	-	-	-	-	(97)	-	-	-	7,089
Vetivaria s.r.l.	68	-	-	-	-	-	-	-	-	68
Total	1,007,179	72,791	(18,225)	(5)	-	2,159	(30,045)	3,443	(63,974)	973,323

(*) This mainly 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*" refers to:

- the purchase by the subsidiary IGLI S.p.A. of a total of 13,854,084 shares in Ecorodovias Infrastruttura & Logistica S.A. for an outlay of EUR 30.2 million (R\$ 127 million), representing 2.48% of the share capital. Following the above purchases (and the acquisitions made in 2017), the total number of shares held by IGLI S.p.A. directly in Ecorodovias amounted to 27,879,084, corresponding to approximately 4.99% of the share capital of Ecorodovias. As a result, IGLI S.p.A. holds directly and indirectly (through Primav Infrastruttura S.A.) 49.21% of Ecorodovias;
- the purchase of 11,986,589 shares in Tangenziale Esterna S.p.A. by the subsidiary SIAS S.p.A. (10,538,595 shares) and by the subsidiary SATAP S.p.A. (1,447,994 shares) for a total value of approximately EUR 12 million. As a result of the purchase, the Group's stake in this company is now equal to 21.271% of the share capital;
- the purchase of 38,373,033 shares in Tangenziali Esterne Di Milano S.p.A. by the subsidiary SIAS S.p.A. (7,725,883 shares) and by the subsidiary SATAP S.p.A. (30,647,150 shares) for a total value of approximately EUR 28.8 million. Following these purchases and the disposal described below, the Group's interest in this company accounts for 46.497% of the share capital;
- the payment by the subsidiary Halmar International LLC of EUR EUR 1.9 million to Mill Basin Constructors LLC to cover losses;
- the subscription of 4,066 quotas of Igea Romagna S.c.a.r.l. by the subsidiary Euroimpianti S.p.A. for a total value of EUR 4 thousand;
- the subscription of 4,550 quotas of Smart Mobility System S.c.a.r.l. (SMS S.c.a.r.l.) by the subsidiary Sinelec S.p.A. for a total value of EUR 4 thousand;
- the subscription of 3,924 quotas of Tessera S.c.a.r.l. by the subsidiary Itinera S.p.A. for a total value of EUR 4 thousand.

The item "*sales/decreases*" refers to:

- sale by the subsidiary SATAP S.p.A. of 23,829,354 (equal to approximately 8.11% of the share capital) of Tangenziali Esterne di Milano S.p.A. for a total value of EUR 17.9 million;
- the sale of all the quotas in Quires S.r.l. (equal to 30% of the quota capital);
- the sale by the subsidiary Itinera S.p.A. of all the quotas held in V.A. Bitumi S.r.l. (equal to 50% of the quota capital);
- the sale, by the subsidiary Sinelec S.p.A., of all shares held in OMT S.p.A. (equal to 40% of the share capital).

The item "*Reclassifications and other changes*" refers to the reclassification of the investments held in Tangenziali Esterne di Milano S.p.A. and Tangenziale Esterna S.p.A. from companies "*subject to joint control*" to "*associated companies*" following the termination, as from 31 December 2018, of the agreements signed in 2013 with Intesa SanPaolo S.p.A. for the purpose of joint control of the companies 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. "BRE.BE.MI".

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 actualization to present value of the Employee Severance Indemnity.

With reference to the measurement of the investee Baglietto, the agreement signed by ASTM S.p.A. with the 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. This right was exercised in March 2019.

The item "Foreign exchange differences" reflects the changes, resulting from translation into euro, of the financial statements of the associates and jointly controlled companies Primav Infraestrutura S.A., Ecorodovias Infraestrutura & Logística S.A. Federici Stirling Batco LLC, and Road Link Holdings Ltd. e Mill Basin Constructors LLC.

As at 31 December 2018, 94,148,001 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.

The main economic and financial data for the companies accounted for by the "equity method" (Jointly controlled entities and associated companies) is provided below

The investee Primav Infraestrutura S.A. and Ecorodovias Infraestrutura & Logística S.A. ¹are 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.

¹ 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 2018 IGLI S.p.A. acquired 2.48% of the share capital of Ecorodovias Infraestrutura & Logística S.A.; as a result of these further purchases, IGLI S.p.A. holds 49.21% of Ecorodovias directly and indirectly (through Primav Infraestrutura S.A.).

With regard to the equity-financial situation:

(amounts in thousands of EUR)	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 Infraestruturura S.A. ^{(1) (2)}	719,060	620,354	1,850,466	491,970	368,709	1,807,225	1,500,603
Ecorodovias Infraestruturura & logistica SA ^{(1) (2)}	694,988	596,420	1,559,948	451,948	337,158	1,658,901	1,352,426
Ativa Group ⁽¹⁾	218,946	52,505	12,799	27,559	2,745	84,308	-
Federici Stirling Batco LLC ^{(1) (2)}	79,508	47,195	9,276	56,004	55,775	45,812	44,219

(1) Information added based on the financial statements of the companies, prepared in accordance with IFRS/IAS.
 (2) Figures converted using the exchange rate as at 31 December 2018.

With regard to profit and loss:

	Revenue	Profit (loss) for the year	Total other comprehensive income	Dividends received
Primav Infraestruturura S.A. ^{(1) (2)}	735,585	60,524	60,524	8,547
Ecorodovias Infraestruturura & logistica SA ^{(1) (2)}	735,585	88,693	88,693	4,288
Ativa Group ⁽¹⁾	164,862	21,220	21,074	15,856
Federici Stirling Batco LLC ^{(1) (2)}	21,724	(10,022)	(10,022)	-

(1) Information added based on the financial statements of the companies, prepared in accordance with IFRS/IAS.
 (2) Figures translated at average exchange rate for 2018.

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.

Below follow the main disclosures relating to the investment in Primav Infraestruturas S.A.

Company	Main Activity	Date of purchase	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>Determination of goodwill resulting from acquisition</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>Allocation to fair value of acquired assets</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
Goodwill (included in the value of the investment in Primav Infraestruturas S.A.)	32,594	10,270

Below follow the main disclosures relating to the investment in Ecorodovias Infraestruturas & Logística S.A.

Company	Main Activity	Date of purchase	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	2017	2.51%	2.51%	36,966
		2018	2.48%	2.48%	30,150

The cost of acquisition was paid in full at the *closing* of the relevant transactions and does not comprise potential future fees.

	<u>2017</u>	<u>2018</u>
<u>Determination of goodwill resulting from acquisition</u>		
Consideration paid	36,966	30,150
(-) Book value of the net assets and liabilities acquired - pro rata 2.48% difference to allocate	<u>(2,776)</u>	<u>(3,866)</u>
	<u>34,190</u>	<u>26,284</u>
<u>Allocation to fair value of acquired assets</u>		
Concessions – non-compensated revertible assets	35,402	29,719
Deferred taxes	<u>(12,037)</u>	<u>(10,105)</u>
Allocation	23,365	19,614
Goodwill (included in the value of the investment "Ecorodovias Infraestruturas & Logística S.A.")	10,825	6,670

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 ⁽¹⁾ as at
ASTA S.p.A.	10,987	3,097	116	1,254	31/12/2017
Aurea S.c.ar.l.	15,990	15,980	11,986	-	31/12/2018
ATIVA Immobiliare S.p.A.	3,264	1,256	631	30	31/12/2017
Baglietto S.p.A.	104,894	101,781	36,736	(1,933)	31/12/2018
C.I.M. S.p.A.	82,331	50,520	6,730	(63)	31/12/2017
Edilrovaccio 2 S.r.l.	577	1,137	-	(274)	31/12/2018
Mill Basin Bridge Constructors ⁽²⁾	20,897	13,221	7,676	(11,310)	31/12/2018
Ponte Nord S.p.A.	3,752	2,244	31	(53)	31/12/2017
Rivalta Terminal Europa S.p.A.	54,787	42,605	3,853	(1,796)	31/12/2017
ROAD LINK Holdings Ltd. ⁽³⁾	-	-	5,250	5,250	31/03/2018
SA.BRO.M. S.p.A.	45,233	19,272	158	(1,138)	31/12/2017
S.I.T.A.F. S.p.A.	1,652,207	1,326,879	157,183	25,044	31/12/2017
SITRASB S.p.A.	47,655	14,509	10,627	1,686	31/12/2018
Tangenziale Esterna S.p.A.	1,472,479	1,157,405	65,472	(23,246)	31/12/2018
Tangenziali Esterne di Milano S.p.A.	232,188	194	128	(637)	31/12/2018
Vetivaria S.r.l.	858	686	805	-	31/12/2017
Vado Intermodal Operator S.p.a.	41,055	33,241	2,974	1,116	31/12/2017

(1) Financial statements prepared in compliance with national accounting standards/OIC

(2) Data converted into USD at the exchange rate on 31 December 2018

(3) In thousands of GBP

3.b – Other equity investments

Changes to investments in "other businesses" during the period were as follows:

	31 December 2017			Changes during the period					31 December 2018		
	Original value	Adj. to "fair value"	Total	Purchases/Increases	Sales/Decreases	Change area	Restatements and other changes	Adjustments to fair value	Original value	Adj. to "fair value"	Total
Equity investments:											
Abertis Infraestructura	56	167	223	-	(56)	-	-	(167)	-	-	-
Restart SIIQ S.p.A. (ex AEDES S.p.A.)	6,538	1,389	7,927	-	-	-	-	(7,641)	6,538	(6,252)	286
AEDES SIIQ S.p.A.	-	-	-	-	-	-	-	1,896	-	1,896	1,896
Assicurazioni Generali S.p.A.	6,397	1,966	8,363	-	-	-	-	(330)	6,397	1,636	8,033
Banca CA.RI.GE. S.p.A.	29	(1)	28	-	-	-	-	(28)	29	(29)	-
Banco Popolare BPM	301	(15)	286	-	-	-	-	(71)	301	(86)	215
PLC S.p.A. (former Industria e Innovazione S.p.A.)	84	(16)	68	68	-	-	-	(30)	152	(46)	106
Salini Impregilo S.p.A. – savings shares	6,043	489	6,533	-	(416)	-	-	(2,393)	5,627	(1,904)	3,724
Mediobanca S.p.A.	3,735	4,211	7,946	-	(2,402)	-	-	(3,332)	1,333	879	2,212
Total Level 1	23,183	8,190	31,374	68	(2,874)	-	-	(12,096)	20,377	(3,906)	16,472
ABESCA EUROPA S.r.l.	158	-	158	-	-	-	-	-	158	-	158
Agenzia di Pollenzo S.p.A.	1,424	-	1,424	-	-	-	-	-	1,424	-	1,424
Argentea Gestioni S.C.p.A.	17	-	17	-	(17)	-	-	-	-	-	-
Assoservizi Industria s.r.l.	1	-	1	-	-	(1)	-	-	-	-	-
Autostrade Centro Padane S.p.A.	9,328	-	9,328	-	-	-	-	-	9,328	-	9,328
Banca Alpi Marittime Credito cooperativo - Carru	-	-	-	-	-	-	10	-	10	-	10
CE.P.I.M. S.p.A.	14	-	14	-	-	-	-	-	14	-	14
CES.I.F.S.c.p.A.	-	-	-	-	-	-	-	-	-	-	-
Codelfa S.p.A.	6,218	-	6,218	-	-	-	(3,705)	2,088	2,513	2,088	4,601
Compagnia Aerea Italiana S.p.A.	-	-	-	-	-	-	-	-	-	-	-
Società Confederazione Autostrade S.p.A.	418	-	418	-	-	-	-	-	418	-	418
Consorzio Autostrade Energia	16	-	16	-	-	-	-	-	16	-	16
Cons. Costr. Veneti San Marco	15	-	15	-	-	-	-	-	15	-	15
Cons. Pedemobarda 2 S.c.p.A.	-	-	-	-	-	-	-	-	-	-	-
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
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)	-	-	-	-
MN 6 S.c.ar.l.	1	-	1	-	-	-	-	-	1	-	1
Nuova Codelfa S.p.A.	-	-	-	-	-	-	3,705	1,917	3,705	1,917	5,622
iOne Solutions S.r.l.	2	-	2	-	-	-	-	-	2	-	2
Passante Dorico S.p.A.	2,623	-	2,623	-	-	-	-	-	2,623	-	2,623
Pedemobarda S.c.p.A.	550	-	550	-	-	-	-	-	550	-	550
P.S.T. S.p.A.	166	-	166	-	-	-	-	-	166	-	166
Si.Co.Gen. S.r.l.	-	-	-	-	-	139	-	-	139	-	139
Siteco BG ODD	10	-	10	-	-	-	-	-	10	-	10
SO.GE.A.P. S.p.A.	189	-	189	-	-	-	-	-	189	-	189
SPEDIA S.p.A.	376	-	376	-	-	-	-	-	376	-	376
Tubosider S.p.A.	844	-	844	-	-	-	-	-	844	-	844
Tunnel Gest S.p.A.	426	-	426	-	-	-	(351)	-	75	-	75
Uirnet	10	-	10	-	-	-	-	-	10	-	10
Total Level 3	92,345	198	92,543	-	-	139	(359)	4,005	92,125	4,203	96,328
Total	115,529	8,388	123,917	68	(2,874)	139	(359)	(8,091)	113,390	(590)	112,800

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, shareholders' equity, models/financial plans.

The main changes during 2018 refer to:

- the subscription of the share capital of PLC S.p.A. (ex Industria e Innovazione S.p.A.), comprising 841,192 shares for a total value of EUR 68 thousand;
- transfer of 12,019 shares of Abertis Infraestructura S.A. for a total amount of EUR 0.2 million, realising a capital gain¹ of EUR 0.2 million;
- transfer of 540,000 shares of Mediobanca S.p.A. for a total amount of EUR 5.3 million, realising a capital gain¹ of EUR 2.9 million;
- the sale of 64,730 shares of Salini Impregilo S.p.A. savings shares for a total value of EUR 430 thousand, generating a capital gain of EUR ¹ 13 thousand;
- on 2 August 2018, the subsidiary Finanziaria di Partecipazioni e Investimenti S.p.A. – following the partial demerger of Codelfa S.p.A. into the beneficiary Nuova Codelfa S.p.A. – received 82,115 shares of the new company representing 16.423% of the share capital.
- the *fair value* adjustment of equity investments (based mainly on market prices), with a contra-entry in "shareholders' equity".

As at 31 December 2018, the value of the other equity investments included a total negative amount (Group and minority interests) of fair value adjustments of approximately EUR 0.6 million (EUR 8.4 million as at 31 December 2017) which related to the fair value adjustment of the investments.

¹ In accordance with IFRS 9, this capital gain is recorded under "Retained earnings (losses)" in shareholders' equity.

3.c – Other non-current financial assets

It should be noted that, following the adoption of IFRS 9, the items classified as "receivables" (EUR 111.7 million) and "other" financial assets (EUR 365 million) as at 31 December 2017, totalling EUR 476.7 million, were reclassified to a single item called "other non-current financial assets".

This item breaks down as follows:

	31 December 2018	31 December 2017
Loans:		
• Loans to investees and other loans	113,118	76,952
Receivables:		
• financial receivables due from the Grantor for "minimum guaranteed amounts"	2,290	2,335
• from INA	9,183	9,277
• as collateral on fidejussory policies	20,456	20,512
• from suppliers as security deposits	1,735	1,089
Other financial assets:		
• insurance policies	216,491	242,314
• takeover	117,509	111,260
• other financial assets	63,207	13,004
Total	543,989	476,743

"Loans to investees and other loans" relate mainly to the loans granted to Tangenziale Esterna S.p.A. (EUR 89.5 million), Federici Stirling Batco LLC (EUR 8.1 million), Sa.Bro.M. S.p.A. (EUR 4.8 million), Tunnel Frejus (EUR 3 million), Nichelino Village S.c.ar.l. (EUR 1 million) and Confederazione Autostradale (EUR 0.8 million). The increase in this item, amounting to approximately EUR 36.2 million, is attributable to (i) the purchase from Intesa SanPaolo S.p.A. of further parts of the loan from Tangenziale Esterna S.p.A. (EUR 20.9 million) and interest accrued in the period (EUR 4.6 million), (ii) the grant of a loan to the company Sa.Bro.M. S.p.A. (EUR 4.8 million), (iii) the grant of an additional loan to Federici Stirling Batco LLC, including the interest accrued in 2018 (EUR 2.2 million), (iv) the disbursement of the loan to the JV ArgeH51 (EUR 4.9 million) offset by the repayment of other loans to investees (EUR 0.7 million).

In accordance with IFRIC 12, the item "financial receivables due from the Grantor for minimum guaranteed amounts" represents the present value of the medium-long term portion of the minimum cash flows guaranteed by the Grantor to Euroimpianti 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.

The item "insurance policies" refers to capitalisation policies with single premium and guaranteed capital. The capital appreciates according to the higher of 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 equal to EUR 216.5 million refers to the capitalisation policies, entered into (i) by the subsidiary Società Autostrade Ligure Toscana p.A. (EUR 206.4 million) with Credit Agricole Vita, Reale Mutua Assicurazioni, Allianz, Compagnia Italia di previdenza, UnipolSai Assicurazioni and Cardiff, (ii) by the subsidiary SATAP S.p.A. (EUR 8 million) with Reale Mutua Assicurazioni, and (iii) by the subsidiary Autostrada Asti Cuneo S.p.A. (EUR 2 million) with Generali Italia S.p.A.. The change in the year is attributable to (i) repayments/redemptions of insurance policies (EUR -58.4 million), (ii) new policies taken out (EUR +30 million) and (iii) the recognition of income on capitalisation policies (EUR +3.6 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 6.7 million for a receivable accrued for investments in the A21 "Torino –Piacenza" stretch after this date and (iii) EUR 2.9 million for advances to suppliers for work on the A21 "Torino-Piacenza" stretch.

The item "other financial assets" includes (i) the asset recognised in light of the additional purchases of shares in Tangenziale Esterna S.p.A. (EUR +14.8 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (ii) the asset recognised in light of the additional purchases of shares in Tangenziali Esterne di Milano S.p.A. (EUR +7.7 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (iii) the asset recognised in view of the purchase of shares of Tangenziale Esterna S.p.A. by Consorzio Tangenziale Engineering (EUR 2.6 million) and the cooperative companies CMC, CMB, Unieco and Coopsette (EUR 5.2 million), which is offset by a payable of the same amount, (iv) the asset recognised in view of the purchase of a portion of the loan of Tangenziale Esterna S.p.A. (EUR +11.3 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (iv) the Pharus Sicav investment fund, subscribed in previous years as a cash investment (EUR +9.9 million) and (v) the J.P. Morgan investment funds subscribed during the year as a cash investment (EUR +7.2 million).

Note 4 – Deferred tax assets

This item totalled EUR 146,504 thousand (EUR 151,079 thousand as at 31 December 2017). For the breakdown of this item, please refer to Note 36 – Taxes.

Note 5 - Inventories and contract assets

These consist of:

	31 December 2018	31 December 2017
Raw materials, ancillary materials and consumables	23,655	16,893
Work in progress and semi-finished goods - Contract assets	7,624	7,017
Contract work in progress	195,038	128,673
Finished products and goods	2,723	3,060
Advance payments	5,185	691
Total	234,225	156,334

Construction contracts breaks down as follows:

	31 December 2018	31 December 2017
Gross value of the orders	1,568,846	2,093,512
Advance payments on work progress	(1,343,163)	(1,907,776)
Advance payments on reserves and price changes	(18,407)	(44,184)
Provisions to guarantee work in progress	(12,238)	(12,879)
Net value	195,038	128,673

The increase in the item "*inventories and contract assets*" was mainly due to higher production in the construction sector.

Note 6 – Trade receivables

Trade receivables totalled EUR 244,765 thousand (EUR 208,267 thousand as at 31 December 2017), net of the provisions for bad debts of EUR 8,993 thousand (EUR 7,523 thousand as at 31 December 2017). The receivables derive from normal operations within the scope of the activities carried out by the group, mainly relating to the execution of works, the supply of materials, technical and administrative services and other services.

Note 7 – Current tax assets

This item totalled EUR 36,170 thousand (EUR 29,340 thousand as at 31 December 2017) and refers to receivables for VAT, regional production tax (IRAP), corporate income tax (IRES) and other tax assets. The change in the item is mainly attributable to higher IRES and IRAP receivables.

Note 8 – Other receivables

This item breaks down as follows:

	31 December 2018	31 December 2017
Advances to suppliers	13,606	3,992
From related parties	18,858	23,322
From others	143,323	20,099
Prepaid expenses	13,908	7,972
Total	189,695	55,385

The change in the item "*advances to suppliers*" is mainly due to higher advances received from suppliers in the construction sector.

"*Receivables due from related parties*" mainly refer to receivables owed to Autostrada dei Fiori S.p.A. by Rivalta Terminal Europa S.p.A. (EUR 13.8 million) and by Vado Intermodal Operator S.p.A. (EUR 1.4 million) and receivables owed to the subsidiary Itinera S.p.A., SEA Segnaletica Stradale S.p.A., Sina S.p.A. and ASTM S.p.A. from Aurelia S.r.l., mainly relating to the tax consolidation.

The change in "*receivables from others*" during the period was mainly due to (i) the sale to Intesa SanPaolo S.p.A. of the equity investment held by the subsidiary SATAP S.p.A. in Autostrade Lombarde S.p.A. and the loan granted to it (totalling EUR 81.1 million), and (ii) the sale to Autostrade per l'Italia S.p.A. of the shares of Tangenziali Esterne di Milano S.p.A., held by the subsidiary SATAP S.p.A. (EUR 17.9 million), (iii) the sale to Autostrade Lombarde S.p.A. and Impresa Pizzarotti S.p.A. of the equity investment held by the subsidiary Itinera S.p.A. in BRE.BE.MI. S.p.A., as well as the related loan granted to it (totalling EUR 11.4 million) and the related equity investment held in Argentea Gestioni S.c.p.A. (EUR 17 thousand). These receivables were collected in January 2019.

The change also includes (i) the recharging of costs pertaining to third parties in the initiative relating to the subsidiary of Itinera S.p.A. in Romania (EUR +8.1 million) and (ii) the increase in other receivables (EUR +4.7 million).

Note 9 – Current financial assets

It should be noted that, following the adoption of IFRS 9, the items classified as "*Assets held for trading*" (EUR 5.9 million) and "*Financial receivables*" (EUR 243.7 million) as at 31 December 2017, totalling EUR 249.6 million, were reclassified to a single item called "*Other current financial assets*".

Current financial assets consist of:

	31 December 2018	31 December 2017
From connected companies	246,790	224,993
Receivables from ANAS for capital grants	5,940	5,940
Pledged current accounts and other financial receivables	36,708	12,710
Financial receivables for "minimum guaranteed amounts"	45	45
Other current financial assets	4,388	5,915
Total	293,871	249,603

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-Pero fair centre" and the "Bernate-Ticino Bypass".

"Pledged current accounts", equal to EUR 11.3 million (EUR 11.4 million as at 31 December 2017), refer to the "reserve accounts" servicing the debt in relation to the loans entered into by the subsidiaries SAV S.p.A. and Autostrada dei Fiori S.p.A. (A6 stretch). "Other financial receivables" as at 31 December 2017 equal to EUR 25.4 million (EUR 1.3 million as at 31 December 2017) mainly refer to (i) temporary investments of liquidity made by the Brazilian company Itinera Construcoes Ltd and the Joint Operation 3rd Track (EUR 16.4 million) and (ii) the dividend paid by Primav Infrastruttura S.A. (EUR 8.5 million), which was collected in January 2019.

The item "other financial assets" totalled EUR 4,388 thousand (EUR 5,915 thousand as at 31 December 2017) and related to the Brazilian Certificate of Deposit; the item changed due to (i) the disinvestment of the Brazilian Bank Deposit Certificates (CDB) subscribed last year for a total value of EUR 5.9 million and (ii) the subscription on 27 November 2018 of a Brazilian Bank Deposit Certificate (CDB) for a value of R\$ 19.5 million (EUR 4.4 million at the Brazilian Euro/Reais exchange rate of 27 November 2018, equal to EUR 4.4011). At the reporting date, the value of this Certificate at the Brazilian Reais/Euro exchange rate of 31 December 2018, equal to 4.444, was EUR 4.3 million. The measurement at the exchange rate as at 31 December 2018 led to the recognition of an exchange loss equal to EUR 43 thousand.

Note 10 – Cash and cash equivalents

These consist of:

	31 December 2018	31 December 2017
Bank and postal deposits	1,069,790	540,916
Cheques	120	30
Cash and cash equivalents on hand	17,723	13,990
Total	1,087,633	554,936

The change in the item "cash and cash equivalents" is mainly due to the issue of the SIAS 2018-2028 convertible bond loan.

For a detailed analysis of the changes in this item, please see the cash flow statement.

Note 11 - Discontinued operations/Non-current assets held for sale

As at 31 December 2017, the item "Discontinued operations/Non-current assets held for sale" referred to the value of the equity investment held in Autostrade Lombarde S.p.A. (EUR 27.9 million) and the loan receivable from it (EUR 19 million), which on the basis of the agreements signed on 28 July 2017 by SIAS S.p.A., SATAP S.p.A. and Itinera S.p.A. with Intesa SanPaolo S.p.A. were to be sold to Intesa SanPaolo.

The sale of the abovementioned equity investment and financial receivable took place during 2018 and was settled in January 2019. As previously mentioned, the relative amounts were entered under the item "Other receivables - from others".

Note 12 – Shareholders' equity

12.1 – Share capital

As at 31 December 2018, 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. The balance as at 31 December 2018 is provided 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)
31 December 2017	6,556,206	3,278,104	6.623%	10.84	71,091
Purchases	1,093,375	546,688	1.104%	19.06	20,836
Sales	(58,878)	(29,440)	-0.059%	(14.45)	(851)
31 December 2018	7,590,703	3,795,352	7.667%	12.00	91,076

The item "Sales" refers to the sale by the subsidiary Autostrada Albenga-Garessio-Ceva S.p.A. of all the shares held in ASTM S.p.A., for a total value of EUR 1.4 million.

With regard to the above-mentioned aspects, the share capital as at 31 December 2018 is as follows (amounts in thousands of EUR):

Nominal Value of Share Capital	49,499
Nominal value of treasury shares held by the Parent Company	(3,795)
Nominal Value of adjusted Share Capital	45,704

12.2 – Reserves

12.2.1 – Share premium reserve

This item totalled EUR 147,361 thousand (EUR 147,361 thousand as at 31 December 2017).

12.2.2 – Revaluation reserves

This item totalled EUR 9,325 thousand (EUR 9,325 thousand as at 31 December 2017).

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

12.2.3 – Legal reserve

This item totalled EUR 10,538 thousand, unchanged compared to 31 December 2017 since it is higher than the limit set out in art. 2430 of the Italian Civil Code.

12.2.4 – 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 91,076 thousand (EUR 70,240 thousand as at 31 December 2017). This reserve was established through a reclassification from the item "Retained earnings (losses)".

12.2.5 – Purchased treasury shares

This item represents the contra-item paid to purchase treasury shares. As illustrated in the "Valuation criteria", this amount, totalling EUR 87,281 thousand, adjusts the shareholders' equity reserves (net of the nominal value of treasury shares, amounting to EUR 3,795 thousand, which is deducted directly from the "share capital").

12.2.6 - Reserve for revaluation to fair value

This item was essentially established and moved as a direct contra-entry to the fair value measurement of equity investments and other financial assets. As at 31 December 2018, this reserve totalled a negative EUR 1,295 thousand, net of the related deferred tax effect (a positive EUR 5,347 thousand as at 31 December 2017). For changes in this item, please see Note 3 "Non-current financial assets".

12.2.7 – 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 2018, this item showed a positive balance of EUR 10,493 thousand, net of the related deferred tax effect (negative balance of EUR 13,262 thousand as at 31 December 2017). This amount, recognised net of the related deferred tax effect, 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 "other equity investments" and "other financial assets". More specifically, the change in the period, amounting to EUR 23,755 thousand, is detailed below:

(amounts in thousands of EUR)

Adjustment to IRS (Companies consolidated with the "line-by-line method")	19,363
Tax effect on IRS adjustment (Companies consolidated with the "line-by-line method")	(4,647)
IRS adjustment/reversal (companies consolidated with the "equity method" and "Non-current assets held for sale")	21,120
Total	35,836
Of which:	
Share attributable to Non-Controlling Interests	12,081
Share attributable to the Parent Company's Shareholders	23,755
Total	35,836

12.2.8 – Exchange rate difference reserve

This reserve was negative EUR 49,019 thousand (positive EUR 3,479 thousand as at 31 December 2017) and includes the foreign exchange differences related to the subsidiaries Itinera S.p.A., the jointly controlled investee Primav Infrastruttura S.A. and Ecorodovias Infrastruttura e Logistica S.A. and to the associated companies Road Link Holdings Ltd. More specifically, the change in the period, amounting to EUR 52,498 thousand, is detailed below:

(amounts in thousands of EUR)

Foreign exchange adjustment effect Primav Infrastruttura S.A. and Ecorodovias Infrastruttura e Logistica S.A.	(63,941)
Foreign exchange adjustment effect (other companies accounted for by the equity method)	2,391
Total	(61,550)
Of which:	
Share attributable to Non-Controlling Interests	(9,052)
Share attributable to the Parent Company's Shareholders	(52,498)
Total	(61,550)

12.2.9 – Reserve for discounting Employee Severance Indemnity

This reserve – which is negative for an amount of EUR 1,267 thousand (negative balance of EUR 1,390 thousand as at 31 December 2017) – includes the actuarial differences arising from the remeasurement of liabilities relating to "Employee benefits (Employee Severance Indemnity)".

12.2.10 – Retained earnings (losses)

This item totals EUR 1,604,622 thousand (EUR 1,518,086 thousand as at 31 December 2017). 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 86.5 million – was due to (i) the allocation of the pro-rata share of net profit for 2017 of EUR 106.5 million and (ii) the effects of the "first-time adoption of IFRS 15 and IFRS 9" (EUR +1.6 million), offset by (iii) the purchase of treasury shares and the consequent reclassification to "Reserves for the purchase of treasury shares" for approximately EUR 20.8 million and (iv) the purchase of minorities and other changes (EUR 0.8 million).

12.3 – Profit for the period

This item includes the profits/losses for the period. It totalled EUR 166,544 thousand (EUR 149,928 thousand in 2017).

12.4 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	Profit/(loss)
ASTM S.p.A. as at 31 December 2017	1,841.0	43.4
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)
ASTM Group as at 31 December 2017 – attributed to shareholders	1,859.1	149.9

<i>(amounts in millions of EUR)</i>	Shareholders' equity ⁽¹⁾	Profit/(loss)
ASTM S.p.A. as at 31 December 2018	1,824.3	48.7
Shareholders' equity and profit of the consolidated companies	1,916.7	173.1
Book value of the consolidated companies	(1,815.2)	-
Reversal of dividends collected from the subsidiaries/associated companies	-	(55.3)
ASTM Group as at 31 December 2018 – attributed to shareholders	1,925.8	166.5

- (1) The equity investments (i) transferred / acquired as part of the Corporate Reorganisation of 2007 and (ii) acquired in the "construction" sector in 2016 were recognised - in the separate 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.

12.5 Reserves attributed to minority interests

As at 31 December 2018, this item totalled EUR 1,151,140 thousand (EUR 1,006,954 thousand as at 31 December 2017) and mainly referred to the subsidiaries SIAS S.p.A., SALT p.A., Autostrada dei Fiori S.p.A., Società di Progetto Autovia Padana S.p.A., Autostrada Asti-Cuneo S.p.A. and SAV S.p.A..

The change is the sum of: (i) the profit for the period of EUR 122.7 million, (ii) the sale to third parties of shares in Società di Progetto Autovia Padana S.p.A. (EUR 80.1 million), (iii) the pro-rata share of the IRS valuation reserve (EUR 12.1 million) offset by (iv) the distribution of dividends for a total of EUR 50.4 million, (v) the pro-rata share of the "exchange rate differences" reserve (EUR 8.4 million), (vi) purchases of minorities and other changes (EUR 11.6 million) and (vii) the effects of first-time application of IFRS 15 (EUR 0.3 million).

With reference to the *Reserves attributed to non-controlling interests*, it should be noted that they are mainly attributable to the subsidiary SIAS S.p.A. and its subsidiaries.

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>	SIAS S.p.A.⁽⁴⁾	Autostrada dei Fiori S.p.A.	SAV S.p.A.	SALT p.A.	Autovia Padana S.p.A.	Autostrada Asti-Cuneo S.p.A.
Net toll revenue ⁽¹⁾	-	226,595	68,630	289,074	51,175	19,498
Other motorway sector revenue ⁽²⁾	-	6,891	808	11,312	766	36
Other revenue	7,328	8,210	6,883	7,956	1,497	1,164
Turnover (A)	7,328	241,696	76,321	308,342	53,438	20,698
Operating costs ⁽¹⁾⁽²⁾ (B)	(13,074)	(105,606)	(29,197)	(119,952)	(30,902)	(18,048)
Gross operating margin⁽³⁾ (A - B)	(5,746)	136,090	47,124	188,390	22,536	2,650

⁽¹⁾ Amounts net of the fee/additional fee payable to ANAS

⁽²⁾ Amounts net of revenue and costs for construction activities of non-compensated revertible assets

⁽³⁾ Net of non-recurring items

⁽⁴⁾ The gross operating margin reflects the industrial holding activities performed by the subsidiary SIAS S.p.A.

<i>(amounts in thousands of EUR)</i>	SIAS S.p.A.	Autostrada dei Fiori S.p.A.	SAV S.p.A.	SALT p.A.	Autovia Padana S.p.A.	Autostrada Asti-Cuneo S.p.A.
A) Cash	44,609	84,613	5,328	176,435	8,453	957
B) Financial receivables	83,189	105,822	15,157	266,188	17,333	6,742
C) Short-term borrowings	(440,839)	(22,525)	(12,211)	(13,206)	(11,288)	(182,049)
D) Current net cash (A) + (B) + (C)	(313,041)	167,910	8,274	429,417	14,498	(174,350)
E) Long-term borrowings	(1,906,785)	(189,462)	(46,628)	(598,930)	(141,423)	(50,000)
F) Net financial indebtedness (D) + (E)	(2,219,826)	(21,552)	(38,354)	(169,513)	(126,925)	(224,350)
G) Non-current financial receivables	-	-	-	4,826	-	-
H) Discounted value of the payable due to ANAS – Central Insurance Fund	-	-	(81,737)	(51,093)	-	-
H) "Adjusted" net financial indebtedness (F)+(G)+(H)	(2,219,826)	(21,552)	(120,091)	(215,780)	(126,925)	(224,350)

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 Grantor (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 13 – Provisions for risks and charges and Employee benefits

	31 December 2018	31 December 2017
Provision for restoration	152,013	149,227
Tax reserve	50	50
Other provisions	22,114	22,604
Employee benefits	40,220	39,950
Total provisions for risks and charges and employee benefits	214,397	211,831

13.1 Provision for restoration or replacement of non-compensated revertible assets

The change in the "provision for restoration or replacement of non-compensated revertible assets" is attributable (i) to the accrual to the provisions for renewal for 2018 of EUR 118,194 thousand, (ii) the use of EUR 114,976 thousand euros for maintenance work and (iii) reclassifications/changes of EUR 0.4 million.

13.2 Tax reserve

As at 31 December 2018, this item totalled EUR 50 thousand (EUR 50 thousand as at 31 December 2017).

13.3 Other provisions

This item totalled EUR 22,114 thousand (EUR 22,604 thousand as at 31 December 2017) and changed mainly due to (i) provisions for the period (EUR 6 million), (ii) the change in the scope of consolidation (EUR +0.3 million) and (iii) utilisations (EUR 6.8 million).

At 31 December 2018, this item mainly referred to:

- EUR 5.7 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 stretch and provisions;
- EUR 0.2 million set aside by Società di Progetto Autovia Padana S.p.A. for lawsuit expenses;
- EUR 1.5 million set aside by the subsidiary Autostrada dei Fiori S.p.A. for pending litigation (EUR 1 million) and risks for work performed (EUR 0.5 million);
- EUR 0.5 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. and SATAP S.p.A.;
- EUR 5.5 million for the provision for risks relating to SATAP A21, the concession for which expired on 30 June 2017 and relates to the provision made to cover potential risks in relation to the remaining uncertainties related to the expiry of the concession contract for the A21 Stretch;
- 3.1 million euros from Itinera S.p.A. for provisions for risks related to investments (EUR 0.3 million) and provisions for risks related to legal actions (2.8 million);
- EUR 0.4 million refers to the provision for risks for investees allocated by the subsidiary Halmar International LLC;
- EUR 0.2 million refers to the provision for contractual risks made by the subsidiary Sina S.p.A.;
- EUR 4.2 million for bonuses related to the "managerial incentive system".

The change in the scope of consolidation of EUR 0.3 million refers to the company Interstrade S.p.A., merged by incorporation into Itinera S.p.A. as from 4 July 2018.

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.

13.4 – Employee benefits (Employee Severance Indemnity)

As at 31 December 2018, this item totalled EUR 40,220 thousand (EUR 39,950 thousand as at 31 December 2017). Changes during the period were as follows:

1 January 2018	39,950
Period contributions ^(*)	1,094
Transfer from other companies not in the scope of consolidation	1,869
Change in consolidation area	687
Indemnities advanced/liquidated during the period	(3,755)
Restatements and other changes	375
31 December 2018	40,220

^(*) including the actuarial gains recorded in the statement of comprehensive income of approximately EUR 0.4 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	1.97% ⁽¹⁾
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 tables
Disability	INPS tables by age and gender
Retirement age	100% of requirements met
% of frequency of advances	From 1% to 4%
Turnover	From 1% to 10%

- (1) 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 this was deemed to best reflect the economy in which the ASTM Group carries out its activities. If the Group companies had used the "AA" rating Iboxx Eurozone Corporate index, the debt for the "employee benefits" would have been lower by approximately EUR 0.8 million, with an effect on shareholders' equity (Group and minority interests) amounting to around EUR 0.6 million net of the related tax effect.

Note 14 – Other payables and contractual liabilities (noncurrent)

These consist of:

	31 December 2018	31 December 2017
To ANAS – Central Insurance Fund	120,930	124,373
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	59,796	68,253
To others	24,486	10,608
Total	205,212	203,234

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 2018 and their developments until fully repaid is as follows:

<i>(amounts in millions of EUR)</i>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	81.7	75.4	68.7	56.8	43.8	29.9	15.2	-	-	-
SALT- A15 stretch	51.1	53.8	56.6	59.6	62.7	66.1	69.7	73.5	74.0	26.4
TOTAL	132.8	129.2	125.3	116.4	106.5	96.0	84.9	73.5	74.0	26.4

(¹) of which EUR 120.9 million as the non-current portion and EUR 11.9 million as the current portion (Note 20)

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 expenses". At the same time, the amount previously deferred is posted to the item "other income".

The item payables "*to others*" includes - for EUR 24.3 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. The change in this item is due to both higher advances on works (EUR +6.7 million) granted by customers following new job orders and to the change in the consolidation scope (EUR +7.3 million).

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	46,670	74,260	120,930
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	37,845	21,951	59,796
Other payables	24,486	-	24,486
Total	109,001	96,211	205,212

Note 15 – Bank debt (non-current)

Borrowings from banks totalled EUR 793,691 thousand (EUR 950,801 thousand as at 31 December 2017).

The change compared to the previous year is due to (i) early repayments for refinancing some contracts as described in the management report (EUR -25.4 million), (ii) the disbursement of new loans (EUR +193.6 million), (iii) the consolidation of SEA Segnaletica Stradale S.p.A. (EUR +2.2 million), (iv) the reclassification to the item "current portion of non-current indebtedness" of the instalments over the following 12 months (EUR -331.9 million), (v) the renegotiation of a loan (EUR +4 million), (v) the so-called amortised cost and exchange rate effect on loans in currencies other than the euro (EUR +0.4 million).

The tables below show bank debt as at 31 December 2018 and 31 December 2017, indicating the related balance due (current and non-current portion) and summarizing the principal conditions applied to each liability.

31 December 2018									
Lending bank	Company	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2018	Balance due		
							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	26,613	4,839	21,774	-
Mediobanca (BEI funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	4,200	1,200	3,000	-
Mediobanca (BEI funding)	SATAP	15/06/2024	59,450	Variable/IRS	EUR	21,095	3,835	17,260	-
Mediobanca	SATAP	13/12/2021	400,000	Variable/IRS	EUR	240,000	80,000	160,000	-
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	EUR	126,000	36,000	90,000	-
Cassa Depositi e Prestiti	SATAP	31/12/2021	60,000	Variable	EUR	60,000	-	50,000	10,000
BNL – Mediobanca	SAV	15/12/2019	50,000	Variable	EUR	4,167	4,167	-	-
Crédit Agricole	LOGISTICA TIRRENICA	01/04/2019	3,400	Variable	EUR	178	178	-	-
Mediobanca, Unicredit and UBI (BEI funding)	SIAS	15/12/2024	24,500	Variable	EUR	21,000	3,500	14,000	3,500
Mediobanca, Unicredit and UBI	SIAS	15/12/2024	143,500	Variable IRS	EUR	123,000	20,500	82,000	20,500
BEI	SIAS	15/12/2024	77,000	Variable/IRS	EUR	66,000	11,000	44,000	11,000
BEI	SIAS	15/12/2020	25,000	IRS	EUR	8,333	4,167	4,166	-
Mediobanca, UniCredit and UBI (BEI funding)	SIAS	15/12/2020	15,000	Variable	EUR	5,000	2,500	2,500	-
UBI	SIAS	30/09/2019	70,000	Variable	EUR	70,000	70,000	-	-
BNL	SIAS	16/09/2019	30,000	Variable	EUR	30,000	30,000	-	-
Banca Popolare di Milano	SIAS	31/01/2019	50,000	Variable	EUR	50,000	50,000	-	-
CAIXA	SIAS	02/11/2020	50,000	Variable	EUR	50,000	-	50,000	-
Unicredit Intesa Cariparma pool	SIAS	15/12/2033	137,000	Variable	EUR	137,000	-	-	137,000
Unicredit Intesa Cariparma pool	SIAS	15/12/2033	6,000	Variable	EUR	6,000	-	-	6,000
M&T Bank	HALMAR	24/06/2034	2,513 (*)	Fixed	EUR	1,854	86	428	1,340
M&T Bank	HALMAR	25/03/2021	435(*)	Fixed	EUR	173	78	95	-
M&T Bank	HALMAR	24/06/2019	3,188 (*)	Fixed	EUR	360	360	-	-
M&T Bank	HALMAR	31/03/2023	5,000 (*)	Variable	EUR	3,784	3,784	-	-
M&T Bank	HALMAR	19/09/2019	3,100(*)	Variable	EUR	1,270	1,270	-	-
G&M	HALMAR	30/06/2020	1,705 (*)	Fixed	EUR	967	378	589	-
BANCA PASSADORE	Itinera	30/12/2022	10,000	Fixed	EUR	8,015	1,992	6,023	-
BANCA BPER	Itinera	15/12/2021	30,000	Fixed	EUR	22,500	7,500	15,000	-
Banca Carige	Taranto Logistica	30/09/2020	12,150	Fixed	EUR	12,150	-	12,150	-
Banca Regionale Europea	SEA Segnaletica Stradale	10/04/2022	8,000	Variable	EUR	3,013	836	2,177	-
CARIPARMA	Siteco Informatica	08/07/2019	65	Variable	EUR	8	8	-	-
Accrued liabilities and deferred income, ASTM Group						1,137,680	338,179	610,162	189,340
						(5,254)	556	(3,384)	(2,427)
						<u>1,132,426</u>	<u>338,735</u>	<u>606,778</u>	<u>186,913</u>

Total bank debt (non-current)

793,691

(*) Original amount in USD

Almost all the medium- and long-term loan contracts in place as at 31 December 2018 require compliance with certain economic and financial parameters (covenants) that are normal for loans of this type. Until 31 December 2018, these parameters had been met, except for the temporary non-compliance with a covenant on a loan granted by M&T Bank to Halmar International LLC (EUR 3,784 thousand¹ as at 31 December 2018), which was consequently classified under the item "current portion of non-current indebtedness". This situation ceased to apply in the early days of January 2019, as communicated by the same credit institution.

The interest on the loans is essentially tied to the EURIBOR (i.e. the reference IRS) plus an average weighted spread of 0.987% for an average residual duration of the payable of approximately 7 years.

¹ Equal to USD 4,333 thousand converted at the USD/EUR exchange rate of 1.145, maturing on 31 March 2023

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	0.847
Variable rate borrowings	1.106

As part of the financial structure that involves the centralisation of the Group's funding activities under the subsidiary SIAS S.p.A., the debt contracted by SIAS S.p.A. is supported by a special security package in order to guarantee its creditors effective access to the operating companies benefiting from the intercompany loans.

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 2017									
Lending bank	Company	Due date	Initial amount	Interest rate	Currency	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 BISS – Intesa Group	SATAP	15/06/2024	75,000	Variable/IRS	EUR	31,452	4,839	19,355	7,258
Mediobanca (BEI funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	5,400	1,200	4,200	-
Mediobanca (BEI 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 BISS – 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 (BEI 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
BEI	SIAS	15/12/2024	77,000	Variable	EUR	77,000	11,000	44,000	22,000
BEI	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	-	-
BEI	SIAS	15/12/2020	25,000	Variable	EUR	12,500	4,167	8,333	-
Mediobanca, UniCredit and UBI (BEI funding)	SIAS	15/12/2020	45,000	Variable	EUR	22,500	7,500	15,000	-
Mediobanca, UniCredit and UBI (BEI 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
						Total bank debt (non-current)		950,801	

(*) Original amount in USD

Note 16 – Hedging derivatives

This item amounts to EUR 35,730 thousand (EUR 55,092 thousand as at 31 December 2017) and refers to the *fair value* as at 31 December 2018 of the *Interest Rate Swap* contracts concluded by Group companies in order to prevent the risk deriving from changes in interest rates.

Note 17 – Other financial liabilities (non-current)

This item totalled EUR 1,539,790 thousand (EUR 996,425 thousand as at 31 December 2017), comprising:

	31 December 2018	31 December 2017
SIAS 2010-2020 bond loan	498,323	497,456
SIAS 2014-2024 bond loan	497,113	496,606
SIAS 2018-2028 bond loan	541,747	-
Other payables	2,607	2,363
Total	1,539,790	996,425

The increase in the above-mentioned "bond loans" is due to the issue of the 2018/2028 bond loan and the application of the so-called "amortised cost", according to which the payable is progressively aligned with its redemption value.

The item "*SIAS 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 or IFRS 9, 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 "*SIAS 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 or IFRS 9, 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 item "*SIAS 2018-2028 bond loan*" refers to the senior secured bond loan of EUR 550 million issued in February 2018; the bonds issued have a minimum unit of EUR 100 thousand and were placed at an issue price ("below par") of EUR 98.844 only with qualified investors. These bonds are governed by English law and traded at the Irish Stock Exchange.

In compliance with IAS 32 or IFRS 9, 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: 1.625% per year, gross;
- redemption: bonds will be redeemed upon maturity (8 February 2028) in a lump sum at par value.

"Other payables" refer to that portion of medium and long-term loans related to the assets purchased under financial lease.

These liabilities mature between one and five years.

Note 18 – Deferred tax liabilities

This item totalled EUR 54,209 thousand (EUR 59,501 thousand as at 31 December 2017). For the breakdown of this item, please refer to Note 36 – Income taxes.

Note 19 – Trade payables (current)

Trade payables totalled EUR 350,500 thousand (EUR 241,795 thousand as at 31 December 2017).

Note 20 – Other payables and contract liabilities (current)

These consist of:

	31 December 2018	31 December 2017
Advance payments	84,646	21,911
Other payables to related parties	3,485	2,866
Payables to welfare organisations	16,170	14,803
Payables to ANAS – Central Insurance Fund	11,900	11,900
Payable for cross charges from consortium companies	63,075	66,523
Payables to Autostrada dei Fiori shareholders for option	10,341	10,341
Deferred income	12,796	11,753
Other payables	186,404	73,649
Total	388,817	213,746

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 compared to the previous year mainly reflects the increase in payments on account received from companies in the construction sector, in particular Itinera S.p.A. (EUR +26.5 million), Halmar International LLC (EUR +23.8 million) and Itinera Construcoes Ltda (EUR +4.5 million), as well as changes in the scope of consolidation (EUR +7.9 million).

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 construction sector and namely Consorzio TEEM (EUR 7.3 million), CMC Itinera JV S.c.p.A. (EUR 11.3 million), Letimbro S.c.p.A. (EUR 20.4 million), Aurea S.c.ar.l. (EUR 5.7 million), Consorzio Cancellò Frasso Telesino (EUR 1.8 million), Mose Bocca di Chioggia (EUR 2.9 million), Mose Tre Porti S.c.ar.l. (EUR 1.2 million), Tunnel Frejus S.ca.r.l. (EUR 6 million), Malco S.c.ar.l. (EUR 2.7 million) and is recognised net of invoiced advances.

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 p.A. granted a *put* option to some shareholders of Autostrada dei Fiori S.p.A. on 1,988,585 shares (equal to 2.45% 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. from TAV S.p.A., RFI 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 the item "other payables", for EUR 112.8 million, was mainly due to the following factors:

- the effects - described above - of the agreements between SIAS S.p.A., SATAP S.p.A., Itinera S.p.A. and Intesa SanPaolo. This item includes payables (i) for the purchase from Autostrade Lombarde S.p.A. of Tangenziale Esterna S.p.A. shares for a total value of EUR 14.8 million (of which SIAS S.p.A. for EUR 13 million and SATAP S.p.A. for EUR 1.8 million), (ii) for the purchase from Autostrade Lombarde S.p.A. of shares in Tangenziali Esterne di Milano S.p.A. for a total value of EUR 7.7 million (of which SIAS S.p.A. for EUR 1.5 million and SATAP S.p.A. for EUR 6.2 million), (iii) for the purchase from Autostrade Lombarde S.p.A. of a portion of the loan (and interest) of Tangenziale Esterna S.p.A. for a total value of EUR 11.3 million (of which SIAS S.p.A. for EUR 9.9 million and SATAP S.p.A. for EUR 1.4 million), (iv) for the purchase from Intesa SanPaolo S.p.A. of the loans and related interest of Tangenziale Esterna S.p.A. (EUR 20.9 million) and (v) for the purchase from Intesa SanPaolo S.p.A. of the equity investments in Tangenziale Esterna S.p.A. and Tangenziali Esterne di Milano S.p.A. by SIAS S.p.A. and SATAP S.p.A. for a total value of EUR 40.7 million. In accordance with the agreements reached with IntesaSanpalo and Autostrade Lombarde, the above payables were settled in January 2019;
- the commitment to purchase shares of Tangenziale Esterna S.p.A. from Consorzio Tangenziale Engineering (EUR 2.6 million) and from the cooperative companies CMC, CMB, Unieco and Coopesette (EUR 5.2 million).

Note 21 – Bank debt (current)

These consist of:

	31 December 2018	31 December 2017
Current account overdrafts and advances	96,760	34,846
Short-term loans	3,431	-
Maturing portion of medium- and long-term loans	338,735	273,770
Total	438,926	308,616

The change in the item "*short-term loans and advances*" was mainly due to the use of available credit lines by Autostrada Asti-Cuneo S.p.A., Società di Progetto Autovia Padana S.p.A., ASTM S.p.A. and Itinera S.p.A. the change in the item "short-term loans" was due to the disbursement of new short-term loans (EUR +2.3 million) and to the change in the consolidation scope of Potomac Yard Constructors (+EUR 1.1 million).

The change in the item "*maturing portion of medium- and long-term loans*" was due to (i) reimbursement of the instalments due in 2018 (EUR -269.4 million), (ii) the reclassification of a loan from current to non-current (EUR -4 million), (iii) the granting of new loans (EUR +5.4 million), (iv) the reclassification - from "*Bank debt (non-current)*" - of the instalments falling due in the following 12 months (EUR +331.9 million), (v) the change in the scope of consolidation of Sea Segnaletica Stradale S.p.A. (EUR +0.8 million) and (vi) the assessment of accrued interest and the so-called amortised cost (EUR +0.2 million).

Note 22 – Other financial liabilities (current)

These consist of:

	31 December 2018	31 December 2017
SIAS 2010-2020 bond loan	4,130	4,130
SIAS 2014-2024 bond loan	14,887	14,887
SIAS 2018-2028 bond loan	8,007	-
Payables to connected companies	9,180	8,266
Other payables	26,557	19,072
Total	62,761	46,355

The items "*SIAS 2010-2020 bond loan*", "*SIAS 2014-2024 bond loan*" and "*SIAS 2018-2028 bond loan*", refer to the payable to the bondholders for the interest accrued as at 31 December 2018.

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.

The item "*other payables*" mainly refers to (i) the payable related to the higher contribution received by the subsidiary Autostrada dei Fiori S.p.A. (A6 Torino-Savona stretch) related to Law 662/96 for investments in non-compensated revertible assets (EUR 14.1 million), (ii) the non-interest bearing loan granted by the associated companies CMC Itinera JV S.cp.a in favour of the subsidiary Itinera S.p.A. (EUR 6.4 million) and JV Arge H51 pertaining to the Austrian branch (EUR 4.9 million).

Note 23 – Current tax liabilities

Current tax liabilities totalled EUR 15,226 thousand (EUR 23,957 thousand as at 31 December 2017) and refer to liabilities for corporate income tax (IRES), regional production tax (IRAP), VAT and personal income tax withheld and direct taxes following the consolidation of Halmar International LLC and its subsidiaries.

Explanatory Notes – Information on the income statement

The revenue and expenditure items reflect as of 1 March 2018 the figures relating to the management of the A21 Piacenza-Cremona-Brescia stretch, after the subsidiary Società di Progetto Autovia Padana S.p.A. ("Autovia Padana") effectively took over the concession.

The comparison between the revenue and expenditure items also reflects the consolidation of (i) the subsidiary SEA Segnaletica Stradale S.p.A. (from 4 July 2018), (ii) the effect of the merger by incorporation of Interstrade S.p.A. into Itinera S.p.A. (from 4 July 2018), (iii) the subsidiary Potomac Yard Constructors (from 10 September 2018), (iv) the acquisitions of the joint operations relating to the construction sector during the financial year 2018 and (v) the consolidation of Halmar International LLC and its subsidiaries for 12 months in 2018 and only six months in 2017 (from 1 July 2017 - acquisition date). Therefore, the income statement data for 2018 are not directly comparable with those of 2017.

In order to allow the effects of this change to be assessed, specific notes have been added below.

Note 24 – Revenue

24.1 – Motorway sector revenue – operations

This item breaks down as follows:

	2018	2017
Net toll revenue	1,103,296	1,017,280
Fee/additional fee payable to ANAS	83,823	75,904
Gross toll revenue	1,187,119	1,093,184
Other accessory revenue	31,853	30,114
Total motorway sector revenue	1,218,972	1,123,298

The increase in "net toll revenue" of EUR 86 million (+8.46%) is attributable (i) for EUR 51.2 million (+5.03%) to the revenue of the licensee Autovia Padana relative to the period March-December 2018, (ii) EUR 31.4 million (+3.09%) to the recognition from 1 January 2018 of the toll adjustments and (iii) EUR 3.4 million from the change in light/heavy traffic mix (+0.34%).

The change in the item "*fee/additional fee payable to ANAS*" (EUR +7.9 million) was due (i) to the fee/additional fee payable to ANAS by the licensee Autovia Padana for EUR 7.6 million and (ii) to the increase in traffic on the sections operated by the other licensees for EUR 0.3 million. 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 revenue*" (EUR +1.7 million) was due EUR 0.8 million to the revenue of the licensee Autovia Padana for the period March - December 2018.

24.2 – Motorway sector revenue – planning and construction activities

This item totalled EUR 148,601 thousand (EUR 190,032 thousand in 2017) and refers to the "planning and construction" activity of non-compensated revertible assets that – according to IFRIC 12 – are booked among revenue 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".

24.3 – Construction sector revenue – planning and construction activities

This item totalled EUR 37,365 thousand (EUR 37,381 in 2017) 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”.

24.4 – Construction sector revenue

This revenue breaks down as follows:

	2018	2017
Revenue from works and planning and variation in contract work in progress	470,300	263,411
Other revenue	20,227	23,489
Total	490,527	286,900

The change in the item "*construction sector revenue*" was due to both the acquisition of new contracts and the progress in production of existing ones, and to the consolidation – as from 4 July 2018 – of the production of SEA Segnaletica Stradale S.p.A. and Interstrade S.p.A., and to the consolidation for the entire financial year of the Halmar Group (consolidated in 2017 for the period from 5 July to 31 December only).

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.

24.5 – Engineering sector revenue

This revenue breaks down as follows:

	2018	2017
Revenue from works and planning and variation in contract work in progress	6,074	7,138
Other revenue	170	955
Total	6,244	8,093

This is the total amount of "production" carried out for third Parties by the subsidiaries SINA S.p.A., Siteco Informatica S.r.l. unipersonale 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 fewer activities performed for third parties as well as less work performed for Group companies.

24.6 – Technology sector revenue

This revenue breaks down as follows:

	2018	2017
Revenue	28,183	26,824
Change in contract work in progress	4,504	9,227
Change in work in progress, semi-finished products, finished goods and other revenue	3,767	3,398
Total	36,454	39,449

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., P.L.M. S.c.ar.l. and C.I.T. 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 change compared to the previous year was mainly due to the greater amount of work carried out for the Itinera Group, with the consequent elimination of intercompany items.

24.7 – Other revenue

This revenue breaks down as follows:

	2018	2017
Claims for damages	4,447	5,290
Other revenue and income	31,015	35,860
Share of income resulting from the discounting of the payable due to the Central Insurance Fund (FCG) and ANAS	8,461	9,583
Works on behalf of third parties and cost reversal	8,397	6,892
Operating grants	1,935	2,083
Total	54,255	59,708

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.

The change in the item "*recovery of expenses and other income*" is mainly due to the decrease in contingent assets offset by other revenue deriving from the change in the scope of consolidation; in particular, the 2017 financial year included EUR 8.4 million related to contingent assets for disposals of service areas.

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 increase in the item "*Works on behalf of third parties and cost reversal*" was mainly due to higher revenue from cost reversal to consortia accumulated by the subsidiary SATAP S.p.A.

Note 25 – Personnel expenses

This item can be broken down as follows:

	2018	2017
Salaries and wages	216,730	175,278
Social security contributions	58,137	50,723
Allocations to provision for employees	20,933	16,633
Other costs	6,644	10,536
Total	302,444	253,170

The overall increase in "personnel expenses" was due to (i) the transfer of staff from the previous licensee (Autostrade Centro Padane S.p.A.) to the subsidiary Società di Progetto Autovia Padana S.p.A. as from 1 March 2018 (EUR +13.7 million), (ii) the consolidation of the Halmar Group for the period from 5 July to 31 December 2017 only (EUR +20.2 million), (iii) the change in the scope of consolidation (EUR +7.3 million), (iv) the increase in the number of employees in the construction sector (EUR +6.8 million), (v) the increase in personnel in the technology sector and other sectors (EUR +3.2 million) and (vi) the lower costs of the motorway sector (EUR -1.9 million) attributable to the human resources reorganisation/rationalisation process.

Average employee staffing breaks down by category as follows:

	2017	Change in the scope of consolidation	Other changes	2018
Managers	128	5	17	150
Middle managers	175	3	54	233
Office workers	2,403	228	84	2,715
Workers	833	159	140	1,131
Total	3,539	395	295	4,229

Note 26 – Costs for services

This expense item breaks down as follows:

	2018	2017
Maintenance of non-compensated revertible assets	46,600	41,018
Other costs related to non-compensated revertible assets	19,799	17,554
Other costs for services	581,062	511,555
Total	647,461	570,127

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 total amount of **maintenance** operations carried out in FY 2018 (before intragroup eliminations) totalled **EUR 132.3 million** (EUR 122.1 million in 2017), of which EUR 7.5 million related to the licensee Autovia Padana.

The change in the item "*other costs related to non-compensated revertible assets*" was mainly due to higher costs for "*winter services*" (EUR +1.2 million) and to higher "other costs" attributable to the licensee Società di Progetto Autovia Padana S.p.A. (EUR +1 million).

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. This category also includes professional fees, costs for legal assistance, fees for corporate bodies.

The change compared to the same period of the previous year was mainly due to (i) higher costs due to the Halmar Group's 12-month consolidation, partially offset by (ii) lower costs relating to the planning and construction of revertible assets (IFRC 12).

Note 27 – Costs for raw materials

This expense item breaks down as follows:

	2018	2017
Raw materials	103,395	45,871
Consumables	30,669	32,014
Changes in inventories of raw materials, consumables and merchandise	(5,526)	1,326
Total	128,538	79,211

This item refers to production materials and consumables and mainly relates to the subsidiaries Euroimpianti S.p.A., Sinelec S.p.A., SATAP S.p.A., Autostrada dei Fiori S.p.A., Società di Progetto Autovia Padana S.p.A. Società Autostrade Ligure Toscana p.A., Itinera S.p.A., Sina S.p.A., Sea Segnaletica Stradale S.p.A., Halmar International LLC and Itinera Construcoes LTDA. The increase compared to the previous year is related (i) to higher costs due to the consolidation of the Halmar Group for 12 months in 2018 (only six months in 2017), (ii) to the consolidation of SEA Segnaletica Stradale S.p.A. and (iii) to higher purchases of raw materials made by the construction and technology sectors.

Note 28 – Other costs

This expense item breaks down as follows:

	2018	2017
Concession fee pursuant to article 1, par. 1020 of Italian Law No. 296/06	26,851	24,776
Fee pursuant to article 19, par. 9-bis of Italian Law Decree no. 78/09	83,823	75,904
Sub-concession fee	6,108	5,632
Leases and rental expenses	14,989	10,966
Other operating expenses	22,682	19,952
Total	154,453	137,230

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 related to both the increase in toll revenue and the concession fee for the licensee Società di Progetto Autovia Padana S.p.A. (EUR +1.2 million).

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 to both the increase in heavy traffic on the sections operated by the licensees and the concession fee for the licensee Società di Progetto Autovia Padana S.p.A. (EUR +7.6 million).

The change in the "*sub-concession fee*" - calculated on the royalties received from service areas - was mainly due to the positive change in royalty income.

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 item "other operating expenses" consists of contingent liabilities, losses on the disposal of assets used in construction sites and other operating expenses.

Note 29 – Capitalised costs on fixed assets

This item, amounting to EUR 1,379 thousand (EUR 1,182 thousand in 2017), refers to internal works carried out within the Group and capitalised as an increase to tangible assets.

Note 30 – Amortisation, depreciation and write-downs

This item breaks down as follows:

	2018	2017
Intangible assets:		
• Other intangible assets	3,787	3,734
• Non-compensated revertible assets	299,869	319,483
Tangible assets:		
• Buildings	2,827	2,549
• Plant and machinery	3,065	2,515
• Industrial and commercial equipment	3,769	2,329
• Other assets	2,612	3,017
• Assets in financial lease	1,841	1,623
Total amortisation and depreciation	317,770	335,250
Impairment of goodwill and other impairment	1,355	1,032
Total amortisation, depreciation and write-downs	319,125	336,282

With regard to depreciation and amortisation of non-compensated revertible assets, the change is due to (i) lower depreciation and amortisation (EUR -42.5 million) for the A21 Torino-Piacenza stretch, the concession for which expired on 30 June 2017, (ii) higher depreciation and amortisation for the licensee Società di Progetto Autovia Padana S.p.A., the concession for which became effective on 1 March 2018 and (EUR +8.5 million) and (iii) higher depreciation and amortisation (EUR 14.4 million) for the other Group licensees.

Note 31 – Adjustment 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:

	2018	2017
Use of the provision for restoration, replacement and maintenance of non-compensated revertible assets	(114,976)	(120,944)
Set-aside to provision for restoration, replacement and maintenance of non-compensated revertible assets	118,194	110,996
Net adjustment of the provision for restoration, replacement or maintenance of non-compensated revertible assets	3,218	(9,948)

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 2018 provision includes EUR 2.3 million related to the licensee Società di Progetto Autovia Padana S.p.A.. 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 32 – Other provisions for risks and charges

Provisions for risks and charges at 31 December 2018 amounted to approximately EUR 0.7 million (EUR 7.6 million in 2017) and mainly referred to legal costs.

Note 33 – Financial income

This item breaks down as follows:

	2018	2017
Income from equity investments:		
• dividends from other businesses	4,439	1,011
• capital gain on sale of investments	24,809	34,621
Total	29,248	35,632
Interest income and other financial income		
• from credit institutions	657	1,075
• from financial assets	11,364	13,815
• foreign exchange gains (losses)	608	2,382
• other	1,503	4,595
Total	14,132	21,867
Total financial income	43,380	57,499

The item "*dividends from other businesses*" mainly referred to the dividends collected from the investee companies Autostrade Centro Padane S.p.A. (EUR 3.7 million), Assicurazioni Generali S.p.A. (EUR 0.5 million), Mediobanca S.p.A. (EUR 0.1 million) and Tunnel Gest (EUR 0.1 million).

The item "*Capital gain on sale of investments*" is mainly due to the gain realised on the disposal of the equity investment in Autostrade Lombarde S.p.A. (EUR 20.1 million) and the equity investment in Bre.Be.Mi. S.p.A. (EUR 4.5 million).

The change in the item interest income "*from credit institutions*" compared to the previous year is due to both the reduction in interest rates applied by banks to customer deposits and the lower level of current account deposits.

"*From financial assets*" mainly includes financial income from insurance policies for EUR 4.4 million (EUR 5.4 million at 31 December 2017) and interest income on loans disbursed to investee companies for EUR 6.7 million (EUR 4.1 million). In 2017, the item "*other*" included EUR 3.3 million in net financial income from the BEI loan.

The item "*exchange rate differences*" totalling EUR 0.6 million (EUR 2.4 million in 2017) includes the exchange rate adjustments for 2018. The change in this item in the year was due for EUR 2.1 million to the transfer to the income statement in 2018 of the cash flow hedge reserve following repayment of the loan disbursed to Primav Construcões e Comércio S.A..

Note 34 – Financial expenses

34.1 – Financial expenses

This item breaks down as follows:

	2018	2017
Interest expense:		
• on loans	12,633	13,173
• on current accounts	394	523
Miscellaneous interest expense:		
• from interest Rate Swap agreements	22,973	28,795
• from financial discounting	9,081	10,167
• from SIAS 2005-2017 convertible bond loan	-	4,903
• from SIAS 2010-2020 bond loan	23,367	23,328
• from SIAS 2014-2024 bond loan	17,382	17,360
• from SIAS 2018-2028 bond loan	8,750	-
• from financial lease contracts	34	52
Other financial charges		
• other financial expenses	5,288	5,796
Total	99,902	104,097
Capitalised financial expenses ⁽¹⁾	(14,085)	(19,699)
Total	85,817	84,398

(1) As reported in Note 1 – Intangible assets / Concessions of non-compensated revertible assets, an amount equal to EUR 14.1 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 2017, 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 8.4 million) and to the "financial component" of the employee severance indemnity and tax reserve (EUR 0.6 million). 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.

Interest expense on the "*SIAS 2018-2028 bond loan*" represents the expense accrued during the year on the bond loan issued by SIAS in February 2018.

Other financial expenses include EUR 1.4 million relating to the alignment of investment funds to fair value at 31 December 2018 and EUR 968 thousand for exchange rate adjustments for 2018.

34.2 – Impairment losses on equity investments

In 2017 - the item "*Write down of equity investments*" equal to EUR 1,824 thousand referred mainly 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).

Note 35 – Profit (loss) of companies accounted for by the equity method

This item is detailed as follows:

	2018	2017
Revaluations (write-downs) of equity investments:		
• Asta S.p.A.	378	(69)
• Ativa S.p.A.	9,273	14,964
• Ativa Immobiliare S.p.A.	15	-
• Aton S.r.l.	-	113
• Autostrada Broni Mortara S.p.A.	(304)	-
• Autostrade Lombarde S.p.A.	-	(2,574)
• CIM S.p.A.	(15)	-
• Ecorodovias Infraestrutura e Logistica S.A.	2,049	1,358
• FEDERICI STIRLING BATCO LLC	(6,059)	(1,099)
• Mill Basin Bridge Constructors	(5,655)	221
• Parcheggio Piazza Meda S.r.l.	-	246
• Parcheggio Piazza Trento e Trieste S.r.l.	-	209
• Parcheggio Piazza Vittorio S.r.l.	-	117
• PRIMAV INFRAESTRUTURA S.A.	(1,659)	1,405
• Ponte Nord S.p.A.	(26)	-
• Road Link Holding Ltd.	1,016	1,264
• Rivalta Terminal Europa S.p.A.	(164)	(1,404)
• SITAF S.p.A.	12,684	7,224
• SITRASB S.p.A.	617	-
• Tangenziale Esterna S.p.A.	(4,675)	(4,621)
• Tangenziali Esterne di Milano S.p.A.	(5,219)	(6,368)
• Vado Intermodal Operator S.c.p.a.	(97)	-
• V.A. Bitumi S.p.A.	-	6
Total	2,159	10,992

This item includes with regard to the pro-rata share the results achieved by the investee companies accounted for by the equity method.

Note 36 – Taxes

This item can be broken down as follows:

	2018	2017
Current taxes:		
• Corporate income tax (IRES)	90,014	80,610
• Regional production tax (IRAP)	19,895	18,283
• International taxes	176	165
	110,085	99,058
Taxes (prepaid)/deferred:		
• Corporate income tax (IRES)	(1,814)	(4,229)
• Regional production tax (IRAP)	(124)	(457)
• International taxes	-	(679)
	(1,938)	(5,365)
Taxes related to prior years		
• Corporate income tax (IRES)	535	(1,996)
• Regional production tax (IRAP)	(335)	(8)
	200	(2,004)
Total	108,347	91,689

During the year, with "shareholders' equity" as contra-item, "deferred taxes" were debited for approximately EUR 2.6 million, related to the fair value measurement of "financial assets", 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.

	2018		2017	
Period income before taxes (IRES)	397,605		354,646	
Effective income taxes	88,376	22.23%	75,867	21.39%
Lower taxes (compared to the theoretical rate):				
• lower taxes on dividends	1,012	0.25%	231	0.06%
• lower taxes on capital gain from disposal of investments under <i>participation exemption</i>	5,954	1.50%	8,309	2.34%
• adjustment of investments accounted for by the equity method	518	0.13%	2,638	0.74%
• other changes	3,313	0.83%	-	-
• net effect international taxes	(176)	-0.04%	514	0.14%
Higher taxes (compared to the theoretical rate):				
• taxes on intercompany dividends, non-deductible write-downs and other changes	(3,573)	-0.90%	(1,990)	-0.56%
• non-deductible write-downs and other changes	-	-	(454)	-0.13%
Theoretical income taxes	95,425	24.00%	85,115	24.00%

Reconciliation between "actual" and "theoretical" rates (Regional production tax):

	2018		2017	
Value added (Regional production tax taxable base - IRAP)	437,883		379,971	
Effective income taxes	19,771	4.52%	17,826	4.69%
Higher/Lower taxes (compared to the theoretical rate):				
• Net miscellaneous deductible expenses	(2,694)	-0.62%	(3,007)	-0.79%
Theoretical income taxes	17,077	3.90%	14,819	3.90%

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 balance sheet).

	31 December 2017	Changes entered in the income statement (*)	Changes entered in the income statement (*)	Delta and other changes	31 December 2018
Deferred tax assets related to: (**)					
• intangible assets not capitalised in accordance with IAS/IFRS	95	-	-	(123)	(28)
• provisions to tax deferral reserves	9,437	(608)	-	-	8,829
• maintenance costs exceeding deductible share	6,959	(450)	-	(595)	5,914
• valuation of financial assets and IRS at fair value	13,369	62	(4,466)	-	8,965
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	56,405	(1,625)	-	-	54,780
• maintenance costs restoration provision (IRES)	43,173	(1,302)	-	679	42,550
• maintenance costs restoration provision (IRAP)	8,000	-	-	-	8,000
• actuarial appraisal of the Employee Severance Indemnities Reserve	774	1	(23)	(83)	669
• other	12,867	1,620	1,092	1,246	16,825
Total deferred tax assets (Note 4)	151,079	(2,302)	(3,397)	1,124	146,504
Deferred tax liabilities related to: (**)					
• assets in financial lease	(950)	(30)	-	-	(980)
• valuation of work in progress	(1,757)	400	-	-	(1,357)
• valuation of financial assets at fair value	(333)	280	114	(61)	-
• actuarial appraisal of the Employee Severance Indemnities Reserve	(599)	(121)	(36)	103	(653)
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	(54,323)	3,738	-	-	(50,585)
• other	(1,539)	(27)	(513)	1,445	(634)
Total deferred tax liabilities (Note 18)	(59,501)	4,240	(435)	1,487	(54,209)
Total		1,938			

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

(**) Deferred tax assets and liabilities were accounted for based on tax rates in effect at the time their repayment is expected

Note 37 - Profit (loss) from "Assets held for sale" (Discontinued Operations)

"Profit (loss) from assets held for sale" in 2017 referred to the reclassification under IFRS 5 of "assets held for sale" following the sale of the equity investment in Fiera Parking S.p.A. in November 2017.

Note 38 – 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>	2018	2017
Net profit – Group share <i>(Continued Operations)</i>	166,544	149,604
Average number of outstanding shares during the period	92,072,718	92,501,272
Earnings per share (euro per share)	1.809	1.617
Number of ordinary shares	98,998,600	98,998,600
Weighted average of treasury shares held during the period	(6,925,882)	(6,497,328)
Weighted average of ordinary shares in circulation during the period	92,072,718	92,501,272

<i>(amounts in thousands of EUR)</i>	2018	2017
Net profit – Group share <i>(Discontinued Operations)</i>	-	324
Average number of outstanding shares during the period	92,072,718	92,501,272
Earnings per share (euro per share)	0.000	0.004
Number of ordinary shares	98,998,600	98,998,600
Weighted average of treasury shares held during the period	(6,925,882)	(6,497,328)
Weighted average of ordinary shares in circulation during the period	92,072,718	92,501,272

During 2018 and 2017, no options, warrants or equivalent financial instruments on dilutive “potential” ordinary shares were recorded.

Note 39 – Information on the cash flow statement39.1 - Change in the scope of consolidation

This is due to the liquidity held by Sea Segnale Stradale S.p.A. (EUR 3,927 thousand) and Interstrade S.p.A. (EUR 419 thousand) at the date of their entry into the scope of consolidation.

39.2 – Change in net working capital

	2018
Inventories	(72,984)
Trade receivables	(33,752)
Current tax assets	(6,273)
Receivables from others	(23,701)
Trade payables	93,343
Other current payables	61,051
Current tax liabilities	(9,698)
Total	7,986

39.3 – Other changes from operating activity

	2018
Drawdown on provisions for Employee Severance Indemnities	(3,755)
Drawdown on other provisions and other changes	1,065
Total	(2,690)

Note 40 - Significant non-recurring events and transactions

As stated in the Management Report, 2018 was affected by significant non-recurring events and transactions – as defined in Consob communication no. DEM/6064293 ¹ – with a negative impact on the operating profit and loss of EUR 10.1 million attributable to charges for the period relating to the project to reorganise and optimise procedures and streamline resources and other non-recurring expenses.

Note 41 - Atypical and/or unusual transactions

Pursuant to CONSOB Communication no. DEM/6064296 of 28 July 2006, in 2018 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.

¹ 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) fair value measurement, (iii) financial risk management and (iv) related party transactions, (v) lapsed motorway concessions, (vi) Ecorodovias Infraestructura e Logística S.A., (vii) the RFI lawsuit, (viii) the Sintesi lawsuit and (ix) the disclosure on the transparency of public funding. 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

Performance bonds

- Performance bonds, equal to EUR 130.8 million, issued by several banks and insurance companies, in the interest of motorway licensees¹ 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 performance bonds, 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.
- The performance bond, equal to EUR 8.4 million, issued by UniCredit S.p.A. on behalf of Società di Progetto Autovia S.p.A. in favour of the Ministry of Infrastructures and Transport to guarantee coverage of damages deriving from contractual non-performance in the execution of the works, pursuant to Article 113, paragraph 1 of Legislative Decree 163/2006.
- The performance bond, equal to EUR 1.1 million, issued by several insurance companies on behalf of Società Autostrade Ligure Toscana p.A. (A15 stretch) in favour of the Ministry of Infrastructures and Transport to guarantee the proper execution of the final design under the Standard Agreement of 3/03/2010.
- Performance bonds 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 performance bond, 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.
- Performance bonds equal to EUR 1.3 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 (*performance bond*), 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 performance bonds issued by Autostrada Asti-Cuneo S.p.A., SINELEC S.p.A., Euroimpianti S.p.A. Autostrada dei Fiori S.p.A. (A6 - Torino Savona stretch) and to SALT p.A. (A 15- La Spezia – Parma stretch), Sina S.p.A. and Siteco Informatica S.p.A. to guarantee the proper execution of the works for EUR 88.7 million.
- The performance bond issued by an insurance company on behalf of the company SAV S.p.A. in favour of the Autonomous Region of Valle d'Aosta in accordance with the concession 168/2010 – for the permanent occupation of areas in the public domain for EUR 0.1 million.

¹ With regard to Autostrada Asti-Cuneo S.p.A., as indicated in "Note 3.c – Other non-current financial assets", financial receivables include the receivable for the pledge amounting to EUR 20 million against fidejussory policies by insurance institutes with reference to the bidding competition for the Asti-Cuneo concession.

- The guarantee issued by ASTM S.p.A. in favour of the Danish client the Danish Road Directorate on behalf of the subsidiary Itinera S.p.A. for works for the construction of the Storstrom Bridge for a total amount of DKK 172 million (EUR 23 million converted at the exchange rate of EUR 7.4673 as at 31 December 2018). This guarantee, issued for the good execution of the works, is reduced according to the progress of the works.
- The Itinera Group issued sureties and other guarantees amounting to EUR 110 million for credit lines to financial institutions.
- The Itinera Group issued EUR 474.6 million to clients for the good execution of works, advances on contracts, contractual clearance and clearance of withholdings to guarantee participation in tenders, relating to all work orders being executed.
- 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 262 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 43.5 million. For works purchased by the Halmar Group after the *closing* date, Itinera issued guarantees for a total of USD 970 million, equivalent to EUR 847.2 million; the risk commensurate with the works still to carry out, amounted to EUR 700.8 million.
- Itinera S.p.A. pledged to Banca Unicredit S.p.A. 9,000,000 shares in BRE.BE.MI. S.p.A., nominal value 9,000,000, as a guarantee for the loan granted by this bank in favour of the investee company.

Commitments and guarantees

Sistema Tangenziale Esterna

With regard to the agreements for the investment in "Sistema Tangenziale Esterna", the subsidiaries SIAS S.p.A. and SATAP S.p.A. had guarantees in place, pursuant to the *Equity Contribution Agreement*, for the payment, if certain conditions are met, of 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 performance bonds, issued by Intesa Sanpaolo to Tangenziale Esterna S.p.A. on 8 April 2014.

During 2018, SIAS S.p.A. and SATAP S.p.A. consolidated the usufruct, becoming owners of 10,538,595 and 1,447,994 shares in Tangenziale Esterna S.p.A., respectively. As part of the same agreements, SIAS S.p.A. and SATAP S.p.A. also assumed, proportionally, the commitments set out in the *Equity Contribution Agreement*, including increasing the equity reserve guarantees up to a total of EUR 29.2 million. In January 2019, this commitment increased by EUR 4.5 million following the purchase of additional shares in Tangenziale Esterna S.p.A. held by Autostrade Lombarde S.p.A..

It should also be noted that the subsidiary Itinera S.p.A. pledged to Intesa SanPaolo S.p.A. the 100 shares held in the company Tangenziale Esterna S.p.A. with a value of EUR 100.

Euroimpianti S.p.A.

The agreement for the sale in 2017 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.

SIAS Parking S.r.l. unipersonale

It should be noted that the contract relating to the sale in 2017 of the equity investment held by Sias Parking S.r.l. unipersonale in Fiera Parking S.p.A. includes a commitment by Sias Parking S.r.l. unipersonale to indemnify the buyer for a maximum amount of EUR 3 million, in the event that liabilities should arise that would not have been incurred or suffered by the buyer if the seller's representations and warranties had been true and correct.

Commitments undertaken with the Revenue Office regarding payment of Group VAT

SIAS S.p.A. provided guarantees to the Revenue Office – for a total amount of EUR 47 thousand – related to the excess credit recognised as a result of the Group's VAT payment in the prior year with regard to Società di Progetto Autovia Padana S.p.A.

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 Grantor, 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: 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
- equity investments in other businesses: the value posted to the financial statements represents their fair value

Liabilities

- variable rate loans: the value posted to the financial statements represents their fair value
- trade payables: the value posted to the financial statements represents 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 2018	31 December 2017
• book value in the financial statements	502 ⁽¹⁾	501
• official market listing	532	566

(1) Payable: EUR 498 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 2018	31 December 2017
• book value in the financial statements	512 ⁽¹⁾	511
• official market listing	527	575

(1) Payable: EUR 497 million + interest: EUR 15 million

The "SIAS 2018-2028 bond loan", issued on 8 February 2018, 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 2018-2028 bond loan (amounts in millions of EUR)	31 December 2018
• book value in the financial statements	550 ⁽¹⁾
• official market listing	489

(1) Payable: EUR 542 million + interest: EUR 8 million

Derivatives

As at 31 December 2018, hedging transactions were in place (IRS-based). These contracts, signed by the subsidiaries SATAP S.p.A. and 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 2018 and the related fair value are summarised below:

(amounts in thousands of EUR)

Company	Type	Purpose of hedging	Counterparts	Currency	Duration of the derivative contract		31-Dec-18		Hedged financial liability		
					From	To	Notional reference	Fair Value	Description	Nominal amount	Maturity
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	31/12/2008	13/12/2021	75,000	-6,095	Loan	240,000	13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	30/06/2009	13/12/2021	66,000	-4,210	Loan		13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	30/06/2009	31/12/2021	66,000	-4,271	Loan		31/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	30/06/2009	13/12/2021	33,000	-2,128	Loan		13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/06/2024	21,095	-2,146	Loan	21,095	15/06/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/06/2024	4,200	-248	Loan	4,200	15/06/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	30/06/2009	31/12/2021	126,000	-9,577	Loan	126,000	31/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/03/2022	26,613	-2,807	Loan	26,613	15/03/2022
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	07/05/2012	15/12/2024	18,000	-1,081	Loan	36,000	15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Unicredit	EUR	11/05/2012	15/12/2024	18,000	-1,044	Loan		15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	SOGE	EUR	05/07/2012	15/12/2024	12,000	-658	Loan	12,000	15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	NOMURA	EUR	18/10/2012	15/12/2024	12,000	-589	Loan	12,000	15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	BNP PARIPAS	EUR	15/12/2014	15/12/2024	33,000	-752	Loan	33,000	15/12/2024
SAV	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	17/12/2012	15/12/2020	3,333	-48	Intercompany loan	3,333	15/12/2020
SAV	Interest Rate Swap	Change in interest rate	Banca Akros	EUR	17/06/2013	15/12/2020	5,000	-76	Intercompany loan	5,000	15/12/2020
Total								-35,730			

(iii) Financial risk management

In compliance with IFRS 7, we specify that in the normal conduct of its business operations, the ASTM Group is potentially exposed to the following financial risks:

- "market risk" mainly from exposure to interest rate fluctuations and to the changes in foreign exchange rates;
- "credit risk" deriving from the exposure to potential losses arising from the failure of the counterparty to meet its obligations.
- "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 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 77,12% 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 licensees 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 2018, there were no foreign exchange hedging transactions in place.

Credit risk

Credit risk is the Group's exposure to potential losses arising from the failure of the counterparty to meet its obligations.

This risk can derive both from factors of a strictly technical-commercial or administrative-legal nature and from factors of a typically financial nature, i.e. the so-called "credit standing" of the counterparty.

The Group manages credit risk using essentially counterparties with high credit standing and does not have significant concentrations of credit risk.

Credit risk arising from open positions in financial derivative transactions can also be considered marginal as the counterparties used are primary credit institutions.

Individual write-downs are instead made for credit positions which are individually significant and show objective status of partial or complete uncollectibility. The amount of the write-downs takes account of an estimate of the recoverable cash flows and the related collection date, future expenses and costs for recovery and the value of guarantees and deposits received from customers. For a breakdown of the provision for write-downs of trade receivables, refer to note 6.

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 2018 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).

Company		Total net cash (**)		Maturity (*)					
				Within 1 year		2 to 5 years		Beyond 5 years	
		Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
Unicredit	ASTM	35,000	135	-	93	35,000	42	-	-
Banca BIIS – Intesa Group	SATAP	26,613	3,288	4,839	1,052	21,774	2,236	-	-
Mediobanca (BEI funding)	SATAP	4,200	279	1,200	138	3,000	141	-	-
Mediobanca (BEI funding)	SATAP	21,095	2,528	3,835	809	17,260	1,719	-	-
Mediobanca	SATAP	240,000	17,593	80,000	9,296	160,000	8,297	-	-
Mediobanca	SATAP	126,000	12,554	36,000	6,040	90,000	6,514	-	-
Cassa Depositi e Prestiti	SATAP	60,000	2,924	-	688	50,000	2,150	10,000	86
BNL – Mediobanca	SAV	4,167	10	4,167	10	-	-	-	-
Crédit Agricole	LOGISTICA TIRRENICA	178	-	178	-	-	-	-	-
Mediobanca, Unicredit and UBI (BEI funding)	SIAS	21,000	1,327	3,500	326	14,000	925	3,500	76
Mediobanca, Unicredit and UBI	SIAS	123,000	5,199	20,500	1,154	82,000	3,701	20,500	344
BEI	SIAS	66,000	4,458	11,000	1,110	44,000	3,099	11,000	249
BEI	SIAS	8,333	174	4,167	119	4,166	55	-	-
Mediobanca, UniCredit and UBI (BEI funding)	SIAS	5,000	149	2,500	103	2,500	46	-	-
UBI	SIAS	70,000	239	70,000	239	-	-	-	-
BNL	SIAS	30,000	119	30,000	119	-	-	-	-
Banca Popolare di Milano	SIAS	50,000	26	50,000	26	-	-	-	-
CAIXA	SIAS	50,000	261	-	82	50,000	179	-	-
Unicredit Intesa Cariparma pool	SIAS	137,000	44,540	-	2,664	-	12,465	137,000	29,411
Unicredit Intesa Cariparma pool	SIAS	6,000	1,951	-	117	-	546	6,000	1,288
M&T Bank	HALMAR	1,853	915	86	83	428	355	1,340	478
M&T Bank	HALMAR	173	7	78	5	95	2	-	-
M&T Bank	HALMAR	360	8	360	8	-	-	-	-
M&T Bank	HALMAR	3,784	90	3,784	90	-	-	-	-
M&T Bank	HALMAR	1,270	38	1,270	38	-	-	-	-
G&M	HALMAR	967	35	378	19	589	16	-	-
BANCA PASSADORE	Itinera	8,015	68	1,992	28	6,023	40	-	-
BANCA BPER	Itinera	22,500	136	7,500	71	15,000	65	-	-
Banca Carige	Taranto Logistica	12,150	152	-	152	12,150	-	-	-
Banca Regionale Europea	SEA Segnaletica Stradale S.p.A.	3,013	115	836	54	2,177	61	-	-
CARIPARMA	Siteco Informatica	8	-	8	-	-	-	-	-
Total loans		1,137,680	99,318	338,178	24,734	610,162	42,653	189,340	31,932
2010-2020 bond loan	SIAS	500,000	45,000	-	22,500	500,000	22,500	-	-
2014-2024 bond loan	SIAS	500,000	101,250	-	16,875	-	67,500	500,000	16,875
2018-2028 bond loan	SIAS	550,000	89,375	-	8,938	-	35,750	550,000	44,687
Total financial liabilities		2,687,680	334,943	338,178	73,047	1,110,162	168,403	1,239,340	93,494

(*) 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 2018 amounts to EUR 192.6 million. The discounted value of said payable totals EUR 132.8 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 14 – Other payables (long-term).

<i>(amounts in millions of EUR)</i>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	104.9	93.5	82.1	65.9	49.3	32.8	16.2	-	-	-
SALT A15 stretch	87.8	87.3	86.8	86.3	85.8	85.3	84.8	84.3	80.2	28.0
TOTAL	192.6	180.7	168.8	152.2	135.1	118.0	100.9	84.3	80.2	28.0

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 should be made to the description in *Note 17 – Other financial liabilities (non-current)* and in *Note 22 – Other financial liabilities (current)*.

The "medium- and long-term loans" as at 31 December 2018 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 SIAS S.p.A. by Credito Valtellinese S.p.A.
- a loan granted to SIAS S.p.A. by CaixaBank S.A.
- a loan granted to ASTM 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 2018.

Medium- and long-term loans		
<i>(amounts in thousands of EUR)</i>	amount used as at 31 December 2018	amount available as at 31 December 2018
Logistica Tirrenica S.p.A.	178	
SATAP S.p.A.	477,908	290,000
SAV S.p.A.	4,167	
SIAS S.p.A.	566,333	127,000
ASTM S.p.A.	35,000	30,000
ITINERA S.p.A.	30,515	
Taranto Logistica S.p.A.	12,150	
Halmar International LLC	8,408	
SEA Segnaletica Stradale	3,013	
Siteco Informatica	8	
Total	1,137,680	447,000

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 2018.

Uncommitted credit lines		
Company	amount used as at 31 December 2018	amount available as at 31 December 2018
Autostrada Asti Cuneo S.p.A.	9,182	20,818
Autostrada dei Fiori S.p.A.		77,915
Euroimpianti S.p.A.		6,300
Società di Progetto Autovia Padana S.p.A.	10,000	-
SALT p.A.		22,308
SATAP p.A.		33,000
SAV S.p.A.		54,000
SIAS S.p.A.		65,000
ASTM S.p.A.	20,569	65,431
Sinelec S.p.A.		4,000
Itinera Group	60,440	297,090
SINA		1,900
SITECO		200
Total	100,191	647,962

In addition, (i) the company SIAS S.p.A. was granted back-up committed facilities equal to EUR 80 million issued by Credito Valtellinese S.p.A. for EUR 30 million and by CaixaBank S.A. for EUR 50 million and (ii) the Itinera Group was granted committed credit lines of EUR 8 million.

(iv) 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, 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.

BALANCE SHEET:

<i>(amounts in thousands of EUR)</i>	31-dic-18	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties ⁽¹⁾	TOTAL RELATED PARTIES	% INCIDENCE ON FINANCIAL STATEMENT ITEMS
Assets							
Non-current assets							
Intangible assets							
goodwill	86,026						
other intangible assets	16,853						
concessions – non-compensated revertible assets	3,080,281						
Total intangible assets	3,183,160						
Tangible assets							
property, plant, machinery and other assets	124,094						
financial lease assets	5,925						
Total tangible assets	130,019						
Non-current financial assets							
equity-accounted investments	973,323						
other equity investments	112,800						
other non-current financial assets	543,989			107,241		107,241	19.7%
Total non-current financial assets	1,630,112						
Deferred tax assets	146,504						
Total non-current assets	5,089,795						
Current assets							
Inventories and contract assets	234,225		2,574	6,698		9,272	4.0%
Trade receivables	244,764	1	10,322	49,265	254	59,842	24.4%
Current tax assets	36,170						
Other receivables	189,695	2,036	739	15,993	13	18,781	9.9%
Current financial assets	293,871			8,966		8,966	3.1%
Total	998,725						
Cash and cash equivalents	1,087,633						
Total current assets	2,086,358						
Total assets	7,176,154						
Shareholders' equity and liabilities							
Shareholders' equity							
Shareholders' equity attributed to owners of the parent company							
share capital	45,704						
reserves and earnings	1,880,051						
Total	1,925,755						
Shareholders' equity attributed to minority interests							
	1,151,140						
Total shareholders' equity	3,076,895						
Liabilities							
Non-current liabilities							
Provisions for risks and charges and employee benefits	214,397				4,186	4,186	2.0%
Other payables and contractual liabilities	205,212						
Bank debt	793,691						
Hedging derivatives	35,730						
Other financial liabilities	1,539,790						
Deferred tax liabilities	54,209						
Total non-current liabilities	2,843,029						
Current liabilities							
Trade payables	350,500		12,900	14,384	55	27,339	7.8%
Other payables and contractual liabilities	388,817		1,673	63,152	7,742	72,567	18.7%
Bank debt	438,926						
Other financial liabilities	62,761			6,533		6,533	10.4%
Current tax liabilities	15,226						
Total current liabilities	1,256,230						
Total liabilities	4,099,259						
Total shareholders' equity and liabilities	7,176,154						

(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 associated companies and jointly controlled companies for EUR 107.4 million in particular to Tangenziale Esterna S.p.A. for EUR 89.5 million granted by SIAS S.p.A. and SATAP S.p.A. and to Federici Stirling Batco LLC for EUR 8.1 million, to 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. and to SABROM for an amount attributable to the Group of EUR 4.9 million.
- Inventories for Eur 9.3 million of which:
 - EUR 2.6 million to the companies controlled by parent companies in particular to the G&A S.p.A. for EUR 0.7 million, Autosped G 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 0.5 million.
 - 6.7 million from jointly controlled companies and associated companies, in particular to Sitaf S.p.A. for 4.5 million euro and to Interconnessione S.c.a.r.l. for 1.1 million euro.
- Trade receivables for services from Itinera S.p.A. to companies controlled by parent companies for EUR 6.6 million of which EUR 3.2 million to Appia S.r.l., EUR 0.9 million from Terminal San Giorgio S.r.l., EUR 0.8 million to Impresa Grassetto S.p.A. in liquidazione.
- Trade receivables for services provided by SEA Segnaletica Stradale S.p.A. to companies subject to the control of the parent companies for EUR 1.2 million, in particular to Autosped G S.p.A..
- Trade receivables for services from Euroimpianti S.p.A. to companies controlled by parent companies for EUR 0.8 million from Baglietto S.p.A. and EUR 0.3 million to Azeta S.p.A. in liquidazione;
- Trade receivables for services provided by Itinera S.p.A. to jointly controlled companies and associated companies of EUR 27.7 million, of which EUR 7.7 million to Aurea S.c.ar.l., EUR 7.2 million to Letimbro S.c.ar.l., EUR 7.1 million to Consorzio Costruttori TEEM S.c.ar.l., EUR 1.8 million to Tunnel Frejus S.c.ar.l., EUR 1.2 million from Rivalta Terminal Europa S.p.A. and EUR 1.1 million to Ponte Nord S.p.A.
- Trade receivables for services to SATAP S.p.A. from the jointly controlled and associated company Aurea S.c.ar.l. for EUR 6.4 million.
- Trade receivables for services provided by SINA S.p.A. to jointly controlled companies and associated companies for EUR 2.3 million, in particular from Consorzio Tangenziale Engineering for EUR 1 million and from SA.BRO.M. S.p.A. for EUR 0.7 million.
- Trade receivables recognised by Halmar International LLC to the associated company Mill Basin Bridge Constructors for EUR 6.2 million.
- Trade receivables for services provided by Lambro S.c.a.r.l. to Consorzio Costruttori TEEM for EUR 2.4 million.
- Trade receivables for services provided by the technology sector to the company ATIVA S.p.A. for EUR 1.1 million.
- Other receivables from the parent company Aurelia S.r.l. of EUR 2 million, of which EUR 0.9 million from ASTM S.p.A., EUR 0.7 million from SINA S.p.A. and EUR 0.5 million from Itinera S.p.A., mainly arising from the tax consolidation.
- Other receivables due from companies controlled by parent companies for EUR 0.7 million, in particular for receivables due to Itinera S.p.A. to Impresa Grassetto S.p.A. for EUR 0.5 million.
- Receivables for loan granted by Autostrada dei Fiori S.p.A. to Rivalta Terminal Europa S.p.A. for EUR 13.8 million and Vado Intermodal Operator S.p.a. for EUR 1.4 million.
- Current financial receivables to jointly controlled and associated companies for EUR 0.5 million from SIAS S.p.A. to Ativa immobiliare S.p.A.
- Current financial receivables of IGLI S.p.A. for EUR 8.5 million due from Primav Infrastruttura S.A..

- Payables for other services provided by the company subject to the control of the Parent Company Argo Finanziaria S.p.A. to the companies of the Group totalling EUR 3.7 million.
- Payables for services provided by Codelfa S.p.A. in particular to Itinera S.p.A. for EUR 1.3 million.
- Payables related to services provided by the company subject to the control of the parent companies Autosped G S.p.A. to Group companies totalling EUR 2.5 million.
- Payables for services provided by Itinera S.p.A. to jointly controlled companies and associated companies of EUR 6.2 million, of which EUR 3.9 million to Darsene Nord Civitavecchia S.c.a.rl. and EUR 0.8 million to Tunnel Frejus S.c.a.r.l..
- Payables for services from SATAP S.p.A. for EUR 5.6 million to the jointly controlled and associated company Aurea S.c.ar.l.
- Payables for services from Lambro S.c.ar.l. for EUR 1.5 million to the jointly controlled and associated company Consorzio Costruttori TEEM.
- Other payables of Itinera S.p.A. to jointly controlled companies and associated companies of EUR 58.6 million, of which EUR 20.4 million from Letimbro S.c.ar.l., EUR 11.3 million from CMC Itinera JV S.c.p.A., EUR 7.3 million from Consorzio Costruttori TEEM, EUR 6 million from Tunnel Frejus S.c.ar.l., EUR 5.7 million from Aurea S.c.ar.l., EUR 2.7 million from Malco S.c.ar.l., EUR 2.6 million from Consorzio Tangenziale Engineering and EUR 1.8 million from Consorzio Cannello-Frasso Telesino.
- Other payables of Società Attività Marittime S.p.A. to jointly controlled companies for EUR 4.4 million, in particular to Mose Bocca di Chioggia for EUR 2.9 million and Mose Treporti for EUR 1.2 million.
- Current financial payables to CMC Itinera JV S.c.p.A. held by Itinera S.p.A. for EUR 6.5 million.
- Other payables of Itinera S.p.A. to IMCO Progetti e Costruzioni S.r.l. and other related parties totalling EUR 11.4 million following the acquisition of SEA Segnaletica Stradale S.p.A. and the acquisition and subsequent incorporation of Interstrade S.p.A..

INCOME STATEMENT

<i>(amounts in thousands of EUR)</i>	FY 2018	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties ⁽¹⁾	TOTAL RELATED PARTIES	% INCIDENCE ON FINANCIAL STATEMENT ITEMS
Revenue							
motorway sector – operating activities	1,218,972						
motorway sector – planning and construction activities	67,988						
construction sector - planning and construction	117,978						
construction sector	490,527		5,027	33,909		38,936	7.9%
engineering sector	6,244		19	1,093		1,112	17.8%
technology sector	36,454		454	8,773	-	9,227	25.3%
Other	54,255		906	12,635	14	13,555	25.0%
Total revenue	1,992,418						
Personnel expenses	(302,444)				(4,097)	(4,097)	1.4%
Costs for services	(647,461)		(10,195)	(43,988)	(14,222)	(68,405)	10.6%
Costs for raw materials	(128,538)		(5,377)	(3)		(5,380)	4.2%
Other costs	(154,453)	(545)	(774)	(168)	-	(1,487)	1.0%
Capitalised costs on fixed assets	1,379						
Amortisation, depreciation and impairment losses	(319,125)						
Adjustment of the provision for restoration/replacement of non-compensated revertible assets	(3,218)						
Other provisions for risks and charges	(675)						
Financial income:							
from unconsolidated investments	29,248		46			46	0.2%
other	14,132	5		6,964		6,969	49.3%
Financial expenses:							
interest expense	(80,529)						
other	(5,288)						
Profit (loss) of companies accounted for by the equity method	2,159						
Profit (loss) before taxes	397,605						
Income Tax							
Current taxes	(110,285)						
Deferred taxes	1,938						
Profit (loss) for the year	289,258						

(1) Amounts include relations and compensation relating to Directors, Statutory Auditors and other key management personnel of the Group, as detailed in the "Report on Remuneration".

More specifically, the main relationships between the companies of the Group, arranged by items in the financial statements, are the following:

- Services provided by the Group to companies subject to the control of the parent companies for EUR 5 million, in particular by Itinera S.p.A. in favour of Appia S.r.l. (EUR 1.9 million) and SEA Segnaletica Stradale S.p.A. in favour of Autosped G S.p.A. (EUR 1.5 million).
- Construction sector services provided by the Group to jointly controlled companies and associated companies for EUR 33.9 million, in particular of Itinera S.p.A. to Aurea S.c.ar.l. for EUR 12.5 million, to Sitaf S.p.A. for EUR 6.3 million, to BRE.BE.MI S.p.A. for EUR 2.4 million, to Letimbro S.c.ar.l. for EUR 1.3 million and to Consorzio Costruttori TEEM for EUR 1.2 million; of Halmar International LLC to the jointly controlled company Mill Basin Bridge Constructors for EUR 7.2 million; of SEA Segnaletica Stradale S.p.A. to ATIVA S.p.A. for EUR 1.5 million.
- Services from SINA S.p.A. provided in the engineering sector to jointly controlled and associated companies (for EUR 1 million) in particular to Aurea S.c.ar.l. and Tangenziale Esterna S.p.A..
- IT support services provided by Sinelec S.p.A. for EUR 7.9 million, in particular to ATIVA S.p.A. for EUR 4.6 million and Interconnessione S.c.ar.l. for EUR 2 million.

- Services provided by Euroimpianti S.p.A. for EUR 1.3 million to joint ventures and associated companies, in particular Tunnel Frejus S.c.ar.l. Letimbro S.c.ar.l. and ATIVA S.p.A..
- Services provided by Sistemi e Servizi S.c.ar.l. for EUR 0.5 million to companies subject to the control of the parent companies, of which G&A S.p.A. for EUR 0.2 million.
- Services from SATAP S.p.A. to the associated company Aurea S.c.ar.l. for EUR 7 million.
- Other services from the group to other jointly controlled companies and associated companies for EUR 5.5 million, in particular to Ativa S.p.A. for EUR 2.2 million, CMC Itinera JV S.c.p.A. for EUR 0.8 million, Tunnel Frejus S.c.ar.l. for EUR 0.6 million.
- Managerial assistance and consulting provided by Argo Finanziaria S.p.A. totalling EUR 2.1 million for managerial assistance and consultancy services provided to all Group companies.
- Professional services and planning services provided by SEA Segnaletica Stradale S.p.A. to the Group for EUR 5.9 million, of which EUR 2 million to Società Autostrada Ligure Toscana p.A., EUR 1.9 million to Autostrada dei Fiori S.p.A. and EUR 1.3 million to SATAP S.p.A.. These are services provided in the first half of 2018 before the acquisition by Itinera S.p.A. of the entire share capital of SEA Segnaletica Stradale S.p.A..
- Services provided by the company subject to the control of the parent company Autosped G S.p.A. to Itinera S.p.A. in particular for EUR 1 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 8.8 million. These are services provided in the first half of 2018 prior to the merger by incorporation of Interstrade S.p.A. into Itinera S.p.A..
- costs for services to jointly controlled and associated companies totalling EUR 44 million, mainly for services provided by Letimbro S.c.ar.l. (EUR 14.3 million), Tunnel Frejus S.c.ar.l. (EUR 6.2 million), CMC itinera JV (EUR 6.7 million), Consorzio Cancellò-Frasso Telesino (EUR 2.5 million), Interconnessione S.c.ar.l. (EUR 1.5 million) and Malco S.c.ar.l. (EUR 1.4 million) to Itinera S.p.A..
- Other costs for services provided by Aurea S.c.ar.l. to SATAP S.p.A. for EUR 5.7 million and to Itinera S.p.A. for EUR 5.7 million.
- Costs incurred for the purchase of raw materials from companies subject to the control of the parent companies (EUR 5.4 million) for group purchases mainly from Gale S.r.l. (EUR 2.6 million) and Autosped G S.p.A. (EUR 2.7 million).
- Costs incurred with other related parties for EUR 1 million for purchases of raw materials made by Itinera S.p.A. from Interstrade S.p.A. in the first half of 2018.
- Other costs incurred by the group for charges incurred by the parent company Aurelia S.r.l. for EUR 0.6 million, mainly from SINA S.p.A..
- Financial income from related parties totalling EUR 7 million, of which EUR 4.6 million from Tangenziale Esterna S.p.A. and EUR 1.8 million from Autostrade Lombarde S.p.A..

In addition, costs for services includes expenses incurred by the ASTM Group for services related to insurance premiums brokered by P.C.A. S.p.A. totalling EUR 16.9 million.

Changes in financial assets

- Sinelec S.p.A. sold all the shares held in OMT S.p.A. to Autosped G S.p.A., totalling 20,281 shares for a total value of EUR 0.2 million.
- SIAS S.p.A. acquired (i) 1,719 shares (0.001% of share capital) of Società Autostrada Ligure Toscana S.p.A. from Finanziaria di Partecipazioni e Investimenti S.p.A. for a total value of EUR 7 thousand and (ii) 79,023 shares (0.049% of share capital) of the

subsidiary Società Autostrada Ligure Toscana S.p.A. from SEA Segnaletica Stradale S.p.A. for a total value of EUR 0.3 million; as a result of these purchases, the stake that is currently held in this Company is equal to 95.229% of the share capital.

- Cisa Engineering S.p.A. sold SINA S.p.A. the shares held in the SINA Consortium (equal to 5% of the share capital) for a total value of EUR 2.5 thousand.
- The subsidiary Sina S.p.A. purchased 2,701 shares of Siteco Informatica S.r.l. for a total value of EUR 15 thousand.
- In July 2018, the subsidiary Itinera S.p.A. purchased all the shares of Interstrade S.p.A. for a total value of EUR 15.7 million; in December 2018 the company Interstrade S.p.A. was merged by incorporation into Itinera S.p.A..
- In July 2018, the subsidiary Itinera S.p.A. purchased all the shares of SEA Segnaletica Stradale S.p.A. (500,000 shares) for a total value of EUR 16.6 million;
- During 2018, the subsidiary IGLI S.p.A. purchased a further 13,854,084 shares of Ecorodovias Infrastruttura e Logistica S.A. for a total R\$ 126.7 million (approximately EUR 30.2 million). As a result of these further purchases, IGLI S.p.A. holds 49.21% of Ecorodovias directly and indirectly (through Primav Infrastruttura S.A.).
- On 2 August 2018, the subsidiary Finanziaria di Partecipazioni e Investimenti S.p.A. – following the partial demerger of Codelfa S.p.A. into the beneficiary Nuova Codelfa S.p.A. – received 82,115 shares of the new company representing 16.423% of the share capital, whereby all the shares of ASTM S.p.A. were transferred.

It should also be noted that the company subject to "joint control" ATIVA S.p.A. held 21,500 shares (nominal value EUR 10,750) of the parent company ASTM S.p.A. as at 31 December 2018.

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.

(v) Lapsed motorway concessions

With reference to the concession for the A21 Torino-Alessandria-Piacenza section (licensed to SATAP S.p.A.), which expired on 31 December 2018, there is a possible risk connected with any disputes that may arise with the Granting Body in relation to the operation of the motorway stretch between the expiry of the concession (30 June 2017) and 31 December 2018.

With the support of its consultants and taking into account the contractual obligations in force, the Company has assessed that the risk related to this abstract event is at most classifiable as "possible" and, consequently, the Company has proceeded – in accordance with the relevant accounting standards – not to recognise any provisions in these financial statements.

(vi) Ecorodovias Infraestrutura e Logística S.A.

With reference to investments in the motorway sector in Brazil, ASTM holds, directly and indirectly (through the company Primav Infraestrutura S.A.), 49.21% of Ecorodovias Infraestrutura e Logística S.A. ("Ecorodovias" or the "Company"). In the consolidated financial statements of the ASTM Group, these investments are accounted for using the "equity method".

On 14 March 2019, the Board of Directors of Ecorodovias – with the support of a leading Brazilian law firm – approved the draft financial statements for the year ended 31 December 2018, in which it acknowledged an investigation conducted by the Federal Prosecutor's Office of the State of Paraná against two former managers of the subsidiaries Ecovia Caminho do Mar ("Ecovia") and Rodovia das Cataratas - Ecocataratas ("Ecocataratas") in relation to potential unlawful acts carried out by them in the past.

Below is the text of note 21 of Ecorodovias' consolidated financial statements relating to the above events:

"With respect to the police investigation No. 5002963-29.2015.404.7013 and the police investigation related to the enactment of Provisional Act 752/2016, the Company informs that both investigations are being currently conducted by the 23rd Federal Court of Curitiba/PR, after the 13th Federal Court of Curitiba/PR has declined to judge the matter, as the facts being investigated are not related to facts under the exclusive authority of that court for determination of irregularities. With respect to the searches and seizures to obtain information on the subsidiaries of Companhia Concessionaria Ecovia Caminho do Mar e Rodovia das Cataratas – Ecocataratas, temporary detention of one superintendent officer and preventive detention of one employee (both already released and removed from their positions), which orders were issued under the search and seizure process No. 5036128-042.2018.4.04.7000, the Company informs that an indictment against these two executives has been filed and accepted in the case records of criminal case No. 5003165- 06.2019.4.04.7000 in progress at the 23rd Federal Court of Curitiba/PR. Subsidiaries Concessionaria Ecovia Caminho do Mar, Rodovia das Cataratas – Ecocataratas and Ecorodovias Concessões e Serviços inform that they were not subject to indictment in criminal case, only their removed executives, with a request from the General Attorneys' Office to determine the minimum amount for reimbursement of damages, which estimated amount for Ecovia is R\$200,499,632¹ and for Ecocataratas is R\$935,476,590². The Company and its investees are subject to Law 8.429/92 and Law 12.846/13 and, if the news reported are true, any penalties can have material impacts on the financial condition, results of operations and future cash flows of the Company and its investees. The Company is currently verifying the facts alleged in the claim and consulting its legal counsel to assess, with respect to potential claims that can be possibly filed in the future, the underlying risks, possible alternatives and defense allegations. However, it is not possible to currently determine a probable loss arising from present obligation resulting from past event or accurately determine the potential underlying risk. This because, among other factors: (i) the Federal Prosecution Service has not filed a lawsuit against the Company or its subsidiaries based on the abovementioned events; and (ii) it is not currently known to which extent the allegations from the Federal Prosecution Service are correct and which claims and evidence would be used to support the allegations. In addition to the internal procedures performed by the Company's Management, in the context of the Corporate Crisis Management Committee, the Board of Directors, in fulfilling its due diligence duty, approved on March 7, 2018 the creation of an Independent Committee, with the following key responsibilities: (a) independently, cautiously, and responsibly determine, in a fair and impartial manner, allegations made against the Company and its subsidiaries; (b) hire an outside independent specialized firm to assist in the internal investigation of the facts referred to in the previous item; (c) approve an investigation plan; (d) receive and review the information sent by the team charged of the investigation, whether internal or external; (e) ensure that the investigation is conducted independently, by making sure that it is not barred or obstructed; (f) analyze and report to the Board of Directors the recommendations made by the team charged of the investigation; (g) authorize the team charged of the investigation to communicate with the competent authorities, including regulators, to clear doubts or make questions; (h) prepare a final report on the investigation's findings, and the Committee's

¹ EUR 45.1 million at the exchange rate on 31 December 2018 4.444 Eur/Reais

² EUR 210.5 million at the exchange rate on 31 December 2018 4.444 Eur/Reais

recommendations regarding internal policies and procedures related to the investigation, and including the applicable disciplinary and/or legal actions. The Company hereby informs that, pursuant to the Minutes of the Board of Directors' Meeting held on April 16, 2018, it was decided to hire renowned firms to perform the work described in item b above. The Independent Committee has tried to make sure that the investigation team would use a forensics investigation methodology recognized by the market and that the work would be conducted on a comprehensive and unrestricted manner, resulting in the analysis of approximately 19,000 documents, 230,000 electronic files, 170 integrity reports and 248 transaction tests. With respect to the performance of the independent investigation work, the Company informs that the work was completed with the submission on February 7, 2019 of a final report to the Board of Directors, with the support of the representatives of the renowned firms hired. The Independent Committee's work was inconclusive in relation to the existence of illegal acts identified in the allegations of the General Attorneys' Office and did not indicate the applicability of legal or disciplinary measures. Also, the Independent Committee has warned that the result of the investigations conducted by the General Attorneys' Office can provide new information which, in turn, can potentially result in new allegations or evidence. The Independent Committee has completed the work and was extinguished on February 15, 2019. In view of such scenario, the Company currently does not have any elements that allow it to identify the existence of potential loss related to these events or not".

Based on the above, and taking into account the Audit Report on the Consolidated Financial Statements issued by Deloitte, which contains a qualified opinion in relation to aforementioned note 21, the Board of Directors of Ecorodovias has taken the decision, for prudential reasons, not to propose to the shareholders' meeting the distribution of dividends additional to those already distributed during the year, allocating all the remaining profit resulting from the 2018 financial statements (equal to R\$ 215,546,418.7¹) to the reserve (of which R\$ 18,725,499.53² to the legal reserve).

Following the events described above, IGLI S.p.A. engaged another leading Brazilian law firm – that is independent and extraneous to the matter under consideration – to prepare an opinion on whether, in handling the issues described above and in approving the draft financial statements for the year ended 31 December 2018, the members of the Board of Directors of Ecorodovias acted diligently and in the best interest of the Company.

After a description of how the duty of care of the directors is regulated by Brazilian law (section 153 Brazilian Corporation Act) and a summary of the information used to prepare the opinion, the opinion comes to the following conclusion:

"On the basis of the information described in section 2 and, in particular, (a) the decision taken by [Ecorodovias'] management to appoint an Independent Committee [...] and to consult with a leading law firm to assist the Company in relation to the potential involvement of its subsidiaries in the offences being investigated by the Federal Prosecutor's Office; and (b) the conclusions of the opinions given by the aforementioned law firm [...], we are of the opinion that the members of the Board of Directors [of Ecorodovias] acted diligently and in the best interest of the Company in relation to their vote for the approval of the draft financial statements for the financial year ending 31 December 2018."

Another important event occurred following the approval of the draft financial statements by Ecorodovias.

On that date, the judges of the 23rd Federal Lower Court of Curitiba (Paraná) – regarding the corrupt scheme allegedly committed by all the licensees of the State of Paraná, which, according to the public prosecutors, for all the licencees, caused total damage equal to approximately R\$ 8,888,686,425.94 to the treasury – ordered the freezing of current accounts and the seizure of certain assets of Ecovia and Ecocataratas, as well as the apprehension of the persons involved.

¹ EUR 48.5 million at the exchange rate on 31 December 2018. 4.444 €/reais

² EUR 4.2 million at the exchange rate on 31 December 2018. 4.444 €/reais

In relation to Ecovia, Ecocataratas and other companies indicated (construction and engineering companies other than Ecorodovias), the decision of the 23rd Federal Lower Court of Curitiba, specifies the sum of R\$ 82,569,672.41 as an estimate of the minimum amount of damages resulting from the alleged illicit acts, and the sum of R\$ 7,688,004.72 as an estimate of the alleged benefits obtained by public officials who would have received bribes, totalling R\$ 90,237,677.13¹.

The same decision also indicates that, theoretically, the maximum amount of the fine against all the natural persons involved - if all the alleged offences were to be proved - would reach the total sum of R\$ 325,148,400.00.

Finally, it should be noted that the sums referred to as 'damages' by the 23rd Federal Lower Court of Curitiba refer only to the sums that would have been paid by the licencees to shell companies for the creation of the cash supply that would then be used to pay the bribes. The decision, while limiting itself to analysing only the criminal aspects of the alleged facts, expressly clarifies that there could be additional damages deriving from the alleged offences.

All this considered, in light of this decision and on the basis of the information currently available, there is obvious uncertainty and inconsistency in the amounts estimated as "minimum damage" by the public prosecutors in the disputes (as for Ecovia and Ecocataratas, about R\$ 1.1 billion) and that identified by the 23rd Federal Lower Court of Curitiba (about R\$ 82.6 million).

¹ EUR 20.5 million at the exchange rate on 31 December 2018. 4.444 €/reais

(vii) RFI S.p.A. lawsuit

The first-instance proceedings brought by RFI - Rete Ferroviaria Italiana S.p.A. before the Court of Rome was concluded with a writ of summons served on the Company on 11 June 2016, in order to force ANAS and SATAP to pay the sums allegedly incurred by TAV/RFI for carrying out the motorway modernisation works quantified by RFI in the total amount of EUR 1,184,066,127.13 plus ancillary costs, of which EUR 485,863,611.40 to be borne by SATAP.

The Court of Rome, by judgment no. 14860/2018, published on 17 July 2018, completely rejected all the claims made by RFI against ANAS, SATAP and MIT, declaring that no sum can be claimed by RFI against the defendants.

RFI subsequently discontinued appeal proceedings and agreed not to submit further expense claims to SATAP for the motorway works it carried out.

(viii) 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 in the proceedings before the Regional Administrative Court of Lombardy - Milan, RG no. 1732/12, the company produced documentation attesting to the absence of liability on the part of Itinera.

The amount provided for in the remedial purchase order, with regard to compensation for illegal occupation of the area, amounts to EUR 0.2 million.

The order of the Court of Appeals of Milan, filed on 28 November 2016, was appealed by the Ministry; a hearing before the Court of Cassation has yet to be scheduled.

(ix) Disclosure on the transparency of public funding

Pursuant to Article 1, paragraphs 125-129 of Law 124/2017, subsequently supplemented by the "Security" Decree Law (113/2018) and by the "Simplification" Decree Law (135/2018), the following information is provided on "grants, contributions, paid assignments and, in any case, economic advantages of any kind" granted to the Group in 2018 by public administrations and by a series of similar entities¹ with whom it has economic relations:

Granting body	Description	Amounts in thousands of EUR
IGRUE (CE- MEF Ragioneria dello Stato)	MedTis project grant	1,383
Fondimpresa	Training courses	43
Gestore dei Servizi Energetici S.p.A. - G.S.E.	Grant for the production of electricity from photovoltaic systems	68
ANAS	Grant under Law 662 of 23/12/1996	68
Regione Autonoma Valle D'Aosta (RAVA)	Use of the "Sorrelley-Meysattaz" window tunnel as a training facility for rescue operations in tunnels	112
Regione Autonoma Valle D'Aosta (RAVA)	Experimental procedure to improve freight transport movements affecting the municipalities of the "Plaine" in order to improve the fluidity and safety of traffic and to contain environmental disruption.	185
Autorità di Sistema Portuale del Mar Ionio - Port of Taranto	Portion of loan borne by Licensee	30,980
Customs Agency	Carbon tax	150
Total ASTM Group		32,990

¹ The parties identified as the source of the funds to be disclosed are:

- public administrations and the entities referred to in Article 2-bis of Legislative Decree 33 of 14 March 2013;
- companies controlled, in law or in fact, directly or indirectly, by public administrations, including companies with shares listed on regulated markets and their investees;
- publicly-owned companies, including those issuing shares listed on regulated markets and their investees

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 2018.

- Furthermore, we attest that:
 - the consolidated financial statements as at 31 December 2018:
 - 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, 27 March 2019

The Managing Director
Alberto Rubegni

The Manager in charge of drawing up
the corporate accounting documents
Lucia Scaglione

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Independent Auditors' Report

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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

Report on the Audit of the Consolidated Financial Statements

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 2018, 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 2018, 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.

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



Emphasis of matter

Without modifying our opinion, we draw attention to what is indicated in the paragraph “Other information” of the explanatory notes to the consolidated financial statements, with reference to the investigation conducted by the Federal Prosecutor’s Office of the State of Paraná against some former managers of Concessionária Ecovia Caminho do Mar SA and Rodovia das Cataratas SA, subsidiaries of Ecorodovias Infraestrutura and Logistica SA, in which ASTM Group directly and indirectly holds 49.21% of the share capital, in relation to potential unlawful acts carried out by them in the past.

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.

Key Audit Matters	Auditing procedures performed in response to key audit matters
<p>Evaluation of the recoverability of goodwill and intangible assets referring to concessions (non-compensated revertible assets)</p> <p><i>"Valuation criteria", paragraph "impairment test" and note 1 - "Intangible assets"</i></p> <p>Among the intangible assets of the consolidated financial statements as at 31 December 2018, the ASTM Group recognizes non-compensated revertible assets related to the concessions of the motorway sector, equal to Euro 3,037.7 million, plus Euro 41.7 million of goodwill allocated to them, which together represent approximately 43% of total consolidated assets.</p> <p>Within the ASTM Group, each motorway concession company is an autonomous cash-generating unit, which the business plans of each motorway refer to.</p> <p>The valuation of these intangible assets, and in particular the analysis of their recoverability through the performance of the impairment test,</p>	<p>We have obtained the valuation 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">• 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

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.

In accordance with the accounting principles and with the impairment procedure approved by the Board of Directors on 28 February 2019 (the "Procedure"), the aforementioned intangible assets have been tested for impairment at the balance sheet date in order to ascertain the possible presence of an impairment loss.

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.

determination of the data included in the models, with particular reference to operating revenues and costs, discount rates, traffic data, tariffs, investments, used to determine the value in use;

- verification of the correct determination of the balance sheet carrying amounts of the assets and liabilities attributable to each Cash Generating Unit, including goodwill allocated to them, used as a comparison with the recoverable amount;
- 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.

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' meeting of ASTM SpA 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.

Report on Compliance with other Laws and Regulations

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 2018, 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 2018 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 2018 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, 24 April 2019

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