

*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*



# 2017 Financial Statements

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



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

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# **ORDINARY SHAREHOLDERS' MEETING**

**19 APRIL 2018**

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## Board of Directors and Board of Statutory Auditors

### SOCIETA' INIZIATIVE AUTOSTRADALI E SERVIZI

Società per Azioni (public limited company)  
Share capital EUR 113,771,078 fully paid-up  
Tax code and registration with the  
Turin Register of Companies no. 08381620015  
Registered Office in Turin – Via Bonzanigo 22  
Website: [www.grupposias.it](http://www.grupposias.it)  
Management and coordination: Argo Finanziaria S.p.A. Unipersonale

### MEMBERS OF THE BOARD OF DIRECTORS

#### *Chairman*

Stefania Bariatti

#### *Deputy Chair*

Daniela Gavio

#### *Managing Director*

Paolo Pierantoni<sup>(4)</sup>

#### *Directors*

Stefano Caselli <sup>(2)</sup>

Sergio De Luca <sup>(2)</sup>

Edda Gandossi<sup>(3)</sup>

Beniamino Gavio

Saskia Elisabeth Christina Kunst <sup>(1)</sup>

Licia Mattioli <sup>(1)</sup>

Andrea Pellegrini <sup>(2)</sup>

Ferruccio Piantini

Giovanni Quaglia

Antonio Segni <sup>(1)</sup>

Paolo Simioni

#### *Secretary*

Sergio Prati

### BOARD OF STATUTORY AUDITORS

#### *Chairman*

Daniela Elvira Bruno

#### *Standing Auditors*

Annalisa Donesana <sup>(3)</sup>

Pasquale Formica

#### *Substitute Auditors*

Luisella Bergero

Riccardo Bolla

Alessandra Pederzoli

(1) Members of the "Remuneration Committee"

(2) Members of the "Audit, Risk and Sustainability Committee"

(3) Members of the "Supervisory Body"

(4) Director responsible for the Internal Audit and Risk Management System

### MANAGEMENT

#### *General Manager*

Umberto Tosoni

### INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

#### TERM OF OFFICE

The Board of Directors and the Board of Statutory Auditors were appointed for three financial years by the Shareholders' Meeting on 27 April 2017 and their term of office will expire with the approval by the Shareholders' Meeting of the 2019 Financial Statements.

The Independent Auditors were appointed by the Shareholders' Meeting on 27 May 2017 and are in office for nine financial years. Their term of office will expire with the approval by the Shareholders' Meeting of the 2025 Financial Statements.

#### POWERS OF COMPANY OFFICERS

The Chair **Stefania Bariatti** is the legal representative of the Company and manages – together with the Managing Director – all external communication.

The Vice Chair **Daniela Gavio** replaces – with equal powers – the Chair in case of absence/impediment.

The Managing Director **Paolo Pierantoni** exercises all the powers for the management of the company, except those that are expressly reserved to the Board of Directors by law.

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## Agenda

1. Financial statements for FY 2017, Management report of the Board of Directors: related and consequent resolutions.  
Analysis of the 2017 Consolidated Financial Statements and 2017 Sustainability Report.
2. Allocation of profit (loss) for the period.
3. Appointment of a Director or reduction in the number of Board of Directors members.
4. Report on remuneration, pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998.

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

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## Main consolidated financial figures

The main consolidated financial figures as at 31 December 2017 and 31 December 2016 are compared below:

<i>(amounts in millions of EUR)</i>	2017	2016 <sup>1</sup>
Turnover	1,136.7	1,086.1
Net toll revenue	1,017.3	978.9
Gross operating margin (EBITDA)	703.8	656.1
Gross operating margin "reported"	692.6	660.0
Operating profit attributable to the Parent Company – <i>Continued Operations</i>	237.8	159.8
Operating profit attributable to the Parent Company – <i>Discontinued Operations</i>	0.5	2.2
Operating cash flow	517.2	473.5
Motorway investments	190.1	175.2

<i>(amounts in millions of EUR)</i>	31 December 2017	31 December 2016
Adjusted net financial indebtedness	1.307,9	1.648,1

\*\*\*\*\*

During 2017, **net toll revenue (up by 3.92%) exceeded EUR one billion.**

During 2017, the **growth in the motorway sector margin** with the contribution from other sectors the Group operates in basically unchanged, impacted the **gross operating margin which went up by EUR 47.7 million (+7.3%)** to a value equal to **EUR 703.8 million.**

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

The recognition of non-recurring charges in 2017 led to a "reported" gross operating margin of EUR 692.6 million (EUR 660 million in 2016, taking into account non-recurring items).

The growth in the "reported gross operating margin" (EUR +32.6 million, including "non-recurring items"), was offset by the increase in amortisation and depreciation and net provisions allocated in the year (EUR +18.6 million), increasing operating income by EUR 14 million (+3.9%).

The improvement in operating income and in "financial income", which benefited from (i) fewer net financial charges (EUR 11.2 million), (ii) fewer write-downs of equity investments (EUR 4.4 million), (iii) a greater contribution of companies accounted for by the equity method (EUR +11.4 million) and (iv) capital gains from the sale of the parking sector and equity investment in FNM S.p.A. (EUR +34.3 million), were reflected - net of the corresponding tax effect and of profit pertaining to minority interests - on "**income attributable to the Parent Company in the period**" that went up by approximately **EUR 78 million** to a value equal to **EUR 237.8 million (+48.8%).**

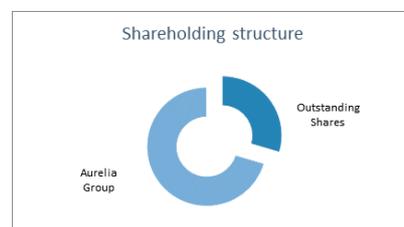
<sup>1</sup> Comparative data of the previous year, as described in the Notes, were restated as a result of the classification pursuant to IFRS 5, following the sale of the equity investment in Fiera Parking S.p.A.. To facilitate the comparison between operating components of 2017 and 2016, the contribution attributable to ABC Costruzioni S.p.A. (deconsolidated with effect from 31 December 2016, following its incorporation in the subsidiary Itinera S.p.A.) was reversed by individual items of revenues and operating costs for 2016 and the relative gross operating margin was recognised under "non-recurring items".

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

## SIAS S.p.A. Shareholding

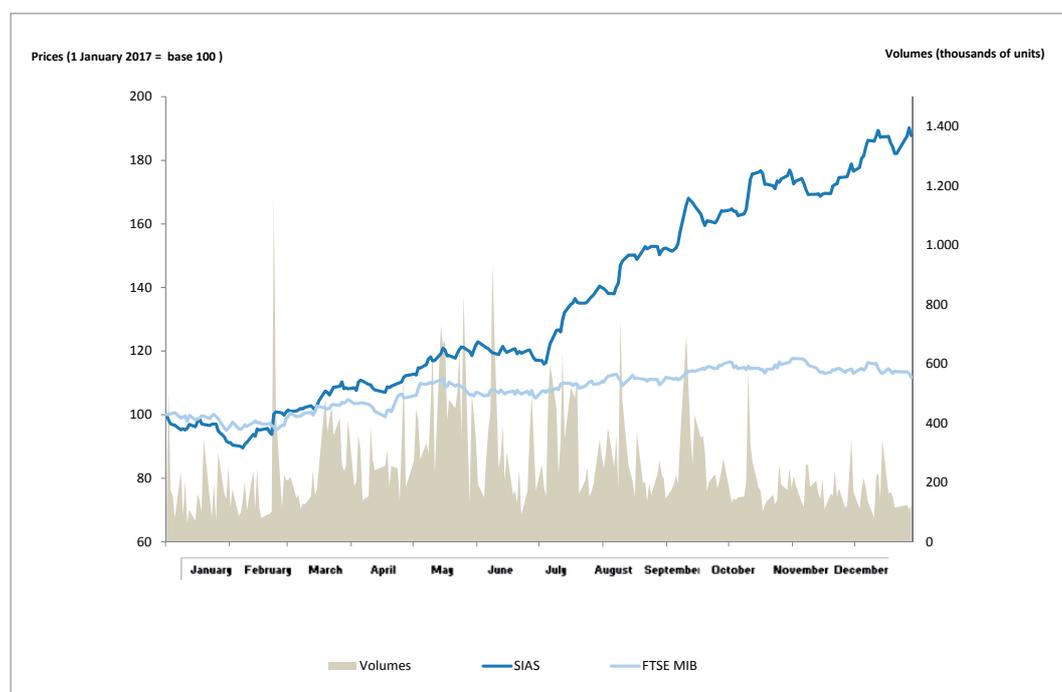
As at 31 December 2017, the number of ordinary shares was equal to 227,542,156. Based on available information, holders of ordinary shares amounting to more than 3% of the share capital are detailed below:

Aurelia Group	70.41%	<sup>(1)</sup>
Outstanding shares	29.59%	
<b>Total</b>	<b>100.00%</b>	



<sup>(1)</sup> Aurelia S.r.l. 6.844%; ASTM S.p.A. 61.693%; SINA S.p.A. 1.717%; Argo Finanziaria S.p.A. 0.155%.

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



### Information on the security

No. of shares as at 31 December 2017	227,542,156
Market capitalisation as at 31 December 2017 (million EUR)	3,521
2016 balance dividend per share (May 2017, EUR)	0.18
2017 interim dividend per share (December 2017, EUR)	0.15
Listing as at 29 December 2017	15.47
Maximum price in the period 1 January - 31 December 2017 (28 December 2017)	15.67
Minimum price in the period 1 January - 31 December 2017 (8 February 2017)	7.38
Average daily volumes in the period 1 January–31 December 2017 (thousands of shares)	260

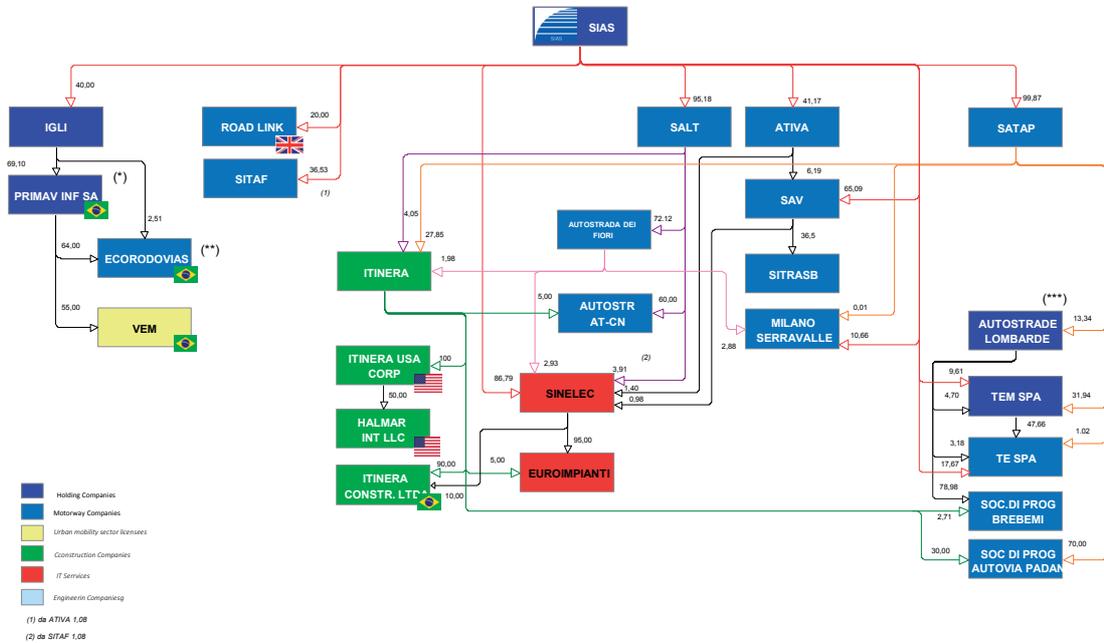
### Group Credit rating

Moody's	Baa2 (stable outlook)
Fitch	BBB+ (stable outlook)

## Group structure and business segments

The SIAS Group operates through its investee companies in the management of motorway networks under concession and in the technology sector.

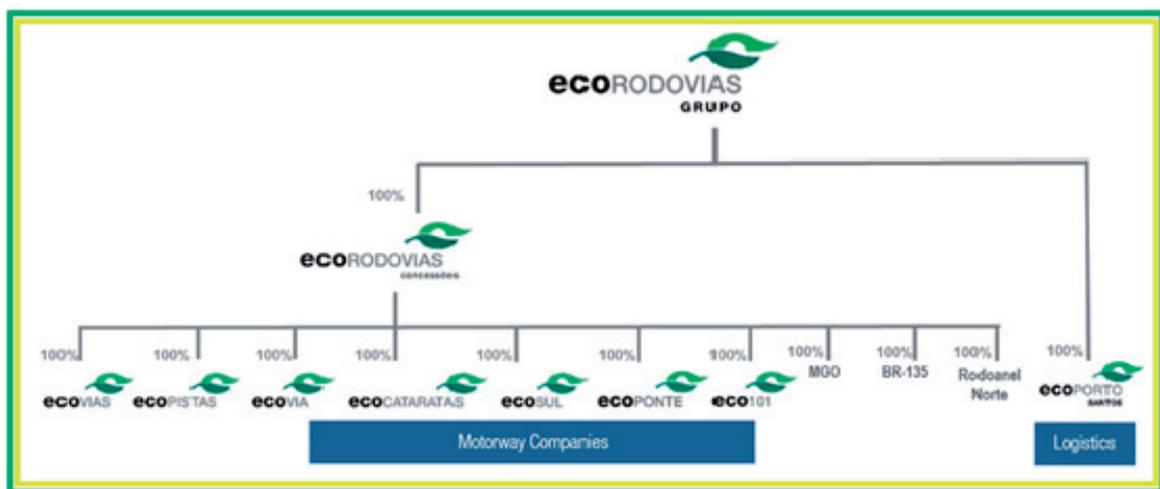
The current structure of the Group – only with regard to the main investee companies – is detailed below <sup>(1)</sup>:



(\*) Based on the contractual agreements, this percentage corresponds to 50% of the voting rights

(\*\*) Brazilian holding company (listed on the Novo Mercado BOVESPA and jointly controlled), which holds companies operating in the motorway concession and logistics sectors, as detailed below

(\*\*\*) Company held for sale following agreements entered into with Intesa Sanpaolo S.p.A.



<sup>1</sup> The entire list of investee companies is included in the “Explanatory notes – Scope of consolidation” in the consolidated financial statements.

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**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 SIAS 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 SIAS Group presents reclassified financial statements that differ from those envisaged by the IAS/IFRS included in the Consolidated Financial Statements; therefore, the reclassified consolidated income statement, consolidated statement of financial position and net financial indebtedness contain, in addition to the economic-financial and equity data governed by the IAS/IFRS, certain indicators and items derived therefrom, although not required by said standards and therefore called "APMs".

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

- a) "Turnover": differs from "Total revenues" in the Consolidated Financial Statements as it does not include (i) revenue for the design and build of non-compensated revertible assets, (ii) the toll/surcharge payable to ANAS, (iii) reversals of costs/revenues for consortium companies (iv) and "non-recurring" revenue items that the Company does not deem can be replicated.
- b) "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.
- c) "Reported gross operating margin": is calculated by adding/subtracting "non-recurring" operating costs and revenue to/from the "gross operating margin".
- d) "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".
- e) "Net invested capital": shows the total amount of non-financial assets, net of non-financial liabilities.
- f) "Adjusted net financial indebtedness": is the indicator of the net invested capital portion covered by net financial liabilities and corresponds to "Current and non-current financial liabilities", net of "Current financial assets", "Insurance policies" "Receivables for the takeover value" and "Financial receivables from minimum guaranteed amounts (IFRIC 12)". Note that the "Adjusted net financial indebtedness" differs from the net financial position prepared in accordance with the ESMA recommendation of 20 March 2013, as it includes the "Present value of the amount due to ANAS – Central Insurance Fund" and "Non-current financial receivables". The adjusted net financial indebtedness statement contains an

indication of the value of the net financial position prepared in accordance with the aforementioned ESMA recommendation.

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

## OPERATING ACTIVITIES

### REGULATORY FRAMEWORK AND TOLL RATES

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

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

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

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

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

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

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

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

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

motorway stretch, which took place on 1 March 2018, in conjunction with Autovia Padana S.p.A. and the previous licensee Autostrade Centropadane S.p.A..

\*\*\*\*\*

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

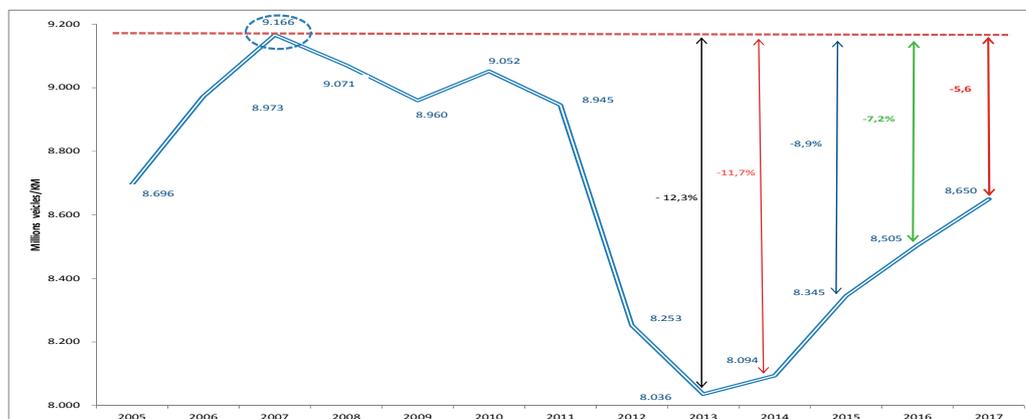
## TRAFFIC PERFORMANCE

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

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

As shown in the table above, traffic data for FY 2017 – with reference to the "light vehicles" and "heavy vehicles" categories – showed further consolidation in the positive trend already witnessed in previous years. With specific reference to FY 2017, and despite 2016 having an extra day as it was a leap year, traffic volumes relative to "heavy vehicles" increased by 3.41%, and by 1.46% overall relative to "light vehicles". With reference to traffic volumes for "light vehicles", the irregular trend of changes in traffic between individual quarters is due to the Easter holidays in April (in March in 2016), and due to improved weather conditions during weekends in April and June 2017.

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



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

The traffic performance by single Licensee is shown below:

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

## INVESTMENTS

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

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

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

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

## STRATEGIC PLAN AND MANAGEMENT OF EQUITY INVESTMENTS

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

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

### MERGERS OF COMPANIES OPERATING IN THE MOTORWAY SECTOR

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

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

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

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

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

### SALE OF THE PARKING SECTOR

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

More specifically:

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

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

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

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

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

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

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

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

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

<sup>1</sup> Of which Euro 50.6 million for equity investments (fixed and invariable amount contractually and provisionally calculated), Euro 14.8 million for receivables and Euro 8.2 million for commitments. Interest that will be accrued on the receivables up to the date of termination of the beneficial interests will be added to said amounts.

<sup>2</sup> Of which EUR 62.4 million for equity investments (fixed and invariable amount contractually and provisionally calculated), EUR 15.5 million for receivables and EUR 2.8 million for commitments. Interest that will be accrued on the receivables up to the date of termination of the beneficial interests will be added to said amounts.

In addition, as part of these agreements and the definition of ownership of the aforementioned equity investments, the SIAS Group granted AL an option right for the transfer of the interests (investments, receivables and commitments) held by the latter in TEM/TE (totalling approximately EUR 37.6 million).<sup>1 2</sup>

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

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

In this regard, as from the date of signing of the agreement and up to the termination of the beneficial interests<sup>3</sup>, the governance rules set out in the 2013 Agreements will continue to apply; among other things, in governing the joint control of TEM, TE, AL and Brebemi by the SIAS Group and ISP, and provide for:

- the possibility for the SIAS Group to appoint 50% of the members of the Boards of Directors of TEM and TE and 2 directors in AL and in Brebemi, with the power to appoint the CEOs of said companies;
- with reference to certain resolutions concerning TEM, TE, AL and Brebemi (transactions of an extraordinary nature, i.e., exceeding certain amounts) that the parties do whatever is reasonably in their power to have them approved with the favourable vote (i) of the SIAS Group and ISP, when the shareholders' meeting is competent, and (ii) of all the directors designated by the SIAS Group and ISP respectively when the Board of Directors is competent.<sup>4</sup>

As regards the payment of the consideration due for the sale of the aforementioned shares and receivables<sup>5</sup>, the Agreement provides that it be settled by the fifteenth business day following the date of termination of the beneficial interests (i.e., 31 December 2018).

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

<sup>1</sup> Of which EUR 25.2 million for investments (fixed and unvariable amount contractually and provisionally calculated), EUR 7.9 million for receivables and EUR 4.5 million for commitments. Interest that will be accrued on the receivables up to the date of execution will be added to said amounts.

<sup>2</sup> For the sake of completeness, it should be noted that, also for the purpose of defining the ownership structure of the aforementioned equity investments, AL granted Itinera - a subsidiary in which the SIAS Group has a 27.85% interest and controlled by Astm S.p.A. - an option on the sale of the interests (equity investments, receivables and commitments) held by the latter in Bre.Be.Mi (around Euro 11.4 million in total, of which Euro 9 million relative to equity investments - fixed and invariable amount contractually and provisionally calculated - and Euro 2.4 million to receivables and commitments, which will also be supplemented by the interest accrued on the receivables until the execution date).

<sup>3</sup> Up until the termination of the beneficial interests, the voting rights pertaining to the TEM/TE shares held by ISP and the voting right pertaining to the AL shares held by the SIAS Group shall continue to be exercised by ISP and the SIAS Group, respectively, in compliance with the 2013 Agreements.

<sup>4</sup> The aforesaid governance rules will continue to apply up to the expiry of the 2013 Agreements (25 November 2018), without prejudice to the power of the SIAS Group to appoint the CEOs of AL and Bre.Be.Mi., which will lapse as from 31 March 2018.

<sup>5</sup> The formalisation of the transfer of receivables shall be subject to the termination of the beneficial interests on the equity investments being transferred.

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

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

Under the agreement with Impresa Pizzarotti, also considering agreements for the purchase of TEM/TE shares entered into with Itinera described below, (i) SATAP will sell Impresa Pizzarotti the bare ownership of a maximum of 23,829,354 TEM shares, representing 8.11% of the share capital, for approximately EUR 17.9 million and (iii) Impresa Pizzarotti will sell SATAP the bare ownership of a maximum of 17,872,016 TE shares, representing 3.84% of the share capital, for approximately EUR 17.9 million and (iii) a shareholders' agreement, effective from 1 January 2019 and lasting five years, will be entered into, subject to other partners of TEM not exercising their pre-emption right; this agreement will regulate, among others, outstanding equity investments of the parties in TEM and TE and the corporate governance of these companies. Following these transactions, the SIAS Group will hold 50% of TEM and approximately 28.30% of TE.

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

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

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

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

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

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

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

In particular, the agreement provided for the following:

- (i) the transfer, by Itinera in favour of SIAS, of 47,553,345 ordinary shares of TE, equal to approximately 10.23% of the TE share capital (the "TE equity investment");
- (ii) subject to the finalisation of the transaction as of point (i) above:
- (a) the transfer, by Itinera in favour of SIAS, of an additional 100 TE shares, that Itinera will continue to hold until testing of the "Tangenziale Est Esterna di Milano" ("Residual TE Shares of Itinera");
  - (b) the transfer, by Itinera in favour of SIAS, of 4,586,494 ordinary shares of Tangenziali Esterne di Milano S.p.A. ("TEM"), equal to approximately 1.56% of the share capital of TEM ("TEM equity investment");
  - (c) the transfer, by Itinera in favour of SIAS, of the ownership of TE shares that will be purchased by Itinera, following the testing of the "Tangenziale Est Esterna di Milano" by virtue of separate agreements concerning, inter alia, the purchase:
    - of 100 TE shares held by Salini Impregilo S.p.A. ("Salini TE Shares");
    - of 2,200,000 TE Shares owned by Consorzio Tangenziali Engineering ("CTE"), equal to approximately 0.47% of the share capital of TE ("TE CTE Shares");
    - of 4,649,450 TE shares, equal to 1% of the share capital of TE ("Cooperatives TE Shares" and, together with the Salini TE Shares and TE CTE Shares, "Additional TE Shares") owned by C.M.B. Soc. Cooperativa ("CMB"), C.M.C. Soc. Cooperativa ("CMC"), Coopsette Soc. Cooperativa ("Coopsette"), Unieco Soc. Cooperativa ("Unieco" and together with CMB, CMC, Coopsette, the "Cooperatives"),

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

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

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

## INVESTMENTS IN BRAZIL

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

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

- an agreement for the early repayment of the loan granted to the latter by IGLI on 4 May 2016, which provides for the transfer of 11,651,919 preferred shares of Primav Infraestrutura SA in exchange for the repayment of the principal and interest accrued as at 21 February 2017 (approximately 13<sup>1</sup> million Reais).
- a contract for the purchase of the additional remaining 5,062,635 preference shares of Primav

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

Infraestrutura S.A. for approximately 57<sup>1</sup> million Reais.

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

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

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

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

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

- On 23 March 2017, a company was incorporated under the laws of Brazil, Itinera Construcoes Ltda by the subsidiary Sinelec S.p.A. (holding 10% of the share capital) and the subsidiary Itinera S.p.A (holding 90% of the share capital).
- On 10 April 2017, the company SIAS S.p.A. sold all the shares held in the company SINA S.p.A., equal to 20,281 shares, to the parent company ASTM S.p.A. for a total value of EUR 0.3 million, realising a capital gain of EUR 0.1 million.
- During the 2017 financial year, the company SIAS S.p.A sold 16,290,308 shares of FNM S.p.A. for a total amount of EUR 8.9 million, realising a capital gain of EUR 6.2 million.
- On 21 November 2017, SIAS S.p.A. acquired 200,000 shares (equal to 0.125% of the share capital) in SALT p.A. which were offered for sale by the Province of Spezia for a total amount of EUR 0.9 million; as a result of said purchase, the stake held in this Company is now equal to 95.179% of the share capital.
- On 28 December 2017, the subsidiary Euroimpianti S.p.A. sold all the shares held in the company Aton S.r.l. equal to 40% of the share capital for a total amount of EUR 0.9 million, realising a capital gain of EUR 0.8 million.

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

## ECONOMIC, EQUITY AND FINANCIAL DATA

### GROUP ECONOMIC DATA

Comparative data of the previous year have been restated (i) following the classification, pursuant to IFRS 5, of Fiera Parking S.p.A., following the sale of the entire equity investment in November 2017 and (ii) to reflect - only as regards operating items - the effects of the de-consolidation of the subsidiary ABC Costruzioni S.p.A.<sup>1</sup>, merged with the subsidiary Itinera S.p.A., effective from 31 December 2016.

(amounts in thousands of EUR)	2017	2016 <sup>1</sup>	Changes
Motorway sector revenue – operating activities <sup>1</sup>	1,047,394	1,007,127	40,267
Construction and engineering sector revenue <sup>2,3</sup>	-	-	-
Technology sector revenue	44,605	38,989	5,616
Other revenues <sup>4</sup>	44,653	40,024	4,629
<b>Total turnover</b>	<b>1,136,652</b>	<b>1,086,140</b>	<b>50,512</b>
Operating costs <sup>1,2,4,5</sup>	(432,839)	(429,993)	(2,846)
<b>Gross operating margin</b>	<b>703,813</b>	<b>656,147</b>	<b>47,666</b>
Non-recurring items	(11,175)	3,856	(15,031)
<b>Gross operating margin "reported"</b>	<b>692,638</b>	<b>660,003</b>	<b>32,635</b>
Net amortisation/depreciation and provisions	(324,248)	(305,586)	(18,662)
<b>Operating income</b>	<b>368,390</b>	<b>354,417</b>	<b>13,973</b>
Financial income	51,201	18,029	33,172
Financial charges	(102,025)	(115,970)	13,945
Capitalised financial charges	19,699	21,316	(1,617)
Write-down of equity investments	(799)	(5,162)	4,363
Profit (loss) of companies accounted for by the equity method	14,357	2,925	11,432
<b>Net financial income</b>	<b>(17,567)</b>	<b>(78,862)</b>	<b>61,295</b>
<b>Profit before tax</b>	<b>350,823</b>	<b>275,555</b>	<b>75,268</b>
Income taxes (current and deferred)	(89,459)	(93,357)	3,898
<b>Profit (loss) for the period from continued operations</b>	<b>261,364</b>	<b>182,198</b>	<b>79,166</b>
Profit (loss) for the period of "assets held for sale net of taxes" (Discontinued Operations)	516	2,183	(1,667)
<b>Profit (loss) for the period</b>	<b>261,880</b>	<b>184,381</b>	<b>77,499</b>
• Profit assigned to minority interests (Continued operations)	23,608	22,402	1,206
• <b>Profit assigned to the Parent Company's Shareholders (Continued operations)</b>	<b>237,756</b>	<b>159,796</b>	<b>77,960</b>
• Profit assigned to minority interests (Discontinued operations)	5	22	(17)
• <b>Profit assigned to the Parent Company's Shareholders (Discontinued operations)</b>	<b>511</b>	<b>2,161</b>	<b>(1,650)</b>

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

(2) With regard to motorway licensees, IFRIC 12 sets out full recognition in the Profit and Loss Account 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 190 million in 2017 and EUR 175.2 million in 2016 – were reversed for the same amount from the corresponding revenue/cost items.

(3) Net of items relative to ABC Costruzioni S.p.A. which amounted to EUR 1 million in 2016.

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

(5) 2016 amounts including the de-consolidation of ABC Costruzioni S.p.A. (EUR 3 million).

*In FY 2017 "turnover" amounted to approximately EUR 1.1 billion (+4.65%) at Group level.*

<sup>1</sup> To facilitate the comparison between operating components of 2017 and 2016, the contribution attributable to ABC Costruzioni S.p.A. (deconsolidated with effect from 31 December 2016, following its incorporation in the subsidiary Itinera S.p.A.) was reversed by individual items of revenues and operating costs for 2016 and the relative gross operating margin was recognised under "non-recurring items".

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

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

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

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

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

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

The change in "*operating costs*" of EUR 2.8 million is attributable to the following: (i) approximately EUR 1 million to higher operating costs of companies in the services sector, (ii) approximately EUR 5.1 million to the increase in costs of companies operating in "technological" sectors (compared to an increased production for third parties and a reduction in intergroup eliminations and relative margins) and (iii) EUR 3.3 million to the reduction in motorway sector costs.

With regard to the above, the "*gross operating margin*" increased by EUR 47.7 million and reflects the changes in the Group's operating sectors. More specifically:

<i>(amounts in thousands of EUR)</i>	FY 2017	FY 2016	Changes
- Motorway sector	693.2	645.5	47.7
- Construction/engineering sector <sup>1</sup>	0.6	0.6	-
- Technology Sector	19.4	18.7	0.7
- Services Sector (holding companies)	(9.4)	(8.7)	(0.7)
	703.8	656.1	47.7

"*Non-recurring items*" - equal to EUR 11.2 million negative - are attributable to charges for the period attributable to the project to reorganise and optimise procedures and streamline resources.

In FY 2016, "*non-recurring items*" (equal to a total of EUR 3.9 million) included: (i) EUR 4.1 million relative to the gross operating margin of ABC Costruzioni S.p.A., (ii) EUR 0.9 million relative to the payment to the subsidiary Autostrada dei Fiori S.p.A. of compensation for the occupation in the years 2014 and 2015 of the areas relating to the Ventimiglia vehicle terminal and (iii) EUR 1.1 million negative relative to the success and discretionary fees paid to the advisors following the acquisition of joint control over Ecorodovias Infrastruttura e Logística S.A..

The item "*net amortisation/depreciation and provisions*" totalled EUR 324.2 million (EUR 305.6 million in 2016); The change compared to the previous year is the result of the following: (i) higher depreciation and

<sup>1</sup> Attributable to Cisa Engineering S.p.A.

amortisation of non-compensated revertible assets of EUR 10.4 million<sup>1</sup>, (ii) the positive variance of the “provision for restoration and replacement” of non-compensated revertible assets of EUR 4.4 million, (iii) higher depreciation and amortisation of tangible and intangible assets of EUR 0.1 million, (iv) higher provisions for risks and charges of EUR 3.7 million.

The change in “*financial income*” is due to higher capital gains from the sale of equity investments held in the parking sector (EUR 27.2 million), in FNM S.p.A. (EUR 6.2 million), in ATON s.r.l. (EUR 0.8 million) and in SINA S.p.A. (EUR 0.1 million), partially offset by the reduction in interest from liquidity investments.

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

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

The item “*profit of companies accounted for by the equity method*” includes the share of profits from jointly controlled entities and associated companies. More specifically, it reflects the profits recorded by ATIVA S.p.A. (EUR 14.9 million), SITAF S.p.A. (EUR 7.2 million), Road Link Holding Ltd. (EUR 1.3 million), IGLI S.p.A. (EUR 2.2 million), companies operating in the parking sector (EUR 0.6 million), Itinera S.p.A. (EUR 0.7 million), ATON S.p.A. (EUR 0.1<sup>2</sup> million), partially adjusted as a result of the inclusion of pro-rata shares of losses attributable to TEM S.p.A./TE S.p.A. (EUR 8.7 million), Autostrade Lombarde S.p.A.<sup>2</sup> (EUR 2.6 million) and Rivalta Terminal Europa S.p.A. (EUR 1.4 million).

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

In view of the above, the share of “*profit for the period*” attributable to the Group was EUR 237.8 million (EUR 159.8 million in FY 2016)<sup>3</sup>.

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

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

<sup>3</sup> The share of “profit for the period” attributable to the Group does not consider the portion attributable to “Discontinued Operations” equal to EUR 0.5 million in FY 2017 and EUR 2.2 million in FY 2016.

## GROUP EQUITY AND FINANCIAL DATA

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

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
Net fixed assets	2,984,669	3,212,435	(227,766)
Equity investments and other financial assets	900,128	912,473	(12,345)
Working capital	(23,902)	(28,644)	4,742
Discontinued operations/Non-current assets held for sale	45,012	-	45,012
<b>Net invested capital</b>	<b>3,905,907</b>	<b>4,096,264</b>	<b>(190,357)</b>
Provision for restoration or replacement of non-compensated revertible	(149,227)	(159,175)	9,948
Employee severance indemnity and other provisions	(47,499)	(56,131)	8,632
<b>Invested capital less provisions for medium- and long-term risks and</b>	<b>3,709,181</b>	<b>3,880,958</b>	<b>(171,777)</b>
Shareholders' equity and profit (loss) (including minority interests)	2,333,024	2,155,180	177,844
"Adjusted" net financial indebtedness	1,307,904	1,648,142	(340,238)
Other long-term payables – Deferred income of the payable due to	68,253	77,636	(9,383)
<b>Equity and minority interests</b>	<b>3,709,181</b>	<b>3,880,958</b>	<b>(171,777)</b>

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

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash and cash equivalents	441,275	757,514	(316,239)
B) Securities held for trading	-	-	-
<b>C) Liquidity (A) + (B)</b>	<b>441,275</b>	<b>757,514</b>	<b>(316,239)</b>
<b>D) Financial receivables</b>	<b>484,201</b>	<b>448,358</b>	<b>35,843</b>
E) Bank short-term borrowings	(4,428)	(24,932)	20,504
F) Current portion of medium/long-term borrowings	(253,504)	(325,417)	71,913
G) Other current financial liabilities	(41,683)	(386,497)	344,814
<b>H) Short-term borrowings (E) + (F) + (G)</b>	<b>(299,615)</b>	<b>(736,846)</b>	<b>437,231</b>
<b>I) Current net cash (C) + (D) + (H)</b>	<b>625,861</b>	<b>469,026</b>	<b>156,835</b>
J) Bank long-term borrowings	(860,590)	(927,183)	66,593
K) Hedging derivatives	(55,092)	(87,466)	32,374
L) Bonds issued	(994,062)	(992,744)	(1,318)
M) Other long-term payables	(1,343)	(1,489)	146
<b>N) Long-term borrowings (J) + (K) + (L) + (M)</b>	<b>(1,911,087)</b>	<b>(2,008,882)</b>	<b>97,795</b>
<b>O) Net financial indebtedness<sup>(*)</sup> (I) + (N)</b>	<b>(1,285,226)</b>	<b>(1,539,856)</b>	<b>254,630</b>
P) Non-current financial receivables	113,595	49,787	63,808
Q) Discounted value of the payable due to ANAS – Central Insurance Fund	(136,273)	(158,073)	21,800
<b>R) "Adjusted" net financial indebtedness (O) + (P) + (Q)</b>	<b>(1,307,904)</b>	<b>(1,648,142)</b>	<b>340,238</b>

(\*) Pursuant to ESMA Recommendation

As at 31 December 2017, the item "net financial indebtedness" totalled EUR 1,285.2 million (EUR 1,539.9 million as at 31 December 2016).

The change in the financial year was mainly due to: (i) the payment of dividends (2016 balance and 2017 advance) by the Parent Company (EUR 75.1 million), (ii) the payment of dividends and reserves by subsidiaries to minority shareholders (EUR 11.1 million), (iii) the implementation of enhancement works on the Group's motorway infrastructure (EUR 190.1 million) and other tangible and intangible works (EUR 5.6 million), (iv) the acquisition of equity investments and minorities (EUR 55.4 million), (v) the payment of instalments due of the payable due to ANAS Central Insurance Fund (EUR 31.4 million), (vi) the loan to IGLI S.p.A. (EUR 18.4 million) and (vii) the change in net working capital and other minor variations (equal to EUR 9.8 million), offset by "operating cash flow" (equal to EUR 517.2 million), (ii) liquidity from the disposal of equity investments held in FNM S.p.A., SINA S.p.A., Aton S.r.l. and in the "parking sector" (EUR 71.6 million), (iii) lower net borrowings following the classification of the assets and liabilities of Fiera Parking S.p.A. pursuant to IFRS 5 (EUR 18 million), (iv) higher cash and cash equivalents as a result of the increase in the share capital of the subsidiary Autovia Padana S.p.A. paid by Itinera S.p.A. (EUR 12.4 million).

The change in net financial position also includes the positive difference accrued during the year (EUR 32.4 million) with regard to the fair value of the IRS contracts (no cash item).

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

- the change in "*cash and cash equivalents*" is mainly due to the redemption of the "SIAS 2005-2017 convertible bond loan" with maturity date on 30 June 2017 totalling EUR 334.2 million. As regards this item, the following is also reported: (i) the payment of interest on bonds, (ii) the repayment of "the current portion of current borrowings (equal to EUR 320.6 million), (iii) the repayment of "bank short-term borrowings" (EUR 20.5 million), and (iv) the signing of new capitalisation policies (EUR 50 million). These outlays were offset only in part by repayments/pay-offs of insurance policies (EUR 29.3 million) taken out in prior periods (v) by new loans - net of early repayments - (EUR 210 million);
- the increase in the "*financial receivables*" (amounting to EUR 35.8 million) is due to: (i) the increase in receivables from interconnection (EUR 18.4 million), (ii) the signing of new capitalisation policies (EUR 50 million), (iii) the confirmation of income accrued on capitalisation policies (EUR 4.5 million) partially offset by: (i) repayments/pay-offs of capitalisation insurance policies stipulated in previous years (EUR 29.3 million), (ii) the decrease in other financial receivables (EUR 3.8 million) and (iii) the reduction in "*financial receivables due from the Granting body for minimum guaranteed amounts* resulting from the sale of Fiera Parking S.p.A. (EUR 4 million);
- the change in the item "*bank short-term borrowings*" is mainly attributable to the refinancing of available credit lines by Autostrada Asti-Cuneo S.p.A.;
- the change in the item "*current portion of non-current indebtedness*" is due to (i) the repayment of instalments due in 2017 (EUR 320.6 million) and the related interest accrued (EUR 2.2 million), (ii) the reclassification - from the item "loans from banks (non-current)" of instalments due within 12 months (EUR 253.1 million), (iii) the change in the scope of consolidation due to the sale of the equity investment in Fiera Parking S.p.A. (EUR 2.6 million) and (iv) the assessment of the interest accrued (EUR 0.4 million);

- the change in *"other current financial liabilities"* was mostly attributable to: repayment of the "SIAS 2005-2017 convertible bond loan" with maturity date on 30 June 2017 (EUR 334.2 million), fewer payables for interconnection and other payables (EUR 4.5 million);
- the change in the item *"bank long-term borrowings"* is due to: (i) early repayments of some contracts (EUR -143.5 million), (ii) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments due in the following 12 months (EUR -253.1 million), (iii) the change in the scope of consolidation due to the sale of the equity investment in Fiera Parking S.p.A. (EUR -21.6 million), (iv) the granting of new loans (EUR +353.5 million) and (iv) the so-called amortised cost (EUR -1.9 million);
- *"hedging derivatives"* amount to EUR 55.1 million, due to the recognition of the negative difference concerning the fair value of IRS agreements. As at 31 December 2017, approximately 79% of the consolidated medium/long-term indebtedness was at "fixed rate"/"hedged";
- the item "issued bonds" relates to the "2010-2020 bond loan" and the "2014-2024 bond loan"; the change is attributable to effects relative to the so-called "amortised cost".

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

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

*It is noted that the "net financial position debt" does not include units of "investment funds" for approximately EUR 11 million subscribed in order to invest cash.*

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

*(amounts in millions of EUR)*

Cash and financial receivables		925
• Cassa Depositi e Prestiti loan (pertaining to SATAP S.p.A.)	290 <sup>(*)</sup>	
• pool loan (pertaining to SIAS S.p.A.)	270 <sup>(*)</sup>	
• VAT loan (pertaining to Autovia Padana S.p.A.)	66 <sup>(*)</sup>	
• “uncommitted” credit lines (pertaining to Sias S.p.A. and consolidated companies)	323 <sup>(*)</sup>	
• back up committed facilities (pertaining to SIAS S.p.A.)	80 <sup>(*)</sup>	
	Subtotal	1,029
<b>Total financial resources at 31 December 2017</b>		<b>1,955</b>

<sup>(\*)</sup> This item is detailed in the note “Other information – (iii) Financial risk management”.

## FINANCIAL INCOME

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

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

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

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

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

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

- on **30 June 2017**, SIAS S.p.A. (i) **redeemed 31,832,844 unconverted bonds** relative to the "SIAS 2.625% 2005-2017 bond loan convertible into ordinary shares" for a total value of EUR 334.2 million and (ii) payment of relative interest accrued in the 1 January - 30 June 2017 period equal to a total value of EUR 4.3 million.

From the beginning of the conversion period (1 July 2010) to its end (31 May 2017), the conversion of 42,156 bonds into 42,156 SIAS ordinary shares was requested.

- With the aim of streamlining debt, SIAS S.p.A. stipulated a loan agreement in October 2017 with a pool of banks for a total of EUR 143.5 million, to repay in advance and on a voluntary basis (with a value date of **15 December 2017**), some portions of loans previously undersigned and earmarked for the "To-Mi" Project.

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

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

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

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

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

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

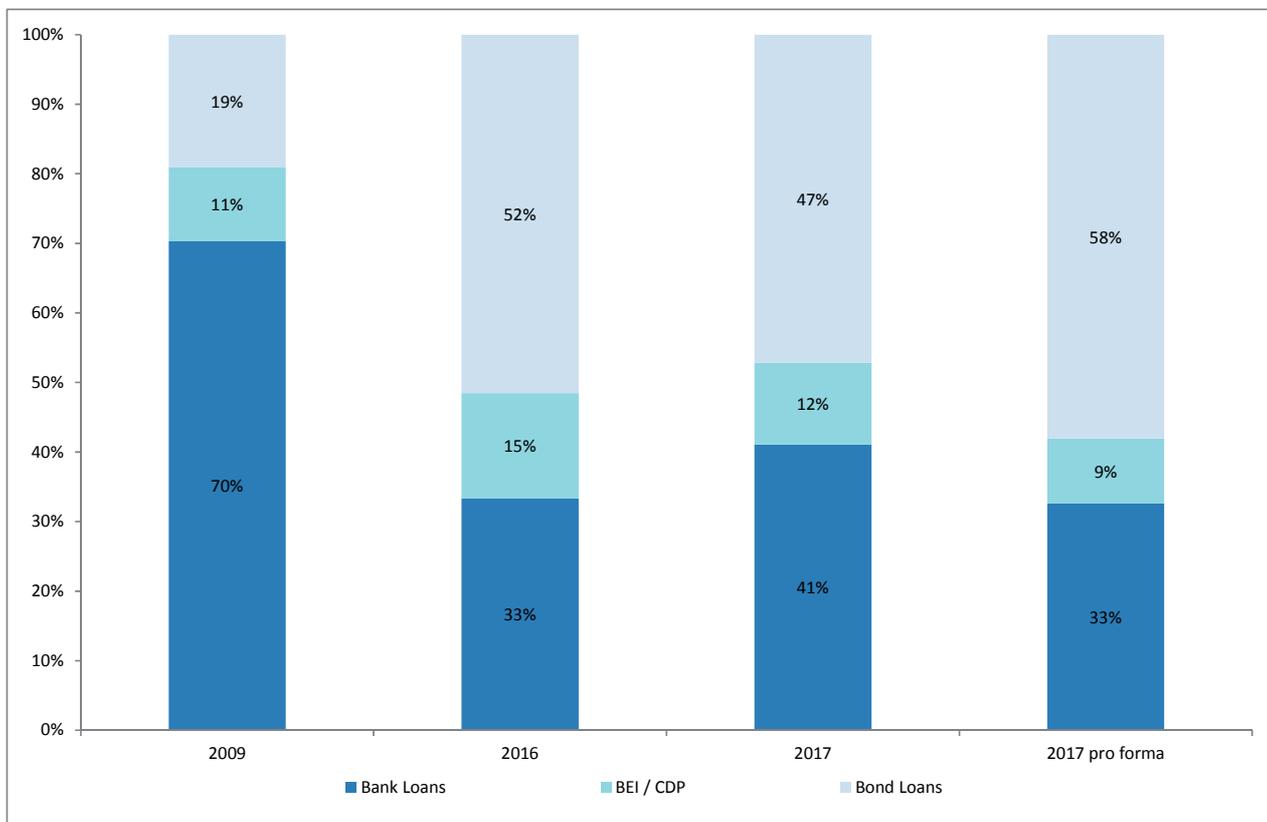
Pursuant to the Group's centralised financial structure, the bonds are guaranteed by a pledge on monetary receivables arising from the above intergroup loan.

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

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

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

The trends in various funding sources are outlined below.



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

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

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

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

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

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

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

The items contained in the 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 110.4 million) is (i) attributable to the dividends paid during the financial year by SATAP S.p.A. (EUR 60.1 million), SALT p.A. (EUR 30.5 million), SAV S.p.A. (EUR 3.6 million) SIAS Parking S.r.l. unipersonale (EUR 0.9 million) ATIVA S.p.A. (EUR 13.4 million), Road Link Holdings Ltd (EUR 1.2 million) and Assicurazioni Generali S.p.A. (for a total of EUR 0.3 million) and (ii) to capital gains realised following the sale of the equity investment held in FNM S.p.A. (EUR 0.3 million) and in Sina S.p.A. (EUR 0.1 million).

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

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

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

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

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

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

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

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

<i>(amounts in thousands of EUR)</i>	31/12/2017	31/12/2016	Changes
A) Cash and cash equivalents	5,823	152,370	(146,547)
B) Securities held for trading	-	-	-
<b>C) Liquidity (A) + (B)</b>	<b>5,823</b>	<b>152,370</b>	<b>(146,547)</b>
<b>D) Financial receivables</b>	<b>77,370</b>	<b>203,578</b>	<b>(126,208)</b>
E) Bank short-term borrowings	-	-	-
F) Current portion of medium/long-term borrowings	(105,155)	(181,848)	76,693
G) Other current financial liabilities	(300,388)	(519,611)	219,223
<b>H) Short-term borrowings (E) + (F) + (G)</b>	<b>(405,543)</b>	<b>(701,459)</b>	<b>295,916</b>
<b>I) Current net cash (C) + (D) + (H)</b>	<b>(322,350)</b>	<b>(345,511)</b>	<b>23,161</b>
J) Bank long-term borrowings	(383,296)	(341,094)	(42,202)
K) Hedging derivatives	-	-	-
L) Bonds issued	(994,062)	(992,744)	(1,318)
M) Other long-term payables	-	-	-
<b>N) Long-term borrowings (J) + (K) + (L) + (M)</b>	<b>(1,377,358)</b>	<b>(1,333,838)</b>	<b>(43,520)</b>
<b>O) Net financial indebtedness<sup>(*)</sup> (I) + (N)</b>	<b>(1,699,708)</b>	<b>(1,679,349)</b>	<b>(20,359)</b>

(\*) Pursuant to ESMA Recommendation

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

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

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

During the financial year under review, the Company also collected an amount of EUR 35.4 million, net of

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

disbursements, as medium/long-term intercompany loans from its subsidiaries and companies under joint control.

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

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

*It is noted that the "net financial position debt" does not include units of "investment funds" for approximately EUR 11 million subscribed in previous years in order to invest cash.*

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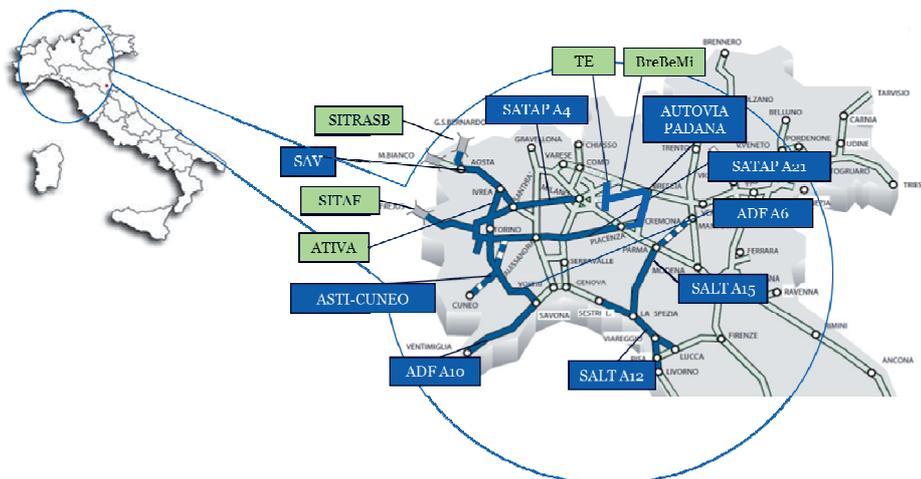
*The "Reconciliation statement between the shareholders' equity, the profit (loss) for the period of SIAS S.p.A. and the corresponding amounts of the SIAS Group", as required by the CONSOB Communication no. DEM/6064293 of 28 July 2006, is included in the "Consolidated Financial Statements".*

## RESULTS OF OPERATIONS - Motorway sector

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

### Motorway sector – Italy

The SIAS Group operates in the north west of Italy.



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

Company	%	Managed stretch	Kilometres in operation	Kilometres under construction	Total kilometres
SATAP	99.87%	A4 TORINO-MILANO	130.3	-	130.3
		A21 TORINO-PIACENZA	167.7	-	167.7
SALT	95.18%	A 12 SESTRI LEVANTE-LIVORNO, VIAREGGIO-LUCCA AND FORNOLA-LA SPEZIA	154.9	-	154.9
		A15 LA SPEZIA-PARMA	101.0	81.0	182.0
SAV	65.08%	A5 QUINCINETTO-AOSTA	59.5	-	59.5
ADF	70.92%	A10 SAVONA-VENTIMIGLIA	113.2	-	113.2
AT-CN	100.00%	A6 TORINO - SAVONA	130.9	-	130.9
	60.00%	A33 ASTI-CUNEO	55.0	23.0	78.0
<b>TOTAL AMOUNT MANAGED BY SUBSIDIARIES (A)</b>			<b>912.5</b>	<b>104.0</b>	<b>1,016.5</b>
ATIVA	41.17%	A55 TANGENZIALE DI TORINO, TORINO-QUINCINETTO, IVREA-SANTHÌ AND TORINO-PINEROLO	155.8	-	155.8
SITAF	36.60%	A32 TORINO-BARDONECCHIA, T4 TRAFORO FREJUS	94.0	-	94.0
SITRASE	36.50%	T2 TRAFORO GRAN SAN BERNARDO	12.8	-	12.8
TE	18,69% <sup>(2)</sup>	A58 TANGENZIALE EST ESTERNA DI MILANO	32.0	-	32.0
BreBeMi	- <sup>(3)</sup>	A35 BRESCIA – BERGAMO- MILANO	62.0	-	62.0
<b>TOTAL AMOUNT MANAGED BY JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES (B)</b>			<b>356.6</b>	<b>-</b>	<b>356.6</b>
<b>TOTAL (a+b)</b>			<b>1,269.1</b>	<b>104.0</b>	<b>1,373.1</b>

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

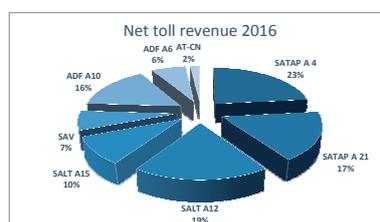
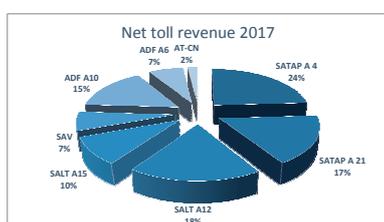
(2) Investee company of TEM S.p.A. (47.7% of the share capital), in which the Group holds 41.55% of the share capital.

(3) Investee company of Autostrade Lombarde S.p.A. (79% of the share capital), in which the Group holds 13.3% of the share capital. The equity investment in Società di Progetto Autostrada diretta Brescia Milano S.p.A. as at 31 December 2017 was reclassified under "Discontinued operations/Non-current assets held for sale", based on agreements described previously in the section "Strategic plan and management of equity investments".

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

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

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

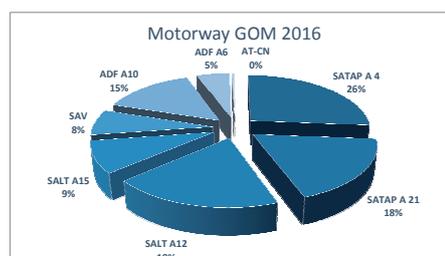
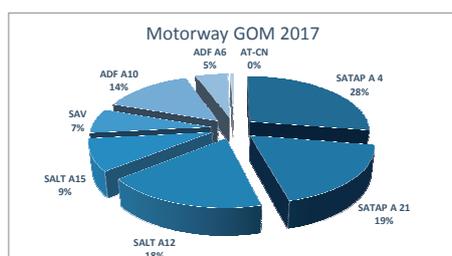


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The **gross operating margin** figure of the individual subsidiary concession holders for FY 2017 - compared with the same period of the previous year - is shown below:

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

<sup>(1)</sup> Following the merger by absorption of Autocamionale della Cisa S.p.A. (A15 stretch) with SALT p.A. and Autostrada Torino Savona (A6 Stretch) with Autostrada dei Fiori S.p.A., the gross operating margin for 2016 was restated, for a comparison of the two economic components of the companies SALT p.A. and ADF S.p.A..



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

## Motorway sector in Italy – Subsidiaries

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

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

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

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

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

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

#### Torino – Piacenza (A21 stretch)

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

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

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

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

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

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

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**Torino – Milano (A4 stretch)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 119,3 million for FY 2017 and EUR 45.8 million for FY 2016, respectively).

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

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

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

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

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

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

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

The "gross operating margin" (EBITDA) totalled EUR 126,3 million (EUR 123.2 million in 2016).

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

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

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

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

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

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

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

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

\* \* \*

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

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

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

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

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

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

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

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

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

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

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

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

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

\* \* \*

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

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

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

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

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

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

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

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

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

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

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

### Savona-Ventimiglia (Stretch A10)

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

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

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

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

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

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

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

2016, this item equal to EUR 0.8 million overall, referred to an employment indemnity for the 2014 and 2015 financial years relative to the Ventimiglia vehicle terminal.

#### Torino-Savona (A6 stretch)

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

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

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

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

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

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

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

\* \* \*

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

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

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

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

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

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

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

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

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

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

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

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

\* \* \*

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

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

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

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

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

In May 2017, the subsidiary SATAP S.p.A. and associated company Itinera S.p.A. subscribed to 113,890.00 shares and 48,818,000 shares, from the share capital increase resolved by the Shareholders' Meeting of Autovia Padana S.p.A. on 1 February 2016.

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

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

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

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

## Motorway sector in ITALY – Jointly controlled entities and associated companies

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

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

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

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

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

### TANGENZIALE ESTERNA S.p.A.

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

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

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

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

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

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

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

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

### **Società di Progetto Autostrada Diretta Brescia Milano - Bre.Be.Mi. S.p.A.<sup>1</sup>**

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

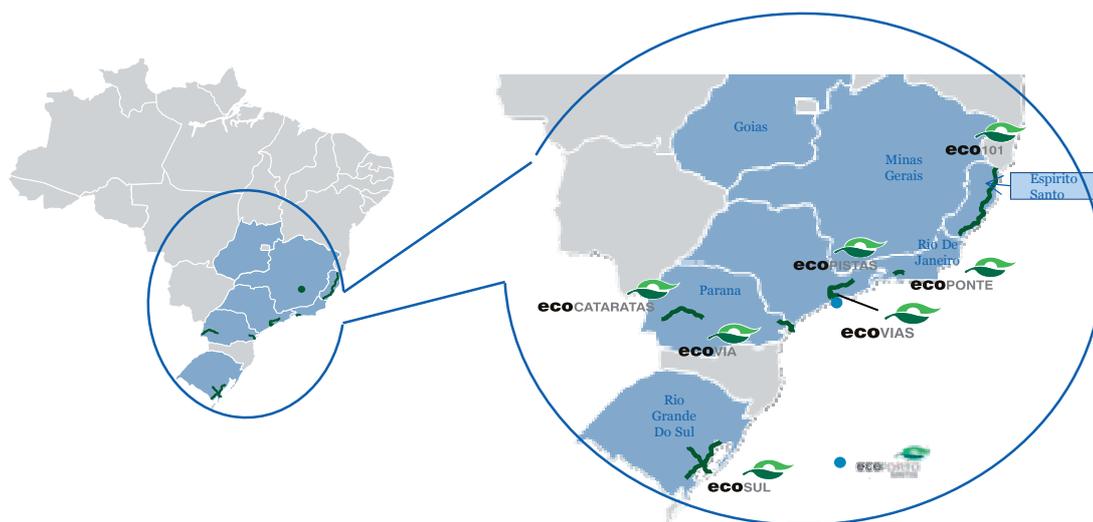
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<sup>1</sup> Company invested in through Autostrade Lombarde S.p.A.

## Motorway sector – Outside Italy

### Brazil

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



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

COMPANY	%	MANAGED STRETCH	KM
CONCESSIONARIA ECOVIA CAMINHO DO MAR S.A.	100.00%	CURITIBA METROPOLITAN AREA – PORT OF PARANAGUA	136.7
RODOVIA DAS CATARATAS S.A. – ECOCATARATAS	100.00%	PARANÁ – "TRIPLE BORDER" (BRAZIL, ARGENTINA AND PARAGUAY)	387.1
CONCESSIONARIA ECOVIAS DOS IMIGRANTES S.A.	100.00%	SÃO PAULO METROPOLITAN AREA – PORT OF SANTOS	176.8
CONCESSIONARIA DAS RODOVIAS AYRTON SENNA E CARVALHO PINTO S.A. – ECOPISTAS	100.00%	SÃO PAULO METROPOLITAN AREA – INDUSTRIAL REGION OF VALE DO RIO PARAIBA	134.9
CONCESSIONARIA PONTE RIO-NITEROI S.A. –	100.00%	RIO DE JANEIRO NOTEROI – STATE OF RIO DE JANEIRO	23.0
EMPRESA CONCESSIONARIA DE RODOVIAS DO SUL	90.00% <sup>2</sup>	PELOTAS – PORTO ALEGRE AND RIO GRANDE PORT	457.3
ECO 101 CONCESSIONARIA DE RODOVIAS S.A.	58.00% <sup>2</sup>	MACURI/BA RIO DE JANEIRO BORDER	475.9
<b>TOTAL AMOUNT MANAGED BY SUBSIDIARIES (A)</b>			<b>1.791,7</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The value of the acquisition is equal to approximately 46.6 million Reais, to pay in 60 index-linked monthly instalments.
- On 10 January 2018, the **"Rodoanel Norte"** concession was awarded, for a total value of 883 million Reais. The motorway is the north stretch of the large bypass (approximately 48 km) around the metropolitan area of Sao Paulo in Brazil.
- On 16 January 2018, the Ecorodovias Group entered into an agreement with the Granting Body for the acquisition of 10% of the share capital in **Empresa Concessionaria de Rodovias do Sul S.A. – Ecosul** of which the Ecorodovias Group already held 90% of the share capital. The value of the acquisition is equal to approximately 60 million Reais.
- On 2 February 2018, Ecorodovias entered into an agreement with shareholders of **"Concessionaria de Rodovias Minas Gerais Golas S.A."** ("MGO") for the acquisition of 100% of the share capital of "MGO",

for a total value of 600 million Reais. “MGO” has the concession to manage the BR-050 (GO/MG) motorway, which is approximately 437 km long and connects the cities of Cristalina in 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.

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

## Motorway sector – Outside Italy

### Great Britain

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

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



## RESULTS OF OPERATIONS – 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 95% of the share capital).
- Brescia Milano Manutenzioni S.c.ar.l. (investee company with 62% of the share capital).
- Pedemontana Lombarda Manutenzioni S.c.ar.l. (investee company with 64.6% of the share capital).

### Sinelec S.p.A.

The company is engaged in the lease of both fibre optics and sites for the positioning of transmission devices for mobile telephony companies, as well as in the outsourced management and supply of integrated IT systems for motorway companies.

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

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

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

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

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

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

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

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

## Euroimpianti S.p.A.

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

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

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

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

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

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

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

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

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

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

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

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

## **RESULTS OF OPERATIONS – Construction and Engineering Sector**

The Group operates in the "Construction and Engineering Sector", mainly through the subsidiary ABC Costruzioni S.p.A. (wholly owned subsidiary) and the associated company Itinera S.p.A. (investee with 33.88% of the share capital). In the previous year, the Group also operated through the subsidiary ABC Costruzioni S.p.A., merged by absorption with the associated company Itinera S.p.A. as from 31 December 2016.

### **Itinera S.p.A.**

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

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

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

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

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

On 5 July 2017, the deal was closed for the acquisition of 50% of the share capital of Halmar International LLC, a construction company among the top five contractors operating in the metropolitan area of New York in the construction of transportation infrastructure (roads, motorways, railways, subways, airports, bridges and elevated roads). The value of the transaction amounted to USD 60 million (of which USD 50 million to purchase shares and USD 10 million as additional equity). Based on the governance agreements signed by the

shareholders, the company is controlled by the Group. The transaction was carried out through the US subsidiary ITINERA USA CORP, wholly owned by the Itinera Group, thus allowing the latter to enter the US construction market, which is characterised by huge investments in the infrastructure sector and specifically in the transportation and mobility sector.

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

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

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

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

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

"Net financial indebtedness" as at 31 December 2017 showed a balance of EUR 22.6 million (EUR 7.7 million as at 31 December 2016).

The "order book" of the Group as at 31 December 2017, resulting from the update of investment plans which individual works refer to, amounted to approximately EUR 3.5 billion (data resulting from the conversion exchange rates at 31.12.2017 for contracts in currencies other than the euro); this amount was affected to a considerable extent by the cancellation of contracts from the order book for EUR 1.4 billion relative to "project finance" initiatives, with financial sustainability no longer applicable over the years (see the Ancona Port-A14 road connection and works to expand Civitavecchia Port for Euro 0.3 billion) and the Asti-Cuneo motorway connection (for EUR 1.1 billion). As regards the latter initiative, managed by the Itinera Group, the plan is due to a review of the overall spending framework for the project, which led to a drastic reduction in total investments, limiting investments to amounts strictly necessary and essential for completion of the work.

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

### CISA Engineering. S.p.A.

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

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

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

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

"Operating costs" totalled EUR 0.8 million (EUR 0,9 million in 2016). The "*gross operating margin*" was therefore equal to EUR 0.6 million (EUR 0.6 million in 2016).

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

## **RESULTS OF OPERATIONS - Services Sector**

### **SIAS Parking S.r.l.**

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

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

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

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

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

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

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

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

\* \* \*

## RISK FACTORS AND UNCERTAINTIES

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

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

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

### *Disputes with the Revenue Office*

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

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

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

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

## 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 primary business segment of the Group is represented by the management of motorway networks under concession, as well as by related activities. As a consequence, the economic-financial components of the consolidated financial statements are mainly attributable to this type of activity.

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

## OTHER SPECIFIC DISCLOSURES PURSUANT TO CURRENT LEGISLATION

### **Information on Environment and Staff**

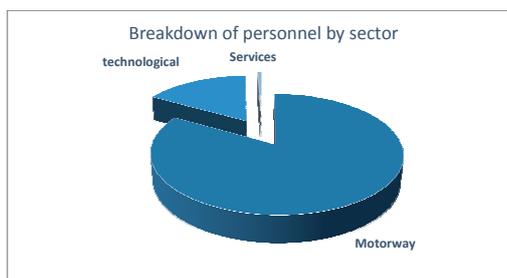
With regard to **environment**-related information, it should be underlined that the Group Companies carry out their activities in full compliance with environmental and occupational health requirements. Moreover, the

Group motorway licensees have adopted a number of measures aimed at limiting environmental impact. The main measures are detailed below:

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

With reference to **employee**-related information for the SIAS Group, it is noted that, again in 2017, the Group Companies continued to pursue their human resources development policy, aimed at improving the organisational model, also in view of obtaining greater operational flexibility. The following table shows the staff employed as at 31 December 2017, compared with the figures as at 31 December 2016:

	31/12/2017	31/12/2016
Executives	49	47
Middle managers	76	73
Office workers	1,823	1,889
Workers	386	395
<b>Total</b>	<b>2,334</b>	<b>2,404</b>



For further information on “Environment and Staff” please refer to the **2017 Sustainability Report** prepared by the Company.

<sup>1</sup> 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.

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

The Company does not hold treasury shares.

As at 31 December 2017, the subsidiary Autostrada Albenga Garesio Ceva S.p.A. and ATIVA S.p.A. (a jointly controlled company) respectively held 58,878 shares (nominal value EUR 29,439) and 21,500 shares (nominal value EUR 10,750) in the Parent Company ASTM S.p.A..

During the period, neither treasury shares, nor shares or stakes of parent companies (neither through a trust company or third party) were purchased or sold.

### 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 companies, parent companies and with companies subject to control of these latter companies

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

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

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

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

### Report on Corporate Governance and ownership structure

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

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

The Company does not fall within the scope of the regulations set out by **article 36** of CONSOB Resolution no.

16191/07, since at present it does not control "companies incorporated and governed by the law of States not belonging to the European Union".

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

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

Pursuant to article 3 of CONSOB Resolution no. 18079 of 20 January 2012, on 11 December 2012 the Board of Directors of SIAS S.p.A. – with reference to the provisions set out in article 70, paragraph 8, and article 71, paragraph 1-bis of CONSOB Regulation no. 11971/99 – approved to make use of the power to derogate from the obligations concerning publication of the information documents set out in the said CONSOB Regulation in case of significant merger, split-off, share capital increase through contribution in kind, acquisition and disposal transactions.

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

SIAS S.p.A., although included in the consolidated non-financial disclosure provided by the parent company ASTM S.p.A., decided to not apply the exemption as of article 6, paragraph 2, letter a of Legislative Decree no. 254/2016, and to prepare its own consolidated non-financial disclosure in compliance with this decree, to guarantee maximum transparency for its stakeholders and the market. As provided for by article 5 of Legislative Decree no. 254/2016, the consolidated non-financial disclosure of the SIAS Group comprises a separate report to which reference is made.

#### **SIGNIFICANT SUBSEQUENT EVENTS**

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

## BUSINESS OUTLOOK

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

## 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 2017, which posted a profit of EUR 97,863,569;
- that you allocate profit for the period equal to EUR 97,863,569 – i.e. a residual amount of EUR 63,732,246 (following the distribution of the 2017 interim dividend of EUR 0.15 per share, for a total amount of EUR 34,131,323, as approved by the Board of Directors on 13 November 2017) – as follows:
  - to the Shareholders (by way of "dividend"), EUR –0.20 for each of the shares outstanding as at the record date, as defined pursuant to article 83-terdecies of Legislative Decree no. 58/98, as balance for the above-mentioned interim dividend for 2017. Therefore, the total dividend per share for 2017 amounts to EUR 0.35;
  - 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 23 May 2018 (in such event, the shares shall be quoted ex-dividend from 21 May 2018, against detachment of coupon no. 33). 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 22 May 2018 (the record date).

Tortona, 14 March 2018

For the Board of Directors  
The Chairperson  
(Ms. Stefania Bariatti)

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

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# Financial Statements of the Parent Company

## Balance Sheet

<i>(amounts in thousands of EUR)</i>	Notes	31 December 2017	31 December 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1	-	1
Tangible assets	2	4	6
Non-current financial assets	3		
equity investments in subsidiaries		1,700,914	1,700,059
equity investments in jointly controlled entities and associated companies		517,536	464,902
equity investments in other businesses – available for sale		57,028	64,949
receivables		1,465,931	1,395,673
other		11,135	130,309
<b>Total non-current financial assets</b>		<b>3,752,544</b>	<b>3,755,892</b>
Deferred tax credits	4	187	150
<b>Total non-current assets</b>		<b>3,752,735</b>	<b>3,756,049</b>
<b>Current assets</b>			
Inventories			
Trade receivables	5	3,507	2,856
Current tax credits	6	6,699	5,971
Other receivables	7	6,354	7,384
Financial receivables	8	127,744	203,962
<b>Total current assets</b>		<b>144,304</b>	<b>220,173</b>
Cash and cash equivalents	9	5,823	152,370
<b>Total current assets</b>		<b>150,127</b>	<b>372,543</b>
<b>Total assets</b>		<b>3,902,862</b>	<b>4,128,592</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Shareholders' equity	10		
Share capital		113,771	113,768
reserves and earnings		1,974,848	1,950,659
<b>Total shareholders' equity</b>		<b>2,088,619</b>	<b>2,064,427</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions for risks and charges and employee severance indemnity	11	772	12,082
Bank debt	12	383,296	341,094
Other financial liabilities	13	994,062	992,744
Deferred tax liabilities	14	280	126
<b>Total non-current liabilities</b>		<b>1,378,410</b>	<b>1,346,046</b>
<b>Current liabilities</b>			
Trade payables	15	6,662	3,985
Other payables	16	13,188	8,994
Bank debt	17	105,155	181,848
Other financial liabilities	18	300,388	519,611
Current tax liabilities	19	10,440	3,681
<b>Total current liabilities</b>		<b>435,833</b>	<b>718,119</b>
<b>Total liabilities</b>		<b>1,814,243</b>	<b>2,064,165</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,902,862</b>	<b>4,128,592</b>

## Income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2017	FY 2016
<b>Financial income and charges</b>	20		
Income from equity investments:			
from subsidiaries		95,083	99,800
from jointly controlled entities and associated companies		14,648	7,211
from other businesses		276	478
capital gains on disposal of equity investments		354	-
Total income from equity investments		110,361	107,489
Other financial income		65,928	67,487
Interest and other financial charges		(63,599)	(71,214)
<b>Total financial income and charges (A)</b>		<b>112,690</b>	<b>103,762</b>
<b>Value adjustments of non-current financial assets</b>	21		
Revaluations		-	-
Write-downs		(1,615)	(4,146)
<b>Total value adjustments of financial assets (B)</b>		<b>(1,615)</b>	<b>(4,146)</b>
<b>Other operating income (C)</b>	22	<b>6,154</b>	<b>6,154</b>
<b>Other operating costs</b>	23		
payroll costs		(1,808)	(1,027)
costs for services		(17,242)	(12,631)
costs for raw materials		(20)	-
other costs		(1,369)	(1,435)
amortisation, depreciation and write-downs		(3)	(3)
other provisions for risks and charges		-	(1,600)
<b>Total other operating costs (D)</b>		<b>(20,442)</b>	<b>(16,696)</b>
<b>Profit (loss) before taxes (A+B+C+D)</b>		<b>96,787</b>	<b>89,074</b>
Taxes	24		
Current taxes		1,047	-
Deferred taxes		30	(131)
Taxes related to prior years		-	54
Income from tax consolidation		-	1,750
<b>Profit (loss) for the period</b>		<b>97,864</b>	<b>90,747</b>

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

## Other comprehensive income

	FY 2017	FY 2016
<b>Profit (loss) for the period (a)</b>	<b>97,864</b>	<b>90,747</b>
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity)	3	6
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement	-	-
<b>Profit (loss) that will not be subsequently reclassified in the Income Statement (b)</b>	<b>3</b>	<b>6</b>
Profit (loss) posted to "reserve for revaluation to fair value" (financial assets available for sale)	1,495	(549)
Tax effect on profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met	(147)	(65)
<b>Profit (loss) which will be subsequently reclassified in the Income Statement when certain conditions are met (c)</b>	<b>1,348</b>	<b>(614)</b>
<b>Comprehensive income (a) + (b) + (c)</b>	<b>99,215</b>	<b>90,139</b>

## Cash flow statement

<i>(amounts in thousands of EUR)</i>	FY 2017	FY 2016
<b>Beginning cash and cash equivalents (a)</b>	<b>152,370</b>	<b>179,148</b>
<b>Business operations:</b>		
<b>Profit</b>	<b>97,864</b>	<b>90,747</b>
<b>Adjustments</b>		
Updating Employee Severance Indemnity	13	16
Provisions	670	1,600
Other financial income/charges	(10,739)	(3,767)
Write-downs of financial assets	1,261	4,146
<i>Operating cash flow (I)</i>	<u>89,069</u>	<u>92,742</u>
Net change in deferred tax credits and liabilities	(30)	131
Change in net working capital (note 25)	1,295	(380)
Other changes from operating activity	(2)	704
<i>Change in net working capital and other changes (II)</i>	<u>1,263</u>	<u>455</u>
<b>Cash generated by operating activities (I+II) (b)</b>	<b>90,332</b>	<b>93,197</b>
<b>Investment activity:</b>		
Investments in tangible and intangible assets	1	(2)
Sale of investments:		
- FNM and SINA	9,157	-
Purchase of Equity Investments:		
- TEM	(3,781)	-
- TE	(50,468)	-
- IGLI	-	(208,292)
- SALT	(855)	(45)
<b>Cash generated (absorbed) by investment activity (c)</b>	<b>(45,946)</b>	<b>(208,339)</b>
<b>Financial activity:</b>		
Change in bank debt	(31,168)	(71,183)
Change in current and non-current financial receivables	13,376	72,353
Investments in non-current financial assets	(158)	-
(Investments)/Divestiture of capitalisation policies	119,945	-
Change in financial assets held for trading	-	-
Change in other current and non-current financial liabilities	(217,840)	160,000
Dividend distribution	(75,088)	(72,806)
<b>Cash generated (absorbed) by financial activity (d)</b>	<b>(190,933)</b>	<b>88,364</b>
<b>Ending cash and cash equivalents (e=a+b+c+d)</b>	<b>5,823</b>	<b>152,370</b>
<b>Additional information:</b>		
Taxes paid during the period	79,125	98,112
Financial charges paid during the period	60,905	62,631
Dividends collected during the period	109,392	107,489

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

## Statement of changes in shareholders' equity

<i>(amounts in thousands of EUR)</i>	Share capital	Share premium reserve	Revaluat. reserves	Legal reserve	Reserves for revaluation to fair value	Capital reserves	Reserve for disc. Employee Sev. Ind.	Retained earnings (losses)	Profit (loss) for the period	Total
<b>1 January 2016</b>	<b>113,754</b>	<b>1,137,693</b>	<b>5,434</b>	<b>26,339</b>	<b>1,360</b>	<b>34,590</b>	<b>(26)</b>	<b>670,813</b>	<b>56,845</b>	<b>2,046,802</b>
Allocation of 2015 profits								15,894	(15,894)	-
Distribution of 2015 balance dividend									(40,951)	(40,951)
Distribution of 2016 interim dividend									(31,855)	(31,855)
Bond conversion and other changes	14	286				(1)	-	(7)		292
<b>Total profit for the period</b>					(614)		6		90,747	90,139
<b>31 December 2016</b>	<b>113,768</b>	<b>1,137,979</b>	<b>5,434</b>	<b>26,339</b>	<b>746</b>	<b>34,589</b>	<b>(20)</b>	<b>686,700</b>	<b>58,892</b>	<b>2,064,427</b>
Allocation of 2016 profits								17,935	(17,935)	-
Distribution of 2016 balance dividend (EUR 0.18 per share)									(40,957)	(40,957)
Distribution of 2017 interim dividend (EUR 0.15 per share)									(34,131)	(34,131)
Bond conversion and other changes	3	62					-			65
<b>Total profit for the period</b>					1,348		3		97,864	99,215
<b>31 December 2017</b>	<b>113,771</b>	<b>1,138,041</b>	<b>5,434</b>	<b>26,339</b>	<b>2,094</b>	<b>34,589</b>	<b>(17)</b>	<b>704,635</b>	<b>63,733</b>	<b>2,088,619</b>

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## Valuation criteria and explanatory notes

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## General information

Società Iniziative Autostradali e Servizi S.p.A. (SIAS S.p.A.) is organised according to the laws of the Italian Republic.

SIAS S.p.A. - as an industrial holding company - through its subsidiaries, mainly operates in Italy in the sectors of licensed motorway construction and operation.

The registered office of the Company is at via Bonzanigo 22, 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 separate financial statements of SIAS S.p.A are prepared in Euro, which is the currency in force in the economy in which the Company carries out its activities.

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

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

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

## Valuation criteria and accounting standards

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

### Intangible assets

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

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

### Tangible assets

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

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

<u>Category</u>	<u>Rate</u>
Electromechanical and electronic machines	10-20%

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

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

### Loans and Receivables

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

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

Any options, classified as derivatives, are valued at fair value with a contra item in the income statement.

### Financial assets available for sale

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

These are recorded at fair value at the settlement date of the transaction; profits and losses from later changes in fair value are accounted for by the equity method as the contra entry until the asset is sold and the income is posted to the income statement. In determining the fair value as at the date of the report, the following was taken into account:

i) the security listing on active markets or the listing of similar securities; ii) variables other than listings on active markets that can be observed on the market, either directly (listings) or indirectly (listing derivatives); iii) the values that can be inferred from recent appraisals or transactions (these values are not always based on market values that

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

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

#### Financial assets held to maturity

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

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

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

#### Receivables

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

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

#### Cash and cash equivalents

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

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

#### Loans and other liabilities

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

With regard to the bond loan convertible into ordinary shares in the financial statement as at 31 December 2016, we separated the components of the loan itself at the time of initial posting, in accordance with IAS 32, because it is a composite financial instrument.

The "liability component" was equal to the present value of net cash (principal + interest) related to the bond loan, discounted at the market interest rate (equal to the cost of the debt capital of the issuer over 12 years; this rate is considered representative of the yield on similar fixed-income securities that do not carry a right of conversion).

The "shareholders' equity component" is equal to the difference between the "present value" of net cash (as determined above) and the cash from the bond issue net of related deferred tax effects.

Financial charges are calculated on the "liability component". They are imputed to the income statement based on the market interest rate mentioned above.

#### Provisions for risks and charges

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

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

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

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

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

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

#### Revenues

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

#### 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 subsidiaries.

#### Financial charges

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

Income taxes

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

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

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

Deferred tax credits are posted when their recovery is likely.

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

The company, as consolidating entity, has opted since 2004 for the national tax consolidation pursuant to articles 117/129 of the Consolidated Income Tax Law. It calculates a single taxable base for the group of companies participating in the tax consolidation, with the benefit of offsetting taxable income and tax losses in a single tax return. Each company participating in the tax consolidation transfers its taxable income to the parent company recording a payable to SIAS S.p.A. for corporate income tax to be paid; companies with tax losses can record a receivable from SIAS S.p.A., amounting to the corporate income tax on the portion of losses actually offset at Group level.

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

With regards to the motorway companies, in line with the provisions of IAS 36, the Company determined the "value in use" of each Cash Generating Unit by discounting the future cash flows deriving from the motorway management activity (discounted cash flow). Each licensee is an independent CGU, to which financial plans of managed sections refer. The data contained in the financial plans annexed to the current Standard Agreements approved or pending updates. The financial-economic plan of each motorway company shows the results expected throughout the term of the concession and, despite being drawn over a time horizon that exceeds five years on average, is the reference document for identifying expected cash flows. In addition, the so-called terminal value was not calculated as these

concessions have a predefined useful life.

The figures contained in the aforesaid financial plans were adjusted (when necessary) to reflect the changes occurred after the preparation date of the financial plans (traffic volumes, toll rates, completion of the investment programme etc.). In particular, the traffic forecasts reflect the outcome of the traffic studies prepared by an independent expert. The net cash, as determined above, was discounted at a real, post-tax WACC rate. A "real" rate was adopted (by deducting real inflation from the nominal rate) since the financial plans adopted have been prepared using a "constant currency".

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

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

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

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

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

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

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

## ESTIMATES AND VALUATIONS

The preparation of these financial statements and the related notes required estimates and assumptions that had an effect on the values of the assets and liabilities in the report and on the information related to potential assets and liabilities as at the reporting date. Actual results achieved may differ from these estimates. Among other things, the valuation used the fair value to appraise financial assets and liabilities (including the fair value of assets available for sale), to perform the impairment test, for the actuarial appraisals and to record the amortisation/depreciation, the

write-downs of assets and the provisions for risks. The outcomes of assessments by independent experts were also used to calculate the estimates. The estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the income statement.

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

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

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

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

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

## EXPLANATORY NOTES – INFORMATION ON THE BALANCE SHEET

### Note 1 – Intangible assets

The item includes costs incurred for the purchase of software user licences, fully amortised during the year.

### Note 2 – Tangible assets

The item includes the costs incurred for the purchase of office equipment, net of depreciation of EUR 2 thousand in 2017.

### Note 3 – Non-current financial assets

#### 3.a – Equity investments in subsidiaries

Changes in investments in subsidiaries during the period were as follows:

Company	%	31/12/2016	Purchases	(Write-downs) Reversals	Sales	31/12/2017
SALT p.A.	95.18%	534,571	855			535,426
SATAP S.p.A.	99.87%	1,006,982				1,006,982
SINELEC S.p.A.	86.79%	25,031				25,031
SIAS Parking S.r.l. unipersonale	100.00%	37,735				37,735
SAV S.p.A.	65.09%	95,740				95,740
<b>Total</b>		<b>1,700,059</b>	<b>855</b>	-	-	<b>1,700,914</b>

The change in the year refers to the purchase of 200,000 shares (equal to 0.125% of the share capital) in SALT p.A. which were offered for sale by the Province of Spezia, for a total amount of EUR 850 thousand (the difference compared to the increase in the value of the equity investment is attributable to accessory costs); as a result of said purchase, the stake held in this Company is now equal to 95.18% of the share capital.

The principal data concerning subsidiaries are shown below:

Company	Registered office	Capital	No. Shares/quotas	Book equity (* )	Profit (loss) last financial year (* )	Financial statements data as at
Società Autostrada Ligure-Toscana p.A.	Lido di Camaiore (LU) – Via Don Tazzoli 9	160,301	160,300,938	709,676	61,438	31/12/2017
SATAP S.p.A.	Torino – Via Bonzanigo 22	158,400	158,400,000	858,360	105,253	31/12/2017
SINELEC S.p.A.	Tortona (AL) S.P. 211 della Lomellina 3/13	7,383	1,476,687	57,028	10,174	31/12/2017
SAV S.p.A.	Châtillon (AO) – Strada Barat 13	24,000	24,000,000	172,327	18,842	31/12/2017
S.I.A.S. Parking S.r.l. unipersonale	Torino – Via Bonzanigo 22	5,000	5,000,000	69,953	28,351	31/12/2017

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

**3.b Equity investments in jointly controlled entities and associated companies**

The detail of “investments in jointly controlled entities and associated companies” is provided below:

Equity investments	%	31/12/2016	Changes during the period			31/12/2017
			Purchases	Sales	Write-downs	
<b>Equity investments:</b>						
<b>a) in jointly controlled entities</b>						
ATIVA S.p.A. <sup>(1)</sup>	41.17%	57,241	-	-	-	57,241
TANGENZIALE ESTERNA S.p.A. <sup>(1)</sup>	17.67%	34,786	50,468	-	-	85,254
TANGENZIALI ESTERNE DI MILANO S.p.A. <sup>(1)</sup>	9.61%	17,830	3,781	-	-	21,611
IGLI S.p.A. <sup>(1)</sup>	40.00%	208,292	-	-	-	208,292
<b>b) in associated companies</b>						
ATIVA IMMOBILIARE S.p.A.	41.17%	2,122	-	-	-	2,122
Road Link Holdings Ltd	20.00%	7,872	-	-	(1,615)	6,257
Sistemi e Servizi S.c.ar.l. <sup>(2)</sup>	14.00%	14	-	-	-	14
SITAF S.p.A.	36.53%	136,745	-	-	-	136,745
<b>Total</b>		<b>464,902</b>	<b>54,249</b>	-	<b>(1,615)</b>	<b>517,536</b>

<sup>(1)</sup> Companies jointly controlled with another entity, by virtue of specific agreements

<sup>(2)</sup> “Associated” company based on the stakes held by subsidiaries

The change in the item was due to:

- the acquisition of 47,553,345 shares (equal to approximately 10.23% of the share capital) in Tangenziale Esterna S.p.A. sold by the associated company ITINERA S.p.A. for a value of approximately EUR 50.2 million (the difference compared to the increase in the equity investment is due to capitalised accessory costs). As a result of the purchase, the stake held in this Company is now equal to 17.67% of the share capital.
- the acquisition of 4,586,494 shares (equal to approximately 1.56% of the share capital) in Tangenziali Esterne di Milano S.p.A. sold by the associated company ITINERA S.p.A. for a value of approximately EUR 3.8 million. As a result of the purchase, the stake held in this Company is now equal to 9.61% of the share capital.
- the write-down, by EUR 1.6 million, of the value of the investment in Road Link Holdings Ltd following an impairment test. Despite the positive performance of the company, the write-down reflects the depreciation of the British pound and the forthcoming expiration of the concession.

As at 31 December 2017, 82,161,412 shares held in the subsidiary Tangenziale Esterna S.p.A were pledged in favour of the lending banks.

The principal data concerning jointly controlled entities are shown below:

Company	Registered office	Share capital	No. of Shares Quotas	Book equity	Profit (loss) last financial year	Figures as of
ATIVA S.p.A. <sup>(1)</sup>	Torino – Strada della Cebrosa 86	44,931	6,418,750	116,576	19,845	31/12/2016
Tangenziale Esterna S.p.A. <sup>(2)</sup>	Milano – Fabio Filzi, 25	464,945	464,945,000	336,110	(31,114)	31/12/2017
TANGENZIALI ESTERNE DI MILANO S.p.A. <sup>(2)</sup>	Milano – Fabio Filzi, 25	220,345	293,792,811	232,630	(649)	31/12/2017
IGLI S.p.A. <sup>(3)</sup>	Milano - Viale Isonzo 14/1	37,130	37,130,000	572,367	3,618	31/12/2017

<sup>(1)</sup> Financial statements prepared in compliance with national accounting standards/OIC

<sup>(2)</sup> Data prepared according to IFRS accounting standards adopted by the Group, by preparing a specific reporting package

<sup>(3)</sup> Financial statements prepared in compliance with IFRS.

The principal data concerning associated companies are shown below:

Company	Registered office	Share capital	No. of Shares Quotas	Book equity	Profit (loss) last financial year	Figures as of
Road Link Holdings Ltd. <sup>(2)</sup>	Northumberland NE43 7TN UK	1	1,000	1	5,500	31/03/2017
Sistemi e Servizi S.c.ar.l. <sup>(1)</sup>	Tortona (AL) – S.S. 211 Loc. San Guglielmo 3/13	100	100,000	100	-	31/12/2017
ATIVA Immobiliare S.p.A. <sup>(1)</sup>	Torino – Strada della Cebrosa 86	1,100	6,418,750	1,978	28	31/12/2016
SITAF S.p.A. <sup>(1)</sup>	Torino - Fraz. S. Giuliano, 2	65,016	12,600,000	294,851	25,224	31/12/2016

<sup>(1)</sup> Financial statements prepared in compliance with national accounting standards

<sup>(2)</sup> Figures for Road Link Holdings are in thousands of GBP

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

The following table shows the changes occurred in the year in the item “equity investments in other businesses – available for sale”:

Company	%	31/12/2016			Changes				31/12/2017		
		Original value	FV Adj.	Total	Purchases	Sales	Adjustments Fair Value Sharehold. Eq	Inc. stat.	Original value	FV Adj.	Total
<b>Level 1:</b>											
Assicurazioni Generali	0.02%	4,013	858	4,871			373	-	4,013	1,231	5,244
FNM	0.00%	8,600	(552)	8,048		(8,600)	552	-	-	-	-
<b>Total</b>		<b>12,613</b>	<b>306</b>	<b>12,919</b>		<b>(8,600)</b>	<b>925</b>	<b>-</b>	<b>4,013</b>	<b>1,231</b>	<b>5,244</b>
<b>Level 3:</b>											
Milano Serravalle	10.66%	51,784	-	51,784			-	-	51,784	-	51,784
SINA	0.00%	202	44	246		(202)	(44)	-	-	-	-
<b>Total</b>		<b>51,986</b>	<b>44</b>	<b>52,030</b>		<b>(202)</b>	<b>(44)</b>	<b>-</b>	<b>51,784</b>	<b>-</b>	<b>51,784</b>
<b>Grand total</b>		<b>64,599</b>	<b>350</b>	<b>64,949</b>		<b>(8,802)</b>	<b>881</b>	<b>-</b>	<b>55,797</b>	<b>1,231</b>	<b>57,028</b>

#### Fair value measurement hierarchy

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

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

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

Changes in 2017 refer to:

- the sale of 16,290,308 shares of Ferrovie Nord Milano S.p.A. (FNM) for a total amount of EUR 8.9 million;
- the sale of 20,281 shares of SINA S.p.A. to the parent company ASTM S.p.A. for a total value of EUR 0.3 million.
- the adjustment of the equity investment held in the company Assicurazioni Generali S.p.A. to its fair value (based on market prices), with a contra item in "shareholders' equity".

As shown in the table above, the value of “equity investments in other businesses – available for sale” as at 31 December 2017 included EUR 1.2 million relating to the positive fair value adjustment.

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

Company	Registered office	Share capital	Number shares / of quotas	Book equity	Profit (loss) last financial year	Financial statements data as at
Assicurazioni Generali	Trieste – Piazza Duca degli Abruzzi 2	1,556,883	1,559,883,538	14,670,385	1,096,261	31/12/16
Milano Serravalle-Milano Tangenziali <sup>(1)</sup>	Assago Milanofiori (MI) – Via del Bosco Rinnovato, 4/A	93,600	180,000,000	439,087	24,441	31/12/16

(1) Financial statements prepared in compliance with national accounting standards

**The information on the performance of subsidiaries and jointly controlled entities, and the major financial data of these companies are included in the Management Report and in the notes to the “Consolidated Financial Statements”.**

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

This item refers to financial receivables of SIAS S.p.A. vis à vis certain subsidiaries and jointly controlled entities following the transfer to these companies - through specific intercompany loan agreements - of the liquidity raised by SIAS S.p.A. through (i) issuance of bonds under the EMTN programme (ii) the entering into short and medium-long term loan agreements.

The following table shows the breakdown by company of the loans outstanding at the reporting date.

	31 December 2017	31 December 2016
Salt p.A. (*)	598,523	604,544
SATAP S.p.A.	377,514	411,802
SAV S.p.A.	53,135	59,722
Autostrada dei Fiori S.p.A. (**)	204,288	211,623
Tangenziale Esterna S.p.A.	63,984	58,031
Autostrada Asti-Cuneo S.p.A.	149,888	49,951
IGLI S.p.A.	18,600	-
<b>Total</b>	<b>1,465,931</b>	<b>1,395,673</b>

(\*) The balance of the financial receivable of the company SALT p.A. as at 31 December 2016 includes data relative to the company Autocamionale della Cisa S.p.A., merged by absorption with SALT p.A. during 2017 (EUR 149.4 million).

(\*\*) The balance of the financial receivable of the company Autostrada Dei Fiori S.p.A. as at 31 December 2016 includes data relative to the company ATS S.p.A., merged by absorption with ADF S.p.A. during 2017 (EUR 79.7 million).

In particular, it is worth mentioning that:

- Receivables from SALT p.A.: refer (i) for EUR 449 million to the loan granted in 2011 out of the bond issued - in October 2010 - by SIAS S.p.A. under the EMTN programme; this loan will expire on 24 October 2020, at the same time as the aforementioned bond loan and (ii) for EUR 149.5 million to the loan granted in 2014 out of the “SIAS 2014-2024 bond loan”; this loan will expire on 11 February 2024, at the same time as the aforesaid bond loan (the change in the period is due to the reclassification of the “short-term” portion (EUR 6.4 million) and the effect of the amortised cost method (EUR 0.4 million).
- Receivables from SATAP S.p.A.: they refer (i) for EUR 119.6 million to the loan granted in 2014 out of the “SIAS 2014-2024 bond loan”; this loan will expire on 11 February 2024, at the same time as the aforesaid bond loan;

(ii) for EUR 49.8 million to the loan granted out of the “SIAS 2010-2020 bond loan”; this loan will expire on 24 October 2020, at the same time as the aforesaid bond loan (iii) for EUR 208.1 million to loans granted based on funding from the EIB, Mediobanca, Unicredit and UBI; the latter loans are reimbursed according to a straight-line six-monthly instalment plan from 15 June 2015 to 15 December 2024. The change in the period is due to the reclassification of the "short-term" portion (EUR 35 million) and the effect of the amortised cost method (EUR 0.7 million).

- Receivables from SAV S.p.A.: they refer (i) for EUR 39.8 million to the loan granted in 2014 out of the “SIAS 2014-2024 bond loan”; this loan will expire on 11 February 2024, at the same time as the aforesaid bond loan; (ii) for EUR 13.3 million to the loans granted based on funding from the EIB; these loans are reimbursed according to a straight-line six-monthly instalment plan from 15 June 2015 to 15 December 2020. The change in the period is due to the reclassification of the "short-term" portions (approximately EUR 6.7 million) and the effect of the amortised cost method (EUR 0.1 million).
- Receivables from Autostrada dei Fiori S.p.A.: refer (i) for EUR 189.4 million to the loan granted in 2014 out of the “SIAS 2014-2024 bond loan”; this loan will expire on 11 February 2024, at the same time as the aforesaid bond loan; (ii) for EUR 14.9 million to the loan granted based on funding from the EIB; this loan is reimbursed according to a straight-line six-monthly instalment plan from 15 June 2015 to 15 December 2020. The change in the period is due to the reclassification of the "short-term" portions (EUR 7.5 million) and the effect of the amortised cost method (EUR 0.2 million).
- Receivables from Tangenziale Esterna S.p.A.: refer (i) for EUR 50.1 million to a payment made by way of "subordinated loan" as envisaged in the investment agreements for the “Sistema Tangenziale Esterna”, and (ii) for EUR 13.9 million to the interest accrued as at 31 December 2017. This loan provides for repayment of principal and payment of interest accrued after the full repayment of the loan with 8 year maturity taken out by Tangenziale Esterna S.p.A in December 2013 with major Italian and foreign financial institutions.
- Receivables from Autostrada Asti-Cuneo S.p.A.: this item refers to loans disbursed during the year for (i) EUR 30 million based on loan agreements entered into by SIAS S.p.A. with Banca Nazionale del Lavoro (i) EUR 70 million based on loan agreements entered into by SIAS S.p.A. with UBI S.p.A. and (iii) EUR 50 million based on loan agreements entered into by SIAS S.p.A. with Banca Popolare di Milano S.p.A. The change compared to the previous year is mainly due to (i) the disbursement of new loans for a total of EUR 150 million (ii) the reclassification of the "short term" portions (EUR 50 million).
- Receivable due from IGLI S.p.A.: this refers to the loan equal to 18.6 million disbursed during 2017 to the associated company IGLI S.p.A..

Financial receivables in capital due from SALT p.A., SATAP S.p.A., SAV S.p.A., Autostrada dei Fiori S.p.A., Tangenziale Esterna S.p.A. and Autostrada Asti Cuneo S.p.A., as well as relative interest, were pledged in favour of lenders of SIAS S.p.A. that provided funding.

**3.e - Other non-current financial assets**

These consist of:

	31 December 2017	31 December 2016
• Insurance policies	-	119,787
• Other financial assets	11,135	10,522
<b>Total</b>	<b>11,135</b>	<b>130,309</b>

The item "insurance policies", referred to EUR 90.6 million in the previous year for single premium and guaranteed capital capitalisation policies, which were transferred to the subsidiary SALT in 2017, and to EUR 29.2 million to policies redeemed by insurance companies or which expired in the first half of 2017.

The item "other financial assets" includes the units of the investment fund Pharus Sicav (former Atlante Europe Absolute Fund), subscribed in 2015 to invest cash for a total of EUR 10 million.

This investment, classified as assets available for sale, is stated at "fair value"; the update to the fair value for the period led to a revaluation equal to EUR 0.6 million, which was entered in the shareholders' equity.

**Note 4 – Deferred tax credits**

This item totalled EUR 187 thousand (EUR 150 thousand as at 31 December 2016). For a breakdown of this item, see Note 24 – Income taxes.

**Note 5 – Trade receivables**

Trade receivables, amounting to EUR 3,507 thousand (EUR 2,856 thousand as at 31 December 2016), mainly refer to receivables of SIAS S.p.A. due from subsidiaries for accounting, administrative and financial consulting and support services provided to group companies.

**Note 6 – Current tax credits**

This item, amounting to EUR 6,699 thousand (EUR 5,971 thousand as at 31 December 2016), refers to receivable corporate income tax (IRES) of EUR 5.5 million (relating to the tax refund application submitted as consolidating entity pursuant to article 2, paragraph 1-quater, decree Law no. 201 of 6 December 2011) and for EUR 1.2 million to the VAT receivable from the tax authorities.

**Note 7 – Other receivables**

This item breaks down as follows:

	31 December 2017	31 December 2016
Receivables from subsidiaries	4,866	7,012
Receivables from parent companies	29	23
Receivables from associated companies	615	-
Prepaid expenses	409	262
Receivables from others	435	87
<b>Total</b>	<b>6,354</b>	<b>7,384</b>

The item "Receivables from subsidiaries" mainly refers to receivables from subsidiaries as part of the "tax consolidation". The decrease in receivables from tax consolidation compared to the previous year is attributable -

within the framework of "SIAS S.p.A. tax consolidation" - to changes in the taxable base for corporate income tax transferred to tax consolidation by subsidiaries included in the perimeter of Group taxation.

The item "receivables from associated companies" refers to EUR 0.6 million for a receivable from Road Link for dividends to collect as at 31 December 2017 and cashed in January 2018.

The item "receivables from others" refers to EUR 181 thousand to a credit note to receive from the company Aba Servizi Aeroportuali S.p.A. and to EUR 251 thousand to an advance to Mediobanca for charges on refinancing.

## Note 8 – Financial receivables

This item was equal to EUR 127.744 thousand (EUR 203,962 thousand at 31 December 2016). The change in the period is due to (i) the repayment of short-term "intercompany" loans disbursed to subsidiaries - with relative interest (for a total of EUR 204 million), (ii) the reclassification of the short-term portion of the item "Non-current financial assets" paid to investees as part of the centralised financial structure adopted by SIAS S.p.A. and relative interest accrued (for a total of EUR 127.7 million) and (iii) the so-called amortised cost (EUR 0.1 million).

The breakdown of financial receivables is as follows:

<i>(amounts in thousands of EUR)</i>	31 December 2017	31 December 2016
SALT p.A. (*)	15,672	22,086
SATAP S.p.A.	39,403	39,410
SAV S.p.A.	7,987	7,987
Autostrada dei Fiori S.p.A. (**)	13,806	13,806
Autostrada Asti-Cuneo S.p.A.	50,374	120,171
ATIVA Immobiliare S.p.A.	502	502
<b>Total</b>	<b>127,744</b>	<b>203,962</b>

(\*) The balance of the receivable as at 31 December 2016 includes an amount equal to EUR 5 million, of the company Autocamionale della Cisa S.p.A., merged by absorption with SALT p.A. in 2017.

(\*\*) The balance of the receivable as at 31 December 2016 includes an amount equal to EUR 2.7 million, of the company Autostrada Torino Savona S.p.A., merged by absorption with ADF S.p.A. in 2017.

More specifically, the change in the receivable from Asti-Cuneo S.p.A. refers to (i) the repayment of EUR 70 million of the loan granted to SIAS by BBVA., (ii) the repayment of the loan equal to EUR 50 million granted to SIAS S.p.A. by Barclays and (iii) the internal transfer of EUR 50 million from the item "non-current financial assets - loans" of amounts falling due within 12 months relating to agreements signed by SIAS S.p.A. with BNL (EUR 30 million) and accrued interest equal to EUR 0.4 million.

## Note 9 – Cash and cash equivalents

As at 31 December 2017, this item totalled EUR 5,823 thousand (EUR 152,370 thousand as at 31 December 2016) and refers to the liquid funds on the Company's current accounts.

The change in this item is mainly due to the repayment of the SIAS 2005-2017 convertible bond loan. For a detailed analysis of the changes in this item, reference is made to the cash flow statement.

## **Note 10 – Shareholders’ equity**

### 10.1 – Share capital

As at 31 December 2017, the share capital consisted of 227,542,156 ordinary shares at a nominal value of EUR 0.50 each, for a total value of EUR 113,771 thousand, entirely subscribed and paid in.

During the year, the share capital was increased by EUR 3 thousand, equal to 6,152 shares, following the conversion of the convertible bond loan called “SIAS 2.625% 2005–2017 convertible into ordinary shares” into an equivalent number of shares. The above conversion period expired on 31 May 2017 and - for the portion of unconverted bonds, the loan was repaid on 30 June 2017.

### 10.2 – Reserves

#### 10.2.1 – Share premium reserve

The value of this reserve was EUR equal to 1,138,041 thousand (during the year the reserve increased by EUR 62 thousand as a result of the above mentioned conversion of the bond loan).

#### 10.2.2 – Revaluation reserves

This item totalled EUR 5,434 thousand (EUR 5,434 thousand as at 31 December 2016).

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

#### 10.2.3 – Legal reserve

This item totalled EUR 26,339 thousand, unchanged compared to the prior year.

#### 10.2.4 – Reserves 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 "available for sale". As at 31 December 2017, this item showed a balance of EUR 2,094 thousand, net of the related deferred tax effect (balance of EUR 746 thousand as at 31 December 2016). For changes in this item, please see Note 3.c “Equity investments in other businesses – available for sale” and note 3.e “Other non-current financial assets” above.

#### 10.2.5 – Capital reserves

This item totalled EUR 34,589 thousand.

#### 10.2.6 – Reserve for discounting Employee Severance Indemnity

This item includes actuarial gains and losses relating to the Employee Severance Indemnity. As at 31 December 2017, this item showed a negative balance of EUR 17 thousand (negative balance of EUR 20 thousand as at 31 December 2016).

10.2.7 – Retained earnings

The item, amounting to EUR 704,635 thousand (EUR 686,700 thousand as at 31 December 2016), increased by EUR 17.9 million following the allocation of the pro-rata share of net profit for 2016.

This item also includes (i) the differences in accounting treatment that arose on the date of transition to IFRS (1 January 2005), which can be traced to the adjustments made to balances relative to the financial statements that were prepared - at that date - in compliance with national accounting standards.

10.3 – Profit (loss) for the period

This item includes the profits/losses for the period. It totalled EUR 97,864 thousand (EUR 90,747 thousand in 2016).

\*\*\*\*\*

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

Nature and description of shareholders' equity items	31-Dec-17	Possibility of use	Quota available	Drawdowns in the last three years
<b>Share capital</b>	113,771			
<b>Capital reserves</b>				
- Share premium reserve	1,138,041	A, B, C	1,138,041	
- Revaluation reserves	5,434	A, B, C <sup>(1)</sup>	5,434	
- Capital reserves	34,589	A, B, C	34,589	
<b>Profit reserves</b>				
- Legal reserve	26,339	B	3,584 <sup>(2)</sup>	
- Retained earnings (losses)	704,635	A, B, C	704,635	
- Reserve for revaluation to fair value and discounting of Employee Severance Indemnity	2,077			
		<b>Total portion available</b>	<b>1,886,283</b>	
		Quota that cannot be distributed	-	
		<b>Residual quota that can be distributed</b>	<b>1,886,283</b>	

*Key:*

**A:** for share capital increase

**B:** to cover losses

**C:** for distribution to shareholders

(1) 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.

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

\*\*\*

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

The following table shows the changes in provisions for risks and charges compared to the values at the end of the previous financial year.

	Tax reserve	Other provisions	Employee benefits	Total
<b>1 January 2017</b>	<b>11,986</b>	-	<b>96</b>	<b>12,082</b>
Provisions	235	660	16	911
Drawdowns	(12,221)	-	-	(12,221)
<b>31 December 2017</b>	-	<b>660</b>	<b>112</b>	<b>772</b>

### 11.1 Tax reserve

This provision was made in previous years for the possible failure to exercise the conversion right relative to "SIAS 2005-2017 convertible bonds". Pursuant to article 5(4) of the Italian Decree dated 8 June 2011, in the case of failed exercise (whether in full or in part) of the right to conversion by the bond holders, the (corresponding) equity component is subject to taxation if it has given to rise to greater interest expense deducted by the issuer over the length of the conversion loan.

Following repayment of the convertible bond loan - on 30 June 2017 - the above provision was used which, also considering other income components realised by the Company, was in excess by approximately EUR 1.2 million (of which EUR 797 thousand attributable to corporate income tax and EUR 251 thousand attributable to regional production tax). This excess is recognised in the item Current taxes for the year.

### 11.2 - Other provisions

The item "other provisions" equal to EUR 0.7 million refers to amounts inferred from premiums relative to the "management incentive system" introduced in the previous year.

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

As at 31 December 2017, this item totalled EUR 112 thousand (EUR 96 thousand as at 31 December 2016). Changes during the period were as follows:

<b>1 January 2017</b>	<b>96</b>
Period contributions	16
Indemnities advanced/liquidated during the period	-
<b>31 December 2017</b>	<b>112</b>

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

#### Economic/financial assumptions

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

#### Demographic assumptions

Mortality	RG 48 tables
Disability	INPS tables by age and gender
Retirement age	Requirements met
% of frequency of advances	4.00%
Turnover	1%

(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 payable for "employee benefits" would have not had any impact on the income statement or shareholders' equity.

**Note 12 – Bank debt (non-current)**

“Bank debt (non-current)” totalled EUR 383,296 thousand (EUR 341,094 thousand as at 31 December 2016).

The change in the period was due to: (i) the early repayment of some EIB loans, as described previously (EUR -143.5 million), (ii) the granting of new loans (EUR +293.5 million), (iii) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments due in the following 12 months (EUR -105.6 million) and (iv) the so-called "amortised cost" (EUR -2.2 million).

The tables below show the medium-term bank debt as at 31 December 2017 and 31 December 2016, indicating the related balance due (current and non-current portion) and summarizing the principal conditions applied to each liability.

SIAS loan	Intercompany loan	Maturity	Initial amount	Interest rate	Balance as at 31 December 2017	Within 1 year	1 to 5 years	Beyond 5 years
UBI	Asti Cuneo	30/09/2019	70,000	Variable	70,000		70,000	
BPM	Asti Cuneo	31/01/2019	50,000	Variable	50,000		50,000	
BNL	Asti Cuneo	14/09/2019	30,000	Variable	30,000		30,000	
Mediobanca, UniCredit and UBI (EIB funding)	SATAP	15/12/2024	24,500	Variable/IRS	24,500	3,500	14,000	7,000
Mediobanca, UniCredit and UBI	SATAP	15/12/2024	143,500	Variable IRS	143,500	20,500	82,000	41,000
EIB	SATAP	15/12/2024	77,000	Variable IRS	77,000	11,000	44,000	22,000
EIB	SALT	15/06/2018	25,000	Variable	3,571	3,571	-	
Mediobanca, UniCredit and UBI (EIB funding)	SALT	15/06/2018	20,000	Variable	2,857	2,857		
EIB	SAV	15/12/2020	25,000	IRS	12,500	4,167	8,333	
Mediobanca, UniCredit and UBI (EIB funding)	ADF	15/12/2020	45,000	Variable	22,500	7,500	15,000	
Mediobanca, UniCredit and UBI (EIB funding)	SAV	15/12/2020	15,000	Variable	7,500	2,500	5,000	
BNL	Asti Cuneo	10/12/2018	50,000	Variable	50,000	50,000		
<i>Total</i>						105,595	318,333	70,000
<i>Net accrued liabilities and (deferred income)</i>						(440)	(4,129)	(908)
<b>Total loans</b>						<b>105,155</b>	<b>314,204</b>	<b>69,092</b>
							}	
<b>Total bank debt (non-current)</b>							<b>383,296</b>	

SIAS loan	Intercompany loan	Maturity	Initial amount	Interest rate	Balance as at 31 December 2016	Within 1 year	1 to 5 years	Beyond 5 years
BBVA	Asti Cuneo	04/09/2017	40,000	Variable	40,000	40,000	-	-
Barclays Bank	Asti Cuneo	25/10/2017	50,000	Variable	50,000	50,000	-	-
BBVA	Asti Cuneo	06/10/2017	30,000	Fixed	30,000	30,000	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SATAP	15/12/2024	200,000	Variable/IRS	160,000	20,000	80,000	60,000
EIB	SATAP	15/12/2024	150,000	Variable IRS	120,000	15,000	60,000	45,000
EIB	SALT	15/06/2018	25,000	Variable	10,714	7,143	3,571	-
Mediobanca, UniCredit and UBI (EIB funding)	SALT	15/06/2018	20,000	Variable	8,571	5,714	2,857	-
EIB	SAV	15/12/2020	25,000	IRS	16,667	4,167	12,500	-
Mediobanca, UniCredit and UBI (EIB funding)	ADF	15/12/2020	45,000	Variable	30,000	7,500	22,500	-
Mediobanca, UniCredit and UBI (EIB funding)	SAV	15/12/2020	15,000	Variable	10,000	2,500	7,500	-
BNL	Asti Cuneo	10/12/2018	50,000	Variable	50,000	-	50,000	-
<i>Total</i>						182,024	238,928	105,000
<i>Net accrued liabilities and (deferred income)</i>						(176)	(1,970)	(864)
<b>Total loans</b>						<b>181,848</b>	<b>236,958</b>	<b>104,136</b>
							}	
<b>Total bank debt (non-current)</b>							<b>341,094</b>	

**Note 13 – Other financial liabilities (non-current)**

This item totalled EUR 994,062 thousand (EUR 992,744 thousand as at 31 December 2016), comprising:

	31 December 2017	31 December 2016
2010-2020 bond loan	497,456	496,628
2014-2024 bond loan	496,606	496,116
<b>Total</b>	<b>994,062</b>	<b>992,744</b>

The item "2010-2020 bond loan" refers to the EUR 500 million bond loan issued in October 2010. The bonds have a minimum unit of EUR 50 thousand and were placed at an issue price ("below par") of EUR 99.134. These bonds are governed by English law and traded at the Irish Stock Exchange.

In compliance with IAS 32, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

- duration: 10 years;
- coupon: 4.50% per year, gross;
- redemption: bonds will be redeemed upon maturity (26 October 2020) in a lump sum at par value.

The item "2014-2024 bond loan" refers to the "senior secured" bond loan of EUR 500 million issued in February 2014; The bonds issued have a minimum unit of EUR 100 thousand and were placed at an issue price ("below par") of EUR 99.466 only with qualified investors. These bonds are governed by English law and traded at the Irish Stock Exchange.

In compliance with IAS 32, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

- duration: 10 years;
- coupon: 3.375% per year, gross;
- redemption: bonds will be redeemed upon maturity (13 February 2024) in a lump sum at par value.

The increase in the above-mentioned "bond loans" is due to the application of the so-called "amortised cost", according to which the payable is progressively aligned with its redemption value.

**Note 14 – Deferred tax liabilities**

This item totalled EUR 280 thousand (EUR 126 thousand as at 31 December 2016). For a breakdown of this item, see Note 24 – Income taxes.

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

Trade payables totalled EUR 6,662 thousand (EUR 3,985 thousand as at 31 December 2016). The change in the year is due to the higher amount of invoices to receive for consulting services as at 31 December 2017.

**Note 16 – Other payables (current)**

These consist of:

	31 December 2017	31 December 2016
Payables to subsidiaries	11,404	7,294
Payables to welfare organisations	148	122
Accrued liabilities and deferred income	317	262
Other payables	1,319	1,316
<b>Total</b>	<b>13,188</b>	<b>8,994</b>

“Payables to subsidiaries” are essentially attributable to the inclusion in the “tax consolidation” of certain subsidiaries. The change in the item “accrued income and prepaid expenses” was due to the reversal of the chargeback to Autovia Padana S.p.A of structuring fees and expenses pertaining to the loans taken out and not yet disbursed as at 31 December 2017.

**Note 17 – Bank debt (current)**

This item totalled EUR 105,155 thousand (EUR 181,848 thousand as at 31 December 2016); the change in the item refers to (i) the reclassification - of the item – “payables to banks (non-current)” of instalments due in the following 12 months (EUR +105.6 million), (ii) repayments of instalments due in 2017 (EUR -182 million) and (iii) the so-called amortised cost (EUR -0.3 million).

**Note 18 – Other financial liabilities (current)**

This item totalled EUR 300,388 thousand (EUR 519,611 thousand as at 31 December 2016), comprising:

	31 December 2017	31 December 2016
Amounts due in relation to intercompany loans	281,318	160,224
2005-2017 convertible bond loan	-	340,279
2010-2020 bond loan	4,130	4,130
2014-2024 bond loan	14,887	14,892
Other payables	53	86
<b>Total</b>	<b>300,388</b>	<b>519,611</b>

As at 31 December 2017, the item “payables for intergroup loans” referred to (i) the interest-free loan disbursed in November 2017 by the subsidiary SIAS Parking S.p.A. for an amount equal to EUR 65 million (ii) the interest-bearing loan disbursed on 6 April 2017 by the subsidiary ADF S.p.A. for an amount equal to EUR 50 million, maturing on 31 December 2018 and (iii) the interest-bearing loan disbursed on 24 February 2016 by the subsidiary SATAP S.p.A for a total amount of EUR 160 million maturing on 15 December 2018. Total interest equal to EUR 6.3 million accrued on the loans disbursed by the subsidiaries SATAP S.p.A. and ADF S.p.A..

As at 30 June 2017, the principal and interest portion for the “SIAS 2005-2017 convertible bond loan” were repaid net of conversions made in the first half of the year equal to EUR 8 thousand.

The items “SIAS 2010-2020 bond loan” and “SIAS 2014-2024 bond loan”, refer to the payable to the bondholders for the interest accrued as at 31 December 2017.

## Note 19 – Current tax liabilities

Current tax liabilities totalled EUR 10,400 thousand (EUR 3,681 thousand as at 31 December 2016) and mainly refer to liabilities for corporate income tax (EUR 7.8 million), liabilities for regional production tax – IRAP (EUR 2 million) and payables related (IRES) to taxes withheld as withholding agent (EUR 0.6 million).

The change in current income tax liabilities (corporate income tax) compared to the previous year is due to the net effect of the increase, of approximately EUR 75.9 million, in the taxable base (corporate income tax) of the Group, and the decrease, of approximately EUR 9.8 million in taxation, considering the cut in the corporate income tax rate effective from the 2017 financial year.

The overall increase in current tax liabilities was also affected by corporate income tax for the year, equal to approximately EUR 2 million.

In particular, with reference to the above increase in the taxable base for corporate income tax, approximately EUR 42 million is attributable to the tax significance, pursuant to article 5, paragraph 4 of the Ministerial Decree of 8 June 2011, of the equity component of the "Sias 2005-2017 convertible bond loan", with reference to which the right to exercise the conversion by bond holders was practically not exercised. The above "equity component", according to article 5 of the aforesaid Ministerial Decree of 8 June 2011, resulted in taxation (corporate income tax and regional production tax) only on the amount corresponding to greater interest expense deducted by the Company as from 2008 based on the "effective interest rate" criterion.

## EXPLANATORY NOTES – INFORMATION ON THE INCOME STATEMENT

### Note 20 – Financial income and charges

#### 20.1 – Financial income

This item breaks down as follows:

	2017	2016
<b>Income from equity investments:</b>		
• income from subsidiaries	95,083	99,800
• income from jointly controlled entities and associated companies	14,648	7,211
• income from other companies	276	478
capital gains on disposal of equity investments	354	-
<b>Total</b>	<b>110,361</b>	<b>107,489</b>

The items "*income from subsidiaries*" and "*income from jointly controlled and associated companies*" refer to the dividends paid during the financial year by SATAP S.p.A. (EUR 60.1 million), SALT p.A. (EUR 30.5 million), SAV S.p.A. (EUR 3.6 million), SIAS Parking S.r.l. unipersonale (EUR 0.9 million), ATIVA S.p.A. (EUR 13.4 million) and by Road Link Holdings Ltd (EUR 1.2 million).

The item "*Income from other companies*" refers to dividends paid by Assicurazioni Generali S.p.A..

The item "*capital gains on disposals*" equal to EUR 0.4 million refers to the capital gain realised following the sale of shares held in FNM Milano S.p.A. (EUR 0.3 million) and the sale of shares held in SINA S.p.A. (EUR 0.1 million).

#### 20.2 – Other financial income

This item breaks down as follows:

	2017	2016
<b>Interest income and other financial income</b>		
• from credit institutions	122	593
• from intercompany loans	61,405	63,853
• from insurance policies	1,044	2,993
• other	3,357	48
<b>Total</b>	<b>65,928</b>	<b>67,487</b>

The item "*income from credit institutions*" refers to interest on bank current accounts accrued during the period.

The item income "*from intercompany loans*" refers to interest accrued in the year on "intercompany" loans granted to subsidiaries and jointly controlled entities. Income "*from intercompany loans*" is offset by financial expenses related to the funding raised by the Company through new bond issues and new loans.

The item income "*from insurance policies*" refers to interest earned on capitalisation policies. The change compared to the previous year is due to the sale and redemption of all policies held by SIAS, during the year, as described in NOTE 3 Non-current financial assets.

The item "*others*" includes an amount equal to EUR 3.3 million relative to financial income from the refinancing of some EIB loans, equal to the difference between the book value of the payable before EIB refinancing and present value obtained by discounting redetermined financial flows, net of accessory refinancing costs, from the effective interest rate prior to the refinancing..

**20.3 – Interest and other financial charges**

This item breaks down as follows:

	2017	2016
<b>Interest expense to credit institutions:</b>		
• on loans	7,241	8,891
<b>Miscellaneous interest expense:</b>		
• from financial discounting	400	716
• from intercompany loan	6,094	4,176
• from convertible bond loan SIAS 2005-2017	7,076	14,187
• from 2010-2020 bond loan	23,328	23,303
• from 2014-2024 bond loan	17,360	17,354
<b>Other financial charges:</b>		
• other financial charges	2,100	2,587
<b>Total</b>	<b>63,599</b>	<b>71,214</b>

Interest expense on "*loans*" refers to interest accrued in the year on short and medium-long term loans taken by the Company.

Interest expense "*from financial discounting*" refers for EUR 235 thousand to the discounting of the tax provision, EUR 163 thousand to the discounting of interest on the loan granted to Tangenziale Esterna S.p.A and EUR 2 thousand to the "financial component" of the provision allocated to the Employee Severance Indemnity.

Interest expense "*from the intergroup loan*" refers to interest for the year accrued on the loan obtained from the subsidiary SATAP S.p.A. (EUR 4.8 million) and from the subsidiary ADF S.p.A. (EUR 1.3 million).

Interest expense on the "*2005-2017 convertible bond loan*" represents the charges on the "liabilities component" of the loan issued by SIAS S.p.A. in July 2005, recalculated based on the market interest rate and repaid at 30 June 2017.

Interest expense on the "*SIAS 2010-2020 bond loan*" represents the expense accrued during the year on the bond loan issued by SIAS in October 2010.

Interest expense on the "*SIAS 2014-2024 bond loan*" represents the expense accrued during the year on the bond loan issued in February 2014.

"*Other financial charges*" refer to charges and other bank charges, as well as charges on guarantees pledged.

**Note 21 – Value adjustments of non-current financial assets**

In 2017, the item "*write-downs*", amounting to EUR 1,615 thousand (EUR 4,146 thousand in 2016) was due to the write-down of the investment in Road Link Holdings Ltd after specific Impairment.

**Note 22 – Other operating income**

Other operating income, amounting to EUR 6,154 thousand (EUR 6,154 thousand in FY 2016), mainly refers to accounting, administrative and financial consulting and support services provided to group companies and centralized within SIAS S.p.A..

**Note 23 – Other operating costs****Payroll costs**

This item can be broken down as follows:

	2017	2016
Salaries and wages	1,036	754
Social security contributions	221	183
Actuarial adjustment of the provision for employee severance indemnity	84	52
Other costs	467	38
<b>Total</b>	<b>1,808</b>	<b>1,027</b>

The change in the year is attributable to contractual increases in average remuneration and the increase in the specific number of employees (EUR 0.4 million) as well as provisions for premiums relative to "the management incentive system" introduced in the previous year (EUR 0.4 million).

Average employee staffing broken down by category:

	2017	2016
Executives	3	3
Middle managers	2	2
Office workers	1	1
<b>Total</b>	<b>6</b>	<b>6</b>

**Costs for services**

This expense item breaks down as follows:

	2017	2016
Consulting and legal fees	12,736	8,720
Compensation and reimbursements for Directors and Statutory Auditors	2,070	1,664
Other costs for services	2,436	2,247
<b>Total</b>	<b>17,242</b>	<b>12,631</b>

The change in the item "*consultancy and legal fees*" is mainly attributable to higher costs incurred for the project to reorganise and optimise procedures and streamline Group resources.

**Other costs**

This expense item breaks down as follows:

	2017	2016
Leases and rental expenses	143	155
Other operating expenses	1,226	1,280
<b>Total</b>	<b>1,369</b>	<b>1,435</b>

The item "*leases and rental expenses*" mainly refers to operating leases for motor vehicles, computers, printers and premises used by the Company.

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 item "Other operating expenses" mainly includes the pro-rata non-deductible VAT related to the Company's business activity.

### **Other provisions for risks and charges**

The allocation to the "tax reserve" in the previous year refers to taxes prudentially allocated (EUR 1.6 million) in accordance with tax regulations concerning the deductibility of interest expense calculated on the "liability component" of the "SIAS 2.625% 2005-2017" convertible bond loan. The bond loan was repaid on 30 June 2017.

## **Note 24 – Income taxes**

This item can be broken down as follows:

	2017	2016
<b>Current taxes:</b>		
• Corporate income tax (IRES)	(796)	-
• Regional production tax (IRAP)	(251)	-
	<b>(1,047)</b>	-
<b>Taxes (prepaid)/deferred:</b>		
• Corporate income tax (IRES)	(5)	131
• Regional production tax (IRAP)	(25)	-
	<b>(30)</b>	<b>131</b>
<b>Taxes related to prior years</b>	-	<b>(54)</b>
<b>Income from tax consolidation</b>	-	<b>(1,750)</b>
<b>Total</b>	<b>(1,077)</b>	<b>(1,673)</b>

The item taxes for 2016 was mainly attributable to net income for the excess of non-deductible interest expense transferred to Group taxation pursuant to article 96, paragraph 5 bis of the Consolidated Law on Income Tax; with reference to 2017, in the absence of excess non-deductible interest expense, no income from tax consolidation was recognised to the Company.

Corporate income tax and regional production tax for the year, equal to EUR 9 million and 2 million respectively, basically attributable to the tax relevance, pursuant to article 5, paragraph 4 of the Ministerial Decree of 8 June 2011, of the equity component of the "Sias 2005-2017 convertible bond loan", were considerably offset by the Tax Reserve, equal to a total of EUR 12.2 million as at 30 June 2017 (repayment date of the aforementioned convertible bond loan), allocated by the Company as from 2011 for the aforementioned tax regulation, in order to consider any possible failure to convert outstanding bonds.

Considering final figures, and also other components of income realised by the Company, the above Tax Reserve was in excess by approximately EUR 1.2 million (of which EUR 796 thousand attributable to corporate income tax and EUR 251 thousand attributable to regional production tax), and this excess amount is recognised under the item Current taxes for the year.

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

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

	2017		2016	
<b>Period income before taxes</b>	<b>96,787</b>		<b>89,074</b>	
<b>Effective income taxes (from financial statements)</b>	<b>(802)</b>	<b>-0.83%</b>	<b>131</b>	<b>0.15%</b>
<b>Lower taxes (compared to the theoretical rate):</b>				
• partially tax-exempt dividends	25,082	25.91%	28,081	31.53%
• other decreases	10,013	10.35%	42	0.05%
<b>Higher taxes (compared to the theoretical rate):</b>				
• non-deductible write-downs	(1,615)	-0.4%	(1,140)	-1.28%
• allocations to tax provisions			(565)	-0.63%
• non-deductible expenses and other changes	(10,676)	-11.03%	(2,053)	-2.30%
<b>Theoretical income taxes</b>	<b>23,230</b>	<b>24.00%</b>	<b>24,496</b>	<b>27.50%</b>

Reconciliation between "actual" and "theoretical" rates (**Regional production tax**):

	2017	
<b>Period income before taxes</b>	<b>(10,151)</b>	
<b>Effective income taxes (from financial statements)</b>	<b>(275)</b>	<b>2.71%</b>
<b>Lower taxes (compared to the theoretical rate):</b>		
• effect of rate change	78	-0.74%
• other decreases	2,380	-23.45%
<b>Higher taxes (compared to the theoretical rate):</b>		
• non-deductible expenses and other changes	(2,670)	26.30%
<b>Theoretical income taxes</b>	<b>(565)</b>	<b>5.57%</b>

The taxable base for regional production tax as at 31 December 2016, calculated according to applicable provisions for financial companies, was negative.

The tables below show the total amount of deferred tax income and expenses (posted to the income statement) and the total deferred tax assets and liabilities (posted to the statement of financial position).

	2017	2016
<b>Deferred tax income related to: (*)</b>		
• reversal of deferred taxes	-	-
• allocation of prepaid taxes	(184)	(72)
<b>Total (A)</b>	<b>(184)</b>	<b>(72)</b>
<b>Deferred tax expenses related to: (*)</b>		
• reversal of prepaid taxes	154	203
• allocation of deferred taxes	-	-
<b>Total (B)</b>	<b>154</b>	<b>203</b>
<b>Taxes (prepaid)/deferred (B) – (A)</b>	<b>(30)</b>	<b>131</b>

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

During the year, with a contra-item in "shareholders' equity", "deferred taxes" were recorded for approximate EUR 147 million, related to the fair value measurement of "financial assets available for sale".

	2017	2016
<b>Deferred tax credits</b> related to:		
• costs deductible over several years	-	75
• Other	187	75
<b>Total deferred tax assets</b>	<b>187</b>	<b>150</b>
<b>Deferred tax liabilities</b> related to:		
• valuation of financial assets at fair value	(280)	(126)
• Other	-	-
<b>Total deferred tax liabilities</b>	<b>(280)</b>	<b>(126)</b>

## Note 25 – Information on the cash flow statement

### 25.1 – Change in net working capital

	2017	2016
Current tax credits	(728)	(359)
Receivables from others	379	23,467
Payables to subsidiaries, associated companies and jointly controlled entities	-	1,374
Payables to parent companies	-	-
Current trade payables	2,677	(965)
Other current payables	4,194	(1,629)
Current tax liabilities	(5,227)	(22,268)
<b>Total</b>	<b>1,295</b>	<b>(380)</b>

With reference to the change in the items "receivables from subsidiaries", "current tax assets", "payables to subsidiaries" and "current tax liabilities", please refer to the comments in the respective notes.

## Note 26 Significant non-recurring events and transactions

As stated in the Management Report, 2017 was affected by significant non-recurring events and transactions – as defined in CONSOB Communication no. DEM/6064293<sup>1</sup> – with a negative impact on the economic situation for EUR 5.8 million. In particular, "non-recurring items" refer to expenses for the period attributable to the project to optimise procedures and streamline resources.

## Note 27 - Atypical and/or unusual transactions

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

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

## Other information

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

### (i) Commitments undertaken by the Company

#### *Sistema Tangenziale Esterna*

With regard to the agreements for the investment in "Sistema Tangenziale Esterna", SIAS currently has guarantees in place, pursuant to the Equity Contribution Agreement, for the payment, if certain conditions are met, of approximately EUR 15.1 million as equity reserve and approximately EUR 1.2 million to cover any other charges and costs, also of a tax nature. These guarantees were issued as autonomous first demand guarantees, issued by Intesa Sanpaolo to Tangenziale Esterna S.p.A. on 8 April 2014. Following the agreement with Intesa Sanpaolo, during the year, as from February 2018, the above commitments in favour of Tangenziale Esterna S.p.A. increased by EUR 9.6 million with reference to the Equity Contribution Agreement, to account for a total guarantee value as at 31 December 2017 of EUR 25.9 million.

As part of agreements in which SIAS acquired the stakes held by Itinera S.p.A. in Tangenziali Esterne di Milano S.p.A. and in Tangenziale Esterna S.p.A., the following is reported:

- SIAS S.p.A. undertook to purchase an additional 100 shares in Tangenziale Esterna S.p.A. (for a value equal to EUR 105.6 euro) from Itinera S.p.A.
- SIAS S.p.A. undertook to purchase from Itinera S.p.A. all shares Tangenziale Esterna S.p.A. shares that will be purchased by Itinera S.p.A. under separate agreements for the purchase of (i) 100 shares of Tangenziale Esterna S.p.A. from Salini Impregilo S.p.A. (for a value equal to EUR 105.6, (ii) 2,200,000 shares of TE S.p.A. from Consorzio Tangenziali Engineering (for a value equal to EUR 2.3 million) and 4,649,450 shares in Tangenziale Esterna from CMC Soc. Cooperativa, CMB Soc. Cooperativa, Coopsette Soc. Cooperativa and Unieco Soc. Cooperativa (for a value of EUR 4.9 million).

### (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 – receivables:	the value posted to the financial statements represents their fair value
• cash and cash equivalents:	the value posted to the financial statements represents their fair value
• investments available for sale:	the value posted to the financial statements represents their fair value

#### **Liabilities**

• trade payables:	the value posted to the financial statements represents their fair value
-------------------	--------------------------------------------------------------------------

The "SIAS 2010-2020 bond loan", issued on 26 October 2010, is posted to the financial statements at nominal value net of issue charges. As this involves a listed financial instrument, shown below is a comparison between its market value and the corresponding book values:

SIAS 2010-2020 bond loan (amounts in millions of EUR)	31 December 2017	31 December 2016
• book value in the financial statements	501 <sup>(1)</sup>	500
• official market listing	566	576

<sup>(1)</sup> Payable: EUR 497 million + interest: EUR 4 million

The "SIAS 2014-2024 bond loan", issued on 6 February 2014, is posted to the financial statements at nominal value net of issue charges. As this involves a listed financial instrument, shown below is a comparison between its market value and the corresponding book values:

SIAS 2014-2024 bond loan (amounts in millions of EUR)	31 December 2017	31 December 2016
• book value in the financial statements	511 <sup>(1)</sup>	511
• official market listing	575	568

<sup>(1)</sup> Payable: EUR 496 million + interest: EUR 15 million

### **(iii) Financial risk management**

In compliance with IFRS 7, we specify that in the normal conduct of its business operations, SIAS S.p.A is potentially exposed to the following financial risks:

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

The risks cited above are broken down in detail below:

#### *Market risk*

With regard to the risks associated with *interest rate fluctuations*, the strategy of SIAS S.p.A. is aimed at containing such risk through adequate diversification between fixed-rate and variable-rate loans.

With regard to its exposure to interest rates, at 31 December 2017 SIAS S.p.A.'s financial debt was made up of 75% fixed rate financing (consisting of bond loans) and 25% variable rate financing (for the remaining loans).

Given the share of fixed rate debt and considering that any changes in the interest rates of variable rate loans are specularly reflected on loan agreements entered into, as lender, with the subsidiaries, the "sensitivity analysis" on changes in interest rates is not significant.

#### *Liquidity risk*

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. SIAS S.p.A. believes that the dividend flow from investee companies, together with the diversification of financing sources and the available credit lines, guarantee satisfaction of planned financial requirements; the reimbursement of loans is also secured by flows from the subsidiaries and jointly controlled entities recipient of "intercompany" loans.

The table below shows the breakdown of financial liabilities in place as at 31 December 2017 by maturity date. The amounts shown below also include interest payments (we clarify that the interest on variable-rate loans is calculated based on the last available rate as at the reference date, keeping it constant to maturity).

Lending bank	Company	Total net cash (**)		Maturity (*)					
				Within 1 year		2 to 5 years		Beyond 5 years	
		Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	24,500	6,207	3,500	1,086	14,000	4,214	7,000	907
Mediobanca, UniCredit and UBI	SIAS	143,500	4,584	20,500	845	82,000	3,096	41,000	643
EIB	SIAS	77,000	5,640	11,000	1,065	44,000	3,798	22,000	777
EIB	SIAS	3,571	29	3,571	29	-	-	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	2,857	29	2,857	29	-	-	-	-
EIB	SIAS	12,500	492	4,167	243	8,333	249	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	22,500	709	7,500	343	15,000	366	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	7,500	215	2,500	103	5,000	112	-	-
UBI	SIAS	70,000	560	-	321	70,000	239	-	-
BNL	SIAS	30,000	287	-	168	30,000	119	-	-
Banca Popolare di Milano	SIAS	50,000	332	-	306	50,000	26	-	-
BNL	SIAS	50,000	313	50,000	313	-	-	-	-
<b>Total loans</b>		<b>493,928</b>	<b>19,397</b>	<b>105,595</b>	<b>4,851</b>	<b>318,333</b>	<b>12,219</b>	<b>70,000</b>	<b>2,327</b>
2010-2020 bond loan	SIAS	500,000	67,500	-	22,500	500,000	45,000	-	-
2014-2024 bond loan	SIAS	500,000	118,125	-	16,875	-	67,500	500,000	33,750
<b>Total financial liabilities</b>		<b>1.493.928</b>	<b>205,022</b>	<b>105,595</b>	<b>44,226</b>	<b>818,333</b>	<b>124,719</b>	<b>570,000</b>	<b>36,077</b>

(\*) Distribution upon maturity is based on current residual contract duration

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

1. Bond loans issued as part of the EMTN Programme;
2. Medium- and long - term loans;
3. Uncommitted credit lines referring to current account overdraft/receivables conversion facilities to support working capital needs.

With reference to the Bond loans issued as part of the EMTN Programme and the Convertible bond loan, reference should be made to the description in *Note 13 – Other financial liabilities (non-current)*.

"Medium- and long-term loans as at 31 December 2017 had been disbursed except for a loan granted to SIAS S.p.A. by Unicredit S.p.A., Intesa San Paolo S.p.A. and Cariparma S.p.A., for EUR 270 million. This loan is for payment of the "takeover value" and costs for the first lot of works relative to the concession managed by the subsidiary Autovia Padana S.p.A., which was used on 28 February 2018 for an amount equal to EUR 137 million. Liquidity from the loan was used to finance the above subsidiary in paying the takeover indemnity, on the same date, to the Ministry of Infrastructures and Transport and to the outgoing licensee Autostrade Centro Padane.

The total of available credit lines – set up mainly for current account overdrafts and good till cancelled – was equal to EUR 64 million as at 31 December 2017, and also comprised back up committed facilities for EUR 80 million.

**(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 SIAS S.p.A.) and its "network" companies for services provided to SIAS S.p.A. and its subsidiaries.

Type of services	Parent Company	Subsidiaries
<b>Auditing services</b>		
Auditing of the financial statements - including auditing of the accounts <sup>(1)</sup>	12	153
Auditing of the consolidated financial statements	8	-
Limited auditing of the half-year report as at 30 June	5	29
<b>Miscellaneous services other than certification audit</b>		
Opinion on the distribution of interim dividends	24	-
<b>Other services</b>		
Agreed auditing procedures for quarterly reports as at 30 September	1	9
Agreed audit procedures	40 <sup>(2)</sup>	15 <sup>(3)</sup>
<b>Total<sup>(4)</sup></b>	<b>90</b>	<b>205</b>

(1) The auditing of the accounts by PricewaterhouseCoopers S.p.A. as from the date of the appointment (27 April 2017) to 31 December 2017. Auditing for the first quarter of 2017 was carried out by the previous auditors Deloitte&Touche S.p.A.

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

(3) Audit procedures agreed pursuant to ISA 800 on the financial position and performance as at 30 June 2017 of the subsidiary SATAP S.p.A..

(4) As at 31 December 2017, approximately EUR 178 thousand had been invoiced relative to activities carried out as from the start date of the appointment (27 April 2017).

**(v) Related-party transactions**

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

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

**STATEMENT OF FINANCIAL POSITION:**

<i>(amounts in thousands of EUR)</i>	31 December 2017	Parent Companies	Subsidiaries	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	Total related parties	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Assets</b>								
<b>Non-current assets</b>								
Intangible assets								
Tangible assets	4							
<b>Non-current financial assets</b>								
equity investments in subsidiaries	1.700.914							
equity investments in jointly controlled entities and associated companies	517.536							
equity investments in other businesses – available for sale	57.028							
Receivables	1.465.931		1.383.347		82.584		1.465.931	100%
other	11.135							
<b>Total non-current financial assets</b>	<b>3.752.544</b>							
Deferred tax credits	187							
<b>Total non-current assets</b>	<b>3.752.735</b>							
<b>Current assets</b>								
Inventories								
Trade receivables	3.507		3.485		7		3.492	100%
Current tax credits	6.699							
Other receivables	6.354	29	4.866		615		5.510	87%
Financial receivables	127.744		127.242		502		127.744	100%
<b>Total current assets</b>	<b>144.304</b>							
Cash and cash equivalents	5.823							
<b>Total current assets</b>	<b>150.127</b>							
<b>Total assets</b>	<b>3.902.862</b>							
<b>Shareholders' equity and liabilities</b>								
<b>Shareholders' equity</b>								
Shareholders' equity								
Share capital	113.771							
Reserves and retained earnings	1.974.848							
<b>Total shareholders' equity</b>	<b>2.088.619</b>							
<b>Liabilities</b>								
<b>Non-current liabilities</b>								
Provisions for risks and charges and employee severance indemnity	772					450	450	58%
Bank debt	383.296							
Other financial liabilities	994.062							
Deferred tax liabilities	280							
<b>Total non-current liabilities</b>	<b>1.378.410</b>							
<b>Current liabilities</b>								
Trade payables	6.662	1.483	207		88		1.778	27%
Other payables	13.188		11.404		164		11.568	88%
Bank debt	105.155							
Other financial liabilities	300.388		281.326				281.326	94%
Current tax liabilities	10.440							
<b>Total current liabilities</b>	<b>435.833</b>							
<b>Total liabilities</b>	<b>1.814.243</b>							
<b>Total shareholders' equity and liabilities</b>	<b>3.902.862</b>							

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

More specifically, the main relationships between related parties, arranged by items in the financial statements, are the following:

- Non-current financial receivables for EUR 1,466 million of which EUR 1,383 million from subsidiaries; in particular for EUR 599 million from Società Autostrada Ligure Toscana p.A., EUR 378 million from SATAP S.p.A., EUR 204 million from Autostrada dei Fiori S.p.A., EUR 150 million from Autostrada Asti-Cuneo S.p.A., EUR 53 million from SAV S.p.A and EUR 83 million from jointly controlled and associated companies and in particular EUR 64 million from Tangenziale Esterna S.p.A. and EUR 18.6 million from IGLI S.p.A..

- Trade receivables from related parties for EUR 3.5 million; in particular from the subsidiaries Società Autostrada Ligure Toscana p.A. for EUR 1.4 million, EUR 0.7 million from SATAP S.p.A., EUR 0.6 million from Società di Progetto Autovia Padana S.p.A. and EUR 0.4 million from Autostrada dei Fiori S.p.A..
- Other receivables due from related parties for a total of EUR 5.5 million, of which EUR 3.4 million from Società Autostrada Ligure Toscana p.A., EUR 1.1 million from Autostrada dei Fiori S.p.A. and EUR 0.7 million from jointly controlled and associated companies nearly exclusively due to the receivable from Road Link Holdings Ltd.
- Trade payables to related parties for EUR 1.8 million, in particular 1.5 million to parent companies of which EUR 1.1 million to Argo Finanziaria S.p.A. and EUR 0.4 million to ASTM S.p.A.
- Other company payables to subsidiaries for EUR 12 million, of which EUR 3.5 million to SATAP S.p.A., EUR 2.5 million to Società Autostrada Ligure Toscana S.p.A., 2.4 million to Finanziaria di Partecipazioni e Investimenti S.p.A., EUR 1.1 million to Autostrada dei Fiori S.p.A. and 0.8 million to SAV S.p.A. with reference to tax consolidation.
- Financial payables to subsidiaries for EUR 281 million in particular to SATAP S.p.A. for EUR 165 million, SIAS Parking S.r.l. for EUR 65 million and Autostrada dei Fiori S.p.A. for EUR 51 million.

## INCOME STATEMENT:

<i>(amounts in thousands of EUR)</i>	FY 2017	Parent Companies	Subsidiaries	Companies subject to the control of the Parent	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Financial income and charges</b>								
Income from equity investments:								
from subsidiaries	95.083		95.083				95.083	100%
from jointly controlled entities and associated companies	14.648				14.648		14.648	100%
from other businesses	276						-	0%
capital gains on disposal of equity investments	354		73				73	21%
Total income from equity investments	110.361							
Other financial income	65.928		55.318		6.121		61.439	93%
Interest and other financial charges	(63.599)		(6.094)		(163)		(6.257)	10%
<b>Total financial income and charges (A)</b>	<b>112.690</b>							
<b>Value adjustments of non-current financial assets</b>								
Revaluations	-						-	
Write-downs	(1.615)				(1.615)		(1.615)	100%
<b>Total value adjustments of financial assets (B)</b>	<b>(1.615)</b>							
<b>Other operating income (C)</b>	<b>6.154</b>	<b>6</b>	<b>5.941</b>	<b>34</b>	<b>52</b>	<b>-</b>	<b>6.033</b>	<b>98%</b>
<b>Other operating costs</b>								
payroll costs	(1.808)					(800)	(800)	44%
costs for services	(17.242)	(4.287)	(370)	(17)	(514)	(1.493)	(6.681)	39%
costs for raw materials	(20)							
other costs	(1.369)	(98)	(34)	(32)	-	-	(164)	12%
amortisation, depreciation and write-downs	(3)							
other provisions for risks and charges	0							
<b>Total other operating costs (D)</b>	<b>(20.442)</b>							
<b>Profit (loss) before taxes (A+B+C+D)</b>	<b>96.787</b>							
<b>Taxes</b>								
Current taxes	-							
Deferred taxes	30							
Taxes related to prior years	1.047							
Income from tax consolidation	0							
<b>Profit (loss) for the period</b>	<b>97.864</b>							

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

More specifically, the main relationships between related parties, arranged by items in the financial statements, are the following:

- Financial income for dividends from subsidiaries for EUR 95 million in particular from SATAP S.p.A. for EUR 60 million, from Società Autostrada Ligure Toscana p.A. for EUR 30 million and from SAV S.p.A. for EUR 3.6 million;
- Financial income for dividends from jointly controlled and associated companies for EUR 14.7 million in particular from ATIVA S.p.A. for EUR 13.4 million and from Road Link Holdings Ltd for EUR 1.2 million;
- Other financial income from interest income for EUR 61.4 million of which EUR 55 million from subsidiaries (in particular from Società Autostrada Ligure Toscana p.A. for EUR 29 million, from SATAP S.p.A. for EUR 14 million, from Autostrada dei Fiori S.p.A. for EUR 7.9 million, from Autostrada Asti-Cuneo S.p.A. for EUR 2.2 million and from SAV S.p.A. for EUR 2.2 million) and

from jointly controlled and associated companies for EUR 6.1 million due nearly entirely to the income due from Tangenziale Esterna S.p.A.;

- Interest and other financial charges for EUR 6.3 million for interest expense mainly to SATAP S.p.A. for EUR 4.8 million and Autostrada dei Fiori S.p.A. for EUR 1.3 million;
- Write-downs in investees held as jointly controlled or associated companies for EUR 1.6 million recognised with reference to the investee Road Link Holdings Ltd;
- Other operating income to related parties for EUR 6 million, to subsidiaries for services provided mainly for Società Autostrada Ligure Toscana p.A for EUR 1.7 million, SATAP S.p.A. for EUR 1.5 million, Autostrade dei Fiori S.p.A. for EUR 1.3 million;
- Costs for managerial assistance and services charged by the parent companies ARGO Finanziaria S.p.A. for EUR 3.7 million and ASTM S.p.A. for EUR 0.6 million.

#### **Changes in financial assets**

- SIAS S.p.A. sold 20,281 shares (equal to 0.5% of the share capital) in SINA S.p.A. to ASTM S.p.A., for a total amount of EUR 0.3 million.
- SIAS S.p.A. purchased from Itinera S.p.A. 47,553,345 shares (equal to approximately 10.23% of the share capital) of Tangenziale Esterna S.p.A. for a value of approximately EUR 50.5 million and 4,586,494 shares of Tangenziali Esterne di Milano S.p.A. for a value equal to EUR 3.8 million. Reference is made to information on related-party transactions.

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.

#### **Transactions with Related Parties – Information Documents**

##### **Disclosure pursuant to article 5, paragraph 8 of the Regulation laying down rules on transactions with related parties, adopted by Consob with resolution no. 17221 of 12 March 2010, as amended**

On 27 October 2017 - pursuant to article 5 of the Regulations approved by Consob with Resolution no. 17221 of 12 March 2010, as amended - SIAS S.p.A. prepared and made available to the public the Prospectus on the transaction concerning the acquisition of equity investments held by Itinera S.p.A. in Tangenziale Esterna S.p.A., Tangenziali Esterne di Milano S.p.A., as well as the sale by Itinera S.p.A. of an option in favour of SIAS S.p.A. concerning the shares of Autostrada Asti-Cuneo S.p.A. held by Itinera S.p.A..

#### **(vi) 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.

Information on management and coordination activities of the Companies

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

Pursuant to article 2497-bis, paragraph 4 of the Italian Civil Code, the statement shown below summarises the essential data from the most recently approved financial statements of the aforementioned Company (as at 31 December 2016).

For an adequate and complete understanding of the financial position and performance of Argo Finanziaria S.p.A. unipersonale as at 31 December 2016, 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<sup>(\*)</sup> as at 31 December 2016 of Argo Finanziaria S.p.A. (single member company), parent company that exercises "Management and Coordination"**

**STATEMENT OF FINANCIAL POSITION**

**ASSETS**

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

**LIABILITIES**

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

**INCOME STATEMENT**

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

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

**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 article 154-bis of Legislative Decree no. 58/98**

- The undersigned Paolo Pierantoni as Managing Director and Sergio Prati as Manager in charge of drawing up the corporate accounting documents of SIAS S.p.A., taking into account the provisions of article 154-bis, Paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, do attest:
  - the adequacy with regard to the characteristics of the business and
  - the actual implementationof the administrative and accounting procedures for preparing the separate financial statements for 2017.
  
- Furthermore, we attest that:
  - the separate financial statements as at 31 December 2017
    - a) are prepared in compliance with the international accounting standards approved by the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council dated 19 July 2002;
    - b) correspond to the books and accounting entries;
    - c) provide a true and fair view of the financial position, results and cash flows of SIAS S.p.A.;
  - the Management Report includes a reliable analysis of the operations and results of the Company together with a description of the main risks and uncertainties to which it is exposed.

Tortona, 14 March 2018

The Managing Director

*Paolo Pierantoni*

The Manager in charge of drawing up  
the corporate accounting documents

*Sergio Prati*

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## Report of the Board of Statutory Auditors

(pursuant to article 153 of Italian Legislative Decree no. 58/98 and article 2429, paragraph 2 of the Italian Civil Code)

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*To the Shareholders' Meeting of  
Società Iniziative Autostradali e Servizi S.p.A.*

*Dear Shareholders*

During the year ended at 31 December 2017, the Board of Statutory Auditors of Società Iniziative Autostradali e Servizi S.p.A. (hereinafter also the "Company" or "SIAS"), carried out its supervisory activities in compliance with law, with the principles of conduct recommended for Boards of Statutory Auditors by Italy's National Association of Certified Auditors and Accounting Professionals and notices issued by Consob concerning corporate control and the activities of Boards of Statutory Auditors.

The Board of Statutory Auditors in office was appointed by the shareholders' meeting of 27 April 2017 in compliance with applicable laws, regulations and the Articles of Association, and will end its term of office with the shareholders' meeting called to approve the 2019 Financial Statements.

The company PricewaterhouseCoopers S.p.A. (hereinafter also referred to as the Independent Auditors) was appointed as statutory auditor for nine years (2017-2025), in accordance with Legislative Decree no. 58/1998 and Legislative Decree no. 39/2010 as resolved by the Shareholders meeting of 27 April 2017.

\*\*\*\*\*

Pursuant to Article 153 of Legislative Decree no. 58 of 24 February 1998 the Board of Statutory Auditors is required to report to the Shareholders' meeting called to approve the financial statements, on the supervisory activities carried out and on any detected omissions or improper transactions in addition to the right to make proposals concerning the financial statements, their approval and other matters under its own remit.

Therefore, in accordance with applicable legal provisions, regulations and recommendations and in compliance with the provisions in article 2429, paragraph 2 of the Civil Code, we report below on the activities carried out and conclusions reached.

## **Participation in meetings of corporate bodies**

The Board carried out its supervisory activities, as described below, through periodic meetings, also with the Independent Auditors and the various business functions of SIAS S.p.A. and the Parent Company Argo Finanziaria S.p.A. (which performs Management, Coordination and Control activities) and by participating in Board of Directors' and Committees' meetings. The Board of Statutory Auditors also met with the Board of Statutory Auditors of the parent company ASTM S.p.A. and the Boards of Statutory Auditors of the main subsidiaries and jointly controlled companies.

The following Committees as established within the Board of Directors:

### **Audit, Risk and Sustainability Committee**

The Committee comprises three, non-executive, independent directors, and has an advisory role. The Committee reports to the Board of Directors at least every six months on activities carried out and on the adequacy of the internal control and risk management system, as well as on the Corporate Social Responsibility policies adopted by SIAS, also as regards obligations to produce Non-Financial Disclosure as of Legislative Decree no. 254/2016.

According to the procedure on transactions with related parties adopted by the Issuer, the Committee is also in charge of analysing in advance any transactions with related parties, in order to support the Board's resolutions.

### **Remuneration Committee**

The Committee comprises three, non-executive, independent directors.

In compliance with the Corporate Governance Code, the Remuneration Committee has the power to: (i) submit proposals to the Board concerning remuneration policies for directors and key management personnel; (ii) periodically assess the adequacy, overall consistency and practical implementation of remuneration policies adopted for directors and key management personnel, by using (as regards this latter point) the information provided by managing directors, as well as make proposals to the Board on this subject; (iii) make proposals or express opinions to the Board on the remuneration of executive directors and other directors holding specific offices, as well as on

establishing performance objectives related to the variable portion of this remuneration; (iv) monitor the implementation of decisions adopted by the Board by assessing, in particular, the achievement of performance objectives.

\*\*\*\*\*

In 2017, the Board of Statutory Auditors met 23 times, participated in 12 meetings of the Board of Directors and in 1 shareholders' meeting.

The Audit, Risk and Sustainability Committee met 13 times; the participation of members of the Board of Statutory Auditors in meetings of the Audit, Risk and Sustainability Committee helped the Board carry out its functions as an "internal control and audit committee", pursuant to article 19 of Legislative Decree 39/2010 as amended by Legislative Decree no. 135/2016 and supervise the following, in particular:

- the financial and non-financial disclosure process;
- the effectiveness of internal audit, accounting audit, and risk management systems;
- the statutory auditing of the annual accounts and consolidated accounts;
- the transparency report and additional report prepared by the independent auditors in compliance with criteria as of Regulation 537/2014, noting that, based on information obtained, no critical aspects were identified concerning the independence of the independent auditors;
- aspects related to the independence of the independent auditors, with particular reference to services the latter provides to the audited entity, other than the auditing of the accounts.

During 2017, the Audit, Risk and Sustainability Committee extended its activities to include corporate sustainability issues, in view of the preparation of "Non-Financial Disclosure".

The Remuneration Committee met 7 times during 2017; in 2018, 4 meetings have already been held to review the remuneration policy of SIAS S.p.A., which was subsequently approved by the Board of Directors on 27/03/2018.

The main actions taken during 2017 are outlined below.

## Induction Programme

In June 2017, during a meeting arranged by the Chairman of the Board of Directors, the SIAS Group (SIAS and its subsidiaries, hereinafter also the SIAS Group), and its core business were presented to the new Board of Directors and new Board of Statutory Auditors, focusing in particular on the motorway, planning and engineering sectors and on the strategies related to the development of activities and initiatives aimed at expanding the Group's competitive position on the Italian and international markets.

## 2017-2021 Strategic Plan

On 18 July 2017, the Board of Directors approved the 2017-2021 strategic plan.

The guidelines of the Strategic Plan require the Group to focus, at a national and international level, on its core activities of motorway concessions and technology, streamlining and making the corporate structure efficient, and disposing of non-strategic assets.

## Sustainability Plan

In October 2017, the Board of Directors approved the “*Going Global Sustainably*” document, which takes into account the “2017-2021 Sustainability Plan” of the ASTM-SIAS Group, which sets out the commitments made by the Group concerning sustainability issues in terms of actions to take and concrete results.

In this context, and with a view to disseminating its own *Social Corporate Responsibility* policies, the Board of Directors decided to adopt a non-financial disclosure system in line with international best practices and that complies with applicable laws and regulations, which can create sustainable value in the medium and long term for all stakeholders, develop talent through an integrated system to manage human capital, empowering competencies and different cultures, and protect workers' health and safety.

### **Supervisory activities carried out**

In 2017, the Board of Statutory Auditors, in its capacity as internal control and audit committee pursuant to article 19, paragraph 1 of Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, carried out the specific information, monitoring, control and audit functions and duties and tasks indicated in the aforesaid decree.

The Board of Statutory Auditors gave its opinion when requested by the Board of Directors, also in compliance with provisions which, for some decisions, require the Board of Statutory Auditors to be consulted beforehand.

The Board of Statutory Auditors prepared and sent Consob on 28 April 2017 - as of Consob communication no. DEM/1025564 of 6.4.2001 - the "Summary record of controls carried out by the board of statutory auditors" in 2016.

The main activities carried out are summarised below:

#### ***Supervision on compliance with law, the Articles of Association and Consob instructions***

We monitored compliance with the law, the Articles of Association and Consob instructions, in particular through the information gathered by participating at board of directors' and committees' meetings. To our knowledge, the Company carried out its activity in accordance with such rules and complied with disclosure requirements.

#### ***Supervision on the implementation of corporate governance rules***

We monitored the implementation of, and adjustment to, the codes of conduct - the Corporate Governance Code and the Code of Ethics - which the Company has agreed to abide by.

The Company has endorsed the *Corporate Governance Code* and almost entirely implemented the document drawn up by the *Committee for Corporate Governance of Listed Companies*. In this regard, the Remuneration Committee and the Audit and Risk Committee perform the functions assigned to them, but the company considered it appropriate not to set up the Appointments Committee, and not to draw up a plan for the succession of executive directors.

The Company has undertaken a process of adjustment intended to implement, including through the recent recommendations of the Committee for Corporate Governance of Listed Companies, the guidelines on the inclusion of a variable component in the total remuneration of directors, general managers and key managers of the Company .

In compliance with the instructions issued by Borsa Italiana, the Board of Directors has prepared the “Report on corporate governance and ownership structure” and the “Remuneration Report” pursuant to articles 123-bis and 123-ter of the Consolidated Law on Finance (TUF), respectively. The Board of Statutory Auditors has verified that the above reports be drawn up in compliance with the relevant rules and that the “Report on corporate governance and ownership structure” specifies all aspects of the Corporate Governance Code - highlighted above - that have not been implemented in the governance system of the Company.

The Code of Ethics, the updated version of which was approved by the Board of Directors on 14/03/2018, is included among the documents posted on the Company’s website, in the “sustainability” section.

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, as well as the members of the Board of Statutory Auditors, satisfied the independence requirements envisaged in Application Criterion 3.C.1 of the Corporate Governance Code and article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998.

The Board of Directors

- carried out its annual self-assessment (in accordance with article 1.C.1, letter g of the Corporate Governance Code) regarding the size, composition and functioning of the Board and Committees; the outcome was positive, in the same way as the opinion previously expressed by the independent directors, assisted by the external advisor Willys Towers Watson, that has extensive experience in this field;
- ascertained that its members did not exceed the number of offices held as prescribed by the corporate procedure in place (pursuant to art. 1C.2 of the Corporate Governance Code);

- made sure that the “Report on corporate governance and ownership structure” contained the above information.

The Board of Directors passed the resolutions on matters within its responsibility as prescribed by articles 20 and 21 of the Articles of Association and by certain internal procedures.

### ***Monitoring the adequacy of the organizational structure***

The Board of Statutory Auditors monitored the adequacy of the Company's organisational structure, for aspects in its remit, also using information from senior management and obtained during meetings with representatives of the Independent Auditors, during which no critical aspects were identified.

SIAS's Board of Directors has adopted a Group organizational structure that strengthens the management and coordination role of the Holding over the subsidiaries, as the General Manager and/or certain Directors of the parent company SIAS S.p.A. hold the office of director in the main subsidiaries.

The Board of Statutory Auditors met with the corporate Departments specific to SIAS and those common to the Group, that are more closely related to the performance of its supervisory activities, in order to assess their size and organizational structure in relation to the conduct of their activities and the responsibilities assigned as a result.

As regards areas in its remit, the Board confirmed that the company's organisational structure was adequate.

### ***Supervising compliance with the principles of proper administration and on the most economically significant transactions***

We monitored compliance with the principles of proper administration and we have no specific remarks to make in this regard.

We attended the meetings of the Board of Directors during which the directors were periodically informed by the Managing Director on the business performance of SIAS and the Group, including with respect to the budget economic data; they received prompt and timely information, including with regard to decisions to be made, on the most significant transactions carried out by the

Company and its subsidiaries, as provided by the corporate procedure “Guidelines on significant transactions”.

In this regard, the Board of Statutory Auditors carried out specific analyses for areas in its remit, to review the main events indicated by the Company in its 2017 Management Report.

In particular, the most significant economic, financial and asset transactions undertaken by the Company in the previous year, also through subsidiaries, were:

- Mergers of companies operating in the motorway sector;
- The signing of agreements concerning “Sistema Tangenziale Esterna-Brebemi” and the acquisition of further holdings in Tangenziale Esterna Spa and in Tangenziali Esterne di Milano Spa;
- Additional investments in Brazil through the joint subsidiaries IGLI Spa and Primav Infrastruttura SA..

We believe that the information flow towards the Board of Directors made it possible to fully assess the operating performance of the Company and the risks and opportunities of approved transactions.

According to the information made available to us, we can safely consider that such transactions comply with the law and the Articles of Association, are not manifestly risky or reckless or in conflict of interest or such as to jeopardize the integrity of corporate assets.

### ***Supervising the adequacy of the administrative and accounting system and of the financial reporting process***

On the basis of the activities carried out, the Board of Statutory Auditors believes that the Company’s administrative and accounting system and financial reporting process are, on the whole, adequate.

Based on information obtained from the Manager responsible for financial reporting, the Independent Auditors and Internal Audit and an examination of company documents, we assessed and monitored the adequacy of the administrative and accounting system and its reliability in correctly representing the Company’s operations.

We monitored the financial disclosure process, establishing that the Board of Directors approved the 2017 Financial Statements, the Report on the first half of 2017, the proposal to distribute interim dividends, and relative press releases, making them public according to the times and procedures indicated by applicable law.

During the financial year the Company updated its system of accounting policies and procedures and shared it with the subsidiaries; the accounting principles that the Company has reported using in the preparation of the financial statements and consolidated financial statements are consistent with the rules governing the drafting of those documents.

On 14/03/2018, the Financial Reporting Manager, together with the Managing Director, issued the Certifications prescribed by article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24.2.1998, concerning the adequacy - given the company's characteristics - and effective application of administrative and accounting procedures in place for the preparation of the financial statements and the consolidated financial statements.

As prescribed by Law 262 of 28.12.2005, the Financial Reporting Manager issued this opinion based on the activities carried out in support of said certification and summarized in a special report of 08/03/2018 to the Board of Directors.

The Independent Auditors, to the extent of their responsibilities, reported no significant deficiencies in the internal control system with respect to the financial reporting process.

Finally, in accordance with the recommendations of the joint Bank of Italy-Consob-ISVAP document no. 4 of 3 March 2010, the impairment test procedure, governed by IAS 36, was approved by the Board of Directors on 28/02/2018. The Independent Auditors specifically confirmed to the Board of Statutory Auditors that they had carried out the verification procedures relating to the proper application of the accounting standard IAS 36 and that they had no remarks to make that might impact on their opinions on the 2017 financial statements.

### ***Supervision of the internal control system***

Responsibility for the internal control (and compliance) system rests with the Board of Directors which, with the support of the Audit and Risk Committee, establishes the rules and periodically

reviews the adequacy and effectiveness of the system. The Director responsible for the internal control and risk management system has the task of designing and managing the system.

We assessed and monitored the adequacy and effectiveness of the internal control system and its evolution - as specified below - by participating in the periodic Audit, Risk and Sustainability Committee's meetings, during which we also met with the "Director in charge of the internal control and risk management system", the "Head of the Internal Audit function" and the "Financial Reporting Manager". The Board of Statutory Auditors also organized independent meetings with said parties and with the Supervisory Board, and oversaw the effective and timely exchange of information between the various corporate bodies and committees.

During the financial year, the Head of Internal Audit periodically presented the design and operation of the relevant controls with regard to certain processes, the audit of which was envisaged by the 2017 Internal Audit plan (approved by the Board of Directors on 23/02/2017) and, pursuant to the Corporate Governance Code, he timely sent the Chairman of the Board of Directors the report on the activities carried out pursuant to the aforementioned Audit plan, which were discussed during the Audit, Risk and Sustainability Committee's meetings.

With reference to the control system that oversees the correctness and completeness of financial reporting, the Financial Reporting Manager presented the design of controls on relevant processes and their operation, which were verified with the help of a specialized consulting firm. With regard to the individual subsidiaries, the respective Board of Statutory Auditors confirmed the effectiveness of such controls during FY 2017.

The Company performed a review of the "system for the identification, assessment and monitoring of risks" to which the Company and the Group are exposed; on 14 March 2018, the Board of Directors examined the above "system" and, with the favourable opinion of the Audit, Risk and Sustainability Committee, approved the definition of the nature and level of risk in line with the Company's strategic objectives.

As part of this control system, the Supervisory Board supervises the administrative processes in place to prevent the commission of offences as of Legislative Decree no. 231/2001.

The Board of Statutory Auditors met with the Supervisory Board (SB) and received the Report on activities performed by the SB.

The Company adopted the “Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001” and the “Code of Ethics and Conduct”, making appropriate updates as regards the gradual extension of the application scope of the aforesaid decree.

### ***Monitoring of remuneration policies***

The Board of Statutory Auditors established that in March 2017, on the proposal of the Remuneration Committee in office up until 27 April 2017, the Board of Directors approved the remuneration policy of the Issuer, approved by the Shareholders' Meeting of 27 April 2017.

In line with the remuneration policy defined, an annual incentive system was adopted during 2017 for the Managing Director and General Manager of the Issuer (MBO Plan), which awards a monetary bonus for achieving established economic/financial/project/strategic objectives and technical analysis was started to assess a long-term incentive scheme.

The Remuneration Committee continued in 2018 to analyse a proposal for a long-term incentive scheme for the Issuer's senior management.

The Issuer's remuneration policies are specifically described in the "Remuneration Report" pursuant to article 123-ter of Legislative Decree no. 58/1998, approved by the Board of Directors' meeting of 27 March 2018 on the proposal of the Remuneration Committee.

The Board of Statutory Auditors verified the accuracy of the process and criteria adopted by the Company, including consistency with reference laws, and gave favourable opinions.

### ***Supervision on relations with parent companies, subsidiaries and other related parties***

We monitored on the financial relations between SIAS and parent companies, subsidiaries and other related parties and we have no specific remarks to make in this regard.

Transactions with “related parties” which, in view of the “holding” activities performed by SIAS S.p.A. with the investee companies, have a high impact on the financial statements, are carried out, where applicable, in accordance with the “related party transaction” procedure adopted by the

Company in accordance with the principles laid down in Consob Regulation, as per resolution 17221 of 12 March 2010.

Since “Management and Coordination” activities are carried out – pursuant to art. 2497 of the Italian Civil Code – by Argo Finanziaria S.p.A. unipersonale, the mentioned relationships with both Argo Finanziaria S.p.A. unipersonale and ASTM S.p.A. are also reported in the disclosure required by art. 2497-bis, paragraph 5 of the Italian Civil Code.

In its capacity as “Related Party Committee”, the Audit, Risk and Sustainability Committee expressed three binding opinions during 2017 with respect to the following related party transactions: two opinions with reference to agreements entered into by the subsidiary SATAP S.p.A. for an investment fund to join the share capital of Autovia Padana S.p.A. and one opinion with reference to the acquisition by SIAS S.p.A. of shares in Tangenziale Esterna S.p.A., Tangenziali Esterne di Milano S.p.A. and Autostrada Asti Cuneo S.p.A. held by Itinera S.p.A..

The Board of Statutory Auditors met with the Board of Statutory Auditors of the parent company ASTM S.p.A. and the Boards of Statutory Auditors of the main subsidiaries and jointly controlled companies. Based on the exchange of information with the Board of Statutory Auditors of the parent companies (ASTM S.p.A.), subsidiaries and jointly controlled companies and/or an examination of the Reports to their financial statements for FY 2017, no facts and/or circumstances were detected that need be reported, with specific reference to the adequacy of their respective internal control and administrative and accounting systems.

The Board of Statutory Auditors can confirm the adequacy of the instructions given by the Company to its subsidiaries pursuant to art. 114, paragraph 2 of Legislative Decree no. 58/1998, in relation to financial reporting obligations and other operational areas.

The information provided by the Board of Directors, also with specific reference to intercompany and related party transactions, are considered appropriate with respect to the relevant regulations. More specifically, the aforementioned transactions are considered to be pertinent with respect to the achievement of the corporate purpose, of appropriate amounts and in the interest of the company. In the specific paragraph at the end of the Notes to the financial statements, the Board of Directors provided exhaustive information on transactions carried out with Group companies and

related parties, clearly describing the economic and financial effects thereof, albeit using a different format than that stated in Consob communication no. DEM/6064293 of 28 July 2006.

### ***Supervision of atypical and/or unusual transactions***

To the best knowledge of the Board of Statutory Auditors and based on information gathered from the Independent Auditors and the Financial Reporting Manager, no atypical and/or unusual transactions were carried out with Group companies, third parties or related parties.

### ***Supervision of activities of the Independent Auditors***

The Board of Statutory Auditors analysed the methodological approach adopted by the Independent Auditors and obtained necessary information during activities, interacting at all times with the auditing method used for significant areas of the financial statements, and was given updates on the progress of auditing and on main aspects brought to the attention of the Independent Auditors. To this end, the Board of Statutory Auditors met and exchanged information with representatives of the Independent Auditors in charge of the statutory audit of the accounts in order to collect useful elements for the performance of its supervisory activity regarding the reliability and adequacy of the administrative and accounting system, the quarterly accounting control process and the approach of the financial statements and consolidated financial statements audit and the results thereof.

Based on the meetings that took place, no significant facts and/or circumstances were detected that need be reported.

The Board of Statutory Auditors reviewed the following reports prepared by PricewaterhouseCoopers S.p.A, whose activities are part of the general configuration of control functions established by regulations, with reference to the financial disclosure process:

- the audit reports issued on 28 March 2018, pursuant to article 14 of Legislative Decree no. 39/2010 and article 10 of Regulation (EU) No 537/2014;
- the additional report, issued on 28 March 2018, pursuant to article 11 of the aforementioned Regulation to the Board of Auditors in its capacity as internal control and audit committee;

- annual confirmation of independence, issued on 28 March 2018, pursuant to article 6, paragraph 2, letter a) of the Regulation and in accordance with paragraph 17 of ISA 260.

The above reports on the auditing of the financial statements and consolidated financial statements present a true and fair view of the financial position of SIAS and the Group as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union and with provisions issued implementing article 9 of Legislative Decree no. 38/05.

As from the 2017 financial year, the audit reports on the financial statements and consolidated financial statements explain the key aspects of auditing which, according to the professional opinion of the Independent Auditors, were most significant in auditing the accounts for the year in question.

More specifically:

- as regards the financial statements, the measurement of impairment of equity investments in subsidiaries, associated and jointly controlled companies and in other companies;
- as regards the consolidated financial statements, (i) the measurement of impairment of goodwill and intangible assets referred to concessions (non-compensated reversible assets); (ii) the classification of the takeover value referred to the A21 Torino-Piacenza stretch.

With reference to the above key aspects, for which the reports describe the relative audit procedures adopted, the Independent Auditors did not give a separate opinion, as the issues had been addressed during auditing and in the overall opinion. The above key aspects were analysed in detail and updated during periodic meetings between the Board of Statutory Auditors and Independent Auditors.

The Board of Statutory Auditors also verified that on 13 November 2017, the Independent Auditors issued their opinion in accordance with article 2433-bis, paragraph 5 of the Civil Code regarding the distribution of SIAS S.p.A. interim dividends.

### ***Supervision of the independence of the Independent Auditors***

During 2017, pursuant to article 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors verified and monitored 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 Regulation (EU)

537/2014 of 16 April 2014, in particular, as regards the adequacy of the provision of services other than the auditing of the audited entity.

Given the legal obligations of the current regulatory framework on statutory auditing, the Board of Statutory Auditors, in a capacity as "Internal Control and Audit Committee", approved the "Procedure for the approval of services to assign to the independent auditors and its network" as regards the granting of "permitted" auditing services.

The independent auditors PricewaterhouseCoopers S.p.A. were assigned the following duties and fees during 2017<sup>(1)</sup>.

Type of services	Parent Company	Subsidiaries
<b>Auditing services</b>		
Auditing of the financial statements - including auditing of the accounts <sup>(1)</sup>	12	153
Auditing of the consolidated financial statements	8	-
Limited auditing of the half-year report as at 30 June	5	29
<b>Miscellaneous services other than certification audit</b>		
Opinion on the distribution of interim dividends	24	-
<b>Other services</b>		
Agreed auditing procedures for quarterly reports as at 30 September	1	9
Agreed inspection procedures	40 <sup>(2)</sup>	15 <sup>(3)</sup>
<b>Total<sup>(4)</sup></b>	<b>90</b>	<b>205</b>

(1) The auditing of the accounts by PricewaterhouseCoopers S.p.A. as from the date of the appointment (27 April 2017) to 31 December 2017. Auditing for the first quarter of 2017 was carried out by the previous auditors Deloitte&Touche S.p.A.

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

(3) Audit procedures agreed pursuant to ISA 800 on the financial position and performance as at 30 June 2017 of the subsidiary SATAP S.p.A..

(4) As at 31 December 2017, approximately EUR 178 thousand had been invoiced relative to activities carried out as from the start date of the appointment (27 April 2017).

Moreover, the Board of Statutory Auditors received, as indicated previously, the statement from SIAS S.p.A. confirming the independence of the independent auditors.

No critical issues were detected with regard to the independence of the auditing firm, as confirmed by the said firm pursuant to art. 17, paragraph 9.a) of Legislative Decree 39/2010.

### ***Supervision of non-financial disclosure***

Taking into account Legislative Decree no. 254/2016 on non-financial disclosure and the implementing regulation issued by Consob with the resolution of 18 January 2018, the Board of Statutory Auditors monitored, while carrying out its duties, compliance with the provisions in the degree, as regards the preparation of Non-Financial Disclosure, approved by the Board of Directors on 14 March 2018.

As provided for by article 5 of Legislative Decree no. 254/2016, the consolidated non-financial disclosure of the SIAS Group comprises a separate report.

The Board met the officer in charge of preparing Non-Financial Disclosure several times, as well as representatives from the appointed independent auditors – Deloitte & Touche S.p.A. – to review available documentation.

The Board also acknowledged the report issued on 28 March 2018, which stated that no elements had come to its attention concerning the Group's non-Financial Disclosure, relative to the year ended 31 December 2017, indicating that the Disclosure was non-compliant.

Based on information obtained, the Board of Statutory Auditors declared that during its review of the relative Non-Financial Disclosure, no elements of non-compliance and/or any infringement of relative legal provisions had come to its attention.

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During the supervisory activities carried out by the Board of Statutory Auditors according to the procedures described above, based on information and data obtained, no facts were identified inferring failure to comply with laws or the Articles of Association, or were of an entity that required them to be reported to the Supervisory Authorities or referred to in this Report.

### **Self-assessment of the Board of Statutory Auditors**

The Board of Statutory Auditors consists of three members who have different skills and experiences and comply with “gender” quotas.

The Board of Statutory Auditors held periodic meetings in the course of 2017 on the basis of an Agenda, proposed by the Chairman, with the consent and additions, if any, of the other members.

For 2017, the Board of Statutory Auditors confirmed its compliance with the independence criteria prescribed by the Italian Civil Code and the Consolidated Law on Finance (TUF).

### **Results of the 2017 financial statements and presentation of the corporate documents to the shareholders' meeting**

The corporate documents below are intended for the shareholders' meeting of 19/04/2018, and are filed prior to this date at the registered office of the company.

The Board of Directors approved:

- the draft financial statements and consolidated financial statements at 31.12.2017, together with the Management Report, in its meeting of 14/03/2018;
- the Report on Corporate Governance and ownership structure in the meeting of 14/03/2018;
- the Remuneration Report in the meeting of 27/03/2018.

These documents were delivered to the Board of Statutory Auditors as provided by law.

The financial statements at 31.12.2017 show a net profit for the year of EUR 97,864 thousand, comprehensive income of EUR 99,215 thousand and shareholders' equity of EUR 2,088,619 thousand.

The consolidated financial statements at 31.12.2017 show a net profit of the Group for the year of EUR 238,272 thousand, comprehensive income of the Group of EUR 230,326 thousand and shareholders' equity of the Group EUR 2.072.512 thousand.

The information on operating performance is provided in the aforementioned Company's financial statements.

The Board of Statutory Auditors has received the reports to SIAS's financial statements and consolidated financial statements prepared by PricewaterhouseCoopers S.p.A. on 28 March 2018 and the related Certifications by the Financial Reporting Manager and Managing Director dated 14 March 2018.

Moreover, the Board of Statutory Auditors confirmed that the Company had prepared Non-Financial Disclosure in accordance with Legislative Decree no. 254/2016 and Consob Regulation of 18 January 2018, that will be filed at the registered office together with other documents indicated above, so they are available to Shareholders.

### **Complaints, reprehensible actions, omissions and irregularities**

To date, no reports were received from the shareholders pursuant to Art. 2408 of the Italian Civil Code nor complaints from the shareholders or third parties.

SIAS Supervisory Board noted that no “concerns” were reported to it, including in anonymous form. In the course of our work we found no omissions, reprehensible actions or irregularities.

### **Proposals and comments on matters within our remit**

At its meeting on 14 March 2018, the Board of Directors approved the draft financial statements for the year 2017 and proposed the distribution of a dividend - as balance - of EUR 0.20 per share, given that, on 13 November 2017, an interim dividend (EUR 0.15 per share) had already been approved and then distributed for a total amount of EUR 34,131 thousand.

On the basis of the supervisory activities carried out, the Board of Statutory Auditors, having taken note of the opinion expressed by the Independent Auditors PricewaterhouseCoopers S.p.A. on the 2017 financial statements, has no objection to the proposed approval of SIAS S.p.A.'s financial statements at 31.12.2017 and, after consulting with the Group's CFO regarding the Group's financial plans, it has no objection to the allocation of net profit as proposed by the Board of Directors.

Milan, 28/03/2018

### **The Board of Statutory Auditors**

Daniela Elvira Bruno (Chairperson)

Annalisa Raffaella Donesana

Pasquale Formica

## 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  
Società Iniziative Autostradali e Servizi SpA

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### ***Report on the Audit of the Financial Statements***

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#### ***Opinion***

We have audited the financial statements of Società Iniziative Autostradali e Servizi SpA (“SIAS SpA” or the “Company”), which comprise the balance sheet as of 31 December 2017, the income statement, the other comprehensive income, the cash flow statement, the statement of changes in shareholders’ equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### ***PricewaterhouseCoopers SpA***

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matters</b>	<b>Auditing procedures performed in response to key audit matters</b>
<p><b>Evaluation of the recoverability of the value of investments in subsidiaries, associates, joint ventures and other companies</b></p> <p><i>“Valuation criteria and accounting standards” paragraph “impairment test” and note 3 “Non-current financial assets”</i></p> <p>At 31 December 2017, the Company holds, among “non-current financial assets”, the following investments:</p> <ul style="list-style-type: none"><li>• subsidiaries: Euro 1,700.9 million;</li><li>• jointly controlled entities and associates: Euro 517.5 million;</li><li>• other companies: Euro 57.0 million.</li></ul> <p>The total value of these investments represents approximately 58% of the total assets of the financial statements as of 31 December 2017.</p> <p>According to the accounting standards, investments in subsidiaries, jointly controlled entities and associates are valued at cost; in case of impairment losses, these are recognized in the income statement.</p> <p>“Equity investments in other businesses - available for sale” include equity investments other than controlled, jointly controlled, associates, not held for trading, recorded at fair value through other comprehensive income, with impairment losses booked in the income</p>	<p>We have obtained the models and documentation used by management to identify any impairment loss in accordance with the Procedure and, also through the support of experts belonging to the PwC network, we have carried out the following main auditing procedures:</p> <ul style="list-style-type: none"><li>• analysis of the Procedure and verification of the consistency of its contents with the provisions of IAS 36, as well as of its consistent application;</li><li>• analysis of the results of the audits performed by the component auditors;</li><li>• verification of the mathematical accuracy of the models;</li><li>• evaluation, also through discussions with management, of the reasonableness of the main assumptions underlying the determination of the data included in the models, with particular reference to discount rates, traffic data, tariffs, investments and operating costs;</li></ul>



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statement in case of sale or in the presence of a long lasting decline in value.

In accordance with the accounting standards and with the impairment procedure approved by the Board of Directors on 28 February 2018 (the "Procedure"), the above investments are tested for impairment in presence of indicators of loss in their value.

We considered the valuation of equity investments as a key audit matter, taking into account the significance of the values and the high degree of judgment necessary for the determination of the main assumptions used in the identification of any impairment loss, with particular reference to forecast cash flows and discounting rates.

- reasonableness assessment of the main assumptions used in the event that the recoverable amount was determined according to the fair value less cost to sell;
- verification of sensitivity analysis.

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

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### ***Other aspects***

The financial statements of SIAS SpA for the year ended 31 December 2016 have been audited by another auditor who, on 29 March 2017, expressed a judgment without modification on these financial statements.

The Company, as required by law, has included in the explanatory notes the essential data of the last financial statements of the company exercising on it management and coordination activities; our opinion on the financial statements of SIAS SpA does not extend to such data.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Statutory Auditors ("Collegio Sindacale") is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



- We concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014***

On 27 April 2017, the Shareholders of SIAS SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.



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## ***Report on Compliance with other Laws and Regulations***

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### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

Management of SIAS SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of SIAS SpA as of 31 December 2017, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of SIAS SpA as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of SIAS SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 28 March 2018

PricewaterhouseCoopers SpA

*Signed by*

Piero De Lorenzi  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

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

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# Consolidated Financial Statements

## Consolidated balance sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2017	31 December 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1		
goodwill		36,414	36,414
other intangible assets		12,562	13,327
concessions – non-compensated revertible assets		2,875,433	3,099,800
<b>Total intangible assets</b>		<b>2,924,409</b>	<b>3,149,541</b>
Tangible assets	2		
property, plant, machinery and other assets		57,693	60,737
financial lease assets		2,567	2,157
<b>Total tangible assets</b>		<b>60,260</b>	<b>62,894</b>
Non-current financial assets	3		
investments accounted for by the equity method		680,251	691,042
unconsolidated investments – available for sale		93,849	101,647
receivables		117,228	159,049
other		363,755	226,648
<b>Total non-current financial assets</b>		<b>1,255,083</b>	<b>1,178,386</b>
Deferred tax credits	4	136,521	142,970
<b>Total non-current assets</b>		<b>4,376,273</b>	<b>4,533,791</b>
<b>Current assets</b>			
Inventories	5	23,847	22,007
Trade receivables	6	60,735	68,852
Current tax credits	7	18,202	16,884
Other receivables	8	37,832	34,576
Assets held for trading		-	-
Assets available for sale		-	-
Financial receivables	9	242,841	232,232
<b>Total</b>		<b>383,457</b>	<b>374,551</b>
Cash and cash equivalents	10	441,275	757,514
<b>Subtotal current assets</b>		<b>824,732</b>	<b>1,132,065</b>
Discontinued operations/Non-current assets held for sale	11	45,012	-
<b>Total current assets</b>		<b>869,744</b>	<b>1,132,065</b>
<b>Total assets</b>		<b>5,246,017</b>	<b>5,665,856</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Shareholders' equity attributed to the parent company	12		
share capital		113,771	113,768
reserves and earnings		1,958,741	1,805,010
<b>Total</b>		<b>2,072,512</b>	<b>1,918,778</b>
Capital and reserves attributed to minority interests		260,512	236,402
<b>Total shareholders' equity</b>		<b>2,333,024</b>	<b>2,155,180</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions for risks and charges and Employee benefits	13	196,726	215,306
Trade payables		-	-
Other payables	14	192,804	213,336
Bank debt	15	860,590	927,183
Hedging derivatives	16	55,092	87,466
Other financial liabilities	17	995,405	994,233
Deferred tax liabilities	18	55,691	62,796
<b>Total non-current liabilities</b>		<b>2,356,308</b>	<b>2,500,320</b>
<b>Current liabilities</b>			
Trade payables	19	140,613	142,880
Other payables	20	96,745	111,187
Bank debt	21	257,932	350,349
Other financial liabilities	22	41,683	386,497
Current tax liabilities	23	19,712	19,443
<b>Subtotal current liabilities</b>		<b>556,685</b>	<b>1,010,356</b>
Liabilities directly related to Discontinued operations/Non-current assets held for sale		-	-
<b>Total current liabilities</b>		<b>556,685</b>	<b>1,010,356</b>
<b>Total liabilities</b>		<b>2,912,993</b>	<b>3,510,676</b>
<b>Total shareholders' equity and liabilities</b>		<b>5,246,017</b>	<b>5,665,856</b>

## Consolidated income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2017	FY 2016 Restated <sup>(*)</sup>
<b>Revenues</b>	24		
motorway sector – operating activities	24,1	1,123,298	1,081,205
motorway sector – planning and construction activities	24,2	190,032	175,222
construction and engineering sector	24,3	-	1,048
technology sector	24,4	44,605	38,989
other	24,5	50,145	46,756
<b>Total revenue</b>		<b>1,408,080</b>	<b>1,343,220</b>
Payroll costs	25	(164,084)	(162,658)
Costs for services	26	(400,364)	(362,830)
Costs for raw materials	27	(28,217)	(36,739)
Other costs	28	(123,492)	(122,109)
Capitalised costs on fixed assets	29	715	1,119
Amortisation, depreciation and write-downs	30	(328,144)	(317,653)
Adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets	31	9,948	14,419
Other provisions for risks and charges	32	(6,052)	(2,352)
Financial income:	33		
from unconsolidated investments		34,639	585
other		16,562	17,444
Financial charges:	34		
interest expense		(78,688)	(90,595)
other		(3,638)	(4,059)
write-down of equity investments		(799)	(5,162)
Profit (loss) of companies accounted for by the equity method	35	14,357	2,925
<b>Profit (loss) before taxes</b>		<b>350,823</b>	<b>275,555</b>
Taxes	36		
Current taxes		(95,103)	(99,252)
Deferred taxes		5,644	5,895
<b>Profit (loss) for the period for continued operation</b>		<b>261,364</b>	<b>182,198</b>
<i>Profit (loss) for assets held for sale net of taxes (Discontinued Operation)</i>	37	516	2,183
<b>Profit (loss) for the period</b>		<b>261,880</b>	<b>184,381</b>
<ul style="list-style-type: none"> <li>• portion assigned to Non-Controlling Interests (<i>Continued Operations</i>)</li> </ul>		23,603	22,402
<ul style="list-style-type: none"> <li>• portion assigned to the Parent Company's Shareholders (<i>Continued Operations</i>)</li> </ul>		<b>237,761</b>	<b>159,796</b>
<ul style="list-style-type: none"> <li>• portion assigned to Non-Controlling Interests (<i>Discontinued Operation</i>)</li> </ul>		5	22
<ul style="list-style-type: none"> <li>• portion assigned to the Parent Company's Shareholders (<i>Discontinued Operations</i>)</li> </ul>		<b>511</b>	<b>2,161</b>
<b>Earnings per share</b>	38		
Earnings (euro per share) ( <i>Continued Operations</i> )		1.045	0.702
Earnings (euro per share) ( <i>Discontinued Operations</i> )		0.002	0.009
Diluted earnings per share (euro per share) ( <i>Continued Operations</i> )		0.999	0.656

## Other comprehensive income

<i>(amounts in thousands of EUR)</i>	FY 2017	FY 2016 Restated <sup>(*)</sup>
<b>Profit (loss) for the period (a)</b>	<b>261,880</b>	<b>184,381</b>
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity)	555	(1,446)
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity) – companies accounted for by the equity method	(116)	22
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement when certain conditions are met	(281)	372
<b>Profit (loss) that will not be subsequently reclassified in the Income Statement (b)</b>	<b>158</b>	<b>(1,052)</b>
Profit (loss) posted to "reserve for revaluation to fair value" (financial assets available for sale)	(2,504)	741
Profit (loss) posted to "reserve for cash flow hedge" ( <i>interest rate swap</i> )	42,318	11,688
Profit (loss) posted to "reserve for cash flow hedge" ( <i>foreign exchange hedge</i> )	(821)	14,963
Portion of other profit/(loss) of companies accounted for by the equity method (reserve for foreign exchange translations)	(38,490)	39,958
Tax effect on profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met	(8,066)	(4,760)
<b>Profit (loss) which will be subsequently reclassified in the Income Statement when certain conditions are met (c)</b>	<b>(7,563)</b>	<b>62,590</b>
<b>Comprehensive income (a) + (b) + (c)</b>	<b>254,475</b>	<b>245,919</b>
<ul style="list-style-type: none"> <li>• portion attributable to minority investments (<i>Continued Operations</i>)</li> </ul>	24,116	22,433
<b>portion attributable to parent company's shareholders (Continued operations)</b>	<b>227,006</b>	<b>220,821</b>
<ul style="list-style-type: none"> <li>• portion attributable to minority investments (<i>Discontinued Operations</i>)</li> </ul>	33	27
<b>portion attributable to parent company's shareholders (Discontinued operations)</b>	<b>3,320</b>	<b>2,638</b>

(\*) The comparative data of the previous year have been restated as a result of the classification pursuant to IFRS 5 of costs and revenues of Fiera Parking S.p.A. following the sale programme started in November 2017.

## Consolidated cash flow statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2017	FY 2016
<b>Beginning cash and cash equivalents</b>		<b>757,514</b>	<b>953,990</b>
Change in the scope of consolidation <sup>(1)</sup>	39.1	(5,754)	(13,577)
<b>Beginning cash and cash equivalents, adjusted (a)</b>		<b>751,760</b>	<b>940,413</b>
<b>Profit</b>		<b>261,880</b>	<b>184,381</b>
<b>Adjustments</b>			
Amortisation and depreciation		328,144	317,847
Adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets		(9,948)	(14,419)
Adjustment of the provision for employee severance indemnities		898	1,469
Other provisions		9,250	2,435
Other non-cash income/charges		(8,336)	-
Profit (loss) of companies accounted for by the equity method (net of dividends collected)		1,725	5,797
Other financial income/charges		(32,731)	-
(Revaluations) write-downs of financial assets		799	5,162
Other capitalised financial income/charges		(14,783)	(7,878)
Capitalisation of financial charges		(19,699)	(21,316)
<i>Operating cash flow (I)</i>		<u>517,199</u>	<u>473,478</u>
Net change in deferred tax credits and liabilities		(5,072)	(10,337)
Change in net working capital	39.2	(18,820)	(36,229)
Other changes from operating activity	39.3	(16,109)	(4,234)
<i>Change in net working capital and other changes (II)</i>		<u>(40,001)</u>	<u>(50,800)</u>
<b>Cash generated (absorbed) by operating activity (I+II) (b)</b>		<b>477,198</b>	<b>422,678</b>
Investments in revertible assets		(190,100)	(175,222)
Divestiture of revertible assets		5	245
Grants related to revertible assets		3,795	1,426
<i>Net investments in revertible assets (III)</i>		<u>(186,300)</u>	<u>(173,551)</u>
Investments in property, plant, machinery and other assets		(3,383)	(4,477)
Investments in intangible assets		(2,161)	(2,599)
Net divestiture of tangible and intangible assets		245	659
<i>Net investments in intangible and tangible assets (IV)</i>		<u>(5,299)</u>	<u>(6,417)</u>
(Investments)/divestiture in non-current financial assets		(14,487)	(731)
Divestiture of non-current financial assets – equity investments:			
<i>purchase of equity investments TE/TEM</i>		(54,249)	-
<i>sale of parking sector</i>		61,500	-
<i>sale of investments</i>		8,881	-
<i>Net investments in non-current financial assets (V)</i>		<u>1,645</u>	<u>(731)</u>
Purchase of shares Igli S.p.A. capital increase (VI)		-	(208,292)
<b>Cash generated (absorbed) by investment activity (III+IV+V+VI) (c)</b>		<b>(189,954)</b>	<b>(388,991)</b>
Net change in bank debt		(131,355)	(125,509)
Change in financial assets		(14,735)	9,895
(Investments)/Divestiture of capitalisation policies		(20,671)	16,768
Change in other financial liabilities (including Central Insurance Fund)		(356,183)	(15,844)
Changes in capital and reserves attributed to Non-Controlling Interests		11,403	(17,283)
Changes in shareholders' equity attributed to the Parent Company		-	-
Dividends (and interim dividends) distributed by the Parent Company		(75,088)	(72,806)
Dividends (and interim dividends) distributed by Subsidiaries to Non-Controlling Interests		(11,100)	(11,807)
<b>Cash generated (absorbed) by financial activity (d)</b>		<b>(597,729)</b>	<b>(216,586)</b>
<b>Ending cash and cash equivalents (a+b+c+d)</b>		<b>441,275</b>	<b>757,514</b>
<b>Additional information:</b>			
• Taxes paid during the period		97,524	123,061
• Financial charges paid during the period		94,544	95,388
• Operating free cash flow			
<i>Operating cash flow</i>		517,199	473,478
<i>Change in net working capital and other changes</i>		(39,511)	(50,800)
<i>Net investments in revertible assets</i>		(186,300)	(173,551)
<i>Operating free cash flow</i>		<u>291,388</u>	<u>249,127</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	Revaluat. reserves	Legal reserve	Reserves for revaluation to fair value	Reserve for cash flow hedge	Capital reserves	Profit reserves	Exch. rate diff. reserve	Reserve for discounting Employee Severance Indemnity	Retained earnings (losses)	Profit (loss) for the period	Total shareholder s' equity attributed to Parent Company's Shareholders	Capital and reserves attributed to minority interests	Total shareholder s' equity
<b>31 December 2015</b>	<b>113,754</b>	<b>689,260</b>	<b>5,434</b>	<b>26,338</b>	<b>5,435</b>	<b>(110,680)</b>	<b>34,590</b>	<b>88,580</b>	<b>(559)</b>	<b>(24)</b>	<b>784,605</b>	<b>128,839</b>	<b>1,765,572</b>	<b>249,612</b>	<b>2,015,184</b>
Allocation of 2015 profits											87,888	(87,888)	-		-
Distribution of 2015 balance dividend (EUR 0.18 per share)												(40,951)	(40,951)	(7,775)	(48,726)
Distribution of 2016 interim dividend (EUR 0.14 per share)												(31,855)	(31,855)	(4,032)	(35,887)
SIAS bond conversion	14	286									(7)		293		293
Change in the scope of consolidation											2,204		2,204	1,352	3,556
Acquisition of minorities and other changes											56		56	(25,215)	(25,159)
Comprehensive income <sup>(1)</sup>					816	21,624		39,949	(887)		161,957		223,459	22,460	245,919
<b>31 December 2016</b>	<b>113,768</b>	<b>689,546</b>	<b>5,434</b>	<b>26,338</b>	<b>6,251</b>	<b>(89,056)</b>	<b>34,590</b>	<b>88,580</b>	<b>39,390</b>	<b>(911)</b>	<b>874,746</b>	<b>130,102</b>	<b>1,918,778</b>	<b>236,402</b>	<b>2,155,180</b>
Allocation of 2016 profits											89,145	(89,145)	-		-
Distribution of 2016 balance dividend (EUR 0.18 per share)												(40,957)	(40,957)	(6,783)	(47,740)
Distribution of 2017 interim dividend (EUR 0.15 per share)												(34,131)	(34,131)	(4,317)	(38,448)
SIAS bond conversion	3	62											65		65
Change in the scope of consolidation													-	(295)	(295)
Acquisition of minorities and other changes											(1,569)		(1,569)	11,356	9,787
Comprehensive income <sup>(1)</sup>					(3,176)	33,579		(38,475)	126		238,272		230,326	24,149 <sup>(2)</sup>	254,475
<b>31 December 2017</b>	<b>113,771</b>	<b>689,608</b>	<b>5,434</b>	<b>26,338</b>	<b>3,075</b>	<b>(55,477)</b>	<b>34,590</b>	<b>88,580</b>	<b>915</b>	<b>(785)</b>	<b>962,322</b>	<b>204,141</b>	<b>2,072,512</b>	<b>260,512</b>	<b>2,333,024</b>

## Notes:

(1) The breakdown of this item is included in the related "statement of comprehensive income" (at the bottom of the "income statement")

(2) Minority interests' profit	23,608
Adjustment to "IRS", pro-rata share	144
Adjustment to fair value, pro-rata share	380
Adjustment for foreign exchange differences, pro-rata	(15)
Adjustment employee severance indemnity, pro-rata share	32
"Comprehensive" income attributable to minority interests	<u>24,149</u>

## Reconciliation statement between the shareholders' equity, the profit (loss) for the period of SIAS S.p.A. and the corresponding amounts of the SIAS Group

<i>(amounts in millions of EUR)</i>	Shareholders' equity	Profit/(loss)
<b>SIAS S.p.A. as at 31 December 2016</b>	<b>2,064.4</b>	<b>90.7</b>
Shareholders' equity and profit of the consolidated companies	1,554.5	178.3
Book value of the consolidated companies	(1,700.1)	-
Reversal of dividends received from subsidiaries, jointly controlled entities and associated companies	-	(107.0)
<b>SIAS group as at 31 December 2016 – attributed to the parent company's shareholders</b>	<b>1,918.8</b>	<b>162.0</b>

<i>(amounts in millions of EUR)</i>	Shareholders' equity	Profit/(loss)
<b>SIAS S.p.A. as at 31 December 2017</b>	<b>2,088.4</b>	<b>97.9</b>
Shareholders' equity and profit of the consolidated companies	1,685.0	250.1
Book value of the consolidated companies	(1,700.9)	-
Reversal of dividends received from subsidiaries, jointly controlled entities and associated companies	-	(109.7)
<b>SIAS group as at 31 December 2017 – attributed to the parent company's shareholders</b>	<b>2,072.5</b>	<b>238.3</b>

Principles of consolidation,  
valuation criteria and  
explanatory notes

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## General information

Società Iniziative Autostradali e Servizi S.p.A. (SIAS S.p.A.) is organised according to the laws of the Italian Republic.

SIAS S.p.A. - as an industrial holding company - through its subsidiaries, mainly operates in Italy in the sectors of licensed motorway construction and operation.

The registered office of the Parent Company is at via Bonzanigo 22, 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 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 Board of Directors of SIAS S.p.A examined and approved the consolidated financial statements of the SIAS Group on 14 May 2018.

### **Preparation criteria and contents of the consolidated financial statements**

Based on the provisions of article 3, paragraph 1 of Legislative Decree no. 38 of 28/2/2005, these consolidated financial statements were prepared in accordance with the **international accounting standards (IFRS)** issued by the International Accounting Standards Board (IASB) and approved by the European Commission. IFRS means all revised international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"). Consequently, also the comparative data referring to the previous financial year complies with the cited accounting standards.

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

## Principles of consolidation and valuation criteria

### Principles of consolidation

In addition to the financial statements of the Parent Company Società Iniziative Autostradali e Servizi S.p.A., these consolidated financial statements include the financial statements of the companies over which it exercises control (these financial statements, that have been approved by the related Boards of Directors, were suitably adjusted/restated to make them compatible with the Parent Company's regulations and the IAS/IFRS international accounting standards for preparing financial statements). Control occurs when the Parent Company has the power to direct the relevant activities of the company and is exposed to the variability of its profit/loss. The financial statements of subsidiaries are included in the consolidated financial statements starting from the date upon which control is assumed until the moment control ceases to exist.

Joint arrangements can be classified as (i) "interests in joint ventures" if the Group holds the rights to net assets under the arrangement, e.g. for a company with its own legal status, or (ii) "jointly controlled entities" if the Group holds the right to assets and obligations on liabilities underlying the arrangement. The classification of SIAS Group agreements is based on an analysis of the contractual rights and obligations. In particular, in the current agreements signed by the SIAS Group, the Group holds the rights to the net assets covered by the agreement and – consequently – these agreements are classified as "interests in joint ventures".

Companies over which "significant influence" is exercised are assessed according to the "equity method".

In the paragraph "Scope of consolidation", 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, income and expenses of the consolidated companies, regardless of the percentage investment held and attributing to minority shareholders the share of profits and provisions applicable to them in a dedicated heading of shareholders' equity called "Capital and reserves attributed to minority interests".

The main consolidation adjustments made were the following:

1. Elimination of equity investments in businesses included in the scope of consolidation and of their corresponding fractions of shareholders' equity attributing the current value as at the date of acquiring control to the individual elements of the statement of financial position. If the requirements are met, any positive difference is posted to the asset item "Goodwill". A negative difference is recognised in the income statement.

The premium/lower price paid for a corresponding fraction of shareholders' equity, from the acquisition of additional shares of subsidiaries, increased/decreased the shareholders' equity by the same amount.

The acquisitions of controlling shareholdings as part of the same Group (i.e. "business combinations under common control") are accounted for according to ongoing value.

2. Elimination of receivables and payables between businesses included in the scope of consolidation, as well as income and expenses related to transactions between the businesses themselves. Significant profit and loss from transactions between these companies and related to amounts included in the statement of

financial position and the income statement were eliminated, except only for those related to the planning and construction of non-compensated revertible assets which are entered at fair value pursuant to IFRIC 12, as described later on. Intercompany losses are not eliminated if they reflect an impairment in value of the underlying asset.

3. Reversal of dividends collected from the consolidated companies.

#### *Valuation of investments with the "equity method"*

The equity investment is initially entered at cost and the book value is increased or decreased to record the share of profits and losses of the investee company accruing to the holding company, which are realised after the acquisition date. Any goodwill included in the value of the investment is subject to an impairment test. The acquisition cost is attributed to the pro-rata amount of the fair value of the identifiable assets and liabilities of the associated companies or joint ventures, and the difference as goodwill. The portion of operating profits of the investee company accruing to the holding company is posted to the income statement of the holding company, except for the effects of other changes to shareholders' equity of the investee other than transactions with shareholders, which are entered directly in the statement of comprehensive income of the Group. For any losses exceeding the book value of the investments, the excess is recognised to a special provision under liabilities to the extent to which the investor is committed to legal or implicit obligations to the investee or in any event to cover its losses.

Dividends received from an investee company reduce the book value of the investment.

## Valuation criteria

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

### Intangible assets

#### *Goodwill*

As an intangible asset, this is not subject to amortisation. An impairment test is conducted at least annually, and in any case when events arise that may indicate a reduction in value. This check is carried out at the level of the individual cash generating unit to which goodwill has been allocated and based on which Management evaluates the yield of the investment. Write-downs are not subject to reversal.

#### *Concessions – introduction*

Based on contractual agreements (Concessions) included in the scope of application of IFRIC 12, the licensee operates as service provider with regard to (i) the construction and/or improvement of the infrastructure used to provide public service and (ii) its management and maintenance for a specific time-frame. As a result, the construction and improvement activities of the infrastructure can be compared to those of a construction company. Therefore, in the period during which these services are provided, construction revenue and costs are recorded in the income statement, pursuant to IAS 11.

As provided for in IFRIC 12, for construction and/or improvement services rendered by the licensee, the grantor pays an amount to the licensee, to be recorded at its fair value, which can consist of rights to:

- a) a financial asset (the so-called financial asset model); or
- b) an intangible asset (the so-called intangible asset model).

The financial asset model is applied when the licensee has an unconditional right to receive contractually guaranteed cash flows (so-called "guaranteed minimum amount") for construction services, regardless of the actual use of the infrastructure.

On the other hand, in the intangible asset model the licensee acquires the right to charge users with a fee for the use of the infrastructure, in return for construction and improvements services on the infrastructure. Therefore, the licensee's cash flows are not guaranteed by the grantor, but are related to the actual use of the infrastructure by users, thus implying a demand risk for the licensee. This risk implies that revenue from the exploitation of the right to charge users for the use of the infrastructure is not enough to ensure an adequate remuneration margin for the investments made.

We talk about a mixed accounting model if the licensee is paid for construction and improvement services on the infrastructure partly by means of a financial asset and partly through an intangible asset. In this case, it is necessary to separate the parts of the agreement referring to the financial asset and those referring to the intangible asset. In this event, IFRIC 12 sets out that the licensee firstly calculates the part concerning the financial asset and then the amount referring to the intangible asset in a residual way (as compared to the value of the construction and/or improvement services rendered).

With regard to the concession agreements held by the **motorway licensees**, the intangible asset model is applicable, while for the agreements held by the remaining companies (including those of the parking sector with reference to final 2016 data) the mixed model (represented by both the financial asset model and the intangible asset model as part of the same concession) as well as the intangible asset model are applicable.

#### *Concessions – non-compensated revertible assets*

"Non-compensated revertible assets" represent the right of the Licensee to use the asset under concession, given the costs incurred for planning and construction activities of the asset. The value corresponds to the fair value of the planning and construction activities plus financial charges capitalised during the construction phase, in adherence with the requirements set forth in IAS 23. The book value of these assets is represented net of "capital grants" (the receivable related to these capital grants is posted – in compliance with the financial model of the Interpretation IFRIC 12 – among "financial receivables"); capital grants, as interpreted by IFRIC 12, are deemed as the right to obtain a prearranged amount (financial asset) against the costs incurred to carry out the works.

These assets are amortised on the basis of the expected traffic (kilometres) over the term of the individual concessions, a method that reflects the way in which the future economic benefits deriving from the asset are expected to be used by the Licensee. In determining the amortisation of revertible assets of some investee companies, the "takeover" values set out in current agreements, or in the financial plans that are currently being examined by the Granting Body, have been taken into account for these investments.

Concerning non-compensated revertible assets, the depreciation reserve and the provisions for restoration, replacement or maintenance, considered overall, provide adequate coverage of the following expenses:

- free alienation to the Grantor, 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 charges needed to make the assets available for use.

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

<u>Category</u>	<u>Rate</u>
Land	not depreciated
Non-industrial and industrial buildings	3% - 4%
Plant, machinery and vehicles	4% - 5% - 8% - 10% - 20%
Technical equipment	12% - 15% - 25%
Facilities and light structures	10% - 12% - 25%
Automobiles and motor vehicles	20% - 25%
Office furniture and machines	12% - 20%

*Leased assets – Financial lease contracts*

Assets purchased with a financial lease transaction are posted among the assets of the statement of financial position at the lesser of fair value or present value of the lease payments owed to purchase them, which is determined using the interest rate implied in the lease. As a contra entry, the value is posted among liabilities as a financial payable to the lessor. Any direct costs incurred in 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 charges posted to the income statement according to the matching principle.

Ordinary maintenance costs of tangible assets are posted to the income statement for the period in which they are incurred.

*Leased assets – Operating lease contracts*

Lease payments for operating leases are posted to the income statement and constant amounts distributed across the duration of the underlying contract.

Inventories

*Raw materials, ancillary materials, consumables, semi-finished goods, finished goods and merchandise*

These are valued at the lesser of the cost – determined with the "average weighted cost" method – and the "net realisable value".

*Contract work in progress*

This item is assessed, on the basis of the fees agreed, based on the progress of construction/execution activities on the reference date of the accounting situation, in line with the "completion percentage" method. Advances paid by clients are deducted from the value of the inventories to the extent of the fees accrued; The remainder is posted to liabilities. Any losses at the end are posted to the income statement.

Requests for additional payments because of change to contractual works or other requests due, for example, to greater expenses incurred for reasons attributable to the client, are recognised in the financial statements in the total payments, when and to the extent that it is probable that the counterparty will accept them.

Financial assets held for trading

These include the financial assets/securities held for the purpose of trading.

These are recorded at fair value at the settlement date of the transaction. Profit and losses from any changes in the fair value are posted to the income statement. When the fair value cannot be reliably determined, the financial asset is valued at cost, adjusted in the event of any loss of value.

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

Financial assets held to maturity

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

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

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

Loans and Receivables

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

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

Financial assets available for sale

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

These are recorded at fair value as at the settlement date of the transaction. Profits and losses from later changes in fair value are accounted for by the equity method as the contra entry until the asset is sold and the income is posted

to the income statement. In determining the fair value as at the date of the report, the following was taken into account: i) the security listing on active markets or the listing of similar securities; ii) variables other than listings on active markets that can be observed on the market, either directly (listings) or indirectly (listing derivatives); iii) the values that can be inferred from recent appraisals or transactions (these values are not always based on market values that can be observed), or from business models/plans. If the fair value cannot be reliably established, the financial asset is valued at cost (pro-rata share of shareholders' equity) if it is considered as better representing the situation of the fair value of the equity investment.

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

#### Non-current assets held for sale/discontinued operations

Non-current assets held for sale or disposal groups whose book value will be mainly recovered through sale rather than through continuous use, are classified as held for sale and presented separately from the other consolidated statement of financial position assets and liabilities. The corresponding statement of financial position values of the previous period were not reclassified in the consolidated statement of financial position, but are indicated in the comment of the individual items of the notes when these are significant.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria:

- it represents a major line of business or geographical area of operations;
- it is part of a coordinated disposal plan of a major line of business or geographical area of operations;
- it is a subsidiary acquired solely for the purpose of being sold.

The results of discontinued operations—whether disposed of or classified as held for sale—are entered separately in the consolidated income statement net of fiscal effects. The corresponding values for the previous period, where present, are reclassified and entered separately in the consolidated income statement, net of fiscal effects, for the purposes of comparison. Non-current assets held for sale or disposal groups classified as held for sale are initially recognised in compliance with the specific IFRS of reference applicable to each asset and liability and then are recognised at the lesser of the carrying amount and related fair value, net of the sale costs.

Any following impairment losses are recognised directly to adjust the non-current assets or disposal groups classified as held for sale with a contra-entry in the consolidated income statement.

A reversal is recognised for each subsequent increment of the fair value of an asset net of the sale costs, but only up to the loss for the overall impairment previously recognised.

#### Financial receivables

"Financial receivables" include:

- receivables from connected companies for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period (so-called cash in transit);
- repurchase agreements;

- term current accounts;
- receivables for capital grants which are recognised as financial assets, in accordance with the provisions of the IFRIC 12 interpretation;
- financial receivables for the discounted amount of minimum cash flows guaranteed by the Granting Body, resulting from the application of the financial asset model (IFRIC 12) for parking sector companies.

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

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

#### Cash and cash equivalents

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

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

#### Loans and other liabilities

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

With regard to the *bond loan convertible* into ordinary shares, in the financial statements as at 31 December 2016, we separated the components of the loan itself at the time of initial posting, in accordance with IAS 32, because it is a composite financial instrument.

The "*liability component*" is equal to the present value of net cash (principal + interest) related to the debenture loan, discounted at the market interest rate (equal to the cost of the debt capital of the issuer over 12 years; this rate is considered representative of the yield on similar fixed-income securities that do not carry a right of conversion).

The "*shareholders' equity component*" is equal to the difference between the present value of net cash (as determined above) and the cash from the bond issue net of related deferred tax effects.

Financial charges are calculated on the "*liability component*". They are imputed to the income statement based on the "*market interest rate*" mentioned above.

#### Payables to ANAS and the Central Insurance Fund

These payables refer to operations undertaken by the parties in question during earlier accounting periods on behalf of a number of motorway licensees for the payment of loan instalments and trade payables. To facilitate the economic and financial equilibrium of the respective concessions, the financial plans attached to them require repayment of these liabilities based on the duration of the concession, in the absence of related interest payments.

Therefore, these payables have been discounted based on a specific interest rate for each licensee. In compliance with IAS 39, this interest rate is established using as a reference financial instruments with essentially the same conditions and features (the discounting rates that have been used vary between 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 charges*". At the same time, the amount previously deferred (and included in "*deferred income*") is posted to the item "*other income*".

#### Provisions for risks and charges

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

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

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

#### *Provision for restoration, replacement or maintenance of non-compensated revertible assets*

Consistent with the contractual obligations in the financial plans attached to current agreements, as at the reporting date, the "Provision for restoration, replacement or maintenance of non-compensated revertible assets" receives the provisions needed to carry out maintenance to ensure the due functionality and safety of the motorway network during later accounting periods.

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

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

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

#### Revenues

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

#### *Revenues from product sales*

Revenues from product sales are recognised when the risks are transferred to the buyer, a moment that usually

coincides with shipping/delivery.

#### *Revenues for services*

Revenues for services are recognised based on the accrued payment.

#### *Revenues for works and planning*

Revenue accruing during the period related to contract work in progress is posted based on the agreed payments as a function of the state of progress of the work, according to the percentage of completion method.

#### Financial income

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

#### Dividends

Dividends paid by unconsolidated companies are posted when the right to receive them is established, which corresponds to the date that the Shareholders' Meeting of the investee companies approves the distribution.

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

#### Grants

Grants are recognised when there exists a reasonable certainty that they will be received and that all the conditions for their disbursement will be met. Capital grants are posted to the statement of financial position as an adjustment entry to the book value of the asset to which they refer. Operating grants are imputed as income and systematically allocated to the cost related to them using the matching principle.

#### Financial charges

Financial charges are recorded, on an accrual basis, as a cost in the accounting period in which they are incurred except for those which are directly imputable to the construction of non-compensated revertible assets and other assets, which are capitalised as an additional part of the cost of production. Capitalisation of financial charges begins when activities are under way to prepare the asset for use, and it ends when these activities are essentially completed.

#### Income taxes

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

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

In accordance with IAS 12, "deferred tax liabilities" and "deferred tax credits" are calculated based on the temporal differences between the recognised value for tax purposes of an asset or a liability and its value on the statement of financial position, when it is probable that these differences will cancel themselves out in the foreseeable future. The amount of the "deferred tax liabilities" or "deferred tax credits" is determined based on tax rates that are expected to apply to the period in which the tax credit is realised or the tax liability is extinguished. The tax rates are those established in current fiscal legislation as at the reference date of the individual accounting entries.

Deferred tax credits are posted when their recovery is likely.

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, for example, covering the variability of cash flows from assets/liabilities at a variable rate), changes to fair value of the derivatives are initially posted to shareholders' equity and later imputed to the income statement along with the economic effects produced by the transaction hedged. Changes to the fair value of derivatives that do not satisfy the conditions to be classified as hedges are posted to the income statement.

#### Impairment test

The book values of the Company's assets are measured for impairment at the end of each reporting period (or in the case of impairment indicators). If the impairment is detected, the recoverable value of the asset is estimated. Impairment is accounted for in the income statement when the book value of an asset or of a cash generating unit exceeds the recoverable value.

Intangible assets with indefinite useful life (goodwill) are assessed every year and whenever there is an indication of potential impairment, in order to ascertain if such impairment effectively exists.

As regards goodwill related to motorway licensees, in line with the provisions of IAS 36, the Company determined the "useful life" of each Cash Generating Unit (CGU) by discounting the future cash flows deriving from the motorway management activity. 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 licensee 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 real, post-tax WACC rate. A "real" rate was adopted (by deducting real inflation from the nominal rate) since the financial plans adopted have been prepared using a "constant currency".

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

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

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

With regard to the Cash Generating Units, for which the "useful life" was calculated, *sensitivity analysis* of the results was also carried out, changing both the flows components (toll revenues/traffic volumes) on the basis of the various scenarios included in the specific traffic studies, and the discounting rates applied, varying the risk premium in the +0.5- 0.5% range. This analysis did not highlight significant differences with the "useful lives" originally obtained.

With regard to investments in Brazil held through the jointly controlled 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 also considering stock exchange listings at 31 December 2017 of the listed asset Ecorodovias Infraestrutura e Logistica S.A..

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

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

The losses posted in the income statement are written back in case of changes in the valuation criteria used to determine the recoverable value. A value write-back is recorded in the income statement by aligning the book value of the assets to its recoverable value. The latter cannot exceed the value that would have been determined, net of amortisation and depreciation expense, if impairment had not been posted in the previous years.

#### Earnings per share

The basic earnings per share are calculated by dividing the Group share of profit by the weighted average of Parent Company shares in issue during the year.

For both the profit attributable to the Group and for the above mentioned weighted average, diluted earnings per share are calculated taking into account the effects of full conversion of all the outstanding convertible bonds.

### Estimates and valuations

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

Generally, some valuation processes – in particular the most complex ones, such as the assessment of any loss in value of long-term assets – are completely carried out only upon drawing up of the financial statements, when all necessary information is available. However, in case there is evidence of potential losses in value, an impairment test is carried out and the potential loss is reflected in each single book value.

### Translation of foreign currency items

The statement of financial position and income statement of each consolidated company are prepared using the functional currency of the economy in which each company carries out its operations. Transactions in foreign currencies other than the functional currency are recorded at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a currency other than the functional currency are subsequently adjusted at the exchange rate prevailing as at the reporting date with any exchange rate differences recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated using the exchange rate prevailing at the time the transaction was first recognised.

For the purpose of consolidation in the Group accounts, the income statement and statement of financial position of consolidated companies with functional currencies other than the Euro are translated by applying the exchange rate prevailing as at the reporting date to assets and liabilities, including goodwill and adjustments made upon consolidation, and the average exchange rates for the year or for the consolidation period, whichever is less, to income statement items. The resulting foreign exchange differences are recognised directly in the statement of comprehensive income and reclassified to the income statement upon loss of control over the investee and, therefore, upon de-consolidation.

The main exchange rates applied during the period to translate the income statements and statements of financial position with functional currency other than the Euro, are those published by the Bank of Italy and presented in the following table:

Foreign currency	2017	
	Exchange rate as at 31 December (*)	Average annual exchange rate
EUR/GBP Great Britain	0.88723	0.87667
EUR/BRL	3.9729	3.6041

(\*) exchange rate as at 29 December 2017

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

Any items in the previous consolidated financial statements that were reclassified in order to make them comparable with the amounts reported in the current year are illustrated in detail in the Explanatory Notes.

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## New standards and interpretation adopted by the EU and effective from 1 January 2017

- Amendments to **IAS 12 – Income tax**: recognition of assets for deferred tax assets on unrealised losses. On 6 November 2017, Regulation EU 2017/1989 was issued enacting some amendments to IAS 12 (Income Tax) at an EU level, to clarify the recognition of assets for deferred tax assets on unrealised losses relative to debit instruments measured at fair value.
- Amendments to **IAS 7 – Statement of Cash Flows** - Disclosure Initiative. On 6 November 2017, Regulation EU 2017/1989 was issued enacting some amendments to IAS 7 (Statement of Cash Flows) at an EU level. The purpose of these amendments is to provide additional information for financial statement users to evaluate changes (cash flows and otherwise) in liabilities arising from financing activities, indicating the following in the reconciliation between the opening and closing balance of these liabilities:
  - changes in cash flows from financing activities;
  - changes from the purchase or loss of control of business units;
  - changes in fair value; and
  - other changes.

The above amendments had no significant impact on the consolidated financial statements of the SIAS Group at 31 December 2017.

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

At the reporting date of this financial report, the following standards had been issued by the IASB and adopted by the EU:

- **IFRS 15 - Revenue from Contracts with Customers** applicable from **1 January 2018** is intended to replace *IAS 18 - Revenue and IAS 11 - Construction Contracts, and IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenues-Barter Transactions Involving Advertising Services*. The standard establishes a new model for revenue recognition, to be applied to all contracts signed with customers except those covered by other IAS/IFRS standards such as leases, insurance contracts and financial instruments. According to the new model, the key steps for revenue accounting are:
  - contract identification with the customer;
  - identification of contractual performance obligations;
  - price setting;
  - price allocation to the contractual performance obligations;
  - revenue recognition criteria when the entity satisfies each performance obligation.

A work group was set up analysing in advance the effects that the application of the new standard IFRS 15 could have on the recognition of the revenue of the Group. As regards the motorway sector (main sector in which the Group operates), no significant differences compared to current criteria were identified; with reference to other sectors, the analyses conducted estimated, on a preliminary basis, a limited impact on main Group indicators, such as shareholders' equity. In particular, analyses conducted so far referred main areas to the following aspects: (i) determination of the transaction price in the case of variable amounts, (ii) measurement of the progress of contract work in progress, (iii) accounting treatment of pre-operating costs and costs for contractual obligations.

- **IFRS 9 – Financial instruments**, applicable as from **1 January 2018**. The document contains the results of IASB project stages relating to classification and measurement, impairment and hedge accounting, with a view to replacing IAS 39:
  - introduces new criteria for the classification and measurement of financial assets and liabilities;
  - with reference to the impairment model, the new standard requires that the estimation of losses on receivables is performed according to the expected losses model (and not the incurred losses model used by IAS 39), using supporting evidence obtainable without unreasonable cost or effort, including historic, current and forecast data;
  - introduces a new *hedge accounting* model (increase in the types of transactions eligible for *hedge accounting*, change in the accounting method for forward contracts and options when included in a *hedge accounting* relationship, amendments to the effectiveness testing).

The Company expects the adoption of IFRS 9 to have a limited impact on the Group's main indicators, such as shareholders' equity; the main area concerns the measurement of unconsolidated equity investments - available for sale. However, to date a reasonable estimate of the effects cannot be provided as the detailed analysis of the contracts with customers is not yet complete.

- On 13 January 2016, IASB published the standard **IFRS 16 – Leases** (approved on 31 October 2017), due to replace IAS 17 – *Leases*, from **1 January 2019** and the interpretation IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating leases – Incentives* and SIC -27 *Evaluating the substance of transactions involving the legal form of a lease*.

The new standard provides a new definition of lease and introduces a criterion based on the right of use of an asset to distinguish leases from service agreements, stating the following as discriminating factors: identification of the asset, the right to replace it, the right to essentially obtain all economic benefits deriving from use of the asset and the right to direct the use of the asset underlying the contract.

The principle establishes a single lease recognition and measurement model for lessees, which envisages recognition of the asset covered by the lease under "assets" (also for operating leases) which a balancing entry as a financial payable, in addition offering the option of not recognising as leases any contract involving "low-value assets" and leases with a contractual duration of 12 months or less. However, the Standard does not include significant amendments for lessors. The Company expects the application of IFRS 16 may have an impact on the accounting of leases and on related information provided in the consolidated financial statements of the Group. However, to date, it is not possible to make a reasonable estimate of the effects, as the Group has not yet completed detailed analysis of the related contracts.

- Improvements to IFRS (2014-2016 cycle) approved on 7 February 2018 – Amendments to **IFRS 12**, effective from 1 January 2017, and to **IAS 28**, effective from 1 January 2018.

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

At the reporting date of these half-yearly financial statements, the following standards were issued by the IASB and not adopted yet by the EU:

- Amendments to **IFRS 10 - Consolidated Financial Statements** and to **IAS 28 - Investments in Associates and Joint Ventures**: sale or transfer of assets between an investor and its associated company/joint venture, the application of which is deferred indefinitely.

- Amendments to **IFRS 2 – Classification and Measurement of Share-based Payment Transactions**, effective from 1 January 2018.
- **IFRIC 22 – Foreign Currency Transactions and Advance Consideration**, effective from 1 January 2018.
- Amendments to **IAS 40 – Investment Property**, effective from 1 January 2018.
- **IFRIC 23 - Uncertainty over Income Tax Treatments**, effective from 1 January 2019.
- On 12 October 2017, the IASB issued amendments to **IFRS 9 “Prepayments Features with Negative Compensation”**, which allow the entity to measure the amortised cost of some prepaid financial assets with negative compensation. These amendments will be effective for years starting on or after 1 January 2019.
- On 12 October 2017, the IASB issued amendments to **IAS 28 “Long-term Interests in Associates and Joint Ventures”**. The amendments clarify that a company shall adopt IFRS 9 for long-term interests in associates or joint ventures that are part of the net investment of the associated company or joint venture. These amendments will be effective for years starting on or after 1 January 2019.

Any impacts on the consolidated financial statements due to these new standards/interpretations are currently under assessment.

## Explanatory notes – Scope of consolidation

The list of subsidiary companies included in the scope of consolidation is shown below.

### Parent company

Name	Registered office
SIAS S.p.A.	Turin – Via Bonzanigo 22

### Subsidiaries – consolidated with the "line-by-line method"

Name	Registered office	Share capital	% of the group <sup>1</sup>	Directly-held %
Cisa Engineering S.p.A.	Ponte Taro (PR) – Via Camboara 26/A	1,000,000	100.000	
Fiori Real Estate s.r.l. with a sole shareholder	Imperia – Piazza della Repubblica 46A	110,000	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	
Logistica Tirrenica S.p.A.	Lido di Camaiore (LU) – Via Don Tazzoli 9	12,000,000	100.000	
SIAS Parking S.r.l. single-member company	Torino – Via Bonzanigo 22	5,000,000	100.000	100.000
S.A.T.A.P. S.p.A.	Torino – Via Bonzanigo 22	158,400,000	99.874	99.874
SINELEC S.p.A.	Tortona (AL) – S.S. 211 Loc. San Guglielmo 3/13	7,383,435	97.514	86.789
Società Autostrada Ligure Toscana p.A. (*)	Lido di Camaiore (LU) – Via Don Tazzoli 9	160,300,938	95.178	95.178
Euroimpianti S.p.A.	Strada Statale per Alessandria 6/A	120,000	95.000	
Autostrada dei Fiori S.p.A. (**)	Imperia – Via della Repubblica 46	325,000,000	70.917	
Società di Progetto Autovia Padana S.p.A.	Tortona (AL) S.S. 211 della Lomellina	163,700,000	70.000	
SAV S.p.A.	Châtillon (AO) – Strada Barat 13	24,000,000	65.085	65.085
Pedemontana Lombarda Manutenzioni S.c.ar.l. (P.L.M.)	Strada Statale per Alessandria 6/A	10,000	64.600	
Brescia Milano Manutenzione S.c.ar.l.	Tortona (AL) – S.S. per Alessandria 6/A	10,000	62.000	
Autostrada Asti-Cuneo S.p.A.	Roma – Via XX Settembre 98/E	200,000,000	60.000	
Autostrada Albenga Garessio Ceva S.p.A.	Cuneo – Via XX Settembre, 47/bis	600,000	58.225	

(\*) Effective from 1 November 2017, the company Autocamionale della Cisa S.p.A. was merged by absorption with Società Autostrada Ligure Toscana p.A.. The merger was recognised in the accounts retroactively as from 1 January 2017.

(\*\*) Effective from 1 November 2017, the company Autostrada Torino Savona S.p.A. was merged by absorption with Autostrada dei Fiori S.p.A.. The merger was recognised in the accounts retroactively as from 1 January 2017.

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

**List of equity investments in jointly controlled entities and associated companies accounted for by the "equity method"**

Name	Registered office	Share capital	Group % <sup>1</sup>	Directly-held %
<b>Jointly controlled entities</b>				
A.T.I.V.A. S.p.A.	Torino – Strada della Cebrosa 86	44,931,250	41.170	41.170
IGLI S.p.A.	Milano – Viale Isonzo 14/1	37,130,000	40.000	40.000
Tangenziali Esterne di Milano S.p.A.	Milano – Via Fabio Filzi, 25	220,344,608	41.547	9.610
Autostrade Lombarde S.p.A. (*)	Brescia – Via Somalia 2/4	467,726,626	13.335	
Tangenziale Esterna S.p.A.	Milano – Via Fabio Filzi, 25	464,945,000	18.694	17.600
<b>Associated companies</b>				
Aurea S.c.ar.l.	Milano - Via Fabio Filzi 25	10,000	49.650	
Rivalta Terminal Europa S.p.A.	Tortona (AL) Fraz. Rivalta Scrivia - Str. Savonesa 12/16	14,013,412	45.873	
SISTEMI E SERVIZI S.c.ar.l.	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	100,000	41.000	14.000
ATIVA Immobiliare S.p.A.	Torino – Strada della Cebrosa 86	1,100,000	41.170	41.170
OMT S.p.A.	Tortona (AL) – S.P. Pozzolo Formigaro 3/5	1,000,000	40.000	
S.I.T.A.F. S.p.A.	Susa (TO) - Fraz. S. Giuliano, 2	65,016,000	36.600	36.531
SITRASB S.p.A.	S.Rhémy-en-Bosses Frazione S.Léonard (AO)	11,000,000	36.500	
ITINERA S.p.A.	Tortona – Via Balustra 15	86,836,594	33.883	
Quires S.r.l.	Milan – Via Fantoli 6/15	100,000	30.000	
Interporto di Vado Intermodal Operator S.c.p.A.	Vado Ligure (SV) – Via Trieste 25	3,000,000	28.000	
C.I.M. S.p.A.	Novara – Via Carlo Panseri 118	24,604,255	24.313	
Società' Autostrada Broni-Mortara S.p.A.	Milan – Via dei Missaglia 97	28,902,000	21.481	
Edilrovaccio 2 S.r.l.	Torino-Via M. Schina 5	45,900	20.000	
ROAD LINK Holding LTD	Northumberland – 4 Gilesgate – U.K.	GBP 1,000	20.000	20.000

(\*) At 31 December 2017, the equity investment Autostrade Lombarde S.p.A. was classified as "Discontinued operations/Non-current assets held for sale" and was measured with the equity method up to the date of reclassification.

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

## List of unconsolidated investments - available for sale

Name	Registered office	Share capital	Group % <sup>1</sup>	Directly-held %
ASTA S.p.A.	Torino - Via Bonzanigo 22	6,000,000	19.000	
iOne Solution S.r.l.	Tortona (AL) – Corso Romita 10	10,200	19.000	
Confederazione Autostrade S.p.A.	Verona – Via Flavio Gioia, 71	6,000,000	16.666	
CODELFA S.p.A.	Tortona – Località Passalacqua	2,500,000	16.423	
Consorzio Autostrade Italiane Energia	Roma – Via A. Bergamini 50	113,949	15.697	
MILANO SERRAVALLE – MILANO TANGENZIALI S.p.A.	Assago (MI) – Via del Bosco Rinnovato, 4/A	93,600,000	13.545	10.655
Società per azioni Autostrade Centropadane	Cremona – Località San Felice	30,000,000	9.464	
SPEDIA S.p.A. in liquidation	La Spezia – Via Delle Pianazze, 74	2,413,762	7.971	
AGENZIA DI POLLENZO S.p.A.	Bra - Fraz. Pollenzo (CN)- Piazza Vittorio Emanuele 13	24,319,920	5.746	
Consorzio SINA	Milano – Via F. Casati 1/A	50,000	5.000	
Tunnel Gest S.p.A.	Arcugnano (VI) – Via dell'Industria n. 2	8,500,000	5.000	
Industria e Innovazione S.p.A.	Milano – Via San Vittore, 40	32,945,783	2.440	
Argo Costruzioni Infrastrutture ACI S.c.p.a.	Tortona (AL) – S.S. per Alessandria 6/A	130,000	1.846	
SO.GE.A.P. S.p.A.	Fontana (PR) – Via dell'Aeroporto 44/a	25,456,106	1.518	
BANCA CARIGE S.p.A.	Genova – Via Cassa di Risparmio 15	2,845,857,461	0.447	
Compagnia Aerea Italiana S.p.A.	Fiumicino (Rome) – Piazza Almerico da Schio Pal. RPU	80,225,194	0.504	
Interporto Toscano A. Vespucci S.p.A.	Guasticce (Collesalveti – LI) – Via delle Colline 100	22,458,263	0.345	
Assoservizi Industrie s.r.l.	Carrara (MS) – Viale XX Settembre 118	724,890	0.034	
Mediobanca S.p.A.	Milano – Piazzetta Enrico Cuccia n. 1	440,617,579	0.034	
C.e.P.I.M. S.p.A.	Fontevivo (PR) – Piazza Europa, 1	6,642,928	0.211	
ASSICURAZIONI GENERALI S.p.A.	Trieste – Piazza Duca degli Abruzzi 2	1,559,883,538	0.022	0.022
Argentea Gestioni S.c.p.A.	Brescia – Via Somalia 2/4	120,000	0.02	
Itinera Construções Ltda	Cidade de São Paulo, Estado de São Paulo, na Rua Eduardo Souza Aranha n. 387 - Brasile	100,000	0.100	
C.A.A.F. Industria Emilia Centrale S.p.A.	Bologna- Via San Domenico 4	377,884	0.014	
Banco BPM S.p.A.	Milano – Piazza F. Meda 4	7,100,000,	0.013	
ASTM S.p.A.	Torino - Corso Regina Margherita 165	49,499,300	0.07	
Società Cooperativa Grignod S.c.p.a.	Saint Christophe (AO) – Loc. Grand Chemin 24	316,900	0.01	
Uirnet S.p.A.	Roma – Via Francesco Crispi 115	1,061,000	0.001	
Atlantia (formerly AUTOSTRADE S.p.A.)	Roma - Via A. Bergamini, 50	825,783,930	0.000	

## Changes in the scope of consolidation

As regards **changes** in the scope of consolidation, the company Fiera Parking S.p.A. was deconsolidated, following its sale on 29 November 2017.

With reference to the mergers of Autostrada Torino Savona S.p.A. with Autostrada dei Fiori S.p.A. and Autocamionale della Cisa S.p.A. with Società Autostrada Ligure Toscana S.p.A. on 1 November 2017, recorded in the accounts from 1 January 2017, there were no changes in the scope of consolidation as the merged companies were already consolidated on a line by line basis.

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

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

## Explanatory notes – Operating segments

On the basis of the current organisational structure of the SIAS Group, the information required by IFRS 8 is provided below, broken down by "business segment".

The activity of the Group is divided into five main sectors:

- Motorway sector (operating activities)
- Motorway sector (planning and construction activities)
- Technology sector
- Construction and engineering sector
- Services sector

The financial and equity data for each sector are shown in the table below. Transactions between sectors are reversed in the "eliminations" column.

As already described, following the sale of the companies in the parking sector, in November 2017, the "parking sector" is no longer reported separately.

(amounts in thousands of EUR)	Motorway sector		Motorway/Construction sector		Construction and engineering sector		Technology sector		Services		Eliminations		Omissions		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue, minority interests																
Motorway (toll rates)	1.093.184	1.052.942													1.093.184	1.052.942
Other motorway revenue	30.114	28.263													30.114	28.263
Motorway revenue – construction sector			190.032	175.222											190.032	175.222
Construction and engineering					1.047										-	1.047
Technology sector							44.605	38.986							44.605	38.986
Other revenue	47.929	42.066			73	453	1.081	2.314	1.062	598					50.145	45.431
<b>Total revenues with third-parties</b>	<b>1.171.227</b>	<b>1.123.271</b>	<b>190.032</b>	<b>175.222</b>	<b>73</b>	<b>1.500</b>	<b>45.686</b>	<b>41.300</b>	<b>1.062</b>	<b>598</b>					<b>1.408.080</b>	<b>1.341.891</b>
Intersegment revenue	6.033	8.120			1.241	36.862	46.876	52.004	5.981	5.796	(60.131)	(102.782)				
<b>Total revenue</b>	<b>1.177.260</b>	<b>1.131.391</b>	<b>190.032</b>	<b>175.222</b>	<b>1.314</b>	<b>38.362</b>	<b>92.562</b>	<b>93.304</b>	<b>7.043</b>	<b>6.394</b>	<b>(60.131)</b>	<b>(102.782)</b>			<b>1.408.080</b>	<b>1.341.891</b>
Operating costs	(484.088)	(485.907)	(190.032)	(175.222)	(764)	(33.713)	(73.200)	(74.601)	(16.314)	(15.004)	60.131	102.782			(704.267)	(681.665)
<b>Sector GOM</b>	<b>693.172</b>	<b>645.484</b>	<b>-</b>	<b>-</b>	<b>550</b>	<b>4.649</b>	<b>19.362</b>	<b>18.703</b>	<b>(9.271)</b>	<b>(8.610)</b>					<b>703.813</b>	<b>660.226</b>
Non-recurring items	(4.920)	856					(445)		(5.810)	(1.080)					(11.175)	(224)
Amortisation/depreciation and provisions	(320.193)	(299.534)					(753)	(3.739)	(3.384)	(316)	(1.915)				(324.248)	(305.586)
Write-downs																
<b>Operating profit</b>	<b>368.059</b>	<b>346.806</b>			<b>550</b>	<b>3.896</b>	<b>15.178</b>	<b>15.319</b>	<b>(15.397)</b>	<b>(11.605)</b>					<b>368.390</b>	<b>354.416</b>
Financial charges	(84.370)	(88.661)					(4)	(101)	(114)	(63.430)	(71.221)	65.576	65.346	(82.325)	(94.654)	
Financial income	15.970	14.845			1	128	1.052	283	99.753	68.119	(65.576)	(65.346)		51.200	18.029	
Write-downs of equity investments	(109)	(67)								(690)	(5.095)			(799)	(5.162)	
Net income, associated companies portion	(684)	1.327					113	(332)	14.928	1.930				14.357	2.925	
<b>Pre-tax profit (loss)</b>	<b>298.866</b>	<b>274.250</b>			<b>551</b>	<b>4.020</b>	<b>16.242</b>	<b>15.156</b>	<b>35.164</b>	<b>(17.872)</b>					<b>350.823</b>	<b>275.554</b>
Profit (loss) for assets held for sale net of taxes (Discontinued Operation)															516	2.183
Income taxes															(89.459)	(93.356)
<b>Profit (loss) for the period, including minority interests</b>															<b>261.880</b>	<b>184.381</b>

	Business segment								Eliminations		Consolidated	
	Motorway sector (operating activities)		Construction and engineering sector		Technology sector		Services sector		2017	2016	2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016				
Fixed assets	3.773.556	4.519.059	2	2	16.611	17.426	2.398.468	2.361.986	(2.167.319)	(2.720.595)	4.021.318	4.177.878
Current assets	120.201	111.488	105	2.135	60.245	62.806	18.941	21.599	(13.864)	(55.744)	185.628	142.284
<b>Total assets</b>											<b>4.206.946</b>	<b>4.320.162</b>
Short-term liabilities	299.092	315.263	136	561	31.384	28.340	31.389	19.382	(116.831)	(210.523)	245.170	153.023
Medium/long-term liabilities and funds	313.728	328.889		87	5.652	5.638	1.468	29.203			320.848	363.817
Net financial indebtedness (available funds)	1.152.818	1.498.622	(1.604)	(996)	(36.213)	(17.962)	192.903	168.478			1.307.904	1.648.142
Shareholders' equity									(2.565.816)	(2.623.377)	<b>2.333.024</b>	<b>2.155.180</b>
<b>Total liabilities</b>											<b>4.206.946</b>	<b>4.320.162</b>
Equity accounted investments	186.226	185.339		226	185		493.840	505.477			680.251	691.042

## Explanatory Notes – Concessions

Business operations are mainly represented by the **construction and management of motorway infrastructures** and parking infrastructures or which Group companies are the licensees.

The **motorway licensees** that are subsidiaries, jointly controlled or associated companies of the SIAS Group operate in accordance with specific concession agreements signed with the Granting Body, which govern the rights and obligations of the parties. In this respect, the licensees are in fact obliged, under their own responsibility and at their own expense, to arrange the planning, construction, maintenance and management of the motorway infrastructure until expiry of the concession agreement and the right to collect tolls from users (calculated and updated according to the methods specified in the agreement), which guarantees that the investments made are remunerated fairly. On expiry of the concessions, all motorway works completed (the "revertible assets") by the licensee must be transferred free of charge and in good condition to the Granting Body, except for concessions involving payment by the incoming licensee of the residual book value of the revertible assets (the "takeover value").

The following table provides details of the motorway concessions, with breakdown by licensee:

Licensee (amounts in thousands of EUR)	Motorway stretch	Expiry of the concession
<b>Subsidiaries – Italy</b>		
SATAP S.p.A.	Torino – Milano	31 December 2026
SATAP S.p.A.	Torino – Piacenza	30 June 2017 (*)
SAV S.p.A.	Quincinetto-Aosta	31 December 2032
SALT p.A.	Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia	31 July 2019
SALT p.A.	La Spezia-Parma (and road link with the Brenner motorway)	31 December 2031
ADF S.p.A.	Savona-Ventimiglia	30 November 2021
ADF S.p.A.	Torino – Savona	31 December 2038
Asti-Cuneo S.p.A.	Asti-Cuneo	(**)
Società di Progetto Autovia Padana S.p.A.	Piacenza-Cremona-Brescia	(***)
<b>Jointly controlled entities and associated companies – Italy</b>		
ATIVA S.p.A.	Tangenziale di Torino (Turin bypass), Torino-Quincinetto, Ivrea-Santhià and Torino-Pinerolo	31 August 2016 (*)
SITAF S.p.A.	Torino-Bardonecchia, 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
Bre.Be.Mi. S.p.A.	Brescia – Bergamo- Milano	December 2039 (***)
<b>Jointly controlled entities and associated companies – International</b>		
Road Link	A69 Carlisle-Newcastle (UK)	31 March 2026
Ecovia Comiho do Mar (****)	Curitiba metropolitan area – Port of Paranagua	November 2021
Ecocataratas (****)	Paraná – "triple border" (Brazil, Argentina and Paraguay)	November 2021
Ecovias dos Imigrantes (****)	Sao Paolo metropolitan area – Port of Santos	October 2025
Ecosul (****)	Pelotas – Porto Alegre and Rio Grande Port	March 2026
Eco 101 (****)	Macuri/BA Rio de Janeiro border	May 2038
Ecopistas (****)	Sao Paolo metropolitan area – Industrial region of Vale do Rio Paraiba	January 2039
Ecoponte (****)	Rio de Janeiro Notoeroi – State of Rio de Janeiro	May 2045

(\*) 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.

(\*\*\*) The term of the concession was set to 25 years; As previously reported, on 31 May 2017, the company Società di Progetto Autovia Padana S.p.A. signed an agreement with the Ministry of Infrastructures and Transport (MIT) for the A21 Piacenza – Cremona – Brescia motorway concession. The agreement became effective on 22 December 2017, following the Court of Auditors registering the relative Interministerial Decree of approval (overseen by the MIT and Ministry of Economy and Finance). On 1 March 2018, Società di Progetto Autovia Padana S.p.A. took over from Autostrade Centropadane S.p.A. in managing the Piacenza-Cremona Brescia concession.

(\*\*\*\*) Company held for sale under agreements entered into with Intesa SanPaolo, as described in the Management Report. Following approval of the rebalancing plan, the expiry of the concession was extended from 31 December 2033 to 31 December 2039.

(\*\*\*\*\*) Investee via IGLI S.p.A.

**Other concessions**

The company **VEM ABC** (a subsidiary of Primav Infrastruttura 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 is for 25 years and the start date of the works is being defined together with the Italian Antitrust Authority. The planned investment is for approximately 6 billion Reais (EUR 1.7 billion) with a public contribution of 50%.

## Explanatory notes – Information on the balance sheet

### Note 1 – Intangible assets

	Goodwill	Other intangible assets		Total
		In operation	In process	
<b>Cost:</b>				
as at 1 January 2016	36,414	33,197	1,307	70,918
Change in the scope of consolidation		(17)		(17)
Investments		1,984	615	2,599
Restatements and other changes		-	-	-
Write-downs	-	-	-	-
Divestitures		(250)	(761)	(1,011)
<b>as at 31 December 2016</b>	<b>36,414</b>	<b>34,914</b>	<b>1,161</b>	<b>72,489</b>
<b>Accumulated amortisation:</b>				
as at 1 January 2016	-	(20,434)	1	(20,433)
Change in the scope of consolidation		16		16
2016 amortisation		(2,582)		(2,582)
Restatements and other changes		1		1
Reversals/drawdowns		250		250
<b>as at 31 December 2016</b>	<b>-</b>	<b>(22,749)</b>	<b>1</b>	<b>(22,748)</b>
<b>Net book value:</b>				
as at 1 January 2016	36,414	12,763	1,308	50,485
as at 31 December 2016	36,414	12,165	1,162	49,741

	Goodwill	Other intangible assets		Total
		In operation	In process	
<b>Cost:</b>				
as at 1 January 2017	36,414	34,914	1,161	72,489
Change in the scope of consolidation		-		-
Investments		1,805	356	2,161
Restatements and other changes	-	1,000	(713)	287
Write-downs	-			-
Divestitures		(61)		(61)
<b>as at 31 December 2017</b>	<b>36,414</b>	<b>37,658</b>	<b>804</b>	<b>74,876</b>
<b>Accumulated amortisation:</b>				
as at 1 January 2017	-	(22,749)	1	(22,748)
Change in the scope of consolidation				-
2017 amortisation		(2,926)	-	(2,926)
Restatements and other changes		(287)		(287)
Reversals/drawdowns		61		61
<b>as at 31 December 2017</b>	<b>-</b>	<b>(25,901)</b>	<b>1</b>	<b>(25,900)</b>
<b>Net book value:</b>				
as at 1 January 2017	36,414	12,165	1,162	49,741
as at 31 December 2017	36,414	11,757	805	48,976

The "goodwill" values are summarised below:

Cash Generating Unit	Amount as at 31/12/2017
SALT p.A.	32,815
Autostrada dei Fiori S.p.A.	313
SATAP S.p.A.	2,907
Sinelec S.p.A.	379
<b>Total</b>	<b>36,414</b>

Following the merger by absorption of Autocamionale della Cisa S.p.A. with Salt p.A., the goodwill allocated to the licensee Autocamionale della Cisa S.p.A., equal to EUR 25.8 million, is included in figures relative to Salt p.A..

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 once a year or when events arise that may indicate a reduction in value. For the purpose of this test, goodwill has been allocated on the cash generating units shown above. For details on the methods for determining the impairment test as at 31 December 2017, please see the note "Reduction of asset values (impairment test)" in "valuation criteria".

This item did not change during the year.

The item "other intangible assets" includes the capitalisation of basic and application software expenses and licences for software programmes. The decrease in the period is due to (i) greater investments (EUR 2.2 million) mainly for costs incurred to develop an accounting and management software system offset by (ii) amortisation for the period (EUR 2.9 million).

### Concessions – non-compensated revertible assets

	Motorway in operation	Motorway under construction	Parking areas in operation	Total
<b>Cost:</b>				
as at 1 January 2016	7,721,013	998,867	12,403	8,732,283
Change in the scope of consolidation			-	-
Investments	8,848	187,690	-	196,538
Divestitures and other changes	(227)	(19)	-	(246)
Restatements	143,435	(143,434)	-	1
<b>as at 31 December 2016</b>	<b>7,873,069</b>	<b>1,043,104</b>	<b>12,403</b>	<b>8,928,576</b>
<b>Capital grants:</b>				
as at 1 January 2016	(1,139,334)	(256,660)	-	(1,395,994)
Increases	(1,426)	-	-	(1,426)
Restatements	(56,595)	56,595	-	-
<b>as at 31 December 2016</b>	<b>(1,197,355)</b>	<b>(200,065)</b>	<b>-</b>	<b>(1,397,420)</b>
<b>Accumulated amortisation:</b>				
as at 1 January 2016	(4,117,769)	-	(4,023)	(4,121,792)
Restatements and other changes	-	-	-	-
2016 amortisation	(309,195)	-	(369)	(309,564)
<b>as at 31 December 2016</b>	<b>(4,426,964)</b>	<b>-</b>	<b>(4,392)</b>	<b>(4,431,356)</b>
<b>Net book value:</b>				
as at 1 January 2016	2,463,910	742,207	8,380	3,214,497
<b>as at 31 December 2016</b>	<b>2,248,750</b>	<b>843,039</b>	<b>8,011</b>	<b>3,099,800</b>

	Motorway in operation	Motorway under construction	Parking areas in operation	Total
<b>Cost:</b>				
as at 1 January 2017	7,873,069	1,043,104	12,403	8,928,576
Change in the scope of consolidation			(12,403)	(12,403)
Investments	7,578	198,870	-	206,448
Divestitures and other changes	(5)	-	-	(5)
Restatements	260,859	(360,380)	-	(99,521)
<b>as at 31 December 2017</b>	<b>8,141,501</b>	<b>881,594</b>	<b>-</b>	<b>9,023,095</b>
<b>Capital grants:</b>				
as at 1 January 2017	(1,197,355)	(200,065)	-	(1,397,420)
Increases	(3,795)	-	-	(3,795)
Restatements	-	-	-	-
<b>as at 31 December 2017</b>	<b>(1,201,150)</b>	<b>(200,065)</b>	<b>-</b>	<b>(1,401,215)</b>
<b>Accumulated amortisation:</b>				
as at 1 January 2017	(4,426,964)	-	(4,392)	(4,431,356)
Change in the scope of consolidation	-	-	4,392	4,392
Restatements and other changes	-	-	-	-
2017 amortisation	(319,483)	-	-	(319,483)
<b>as at 31 December 2017</b>	<b>(4,746,447)</b>	<b>-</b>	<b>-</b>	<b>(4,746,447)</b>
<b>Net book value:</b>				
as at 1 January 2017	2,248,750	843,039	8,011	3,099,800
<b>as at 31 December 2017</b>	<b>2,193,904</b>	<b>681,529</b>	<b>-</b>	<b>2,875,433</b>

The gross value of the motorway network – equal to EUR 9,023.1 million – includes EUR 1,445.7 million of capitalised financial charges, of which EUR 19.7 million capitalised during the financial year (EUR 1,426 million as at 31 December 2016).

As detailed in the "valuation criteria", in order to assess the amortisation of non-compensated revertible assets, the so-called "takeover" values set out in the current agreements and in the financial plans which are currently being examined by the Granting Body have been taken into account.

On 30 June 2017, the concession relative to the A21 "Torino- Piacenza" stretch, managed by the subsidiary SATAP S.p.A., expired; based on agreements entered into with the Granting Body (which includes, inter alia, the extended management of the stretch, pending the identification of the new licensee), a takeover value was recognised equal to EUR 107.9 million. The item "reclassifications" relative to the motorway in operation, equal to EUR 260.8 million as at 31 December 2017 was (i) net of the above reclassification from the "motorway in operation" to "other financial assets" for the takeover value of the A21 "Torino-Piacenza" stretch and (ii) includes EUR 8.3 million from service area alienations.

The "change in the scope of consolidation" is attributable to the deconsolidation of the company Fiera Parking S.p.A. following the sale of the entire equity investment in November 2017.

At 31 December 2017, the item "concessions – non-compensated revertible assets" broke down as follows:

**Motorway concessions**

Licensee <i>(amounts in thousands of EUR)</i>	Motorway stretch	Net value
SATAP S.p.A.	Torino – Milano	933,748
SAV S.p.A.	Quincinetto-Aosta	294,626
SALT p.A.	Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia	323,724
SALT p.A.	La Spezia-Parma (and road link with the Brenner motorway)	444,149
ADF S.p.A.	Savona-Ventimiglia	243,210
ADF S.p.A.	Torino – Savona	309,539
Asti-Cuneo S.p.A.	Asti-Cuneo	326,437
	<b>Motorway concessions – Total non-compensated revertible assets</b>	<b>2,875,433</b>

## Note 2 – Tangible assets

### Property, plant, machinery and other assets

	Land and buildings	Plant and mach.	Ind. and comm. equip.	Other assets	Financial lease assets	Constr. in progress and advance payments	Total
<b>Cost:</b>							
as at 1 January 2016	60,082	22,021	22,126	36,695	13,033	9,181	163,138
Change in the scope of consolidation	(149)	(1,532)	(3,080)	(599)	(4,752)	-	(10,112)
Investments	2,004	230	785	1,316	-	142	4,477
Restatements and other changes	7,873	-	1	9	-	(7,873)	10
Divestitures	-	-	(104)	(2,443)	-	-	(2,547)
<b>as at 31 December 2016</b>	<b>69,810</b>	<b>20,719</b>	<b>19,728</b>	<b>34,978</b>	<b>8,281</b>	<b>1,450</b>	<b>154,966</b>
<b>Accumulated depreciation:</b>							
as at 1 January 2016	(20,566)	(16,084)	(15,499)	(35,364)	(10,364)	-	(97,877)
Change in the scope of consolidation	49	1,330	2,708	529	4,461	-	9,077
2016 depreciation	(1,606)	(1,159)	(679)	(2,041)	(221)	-	(5,706)
Reversals	-	-	72	2,338	-	-	2,410
Restatements and other changes	1	1	-	22	-	-	24
<b>as at 31 December 2016</b>	<b>(22,122)</b>	<b>(15,912)</b>	<b>(13,398)</b>	<b>(34,516)</b>	<b>(6,124)</b>	<b>-</b>	<b>(92,072)</b>
<b>Net book value:</b>							
as at 1 January 2016	39,516	5,937	6,627	1,331	2,669	9,181	65,261
as at 31 December 2016	47,688	4,807	6,330	462	2,157	1,450	62,894

	Land and buildings	Plant and mach.	Ind. and comm. equip.	Other assets	Financial lease assets	Constr. in progress and advance payments	Total
<b>Cost:</b>							
as at 1 January 2017	69,810	20,719	19,728	34,978	8,281	1,450	154,966
Change in the scope of consolidation	-	(885)	-	-	-	-	(885)
Investments	47	343	446	1,559	656	332	3,383
Restatements and other changes	56	267	(2)	64	-	(385)	-
Divestitures	-	(25)	(223)	(587)	(196)	-	(1,031)
<b>as at 31 December 2017</b>	<b>69,913</b>	<b>20,419</b>	<b>19,949</b>	<b>36,014</b>	<b>8,741</b>	<b>1,397</b>	<b>156,433</b>
<b>Accumulated depreciation:</b>							
as at 1 January 2017	(22,122)	(15,912)	(13,398)	(34,516)	(6,124)	-	(92,072)
Change in the scope of consolidation	-	273	-	-	-	-	273
2017 depreciation	(1,762)	(976)	(478)	(1,817)	(127)	-	(5,160)
Reversals	-	24	219	541	77	-	861
Restatements and other changes	(82)	-	8	(1)	-	-	(75)
<b>as at 31 December 2017</b>	<b>(23,966)</b>	<b>(16,591)</b>	<b>(13,649)</b>	<b>(35,793)</b>	<b>(6,174)</b>	<b>-</b>	<b>(96,173)</b>
<b>Net book value:</b>							
as at 1 January 2017	47,688	4,807	6,330	462	2,157	1,450	62,894
as at 31 December 2017	45,947	3,828	6,300	221	2,567	1,397	60,260

With regard to the item "land and buildings", there is a mortgage security in favour of Cassa di Risparmio di La Spezia for the building owned by Logistica Tirrenica S.p.A. as guarantee for a loan, whose residual debt as at 31 December 2017 amounts to EUR 0.5 million.

#### Financial lease assets

As at 31 December 2017, the Group had in place 2 lease-purchase contracts to acquire industrial and commercial equipment; Their net book value as at 31 December 2017 totalled EUR 2.6 million.

Lease payments are based on the value of the asset at the beginning of the contract and the duration of the contract. The lease payments are updated periodically, based on the specific financial parameters of each contract. Guarantees were not issued for the commitments from contracts in place as at 31 December 2017.

### Note 3 – Non-current financial assets

#### 3.a – Investments accounted for by the equity method

Changes during the period to investments in businesses accounted for by the "equity method" were as follows:

	31 December 2016	Purchases/ Increases	Sales/ Decreases	Restatements and other changes	Adjustments to			Foreign exchange differences	31 December 2017
					"shareholders' equity"				
					Profit/(loss)	Dividends	Other ( <sup>1</sup> )		
<b>Equity investments:</b>									
<b>a) in jointly controlled entities</b>									
ATIVA S.p.A.	59,759	-	-	-	14,964	(13,401)	(141)	-	61,181
Autostrade Lombarde S.p.A.	26,315	-	-	(27,918)	(2,574)	-	4,177	-	-
IGLI S.p.A.	263,017	-	-	-	2,212	-	(2,026)	(38,082)	225,121
Parccheggio Piazza Meda S.r.l.	1,095	-	(1,063)	-	246	(360)	82	-	-
Parccheggio Piazza Trento e Trieste S.r.l.	1,726	-	(1,635)	-	209	(300)	-	-	-
Parccheggio Piazza Vittorio S.r.l.	843	-	(765)	-	117	(195)	-	-	-
Parccheggio Via Manuzio S.r.l.	-	-	-	-	-	-	-	-	-
Tangenziale Esterna S.p.A.	30,925	50,468	-	-	(2,605)	-	933	-	79,721
Tangenziali Esterne Milano S.p.A.	70,072	3,781	-	-	(6,129)	-	2,102	-	69,826
<b>b) in associated companies</b>									
ATIVA Immobiliare S.p.A.	453	-	-	-	-	-	-	-	453
ATON s.r.l.	51	-	(64)	-	113	(100)	-	-	-
Aurea S.c.a r.l.	5	-	-	-	-	-	-	-	5
C.I.M. S.p.A.	6,129	-	-	-	-	-	-	-	6,129
CON.SI.L.FER.	-	-	-	-	-	-	-	-	-
Fondo Valle S.c.ar.l. (in liquidation)	-	-	-	-	-	-	-	-	-
Interporto Vado Intermodal Operator S.c.p.a.	7,186	-	-	-	-	-	-	-	7,186
ITINERA S.p.A.	72,391	-	-	-	720	-	885	(1,678)	72,318
OMT S.p.A.	175	-	-	-	-	-	-	-	175
Quires S.r.l.	17	-	-	-	-	-	-	-	17
Rivalta Terminal Europa S.p.A.	6,993	-	-	-	(1,404)	-	-	-	5,589
Road Link Holdings Ltd	2,699	-	-	-	1,264	(1,247)	-	(29)	2,687
Società Autostrada Broni-Mortara S.p.A.	5,823	-	-	-	-	-	-	-	5,823
SISTEMI E SERVIZI S.c.a r.l.	38	-	-	-	-	-	-	-	38
S.I.T.A.F. S.p.A.	123,383	-	-	-	7,224	-	1,907	-	132,514
SITRASB S.p.A.	11,947	-	-	-	-	(479)	-	-	11,468
<b>Total</b>	<b>691,042</b>	<b>54,249</b>	<b>(3,527)</b>	<b>(27,918)</b>	<b>14,357</b>	<b>(16,082)</b>	<b>7,919</b>	<b>(39,789)</b>	<b>680,251</b>

(<sup>1</sup>) This regards the pro-rata portion of the fair value adjustments carried out by the investee companies in relation to the IRS agreements and the actuarial components of the Employee Severance Indemnity.

The item "purchases/increases" refers to:

- the acquisition of 47,553,345 shares (equal to approximately 10.23% of the share capital) in TE sold by the associated company ITINERA S.p.A. for a value of approximately EUR 50.5 million. As a result of the purchase, the Group's stake in this company is now equal to 18.69% of the share capital;

- the acquisition of 4,586,494 shares (equal to approximately 1.56% of the share capital) in TEM sold by the associated company ITINERA S.p.A. for a value of approximately EUR 3.8 million. As a result of the purchase, the Group's stake in this company is now equal to 41.555% of the share capital.

The item "sales/decreases" refers to:

- the sale by the subsidiary SIAS Parking S.r.l. of equity investments - equal to 50% of the share capital - in Parcheggio Piazza Meda S.r.l., Parcheggio Via Manuzio S.r.l., Piazza Vittorio S.r.l. and Parcheggio Piazza Trento e Trieste S.r.l..
- the sale, by the subsidiary Euroimpianti S.p.A., of all shares held in ATON S.r.l. (equal to 40% of the share capital).

The item "reclassifications and other changes" refers to the reclassification of the equity investment held in Autostrade Lombarde S.p.A. to the item "Discontinued operations/Non-current assets held for sale" as a consequence of agreements entered into on 28 July 2017 by SIAS S.p.A. and SATAP S.p.A. with Intesa Sanpaolo S.p.A. in order to separate respective investments in Tangenziali Esterne Milano S.p.A., Tangenziale Esterna S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A..

The item "adjustments to shareholders' equity" incorporates the pro-rata share of the profit/loss, the dividend distribution and the adjustments posted with "shareholders' equity" as contra-item, of the investee companies. This latter item includes the difference accrued in the period with regard to the fair value of interest rate swap agreements and the discounting to present value of the Employee Severance Indemnity. As the agreements were signed immediately after the end of the first half of the year, the adjustment of the equity investment in Autostrade Lombarde S.p.A. and companies in the parking sector only refers to the first half of 2017.

The item "Exchange rate differences" reflects the changes, resulting from translation into euro, of the financial statements of the foreign associated company Road Link Holdings Ltd, as well as the exchange rate differences included in the financial statements of the associated companies IGLI S.p.A. and ITINERA S.p.A..

As at 31 December 2017, 82,161,412 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" (Joint ventures and associated companies) is provided below

#### Jointly controlled entities - joint ventures

Tangenziali Esterne di Milano S.p.A., Tangenziale Esterna S.p.A. and Autostrade Lombarde S.p.A.<sup>1</sup> (together with Società di Progetto Autostrada Diretta Brescia Milano S.p.A.) are jointly controlled by the SIAS Group and Intesa Sanpaolo S.p.A. based on the agreements signed in 2013 by the Parent Company SIAS S.p.A., by the subsidiary SATAP S.p.A. and Intesa Sanpaolo S.p.A.. The item "reclassifications and other changes" refers to the reclassification of the equity investment held in Autostrade Lombarde S.p.A. to the item "Discontinued operations/Non-current assets held for sale" as a consequence of agreements entered into on 28 July 2017 by SIAS S.p.A. and SATAP S.p.A. with Intesa Sanpaolo S.p.A. in order to separate respective investments in Tangenziali Esterne Milano S.p.A., Tangenziale Esterna S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A..

The company IGLI S.p.A. is jointly controlled by SIAS S.p.A. and by the parent company ASTM S.p.A. by virtue of the investment agreement and shareholders' agreement signed by SIAS S.p.A. and ASTM S.p.A. for the purpose, inter alia, of the capitalisation and *governance* of the aforesaid company.

The ATIVA Group is subject to joint control by the Parent Company SIAS S.p.A. (41.17%) and Mattioda Pierino & Figli Autostrade S.r.l. (41.17%), under the terms of a syndicate agreement.

With regard to the equity-financial situation:

<i>(amounts in thousands of EUR)</i>	Current assets <sup>(1)</sup>		Non-current assets <sup>(1)</sup>	Current liabilities <sup>(1)</sup>		Non-current liabilities <sup>(1)</sup>	
		<i>of which cash and cash equivalents</i>			<i>of which financial</i>		<i>of which financial</i>
IGLI S.p.A.	8,601	277	610,893	46,813	46,500	314	-
Tangenziale Esterna S.p.A.	137,101	93,749	1,362,442	26,517	-	1,136,917	1,136,694
Tangenziali Esterne di Milano S.p.A.	11,189	10,949	221,643	178	-	25	-
Ativa Group	209,412	57,042	12,867	34,988	1,979	48,624	-

<sup>(1)</sup> Data prepared according to the IFRS accounting standards adopted by the Group, by preparing a specific reporting package as at the closing date.

<sup>1</sup> The equity investment held in Autostrade Lombarde S.p.A., although still under joint control, was reclassified to the item "Discontinued operations/Non-current assets held for sale".

With regard to the economic situation:

	Revenues <sup>(1)</sup>	Profit/(loss) for the year <sup>(1)</sup>	Total statement of comprehensive income <sup>(1)</sup>	Dividends received <sup>(1)</sup>
IGLIS.p.A. <sup>(2)</sup>	5,151	3,618	997	-
Tangenziale Esterna S.p.A.	57,041	(31,114)	(31,114)	-
Tangenziali Esterne di Milano S.p.A.	118	(649)	(649)	-
<b>Ativa Group</b>	<b>160,569</b>	<b>35,471</b>	<b>35,077</b>	<b>13,401</b>

(1) Data prepared according to the IFRS accounting standards adopted by the Group, by preparing a specific reporting package as at the closing date, net of revenue relating to "construction activities" of non-compensated revertible assets (IFRIC 12)

(2) Revenue refers to financial income

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.
- Pursuant to the *project finance* agreement signed by Tangenziale Esterna S.p.A., there are clauses, which are typical of this kind of operation, that temporarily restrict the allocation of dividends in the initial period, which is subject to established financial parameters being met.
- The agreements signed by ASTM and SIAS with CR Almeida provide for a ban on the transfer of Primav Infrastruttura S.A. shares (lock-up), including through indirect transfer, for a period of two years from the signing of the agreements.

### Associated companies

Company	Total assets	Total liabilities	Total revenue	Profit/loss for the year	Financial statements data <sup>(1)</sup> as at
Aurea S.c.a.r.l.	15,192	15,182	11,576	-	31/12/2017
ATIVA Immobiliare S.p.A.	3,247	1,269	630	28	31/12/2016
CIM S.p.A.	85,178	53,753	6,304	84	31/12/2016
Edilrovaccio 2	853	1,139	12	(15)	31/12/2016
ITINERA S.p.A.	620,376	388,806	326,800	2,816	31/12/2017
OMT S.p.A.	8,331	7,753	14,274	(422)	31/12/2016
Quires S.c.a.r.l.	2,601	1,477	2,704	249	31/12/2016
Rivalta Terminal Europa S.p.A.	54,859	40,881	3,429	(1,903)	31/12/2016
Road Link Holdings Ltd <sup>(2)</sup>	-	-	5,500	5,500	31/03/2017
SABROM S.p.A.	46,344	19,245	578	(30)	31/12/2016
SISTEMI E SERVIZI S.c.a.r.l.	1,741	1,641	2,807	-	31/12/2017
SITAF S.p.A.	1,655,106	1,360,254	154,388	25,223	31/12/2016
SITRASB S.p.A.	47,647	14,922	11,605	2,108	31/12/2016
Vado Intermodal Operator S.c.p.a.	29,365	22,667	2,848	1100	31/12/2016

(1) Financial statements prepared in compliance with national accounting standards

(2) In thousands of GBP

**3.b – Unconsolidated investments – available for sale**

Changes to investments in "other businesses" during the period were as follows:

	31 December 2016			Changes during the period					31 December 2017		
	Original value	Fair value adjustments	Total	Purchases	Sales	Restatements / other changes	Adjustments to fair value		Original value	Fair value adjustments	Total
							Sharehold. d. Eq	Inc. stat.			
<b>Equity investments:</b>											
Assicurazioni Generali S.p.A.	4,013	859	4,872	-	-	-	373	-	4,013	1,232	5,245
ASTM S.p.A.	851	(240)	611	-	-	-	812	-	851	572	1,423
Banca CA.RI.GE. S.p.A.	1,356	(178)	1,178	-	(637)	-	177	(690)	29	(1)	28
Banca Popolare – Società cooperativa	301	(51)	250	-	-	-	36	-	301	(15)	286
FNM S.p.A.	2,700	5,351	8,051	-	(2,700)	-	(5,351)	-	-	-	-
Industria e Innovazione S.p.A.	84	(15)	69	-	-	-	(1)	-	84	(16)	68
Mediobanca S.p.A.	1,335	992	2,327	-	-	-	512	-	1,335	1,504	2,839
<b>Total Level 1</b>	<b>10,640</b>	<b>6,718</b>	<b>17,358</b>	<b>-</b>	<b>(3,337)</b>	<b>-</b>	<b>(3,442)</b>	<b>(690)</b>	<b>6,613</b>	<b>3,276</b>	<b>9,889</b>
Argo Costruzioni Infrastrutture ACI s.c.p.a.	4	-	4	-	-	-	-	-	4	-	4
Agenzia di Pollenzo S.p.A.	1,424	-	1,424	-	-	-	-	-	1,424	-	1,424
Compagnia Aerea Italiana S.p.A.	-	-	-	202	-	(202)	-	-	-	-	-
Assoservizi Industrie s.r.l.	1	-	1	-	-	-	-	-	1	-	1
ASTA S.p.A.	1,254	-	1,254	-	-	-	-	-	1,254	-	1,254
Autostrade Centropadane S.p.A.	7,668	-	7,668	-	-	-	-	-	7,668	-	7,668
C.A.A.F. Industria Emilia Centrale S.p.A.	-	-	-	-	-	-	-	-	-	-	-
CE.P.I.M. S.p.A.	14	-	14	-	-	-	-	-	14	-	14
Codelfa S.p.A.	6,218	-	6,218	-	-	-	-	-	6,218	-	6,218
Società Confederazione Autostrade S.p.A.	421	-	421	-	-	-	-	(1)	420	-	420
Consorzio Autostrade Italiane Energia	16	-	16	-	-	-	-	-	16	-	16
Consorzio SINA	2	-	2	-	-	-	-	-	2	-	2
Fiumicino Pista 3 s.c.a.r.l.	-	-	-	-	-	-	-	-	-	-	-
Interporto Toscano A. Vespucci S.p.A.	77	-	77	-	-	-	-	-	77	-	77
Itinera Construções Ltda	-	-	-	30	-	-	-	-	30	-	30
Milano Serravalle-Milano Tangenziali S.p.A.	65,812	26	65,838	-	-	-	-	-	65,812	26	65,838
iOne Solutions S.r.l.	2	-	2	-	-	-	-	-	2	-	2
SINA S.p.A.	202	44	246	-	(202)	-	(44)	-	-	-	-
SO.GE.A.P. S.p.A.	242	-	242	-	-	-	-	(53)	189	-	189
SPEDIA S.p.A.	432	-	432	-	-	-	-	(55)	377	-	377
Terminal Container Civitavecchia S.c.ar.l.	4	-	4	-	(4)	-	-	-	-	-	-
Tunnel Gest S.p.A.	426	-	426	-	-	-	-	-	426	-	426
<b>Total Level 3</b>	<b>84,219</b>	<b>70</b>	<b>84,289</b>	<b>232</b>	<b>(206)</b>	<b>(202)</b>	<b>(44)</b>	<b>(109)</b>	<b>83,934</b>	<b>26</b>	<b>83,960</b>
<b>Total</b>	<b>94,859</b>	<b>6,788</b>	<b>101,647</b>	<b>232</b>	<b>(3,543)</b>	<b>(202)</b>	<b>(3,486)</b>	<b>(799)</b>	<b>90,547</b>	<b>3,302</b>	<b>93,849</b>

**Fair value measurement hierarchy****Level 1:** fair value calculated on the basis of the security listing on active markets.**Level 2:** (not present) fair value determined based on different inputs other than the listing price described for Level 1, which can be directly (price) or indirectly (price derivatives) observed on the market.**Level 3:** fair value, not based on observable market data, determined based on the price reflected in recent appraisals or transactions, cost, shareholders' equity, models/financial plans.

Main changes in 2017 refer to:

- the incorporation of the Brazilian company Itinera Construções LTDA, between the subsidiaries Sinelec S.p.A. (10% of the share capital) and Itinera S.p.A. (90% of the share capital);
- the sale of 20,281 shares of SINA S.p.A. to the parent company ASTM S.p.A. for a total value of EUR 0.3 million;
- the sale of 16,290,308 shares of FNM S.p.A. for a total amount of EUR 8.9 million;
- the sale of pre-emption rights relative to the share capital increase in the investee Banca Ca.Ri.Ge. S.p.A., as well

as the fair value adjustment of the investments held by Finanziaria di Partecipazioni S.p.A. in Banca Ca.Ri.Ge. S.p.A. (based on market prices) with a contra-entry in the "income statement" (resulting in the "reversal" of the "fair value" adjustment made in previous periods);

- the subscription of 19,305,278 new shares of Compagnia Aerea Italiana S.p.A. by the subsidiary Finanziaria di Partecipazioni e Investimenti S.p.A., as part of the commitments undertaken in the investment project between Compagnia Aerea Italiana S.p.A. and Etihad Airways P.J.S.C., for a total amount of EUR 0.2 million; and the value being reset by using the specific provision allocated in previous years;
- the fair value adjustment of equity investments (based on market prices), with a contra-entry in "shareholders' equity".

As at 31 December 2017, the value of "available for sale" investments included a total positive amount (Group and minority interests) of approximately EUR 3.3 million for (EUR 6.8 million as at 31 December 2016) which related to the fair value update of the investments.

As at 31 December 2017, the Tunnel Gest S.p.A. shares held by Sinelec S.p.A. constituted a pledge in favour of the lending banks.

### 3.c – Receivables

These consist of:

	31 December 2017	31 December 2016
<b>Loans:</b>		
• Loans to investee companies	84,169	79,094
<b>Receivables:</b>		
• financial receivables due from the Granting Body for "minimum guaranteed amounts"	2,335	49,787
• from INA	9,277	9,028
• as collateral on fidejussory policies	20,512	20,000
• from suppliers as security deposits	770	700
• from others	165	440
<b>Total</b>	<b>117,228</b>	<b>159,049</b>

I "loans to investees" mainly refer to loans granted by SIAS S.p.A. to Tangenziale Esterna S.p.A. (EUR 64 million) and to Igli S.p.A. (EUR 18.6 million) and by SATAP to Edilrovaccio 2 S.r.l. (EUR 0.2 million).

During the year, loans granted by Sias Parking S.r.l. to Parcheggio Via Manuzio S.r.l. (EUR 0.6 million) and Parcheggio Piazza Meda S.r.l. (EUR 2.3 million) for a total of EUR 2.9 million were repaid in full. Moreover, the loan granted by SATAP S.p.A. to Autostrade Lombarde S.p.A. (EUR 17 million) was reclassified under the item "Discontinued operations/Non-current assets held for sale" as a result of agreements entered into between SIAS S.p.A. and SATAP S.p.A. with Intesa Sanpaolo S.p.A..

In accordance with IFRIC 12, the item "financial receivables due from the Granting Body for minimum guaranteed amounts" represents the present value of the medium-long term portion of the minimum cash flows guaranteed by the Granting Body to Euroimpianti Electronic S.p.A. (EUR 2.4 million). The change in the item is attributable to the sale of Fiera Parking S.p.A..

"Receivables from INA" represent the provisions during previous periods to the employee severance indemnity of motorway licensees.

The item "receivables as collateral on fidejussory policies" represents the value of the pledge issued against

fidejussory policies by the Insurance Institutes on behalf of Autostrada Asti-Cuneo S.p.A., with regard to the bidding competition for the Asti-Cuneo concession.

### 3.d – Other

These consist of:

	31 December 2017	31 December 2016
• Insurance policies	241,360	216,126
• Takeover	111,260	-
• Other financial assets	11,135	10,522
<b>Total</b>	<b>363,755</b>	<b>226,648</b>

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 241.4 million refers to the capitalisation policies, entered into by the subsidiary Salt p.A., with Credit Agricole Vita, Reale Mutua Assicurazioni, Allianz, Credit Agricole Vita, Compagnia Italia di previdenza, UnipolSai Assicurazioni and Cardif. The change in the year is attributable to (i) repayments/redemptions of insurance policies by the parent company (EUR (-29.3 million)), (ii) new policies taken out by Salt p.A. (EUR +50 million) and (iii) relative interest income (EUR (+5.2 million)).

Said amount includes the interests accrued and not yet collected as at the reporting date.

These agreements represent a temporary investment of excess liquidity and expire beyond next year. However, there is the option of turning the investment into cash in the short term.

The item "*takeover*" mainly refers to the following: (i) EUR 107.9 million for the value of works as at 30 June 2017 subject to the takeover relative to the A21 "Torino – Piacenza" stretch, of which the concession expired on 30 June 2017, (ii) EUR 3.4 million for a receivable accrued for investments in the A21 "Torino –Piacenza" stretch after this date.

The item "*other financial assets*" includes the units of the investment fund Pharus Sicav (former Atlante Europe Absolute Fund), subscribed in previous years by the Parent Company to invest cash for a total of EUR 10 million. This investment, classified under assets available for sale, is stated at fair value; the fair value adjustment in the period resulted in a revaluation equal to EUR 0.6 million.

## Note 4 – Deferred tax credits

This item totalled EUR 136,521 thousand (EUR 142,970 thousand as at 31 December 2016). For the breakdown of this item, please refer to Note 36 – Income taxes.

## Note 5 – Inventories

These consist of:

	31 December 2017	31 December 2016
Raw materials, ancillary materials and consumables	9,498	9,585
Contract work in progress	13,105	10,856
Finished products and goods	1,244	1,530
Advance payments	-	36
<b>Total</b>	<b>23,847</b>	<b>22,007</b>

Contract work in progress breaks down as follows:

	31 December 2017	31 December 2016
Gross value of the orders	57,033	47,258
Advance payments on work progress	(43,828)	(36,002)
Provisions to guarantee work in progress	(100)	(400)
<b>Net value</b>	<b>13,105</b>	<b>10,856</b>

The change in "contract work in progress" is mainly attributable to a large number of contract works in progress carried out by the subsidiary Euroimpianti S.p.A..

## Note 6 – Trade receivables

Trade receivables totalled EUR 60,735 thousand (EUR 68,852 thousand as at 31 December 2016), net of provisions for bad debts of EUR 3,970 thousand.

## Note 7 – Current tax credits

This item totalled EUR 18,202 thousand (EUR 16,884 thousand as at 31 December 2016) and refers to receivables for VAT, regional production tax, corporate income tax and other tax credits.

## Note 8 – Other receivables

This item breaks down as follows:

	31 December 2017	31 December 2016
Advances to suppliers	3,724	6,369
From jointly controlled entities and associated companies	15,839	14,405
From Parent Companies	29	23
From subsidiaries of Parent Companies	293	134
From others	12,781	9,422
Prepaid expenses	5,166	4,223
<b>Total</b>	<b>37,832</b>	<b>34,576</b>

"Receivables due from jointly controlled entities and associated companies" 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 VIO S.p.A. (EUR 1.4 million).

"Receivables from parent companies" refer to receivables from Argo Finanziaria S.p.A. and ASTM S.p.A..

## Note 9 – Financial receivables

These consist of:

	31 December 2017	31 December 2016
From connected companies	224,993	206,589
Receivables from ANAS for capital grants	5,940	5,940
Pledged current accounts and other financial receivables	11,863	15,659
Financial receivables due from the Granting Body for "minimum	45	4,044
<b>Total</b>	<b>242,841</b>	<b>232,232</b>

The item "*receivables from connected companies*" refers to receivables from connected companies not belonging to the Group for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period.

The item "*receivables from ANAS for capital grants*" refers to receivables from ANAS related to the assessment of grants due for the works carried out by SATAP S.p.A. for the realisation of the motorway access facilities for the "New Milano Rho-Però fair centre" and the "Bernate-Ticino Bypass".

"*Pledged current accounts*", equal to EUR 11.4 million (EUR 15.2 million as at 31 December 2016), refer to the "reserve accounts" servicing the debt in relation to the loans entered into by the subsidiaries SAV S.p.A. and Autostrada Torino Savona S.p.A. (A6 stretch).

The change in the item "*financial receivables due from the Granting Body for minimum guaranteed amounts*" is attributable to the sale of Fiera Parking S.p.A. during the year.

## Note 10 – Cash and cash equivalents

These consist of:

	31 December 2017	31 December 2016
Bank and postal deposits	427,500	743,609
Cheques	30	12
Cash and cash equivalents on hand	13,745	13,893
<b>Total</b>	<b>441,275</b>	<b>757,514</b>

The change in the item "*cash and cash equivalents*" is mainly due to the repayment of the SIAS 2005-2017 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

Following agreements entered into on 28 July 2017 by SIAS S.p.A. and SATAP S.p.A. with Intesa Sanpaolo S.p.A. in order to separate respective investments in Tangenziali Esterne Milano S.p.A., Tangenziale Esterna S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A., the equity investment in Autostrade Lombarde S.p.A. (EUR 27.9 million), although still under joint control, and the receivable for loans (EUR 17.1 million) were reclassified, pursuant to IFRS 5, to the item "Discontinued operations/Non-current assets held for sale" for a total value equal to EUR 45 million.

## **Note 12 – Shareholders' equity**

### 12.1 – Share capital

As at 31 December 2017, the share capital consisted of 227,542,156 ordinary shares at a nominal value of EUR 0.50 each, for a total value of EUR 113,771 thousand, entirely subscribed and paid in.

During the year, the share capital was increased by EUR 3 thousand following the conversion of 6,152 bonds related to the convertible bond loan called "SIAS 2.625% 2005–2017 convertible into ordinary shares" into an equivalent number of shares. As previously stated, the above conversion period expired on 31 May 2017 and - for the portion of unconverted bonds, the loan was repaid on 30 June .

### 12.2 – Reserves

#### 12.2.1 – Share premium reserve

This item totalled EUR 689,608 thousand (EUR 689,546 thousand as at 31 December 2016). This item relates, for an amount of EUR 178.6 million, to a share premium, equal to EUR 4.522 for each of the 39,500,000 shares, calculated along with the share capital increase made in 2002 and reserved to SATAP S.p.A.. The remaining part, equal to EUR 510.6 million, refers to the share premium concerning the share capital increase reserved to ASTM S.p.A., for the contribution of equity investments made in 2007 as part of the corporate reorganization of the ASTM and SIAS Groups. The EUR 62 thousand increase recorded in the period was due to the above-mentioned conversion of the bond loan.

#### 12.2.2 – Revaluation reserves

This item totalled EUR 5,434 thousand (EUR 5,434 thousand as at 31 December 2016).

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

#### 12.2.3 – Legal reserve

This reserve amounted to EUR 26,338 thousand and is unchanged from 31 December 2016.

#### 12.2.4 – Reserves for revaluation to fair value

This item was essentially established and moved as a direct contra-entry to the fair value measurement of financial assets classified as "available for sale". As at 31 December 2017, this reserve totalled a positive EUR 3,075 thousand, net of the related deferred tax effect (a positive EUR 6,251 thousand as at 31 December 2016). For changes in this item, please see Note 3 "Unconsolidated investments – available for sale" and "Other non-current financial assets" above.

#### 12.2.5 – Reserve for cash flow hedge

This item was established and moved as a direct contra-entry to the fair value measurement of interest rate swap agreements and of the effect of foreign exchange hedge derivatives. As at 31 December 2017, this item showed a negative balance of EUR 55,477 thousand, net of the related deferred tax effect (negative balance of EUR 89,056 thousand as at 31 December 2016).

More specifically, the change in the period, amounting to EUR 33,579 thousand, is detailed below:

Adjustment to IRS (Companies consolidated with the "line-by-line method")	32,649
Tax effect on IRS adjustment (Companies consolidated with the "line-by-line method")	(7,774)
Adjustment to IRS (companies consolidated with the "equity method")	9,669
Foreign exchange hedge	(821)
Total	<u>33,723</u>
Of which:	
Portion assigned to minority interests	144
Portion assigned to the Parent Company's Shareholders	<u><b>33,579</b></u>
	33,723

#### 12.2.6 – Available reserves

##### *Capital reserves*

This item totalled EUR 34,590 thousand and was unchanged from 31 December 2016.

##### *Profit reserves*

This item totalled EUR 88,580 thousand and was unchanged from 31 December 2016.

#### 12.2.7 – Exchange rate difference reserve

This reserve is positive for EUR 915 thousand (EUR 39,390 thousand as at 31 December 2016), incorporating the exchange rate differences related to the investees Road Link Holdings Ltd., Itinera S.p.A. and IGLI S.p.A.. More specifically, the change in the period, amounting to EUR 38,475 thousand, is detailed below:

Effect of IGLI exchange rate adjustments (company consolidated by the equity method)	(37,261)
Effect of other exchange rate adjustments (companies consolidated by the equity method)	(1,661)
Tax effect on exchange rate adjustments (companies consolidated by the equity method)	447
Total	<u><b>(38,475)</b></u>

#### 12.2.8 – Reserve for discounting Employee Severance Indemnity

This reserve – which is negative for an amount of EUR 785 thousand (negative balance of EUR 911 thousand as at 31 December 2016) – includes the actuarial differences arising from the remeasurement of liabilities relating to "Employee benefits (Employee Severance Indemnity)".

#### 12.2.9 – Retained earnings

This item totalled EUR 962,322 thousand (EUR 874,746 thousand as at 31 December 2016). It includes the prior-year profits/losses of consolidated companies and also includes amounts related to the differences in accounting treatment that arose on the date of transition to IFRS (1 January 2004), which can be traced to the adjustments made to the financial statements that were prepared up to that date in compliance with national accounting standards.

The increase in this item – totalling EUR 87.6 million – was essentially due to (i) the allocation of the pro-rata share of 2016 profit amounting to EUR 89.1 million, (ii) the change in the scope of consolidation amounting to EUR 1.5 million.

12.3 – Profit for the period

This item includes the profits/losses for the period. It totalled EUR 238,272 thousand (EUR 161,957 thousand in 2016).

12.4 Reserves attributed to minority interests

As at 31 December 2017, this item amounted to EUR 260,512 thousand (EUR 236,402 thousand as at 31 December 2016) and mainly relates to the subsidiaries SALT p.A., Autostrada dei Fiori S.p.A., Autostrada Asti-Cuneo S.p.A., Autocamionale della Cisa S.p.A. and SAV S.p.A..

The increase in the period (equal to EUR 24.1 million) is due to: (i) the distribution of dividends totalling EUR 11.1 million and (ii) the acquisition of minority interests for EUR 1 million, (iii) the change in the scope of consolidation for EUR 0.3 million partially offset by (i) share capital increases in subsidiaries attributable to minority interests and other changes for EUR 12.9 million and (ii) the result for the period (EUR 23.6 million).

Details of the "Reserves attributed to minority interests" are provided below, with an indication of any minority interests considered significant:

<i>(amounts in millions of EUR)</i>	% assigned to minority interests		Reserves	Profit/(loss)	Total
	direct	mediated			
Autostrada dei Fiori S.p.A.	29.1	33.2	136.3	14.6	150.9
SAV S.p.A.	34.9	34.9	44.2	5.8	50.0
SALT p.A.	4.8	4.8	18.1	2.3	20.4
Autostrada Asti-Cuneo S.p.A.	40.0	42.9	19.9	0.5	20.4
Other companies			18.5	0.8	19.3
<b>Total</b>			<b>237.0</b>	<b>24.0</b>	<b>261.0</b>

The aforementioned investments were considered significant on the basis of quantitative parameters (impact of the related minority interests' share on minority shareholders' equity as at the reporting date) and qualitative parameters (their business activities – motorway management concessions).

As more extensively illustrated in the Management Report, (to which reference should be made), the main economic-financial figures of the subsidiaries with significant minority interests are summarised below.

<i>(amounts in thousands of EUR)</i>	Autostrada dei Fiori S.p.A.	SAV S.p.A.	SALT S.p.A.	Autostrada Asti-Cuneo S.p.A.
Net toll revenue <sup>(1)</sup>	224,418	68,732	285,619	18,940
Other motorway sector revenue <sup>(2)</sup>	5,973	829	11,096	(12)
Other revenue	8,641	7,333	9,725	1,041
<b>Turnover (A)</b>	<b>239,032</b>	<b>76,864</b>	<b>306,440</b>	<b>19,969</b>
Operating costs <sup>(1)(2)</sup> (B)	(105,801)	(28,398)	(117,385)	(17,554)
<b>Gross operating margin<sup>(3)</sup> (A - B)</b>	<b>133,231</b>	<b>48,496</b>	<b>189,055</b>	<b>2,415</b>

<sup>(1)</sup> amounts net of the fee/additional fee payable to ANAS

<sup>(2)</sup> amounts net of revenue and costs for construction activities of non-compensated revertible assets

<sup>(3)</sup> net of non-recurring items

<i>(amounts in thousands of EUR)</i>	<b>Autostrada dei Fiori S.p.A.</b>	<b>SAV S.p.A.</b>	<b>SALT S.p.A.</b>	<b>Autostrada Asti-Cuneo S.p.A.</b>
A) Cash	71,317	16,486	128,942	1,936
B) Financial receivables	105,645	15,526	299,861	4,995
C) Short-term borrowings	(30,862)	(12,223)	(33,145)	(73,432)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>146,100</b>	<b>19,789</b>	<b>395,658</b>	<b>(66,501)</b>
E) Long-term borrowings	(204,241)	(57,497)	(598,695)	(149,888)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(58,141)</b>	<b>(37,708)</b>	<b>(203,037)</b>	<b>(216,389)</b>
G) Discounted value of the payable due to ANAS – Central Insurance Fund	-	(87,683)	(48,590)	-
<b>H) "Adjusted" net financial indebtedness (F) + (G) + (H)</b>	<b>(58,141)</b>	<b>(125,391)</b>	<b>(251,627)</b>	<b>(216,389)</b>

With reference to the provisions of paragraphs 12 and 13 of IFRS 12 and taking into account the fact that the concession assets are governed by specific contractual arrangements with the Granting Body (as indicated in the paragraph "Concessions" in the explanatory notes) there are no significant restrictions or limitations to report on the use of certain assets or the settlement of liabilities.

The articles of association of a number of the motorway licensees envisage qualifying majority approval for extraordinary transactions (transformation, merger, share capital increases, etc.).

### Note 13 – Provisions for risks and charges and Employee benefits

	31 December 2017	31 December 2016
Provision for restoration	149,227	159,175
Tax reserve	-	12,678
Other provisions	15,245	8,579
Employee benefits	32,254	34,874
<b>Total provisions for risks and charges and employee benefits</b>	<b>196,726</b>	<b>215,306</b>

#### 13.1 – Provisions for risks and charges

The following table shows the changes in provisions for risks and charges compared to the values at the end of the previous financial year.

	Provision for restoration	Tax reserve	Other provisions	Total
<b>1 January 2017</b>	<b>159,175</b>	<b>12,678</b>	<b>8,579</b>	<b>180,432</b>
Change in the scope of consolidation	-	-	(793)	(793)
Provisions	110,996	-	9,147	120,143
Drawdowns	(120,944)	(12,678)	(1,688)	(135,310)
Restatements and other changes	-	-	-	-
<b>31 December 2017</b>	<b>149,227</b>	<b>-</b>	<b>15,245</b>	<b>164,472</b>

A brief description of the types of obligations associated with the provisions is provided below.

#### Provision for restoration, replacement and maintenance of non-compensated revertible assets.

The provisions for renewal for FY 2017 totalled EUR 110,996 thousand, while drawdown amounted to EUR 120,944 thousand and represented all maintenance operations.

Tax reserve

This provision was made in previous years for the possible failure to exercise the conversion right relative to "SIAS 2005-2017 convertible bonds".

Pursuant to article 5(4) of the Italian Decree dated 8 June 2011, in the case of failed exercise (whether in full or in part) of the right to conversion by the bond holders, the (corresponding) equity component is subject to taxation if it has given to rise to greater interest expense deducted by the issuer over the length of the conversion loan.

Following repayment of the convertible bond loan - on 30 June 2017 - the above provision was used which, also considering other income components realised by the Company, was in excess of EUR 1.2 million (of which EUR 797 thousand attributable to corporate income tax and EUR 251 thousand attributable to regional production tax). This excess is recognised in the item Current taxes for the year.

Other provisions

This item, amounting to EUR 15,245 thousand (EUR 8,579 thousand as at 31 December 2016) changed due to (i) provisions in the period totalling EUR 9.1 million (ii) the use of EUR 1.7 million, and (iii) changes in the scope of consolidation of EUR 0.8 million. As at 31 December 2017, this item mainly refers to:

- EUR 5.1 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;
- EUR 0.1 million set aside by SATAP S.p.A. for lawsuit expenses;
- EUR 0.3 million set aside by Albenga Garessio Ceva S.p.A. for lawsuit expenses;
- EUR 0.2 million euro set aside by the subsidiary Euroimpianti Electronic S.p.A. for the corporate restructuring plan implemented;
- EUR 1.3 million set aside by the subsidiary Autostrada dei Fiori S.p.A. for pending litigation (EUR 0.8 million ) and risks for work performed (EUR 0.5 million);
- EUR 2.1 million for expenses to be incurred as part of the optimization and rationalisation of human resources carried out under trade union agreements signed in the period by the subsidiaries Autostrada dei Fiori S.p.A., Autostrada Asti Cuneo S.p.A., Società Autostrada Ligure Toscana p.A. e SATAP S.p.A. (the item allocated is included in the payroll expenses);
- EUR 5.5 million to the provision for risks relating to SATAP A21, the concession of which expired on 30 June 2017. The aforementioned provision was set aside with regard to the uncertain scenario resulting, inter alia, from the non-finalisation of the Financial Economic Plan update procedure for the regulatory period 2013-30 June 2017.
- EUR 0.9 million for premiums relative to the "management incentive system" introduced in the previous year.

The item "uses" includes - for an amount equal to EUR 1.2 million - revision of the estimate of the provision allocated by SIAS Parking S.r.l. for losses expected with reference to the equity investment Parcheggio Via Manuzio S.r.l., sold in the year.

The item "change in the scope of consolidation" refers to the provisions allocated by the company Fiera Parking S.p.A. sold in the year.

**13.2 – Employee benefits (Employee Severance Indemnity)**

As at 31 December 2017, this item totalled EUR 32,254 thousand (EUR 34,874 thousand as at 31 December 2016).

Changes during the period were as follows:

<b>1 January 2017</b>	<b>34,874</b>
Change in the scope of consolidation	-
Period contributions	389 (*)
Indemnities advanced/liquidated during the period	(2,858)
Restatements and other changes	(151)
<b>31 December 2017</b>	<b>32,254</b>

(\*) net of actuarial profit recognised in the statement of comprehensive income for EUR 0.9 million

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

<b>Economic/financial assumptions</b>	
Annual discount rate	1.61% <sup>(1)</sup>
Annual inflation rate	1.5%
Annual rate of increase in severance pay	2.625%
Annual rate of salary increases (for Companies with less than 50 employees)	From 1% to 2.5%
<b>Demographic assumptions</b>	
Mortality	RG 48 tables
Disability	INPS tables by age and gender
Retirement age	Requirements met
% of frequency of advances	From 1% to 4%
Turnover	From 0.5% to 8%

<sup>(1)</sup> In accordance with the regulations of the Italian Board of Actuaries – the rate used was the annual rate resulting from the "A" rating Iboxx Eurozone Corporate index (in line with the previous year), as this was deemed to best reflect the economy in which the Company 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 higher by approximately EUR 0.7 million, with an effect on shareholders' equity (Group and minority interests) amounting to around EUR 0.5 million net of the related tax effect.

**Note 14 – Other payables (long-term)**

These consist of:

	31 December 2017	31 December 2016
To ANAS – Central Insurance Fund	124,373	127,621
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	68,253	77,636
to others	178	8,079
<b>Total</b>	<b>192,804</b>	<b>213,336</b>

The item payable "to ANAS - Central Insurance Fund" refers to operations undertaken by the parties in question in favour of the licensees SALT p.A. and SAV S.p.A. to make instalment payments and for payables to suppliers. The amount of the payable has been discounted based on the repayment plans set out in the respective agreements.

The breakdown by licensee of payables discounted as at 31 December 2017 and their developments until fully repaid is as follows:

(amounts in millions of EUR)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	87.7	81.7	75.4	68.7	56.8	43.8	29.9	15.2	-	-	-
SALT- A15 stretch	48.6	51.1	53.8	56.6	59.6	62.7	66.1	69.7	73.5	74.0	26.4
<b>TOTAL</b>	<b>136.3<sup>(1)</sup></b>	<b>132.8</b>	<b>129.2</b>	<b>125.3</b>	<b>116.4</b>	<b>106.5</b>	<b>96</b>	<b>84.9</b>	<b>73.5</b>	<b>74</b>	<b>26.4</b>

<sup>(1)</sup> of which EUR 124.4 million as the non-current portion and EUR 11.9 million as the current portion (Note 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 charges". At the same time, the amount previously deferred is posted to the item "other income".

The change in the item payables "to others" is mainly attributable to the sale of Fiera Parking S.p.A.. At 31 December 2016, the item included the portion pertaining to future financial years of the "one-off contribution" paid by the Granting Body Sviluppo Sistema Fiera S.p.A. to Fiera Parking S.p.A., as set out in the agreement for the assignment of planning, construction, maintenance and management activities of the parking system for the new fair centre, according to a project financing procedure.

The payables shown above are broken down by maturity as follows:

	Between one and five years	Beyond five years	Total
Payables to ANAS – Central Insurance Fund	46,070	78,303	124,373
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	39,699	28,554	68,253
Other payables	178	-	178
<b>Total</b>	<b>85,947</b>	<b>106,857</b>	<b>192,804</b>

**Note 15 – Bank debt (non-current)**

Bank debt totalled EUR 860,590 thousand (EUR 927,183 thousand as at 31 December 2016).

The change compared to the previous year is the result of the following: (i) early repayments for the refinancing of some contracts (EUR -143.5 million), (ii) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments due in the following 12 months (EUR -253.1 million), (iii) the change in the scope of consolidation due to the sale of the equity investment in Fiera Parking S.p.A. (EUR -21.6 million), (iv) the granting of new loans (EUR +353.5 million) and (v) the so-called amortised cost (EUR -1.9 million).

The tables below show the medium-term bank debt as at 31 December 2017 and 31 December 2016, indicating the related balance due (current and non-current portion) and summarizing the principal conditions applied to each liability.

31 December 2017									
Lending bank	Company	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2017	Within 1 year	1 to 5 years	Beyond 5 years
Banca BIIS – Intesa Group	SATAP	15/06/2024	75,000	Variable/IRS	EUR	31,452	4,839	19,355	7,258
Mediobanca (EIB funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	5,400	1,200	4,200	-
Mediobanca (EIB funding)	SATAP	15/06/2024	59,450	Variable/IRS	EUR	24,930	3,835	15,342	5,753
Mediobanca	SATAP	13/12/2021	400,000	Variable/IRS	EUR	320,000	80,000	240,000	-
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	EUR	162,000	36,000	126,000	-
Cassa Depositi e Prestiti	SATAP	31/12/2025	60,000	Variable/IRS	EUR	60,000	4,000	32,002	23,998
BNL – Mediobanca	SAV	15/12/2019	50,000	Variable/IRS	EUR	8,334	4,167	4,167	-
Banca BIIS – UniCredit	SALT	30/06/2018	110,000	Variable/IRS	EUR	5,000	5,000	-	-
Monte dei Paschi di Siena	SALT	22/05/2018	170,000	Variable/IRS	EUR	8,092	8,092	-	-
Crédit Agricole	LOGISTICA TIRRENICA	01/04/2019	3,400	Variable	EUR	534	357	177	-
Mediobanca, Unicredit and UBI (EIB funding)	SIAS	15/12/2024	24,500	Variable/IRS	EUR	24,500	3,500	14,000	7,000
Mediobanca, Unicredit and UBI	SIAS	15/12/2024	143,500	Variable IRS	EUR	143,500	20,500	82,000	41,000
EIB	SIAS	15/12/2024	77,000	Variable	EUR	77,000	11,000	44,000	22,000
EIB	SIAS	15/12/2024	25,000	Variable	EUR	3,571	3,571	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/06/2018	20,000	Variable	EUR	2,857	2,857	-	-
EIB	SIAS	15/12/2020	25,000	IRS	EUR	12,500	4,167	8,333	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2020	45,000	Variable	EUR	22,500	7,500	15,000	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2020	15,000	Variable	EUR	7,500	2,500	5,000	-
UBI	SIAS	30/09/2019	70,000	Variable	EUR	70,000	-	70,000	-
BNL	SIAS	14/09/2019	30,000	Variable	EUR	30,000	-	30,000	-
Banca Popolare di Milano	SIAS	31/01/2019	50,000	Variable	EUR	50,000	-	50,000	-
BNL	SIAS	10/12/2018	50,000	Variable	EUR	50,000	50,000	-	-
						<b>1,119,670</b>	<b>253,085</b>	<b>759,576</b>	<b>107,009</b>
			Accrued liabilities and deferred income, SIAS Group			<b>(5,576)</b>	<b>419</b>	<b>(4,087)</b>	<b>(1,908)</b>
						<b>1,114,094</b>	<b>253,504</b>	<b>755,489</b>	<b>105,101</b>
								<b>860,590</b>	

Almost all the medium- and long-term loan contracts in place as at 31 December 2017 require compliance with certain economic and financial parameters (covenants) that are normal for loans of this type. As at 31 December 2017, these parameters had been satisfied.

The interest on the loans is essentially tied to the EURIBOR (i.e. the reference IRS) plus an average weighted spread of 0.95% for an average residual duration of the payable of approximately 5 years.

The table below shows the average spread broken down between fixed rate borrowings (IRS parameter for the period) and variable rate borrowings (Euribor parameter for the period).

	Average spread
Fixed rate borrowings	0.837
Variable rate borrowings	1.111

The note "Other information – Financial risk management" contains the description of the financial risks of the Group and the management policies for them.

31 December 2016									
Lending bank	Company	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2016	Maturity		
							Within 1 year	1 to 5 years	Beyond 5 years
Banca BIIS – Intesa Group	SATAP	15/06/2024	75,000	Variable/IRS	EUR	36,291	4,839	19,355	12,097
Mediobanca (EIB funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	6,600	1,200	4,800	600
Mediobanca (EIB funding)	SATAP	15/06/2024	59,450	Variable/IRS	EUR	28,766	3,835	15,342	9,589
Mediobanca	SATAP	13/12/2021	400,000	Variable/IRS	EUR	400,000	80,000	320,000	-
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	EUR	180,000	18,000	162,000	-
BNL – Mediobanca	SAV	15/12/2019	50,000	Variable/IRS	EUR	12,500	4,167	8,333	-
Banca BIIS – UniCredit	CISA	30/06/2018	110,000	Variable/IRS	EUR	15,000	10,000	5,000	-
Cassa Risparmio La Spezia	LOGISTICA TIRRENICA	01/04/2019	3,400	Variable	EUR	892	356	536	-
Monte dei Paschi di Siena	SALT	22/05/2018	170,000	Variable/IRS	EUR	24,283	16,191	8,092	-
BBVA	SIAS	06/10/2017	40,000	Fixed	EUR	40,000	40,000	-	-
Barclays Bank	SIAS	25/01/2017	50,000	Variable	EUR	50,000	50,000	-	-
BBVA	SIAS	06/10/2017	30,000	Fixed	EUR	30,000	30,000	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2024	200,000	Variable/IRS	EUR	160,000	20,000	80,000	60,000
EIB	SIAS	15/12/2024	150,000	Variable IRS	EUR	120,000	15,000	60,000	45,000
EIB	SIAS	15/06/2018	25,000	Variable	EUR	10,714	7,143	3,571	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/06/2018	20,000	Variable	EUR	8,571	5,714	2,857	-
EIB	SIAS	15/12/2020	25,000	Variable/IRS	EUR	16,667	4,167	12,500	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2020	45,000	Variable	EUR	30,000	7,500	22,500	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	15/12/2020	15,000	Variable	EUR	10,000	2,500	7,500	-
BNP Paribas	SIAS	10/12/2018	50,000	Variable	EUR	50,000	-	50,000	-
UniCredit	Fiera Parking	30/06/2024	44,322	Variable/IRS	EUR	24,195	2,606	12,162	9,427
						<b>1,254,479</b>	<b>323,218</b>	<b>794,548</b>	<b>136,713</b>
Accrued liabilities and deferred income, SIAS Group						(1,879)	2,199	(3,174)	(904)
						<b>1,252,600</b>	<b>325,417</b>	<b>791,374</b>	<b>135,809</b>
<b>Total bank debt (non-current)</b>								<b>927,183</b>	

## Note 16 – Hedging derivatives

This item amounts to EUR 55,092 thousand (EUR 87,466 thousand as at 31 December 2016) and refers to the fair value as at 31 December 2017 of the Interest Rate Swap contracts concluded by Group companies in order to prevent the risk deriving from changes in interest rates.

**Note 17 – Other financial liabilities (non-current)**

These consist of:

	31 December 2017	31 December 2016
2010-2020 bond loan	497,456	496,628
2014-2024 bond loan	496,606	496,116
Other payables	1,343	1,489
<b>Total</b>	<b>995,405</b>	<b>994,233</b>

The item "2010-2020 bond loan" refers to the EUR 500 million bond loan issued in October 2010. The bonds have a minimum unit of EUR 50 thousand and were placed at an issue price ("below par") of EUR 99.134. These bonds are governed by English law and traded at the Irish Stock Exchange.

In compliance with IAS 32, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

- duration: 10 years;
- coupon: 4.50% per year, gross;
- redemption: bonds will be redeemed upon maturity (26 October 2020) in a lump sum at par value.

The item "2014-2024 bond loan" refers to the "senior secured" bond loan of EUR 500 million issued in February 2014; The bonds issued have a minimum unit of EUR 100 thousand and were placed at an issue price ("below par") of EUR 99.466 only with qualified investors. These bonds are governed by English law and traded at the Irish Stock Exchange.

In compliance with IAS 32, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

- duration: 10 years;
- coupon: 3.375% per year, gross;
- redemption: bonds will be redeemed upon maturity (13 February 2024) in a lump sum at par value.

The increase in the above-mentioned "bond loans" is due to the application of the so-called "amortised cost", according to which the payable is progressively aligned with its redemption value.

"Other payables" refer to that portion of medium- and long-term loans related to the lease-purchase of assets. These liabilities mature between one and five years.

**Note 18 – Deferred tax liabilities**

This item totalled EUR 55,691 thousand (EUR 62,796 thousand as at 31 December 2016). For a breakdown of this item, see Note 36 – Income taxes.

**Note 19 – Trade payables (current)**

Trade payables totalled EUR 140,613 thousand (EUR 142,880 thousand as at 31 December 2016).

**Note 20 – Other payables (current)**

These consist of:

	31 December 2017	31 December 2016
Advance payments	1,663	752
Payables to jointly controlled entities and associated companies	164	164
Payables to welfare organisations	11,561	11,435
Payables to ANAS – Central Insurance Fund	11,900	30,452
Payables to Autostrada dei Fiori shareholders for option	10,341	10,341
Deferred income	10,656	11,567
Other payables	50,460	46,476
<b>Total</b>	<b>96,745</b>	<b>111,187</b>

The item "*advance payments*" includes advances received from buyers in accordance with the law and intended to be recovered based on the progress of the work.

The item "*payables to ANAS – Central Insurance Fund*" represents the portion of the debt maturing during the next accounting period.

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 2,602,320 shares (equal to 3.652% of the share capital) subscribed by them.

The item "*payables to Autostrada dei Fiori shareholders for option*" represents the estimate of the price to be paid to the shareholders if the latter decide to exercise the put option for the above-mentioned shares.

The item "*deferred income*" mainly refers to prepaid lease, easement payments, grants received by SATAP S.p.A. (A4 and A21 stretches) from TAV S.p.A., RFI S.p.A., Autostrade Centro Padane S.p.A., Autostrade per l'Italia S.p.A., and grants received by SAV S.p.A. from RAV S.p.A. and the Autonomous Region Valle d'Aosta.

The increase in "*other payables*" is mainly due to (i) greater payables for concession fees (EUR 3.8 million) (ii) greater payables for personnel (EUR 2.4 million) and (ii) lower other payables (EUR 4.4 million).

**Note 21 – Bank debt (current)**

These consist of:

	31 December 2017	31 December 2016
Short-term loans and advances	4,428	24,932
Maturing portion of medium- and long-term loans	253,504	325,417
<b>Total</b>	<b>257,932</b>	<b>350,349</b>

The change in the item "*short-term loans and advances*" is mainly due to the use of available credit lines by Autostrada Asti-Cuneo S.p.A..

The change in the item "*current portion of non-current indebtedness*" is due to (i) the repayment of instalments due in 2017 (EUR 320.6 million) and the related interest accrued (EUR 2.2 million), (ii) the reclassification - from the item "*loans from banks (non-current)*" of instalments due within 12 months (EUR 253.1 million), (iii) the change in the scope of consolidation due to the sale of the equity investment in Fiera Parking S.p.A. (EUR 2.6 million) and (iv) the assessment of the interest accrued (EUR 0.4 million).

**Note 22 – Other financial liabilities (current)**

These consist of:

	31 December 2017	31 December 2016
SIAS 2005-2017 convertible bond loan	-	340,279
SIAS 2010-2020 bond loan	4,130	4,130
SIAS 2014-2024 bond loan	14,887	14,892
Payables to connected companies	8,266	8,928
Other payables	14,400	18,268
<b>Total</b>	<b>41,683</b>	<b>386,497</b>

At 30 June 2017, the principal and interest portion for the "SIAS 2005-2017 convertible bond loan" were repaid net of conversions made in the first half equal to EUR 8 thousand.

The items "SIAS 2010-2020 bond loan" and "SIAS 2014-2024 bond loan", refer to the payable to the bondholders for the interest accrued as at 31 December 2017.

The item "payables to connected companies" refers to payables to connected companies not belonging to the Group for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period.

"Other payables" refer – for EUR 3.6 million – to the payable relating to the higher contribution received with respect to the amount accrued from the subsidiary Autostrada Torino Savona.

With regard to the total debt (short-, medium- and long-term) for assets under finance leases, we show below the reconciliation as at 31 December 2017 between total future payments for leased assets and their present value using the interest rate implicit in the respective contract.

<b>Future payments</b>	<b>1,843</b>
Near present value of the instalments based on the implicit rate in the contracts	(350)
<b>Present value of future payments</b>	<b>1,493</b>

**Note 23 – Current tax liabilities**

Current tax liabilities totalled EUR 19,712 thousand (EUR 19,443 thousand as at 31 December 2016) and refer to liabilities for corporate income tax, regional production tax, VAT and personal income tax withheld.

## Explanatory Notes – Information on the income statement

Comparative data of the previous year have been restated (i) following the classification, pursuant to IFRS 5, of Fiera Parking S.p.A., sold in November 2017.

The comparison with the previous year also reflects the deconsolidation - as from the current year of economic components - of the subsidiary ABC Costruzioni S.p.A., which was merged by absorption with the associate Itinera S.p.A., effective from 31 December 2016.

### Note 24 – Revenues

#### 24.1 – Motorway sector revenue – operations

This item breaks down as follows:

	2017	2016 restated
Net toll revenue	1,017,280	978,864
Fee/additional fee payable to ANAS	75,904	74,078
<b>Gross toll revenue</b>	<b>1,093,184</b>	<b>1,052,942</b>
Other accessory revenue	30,114	28,263
<b>Total motorway sector revenue</b>	<b>1,123,298</b>	<b>1,081,205</b>

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

The change in the item "*fee/additional fee payable to ANAS*" (EUR +1.8 million) was due to the increase in traffic volumes on the sections managed by the other licensees. Based on the fact that the fees had been collected on behalf of ANAS, this increase wholly affected the item "operating costs".

The increase in the item "*other accessory revenues*", is attributable to (i) the growth in rental income on service areas (+10%) as of new economic conditions agreed during the reassignment of some service areas and (ii) the downturn in other accessory revenues/capital gains from motorway management.

#### 24.2 – Motorway sector revenue – planning and construction activities

This item totalled EUR 190,032 thousand (EUR 175,222 thousand in 2016) and refers to the "planning and construction" activity of non-compensated revertible assets that – according to IFRIC 12 – are booked among revenues with regards to both the portion obtained by Group companies and that of Third Parties. The corresponding costs were entered under "Other costs for services".

#### 24.3 – Construction and engineering sector revenue

The item "construction and engineering sector revenue" was reset to zero in 2017; in the previous year, this item (equal to EUR 1 million) referred to production for third parties carried out by ABC Costruzioni S.p.A..

24.4 – Technology sector revenue

This item breaks down as follows:

	2017	2016 restated
Revenue for works and planning	32,563	79,463
Change in contract work in progress, goods in process, semi-finished and finished products	8,118	(44,432)
Other revenue	3,924	3,958
<b>Total</b>	<b>44,605</b>	<b>38,989</b>

This is the total amount of "production" carried out for Third Parties by the subsidiaries Sinelec S.p.A., Euroimpianti Electronic S.p.A., Brescia Milano Manutenzione S.c.ar.l. and PLM S.c.ar.l.. The above-mentioned amounts are recognised net of intergroup "production" related to maintenance and enhancement activities for the motorway network, which were carried out by said Companies in favour of the Group's motorway licensees. The increase in the item "technological sector revenue" compared to the previous year, reflects activities carried out for third parties by the subsidiary Sinelec S.p.A. and by the subsidiary Euroimpianti S.p.A..

24.5 – Other revenue

This item breaks down as follows:

	2017	2016 restated
Claims for damages	3,785	3,375
Recovery of expenses and other income	26,749	24,932
Share of income resulting from the discounting of the payable due to ANAS – Central Insurance Fund	9,583	10,642
Works on behalf of third parties and cost reversal	8,006	7,197
Operating grants	2,022	610
<b>Total</b>	<b>50,145</b>	<b>46,756</b>

The item "*claims for damages*" refers to the refunds – by insurance companies – of the costs incurred by motorway licensees for repair to the motorway network following accidents and other damages.

The change in the item "*recovery of expenses and other income*" is mainly attributable to recoveries for service area alienations (EUR +7.5 million) offset by the reduction (i) in contingent assets (EUR - 2.4 million), (ii) other revenues (EUR -2.5 million) and (iii) capital gains from sales (EUR -0.8 million).

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 due to higher revenues from cost reversal to consortia recognized by the subsidiary SATAP S.p.A. and to revenues for works carried out for third parties by the various Group licensees.

The change in the item "*operating grants*" is mainly attributable to the recognition of contributions for some motorway licensees as part of the MedTIS Project relative to development of the "Transit times" detections system.

**Note 25 – Payroll costs**

This item can be broken down as follows:

	2017	2016 restated
Salaries and wages	113,114	115,587
Social security contributions	33,790	35,009
Allocations to payroll provisions	6,661	6,875
Other costs	10,519	5,187
<b>Total</b>	<b>164,084</b>	<b>162,658</b>

The increase in *payroll costs* is attributable to (i) EUR 2.4 million for contractual increases paid to operating companies in the motorway sector, as well as increases in the number of employees in the technological and services sector and (ii) EUR 5.3 million for indemnities paid for company restructuring plans (iii) EUR 0.8 million for premiums relative to the "management incentive system" introduced in the previous year; these increases are partially offset by the deconsolidation of the company ABC Costruzioni S.p.A. as from 31 December 2016 (EUR 7.1 million).

Average employee staffing breaks down by category as follows:

	2017	2016
Executives	48	51
Middle managers	75	71
Office workers	1,793	1,881
Workers	385	447
<b>Total</b>	<b>2,301</b>	<b>2,450</b>

**Note 26 – Costs for services**

This expense item breaks down as follows:

	2017	2016 restated
Maintenance of non-compensated revertible assets	97,653	76,997
Other costs related to non-compensated revertible assets	27,451	25,760
Other costs for services	275,260	260,073
<b>Total</b>	<b>400,364</b>	<b>362,830</b>

The item "*maintenance of non-compensated revertible assets*" is recognised net of intercompany "production" carried out by Group companies operating in the "construction and engineering" and "technology" sectors in favour of motorway companies. The final increase compared to the previous period is attributable to the different planning of operations and the fact that production carried out in the past year by ABC Costruzioni S.p.A. is no longer eliminated, following its deconsolidation. The total amount of maintenance operations carried out in the period under review totalled EUR 122.1 million.

The increase in "*other costs related to non-compensated revertible assets*" was due to (i) greater costs incurred for "*motorway cleaning*" (ii) lower costs for "*winter services*" as a consequence of weather conditions in the first few months of 2017 and "*other costs on revertible assets*".

The item "other costs for services" includes – as set out in IFRIC 12 – the costs related to "planning and construction activities" of non-compensated revertible assets. This category also includes professional fees, costs for legal assistance, fees for corporate bodies, as well as services provided by subcontractors to the subsidiaries SATAP S.p.A., Euroimpianti S.p.A. and Sinelec S.p.A..

The change compared to the same period of the previous year is mainly due to higher costs relative to "planning and construction activities" for revertible assets (IFRIC 12).

## Note 27 – Costs for raw materials

This expense item breaks down as follows:

	2017	2016 restated
Raw materials	14,295	18,913
Consumables and merchandise	13,836	17,600
Changes in inventories of raw materials, consumables and merchandise	86	226
<b>Total</b>	<b>28,217</b>	<b>36,739</b>

This item relates to production material and consumables and mainly refers to the subsidiaries Euroimpianti S.p.A., Sinelec S.p.A., SATAP S.p.A., Autostrada dei Fiori S.p.A. e SALT p.A. The decrease compared to the previous year is mainly due to the deconsolidation of ABC Costruzioni S.p.A..

## Note 28 – Other operating costs

This expense item breaks down as follows:

	2017	2016 restated
Concession fee pursuant to article 1, par. 1020 of Italian Law No. 296/06	24,776	23,855
Fee pursuant to article 19, par. 9-bis of Italian Law Decree no. 78/09	75,904	74,078
Sub-concession fee	5,632	4,405
Leases and rental expenses	6,136	6,493
Other operating expenses	11,044	13,278
<b>Total</b>	<b>123,492</b>	<b>122,109</b>

The item "concession fee pursuant to article 1, paragraph 1020 of Law no. 296/06" has been calculated according to 2.4% of "net toll revenue"; the change in this item is due to the increase in toll revenues.

The item "fee pursuant to article 19, paragraph 9 of Law Decree no. 78/09" has been calculated according to EUR 0.0060 vehicle/km for light vehicles and EUR 0.0180 vehicle/km for heavy vehicles. The change compared to the previous year was due the increase in traffic on the sections managed by the licensees.

The change in the "subconcession fee" - calculated on the royalties from service areas - is largely due to the positive change in revenue from royalties following the new economic terms negotiated during the reassignment of certain service areas.

The cost for "leases and rental expenses" mainly refers to operating leases for industrial and commercial equipment used by the Group Companies. The associated contracts for these assets contain clauses for both redemption upon maturity at market prices for the contracted asset and renewal options upon maturity. The lease payments increase annually based on the ISTAT index.

The change in the item “*other operating expenses*” is mainly due to fewer contingencies recorded in 2017 compared to 2016.

## Note 29 – Capitalised expenses for internal works

This item, amounting to EUR 715 thousand (EUR 1,119 thousand in 2016), 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:

	2017	2016 restated
Intangible assets:		
• Other intangible assets	2,926	2,582
• Non-compensated revertible assets	319,483	309,195
Tangible assets:		
• Buildings	1,762	1,606
• Plant and machinery	976	1,010
• Industrial and commercial equipment	478	679
• Other assets	1,817	2,041
• Assets in financial lease	127	221
<b>Total amortisation and depreciation</b>	<b>327,569</b>	<b>317,334</b>
Write-down of goodwill and other write-downs	575	319
<b>Total amortisation, depreciation and write-downs</b>	<b>328,144</b>	<b>317,653</b>

## Note 31 – Update of the provision for restoration, replacement and maintenance of non-compensated revertible assets

The adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets is detailed as follows:

	2017	2016 restated
Use of the provision for restoration, replacement and maintenance of non-compensated revertible assets	(120,944)	(135,700)
Set-aside to provision for restoration, replacement and maintenance of non-compensated revertible assets	110,996	121,281
<b>Net adjustment of the provision for restoration, replacement or maintenance of non-compensated revertible assets</b>	<b>(9,948)</b>	<b>(14,419)</b>

The use of the provision for restoration, replacement or maintenance of non-compensated revertible assets represents all maintenance costs borne by the motorway licensees during the period. The provision includes the amount needed to update the fund to meet scheduled maintenance programmes in the financial plans attached to the individual concessions in later accounting periods, in order to ensure the appropriate functionality and safety of the respective motorway infrastructures. The different amount of the net adjustment of the provision for restoration, replacement or maintenance of non-compensated revertible assets is due, among other things, to a different schedule of maintenance operations.

## Note 32 – Provisions for risks and charges

These break down as follows:

	2017	2016 restated
Allocation to tax reserve	-	1,600
Other allocations to provisions for risks and charges	6,052	752
<b>Total</b>	<b>6,052</b>	<b>2,352</b>

The allocation to the "tax reserve" refers to taxes prudentially allocated (EUR 1.6 million) in accordance with tax regulations concerning the deductibility of interest expense calculated on the "liability component" of the "SIAS 2.625% 2005-2017" convertible bond loan. The bond loan was repaid on 30 June 2017.

During 2017, "other provisions" mainly refer to allocations made (i) for EUR 5.5 million by the subsidiary SATAP S.p.A. for the potential risk in relation to outstanding uncertainties related to the expiry of the concession agreement for the A21 stretch, which expired on 30 June 2017 (ii) for EUR 0.5 million for allocations in favour of provisions charges for legal fees for lawsuits and labour employment disputes.

## Note 33 – Financial income

This item breaks down as follows:

	2017	2016 restated
<b>Income from equity investments:</b>		
• Dividends from other businesses	414	585
• capital gain on sale of investments	34,225	-
<b>Total</b>	<b>34,639</b>	<b>585</b>
<b>Interest income and other financial income</b>		
• from credit institutions	890	4,047
• from financial assets	12,126	12,503
• from interest rate swap contracts	-	-
• other	3,546	894
<b>Total</b>	<b>16,562</b>	<b>17,444</b>
<b>Total financial income</b>	<b>51,201</b>	<b>18,029</b>

The item "dividends from other businesses" mainly refers to the dividends received from the investee companies Assicurazioni Generali S.p.A. (EUR 0.3 million) and Mediobanca S.p.A. (EUR 0.1 million).

The item "capital gain on the sale of equity investments", refers to (i) EUR 27.2 million for the sale of shares in Fiera Parking S.p.A., Parcheggio Piazza Meda S.r.l., Parcheggio Piazza Trento e Trieste S.r.l., Parcheggio Piazza Vittorio S.r.l. e Parcheggio Via Manuzio S.r.l. and (ii) EUR 6.2 million for the sale of shares in FNM S.p.A., (iii) EUR 0.8 million for the sale of shares in Aton S.r.l. and (iv) EUR 0.1 million for the sale of shares in SINA S.p.A..

The decrease in the item "interest income from credit institutions" was due to the lower average level of deposits held with these institutions.

"From financial assets" includes financial income from insurance policies for EUR 5.4 million (EUR 4.9 million in 2016) and interest on loans disbursed to investee companies for EUR 6.7 million (EUR 6.6 million in 2016).

The item "others" includes an amount equal to EUR 3.3 million relative to financial income from the refinancing of some EIB loans, equal to the difference between the book value of the payable before EIB refinancing and present value obtained by discounting redetermined financial flows, net of accessory refinancing costs, from the effective interest rate prior to the refinancing..

## Note 34 – Financial charges

### 34.1 – Financial charges

This item breaks down as follows:

	2017	2016 restated
<b>Interest expense:</b>		
• on loans	11,691	14,200
• on current accounts at banks	22	713
<b>Miscellaneous interest expense:</b>		
• from interest rate swap contracts	28,795	30,736
• from financial discounting	10,083	11,375
• from convertible bond loan SIAS 2005-2017	7,076	14,187
• from bond loan SIAS 2010–2020	23,328	23,303
• from bond loan SIAS 2014-2024	17,360	17,354
• from financial lease contracts	32	43
<b>Other financial charges:</b>		
• other financial charges	3,638	4,059
<b>Total</b>	<b>102,025</b>	<b>115,970</b>
<b>Capitalised financial charges <sup>(1)</sup></b>	<b>(19,699)</b>	<b>(21,316)</b>
<b>Total</b>	<b>82,326</b>	<b>94,654</b>

(1) As reported in Note 1 – Intangible assets / Concessions of non-compensated revertible assets, an amount equal to EUR 19.7 million was capitalised under the item “non-compensated revertible assets”.

The decrease in the item "*interest expense on loans*" (taking also into account interest expense on IRS agreements) was due to the lower average level of borrowing from Credit Institutions compared to FY 2016, and to trends in interest rates on the portion of variable-rate financial debt.

Interest expense related to "*financial discounting*" of non-current liabilities refers to payables to the Central Insurance Fund and ANAS (EUR 9.6 million) and to the "financial component" of the employee severance indemnity and tax reserve (EUR 0.5 million).

Interest expense on the "*convertible bond loan*" represents the charges on the "liabilities component" of the loan issued by SIAS S.p.A. in July 2005, recalculated based on the market interest rate and repaid at 30 June 2017.

Interest expense on the "*bond loan SIAS 2010-2020*" represents the expense accrued on the bond loan issued by SIAS on 19 October 2010.

Interest expense on the "*bond loan SIAS 2014-2024*" represents the expense accrued during the year on the bond loan issued by SIAS on 6 February 2014.

### 34.2 – Write-down of equity investments

The item "*write-down of equity investments*" equal to EUR 799 thousand (EUR 5,162 thousand in 2016) is mainly attributable to the write-down of the equity investment held in Banca CA.RI.GE S.p.A. (EUR 0.7 million).

**Note 35 – Profit (loss) of companies accounted for by the equity method**

This item is detailed as follows:

	2017	2016 restated
<b>Revaluations (write-downs) of equity investments:</b>		
• Ativa S.p.A.	14,964	8,643
• Aton S.r.l.	113	-
• Autostrade Lombarde S.p.A.	(2,574)	(6,790)
• IGLI S.p.A.	2,212	(785)
• Itinera S.p.A.	720	566
• OMT S.p.A.	-	(332)
• Parcheggio Piazza Meda S.r.l.	246	429
• Parcheggio Piazza Trento e Trieste S.r.l.	209	378
• Parcheggio Piazza Vittorio S.r.l.	117	230
• Road Link Holding Ltd.	1,264	1,117
• Rivalta Terminal Europa S.p.A.	(1,404)	-
• SABROM S.p.A.	-	(62)
• SITAF S.p.A.	7,224	8,945
• SITRASB S.p.A.	-	823
• Tangenziale Esterna S.p.A.	(2,605)	(3,065)
• Tangenziali Esterne di Milano S.p.A.	(6,129)	(7,172)
<b>Total</b>	<b>14,357</b>	<b>2,925</b>

This item includes – with regard to the pro-rata share – the results achieved by the investee companies accounted for by the equity method.

**Note 36 – Income taxes**

This item can be broken down as follows:

	2017	2016 restated
<b>Current taxes:</b>		
• Corporate income tax (IRES)	79,227	83,695
• Regional production tax (IRAP)	17,100	16,045
	<b>96,327</b>	<b>99,740</b>
<b>Taxes (prepaid)/deferred:</b>		
• Corporate income tax (IRES)	(5,198)	(5,530)
• Regional production tax (IRAP)	(446)	(365)
	<b>(5,644)</b>	<b>(5,895)</b>
<b>Taxes related to prior years</b>		
• Corporate income tax (IRES)	(1,226)	(316)
• Regional production tax (IRAP)	2	(172)
	<b>(1,224)</b>	<b>(488)</b>
<b>Total</b>	<b>89,459</b>	<b>93,357</b>

During the year, with "shareholders' equity" as a contra-item, "deferred taxes" were debited for approximately EUR 8.1 million, related to the fair value measurement of "financial assets available for sale", interest rate swaps as well as the actuarial components related to the Employee Severance Indemnity.

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

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

	2017		2016 restated	
<b>Period income before taxes</b>	<b>350,823</b>		<b>275,555</b>	
<b>Effective income taxes (from financial statements)</b>	<b>74,029</b>	<b>21.10%</b>	<b>78,165</b>	<b>28.37%</b>
<b>Lower taxes (compared to the theoretical rate):</b>				
• lower taxes on dividends	94	+0.03%	153	+0.06%
• update of investments accounted for by the equity method	3,446	+0.98%	804	+0.29%
• Lower taxes on capital gains and other changes	8,214	+2.34%	-	-
<b>Higher taxes (compared to the theoretical rate):</b>				
• Taxes on intercompany dividends	(1,392)	-0.40%	(1,997)	-0.72%
• write-downs of equity investments and non-deductible capital losses	(194)	-0.06%	(1,348)	-0.49%
<b>Theoretical income taxes</b>	<b>84,197</b>	<b>24.00%</b>	<b>75,778</b>	<b>27.50%</b>

## Reconciliation between "effective" and "theoretical" rates (Regional production tax):

	2017		2016 restated	
<b>Value added (Regional production tax taxable base)</b>	<b>374,442</b>		<b>356,769</b>	
<b>Effective income taxes (from financial statements)</b>	<b>16,654</b>	<b>4.45%</b>	<b>15,680</b>	<b>4.40%</b>
<b>Lower taxes (compared to the theoretical rate):</b>				
• net miscellaneous deductible charges	(2,051)	-0.55%	(1,766)	-0.49%
<b>Theoretical income taxes</b>	<b>14,603</b>	<b>3.90%</b>	<b>13,914</b>	<b>3.90%</b>

\* \* \*

The table below shows the total amount of deferred tax income and expenses (posted to the income statement and shareholders' equity) and the total deferred tax credits and liabilities (posted to the statement of financial position).

	31 December 2016	Changes entered in the income statement (*)	Changes entered in the Shareholders' Equity and other changes	Delta and other changes	31 December 2017
<b>Deferred tax credits related to: (**)</b>					
• intangible assets not capitalised in accordance with IAS/IFRS	3				3
• provisions to tax deferral reserves	1,723	1,925		-	3,648
• maintenance costs exceeding deductible portion	10,851	(4,061)			6,790
• valuation of financial assets at fair value and IRS	23,788	(2,230)	(7,142)	(776)	13,640
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	50,595	5,810			56,405
• maintenance costs restoration provision (Corporate income tax)	38,014	5,276		(190)	43,100
• maintenance costs restoration provision (Regional production tax)	8,472	-		(30)	8,442
• actuarial appraisal of the Employee Severance Indemnities Reserve	598	67	(172)		493
• Other	8,926	(3,123)	2	(1,805)	4,000
<b>Total deferred tax credits (Note 4)</b>	<b>142,970</b>	<b>3,664</b>	<b>(7,312)</b>	<b>(2,801)</b>	<b>136,521</b>
<b>Deferred tax liabilities related to: (**)</b>					
• Assets in financial lease	(95)	(17)			(112)
• valuation of work in progress	(366)	(90)			(456)
• valuation of financial assets at fair value	(124)	(7)	(148)		(279)
• actuarial appraisal of the Employee Severance Indemnities Reserve	(445)	(26)	56		(415)
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	(60,756)	2,074		4,687	(53,995)
• Other	(1,010)	46		76	(888)
<b>Total deferred tax liabilities (Note 17)</b>	<b>(62,796)</b>	<b>1,980</b>	<b>(92)</b>	<b>4,763</b>	<b>(56,145)</b>
<b>Total</b>		<b>5,644</b>			

(\*) 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

It is also specified that no deferred tax assets resulted from retained tax losses.

**Note 37 - Profit (loss) from “Assets held for sale” (Discontinued Operations)**

As indicated previously, during November 2017, the equity investment in Fiera Parking S.p.A. was sold (equal to 99% of the share capital). The equity investment in Fiera Parking S.p.A., in compliance with IFRS 5, was reclassified among the “assets held for sale”; below follows a summary of the economic impact:

	2017 (*)	2016
Parking sector revenue	785	3,087
Other revenue	244	311
<b>Total revenue from “Assets held for sale”</b>	<b>1,029</b>	<b>3,398</b>
Costs for services	(1,223)	(1,931)
Other costs	(21)	(32)
Amortisation, depreciation and write-downs	(376)	(518)
Other provisions for risks and charges	(64)	(83)
Financial income	2,276	3,086
Financial charges	(880)	(1,318)
<b>Profit/loss from “Assets held for sale” gross of taxes</b>	<b>741</b>	<b>2,602</b>
Taxes from “Assets held for sale”	(225)	(419)
<b>Profit/loss for assets held for sale net of taxes (Discontinued Operations)</b>	<b>516</b>	<b>2,183</b>
<ul style="list-style-type: none"> <li>• portion assigned to Non-Controlling Interests (Discontinued Operations)</li> <li>• <b>Portion assigned to Parent Company’s Shareholders (Discontinued Operations)</b></li> </ul>	5 511	22 2,161

(\*) Reporting data as of the accounts before the sale

## 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.

	2017	2016 restated
Net profit – Group share ( <i>in thousands of EUR</i> )	237,761	159,796
Average number of outstanding shares during the period	227,539,223	227,522,906
<b>Earnings per share (<i>euro per share</i>)</b>	<b>1.045</b>	<b>0.702</b>

To calculate the *diluted earnings per share*, the weighted average of outstanding shares was changed, compared to the above, assuming the complete conversion - into shares - of the bond issue, also considering that the conversion period ended on 31 May 2017 and the convertible bond loan was repaid on 30 June 2017 for the amount relative to unconverted bonds; consequently, the net profit (loss) of the Group has also been adjusted. More specifically:

	2017	2016 restated
Net profit – Group share (adjusted) ( <i>thousands of EUR</i> ) (1)	243,139	170,082
"Edited" average number of outstanding shares during the period (2)	243,326,280	259,375,000
<b>Diluted earnings per share (<i>euro per share</i>)</b>	<b>0.999</b>	<b>0.656</b>

	2017	2016 restated
(1) - Net profit – Group share	237,761	159,796
- Financial charges on convertible bond issue	7,076	14,187
- Tax effect on financial charges	(1,698)	(3,901)
	<u>243,139</u>	<u>170,082</u>
(2) - Average number of outstanding shares	227,539,223	227,522,906
- Maximum number of shares from conversion of the bond issue	15,787,057	31,852,094
	<u>243,326,280</u>	<u>259,375,000</u>

The profit/loss for shares from "Assets held for sale" for 2017 and 2016 is shown in the table:

	2017	2016 restated
Net profit – Group share ( <i>in thousands of EUR</i> )	511	2,161
Average number of outstanding shares during the period	227,539,223	227,522,906
<b>Earnings per share (<i>euro per share</i>)</b>	<b>0.002</b>	<b>0.009</b>

**Note 39 – Information on the cash flow statement**39.1 - Change in the scope of consolidation

As part of the Consolidated Statement of Cash Flows, the net impacts, expressed in terms of consolidated contribution, of the “Assets held for sale” are detailed as follows:

	31 December 2017
<b>Beginning cash and cash equivalents (a)</b>	<b>5,864</b>
Cash generated (absorbed) by operating activity (b)	1,122
Cash generated (absorbed) by investment activity (c)	-
Cash generated (absorbed) by financial activity (d)	(1,232)
<b>Ending cash and cash equivalents (a)+(b)+(c)+(d)</b>	<b>5,754</b>

39.2 – Change in net working capital

	2017	2016
Inventories	(1,840)	7,520
Trade receivables	3,230	(786)
Current tax credits	(1,587)	(404)
Receivables from others	(3,382)	4,232
Current trade payables	(1,460)	(11,257)
Other current payables	(14,121)	(17,690)
Current tax liabilities	340	(17,844)
<b>Total</b>	<b>(18,820)</b>	<b>(36,229)</b>

39.3 – Other changes from operating activity

	2017	2016
Drawdown on provisions for Employee Severance Indemnities	(2,858)	(1,438)
Drawdown on other provisions	(14,366)	(1,929)
Other changes	1,115	(867)
<b>Total</b>	<b>(16,109)</b>	<b>(4,234)</b>

#### **Note 40 - Significant non-recurring events and transactions**

As stated in the Management Report, 2017 was affected by significant non-recurring events and transactions – as defined in CONSOB Communication no. DEM/6064293 <sup>1</sup>– with an impact on the operating economic situation of EUR 11.1 million, attributable to costs for the period as a result of the project to optimise procedures and streamline resources.

#### **Note 41 - Atypical and/or unusual transactions**

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

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

## Other information

Information is shown below with regard to (i) the commitments undertaken by the Group Companies, (ii) the determination of the fair value, (iii) financial risk management and (iv) related party transactions. For information about the Group, "**Significant subsequent events**" and the "**Business outlook**", please see the "Management Report".

### (i) Commitments undertaken by the Companies of the Group

On this subject, we point out the following:

#### Guarantees

- Guarantees, equal to EUR 126.4 million, issued by some banks and insurance companies, in the interest of motorway licensees<sup>1</sup> in favour of the Ministry of Infrastructures and Transport to guarantee the good management of concessions, as provided for by the current Standard Agreements. The amount of these guarantees, initially 3% of the total monetary operating costs included in the financial plans annexed to said agreements, is untied on an annual basis with regards to the amount of the pro-rata of each year of the concession.
- Guarantees amounting to EUR 1.2 million issued by SATAP S.p.A. in favour of Concessioni Autostradali Lombarde in the interest of Argentea S.c.p.a. and Aurea S.c.ar.l., to guarantee the commitments undertaken by them.
- The guarantee for a total of EUR 4 million (pro-rata share), issued in favour of UniCredit S.p.A. by SATAP S.p.A. in relation to the loan granted to the subsidiary S.A.Bro.M S.p.A..
- The guarantee, amounting to EUR 7.9 million (pro-rata share), issued in favour of SACE BT Credit & Surety, through which SATAP S.p.A. guarantees the commitments undertaken by the associated company S.A.Bro.M S.p.A. following the signing of the agreement related to the Broni-Mortara motorway stretch on 16 September 2010.
- The guarantees equal to EUR 1.5 million, issued in favour of the Municipality of Bernate Ticino and Parco Lombardo della Valle del Ticino, according to which SATAP S.p.A. guarantees the commitments undertaken for the construction of the Bernate Bypass.
- The guarantee, amounting to EUR 1.1 million, issued by SATAP S.p.A. in favour of the Piedmont Region to guarantee the interventions in terms of environmental monitoring and territorial input, environmental protection, mitigation and compensation in the Torino – Novara Est motorway stretch.
- The guarantees issued by Autostrada Asti-Cuneo S.p.A., SINELEC S.p.A., Euroimpianti Electronic S.p.A. and Autostrada dei Fiori S.p.A. (A6 - Torino Savono stretch) and to Società Autostrada Ligure Toscana S.p.A. (A 15- La Spezia – Parma stretch) to guarantee the proper execution of the works for EUR 78.4 million.
- The guarantees issued by Unicredit S.p.A. to the MIT on behalf of Società di Progetto Autovia Padana S.p.A. for (i) the payment of the takeover value for the total amount of EUR 317.2 million and (ii) for the sum guaranteed to the MIT for the failed takeover equal to EUR 8.4 million pursuant to article 113(1) of Italian Legislative Decree No. 163/2006.
- The surety, equal to EUR 25.6 million issued by UniCredit S.p.A. on behalf of the company Società di Progetto Autovia Padana S.p.A. to guarantee good performance of the operating management of the concession.

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<sup>1</sup> With regard to Autostrada Asti-Cuneo S.p.A., as indicated in "Note 3.c – Receivables", 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.

Commitments and guarantees*Sistema Tangenziale Esterna*

With regard to the agreements for the investment in "Sistema Tangenziale Esterna", the Group currently has guarantees in place, pursuant to the Equity Contribution Agreement, for the payment, if certain conditions are met, of approximately EUR 22.7 million as equity reserve and approximately EUR 1.2 million to cover any other charges and costs, also of a tax nature. These guarantees were issued as autonomous first demand guarantees, issued by Intesa Sanpaolo to Tangenziale Esterna S.p.A. on 8 April 2014.

The guarantee issued by SATAP S.p.A. for the fidejussory policy, amounting to EUR 2.8 million, issued by Intesa Sanpaolo S.p.A. in favour of Società di Progetto Bre.Be.Mi S.p.A., to guarantee the commitments undertaken by the investee company Autostrade Lombarde S.p.A. in accordance with the capitalisation agreement signed in March 2013.

Following agreements with Intesa Sanpaolo during the year, as from February 2018, the above commitments for Tangenziale Esterna S.p.A. (i) increased by EUR 10.9 million with reference to the Equity Contribution Agreement amounting to a total guarantee value of EUR 33.6 million as at 31 December 2017 (ii) decreased due to the guarantee issued by Intesa Sanpaolo to SATAP, in favour of BRE.BE.MI. S.p.A. for a value equal to EUR 2.8 million as at 31 December 2017.

As part of agreements in which SIAS acquired the stakes held by Itinera S.p.A. in Tangenziali Esterne di Milano S.p.A. and in Tangenziale Esterna S.p.A., the following is reported:

- SIAS S.p.A. undertook to purchase an additional 100 shares in Tangenziale Esterna S.p.A. (for a value equal to EUR 105.6 euro) from Itinera S.p.A.
- SIAS S.p.A. undertook to purchase from Itinera S.p.A. all Tangenziale Esterna S.p.A. shares that will be purchased by Itinera S.p.A. under separate agreements for the purchase of (i) 100 shares of Tangenziale Esterna S.p.A. from Salini Impregilo S.p.A. (for a value equal to EUR 105.60), (ii) 2,200,000 shares of TE S.p.A. from Consorzio Tangenziali Engineering (for a value equal to EUR 2.3 million) and 4,649,450 shares in Tangenziale Esterna from CMC Soc. Cooperativa, CMB Soc. Cooperativa, Coopsette Soc. Cooperativa and Unieco Soc. Cooperativa (for a value of EUR 4.9 million).

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

- As at 31 December 2017, with reference to the guarantee issued by Unicredit S.p.A. on behalf of Società Progetto Autovia Padana S.p.A. for a total amount of EUR 317.2 million, the company (i) Progetto Autovia Padana undertakes vis-à-vis Unicredit to keep at least EUR 40 million deposited in a current account and (ii) SATAP S.p.A. undertakes with Unicredit not to use and to keep a deposit in a current account of at least EUR 41.8 million and to keep deposited an additional EUR 31.1 million in said account, in both cases up to the date on which the Takeover Cost is paid in full by Società di Progetto Autovia Padana .

In this regard, on 19 January 2018, the company SATAP S.p.A. paid the remaining 75% of the share capital increase in the company società di Progetto Autovia Padana S.p.A. for a total amount equal to EUR 85.4 million; following this payment, the company SATAP S.p.A. is no longer required to retain funding necessary for the share capital increase in a current account.

On 1 March 2018, Società di Progetto Autovia Padana S.p.A. took over from Autostrade Centropadane S.p.A. in managing the Piacenza-Cremona Brescia concession. following the takeover, the guarantee equal to EUR 317.2 million issued by Unicredit in favour of MIT in the interest of Progetto Autovia Padana S.p.A. was settled.

*Euroimpianti S.p.A.*

- The agreement for the sale of the equity investment held by Euroimpianti S.p.A. in Aton S.r.l. includes - as per industry practices - the possibility for the purchaser to resell the equity investment to Euroimpianti S.p.A. in the five years following the purchase, if the feed in tariff from GSE based on an ongoing agreement, is permanently withdrawn due to causes attributable to the previous operator.

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**(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 – receivables: the value posted to the financial statements represents their fair value
- cash and cash equivalents: the value posted to the financial statements represents their fair value
- investments available for sale: the value posted to the financial statements represents their fair value

*Liabilities*

- 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:

<b>SIAS 2010-2020 bond loan</b> <i>(amounts in millions of EUR)</i>	<b>31 December 2017</b>	<b>31 December 2016</b>
• book value in the financial statements	501 <sup>(1)</sup>	500
• official market listing	566	576

(1) Payable: EUR 497 million + interest: EUR 4 million

The "*SIAS 2014-2024 bond loan*", issued on 6 February 2014, is posted to the financial statements at nominal value net of issue charges. As this involves a listed financial instrument, shown below is a comparison between its market value and the corresponding book values:

<b>SIAS 2014-2024 bond loan</b> <i>(amounts in millions of EUR)</i>	<b>31 December 2017</b>	<b>31 December 2016</b>
• book value in the financial statements	511 <sup>(1)</sup>	511
• official market listing	575	568

(1) Payable: EUR 496 million + interest: EUR 15 million

*Derivatives*

As at 31 December 2017, hedging transactions were in place (IRS-based). These contracts, signed by the subsidiaries SALT p.A., SATAP S.p.A. e SAV S.p.A. were classified as hedging instruments because the relationship between the

derivative and the subject of the coverage (maturity, rates) is formally documented. These financial instruments are valued at fair value and changes are imputed completely to a specific reserve in shareholders' equity.

The fair value of derivatives is determined by discounting the expected net cash, using the market interest rate curves for the date of reference. The features of the derivative contracts in place as at 31 December 2017 and the related fair value are summarised below:

(amounts in thousands of EUR)

calibr	Type	Purpose of hedging	Counterparts	Currency	Duration of the derivative contract		31-Dec-17		Hedged financial liability		
					From	To	Notional reference	Fair Value	Description	Nominal amount	Maturity
SALT	Interest Rate Swap	Change in interest rate	Société Generale	EUR	31/12/2008	29/06/2018	1,579	-37	Loan	10,000	29/06/2018
SALT	Interest Rate Swap	Change in interest rate	Société Generale	EUR	31/12/2008	29/06/2018	833	-14	Loan		29/06/2018
SALT	Interest Rate Swap	Change in interest rate	Société Generale	EUR	01/01/2009	22/05/2018	8,092	-121	Loan	8,092	22/05/2018
SATAP	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	30/06/2009	13/12/2021	88,000	-6,993	Loan	320,000	13/12/2021
SATAP	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	31/12/2008	13/12/2021	100,000	-10,205	Loan		13/12/2021
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	30/06/2009	31/12/2021	88,000	-7,124	Loan		31/12/2021
SATAP	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	30/06/2009	13/12/2021	44,000	-3,536	Loan		13/12/2021
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	15/06/2009	15/06/2024	31,452	-3,707	Loan	31,452	15/06/2024
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	30/06/2009	31/12/2021	162,000	-15,055	Loan	162,000	31/12/2021
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	15/06/2009	15/06/2024	24,931	-2,831	Loan	24,931	15/06/2024
SATAP	Interest Rate Swap	Change in interest rate	Morgan Stanley	EUR	15/06/2009	15/03/2022	5,400	-398	Loan	5,400	15/03/2022
SATAP	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	07/05/2012	15/12/2024	21,000	-1,316	Loan	42,000	15/12/2024
SATAP	Interest Rate Swap	Change in interest rate	Unicredit	EUR	11/05/2012	15/12/2024	21,000	-1,269	Loan		15/12/2024
SATAP	Interest Rate Swap	Change in interest rate	SOGE	EUR	05/07/2012	15/12/2024	14,000	-792	Loan	14,000	15/12/2024
SATAP	Interest Rate Swap	Change in interest rate	NOMURA	EUR	18/10/2012	15/12/2024	14,000	-700	Loan	14,000	15/12/2024
SATAP	Interest Rate Swap	Change in interest rate	BNP PARIPAS	EUR	15/12/2014	15/12/2024	38,500	-752	Loan	38,500	15/12/2024
SAV	Interest Rate Swap	Change in interest rate	MEDIOBANCA	EUR	17/12/2012	15/12/2020	5,000	-93	Intercompany loan	5,000	15/12/2020
SAV	Interest Rate Swap	Change in interest rate	BANCA AKROS	EUR	17/6/2013	15/12/2020	7,500	-149	Intercompany loan	7,500	15/12/2020

Total -55,092

**(iii) Financial risk management**

In compliance with IFRS 7, we specify that in the normal conduct of its business operations, the SIAS 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;
- "liquidity risk" from a lack of financial resources suitable for operational activities and repayment of liabilities assumed in the past.

The risks cited above are broken down in detail below:

*Market risk*

With regard to the risks connected with the *fluctuation of interest rates*, the SIAS 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 79% 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 2017, there were no foreign exchange hedging transactions in place.

**Liquidity risk**

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. The SIAS Group believes that the generation of cash flow, together with the planned diversification of financing sources and the current debt maturity, guarantee being able to satisfy scheduled financial requirements.

The tables below show the breakdown of financial liabilities in place as at 31 December 2017 by maturity date. The amounts shown below also include interest payments (we clarify that the interest on variable-rate loans is calculated based on the last available rate as at the reference date, keeping it constant to maturity).

Lending bank	Company	Total net cash (**)		Maturity (*)					
		Capital	Interest	Within 1 year Capital	Interest	2 to 5 years Capital	Interest	Beyond 5 years Capital	Interest
Banca BIIS – Intesa Group	SATAP	31,452	4,542	4,839	1,254	19,355	2,998	7,258	290
Mediobanca (EIB funding)	SATAP	5,400	464	1,200	185	4,200	279	-	-
Mediobanca (EIB funding)	SATAP	24,930	3,491	3,835	964	15,342	2,304	5,753	223
Mediobanca	SATAP	320,000	30,330	80,000	12,736	240,000	17,594	-	-
Mediobanca	SATAP	162,000	20,454	36,000	7,900	126,000	12,554	-	-
Cassa Depositi e Prestiti	SATAP	60,000	4,337	4,000	913	32,002	2,786	23,998	638
BNL – Mediobanca	SAV	8,334	90	4,167	67	4,167	23	-	-
Banca BIIS – UniCredit	SALT	5,000	59	5,000	59	-	-	-	-
Monte dei Paschi di Siena	SALT	8,092	123	8,092	123	-	-	-	-
Crédit Agricole	LOGISTICA TIRRENICA	534	1	357	1	177	-	-	-
Mediobanca, Unicredit and UBI (EIB funding)	SIAS	24,500	6,207	3,500	1,086	14,000	4,214	7,000	907
Mediobanca, Unicredit and UBI	SIAS	143,500	4,584	20,500	845	82,000	3,096	41,000	643
EIB	SIAS	77,000	5,640	11,000	1,065	44,000	3,798	22,000	777
EIB	SIAS	3,571	29	3,571	29	-	-	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	2,857	29	2,857	29	-	-	-	-
EIB	SIAS	12,500	492	4,167	243	8,333	249	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	22,500	709	7,500	343	15,000	366	-	-
Mediobanca, UniCredit and UBI (EIB funding)	SIAS	7,500	215	2,500	103	5,000	112	-	-
UBI	SIAS	70,000	560	-	321	70,000	239	-	-
BNL	SIAS	30,000	287	-	168	30,000	119	-	-
Banca Popolare di Milano	SIAS	50,000	332	-	306	50,000	26	-	-
BNL	SIAS	50,000	313	50,000	313	-	-	-	-
<b>Total loans</b>		<b>1,119,670</b>	<b>83,288</b>	<b>253,085</b>	<b>29,053</b>	<b>759,576</b>	<b>50,757</b>	<b>107,009</b>	<b>3,478</b>
2010-2020 bond loan	SIAS	500,000	67,500	-	22,500	500,000	45,000	-	-
2014-2024 bond loan	SIAS	500,000	118,125	-	16,875	-	67,500	500,000	33,750
<b>Total financial liabilities</b>		<b>2,119,670</b>	<b>268,913</b>	<b>253,085</b>	<b>68,428</b>	<b>1,259,576</b>	<b>163,257</b>	<b>607,009</b>	<b>37,228</b>

(\*) Distribution upon maturity is based on current residual contract duration.

(\*\*) The above-mentioned hedging agreements on interest rate fluctuations have been included when calculating the flow of interest on loans.

It is worth highlighting that the payable due to ANAS - Central Insurance Fund as at 31 December 2017 amounts to EUR 204.5 million. The discounted value of said payable totals EUR 136.3 million (this payable is not included in the data provided above).

Details are provided below of the amount payable to ANAS – Central Insurance Fund and its developments until fully repaid. In relation to the discounted value of this payable, reference should be made to the illustration provided in Note 14 – Other payables (long-term).

<i>(amounts in millions of EUR)</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	116.3	104.9	93.5	82.1	65.9	49.3	32.8	16.2	-	-	-
SALT A15 stretch	88.3	87.8	87.3	86.8	86.3	85.8	85.3	84.8	84.3	80.2	28.0
<b>TOTAL</b>	<b>204.5</b>	<b>192.6</b>	<b>180.7</b>	<b>168.8</b>	<b>152.2</b>	<b>135.1</b>	<b>118.0</b>	<b>100.9</b>	<b>84.3</b>	<b>80.2</b>	<b>28.0</b>

The **credit lines** of SIAS 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)*.

"medium- and long-term loans" as at 31 December 2017 of Group companies had all been disbursed as at the reporting date, except for:

- a loan granted to the subsidiary SATAP S.p.A. by Cassa Depositi e Prestiti S.p.A.;
- a loan granted to SIAS S.p.A. by UniCredit S.p.A., Intesa Sanpaolo S.p.A. and Cariparma S.p.A.;
- a loan granted to Autovia Padana S.p.A. by UniCredit S.p.A. and Intesa Sanpaolo S.p.A. and Cariparma (VAT credit line)
- a loan granted to SIAS S.p.A. by Credito Valtellinese S.p.A.
- a loan granted to SIAS S.p.A. by Banco Popolare di Milano

For each SIAS Group company, the following table illustrates the total of medium- and long-term loans granted, with an indication of (i) the amount used (book value) and (ii) the amount available, not yet disbursed as at 31 December 2017.

<b>Medium- and long-term loans</b>		
<i>(amounts in thousands of EUR)</i>	<b>amount used</b> as at 31 December 2017	<b>amount available</b> as at 31 December 2017
Autovia Padana S.p.A.	-	66,000
Logistica Tirrenica S.p.A.	534	
SALT p.A.	13,092	
SATAP S.p.A.	603,782	290,000
SAV S.p.A.	8,334	
SIAS S.p.A.	493,928	270,000
<b>Total</b>	<b>1,119,670</b>	<b>626,000</b>

With reference to the loans granted to SIAS for EUR 270 million by Unicredit S.p.A., Intesa San Paolo S.p.A. and Cariparma S.p.A. and to the loan of EUR 66 million granted to Autovia Padana S.p.A. by Unicredit S.p.A. and Intesa San Paolo S.p.A. and Cariparma, not disbursed at 31 December 2017 and to pay the "takeover value" and costs for development of the first lot of works relative to the concession managed by the subsidiary Autovia Padana S.p.A., EUR 137 million were used on 28 February 2018 (by SIAS S.p.A.) and EUR 54.7 million (by Autovia Padana S.p.A.). The liquidity from the SIAS S.p.A. loan was used to finance the above subsidiary in paying the takeover indemnity, on the same date, to the Ministry of Infrastructures and Transport and to the outgoing licensee Autostrade Centro Padane.

For each SIAS Group company, the following table illustrates the total of uncommitted credit lines – set up mainly for current account overdrafts and good till cancelled – with an indication of (i) the amount used (book value) and (ii) the amount available as at 31 December 2017.

<b>"Uncommitted" credit lines</b>		
<b>Company</b>	<b>amount <u>used</u> as at 31 December 2017</b>	<b>amount <u>available</u> as at 31 December 2017</b>
Autostrada Asti Cuneo S.p.A.	4,428	25,572
Autostrada dei Fiori S.p.A.	-	109,715
.p.A.	-	4,300
Finanziaria di Partecipazioni S.p.A.	-	5,000
SALT p.A.	-	20,762
SATAP S.p.A.	-	33,000
SAV S.p.A.	-	57,000
SIAS S.p.A.	-	64,000
Sinelec S.p.A.	-	4,000
<b>Total</b>	<b>4,428</b>	<b>323,349</b>

In addition, the company SIAS S.p.A. was granted back-up committed facilities equal to EUR 80 million issued by Credito Valtellinese S.p.A. and Banca Popolare di Milano.

**(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.grupposias.it](http://www.grupposias.it), sets out the rules governing the approval, management and public disclosure of related-party transactions carried out by SIAS, in order to guarantee the transparency and procedural and substantive fairness of transactions.

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

**STATEMENT OF FINANCIAL POSITION:**

<i>(amounts in thousands of EUR)</i>	31 December 2017	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Assets</b>							
<b>Non-current assets</b>							
Intangible assets							
goodwill	36.414						
other intangible assets	12.562						
concessions – non-compensated reversible assets	2.875.433						
<b>Total intangible assets</b>	<b>2.924.409</b>						
Tangible assets							
property, plant, machinery and other assets	57.693						
financial lease assets	2.567						
<b>Total tangible assets</b>	<b>60.260</b>						
Non-current financial assets							
investments accounted for by the equity method	680.251						
unconsolidated investments –available for sale	93.849						
receivables	117.228			82.742		82.742	70,6%
other	363.755						
<b>Total non-current financial assets</b>	<b>1.255.083</b>						
Deferred tax credits	136.521						
<b>Total non-current assets</b>	<b>4.376.273</b>						
<b>Current assets</b>							
Inventories	23.847		521	1.697	903	3.121	13,1%
Trade receivables	60.735	7	1.465	21.047	72	22.591	37,2%
Current tax credits	18.202						
Other receivables	37.832	68	49	16.026		16.143	42,7%
Financial receivables	242.841			503		503	0,2%
<b>3. Total</b>	<b>383.457</b>						
Cash and cash equivalents	441.275						
<b>Subtotal Current assets</b>	<b>824.732</b>						
Discontinued operations/Non-current assets held for sale	45.012			45.012		45.012	100,0%
<b>Total current assets</b>	<b>869.744</b>						
<b>Total assets</b>	<b>5.246.017</b>						
<b>Shareholders' equity and liabilities</b>							
<b>Shareholders' equity</b>							
Shareholders' equity attributed to the parent company							
Share capital	113.771						
Reserves and retained earnings	1.958.741						
<b>Total</b>	<b>2.072.512</b>						
Capital and reserves attributed to minority interests	260.512						
<b>Total shareholders' equity</b>	<b>2.333.024</b>						
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Provisions for risks and charges and employee severance indemnity	196.726				808	808	0,4%
Other payables	192.804						
Bank debt	860.590						
Hedging derivatives	55.092						
Other financial liabilities	995.405						
Deferred tax liabilities	55.691						
<b>Total non-current liabilities</b>	<b>2.356.308</b>						
<b>Current liabilities</b>							
Trade payables	140.613	1.448	18.245	35.175	4.357	59.225	42,1%
Other payables	96.745		17	325	110	452	0,5%
Bank debt	257.932						
Other financial liabilities	41.683						
Current tax liabilities	19.712						
<b>Subtotal current liabilities</b>	<b>556.685</b>						
Liabilities directly related to Discontinued operations/Non-current assets held for sale	-						
<b>Total current liabilities</b>	<b>556.685</b>						
<b>Total liabilities</b>	<b>2.912.993</b>						
<b>Total shareholders' equity and liabilities</b>	<b>5.246.017</b>						

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

More specifically, the main relationships between related parties, arranged by items in the financial statements, are the following:

- Non-current financial receivables due from related parties for a total of EUR 83 million of which EUR 64 million from Tangenziale Esterna S.p.A. and EUR 18.6 million from IGLI;
- Inventories to related parties for a total of EUR 3.1 million, and in particular to Itinera S.p.A. (EUR 1.2 million) and Interstrade S.p.A. (EUR 1 million)
- Trade receivables relative to amounts due to SATAP S.p.A. from Aurea S.c.a.r.l. for EUR 6.2 million, for EUR 2.6 million from Euroimpianti S.p.A. and Sinelec S.p.A. from Argo Costruzioni ed Infrastrutture S.c.p.a., EUR 7.6 million from Itinera S.p.A. and EUR 3.6 million from Interconnessione S.c.a.r.l..
- Other receivables from jointly controlled companies for a total of EUR 16 million refer to loans from Autostrada dei Fiori S.p.A. (i) EUR 13.8 million from Rivalta Terminal Europa S.c.a.r.l and (ii) EUR 1.4 million from Vado Intermodal Operator S.c.p.a..
- The balance of non-current assets held for sale of EUR 46.9 million refers to the value of the equity investment in Autostrade Lombarde S.p.A. (EUR 27.9 million) and the receivable for loans (EUR 17.1 million) reclassified pursuant to IFRS 5.
- Trade payables to related parties for a total of EUR 59 million of which (i) 18.2 million to companies controlled by parent companies (in particular to SEA Segnaletica Stradale S.p.A. for EUR 5 million and to SINA S.p.A. for EUR 11.8 million), (ii) EUR 35.2 million to jointly controlled and associated companies (in particular to Itinera S.p.A. for EUR 23 million, to Argo Costruzioni Infrastrutture S.c.p.a. for EUR 5.6 million and to Aurea S.c.a.r.l. for EUR 5.4 million) and (iii) EUR 4.4 million to other related parties (in particular to Interstrade S.p.A. for EUR 4 million).

## INCOME STATEMENT:

<i>(amounts in thousands of EUR)</i>	FY 2017	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	AS A % OF FINANCIAL STATEMENT ITEMS
<b>Revenues</b>							
motorway sector – operating activities	1.123.298				7	7	0,0%
motorway sector – planning and construction activities	190.032						0,0%
technology sector	44.605	60	705	14.124	103	14.992	33,6%
other	50.145	89	213	10.549	85	10.936	21,8%
<b>Total revenue</b>	<b>1.408.080</b>						
Payroll costs	(164.084)				(1.605)	(1.605)	1,0%
Costs for services	(400.364)	(4.401)	(44.342)	(69.310)	(22.587)	(140.640)	35,1%
of which:							
- maintenance	(125.104)	-	(23.498)	(55.555)	(13.261)	(92.314)	73,8%
- Other costs for services	(95.649)	(4.401)	(3.356)	(8.262)	(7.740)	(23.759)	24,8%
- costs incurred for reversible assets	(179.611)	-	(17.488)	(5.493)	(1.586)	(24.567)	13,7%
Costs for raw materials	(28.217)	-	(2.499)	(173)	-	(2.672)	9,5%
Other costs	(123.492)	(807)	(334)	(253)	(80)	(1.474)	1,2%
Capitalised costs on fixed assets	715						
Amortisation, depreciation and write-downs	(328.144)						
Adjustment of the provision for restoration, replacement and maintenance of non-compensated reversible assets	9.948						
Other provisions for risks and charges	(6.052)						
Financial income:	-						
from unconsolidated investments	34.639	100				100	0,3%
other	16.562	1		6.654		6.655	40,2%
Financial charges:	-						
interest expense	(78.688)						
other	(3.638)						
write-down of equity investments	(799)						
Profit (loss) of companies accounted for by the equity method	14.357						
<b>Profit (loss) before taxes</b>	<b>350.823</b>						
Taxes							
Current taxes	(95.103)						
Deferred taxes	5.644						
<b>Profit (loss) for the period for continued operation</b>	<b>261.364</b>						
Profit (loss) for assets held for sale net of taxes (Discontinued Operation)	516						
<b>Profit (loss) for the year</b>	<b>261.880</b>						

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

More specifically, the main relationships between related parties, arranged by items in the financial statements, are the following:

- IT assistance from SINELEC S.p.A. and Euroimpianti S.p.A. for jointly controlled and associated companies for EUR 14.4 million (in particular for ATIVA S.p.A. for 6.3 million, Itinera S.p.A. for 4.3 million and Sitalfa S.p.A. for 1.5 million)
- IT assistance from SATAP S.p.A. e Autostrada dei Fiori S.p.A. for jointly controlled and associated companies for EUR 11 million (in particular for Aurea S.c.a.r.l. S.p.A. for 6.9 million and ATIVA S.p.A. for 1.6 million)
- Costs incurred for maintenance by related companies for EUR 92 million in particular for companies controlled by parent companies for EUR 23.5 million (in particular by SEA Segnaletica S.p.A. for EUR 12.6 million and by SINA S.p.A. for EUR 11 million) for jointly controlled and associated companies for EUR 55.6 million (in particular for Itinera S.p.A. for EUR 53 million) and for other related parties for EUR 13.2 million (in particular for Interstrade S.p.A. for EUR 9.8 million and for EUR 3.5 million for P.C.A. S.p.A.).
- Costs incurred for services by the SIAS Group relative to insurance costs for P.C.A. S.p.A. for a total of EUR 5 million, for technical/planning activities for SINA S.p.A. for EUR 2.5 million, and the reversal of consortium costs for Aurea S.c.a.r.l. for EUR 5.4 million and services and managerial assistance from Argo Finanziaria S.p.A. and ASTM S.p.A. for a total of EUR 4.4 million.
- Costs incurred for revertible assets for related companies for EUR 24.6 million in particular for companies controlled by parent companies for EUR 17 million (from SINA S.p.A. for 16.7 million) and for jointly controlled or related companies for EUR 5.5 million (from Itinera S.p.A. for 4.3 million);

- Costs incurred for raw materials for companies controlled by parent companies for a total of EUR 2.7 million and in particular for Autosped G S.p.A. for a total of EUR 1.7 million;
- Other costs incurred for parent companies for a total of EUR 0.8 million in particular for ASTM S.p.A.
- Financial income from related parties for a total of EUR 6.7 million of which EUR 6.1 million from Tangenziale Esterna S.p.A..

#### **Changes in financial assets**

- SIAS S.p.A. sold 20,281 shares (equal to 0.5% of the share capital) in SINA S.p.A. to ASTM S.p.A., for a total amount of EUR 0.3 million.
- SIAS S.p.A. purchased from Itinera S.p.A. 47,553,345 shares (equal to approximately 10.23% of the share capital) of Tangenziale Esterna S.p.A. for a value of approximately EUR 50.5 million and 4,586,494 shares of Tangenziali Esterne di Milano S.p.A. for a value equal to EUR 3.8 million. Reference is made to information on related-party transactions.

As at 31 December 2017, the subsidiary Autostrada Albenga Garessio Ceva S.p.A. and ATIVA S.p.A (jointly controlled) respectively held 58,878 shares (nominal value EUR 29,439) and 21,500 shares (nominal value EUR 10,750) of the Parent Company ASTM S.p.A..

In addition to what is shown above, there are relationships between the businesses of the Group concerning transactions in the system that interconnects motorway tolls.

The transactions indicated above were carried out under normal market conditions.

Pursuant to article 2391-bis of the Italian Civil Code, we specify that based on the general principles indicated by CONSOB and the rules of corporate governance, related party transactions (either direct or through subsidiaries) were performed in accordance with regulations that assure their transparency as well as their essential and procedural correctness.

#### **Transactions with Related Parties – Information Documents**

##### **Disclosure pursuant to article 5, paragraph 8 of the Regulation laying down rules on transactions with related parties, adopted by Consob with resolution no. 17221 of 12 March 2010, as amended**

On 27 October 2017 - pursuant to article 5 of the Regulations approved by Consob with Resolution no. 17221 of 12 March 2010, as amended - SIAS S.p.A. prepared and made available to the public the Prospectus on the transaction concerning the acquisition of equity investments held by Itinera S.p.A. in Tangenziale Esterna S.p.A., Tangenziali Esterne di Milano S.p.A., as well as the sale by Itinera S.p.A. of an option in favour of SIAS S.p.A. concerning the shares of Autostrada Asti-Cuneo S.p.A. held by Itinera S.p.A..

**(v) RFI S.p.A. lawsuit**

On 8 June 2015, Rete Ferroviaria Italiana S.p.A. (RFI S.p.A.) sent to ANAS S.p.A. and the subsidiary SATAP S.p.A. an injunction concerning the acknowledgement of the charges (EUR 1,160 million) incurred to carry out the works to solve the interference created by the high-speed/high-load line with the existing A4 Turin-Milan motorway, as well as claims made by the company that made the works (approximately EUR 180 million).

Having taken into account the position of the lawyers of SATAP S.p.A., and in compliance with reference accounting standards, no provisions were recorded in these consolidated financial statements, because (i) RFI S.p.A. has no right to lay claims to SATAP S.p.A. for the realisation of works to solve the interference created by the high-speed/high-load line with the existing A4 Turin-Milan motorway, and (ii) SATAP S.p.A. has no responsibilities for the choices made by RFI S.p.A. in defining and managing its relationships with the entity that carried out the works.

On 1 June 2016, by writ served on 11 June 2016, RFI – Rete Ferroviaria Italiana S.p.A. summoned ANAS and SATAP – Società Autostrada Torino Alessandria Piacenza S.p.A. before the Court of Rome, seeking a judgement:

- a) first, by way of contractual liability, ordering SATAP to reimburse RFI the amount of EUR 485.8 million, corresponding to the charges allegedly due from SATAP to RFI, and ANAS to pay the sum of EUR 698.2 million, again to RFI; in the alternative, ordering ANAS to pay the total amount of EUR 1,184 million;
- b) in the alternative, ordering SATAP to pay RFI the same amount, but by way of pre-contractual liability, and ordering ANAS to pay on the same basis the sums mentioned in a);
- c) in the further alternative, ordering SATAP to pay the sum referred to in a), on ground of unjust enrichment, and ordering ANAS, on the same basis, to pay the same sum of EUR 698.2 million already mentioned in a);
- d) plus interest and revaluation.

SATAP appeared in court on 31 January 2017, requesting the claims be rejected. Following the exchange of briefs, the judge did not consider it necessary to carry out an expert appraisal and set the hearing for summary pleadings for 30 January 2018. During this hearing, the judge deferred the decision, assigning a deadline of 60 days for filing the closing briefs and 20 days for filing responses.

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**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 Paolo Pierantoni as Managing Director and Sergio Prati as Manager in charge of drawing up the corporate accounting documents of the SIAS Group, taking into account the provisions of article 154-bis, Paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, do attest:
  - the adequacy with regard to the characteristics of the business and
  - the actual implementationof the administrative and accounting procedures for preparing the consolidated financial statements for 2017.
  
- Furthermore, we attest that:
  - the consolidated financial statements at 31 December 2017:
    - a) are prepared in compliance with the international accounting standards approved by the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council dated 19 July 2002;
    - b) correspond to the books and accounting entries;
    - c) provide a true and correct representation of the equity, economic and financial position of the issuer and all the businesses included in the consolidation;
  
  - the Management Report includes a reliable analysis of the operations and results of the Issuer and the companies included in the scope of consolidation together with a description of the main risks and uncertainties to which they are exposed.

Tortona, 14 March 2018

The Managing Director

*Paolo Pierantoni*

The Manager in charge of drawing up  
the corporate accounting documents

*Sergio Prati*

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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  
Società Iniziative Autostradali e Servizi SpA

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### ***Report on the Audit of the Consolidated Financial Statements***

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#### ***Opinion***

We have audited the consolidated financial statements of Società Iniziative Autostradali e Servizi SpA and its subsidiaries (the "SIAS Group"), which comprise the balance sheet as of 31 December 2017, the income statement, the other comprehensive income, the cash flow statement, the statement of changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the SIAS Group as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Società Iniziative Autostradali e Servizi SpA ("SIAS SpA" or the "Company") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### ***PricewaterhouseCoopers SpA***

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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### **Key Audit Matters**

### **Auditing procedures performed in response to key audit matters**

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#### **Evaluation of the recoverability of goodwill and intangible assets referring to concessions (non-compensated revertible assets)**

*"Valuation criteria", paragraph "impairment test" and note 1 - "Intangible assets"*

Among the intangible assets of the consolidated financial statements as at 31 December 2017, the SIAS Group recognizes non-compensated revertible assets related to the concessions of the motorway sector, equal to Euro 2,875.4 million, plus Euro 36.0 million of goodwill allocated to them, which together represent approximately 55% of total consolidated assets.

Within the SIAS Group, each motorway concession company is an autonomous cash-generating unit, which the business plans of each motorway refer to.

The valuation of these intangible assets, and in particular the analysis of their recoverability through the performance of the impairment test, is the result of a process that is significantly affected by the estimates made by management, in particular with reference to expected traffic flows, future investments and to the elements composing the discounting rate.

We have obtained the models and documentation used by management to identify any impairment loss in accordance with the Procedure and, also through the support of experts belonging to the PwC network, we have carried out the following main auditing procedures:

- analysis of the Procedure and verification of the consistency of its contents with the provisions of IAS 36, as well as of its consistent application;
- verification of the mathematical accuracy of the models;
- evaluation, also through discussions with management, of the reasonableness of the main assumptions underlying the determination of the data included in the models, with particular reference to discount rates, traffic data, tariffs, investments and operating costs;

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In accordance with the accounting principles and with the impairment procedure approved by the Board of Directors on 28 February 2018 (the “Procedure”), the aforementioned intangible assets have been verified in order to ascertain the possible presence of an impairment.

We considered the valuation of the recoverability of non-compensated revertible assets and goodwill as a key audit matter, taking into account the significance of their values and the high degree of judgment necessary for the determination of the main assumptions used in the determination of the recoverable amount.

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**Classification of the take-over value referred to the A21 Turin-Piacenza motorway**

*Note 1 “Intangible assets” and note 3d “Non-current financial assets – other”*

On 30 June 2017, the concession relating to the A21 Turin-Piacenza motorway, managed by the subsidiary S.A.T.A.P. SpA (“SATAP”), expired.

After such expiration, the Ministry of Infrastructures and Transport (“MIT” or “Granting Body”) asked SATAP to continue, while completing the possible third-party takeover of the concession, to manage it according to terms and conditions of the current concession. In September 2017, SATAP and the Granting Body also defined the discipline of the takeover indemnity, quantified in Euro 107.9 million at the date of expiry, as well as the regime of urgent investments to be made after expiry, granting in return the waiver of the dispute, previously established by SATAP with reference to the missed tariff adjustments.

Consequently, in the consolidated financial statements as of 31 December 2017, the takeover indemnity of Euro 107.9 million, in addition to the receivable accrued for urgent investments carried out on the A21 Turin-Piacenza motorway

- verification of sensitivity analysis.

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

Our audit procedures focused on the analysis of the substance of the agreements signed with the Granting Body, in order to understand the method of recovering the related asset, on which its correct classification depends in the financial statements. Our procedures involved the technical and accounting experts belonging to the PwC network.

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



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subsequent to the expiry date and until 31 December 2017, equal to Euro 3.4 million, were reclassified from “intangible assets - Concessions – non-compensated revertible assets” to the item “non-current financial assets”.

This classification expresses the right to recover the asset through the consideration recognized by the successor or by the Granting Body, rather than through the use of the non-compensated revertible asset to which it is related.

The classification of this asset within the consolidated balance sheet has been considered as a key audit matter considering the significance of its value and the degree of judgment used by management for the purposes of its classification into the financial statements.

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### ***Other aspects***

The consolidated financial statements of the SIAS Group for the year ended 31 December 2016 have been audited by another auditor who, on 29 March 2017, expressed a judgment without modification on these financial statements.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



Management is responsible for assessing the SIAS 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 SIAS 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 SIAS 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 SIAS 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 SIAS 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 SIAS 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 SIAS 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 27 April 2017, the Shareholders of SIAS SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.



We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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### ***Report on Compliance with other Laws and Regulations***

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#### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

Management of SIAS SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the SIAS Group as of 31 December 2017, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the SIAS Group as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the SIAS Group as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the SIAS 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 SIAS 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, 28 March 2018

PricewaterhouseCoopers SpA

*Signed by*

Piero De Lorenzi  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*



**SIAS - SOCIETÀ INIZIATIVE AUTOSTRADALI E SERVIZI S.P.A.**

[www.grupposias.it](http://www.grupposias.it)

## **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP**

### **STRUCTURE**

prepared pursuant to article 123-bis of the TUF (Consolidated Law on Finance)

(traditional management and control model)

**2017**

Approved by the Board of Directors on 14 March 2018

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## **ATTACHMENTS**

Attachment 1: “Main features of risk management and internal audit systems with respect to the financial disclosure process”, pursuant to article 123-bis, paragraph 2(b) of the TUF

## GLOSSARY

**Shareholders' Meeting:** the Shareholders' Meeting of the Issuer.

**Shareholders:** the Shareholders of the Issuer.

**Borsa Italiana:** Borsa Italiana S.p.A..

**Code/ Corporate Governance Code:** the Corporate Governance Code for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Civil Code:** the Italian Civil Code

**Board of Statutory Auditors:** the Board of Statutory Auditors of the Issuer.

**Board:** the Issuer's Board of Directors.

**Issuer/SIAS:** the issuer of securities to which the Report refers.

**MTA:** the Electronic Stock Market organised and managed by Borsa Italiana.

**Consob Issuers' Regulation:** the Regulation issued by Consob with resolution no. 11971 of May 1999 (as amended) about Issuers.

**Consob Related Parties Regulation:** the Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as amended) on transactions with related parties.

**Report:** the report on corporate governance and ownership structure that companies are required to produce pursuant to article 123-bis of the TUF.

**Articles of Association:** the Articles of Association of the Issuer in effect.

**Consolidated Law on Finance/TUF:** Legislative Decree no. 58 of 24 February 1998.

## 1.0 ISSUER'S PROFILE

The Issuer is an industrial holding, listed on the MTA, operating in the management of motorway concessions (its core business) and technology applied to transport and mobility.

The Issuer was established in February 2002 following the demerger of some assets of the parent company ASTM S.p.A., consisting of equity investments held by the latter in licensees mainly located along the Tyrrhenian coast. Subsequently, in 2007, the ASTM and SIAS groups were restructured, with all equity investments in the motorway concessions sector being transferred to the SIAS Group.

Today, the SIAS Group is the fourth operator worldwide in motorway concessions, managing a motorway network of approximately 4,000 km. In particular, through its subsidiaries or jointly controlled licensees, the SIAS Group is Italy's second motorway operator, managing approximately 23% of the network in the north west of the country, along the main European infrastructure corridors and strategic routes identified by the EU for the development of passenger and goods' traffic. The SIAS Group also operates in Brazil through the joint subsidiary Ecorodovias Infraestrutura e LogisticThea S.A., a leading motorway operator managing a network of approximately 2,280 km in seven different states of Brazil, along trade routes in the south and south east of the country.

In the technology sector, the SIAS Group operates through the subsidiary Sinelec S.p.A., an Italian leader in the design and development of advanced systems for managing and monitoring critical infrastructure in the transport sector (motorways, railways, logistics) and in the study, design, installation and maintenance of advanced systems for managing mobility and transport data.

The Issuer's governance structure is based on a "traditional" organisational model, where the company is managed by a Board of Directors and monitored by a Board of Statutory Auditors; both boards have powers and functions as established by the Civil Code, by special applicable laws and by the Articles of Association, while the Shareholders' Meeting represents all Shareholders.

As indicated further on in this Report, the Issuer endorses the Corporate Governance Code and, consequently, the corporate governance structure conforms to recommendations in the Code, apart from exceptions indicated below.

This Report describes the Company's "corporate governance" system and its compliance with the Code, providing evidence of recommendations that were implemented and those that were considered inapplicable, as they did not reflect the existing organisational and management structure.

The Report, drafted in compliance with article 123-bis of the TUF, also takes into account the explanatory criteria and methods contained in the "format" prepared by Borsa Italiana in January 2018.

## **2.0 INFORMATION ON CORPORATE OWNERSHIP (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1 OF THE TUF) AT 14 MARCH 2018**

### **a) Share capital structure (pursuant to article 123-bis, paragraph 1(a) of the TUF)**

The share capital, subscribed and paid-up, of EUR 113,771,078.00, consists of 227,542,156 ordinary shares with a par value of 0.50 eurocents each, traded on the MTA (FTSE Italia Mid Cap index).

Since 7 April 2014, option contracts on SIAS ordinary shares have been admitted to trading on the Derivatives Market (IDEM).

On 20 May 2005, the Board approved the issue of a bond loan "*SIAS 2.625% 2005 -2017 bond loan convertible into ordinary shares*", comprising 31,875,000 bonds of a nominal unit value of EUR 10.50, traded on the MTA (FTSE Italia Mid Cap index) and wholly subscribed for a value of EUR 334,687,500. From the beginning of the conversion period (1 July 2010) to its end (31 May 2017), the conversion of 42,156 bonds into 42,156 SIAS ordinary shares was requested.

On 30 June 2017, the Issuer repaid the above bond loan, in particular, repaying 31,832,844 unconverted bonds.

There are no (i) financial instruments assigning the right to subscribe to new-issue shares(ii) equity-based incentive plans (stock options, stock grants, etc.) involving capital increases for this purpose.

### **b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1(b) of the TUF)**

There are no restrictions on the transfer of securities, such as limits to the holding of securities or the need to obtain approval by the Issuer or other securities' holders.

Pursuant to article 6 of the Articles of Association, shares are registered if required by law; otherwise, if fully paid, these can be registered shares or bearer shares, at the choice and expense of the Shareholder.

### **c) Significant shareholdings (pursuant to article 123-bis, paragraph 1(c) of the TUF)**

Entities with significant shareholdings, directly or indirectly, in the Issuer pursuant to article 120 of the TUF, as of notices issued in accordance with the TUF, are indicated in Table 1 in the appendix.

### **d) Shares that confer special rights (pursuant to article 123-bis, paragraph 1(d) of the TUF)**

The Issuer did not issue securities granting special control rights.

### **e) Employees' share ownership: exercise of voting rights (pursuant to article 123-bis, paragraph 1(e) of the TUF)**

The Issuer did not approve any employee shareholding scheme with regard to its share capital.

### **f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1(b) of the TUF)**

There are not restrictions on voting rights.

The Issuer has only issued ordinary shares and there are no shares with voting rights other than ordinary shares.

**g) Shareholders' agreements (pursuant to article 123-bis, paragraph 1(g) of the TUF)**

The Issuer is not aware of any Shareholders' agreements as of article 122 of the TUF.

**h) Change of control clauses (pursuant to article 123-bis, paragraph 1(h) of the TUF) and statutory provisions on IPOs (pursuant to article 104, paragraphs 1-ter and 104-bis, paragraph 1 of the TUF)**

Some loan agreements contain normal clauses setting out, subject to the consent of lenders, the obligation to repay the debt in advance if the company SIAS or the parent company Aurelia s.r.l. lose control over the relevant concession holder/s and or the subsidiary/subsidiaries. Moreover, this clause is included (i) in the majority of ISDA agreements governing derivative contracts signed by Group companies in order to prevent the risk from interest rate fluctuations; and (ii) ) in some indemnity agreements concerning guarantees issued by Group companies.

The "Standard Agreements" in force, which were signed by the concession holders controlled by the Group of the Issuer, expressly set out the requirements with which the new controlling entity must comply in case of a change of control of the concession holders. More specifically:

- with reference to concessions relative to the stretches A4 and A21 (managed by SATAP S.p.A.), A15 (managed by SALT p.A.) and A33 (managed by Autostrada Asti-Cuneo S.p.A.), the requirements are as follows: (i) integrity, balance sheet strength, professionalism and reliability with regard to compliance with the obligations resulting from contracts signed with public administrations; (ii) compliance with the requirements set out by the so-called "antimafia regulations"; (iii) maintaining the licensee's head office in Italy (only for concessions relative to the A15 and A33 stretches);
- with reference to the concessions relative to the stretches A5 (managed by S.A.V. S.p.A.), A6 and A10 (managed by Autostrada dei Fiori S.p.A.), A12 (managed by SALT p.A.) and A21 (managed by Autovia Padana S.p.A.), the requirements are as follows: (i) adequate capitalisation (the Shareholders' equity as shown in the latest set of approved and certified Financial Statements must be equal to least 1/8 of the Concession holder's Shareholders' equity at 31 December of the previous financial year); (ii) maintaining the registered office in a Country not included in the list of Countries that are tax havens; (iii) maintaining the registered office of the Concession Holder in Italy, as well as keeping the Concession Holder's organisational capabilities, with the new controlling entity undertaking to ensure that the licensee has the resources necessary to comply with the agreement's obligations; (iv) a management body comprising members that meet requirements of integrity, professionalism and with at least one member who is independent.

Without prejudice to the above requirements, changes in control are subject in any case to the previous approval of the granting body.

The Articles of Association neither contain derogations with regard to passivity rule provisions set out in

article 104, paragraphs 1 and 2 of the TUF, nor set out the implementation of the neutralisation rules set out in article 104bis, paragraphs 2 and 3 of the TUF.

**i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to article 123bis, paragraph 1, letter m), TUF)**

The Board has not been assigned powers to (i) increase share capital pursuant to article 2443 of the Civil Code; (ii) issue participation-based financial instruments.

The Shareholders' Meeting has not authorised the purchase of treasury shares pursuant to article 2357 et seq. of the Civil Code.

**j) Management and co-ordination (pursuant to article 2497 et seq. of the Civil Code)**

The Issuer is subject to management and coordination by Argo Finanziaria S.p.A. unipersonale.

It should be noted that:

- - the information required by article 123bis, paragraph 1, letter i) ("*the agreements between the company and the directors [...] providing for indemnities in case of resignation or dismissal without just cause or termination following a takeover bid*") is contained in the remuneration report published in compliance with article 123ter of the TUF;
- - the information required by article 123bis, paragraph 1, letter l) ("*the rules for the appointment and replacement of Directors [...], as well as for the amendment of the Articles of Association, if different from the supplementary legal and regulatory rules*") is detailed in the section of the Report on the Board of Directors (Section 4.1).

### **3.0 COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2(A) OF THE TUF)**

As already stated, the Issuer endorses the Corporate Governance Code, which is available on the website of the Corporate Governance Committee: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Current governance of the Issuer therefore complies with the Code, save for recommendations which the Issuer did not adopt, given the specific nature of the company's dimension and organisation, ownership structure and business.

The Issuer is a Company incorporated under the laws of Italy and is not subject to laws of other countries affecting the corporate governance structure of the Issuer.

### **4.0 BOARD OF DIRECTORS**

#### **4.1 Appointment and replacement (pursuant to article 123-bis, paragraph 1(l) of the TUF)**

Pursuant to article 16 of the Articles of Association, the Company is managed by a Board of Directors composed of a number of members ranging between seven and fifteen, according to the decision taken by the Shareholders' Meeting, by ensuring a number of independent directors, as well as gender balance, as required by law.

The whole Board of Directors is appointed on the basis of the lists submitted by the Shareholders; the candidates – who are listed by a sequence number – have to comply with the requirements of integrity provided for by applicable law.

The lists submitted by the Shareholders shall be filed at the registered office within the terms and according to the methods set out by current regulations.

Each Shareholder may submit or contribute to submitting one list only.

Each list shall include a number of candidates not exceeding the statutory maximum number of Directors and, upon filing at the registered office, shall include *(i)* information concerning personal and professional details of the candidates; *(ii)* the written acceptance of the candidature and the declaration that the candidate does not belong to other lists; as well as *(iii)* any other document provided for by applicable law. Each list must include at least two candidates who meet the independence requirements provided for by law, clearly indicating them and entering one of them at the top of the list. Lists containing a number of candidates greater than or equal to three must also include, as specified in the meeting call, candidates of different gender, in order to ensure compliance with the requirements of regulations in force at any time concerning gender balance.

Only shareholders who alone or together with other Shareholders hold shares representing the shareholding in the share capital, as set out by law, have the right to submit lists. The legal title to the above mentioned shareholding shall be proved according to the methods and time-scales set out by the applicable law.

The list that does not comply with the abovementioned provisions shall be considered as not submitted.

Each person entitled to vote may vote only one list.

Election of members will proceed as follows:

- a) from the list obtaining the majority of votes cast by those entitled, four fifths of the Directors to be elected, with rounding down in the event of a fractional number, will be taken in the order in which they appear on the list;
- b) the remaining Directors are elected from the other lists; to this end, the votes obtained by said lists are divided by one, two or three, according to the number of Directors to be elected. The quotients thus obtained are sequentially assigned to the candidates on each list, in the order in which they are listed.

The quotients thus attributed to the candidates of the various lists are arranged in a single decreasing order ranking, resulting in the election of the candidates with the highest quotients. If more than one candidate obtains the same quotient, the candidate from the list which has not yet elected any Directors or which has elected the lowest number of Directors will be elected. In the case of an equal number of votes of the list and, therefore, with the same quotient, a new vote of the Shareholders' Meeting takes place, will the candidate obtaining the simple majority of votes being elected.

If the outcome of the aforementioned procedure generates a composition of the Board that does not allow the gender balance to be complied with, the candidates elected in the various lists are arranged in a single decreasing order ranking, created according to the quotient system indicated in point b) above. The candidate of the most represented gender with the lowest quotient among the candidates taken from all lists is replaced, subject to compliance with the minimum number of independent directors, by the first non-elected candidate belonging to the less represented gender indicated in the same list as the replaced candidate.

In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of directors is taken will be replaced.

If the replacement of the candidate of the most represented gender with the lowest quotient in the ranking does not allow, however, the minimum threshold established by current legislation for gender balance to be achieved, the above-mentioned replacement operation is also performed with reference the candidate of the most represented gender having the second last quotient and so on going up from the bottom of the ranking. In all cases in which the above procedure is not applicable, the replacement is made by the Shareholders' Meeting with the legal majority, in compliance with the principle of proportional representation of minorities on the Board.

If no list is submitted or admitted or in any case, for any reason, the appointment of one or more Directors cannot be carried out according to the provisions of the Articles of Association, the Shareholders' Meeting decides with the legal majorities so as to nevertheless ensure, pursuant to current legislation, the presence of the number of Directors who meet the independence requirements and compliance with the requirements of legislation in force at any time concerning gender balance.

A vacancy for one or more Directors that arises during the financial year shall be filled in line with applicable legal provisions, appointing, in sequential order, candidates drawn from the list to which the ceased Director belonged who are still eligible and prepared to accept the office, ensuring at any rate, in line with applicable laws, the presence of the required number of Independent Directors, as well as gender balance.

If, in case of resignation or other reasons, the majority of Directors appointed by the Meeting fails, the whole Board shall resign and its termination shall be effective from the moment when the Board of Directors will be reestablished, following the appointments made by the Meeting that shall be convened as soon as possible.

The Directors are in office for the time agreed by the Meeting (in any case, not more than three financial years) and can be reappointed; the persons appointed during this period shall fall from office together with those members who were already in office upon their appointment.

#### Succession planning

Having taken into account the current corporate structure with one reference Shareholder, the Board decided not to adopt a succession planning policy for executive directors, since it was deemed inappropriate to identify persons or criteria for their selection before the actual need to replace an executive director arises.

#### 4.2 Composition (pursuant to article 123-bis, paragraph 2(d) of the TUF)

The Board in office until 27 April 2017 was appointed by the Ordinary Shareholders' Meeting of 18 April 2014 for the financial years 2014 - 2015 - 2016 (i.e. until the approval of the 2016 Financial Statements), based on the 2 filed lists:

- list no. 1 (representing the majority) submitted by ASTM S.p.A., owning at this date 61.704% of the share capital, which includes 12 candidates (Stefania Bariatti, Giovanni Angioni, Maria Caramelli, Beniamino Gavio, Daniela Gavio, Maurizio Leo, Andrea Pellegrini, Ferruccio Piantini, Paolo Pierantoni, Giovanni Quaglia, Alberto Sacchi, Graziano Settime);
- list no. 2, representing the minority, submitted by Assicurazioni Generali S.p.A., owning, at this date, 3.634% of the share capital, which includes 3 candidates (Licia Mattioli, Antonio Segni, Stefano Caselli).

Having approved the resolution proposals made by ASTM S.p.A., the Shareholders' Meeting had set the number of members of the Board as 15. Therefore, all candidates proposed in the two lists were elected.

For further information on the Board in office until 27 April 2017, reference is made to the "2016 Report on corporate governance and ownership structure" available on the Issuer's website, under the *governance* section.

The Board currently in office was appointed by the Ordinary Shareholders' Meeting of 27 April 2017, based on the lists filed by Shareholders pursuant to law and to the Articles of Association. The above Shareholders' Meeting also set the number of Board members to 15, who will remain in office for the financial years 2017-2018-2019 and, therefore, until the approval of the 2019 Financial Statements.

The minimum shareholding in the share capital required in order to submit lists was set out by Consob by means of Resolution no. 19856 of 25 January 2017 and is equal to 1.00% of the share capital. Two lists were submitted:

- list no. 1 (representing the majority) submitted by ASTM S.p.A., owning 61.695% of the share capital of the Issuer, which includes the 12 candidates: Stefano Caselli, Daniela Gavio, Beniamino Gavio, Giovanni Angioni, Stefania Bariatti, Edda Gandossi, Licia Mattioli, Andrea Pellegrini, Ferruccio Piantini, Paolo Pierantoni, Giovanni Quaglia and Antonio Segni;
- list no. 2, representing the minority, submitted by a group of Italian and foreign institutional investors holding 1.641% of the share capital of the Issuer, which includes the 4 candidates: Sergio De Luca, Saskia Elisabeth Christina Kunst, Paolo Simioni and Paola Annamaria Petrone (this minority list included the statement certifying the absence of relations with reference shareholders, as provided for by applicable laws and regulations).

Out of 176,780,840 shares (equal to 77.694% of the share capital with voting rights):

- list no. 1 submitted by ASTM S.p.A. was voted for by 143,550,534 shares (equal to 81.204% of the share capital present and 63.089% of the share capital with voting rights);
- list no. 2 submitted by the minority was voted for by 32,653,686 shares (equal to 18.472% of the share capital present and 14.351% of the share capital with voting rights);
- votes accounting for 33,735 shares were cast against both lists (equal to 0.019% of the share capital present and 0.015% of the share capital with voting rights);
- abstaining votes accounted for 501,262 shares (equal to 0.284% of the share capital present and 0.220% of the share capital with voting rights);
- no votes were cast for 37,623 shares (equal to 0.021% of the share capital present and 0.017% of the share capital with voting rights).

For each voting, the list with the names of the Shareholders and their votes is included in the meeting's minutes of 27 April 2017, which have been published on the Issuer's website under the "*governance*" section.

The following candidates were therefore voted to the Board:

- from list no. 1 submitted by ASTM S.p.A., the following 12 candidates: Stefano Caselli, Daniela Gavio, Beniamino Gavio, Giovanni Angioni, Stefania Bariatti, Edda Gandossi, Licia Mattioli, Andrea Pellegrini, Ferruccio Piantini, Paolo Pierantoni, Giovanni Quaglia and Antonio Segni;
- from list no. 2, submitted by the minority, the following 3 candidates: Sergio De Luca, Saskia Elisabeth Christina Kunst and Paolo Simioni.

Upon acceptance of the nomination, Giovanni Angioni, Stefano Caselli, Sergio De Luca, Edda Gandossi, Saskia Elisabeth Christina Kunst, Licia Mattioli, Andrea Pellegrini, Antonio Segni and Paolo Simioni declared they were independent in compliance with the provisions set out in the Code and in the TUF, while Ferruccio Piantini declared he was independent only pursuant to the TUF.

The above Shareholders' Meeting also appointed Stefania Bariatti as Chair of the Board of Directors.

On 12 March 2018, the Board Director Giovanni Angioni stepped down from office. The Board meeting of 14 March 2018, considering the approaching Shareholders' Meeting to approve the 2017 Financial Statements, decided not to proceed with co-option.

As regards the term of office of Board Members, the date of the first-time appointment of each Director is indicated below: Daniela Gavio and Paolo Pierantoni (8 February 2002, date of incorporation of the Issuer), Beniamino Gavio (Ordinary Shareholders' Meeting of 8 May 2003), Ferruccio Piantini (Ordinary Shareholders' Meeting of 7 May 2004), Stefano Caselli (Ordinary Shareholders' Meeting of 27 April 2011), Giovanni Quaglia (co-opted by the Board on 21 February 2013), Stefania Bariatti (co-opted by the Board on 1 August 2013), Licia Mattioli, Andrea Pellegrini and Antonio Segni (Ordinary Shareholders' Meeting of 18 April 2014).

Tables 2 and 2.1. in the appendix include a summary of the information concerning the members of the aforementioned Board and relevant Committees.

As can be inferred from the short bibliographical notes detailed below, the Directors possess adequate professional experience with regard to legal, technical, economic and financial subjects as well as specific skills through which they actively participate and contribute to the Board's proceedings and decisions:

**Stefania Bariatti:** born in Milan on 28 October 1956. She was awarded a degree in Law from Milan University, where she is Professor of International Law. She is counsel at the Chiomenti law firm. She has been a Director of ASTM S.p.A. since 2013 and since 2017 has been Board Director of Monte dei Paschi di Siena S.p.A.. At international level, from 1999 to 2007 she represented the Italian Government at the Hague Conference on Private International Law during works concerning some international conventions. Moreover, she is author of many publications on Private International Law, European Union Law and International Law.

**Daniela Gavio:** born in Alessandria, on 16 February 1958. She was awarded a degree in Medicine (Surgery) from Genoa University. She acquired expertise in corporate management matters mainly within the Gavio Group, with particular reference to the motorway concession, construction sectors and transport on behalf of third parties.

**Paolo Pierantoni:** born in Genoa, on 9 December 1956. He was awarded a degree in Civil Engineering (Hydraulics) from Genoa University and acquired expertise in corporate management matters within both major construction companies and the Gavio Group, with particular reference to the motorway concession, engineering and infrastructure technologies sectors.

**Stefano Caselli:** born in Chiavari (Genoa) on 14 June 1969. He was awarded a degree in Economics from Genoa University, specialising in Finance and Financial Brokerage. He is professor of Financial Brokerage Economics at the Bocconi University in Milan, and is the author of several national and international publications. He works as a Director at leading assetmanagement companies, as well as a management consultant for banks, companies and institutions with regard to risk assessment models, corporate assessment and strategy.

**Beniamino Gavio:** born in Alessandria on 13 October 1965. He was awarded a degree in Economics from Kensington University, Glendale (California, United States), He acquired expertise in corporate management matters mainly within the Gavio Group, with particular reference to the motorway concession, construction sectors, sale of electricity and transport on behalf of third parties.

**Licia Mattioli:** born in Naples on 10 June 1967. She was awarded a degree in Law from Turin University. She is a member of the bar of Turin. Together with her family, she runs the leading company of the same name in the European goldsmith sector and holds important positions on several Boards and with various Associations.

Andrea Pellegrini: born in Milan on 10 October 1964. He was awarded a degree in Business Economics, specialising in Business Finance, from Bocconi University, Milan. He is an advisor to leading companies operating in the sector of strategic consultancy in extraordinary finance and senior management.

Ferruccio Piantini: born in Venice on 28 January 1953. He was awarded a degree in Economics and Business from Bocconi University, Milan. He has always held major positions within the banking and brokerage sectors, mainly specialising in corporate acquisitions and disposals.

Giovanni Quaglia: born in Genoa (Cuneo) on 20 October 1947. He was awarded a degree in Modern Literature (Arts and Philosophy) from Turin University. In addition to the professional knowhow acquired in the education sector, he has developed advanced managerial and management skills working in an administrative capacity for several local authorities in Piedmont. He is a member of the management bodies of banks and motorway and transport companies.

Antonio Segni: born in Genoa on 11 May 1965. He was awarded a degree in Law from La Sapienza University, Rome and is a member of the Rome Lawyers' Council. He mainly focuses on extraordinary finance, M&A and capital markets sectors, providing consultancy services to listed companies on corporate governance and financial markets regulations. He is on the boards of listed companies and the author of several publications concerning financial markets law.

Sergio De Luca: born in Zungoli (Avellino) on 3 September 1950. He was awarded a degree in Electrical Engineering from Turin Polytechnic. He has considerable experience in the railway transport construction and civil construction industries, at an international level, on markets in Europe, North America, India, China, Australasia and the Middle East.

Edda Gandossi: born in Trenzano (Brescia) on 2 February 1956. She was awarded a degree in Law and Philosophy from Parma University. She is a member of the bar of Milan and specialises in economic criminal law.

Saskia Elisabeth Christina Kunst: born in Rotterdam on 26 July 1966. She was awarded a degree in Italian from Leiden University. She gained professional experience holding managerial and senior managerial positions with major international companies operating, among others, in the offshore energy sector, in the supply of floating oil platform services and logistics.

Paolo Simioni: born in Valdobbiadene (Treviso) on 19 December 1960. He was awarded a degree in Civil Engineering from Padova University. He gained experience in managing companies in the transport sector and in the re-qualification and business development of mobility infrastructure, holding managerial and senior managerial positions in sector companies.

The comprehensive curricula of the members of the Board are available on the Issuer's website, under the "*governance*" section.

### Diversity policies

As regards the composition of the management body, the current composition of the Board, as in the past, has an adequate mix of members in terms of age, gender, education and professional background, and therefore the Issuer did not consider it necessary to adopt a specific diversity policy for the composition of the management body. However, to value human capital on the basis of merit, professional expertise, conduct, integrity and confidence, while also promoting an inclusive work environment that is open to diversity, the Board approved a "diversity and inclusion" policy on 14 March 2018, applicable to the Issuer and its subsidiaries.

### Maximum number of offices held in other companies

The Board adopted a procedure, reviewed in November 2012, aimed at identifying the maximum number of offices as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises.

The directors accept the office by taking into account, in their duties, the limits set out by the said procedure (available on the website under the "governance" section), which takes into consideration the level of commitment implied in each position, also with regard to the nature and size of the companies in which offices are held, as well as whether or not these belong to the Issuer's Group. Large enterprises are defined as follows:

- a) Italian companies with shares listed on Italian or foreign regulated markets;
- b) Italian or foreign companies with shares that are not listed on regulated markets, which operate in the insurance, banking, financial brokerage, asset management or financial sectors;
- c) Italian or foreign companies other than those described in the previous paragraphs a) and b), which, individually or at Group level in case they draw up the consolidated financial statements, show i) revenue from sales and services higher than EUR 500 million; and ii) balance sheet assets higher than EUR 800 million, based on the last set of approved Financial Statements.

Having taken into account the commitment implied in each single position, the following maximum numbers on administration or control offices that can be held in large enterprises, as defined above, were established:

- Executive Directors with management powers:: 4
- Executive Directors without management powers: 6
- Non-executive Directors: 8

With regard to the calculation of offices:

- those positions held in companies directly and/or indirectly controlled by SIAS, as well as in its Parent Companies are not taken into account;
- alternate auditor offices, as well as management and control offices held in associations, foundations, consortium companies, consortia and unlisted cooperatives are not taken into account;

- in order to identify large enterprises pursuant to paragraph c) above, the item "revenue from sales and services" means income from ordinary operations;
- in case of offices held in companies belonging to the same group and if the Director holds a similar office in the parent company and in companies under its control and included in its scope of consolidation, the identification of large enterprises must be carried out, for the parent company, on the basis of the Consolidated Financial Statements and, for subsidiaries, based on the related Separate Financial Statements, also in case that the latter, as subholding companies, draw up their own Consolidated Financial Statements;
- in case of offices held in large enterprises belonging to the same group, the weight given to each of the offices except for the first one is reduced by half and, in any case, the fact of holding several positions within the same group shall not imply a total "weighting" higher than 2.

However, the Board is allowed to grant derogations (including temporary ones) for exceeding the above-mentioned limits.

The list attached to Table 2.1 shows the offices held by some Directors, in view of the aforementioned parameters and criteria.

#### Induction Programme

Following the new appointment of the Board in June 2017, an induction session was held presenting the Issuer's Group and its core business to Board Directors, with a particular focus on motorway sectors, and on strategies basically related to the development of activities and initiatives to expand competitive positioning on the Italian market and abroad. In July 2017, during the presentation of the "Going Global 2017-2021 Strategic Plan" (which targets the development of the ASTM-SIAS Group over the next five years, through a growth strategy based on geographic expansion and consolidation of the domestic market), the SIAS Group and its core business were presented.

Thanks to the frequency and the contents of Board Meetings, the Directors and Auditors are constantly informed on the corporate and market situation, as well as on the main legal and regulatory developments concerning the Issuer and the Group. Having considered the industrial holding activities carried out by SIAS and characteristics of the group it belongs to, special attention has been paid to the purchase and disposal of equity investments and to the motorway and construction segment, so that it was possible to have an updated framework on the corporate activities and dynamics under way/being assessed, in order to make proper decisions.

#### **4.3 Role of the Board of Directors (pursuant to article 123bis, paragraph 2(d) of the TUF)**

The Board in office until 27 April 2017 held 4 meetings during 2017. The Board in office as from 27 April 2017 held 8 meetings during 2017. For further information on the attendance of each Director in meetings, see Table 2.1.

The average duration of each meeting was approximately 1 hour and a half.

With regard to 2018 as detailed in the annual schedule of corporate events submitted to Borsa Italiana in January 2018 at least 4 meetings have been scheduled to approve the Financial Statements, the halfyearly Financial Report, as well the additional periodic financial information at 31 March and 30 September. Since the start of 2018, 3 board meetings have already been held, of which 2 not included in the above scheduled meetings.

The Chairperson and the Managing Director have always made sure that Board Members and Auditors could receive the documents about the agenda well in advance of each Board meeting. In compliance with the Code and considering the operating dynamics of the Issuer and its group, as well as the specific nature of the organisational and management structure, the Board established a deadline of two business days for sending information prior to board meetings, save for urgent circumstances and in the case of confidential, price-sensitive information. During 2017, the above deadline was met.

Moreover, the Chairperson ensures that each item on the agenda is dealt with thoroughly, by encouraging discussion, which is useful in order to take decisions. To this end, the Chairperson may request executives and managers of specific corporate functions of the Issuer or its group to take part in board meetings, and, where conditions are met, advisors and/or legal consultants, in order to thoroughly analyse issues on the agenda.

As a standard practice, the General Manager takes part in board meetings, contributing with his/her specific experience, and the Financial Reporting Officer also takes part in board meetings on financial reporting.

Moreover, in order to facilitate the participation of Directors in corporate activities, pursuant to article 19 of the Articles of Association, it is possible for them to attend board meetings remotely, using conference call or video conference systems that ensure prompt and timely information flows.

#### *Powers and authorities of the Board*

Pursuant to article 21 of the Articles of Association, the Board is endowed with broad and unrestricted powers for the ordinary and extraordinary administration of the company and has the authority to carry out all actions (including acts of disposal) that it deems necessary to achieve the corporate purpose, with the sole exception of expressly reserved to the Meeting by law.

The Board is responsible for examining and approving strategic, business and financial plans of the Issuer and its Group. Having taken into account the information provided by delegated bodies also with regard to the exercise of relevant management powers, the Board assesses the general results of operations on an ongoing basis.

With reference to the specific powers set out by the Code, the Board monitors the adequacy of the organisational, administrative and accounting structure of the Issuer and subsidiaries with "strategic importance.

The Board is responsible for analysing the following transaction with major strategic, economic, asset of financial relevance implemented by the Issuer or its subsidiaries:

- a) the issue of financial instruments, for a total value higher than EUR 10 million;
- b) the granting of loans to entities other than Subsidiaries, for amounts higher than EUR 10 million, if this is proportional to the shareholding or for amounts higher than EUR 5 million if this is not proportional to the shareholding;
- c) the signing of derivative contracts i) which have an amount higher than EUR 10 million as notional value, and ii) which do not only aim at hedging corporate risks (by way of non-limiting example: interest rate, foreign exchange and raw material hedging);
- d) the granting of personal guarantees and/or collaterals in favour of entities other than the Issuer or Subsidiaries, for amounts higher than EUR 10 million;
- e) merger and splitoff transactions, where at least one of the companies involved is not a subsidiary;
- f) acquisition or disposal of real estate whose value is equal or higher than EUR 5 million;
- g) acquisition or disposal of companies or business units, fixed assets and other assets, whose transaction value is equal or higher than EUR 10 million;
- h) acquisition or disposal of equity investments, incorporation of new companies and transactions involving new contributions that are not proportional to the shareholding ("new contributions" means share capital increase subscription, payments towards future share capital increase, payments to cover losses) for which the value of the transaction/contribution for the Issuer is equal or higher than EUR 5 million, as well as the signing of agreements for the exercise of rights related to these equity investments and transactions that can involve, during their development or at their end, commitments and/or purchase agreements and/or disposal agreements of this kind and of this extent;
- i) with regard to the subsidiaries operating in the "motorway sector", the signing, renewal, termination or withdrawal of concession agreements;
- a) any other transaction that, according to the competent Bodies of a subsidiary, has an impact on the strategic, economic and financial position and results of the Issuer.

With respect to the above, for a correct implementation of the procedure within the Issuer's Group, the Board immediately issued the necessary instructions to subsidiaries.

As regards the decisions taken by the Board on the identification of significant transactions with related parties and implementing procedures, reference should be made to the specific information contained in the following paragraph 12.0 "Directors' interests and transactions with related parties".

Assessment on the size, composition and functioning of the Board

The Directors carried out the usual annual assessment of the size, composition and functioning of the Board and its Committees, in compliance with the Code.

In this regard and at the Chairperson's initiative, in January 2018 an inquiry was launched with all members of the Management Body, based on the distribution of a questionnaire to be filled out concerning the themes under review and, specifically: (i) the composition of the Board and professional expertise of members in relation to the activities carried out by the Issuer in a capacity as industrial holding, (ii) the functioning of the Board (iii) the role, composition and functioning of Board committees, (iv) independent Directors.

To ensure an effective and independent assessment, the Directors were assisted by Willis Towers Watson, an international consulting company with extensive experience in the sector. Interviews with individual Directors were also conducted by the advisor.

The results of this review, which are anonymous, were analysed in depth during the Board' meeting of 14 March 2018, which resulted in an overall positive assessment of the functioning of the Board and Board Committees, in line with previous financial years.

With particular reference to the industrial holding activity carried out by the Issuer, the Directors believe they have adequate professional experience (concerning legal, technical, economic and financial subjects as applicable), through which they ensure the Board, also taking into account seniority and number, have the expertise to achieve the strategies and guidelines of the Issuer and its Group.

In particular, the Board Directors, with specific reference to corporate operations and objectives achieved in 2017, also considering assistance from Directors, Committees, the Internal Audit and Risk Management Director and Supervisory Bodies:

- acknowledged that they took part in corporate activities and actively contributed to the works and decisions, as confirmed by their regular and continued participation in the meetings.
- were updated on the ordinary and extraordinary operations of the Issuer, on significant events, as well as on initiatives under assessment and those carried out in the exercise of management powers.

In this context, in order to allow Directors to express an informed opinion, they were usually provided with documentation and information on the items on the agenda with reasonable advance of individual Board meetings.

Non-competition clause pursuant to article 2390 of the Civil Code

The Meeting did not grant derogations with regard to the noncompetition clause pursuant to article 2390 of the Civil Code as a general and preventive measure.

#### 4.4 Delegated bodies

##### Managing Director

Following the renewal of the Board of Directors by the Shareholders' Meeting held on 27 April 2017, the Board of Directors met on 2 May 2017 and set out the Issuer's governance lines, adopting resolutions on corporate offices and the related management powers, in line with the previous financial year.

In this regard, the Board confirmed Paolo Pierantoni as Managing Director of the Issuer, giving him the power to carry out all company operations, save for limitations established by law and by the Articles of Association, with the exception of the following powers, which require prior authorisation from the Board: (i) sell, exchange and transfer real estate in incorporated companies or under incorporation, (ii) transfer, sell, award and generally dispose of the equity investments held in subsidiaries in which an equity investment equal or lower than 67% of the share capital is held, (iii) transfer, sell, award and generally dispose of the equity investments held in subsidiaries in which an equity investment higher than 67% of the share capital is held, so that the equity investment is lower than this percentage value, (iv) waive legal mortgages..

Moreover, the Managing Director also has the power to appoint and revoke appointment of proxies and attorneys by setting out their powers, as well as to promote and support legal actions on behalf of the Issuer – acting as both claimant or defendant – at any court (civil, penal or administrative) and at any level of jurisdiction, in Italy and abroad.

##### Chairperson of the Board of Directors

The Shareholders' Meeting of 27 April 2017 confirmed Stefania Bariatti's appointment as Chairperson of the Board of Directors. The Chairperson Stefania Bariatti legally represents the Company before third parties and in court, as set out by the Articles of Association, and has the following powers to be exercised with separate signature granted by the Board on 2 May 2017: (i) setting the agenda of the Board of Directors' meeting, in agreement with the Managing Director, (ii) providing for external communication, together with the Managing Director, (iii) signing corporate mail and the documents related to the office and the exercise of powers.

##### Vice Chair

With a view to guaranteeing the Board's operating continuity, Daniela Gavio was appointed as Vice Chair during the Board meeting of 2 May 2017. The Vice Chair has the same powers as the Chairperson, to be exercised with separate signature, in the absence or impediment of the Chairperson.

### General Management

In a document dated 4 May 2017, Umberto Tosoni was appointed as General Manager. He essentially has the following duties, based on the powers granted to him (i) assisting the Managing Director in executing the resolutions of the Board of Directors; (ii) preparing the organisational plans, in compliance with the general guidelines of the Board, which shall be examined in advance by the Managing Director; (iii) providing in agreement with the Managing Director management support to subsidiaries, as part of the management and co-ordination activities of SIAS and (iv) co-ordinating the activities of Company Departments and overseeing the organisation of employees, by defining their tasks and abilities, as well as adopting disciplinary measures in compliance with current rules, the national collective agreement and the corporate trade union agreements.

As part of current, ordinary company operations, an expenditure limit of EUR 1,000,000 is set for negotiating and signing contracts, for depositing amounts at banks, paying and endorsing cheques, depositing and withdrawing instruments and valuables, as well as ordering payments.

### Executive Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

Based on the current organisational and operating structure of the Issuer, the Board of Directors has not appointed an Executive Committee.

### Information to the Board

In compliance with article 24 of the Articles of Association, the Delegated Bodies reported directly to the Board of Directors and the Board of Statutory Auditors on the activities carried out in the exercise of their powers, as well as on the overall performance and the outlook, during single meetings and at least on a quarterly basis.

## **4.5 Other Executive Directors**

Besides the Managing Director, Paolo Pierantoni, (i) Beniamino Gavio, in his capacity as Chairman of the Board of Directors of Argo Finanziaria S.p.A. unipersonale and Aurelia S.r.l. (companies controlling the Issuer); and (ii) Daniela Gavio, in his capacity as member of the Executive Committee of SALT p.A. (a company of strategic importance controlled by the Issuer) qualify as executive directors pursuant to the definition in the Code.

## **4.6 Independent Directors**

7 Board Directors meet the independence requirements established by the Code and by article 148, paragraph 3 of the TUF, while one Director only meets the independence requirements established by the TUF.

Compliance with these requirements – that was stated upon presentation of the lists, together with the acceptance of the candidature – was positively assessed by the Board following the appointment and during the annual periodic assessments, (the last one was made in March 2018). To this end it should be noted that the independence of the Director Ferruccio Piantini was confirmed, given that this Director has been in office for over nine years, in consideration of his independent opinion and professional capabilities demonstrated.

All Directors undertook to report to the Issuer on any change of the information provided upon acceptance of the candidature, among which their independence.

In the framework of its specific powers and authorities, the Board of Statutory Auditors favourably examined and verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

#### Independent Directors' meeting

The meeting of the Independent Directors was held in January 2018, who confirmed their favourable opinion of the operations and composition of the Board, the mix of professional profiles and knowledge suitable to achieve the strategies and aims of the Issuer and its Group.

In this context, the Independent Directors expressed their favourable opinion on the existing information flow that enables them to monitor corporate activities and the internal audit system of the Issuer and its main investees thanks to the timely co-operation of corporate management and the responsible staff.

It was noted that the Board is periodically updated on the ordinary and extraordinary operations of the Issuer, on significant events, as well as on initiatives under assessment and those carried out in the exercise of management powers.

The precious contribution provided by the Audit, Risk and Sustainability Committee (also in its capacity as Related Parties' Committee, where applicable), by the Remuneration Committee and by the Board of Statutory Auditors was also recognised. These are all bodies that periodically report on their activities, supporting Board decisions, in the framework of their powers and authorities.

#### **4.7 Lead Independent Director**

The current organisational structure of the Board, with regard to the distribution and allocation of management powers, complies with the principles contained in the Code, according to which the company management should be divided from the office of Chairperson. For this reason, there is no need to appoint a "lead independent director" among independent directors.

#### **5.0 HANDLING OF CORPORATE INFORMATION**

During the financial year, the Chairperson and the Managing Director, in co-operation with the investor relations' supervisor, were in charge of the management of corporate information, with particular reference to pricesensitive information.

Documents and information on the Issuer and its subsidiaries are disclosed externally in agreement with the Chairperson and the Managing Director by the Board's Secretarial Department and the Corporate and Compliance Function for notices to relevant Authorities and Shareholders, and by the investor relations manager for notices to institutional investors.

In compliance with the new legal framework on market abuse, established by the entry into force of Regulation (EU) No 596/2014, the Issuer has adopted a procedure to guarantee (i) the internal management and external disclosure of corporate documents and information concerning the Issuer and its subsidiaries, with particular reference to inside information, and (ii) to keep an insider list, i.e. of persons that have access to inside

information (as regards the latter aspect, the Issuer has a specific IT procedure, with contents and operating mechanisms that are aligned with the principles and objectives of applicable laws). In particular, the new procedure includes provisions pertaining to the internal handling and the external disclosure of corporate documents and information, with specific reference to inside information, and defines roles, responsibilities and operational methods for the management of such information, considering their identification and disclosure to the market, including, where applicable, the activation of the procedure for delayed disclosure to the market and the updating of the insider list.

Following the publication on 13 October 2017 of Consob guidelines on the *“Management of inside information”*, the Issuer started work with the Audit, Risk and Sustainability Committee to adopt Consob guidelines, also in view of "inside information" relative to SIAS identified with reference to the 2013/2017 period. Following this activity, the Board, on 14 March 2018, with the approval of the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, approved a new *“Procedure for the management, processing and disclosure of significant and inside information of SIAS S.p.A.”* which (i) identifies the functions or organisational units that, for various reasons, are involved, within the Issuer, in the processing of Significant or Inside Information (ii) mapped the potential types of Significant or Inside Information and (iii) coded provisions relative (x) to the internal management and external communication of corporate documents and information concerning the Issuer and its subsidiaries, with particular reference to Significant and Inside Information and (y) kept and updated the Insider List. With respect to *“Insider Trading”* rules, which are governed by a dedicated procedure that was last updated also to take into account the entry into force of Regulation (EU) no. 596/2014, the Corporate Compliance Function is the unit responsible for receiving, managing and disclosing to the market any material transactions effected, on the Issuer's shares and of financial instruments linked to it, by "relevant persons" and "close associates", as identified on the basis of current legal and regulatory provisions.

In order to promptly comply with disclosure requirements, a document entitled *“Transactions carried out by relevant parties and close associates”* is drawn up and given to relevant parties. This document contains (i) all legal and regulatory provisions that constitute the regulatory framework, as well as (ii) the terms and conditions for communications to Consob, Issuer and the market.

## **6.0 BOARD COMMITTEES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2(D) OF THE TUF)**

On 2 May 2017, the Board established the Remuneration Committee and Audit and Risk Committee (subsequently called the *“Audit, Risk and Sustainability Committee”*), of which the composition is based on requirements in the Code on the independence of committee members.

The Board decided not to establish the Appointments Committee or other committees, for reasons described below.

## 7.0 APPOINTMENTS COMMITTEE

In line with assessments made in the past, the Board decided not to establish an Appointments Committee, as the appointment of Directors is carried out by means of list voting, in compliance with the terms and conditions set out in article 16 of the Articles of Association and as required by current regulations, also considering, in accordance with Criterion 1.C.1. letter h) of the Code, the opinion of the Board to Shareholders concerning managerial and professional positions, which are considered as appropriate for the Board.

## 8.0 REMUNERATION COMMITTEE

Composition and functioning of the Remuneration Committee (pursuant to article 123-bis, paragraph 2/d) of the TUF)

The Remuneration Committee comprises the independent directors Antonio Segni (Chairperson), Saskia Elisabeth Christina Kunst and Licia Mattioli, who have adequate knowledge of and experience in financial issues and remuneration policies.

The Committee is convened upon request of its members by the Board's Secretarial Department, which also records the minutes of each single meeting. All members of the Board of Statutory Auditors are invited to take part in the meetings.

The Remuneration Committee in office until 27 April 2017 held 3 meetings in 2017.

The Remuneration Committee currently in office held 4 meetings in 2017. During 2018, 3 meetings have already been held.

Pursuant to the recommendations contained in the Code, the Directors do not attend the Committee's meetings during which proposals are made to the Board with regard to their remuneration.

### Functions

In compliance with the Code, the Remuneration Committee has the power to: (i) submit proposals to the Board concerning remuneration policies for directors and key management personnel; (ii) periodically assess the adequacy, general coherence and practical implementation of remuneration policies adopted for directors and key management personnel, by using (with regard to this latter point) the information provided by managing directors, as well as make proposals to the Board on this subject; (iii) make proposals or express opinions to the Board on the remuneration of executive directors and other directors holding specific offices, as well as on the performance objectives related to the variable portion of this remuneration; and (iv) monitor the implementation of decisions adopted by the Board by assessing, in particular, the achievement of performance objectives.

To carry out its duties, the Committee uses corporate resources and may be assisted by external consultants, whose costs are to be borne by the Issuer. To date, the Board has decided to not adopt a specific budget for the Committee.

## 9.0 DIRECTORS' REMUNERATION

### General remuneration policy

Pursuant to article 16 of the Articles of Association, the Shareholders' Meeting approves the annual compensation payable to members of the Board, which remains valid also for financial years following the year of approval, until a new decision is taken by the meeting.

The members of the Board are entitled to the reimbursement of the expenses incurred as a result of their office.

Without prejudice to the compensation approved by the Shareholders' Meeting, the remuneration for directors holding corporate offices is established by the Board on the proposal of the Remuneration Committee and having consulted the Board of Statutory Auditors, pursuant to article 2389 of the Civil Code, as well as, where applicable, the Audit, Risk and Sustainability Committee, in compliance with the procedure on transactions with related parties.

Moreover, the Board sets out the compensation for members of the Supervisory Body and Committees that have been established in compliance with the Code.

In March 2017, on the proposal of the Remuneration Committee in office up until 27 April 2017, the Board approved the remuneration policy of the Issuer which the Shareholders' Meeting of 27 April 2017, requested to pass an advisory vote, approved. The main parts of remuneration considered in the remuneration policy are: *(i)* fixed remuneration; *(ii)* the annual management incentive system; *(iii)* benefits. The approach to overall retribution entails a balanced package of fixed and variable elements, both monetary and non-monetary, that considers the Issuer's strategic objectives and risk profile with respect to the sector in which the Issuer operates and the characteristics of the activity performed. Consequently, the management incentive system provides for the following:

- variable remuneration linked to the achievement of specific corporate performance parameters;
- previously established and determined objectives, which shall also be linked to the process to define corporate objectives.

In particular, during 2017 *(i)* an annual incentive system was adopted for the Managing Director and General Manager of the Issuer (MOB Plan), which gives the beneficiaries a monetary bonus if established economic/financial and project/strategic objectives are achieved and *(ii)* technical analysis was started to assess the use of long-term incentives related to long-term objectives, to award the achievement of long-term quantitative and qualitative results that are functional for generating value and sustainable growth, in keeping with the interests of shareholders and stakeholders, and for retaining key personnel of the Issuer).

This issue is described in full in the "Remuneration Report" (prepared in compliance with article 123ter of the TUF and article 84-quater of the Consob Issuers' Regulation), which is available on the company's website, under the "governance" section.

#### Remuneration of key management personnel

Apart from the General Manager, the Issuer has not identified additional key management personnel, pursuant to the definition in the Consob Related Parties Regulation.

#### Incentives for the internal audit manager and the manager responsible for financial reporting

In line with the principles and values of the Issuer's remuneration policy, no incentives are provided for the internal audit manager and the manager responsible for financial reporting.

#### Indemnities payable to directors in the event of resignation, dismissal or termination of the employment relationship following a public takeover bid (pursuant to article 123, paragraph 1(i) of the TUF)

The Issuer did not sign with the Directors and the General Manager any agreements for indemnities in case of resignation, dismissal or termination of the employment following a takeover bid, or any non-competition agreements entailing the payment of a sum in respect of the obligation arising from the aforementioned agreements.

### **10.0 AUDIT, RISK AND SUSTAINABILITY COMMITTEE**

#### Composition and functioning of the Audit, Risk and Sustainability Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

The Audit, Risk and Sustainability Committee consists of the Independent Directors Andrea Pellegrini (Chairman), Sergio De Luca and Stefano Caselli.

The Committee is convened by the Board's Secretarial Department on request of committee members.

The Committee in office until 27 April 2017 held 4 meetings in 2017. The Committee currently in office held 9 meetings in 2017 and 4 meetings in 2018.

Committee meetings (whose length was in line with the issues discussed) were attended by the Members of the Board of Statutory Auditors, who are also always invited.

Based on the "Guidelines for the Internal Audit and Risk Management system", approved by the Board in May 2014 and last revised by resolution of the Board of 14 May 2018, the Committee reports on the results of its activities on a halfyearly basis, during meetings held to approve the annual and interim accounting documents; as a consequence, at least 2 meetings have been planned for FY 2018, without prejudice to further meetings concerning any preliminary assessment of transactions with related parties.

#### Functions of the Audit, Risk and Sustainability Committee

The Committee assisted the Board in carrying out the tasks assigned to the latter with regard to internal audit issues, by having access to all necessary corporate information and functions.

The Committee carries out all the tasks set out by the Code, specifically: *a)* together with the manager responsible for financial reporting and having consulted with the independent statutory auditor and the Board of Statutory auditors, it assesses the correct use of accounting policies and, in case of groups, their uniformity with regard to the preparation of the Consolidated Financial Statements; *b)* it expresses opinions on specific aspects concerning the identification of the main corporate risks; *c)* it evaluates the periodic reports on the assessment of the internal audit and risk management systems and those of significant importance prepared by the internal audit function; *d)* it monitors the autonomy, adequacy, efficacy and effectiveness of the internal audit function; *e)* where it deems it necessary, it asks the internal audit function to carry out audits on specific operating areas, by notifying this to the Chairperson of the Board of Statutory Auditors; *f)* it reports to the Board on its activity and the adequacy of the internal audit and risk management system at least on a half-yearly basis, at the time of approval of the annual and half-yearly financial reports; *g)* it supports, with suitable investigation activity, the assessment and the decisions of the Board on the management of risks arising from detrimental events that have come to the attention of the Board.

On 9 August 2017, the Board resolved to assign the Committee, in addition to the above functions, the supervision of sustainability issues related to its operations and engagement with stakeholders, as well as review of the sustainability plan, the monitoring of its implementation and review of the sustainability report. This decision - approved by the Committee, as it is considered functional for and compatible with the activities it already carries out - meets the Issuer's aim, as part of its approach to Corporate Social Responsibility, of integrating its current governance structure and set of procedures, processes and structures of the operational organisation that monitor the production, reporting, measurement and representation of non-financial disclosure. In relation to the above, the Committee, that was renamed the "Audit, Risk and Sustainability Committee" endorsed the 2017-2021 Sustainability Plan, approved by the Board in November 2017, monitoring its implementation status.

To perform its functions, the Committee receives the following information flows:

- the Audit Plan from the Internal Audit function, to submit to the Board for approval, as well as the periodic report on audit results;
- from the Manager responsible for financial reporting, a report on the activities carried out to ensure the correctness, completeness and operating efficiency of the administrative and accounting procedures required to adequately prepare the Separate and Consolidated Financial Statements;
- from the Director responsible for the internal audit and risk management system, the report on the implementation of Guidelines for the internal audit and risk management system and on the adequacy and effectiveness of the System as a whole, as well as any reports on specific issues and criticalities identified while carrying out his/her duties.

During 2017, the Committee did not request the internal audit function to carry out assessments on specific operational areas.

According to the procedure on transactions with related parties adopted by the Issuer, the Committee is in charge of analysing in advance and as applicable, transactions with related parties, in order to support the Board's resolutions.

To carry out its duties, the Committee uses corporate resources and may be assisted by external consultants, whose costs are to be borne by the Issuer. To date, the Board has decided to not adopt a specific budget for the Committee.

## **11.0 INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM**

The Board is responsible for the internal audit and risk management system; thanks to the support given by the Committee, it identifies its policies and regularly assesses its suitability and effectiveness, ensuring that the main corporate risks are identified and managed consistently with strategic objectives.

Taking into account its profile as an industrial holding, the Issuer currently has an adequate organisational structure, since it carries out its activities through its subsidiaries, which enjoy full management autonomy.

Moreover, the director responsible for the internal audit and risk management system, the internal audit function, the manager responsible for financial reporting, as well as the "Model 231" and the "Control Model 262" aim at safeguarding principles of proper and efficient management. For further details, see other relative sections of this Report.

With respect to the above, the Board, as part of the assessment performed in March 2018, believes that the internal audit system is adequate and effective for the identification, measurement, management and monitoring of risks considering the risk profile assumed and the features of the Issuer and of each business sector in which the Group to which it belongs operates.

With specific regard to the main features of the existing risk management and internal audit systems concerning the (consolidated) financial reporting process, if applicable, reference is made to Annex 1.

### **11.1 DIRECTOR RESPONSIBLE FOR THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM**

The role of director responsible for the internal audit and risk control management system (the "Responsible Director") has been covered by the Managing Director Paolo Pierantoni since 2 May 2017.

As part of his mandate, the Responsible Director, together with the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, monitored the system to identify and assess risks to which the Issuer and its Group are exposed, on an ongoing basis.

In particular, the Responsible Director carried out an assessment in the second half of 2017 and first few months of 2018, together with the Audit, Risk and Sustainability Committee, based on which the Internal Audit and Risk Management System of the Issuer was revised, giving the Issuer, in its capacity as an industrial holding, a key role in coordinating and promoting equity investments and identifying new investment opportunities. In this context, SIAS:

- manages financial and compliance risks relative to the nature of the holding;
- defines guidelines for the internal audit and risk management system of subsidiaries;
- monitors the implementation status of the group's strategic plan and main economic/financial indicators of its subsidiaries.

Moreover, the subsidiaries, as part of their legal and operational autonomy, are independently responsible for managing the operational risk of their own business activities.

## **11.2 Internal Audit Manager**

The Board, on the proposal of the Responsible Director, and after consulting with the Audit and Risk Committee and Board of Statutory Auditors, appointed Mario Ciampini, who has long-term experience in management control, as Internal Audit Manager on 23 December 2014.

In February 2016 the Board - after consulting with the Audit, Risk and Sustainability Committee, the Board of Statutory Auditors and the Responsible Director - approved the new "2016-2018 Audit Plan" and relative audit schedule for 2016, with related time scales and commitment in terms of "man/days". On this occasion, the Board also approved the payment of annual compensation for the Internal Audit Manager for his position.

To prepare this plan and identify relative areas and processes, the results of (i) audits conducted in previous years, (ii) the risk assessment carried out by SIAS's management and periodically updated, (iii) meetings with the Issuer's management to further investigate areas considered more critical, and (iv) audits pursuant to Law 262/2005 and Legislative Decree 231/2001 were considered.

Based on the relevance of identified risks, priorities and audit activities were defined and planned by identifying the companies, processes and systems, as well as the type of audit actions and related objectives and the time scales of each Plan intervention.

In February 2017, the Board approved, as part of the three-year plan, the audits planned for the current financial year, allocating to the Internal Audit Manager a fund of EUR 70,000 for the performance of the duties linked to his function in the 2017 financial year.

Following the revision of the internal audit and risk management system of the SIAS Group, described above and approved by the Board on 14 March 2018, a new audit plan for the 2018-2020 period will be approved.

As set out by the Code, the Internal Audit Manager periodically prepares reports on his/her activities, the methods with which risks were managed and compliance with the plans defined for their mitigation, submitting them to the Chairpersons of the Board of Directors, the Board of Statutory Auditors and the Audit, Risk and Sustainability Committee and to the Responsible Director.

### 11.3 Organisational model pursuant to Legislative Decree 231/2001

The Issuer has adopted an Organisational Model pursuant to Legislative Decree no. 231/2001 (Model 231) aimed at preventing the possibility of committing the offences referred to in the aforementioned Decree and, therefore, at shielding the Issuer from administrative liability.

Model 231 - aligned with the principles in "Confindustria Guidelines" approved in March 2002 and last updated in 2014 – was then updated on an ongoing basis, to take into account the many offences that were gradually included in the scope of predicate offences considered by Decree no. 231/01 and to implement necessary adjustments due to organisational changes over the years.

In February 2018, the Issuer updated its Model 231, and documents mapping applicable offences, with reference to legal developments taking place after 22 September 2016 (date of the last model revision), and in particular:

- Law 199 of 29 October 2016 which introduced the offence of "Unlawful brokerage and exploitation of labour" as of article 603-bis of the Criminal Code;
- Legislative Decree no. 38 of 15 March 2017, "Implementing Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector", which introduced, as an offence for which entities have administrative liability, the (i) offence of "Instigating individuals to commit bribery", as of the new article 2635-bis of the Civil Code and (ii) amended the offence of "bribery between individuals" as of article 2635 of the Civil Code, expanding the scope;
- Law 161 of 17 October 2017 with "Amendments to the code of anti-mafia laws and prevention measures", amending article 25-duodecies of Legislative Decree 231/01, extending the types of sanctioned offences to include conduct related to the use of citizens from third countries without a residence permit and the exploitation of clandestine immigration;
- Law 167 of 20 November 2017 on "Provisions for alignment with obligations arising from Italy being a part of the European Union", introducing article 25-terdecies to Legislative Decree 231/01, sanctioning the offences of "Racism and Xenophobia";

The Board of Directors appointed a Supervisory Body ("SB") to which it has allocated the task of monitoring the operation, effectiveness and compliance with "Model 231", as well as proposing updates.

The SB adopts the rules required for its functioning, formalising them in a dedicated regulation. Members of the SB remain in office for three financial years.

The SB in office, appointed by the Board on 2 May 2017, comprises the Board Director Edda Gandossi (Chair), the Acting Auditor Annalisa Donesana and Roberto Sanino

The SB held 12 meetings during 2017 and has held 2 meetings in 2018.

The Board did not consider it necessary to assign the SB's functions to the Board of Statutory Auditors.

Finally, it should be noted that the main subsidiaries of the Issuer have adopted a Model 231 and appointed a Supervisory Body, which typically includes one member of the Board of Statutory Auditors.

#### **11.4 Independent Auditors**

Pursuant to the appointment granted by the Shareholders' Meeting of 12 May 2018, the company Deloitte & Touche S.p.A. audited the accounts of the Issuer for the financial years from 2008 to 2016. As the above appointment ended with the approval of the 2017 Financial Statements and nine years is the maximum term of office as provided for by article 17 of Legislative Decree no. 39/2010, a tender was called to appoint new independent auditors.

Following the tender, and as proposed by the Board of Statutory Auditors, the Shareholders' Meeting of 27 April 2017 resolved to appoint the company PricewaterhouseCoopers S.p.A., with registered office in Milan, Via Monterosa n. 91, registered as auditors with the Ministry of Economy and Finance, to audit the accounts of the Issuer for the financial years 2017-2025.

#### **11.5 Manager responsible for financial reporting and other corporate roles and functions**

In compliance with article 21, paragraph 6 of the Articles of Association, on 2 May 2017 the Board – having consulted with the Board of Statutory Auditors – reappointed Mr. Sergio Prati, Administration Manager of the Issuer, as "manager responsible for financial reporting".

Mr. Prati – who has extensive professional experience in administrative and financial matters and complies with the requirements of integrity required for the office – was appointed for the same term of office of the Board (i.e. until approval of the 2019 financial statements).

The director has the power to obtain from the heads of each corporate department any information relevant to carry out his duties, as well as the power to i) structure and organise within his own activities the human resources available; ii) liaise with the board of directors and statutory auditors, and participate ad audiendum in the Board's meetings held for the examination and approval of accounting documents; iii) liaise with the Audit, Risk and Sustainability Committee and the Supervisory Body; iv) take part in the design of information systems that have an impact on the economic and financial situation.

The Board, moreover, approved a fee of EUR 45,000, that may be increased upon justified request of the individual in question.

During 2017, the director monitored the functioning of the "control model 262". This model was implemented in 2007 at the Issuer and other main subsidiaries, with a topdown approach, in order to align with significant administrative accounting procedures concerning duties governed by article 154bis of the TUF. The adoption of this model also entails the appointment of specific officers by all group units/functions concerned.

With a view to optimising controls, within the funds made available to each Manager the assessment of the correct implementation of the aforementioned procedures was carried out, as in previous years, with the help of a leading consulting firm, based on the plan drawn up by each company of the Issuer's group, according to which tests shall be concentrated in the periods dedicated to the preparation of the Financial Statements and the halfyearly financial report. The outcomes of these tests basically confirmed the correct adoption of the administrative/accounting procedures.

As part of the procedures concerning the "control model 262", the managers of all companies of the Issuer's group forwarded relative statements and certification concerning annual and interim accounting documents.

In compliance with provisions in the "*Guidelines for the Internal Audit and Risk Management System*", the manager reports the findings of his/her activities and checks to the Audit, Risk and Sustainability Committee and to the Board of Directors on a half-yearly basis.

#### **11.6 Coordination between individuals involved in the internal audit and risk management system**

As described above, the functions and bodies that make up the Issuer's internal audit system report on the activities carried out in order to comply with their institutional tasks and the related findings, according to the methods and deadlines set out by the related legal and regulatory provisions, as well as by the Code's recommendations providing for their establishment.

As regards the above, the Issuer analysed the relationships between the functions, with regard to their remit and operations, as well as the related information flows, in order to optimise the related system in a structured and efficient manner, for a timely monitoring and management of risks. Following these activities, and in order to code coordination rules for relative functions, the Issuer adopted "*Guidelines for the Internal Audit and Risk Management System*".

#### **12.0 DIRECTORS' INTERESTS AND RELATED PARTIES' TRANSACTIONS**

Since 1 January 2011 the procedure on transactions with related parties has been in force. This procedure was approved by the Board on 26 November 2010 (and subsequently amended on 9 November 2012, 6 March 2014 and 17 January 2017 with the favourable opinion of the Audit and Risk Committee) in compliance with the Consob Related Parties Regulation, having obtained the favourable opinion of a dedicated Committee, which is made up entirely of Independent Directors in office. The Board of Statutory Auditors ascertained that the procedure is compliant with the aforementioned Regulation and acknowledged that it is adequate in order to ensure substantial and procedural transparency and correctness.

The procedure – which is available on the website under the *governance*" section, as well as on Borsa Italiana's website – sets out (i) the amounts that, based on specific materiality indexes, allow to identify transactions of lesser or greater importance; (ii) the transactions that have been excluded and are not subject to the procedure set out for their approval, except for communication obligations towards Consob, if of greater importance; (iii) the transactions carried out by subsidiaries, that shall be subject to approval of the SIAS Board, having consulted with the Audit and Risk Committee. This category includes:

- the acquisition or disposal of real estate whose value is higher than EUR 1 million;
- merger transactions, division by acquisition or non-proportional division transactions, if a company (which represents related parties' interests that can be defined as significant, as set out in the procedure) takes part in the transaction;
- transactions other than those mentioned above, with individual value of over EUR 10 million (such as, by way of non-limiting example, acquisitions or disposals of equity investments, companies or business units, or granting of guarantees).

For a correct implementation of the procedure within the Issuer's Group, any relevant information and operating instructions have been promptly notified to the subsidiaries, pursuant to article 2359, paragraph 1, no. 1) of the Civil Code.

Moreover, for the proper management of the procedure, ASTM's related parties are recorded in a specific database created on the basis of the register of equity investments and statements made by said related parties.

As already mentioned above, the Audit, Risk and Sustainability Committee will issue an opinion on the transactions with related parties, if requirements are met. For the orderly functioning of the Committee, an age-based replacement system has been created if some members are already involved in specific transactions.

A new review was carried out in January 2017. Based on the findings, the Board, having obtained the favourable opinion of the Audit and Risk Committee, decided to not substantially revise the procedure, considering it adequate for complying with legal and regulatory provisions.

Any Director who has an interest potential or indirect in corporate transactions shall promptly and fully inform the Board, showing willingness to withdraw from the meeting or refrain from any discussion and related resolution, in case such interest is considered "relevant" by the other Directors. However, the Board has the power to take the most appropriate decisions in case transactions are carried out at normal market conditions on the basis of independent experts' appraisals or if the withdrawal from the meeting of the Directors when the resolution is taken gives reason to believe that the necessary constituent quorum may not be reached.

### 13.0 APPOINTMENT OF AUDITORS

Pursuant to article 26 of the Articles of Association, the Board of Statutory Auditors is made up of three Acting Auditors and three Alternate Auditors who are appointed by the Shareholders' Meeting.

Pursuant to article 27 of the Articles of Association and in order for a Standing and an Alternate Auditor to be elected from the minority, the Board of Statutory Auditors is appointed on the basis of lists submitted by the Shareholders, in which candidates are listed by name and marked with a progressive number.

The list is made up of two sections: one for candidates for the office of Acting Auditor, the other for candidates for the office of Alternate Auditor. For the purposes of compliance with current legislation on gender balance, the lists that, considering both sections, have a number of candidates greater than or equal to three must include candidates of different genders in the first two places for both the section for Acting Auditors and that Alternate Auditors.

Only shareholders who alone or together with others hold shares representing the shareholding in the share capital, as set out by law, have the right to submit lists: The legal title to the above mentioned shareholding shall be proved according to the methods and time scales set out by the applicable law.

Each shareholder, as well as Shareholders belonging to the same group and those who have entered into a Shareholders' agreement involving the Issuer's shares may not submit or vote more than one list, neither through a third party or a trust company. Each candidate may be presented on one list only upon penalty of ineligibility for election.

Those candidates who do not comply with the requirements of integrity and professionalism established by law may not be included in the lists. At least one Acting Auditor and one Alternate Auditor are chosen among those enrolled in the Auditors' Register and shall have exercised independent statutory audit activities for not less than three years. Those Auditors who do not comply with the aforementioned requirement are chosen among those who have three years' experience in:

- management and control activities and executive duties for corporations with a share capital no lower than EUR 2 million; or
- professional or tenured university teaching activities in legal, economic, financial and technical-scientific subjects, with regard to the industrial, commercial, banking, transport services, logistics, technology and IT sectors; or
- management posts at public institutions or administrations operating in the credit, financial, insurance, industrial, commercial, transport services, logistics, technology and IT sectors.

The outgoing auditors can be re-elected.

The lists submitted shall be filed at the Issuer's registered office within the terms and according to the methods set out by current regulations, as mentioned in the meeting's notice. The declarations by which candidates accept their candidacy and represent, under their own responsibility, that there are no reasons for their ineligibility and incompatibility, together with any document required by law, must be deposited with each list; they also confirm they comply with legislative and statutory requirements. The list that does not comply with the abovementioned provisions shall be considered as not submitted.

Election of Statutory Auditors will proceed as follows:

- from the list obtaining the most votes in the Shareholders' Meeting, two acting and two substitute members are taken, based on the sequential order in which they were listed in the sections of the list;
- from the list obtaining the second most votes in the Shareholders' Meeting, the remaining acting member and the remaining substitute member are taken, based on the sequential order in which they were listed in the sections of the list.
- In the event of a tie between two or more lists, the most senior candidates are elected, up to the number of places to be assigned.
- The Chairperson of the Board of Statutory Auditors is assigned to the candidate from the list obtaining the second most votes in the Shareholders' Meeting; in the event of a tie between two or more lists, the preceding paragraph applies;
- Should application of the above procedure not allow, for Acting Auditors, compliance with the legislation on gender balance, the quotient of votes to be attributed to each candidate taken from the Acting Auditor sections of the various lists is calculated, dividend the number of votes obtained from each list by the sequential number of each of said candidates; the candidate of the most represented gender with the lowest quotient of candidates taken from all the lists is replaced by that belonging to the less represented gender, where indicated, with the immediately higher sequential number, in the same section of the Acting Auditors of the list of the replaced candidate or, alternatively, in the section of the Alternate Auditors of the same list of the replaced candidate (which in this case takes over the position of the alternate candidate he/she replaces). In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of auditors is taken or, alternatively, the candidate taken from the list which obtained the least votes will be replaced;
- For the appointment of auditors, for any reason, not appointed in the manner provided above, the Shareholders' Meeting decides with the legal majorities and in compliance with current legislation regarding gender balance.

If legal and statutory requirements cease to apply, the Auditor forfeits his/her office.

In the event of replacement of an Auditor, the alternate auditor belonging to the same list of the one ceased from office shall be appointed, so as to comply with the provisions applicable from time to time with respect to gender balance, with respect to the composition of the Board of Statutory Auditors. If the above mentioned replacement does not make it possible to comply with the current regulations on gender balance, the Shareholders' Meeting shall be convened as soon as possible so as to comply with such regulations.

In case of integration of the Board of Statutory Auditors following termination of office of one of its members for any reason, the Meeting shall resolve according to the simple majority principle and ensure representation on the Board to the minority as set out in the Articles of Association, as well as compliance with the current regulations on gender balance.

#### **14.0 COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2(D) AND (D-BIS) OF THE TUF)**

The Board of Statutory Auditors in office since 27 April 2017, was appointed for the 2014-2015-2016 financial years by the Ordinary Shareholders' Meeting of 18 April 2014, based on the following 2 lists:

- list no. 1, representing the majority, submitted by the Shareholder ASTM S.p.A., owning at this date 61.704% of the share capital, consisting of no. 2 candidates to the office of Acting Auditor (Giorgio Cavalitto, Annalisa Donesana) and no. 2 candidates to the office of Alternate Auditors (Pietro Mandirola, Manuela Sorbara);
- list no. 2 (representing the minority) submitted by the Shareholder Assicurazioni Generali S.p.A., owning at this date 3.634% of the share capital, which includes 1 candidate for the office of Acting Auditor (Marco Fazzini) and 1 candidate for the office of Alternate Auditor (Massimo Berni).

The following candidates were therefore voted to the Board of Statutory Auditors: Luigi Rinaldi (Chairman), Giorgio Cavalitto (Acting Auditor), Annalisa Donesana (Acting Auditor) Pietro Mandirola (Acting Auditor), Manuela Sorbara (Acting Auditor) and Nazareno Tiburzi (Acting Auditor).

For further information on the Board of Statutory Auditors in office until 27 April 2017, reference is made to the "2016 Report on corporate governance and ownership structure" available on the Issuer's website, under the *governance* section.

The Board of Statutory Auditors currently in office was appointed by the Ordinary Shareholders' Meeting on 27 April 2017, based on lists filed by Shareholders pursuant to law and the Articles of Association, for the financial years 2017-2018-2019, i.e. until the approval of the 2019 Financial Statements.

The minimum shareholding in the share capital required in order to submit lists was set out by Consob by means of Resolution no. 19856 of 25 January 2017 and is equal to 1.00% of the share capital. Two lists were submitted:

- list no. 1, representing the majority, submitted by the Shareholder ASTM S.p.A., owning 61.695% of the share capital, consisting of 2 candidates to the office of Acting Auditor (Pasquale Formica, Annalisa Donesana) and 2 candidates to the office of Alternate Auditors (Riccardo Bolla, Luisella Bergero);

- list no. 2, representing minorities, submitted by a group of Italian and foreign institutional investors, owning overall 1.641% of the share capital, including 1 candidate to the office of Acting Auditor (Daniela Elvira Bruno) and 1 candidate to the office of Alternate Auditor (Alessandra Pederzoli); upon filing, this list also included the statement certifying that no relations existed with reference shareholders, as set out by the aforementioned regulatory provisions issued by Consob, implementing article 148 of the TUF.

Out of 176,776,840 shares (equal to 77.692% of the share capital with voting rights):

- list no. 1 submitted by ASTM S.p.A. was voted for by 143,570,288 shares (equal to 81.216% of the share capital present and 63.098% of the share capital with voting rights);
- list no. 2 submitted by the minority was voted for by 32,178,579 shares (equal to 18.203% of the share capital present and 14.142% of the share capital with voting rights);
- votes accounting for 33,735 shares were cast against both lists (equal to 0.019% of the share capital present and 0.015% of the share capital with voting rights);
- abstaining votes accounted for 501,162 shares (equal to 0.283% of the share capital present and 0.220% of the share capital with voting rights);
- no votes were cast for 493,076 shares (equal to 0.279% of the share capital present and 0.217% of the share capital with voting rights).

For each voting, the list with the names of the Shareholders and their votes is included in the meeting's minutes of 27 April 2017, which have been published on the Issuer's website under the "governance" section.

The following candidates were therefore voted to the Board of Statutory Auditors:

- from list no. 1 submitted by ASTM S.p.A., the following 4 candidates: Pasquale Formica (Acting Auditor), Annalisa Donesana (Acting Auditor) Riccardo Bolla (Acting Auditor) and Luisella Bergero (Acting Auditor);
- from list no. 2, submitted by the minority, the following 2 candidates: Daniela Elvira Bruno (Chair of the Board of Statutory Auditors) and Alessandra Pederzoli (Acting Auditor);

Some short bibliographical notes on the members of the Board of Statutory Auditors are detailed below. Their full curricula vitae, together with the list to which they belong, are available on the Issuer's website, under the "governance" section:

Daniela Elvira Bruno: born in Bollate (Milan) on 1 October 1969. She was awarded a degree in Economics and Business from Bocconi University, Milan. She works as a chartered accountant and independent statutory auditor and has gained considerable experience in taxation, in particular as regards corporate restructuring, national and international tax planning, tax litigation and opinions on taxation and corporate issues. She holds the following positions in companies: Chairman of the Board of Statutory Auditors of RO.EL.MI Holding S.p.A., Acting Auditor of SVP Europe S.p.A., Acting Auditor of Elopak S.p.A., Acting Auditor of ICR Industrie Cosmetiche Riunite S.p.A., Acting Auditor of Immobiliare Elfin S.p.A., Acting Auditor of Ametech S.r.l., Acting Auditor of Lacto Siero Italia S.p.A., Acting Auditor of Ecommerce Partners S.p.A., Auditor of : Terabel Gienne Pharma S.p.A..

Pasquale Formica: born in Avellino, on 3 June 1979. He was awarded a degree in Economics and Business and works as a chartered accountant and independent statutory auditor. He has gained considerable experience in providing tax, corporate and business advisory services. He is the author of numerous publications in newspapers and the specialist press on taxation. He is an Acting Auditor for Ecogena S.p.A.

Annalisa Donesana: born in Treviglio (Bergamo) on 9 June 1966. She was awarded a degree in Economics and Business from Bocconi University, Milan. She works as a chartered accountant and independent statutory auditor. She has gained significant expertise in taxation, with a particular focus on international tax law and on listed companies. She works as a consultant in international restructuring transactions for major groups operating in the real estate, plant, food, chemical, fashion-luxury sectors. She holds the following positions in companies: Acting Auditor of Dea Capital S.p.A., Acting Auditor of Dea Capital Partecipazioni S.p.A., Acting Auditor of A2A Security S.c.p.a., Acting Auditor of Casa di Cura San Pio X S.r.l., Acting Auditor of Banca del Mezzogiorno - Mediocredito Centrale S.p.A., Acting Auditor of Umanitas Centro Catanese di Oncologia S.p.A., Acting Auditor of Edwards Lifesciences Italia S.p.A., Alternate Auditor of A2A Calore & Servizi S.r.l., Alternate Auditor of A2A Energy Solutions S.r.l., Alternate Auditor of ASTM S.p.A..

Luisella Bergero: born in Savona on 5 September 1971. She was awarded a degree in Economics and Business from Genoa University. She works as a chartered accountant and independent statutory auditor and is a specialist in law and taxation. She has written numerous scientific articles for magazines of the Il Sole 24 Ore Group, on accounting, finance and control and guides on accounting and financial statements. She holds the following positions in companies: Chairman of the Board of Auditors of ERG Power S.r.l., Acting Auditor of Cosulich International S.r.l., Acting Auditor of ERG Power Generation S.p.A., Acting Auditor of ERG Hydro S.r.l., Acting Auditor and statutory auditor of ERG Solar Holding 1, Acting auditor and statutory auditor of I.P.S. Insedimenti Produttivi Savonesi s.c.p.a., Sole Auditor and statutory auditor of CABUR S.r.l., Acting Auditor of ERG S.p.A., Acting Auditor of Fratelli Cosulich S.p.A., Acting Auditor of Express S.r.l..

Riccardo Bolla: born in Savona, on 26 February 1966. He was awarded a degree in Economics and Business from Cattolica University, Milan. He works as a chartered accountant and independent statutory auditor and is registered with the Ministry of Economic Development as a Liquidator and with the Ministry of the Interior as a statutory auditor of local authorities. He has gained considerable experience in tax planning, the revision of banks and industrial companies, tax litigation and consulting activities for listed companies concerning issues with international standards, corporate disclosure and listings. She holds the following positions in companies: Chairman of the Board of Statutory Auditors of Cavanna S.p.A., Chairman of the Board of Statutory Auditors of Cosulich International S.r.l., Chairman of the Board of Statutory Auditors of Fratelli Cosulich S.p.A., Chairman of the Board of Statutory Auditors of Interporto Vado Vio S.p.A., Chairman of the Board of Statutory Auditors of TPL Linea S.r.l., Chairman of the Board of Statutory Auditors of IGLI S.p.A., Chairman of the Board of Statutory Auditors of Sirti Energia S.p.A., Chairman of the Board of Statutory Auditors of Ester Capital S.r.l., Chairman of the Board of Statutory Auditors of Axia.Re S.p.A., Chairman of the Board of Statutory Auditors of Fondazione A. De Mari, Acting Auditor of A.d.F. S.p.A., Acting Auditor of Carestream Health Italia S.r.l., Acting Auditor of COS S.r.l., Acting Auditor of Link Industries S.p.A., Acting Auditor and statutory auditor of Società Servizi Generali del

Porto di Savona Vado S.r.l., Acting Auditor and statutory auditor of Express S.r.l., Acting Auditor and statutory auditor of Logistica Tirrenica S.p.A., Acting Auditor and statutory auditor of Vetreco S.r.l., Acting Auditor and statutory auditor of Cosco Shipping Lines (Italy) S.r.l.; Sole auditor: Eco Glass S.r.l., Nuova Foce S.r.l., Sole auditor of Fondazione Edoardo Garrone, Sole auditor of Rotary Savona, Sole auditor of the Local Authorities of Rapallo; Alternate Auditor of Santander Private Banking S.p.A. in liquidation, Alternate Auditor of Four Jolly S.p.A., Alternate Auditor of Scarpe & Scarpe S.p.A., Alternate Auditor of Sagi Holding S.p.A., Director of Genoa University.

Alessandra Pederzoli: Born in Mirandola (Modena) on 8 July 1974. She was awarded a degree in Economics and Business from Modena University and works as a chartered accountant and independent statutory auditor. She is a temporary lecturer at the University of Modena and Reggio. She is the author of various publications on accounting, finance and control. She holds the following positions in companies: Chairman of the Board of Statutory Auditors of Ichnusa Gas S.p.A., Chairman of the Board of Statutory Auditors of Tea Acque S.r.l., Chairman of the Board of Statutory Auditors of A.B.L. S.p.A., Chairman of the Board of Statutory Auditors of Trigano S.p.A., Chairman of the Board of Statutory Auditors of S.E.A. Società Europea Autocaravan S.p.A., Chairman of the Board of Statutory Auditors of Trigano Van S.r.l.; Acting Auditor of Sanfelice 1893, Acting Auditor of Banca Popolare s.c.p.a., Acting Auditor of AEC Costruzioni S.r.l., Acting Auditor of Marigliano Gas S.r.l., Acting Auditor of Proliber S.r.l., Acting Auditor of Sorgea S.r.l.; Alternate Auditor of CMF Technology S.p.A., Alternate Auditor of Fincedi Lazio S.p.A., Alternate Auditor of Santacruz S.r.l., Statutory Auditor of Geovest S.r.l., Sole Auditor of Tred Carpi S.r.l., Sole Auditor of Arca Camper S.r.l..

Table 3 (included in the Appendix) provides a summary of the data concerning the Board of Statutory Auditors.

As regards the composition of the management body, the current composition of the Board of Statutory Auditors, as in the past, has an adequate mix of members in terms of age, tender, education and professional background, and therefore the Issuer did not consider it necessary to adopt a specific diversity policy for the composition of the board. As already stated in Paragraph 4.3, on 14 March 2018, the Board adopted a policy on "diversity and inclusion" applicable to the Issuer and its subsidiaries.

During 2017, the Board of Statutory Auditors in office until 27 April 2017, held 10 meetings, with all members present.

The Board of Statutory Auditors in office as from 27 April 2017 held 13 meetings during 2017, with all members present.

The duration of each meeting varied according to the issues discussed. As regards its institutional tasks and the frequency of its audits, the Board of Statutory Auditors plans to meet on at least a quarterly basis in 2018; seven meetings have been held since the beginning of the 2018 financial year.

Possession of the independence requirements provided for by the Code (stated at the same time as submission of the lists, upon acceptance of the candidature), was positively ascertained after the renewal, both by the Board of Statutory Auditors and by the Board of Directors', as well as during the annual assessment performed on 14 March 2018.

If requirements are met, the Auditors shall promptly provide information on the transactions in which on own account or on behalf of third parties they have an interest, as provided for by the Code.

The Board of Statutory Auditors monitored the independence of the Independent Auditors by assessing the nature and extent of the services other than audit services provided to the Issuer and its subsidiaries; the outcomes of these assessments were notified in the annual report to the Shareholders' Meeting pursuant to article 153 of the TUF. The Board of Statutory Auditors, as part of its functions pursuant to Legislative Decree 39/2010 approved the "*Procedure for the approval of services to assign to the independent auditors and its network*" in 2017, which sets out, in compliance with applicable laws, the limits and conditions of services other than auditing, to be provided by the statutory auditors. Specifically, the aim of this procedure is to: (i) regulate the assignment of some types of services to the independent auditors and its network; (ii) safeguard the independence of the entity appointed to audit the accounts; (iii) achieve the efficient, orderly planning of activities carried out by the Internal Control and Audit Committee, in authorisation processes and the corporate organisation of the Issuer.

As part of their duties, the Auditors have acquired information also through meetings with the Independent Auditors' representatives, the Boards of Statutory Auditors of Subsidiaries, the Supervisory Body (of which Auditor Annalisa Donesana is a member, as mentioned above) and by taking part in the meetings of the Audit, Risk and Sustainability Committee and the Remuneration Committee (also in its capacity as Related Parties' Committee).

## 15.0 SHAREHOLDERS' RELATIONS

In order to make access to information quicker and easier, the Issuer pays particular attention to the creation and updating of its website, with specific reference to "financial information" and "corporate governance". This site includes, among others, a profile of the Issuer's group, as well as the financial statements, the half-yearly financial report, the interim management reports of the Issuer, the articles of association, the regulations for shareholders' meetings, press releases and reports on issues discussed at the Shareholders' Meetings, including notices convening the meetings and related minutes.

Upon the appointment of Corporate Bodies, the lists of candidates, together with personal and professional details of each of them, are also made available on the website.

In any case, the Chairperson and the Managing Director in compliance with the procedure concerning the disclosure of documents and information on the Issuer have taken necessary action so as to create and promote dialogue with the Shareholders and Institutional Investors, based on the understanding of reciprocal roles and functions.

To make sure that these relationships are professionally handled and managed and taking into account the principles contained in the "*Guidelines for disclosure of information to the market*", the investor relations' officer carries out intense and constant information activities with regard to the results, as well as the growth and development prospects of the Issuer and the group, by means of both personal and institutional meetings with investors and analysts, both in Italy and abroad.

The investor relations' officer, Giuseppe Agogliati , may be contacted at the following email address: [investor.relations@grupposias.it](mailto:investor.relations@grupposias.it).

With regard to their roles, the Chairperson, the Managing Director and Investor Relations' Officer were assisted by the Board's Secretarial Department and Compliance and Corporate Function, especially as regards notices to relevant Authorities and Shareholders.

## **16.0 SHAREHOLDERS' MEETINGS (pursuant to article 123-bis, paragraph 2(c) of the TUF)**

In view of the Articles of Association and applicable laws and regulations, entities who sent the Issuer notice, through the enabled broker, of their right to take part in and vote at the Shareholders' Meeting, based on evidence at the end of the accounting day of the seventh open trading day prior to the date scheduled for the Meeting - may take part in and vote at the meeting.

Those who are entitled to vote can be represented at the Meeting by written proxy or proxy sent electronically, in compliance with applicable regulations. The Chairperson shall ascertain the validity of proxies.

The electronic notification of the proxy shall be made by using the dedicated section of the Issuer's website or the dedicated email address, according to the methods described in the notice of call.

For each Shareholders' Meeting, the Issuer can appoint – by specifying it in the notice of call – a person to whom the Shareholders can give a proxy with voting instructions on one or all issues on the agenda, according to the methods and terms set out by law and regulations. The proxy is valid only with regard to those issues for which voting instructions have been given.

The Meeting is chaired by the Chairperson of the Board of Directors. In case of absence or impediment, the meeting is chaired by a Deputy Chairperson or, if both are absent, by another person appointed by the Meeting.

The Chairperson appoints the Secretary with the approval of the Meeting and, if necessary, two scrutineers, by choosing them among the Shareholders with voting right or their representatives. In the cases provided for by law, or if deemed appropriate by the Chairperson of the Meeting, the minutes are prepared by a Notary Public appointed by the Chairperson. In this case, it is not necessary to appoint a Secretary.

The (ordinary and extraordinary) Shareholders' Meeting is duly convened and takes resolutions according to the majorities set out by current regulations.

To date, the Issuer has not provided for the possibility of taking part in the Meetings by means of audio-visual connection systems, electronic vote or voting by correspondence.

### Regulations for Shareholders' Meeting

In June 2002, the Issuer adopted the Regulations for Shareholders' Meetings in line with the model issued by ABI and Assonime to enable the orderly and proper functioning of meetings.

On 15 November 2010, upon proposal of the Board and in line with the provisions contained in the Articles of Association, the Ordinary Shareholders' Meeting approved aligning the regulations on its functioning with Legislative Decree no. 27 of 27 January 2010 with regard to the exercise of some rights of listed companies.

More specifically, the aforementioned Regulations govern the operating methods for the Meeting's activities and the exercise of participants' rights. In this regard, the Chairperson opens the discussion and calls those members who requested to speak according to a priority order; if necessary, the Chairperson may decide that speeches shall be booked in writing, with indication of the subject.

After having provided any personal detail and the number of votes represented each person who is entitled to take part in the meeting has the right to report on each of the issues on the agenda and make observations, as well as proposals.

Taking into account the subject and relevance of each single issue as well as the questions received before the Meeting and the number of persons who want to speak the Chairperson may predetermine the duration of speeches and answers by notifying the participants, so as to make sure that works are completed within one single meeting.

For further information on the rules governing the Issuer's meetings, reference should be made to the Regulations published on the Issuer's website (under the "governance" section).

#### Information to Shareholders

At the meetings, the Board provides the Shareholders with information on the Issuer, in compliance with the regulations on insider trading information.

During the meetings, the Chairperson and the Managing Director strive to provide the Shareholders with the information necessary or useful to pass resolutions.

More specifically on the basis of the documents, concerning the points on the agenda, that are given to all participants the main features of any transaction and resolution that shall be examined and approved by the Shareholders are explained. Maximum openness is ensured to talk and discuss the requests for clarifications submitted by the participants.

9 Directors took part in the Annual General Meeting held on 27 April 2017.

#### Changes in capitalisation and shareholding structure

The Directors believe that the provisions contained in the Articles of Association concerning percentages for the exercise of the actions and rights for the safeguard of minorities are in line with the current market capitalisation of the SIAS security.

### **17.0 ADDITIONAL CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2(A) OF THE TUF)**

No further corporate governance policies are reported than those detailed in previous paragraphs and currently applied by the Issuer, except for the obligations set out by legal and regulatory provisions.

## 18.0 CHANGES SINCE THE END OF THE FINANCIAL YEAR

The Issuer's governance structure has not changed since the end of the reporting period.

## 19.0 CONSIDERATIONS ON THE LETTER OF 13 DECEMBER 2017 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In December 2017, the Chairman of the Board of Directors, the Managing Director and Chairman of the Board of Statutory Auditors of the Issuer were sent the letter of the Chairman of the Corporate Governance Committee, along with the *"2017 Report on developments in corporate governance"* of listed companies. This letter was then disclosed to the Board and Board of Statutory Auditors during the board meetings of 22 January and 14 March 2018. As regards Committee recommendations, the Board made the following considerations:

- as regards recommendations on information given prior to board meetings, the evaluation of independence requirements, board review activities and clawback clauses, the Board considered the Issuer as being compliant and therefore did not take any further measures in these areas;
- as regards other areas for improvement suggested, and in particular the establishment of an Appointments Committee and the adoption of succession plans, the Board did not consider it necessary to take measures, for the reasons already indicated in the Report in Paragraphs 7 and 4.1.

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## TABLES

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AT 14 MARCH 2018**

SHARE CAPITAL STRUCTURE				
	No. of shares	% of share capital	Listed	Rights and obligations
<b>Ordinary shares</b>	<b>227,542,156</b>	<b>100</b>	<b>MTA (FTSE Italia Mid Cap Index)</b>	
Shares with more than one vote	=	=	=	=
Shares with limited voting right	=	=	=	=
Shares without voting right	=	=	=	=
Other	=	=	=	=

SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL				
Declarant	Direct shareholder	% share of ordinary share capital	% share of voting share capital	
<b>Aurelia S.r.l.</b>	Aurelia S.r.l.	6.844	6.844	6.844
	Argo Finanziaria S.p.A. Unipersonale	0.155	0.155	0.155
	Astrm S.p.A. (listed company)	61.693	61.693	61.693
	SINA S.p.A. <sup>(1)</sup>	1.718	1.718	1.718
<b>Total Group</b>		<b>70.410</b>	<b>70.410</b>	<b>70.410</b>

<sup>(1)</sup> Subsidiary of ASTIM S.p.A.

**TABLE 2.1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES UP TO 27 APRIL 2017**

Board of Directors																			
Office	Members	Year of birth	Date of first appointment	In office from	In office until	List **	Exec.	Non-exec.	Independent pursuant to the Code	Independent pursuant to TUF	No. of other offices ***	(*)	Audit and Risk Committee	Remuneration Committee					
												(*)	(**)	(**)					
01) Chairperson	S. BARIATTI	1956	01/08/2013	18/04/2014	Approval of 2016 Financial Statements	M	x				1	4/4							
02) Deputy Chairperson	D. GAVIO	1958	08/02/2002	18/04/2014	Approval of 2016 Financial Statements	M	x				=	4/4							
03) Managing Director ◊	P. PIERANTONI	1956	08/02/2002	18/04/2014	Approval of 2016 Financial Statements	M	x				3.5	4/4							
04) Director	G. ANGIONI	1941	31/07/2007	18/04/2014	Approval of 2016 Financial Statements	M	x	x	x	x	1	4/4	4/4	P					
05) Director	S. CASELLI	1969	27/04/2011	18/04/2014	Approval of 2016 Financial Statements	m	x	x	x	x	4	3/4	3/4	M					
06) Director •	S. DELLA GATTA	1963	16/09/2015	16/09/2015	Approval of 2016 Financial Statements	M	x				2.5	4/4							
07) Director	B. GAVIO	1965	08/05/2003	18/04/2014	Approval of 2016 Financial Statements	M	x				1.5	4/4							
08) Director	M. LEO	1955	18/04/2014	18/04/2014	Approval of 2016 Financial Statements	M	x	x	x	x	1	3/4							
09) Director	L. MATTIOLI	1967	18/04/2014	18/04/2014	Approval of 2016 Financial Statements	m	x	x	x	x	5	2/4		2/3 M					
10) Director	A. PELLEGRINI	1964	18/04/2014	18/04/2014	Approval of 2016 Financial Statements	M	x	x	x	x	3	3/4	4/4	M					
11) Director	F. PIANTINI	1953	07/05/2004	18/04/2014	Approval of 2016 Financial Statements	M	x	x	x	x	=	4/4		3/3 M					
12) Director	G. QUAGLIA	1947	21/02/2013	18/04/2014	Approval of 2016 Financial Statements	M	x				5.5	4/4							
13) Director	A. SEGNI	1965	18/04/2014	18/04/2014	Approval of 2016 Financial Statements	m	x	x	x	x	2	4/4		3/3 P					
14) Director	C. VEZZOSI	1962	05/11/2015	05/11/2015	Approval of 2016 Financial Statements	M	x	x	x	x	3.5	3/4							
Number of meetings held during FY 2017 until 27/04/2017							Board of Directors: 4							Audit and Risk Committee: 4			Remuneration Committee: 3		

Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 147-ter of the TUF): 1%

**NOTES**

- This symbol indicates the "Director responsible for the internal audit and risk management system".
- ◊ This symbol indicates the main supervisor for the issuer's management (Managing Director or CEO).
- \* The date of first appointment of each Director means the date on which the Director was appointed for the first time (in absolute terms) to the Board of Directors of the issuer.
- \*\* This column indicates the list from which each Director was drawn ("M": majority list; "m": minority list).
- \*\*\* Based on the data recorded in January 2017, with reference to the "Report on corporate governance and ownership structure" for the FY 2016, to which we refer you for a comprehensive list of the aforementioned offices.
- (\*) This column shows the Directors' attendance to the meetings of the Board of Directors and the Committees, respectively. (no. of attendances/no. of meetings held during the actual term in office of the individual in question).
- (\*\*) This column shows the Director's office in the Committee: "C": Chairperson; "M": Member.

**TABLE 2.2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES UP TO 27 APRIL 2017**

Board of Directors													Audit, Risk and Sustainability Committee		Remuneration Committee		
Office	Members	Year of birth	Date of first appointment	In office from	In office until	List **	Exec.	Non-exec.	Independent pursuant to the Code	Independent pursuant to TUF	No. of other offices ***	(*)	(**)	(*)	(**)	(*)	(**)
01) Chairperson	BARIATTI S.	1956	01/08/2013	27/04/2017	Approval of 2019 Financial Statements	M		X			1	8/8					
02) Deputy Chairperson	GAVIO D.	1958	08/02/2002	27/04/2017	Approval of 2019 Financial Statements	M	X				=	8/8					
03) Managing Director ♦	P. PIERANTONI	1956	08/02/2002	27/04/2017	Approval of 2019 Financial Statements	M	X				3.5	8/8					
04) Director	G. ANGIONI	1941	31/07/2007	27/04/2017	Approval of 2019 Financial Statements	M		X	X	X	=	8/8					
05) Director	S. CASELLI	1969	27/04/2011	27/04/2017	Approval of 2019 Financial Statements	M		X	X	X	4	6/8	6/9	M			
06) Director	S. DE LUCA	1950	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	m		X	X	X	=	8/8	7/8	M			
07) Director	B. GAVIO	1965	08/05/2003	27/04/2017	Approval of 2019 Financial Statements	M	X				1.5	7/8					
08) Director	E. GANDOSSÌ	1956	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M		X	X	X	1	8/8					
09) Director	L. MATTIOLI	1967	18/04/2014	27/04/2017	Approval of 2019 Financial Statements	M		X	X	X	5	3/8			1/4	M	
10) Director	A. PELLEGRINI	1964	18/04/2014	27/04/2017	Approval of 2019 Financial Statements	M		X	X	X	3	8/8	9/9	P			
11) Director	F. PIANTINI	1953	07/05/2004	27/04/2017	Approval of 2019 Financial Statements	M		X			6.5	6/8					
12) Director	G. QUAGLIA	1947	21/02/2013	27/04/2017	Approval of 2019 Financial Statements	M	X				4.5	8/8					
13) Director	A. SEGNI	1965	18/04/2014	27/04/2017	Approval of 2019 Financial Statements	M		X	X	X	2	7/8			4/4	P	
14) Director	P. SIMIONI	1970	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	m		X	X	X	2	5/8					
15) Director	S. KUNST	1966	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	m		X	X	X	=	8/8			4/4	M	
						Board of Directors: 8			Audit, Risk and Sustainability Committee: 9			Remuneration Committee: 4					
						Number of meetings held during FY 2017 after 27/04/2017											
						Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 147-ter TUF): 1%											
<b>NOTES</b>																	
• This symbol indicates the "Director responsible for the internal audit and risk management system".																	
♦ This symbol indicates the main supervisor for the issuer's management (Managing Director or CEO).																	
* The date of first appointment of each Director means the date on which the Director was appointed for the first time (in absolute terms) to the Board of Directors of the Issuer.																	
** This column indicates the list from which each Director was drawn ("M": majority list; "m": minority list).																	
*** This column shows the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises, based on the data recorded in January 2018, with reference to the calculation parameters and criteria set out by the "procedure on the limitation on total mandates" adopted by the Issuer.																	
(*) This column shows the Directors' attendance to the meetings of the Board of Directors and the Committees, respectively, (no. of attendances/no. of meetings held during the actual term in office of the individual in question).																	
(**) This column shows the Director's office in the Committee: "C": Chairperson; "M": Member.																	

**OFFICERS AS DIRECTOR OR AUDITOR HELD BY SOME DIRECTORS IN OTHER COMPANIES LISTED ON REGULATED MARKETS (INCLUDING FOREIGN MARKETS) IN FINANCIAL, BANKING, INSURANCE OR LARGE ENTERPRISES.**

Director	Company	Office
Stefania Bariatti	ASTM S.p.A. <sup>(1)</sup> Banca Monte dei Paschi di Siena	Director Chairperson
DANIELA GAVIO	Aurelia s.r.l. <sup>(1)</sup> ASTM S.p.A. <sup>(1)</sup> Società Autostrada Torino-Alessandria-Placenza S.p.A. <sup>(2)</sup> Società Autostrada Ligure Toscana S.p.A. <sup>(2)</sup>	Director Vice Chair Vice Chair Acting Deputy-Chairperson and Member of the Executive Committee
Paolo Pierantoni	Cassa di Risparmio della Spezia S.p.A. Tangenziale Esterna S.p.A. Ecorodovias Infrastruttura e Logistica S.A. Primav Infrastruttura S.A.	Director Director Director Director
Stefano Caselli	Generali Real Estate SGR S.p.A. Santander Consumer Bank S.p.A. Banca PSA S.p.A. EPS Equita PEP SPAC S.p.A.	Director Acting auditor Acting auditor Director
Beniamino Gavio	Aurelia s.r.l. <sup>(1)</sup> ASTM S.p.A. <sup>(1)</sup> Ecorodovias Infrastruttura e Logistica S.A. Primav Infrastruttura S.A.	Chairperson Director Director Chairperson
Licia Mattioli	Mattioli S.p.A. Pininfarina S.p.A. ICE Invitalia Global Investment	Managing Director Director Director Director
Andrea Pellegrini	Maire Technimont S.p.A. Idea Capital Funds SGR S.p.A. Italian Hospitality Collection S.p.A.	Director Director Vice Chair
F. Piantini	CIDI International SA CIDI S.r.l. 450 West LTD Roundpizza LTD PdI LTD SIF S.r.l. Architects S.r.l.	Director Vice Chair Chairperson Chairperson Chairperson Chairperson Director
GIOVANNI QUAGLIA	Fondazione CRT OGR-CRT s.c.p.a. REAM SGR S.p.A. Venchi S.p.A. Bus Company S.r.l.	Chairperson Chairperson Chairperson Acting auditor Director
Antonio Segni	B4 Investimenti SGR S.p.A. Ambienta SGR S.p.A.	Chairperson Chairperson
Edda Gandossi:	Ecorodovias Infrastruttura e Logistica S.A.	Alternate Director
Paolo Simioni	ATAC S.p.A. I.C.T.I. S.p.A.	Chairperson and General Manager Director

<sup>(1)</sup> Issuer's parent company.

<sup>(2)</sup> Issuer's subsidiary.

**TABLE 3.1: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS IN OFFICE UP TO 27 APRIL 2017**

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independence pursuant to the Code	Attendance to Board of Statutory Auditors' Meetings **	Number of other offices ****
<b>Chairperson</b>	L. RINALDI	1959	27/04/2011	18/04/2014	Approval of 2016 Financial Statements	m	x	10/10	8
<b>Acting auditor</b>	G. CAVALITTO	1960	12/05/2008	18/04/2014	Approval of 2016 Financial Statements	M	x	10/10	15
<b>Acting auditor</b>	A. DONESANA	1966	18/04/2014	18/04/2014	Approval of 2016 Financial Statements	M	x	10/10	7
<b>Alternate auditor</b>	P. MANDIROLA	1939	08/02/2002	18/04/2014	Approval of 2016 Financial Statements	M	x		30
<b>Alternate auditor</b>	M. SORBARA	1977	18/04/2014	18/04/2014	Approval of 2016 Financial Statements	M	x		5
<b>Alternate auditor</b>	N. TIBURZI	1958	12/05/2008	18/04/2014	Approval of 2016 Financial Statements	m	x		=
Number of meetings held during FY 2017 until 27/04/2017: 10									
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 148 TUF): 1%									
<b>NOTES</b>									
* The date of first appointment of each Auditor means the date on which the Auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the Issuer.									
** This column indicates the list from which each Auditor was drawn ("M": majority list; "m": minority list).									
*** This column shows the Auditors' attendance to the meetings of the Board of Statutory auditors (no. of attendances/no. of meetings held during the actual term in office of the individual in question).									
**** This column shows the number of positions as Director or Auditor held by the person which are relevant for the purposes of article 148-bis of the TUF. The complete list of positions is published by Consob on its website, pursuant to article 144-quinquiesdecies of the Consob Issuers' Regulation.									
Moreover, given that, following the amendments introduced by Consob Resolution no. 18079 of 20 January 2012 to the Consob Issuer Regulation, which entered into force on 22 February 2012, the regulations on the limitation on total mandates for the members of control bodies is valid only for those who hold an office in more than one listed or widely distributed issuer, the number of "other offices" reflects the assessment launched in January 2017 directly with the interested parties for the "report on corporate governance and ownership structure" referred to FY 2016, to which reference is made for a complete list of positions.									

**TABLE 3.2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS IN OFFICE UP TO 27 APRIL 2017**

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independence pursuant to the Code	Attendance to Board of Statutory Auditors' Meetings **	Number of other offices ****
Chairperson	D. BRUNO	1969	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	m	x	13/13	9
Acting auditor	P. FORMICA	1979	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M	x	13/13	2
Acting auditor	DONESANA A.	1966	18/04/2014	27/04/2017	Approval of 2019 Financial Statements	M	x	13/13	10
Alternate auditor	L. BERGERO	1971	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M	x		11
Alternate auditor	R. BOLLA	1966	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M	x		29
Alternate auditor	A. PEDERZOLI	1974	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	m	x		17
Number of meetings held during FY 2017 after 27/04/2017: 13									
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 148 of the TUF): 1%									
<b>NOTES</b>									
* The date of first appointment of each Auditor means the date on which the Auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the Issuer.									
** This column indicates the list from which each Auditor was drawn ("M": majority list; "m": minority list).									
*** This column shows the Auditors' attendance to the meetings of the Board of Statutory auditors (no. of attendances/no. of meetings held during the actual term in office of the individual in question).									
**** This column shows the number of positions as Director or Auditor held by the person which are relevant for the purposes of article 148-bis of the TUF. The complete list of positions is published by Consob on its website, pursuant to article 144-quinquiesdecies of the Consob Issuers' Regulation.									
Moreover, given that, following the amendments introduced by Consob Resolution no. 18079 of 20 January 2012 to the Consob Issuer Regulation, which entered into force on 22 February 2012, the regulations on the limitation on total mandates for the members of control bodies is valid only for those who hold an office in more than one listed or widely distributed issuer, the number of "other offices" reflects the assessment launched in January 2018 directly with the interested parties.									

## ANNEX

**Paragraph on "Main features of risk management and internal audit systems with respect to the financial disclosure process", pursuant to article 123-bis, paragraph 2 b), TUF.**

### 1) Foreword

As already pointed out in the "Report on corporate governance and ownership structure", the internal audit system of SIAS is made up of functions and organisations that – according to their roles and institutional tasks – allow the achievement of the strategic objectives of the Issuer and its group.

With regard to the financial reporting process, these objectives may be the reliability, accuracy and timeliness of reporting.

Based on the system used – which includes rules, procedures and guidelines – the Issuer ensures a suitable information flow and data exchange with its subsidiaries, through constant and timely coordination and update activities.

In this context, reference is made to both the regulation on the application of reference accounting standards (i.e. the Group accounting manual) and the procedures governing the preparation of the Consolidated Financial Statements and the periodic accounting statements, which include those for the management of the consolidation system and intercompany transactions. Any related document is distributed by the Issuer so that subsidiaries can implement it.

### 2) Description of the main features of the existing risk management and internal audit system with regard to the financial reporting process

The assessment, monitoring and update of the Internal Audit System with regard to financial reporting entails an analysis (at Group level) of organisational and operating structures according to a risk identification/assessment procedure based on the use of the so-called "risk scoring" method.

Thanks to this activity, assessments can be carried out focusing on those areas characterised by higher risks and/or relevance, or on the risks of major errors (also as a consequence of frauds) in the items of financial statements and any related information document. To this end, the activity aims at:

- identifying and assessing the origin and probability of major errors in the items of the economic-financial reporting;
- assessing if key controls are adequately defined, so that it is possible to identify – in advance or afterwards – any possible error in the items of the economic financial reporting;
- assessing control operations based on the assessment of error risks for financial reporting, focusing testing on higher risk areas.

The risk assessment process adopted allows the identification of organisational structures, processes and any related accounting item, as well as any specific activity, which can give rise to major potential errors. For each administrative accounting process, testing activities are carried out with regard to so-called "key controls" that, according to international best practice, essentially fall into the categories detailed below:

- controls at Group level or for each single subsidiary, such as the assignment of responsibilities, powers and proxies, the separation of duties and rights to access IT applications;
- controls at process level, such as the issue of authorisations, the implementation of reconciliations and consistency assessments, etc.. This category includes controls on operational and accounting closing processes.

These controls can be "preventive", i.e. aimed at preventing any anomaly or fraud that could give rise to errors in the financial reporting, or "detective", i.e. aimed at identifying existing anomalies or frauds. These controls can be "manual" or "automatic" (e.g. application controls that refer to the technical and setting features of the information systems supporting business activities).

Testing activities are carried out by a major consulting firm, with the help of the employees of each subsidiary, by using sampling techniques recognised by international best practice.

The assessment of controls, if deemed appropriate, may involve the identification of compensating controls, corrective actions or improvement plans.