

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



2018 Financial Statements

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



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

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ORDINARY SHAREHOLDERS' MEETING

15 MAY 2019

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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
Direction and coordination: Nuova Argo Finanziaria S.p.A.

MEMBERS OF THE BOARD OF DIRECTORS

Chairman
Paolo Pierantoni⁽¹⁾

Deputy Chair
Stefania Bariatti
Francesco Moscetti^{(2) (3)}

Managing Director and General Manager
Umberto Tosoni

Directors
Stefano Caselli
Sergio De Luca⁽³⁾
Marianna Galli
Saskia Elisabeth Christina Kunst⁽²⁾
Rosario Mazza
Frances V. Ouseley
Andrea Giovanni Francesco Pellegrini⁽³⁾
Giovanni Quaglia
Antonio Segni⁽²⁾
Paolo Simioni
Micaela Vescia

Secretary
Stefano Mascia

BOARD OF STATUTORY AUDITORS

Chairman
Daniela Elvira Bruno

Standing Auditors
Annalisa Donesana⁽⁴⁾
Pasquale Formica

Substitute Auditors
Luisella Bergero
Riccardo Bolla
Alessandra Pederzoli

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

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 April 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 **Paolo Pierantoni** is the legal representative of the Company and manages – together with the Managing Director – all external communication; he also oversees the activities and processes of internal audit, risk management and risk compliance.

The Deputy-Chairs **Stefania Bariatti** and **Franco Moscetti** stand in for the Chair in his institutional responsibilities in the event of his absence or impediment.

The Managing Director **Umberto Tosoni** 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. Separate financial statements as at 31 December 2018 Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors related and consequent resolutions. Presentation of the 2018 Consolidated Financial Statements - Presentation of the 2018 Sustainability Report - Consolidated Non-Financial Report drawn up pursuant to Legislative Decree no. 254/2016.
2. Allocation of profit for the year
3. Report on remuneration, pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998.
4. Additional appointment to the Board of Directors pursuant to Article 2386 of the Civil Code.

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Financial Statements
as at 31 December 2018

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Main consolidated financial figures

The main consolidated financial figures as at 31 December 2018 and the previous year are compared below:

(amounts in millions of EUR)	2018	2017
Turnover	1,216.6	1,136.7
Net toll revenue	1,103.3	1,017.3
Gross operating margin (EBITDA)	747.6	703.8
Gross operating margin "reported"	739.4	692.6
Operating profit attributable to the Parent Company – <i>Continued Operations</i>	264.5	237.8
Operating profit attributable to the Parent Company – <i>Discontinued Operations</i>	-	0.5
Operating cash flow	560.2	517.2
Motorway investments ¹	449.6	190.1

(amounts in millions of EUR)	31 December 2018	31 December 2017
Adjusted net financial indebtedness	1,239.1	1,307.9

Total **turnover** amounted to **EUR 1.2 billion**, up **7%** compared to the previous year.

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

In 2018, the "**gross operating margin**" increased by **EUR 43.8 million (+6.2%)**, amounting to **EUR 747.6 million**. This increase reflects the growth in the gross operating margin of the "motorway sector" (approximately EUR 44.9 million), partially offset by the decline recorded in the "ancillary sectors" (EUR -1.1 million). In particular, with regard to the "motorway sector", this change was due for EUR 22.9 million to the management as from 1 March 2018 of the A21 Piacenza-Cremona-Brescia stretch and for EUR 22 million to the increased margins of the remaining motorway companies.

The recognition of non-recurring expenses in 2018 led to a "reported" gross operating margin of EUR 739.4 million (EUR 692.6 million in 2017, taking into account non-recurring items).

The growth in the "reported gross operating margin" (EUR 46.8 million) together with the reduction in amortisation and depreciation/net provisions made in the year (EUR 12.1 million) led to an increase in **operating income** of **EUR 58.9 million (+16%)**.

The improvement in operating income and the drop in "financial income" (which saw greater dividends distributed by investees and lower gains deriving from the disposal of equity investments) were reflected - net of the corresponding tax effect and of profit pertaining to minority interests - in "income attributable to owners of the parent company" that went up by approximately **EUR 26.7 million (+11.2%)** to a value equal to **EUR 264.5 million**.

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

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

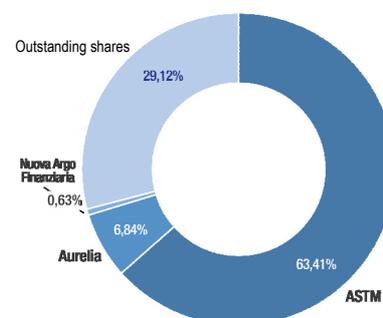
SIAS S.p.A. Shareholding

As at 31 December 2018, 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:

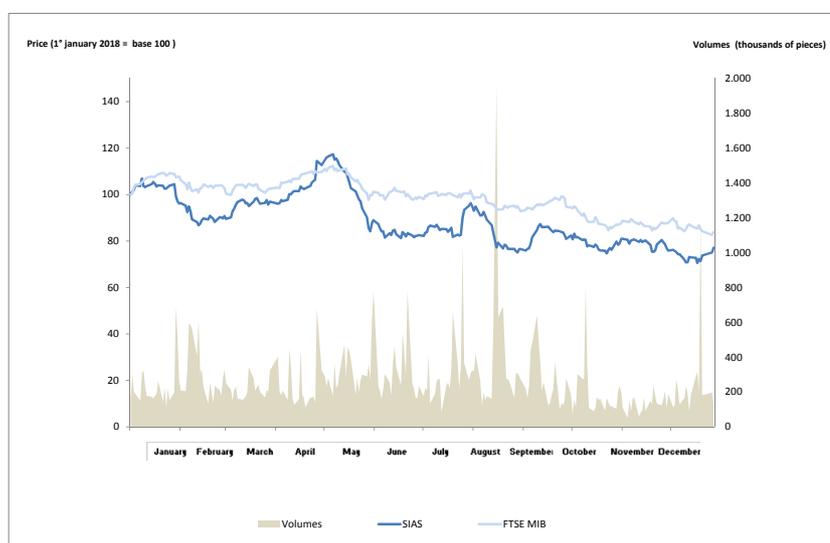
ASTM S.p.A.	63.41% (*)
Aurelia S.r.l.	6.84%
Nuova Argo Finanziaria S.p.A. ⁽¹⁾	0.63%
Outstanding shares	29.12%
Total	100.00%

(*) of which 1.72% through *Sina S.p.A.*

⁽¹⁾ Company indirectly controlled by *Aurelia S.r.l.* (60%) and directly part-owned by *Mercure Investment S.à r.l.* (40%) a subsidiary of *Ardian*. On 27 September 2018, *Aurelia S.r.l.* sold to *Mercure Investment S.à r.l.* (subsidiary of *Ardian*) 40% of the share capital of *Nuova Argo Finanziaria S.p.A.*, a company that directly and indirectly holds a 58.77% stake in *ASTM S.p.A.*.



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



Information on the security

No. of shares as at 31 December 2018	227,542,156
Market capitalisation as at 28 December 2018 (million EUR)	2,747
2017 balance dividend per share (May 2018, EUR)	0.200
2018 interim dividend per share (November 2018, EUR)	0.165
Listing as at 28 December 2018	12.07
Maximum price in the period 1 January - 28 December 2018 (7 May 2018)	18.38
Minimum price in the period 1 January - 28 December 2018 (18 December 2018)	11.05
Average daily volumes in the period 1 January–28 December 2018 (thousands of shares)	267

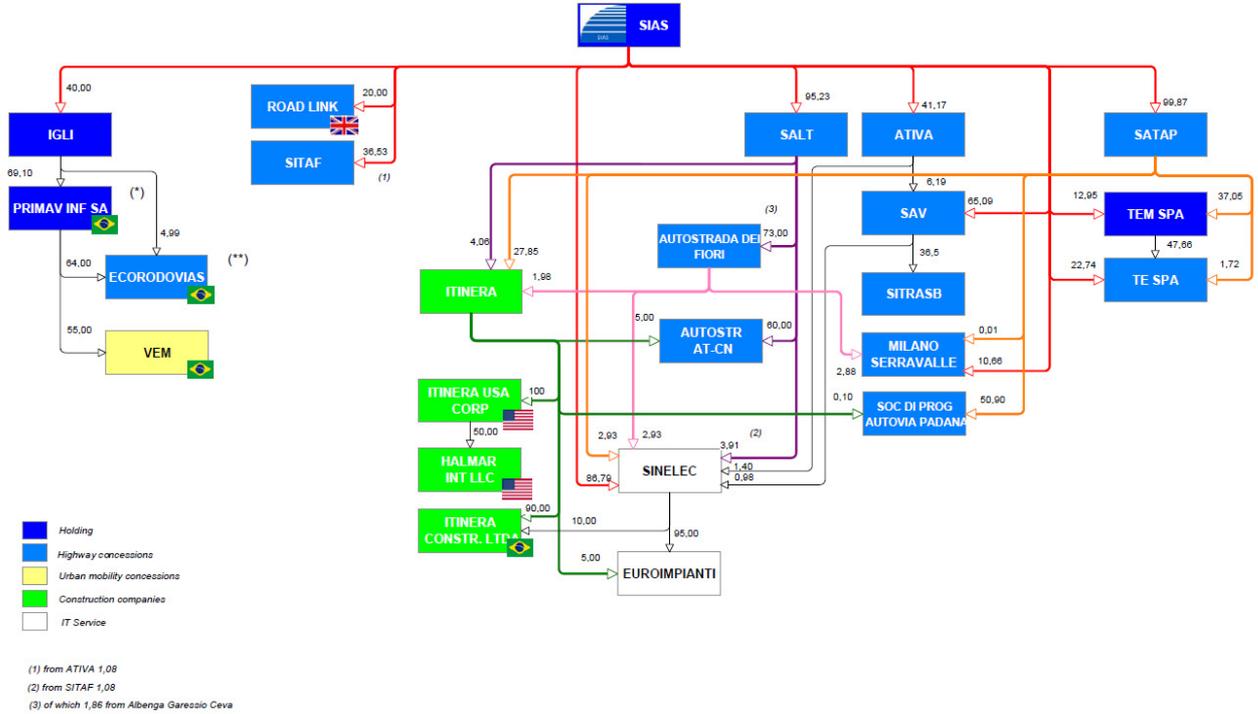
Group Credit rating

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

Group structure and business segments

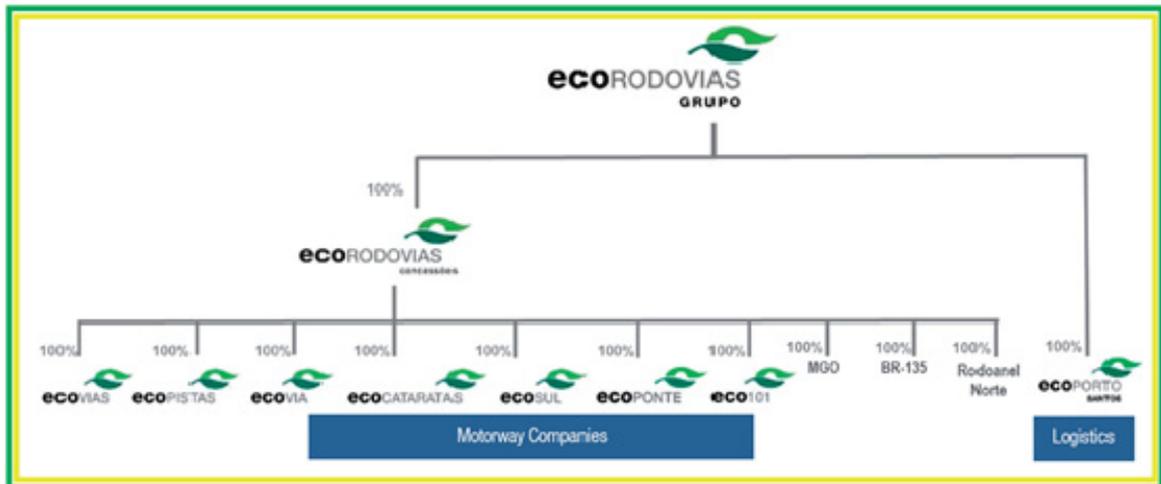
The SIAS Group operates through its investee companies in the management of motorway networks under concession and in the technology sector.

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



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

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



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

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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 balance sheet and net financial indebtedness contain, in addition to the economic-financial and equity data governed by the IAS/IFRS, certain indicators and items derived therefrom, although not required by said standards and therefore called "APMs".

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

- a) "Turnover": differs from "Total revenue" in the Consolidated Financial Statements as it does not include (i) revenue for the planning and construction of non-compensated revertible assets, (ii) the toll/surcharge payable to ANAS, (iii) reversals of costs/revenue for consortium companies (iv) and any "non-recurring" revenue items that the Company believes that they are non-repeatable.
- b) "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) "Gross operating margin "reported"": 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", "Investment funds", "Receivables for the takeover value" and "Financial receivables from minimum guaranteed amounts (IFRIC 12)". Note that the "Adjusted net financial indebtedness" differs from the net financial position prepared in accordance with the ESMA recommendation of 20 March 2013, as it includes the "Present value of the amount due to ANAS – Central Insurance Fund (FCG)" and "Non-current financial receivables". The adjusted net financial indebtedness statement contains an indication of the value of the net financial position prepared in accordance with the aforementioned ESMA recommendation.
- g) "Operating cash flow": indicates the cash generated or absorbed by operating activities and was calculated by adding to the profit for the period the depreciation, amortisation, adjustment to the provision for restoration and replacement of non-compensated revertible assets the adjustment of the severance indemnity provision, the provisions for risks, the losses (profits) from companies accounted for by the equity method and the write-downs (revaluations) of financial activities, and by deducting the capitalisation of financial charges.

OPERATING ACTIVITIES

REGULATORY FRAMEWORK AND TOLL RATES

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

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

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

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

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

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

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

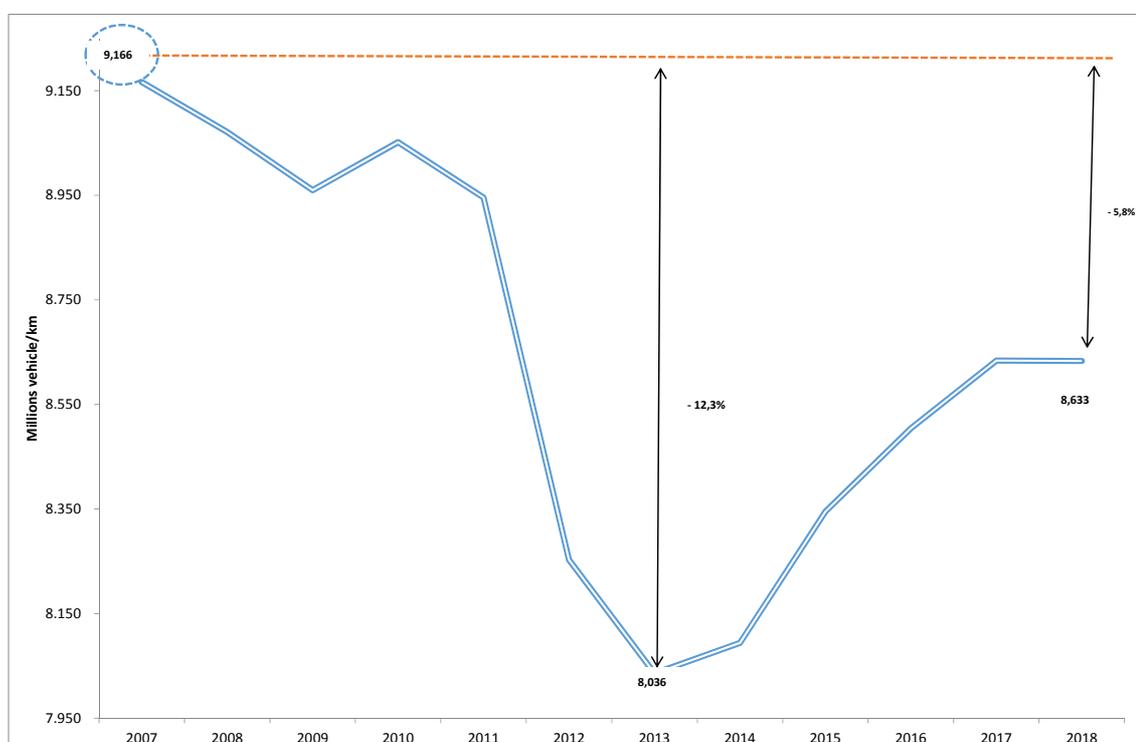
TRAFFIC PERFORMANCE

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

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

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

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



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

The traffic performance by single Licensee is shown below:

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

INVESTMENTS

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

Piacenza - Brescia concession

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

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

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

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

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

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

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

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

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

MANAGEMENT OF EQUITY INVESTMENTS

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

- during 2018, SIAS S.p.A. acquired (i) 1,719 shares (0.001% of share capital) of Società Autostrada Ligure Toscana p.A. from Finanziaria di Partecipazioni e Investimenti S.p.A. for a total value of EUR 7 thousand and (ii) 79,023 shares (0.049% of share capital) of the subsidiary Società Autostrada Ligure Toscana p.A. from SEA Segnaletica Stradale S.p.A. for a total value of EUR 0.3 million; as a result of these purchases, the stake that is currently held in this Company is equal to 95.229% of the share capital;
- on 15 February and 19 October 2018, the subsidiary SALT p.A. acquired 981,973 shares (equal to 1.21% of the share capital) and 713,138 shares (equal to 0.88% of the share capital) of Autostrada dei Fiori S.p.A. which were offered for sale, respectively, by the Province of Savona and the City of Imperia for a total amount of EUR 8.7 million. As a result of these purchases, the stake that is currently held in this Company is equal to 71.141% of share capital;
- on 29 March 2018, the subsidiary Sinelec S.p.A. sold all the shares (400,000) held in the company OMT S.p.A. to the company AUTOSPED G. S.p.A. for a total value of EUR 0.2 million, realising a capital gain of EUR 46 thousand.
- on 5 July 2018, the subsidiary Euroimpianti S.p.A. subscribed to 5,879 shares of the newly incorporated consortium Cervit Impianti Tecnologici S.c.a.r.l. ("C.I.T. S.c.a.r.l.") for EUR 6 thousand; as a result of said purchase, the stake held in this Company is now equal to 58.79% of the share capital;
- on 2 August 2018, the subsidiary Finanziaria di Partecipazioni e Investimenti S.p.A. – following the partial demerger of Codelfa S.p.A. into the beneficiary Nuova Codelfa S.p.A. – received 82,115 shares of the new company representing 16.423% of the share capital, whereby all the shares of ASTM S.p.A. were transferred;
- on 17 September 2018, the subsidiary Sinelec S.p.A. subscribed to 4,550 quotas of the newly incorporated company Smart Mobility System S.c.a.r.l. ("SMS S.c.a.r.l.") for EUR 5 thousand; as a result of said purchase, the stake held in this Company is now equal to 45.50% of the share capital;
- during 2018, the subsidiary Autostrada Albenga Garessio Ceva S.p.A. sold to the market all the shares it held in ASTM S.p.A. (58,878 shares) for a total of EUR 1.4 million, realising a capital gain¹ of EUR 0.6 million;

SISTEMA TANGENZIALE ESTERNA - BREBEMI

As reported in previous reports, in 2017, SIAS S.p.A. and the subsidiary SATAP S.p.A. (SATAP) signed an agreement with Intesa Sanpaolo S.p.A. ("ISP") to separate their respective investments in Tangenziali Esterne Di Milano S.p.A. ("TEM"), Tangenziale Esterna S.p.A. ("TE"), Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A. ("BRE.BE.MI").

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

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

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

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

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

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

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

In addition, for the purpose of defining the ownership of the said investments, AL granted Itinera S.p.A. - a company owned with a share of 33.88% by SIAS Group and a subsidiary of ASTM S.p.A. - an option right for the sale of the interests (equity investments, receivables and commitments) held by the latter in BRE.BE.MI. Following the exercise of this option right by Itinera S.p.A., in January 2019 Itinera S.p.A. sold the above-mentioned equity investments and receivables to AL, collecting EUR 11.7 million.

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

² Following the reunion of the bare ownership and usufruct, at 31 December 2018, the agreements signed in 2013 with Intesa SanPaolo S.p.A. for the purpose of joint control of the companies Tangenziali Esterne Milano S.p.A., Tangenziale Esterna S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A. "BRE.BE.MI" ceased to apply.

ECONOMIC, EQUITY AND FINANCIAL DATA

GROUP ECONOMIC DATA

The revenue and expenditure items reflect as of 1 March 2018 the figures relating to the management of the A21 Piacenza-Cremona-Brescia stretch, after the subsidiary Società di Progetto Autovia Padana S.p.A. ("Autovia Padana") effectively took over the concession. therefore, the income statement data for 2018 are not directly comparable with those of 2017.

(amounts in thousands of EUR)	2018	2017	Changes
Motorway sector revenue – operating activities ^{1,2}	1,135,149	1,047,394	87,755
Technology sector revenue	45,641	44,605	1,036
Other revenue ³	35,778	44,653	(8,875)
Turnover	1,216,568	1,136,652	79,916
Operating costs ^{1,2,3}	(468,981)	(432,839)	(36,142)
Gross operating margin (EBITDA)	747,587	703,813	43,774
Non-recurring items	(8,205)	(11,175)	2,970
Gross operating margin "reported"	739,382	692,638	46,744
Net amortisation/depreciation and provisions	(312,118)	(324,248)	12,130
Operating income	427,264	368,390	58,874
Financial income	35,743	51,201	(15,458)
Financial expenses	(96,976)	(102,025)	5,049
Capitalised financial expenses	14,085	19,699	(5,614)
Write-down of equity investments	-	(799)	799
Profit (loss) of companies accounted for by the equity method	15,489	14,357	1,132
Net financial income (expense)	(31,659)	(17,567)	(14,092)
Profit before tax	395,605	350,823	44,782
Income taxes (current and deferred)	(106,227)	(89,459)	(16,768)
Profit (loss) for the period from continued operations	289,378	261,364	28,014
Profit (loss) for the period of "assets held for sale net of taxes" (Discontinued Operations)	-	516	(516)
Profit (loss) for the period	289,378	261,880	27,498
• Share attributed to non-controlling interests (Continued Operations)	24,876	23,608	1,268
• Share attributed to owners of the Parent Company (Continued Operations)	264,502	237,756	26,746
• Share attributed to non-controlling interests (Discontinued Operations)	-	5	(5)
• Share attributed to owners of the Parent Company (Discontinued Operations)	-	511	(511)

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

(2) With regard to motorway companies, IFRIC12 provides for full recognition in the Income Statement of costs and revenue for "construction activities" concerning non-compensated revertible assets. In order to provide a clearer representation in the table above, these components – amounting to EUR 148.6 million in 2018 and EUR 190 million in 2017 – were reversed for the same amount from the corresponding revenue/cost items.

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

In FY 2018 "turnover" amounted to approximately EUR 1.2 billion (+7%) at Group level.

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

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

The increase in "net toll revenue" of EUR 86 million (+8.46%) is attributable (i) for EUR 51.2 million (+5.03%) to the revenue of the licensee Autovia Padana relative to the period March-December 2018, (ii) EUR 31.4 million (+3.09%) to the recognition from 1 January 2018 of the toll adjustments and (iii) EUR 3.4 million from the change in light/heavy traffic mix (+0,34%).

The growth in “rental income and other accessory revenue” is attributable EUR 0.8 million to revenue of the licensee Autovia Padana for the period March-December 2018.

The “technology” sector, compared to a downturn in activities carried out by Group companies - recorded growth in production for third parties.

During FY 2017, the item “other revenue” included EUR 8.4 million relative to the higher value recognised relative to motorway licensees and the service areas alienated by previous sub-licensees.

“Operating costs”, totalling EUR 469 million, increased by EUR 36 million, of which EUR 30.9 million was due to the costs of the Società di Progetto Autovia Padana for the period March-December 2018, EUR 5 million to higher costs of the other motorway companies (maintenance costs and winter services) and the remainder mainly due to the higher production from third parties carried out by the companies operating in the “technology” sector.`

With regard to the above, the “gross operating margin” **increased by EUR 43.8 million** and reflects the changes in the Group's operating sectors. More specifically:

<i>(amounts in thousands of EUR)</i>	FY 2018	FY 2017	Changes
- Motorway sector	738.1	693.2	44.9
- Technology Sector	15.4	19.4	(4.0)
- Services Sector (holding companies)	(5.9)	(8.8)	2.9
	747.6	703.8	43.8

“Non-recurring items” - equal to EUR 8.2 million negative - are attributable EUR 7.1 million to costs for the period as a result of the project to reorganise and optimise procedures and streamline resources and EUR 1.1 million to other non-recurring expenses. In 2017, this item was mainly attributable to the aforementioned costs for the project to reorganise and optimise procedures and streamline resources.

The item “net amortisation/depreciation and provisions” totalled EUR 312.1 million (EUR 324.2 million in 2017); the change compared to the previous year is the result of the following: (i) higher net provisions in the “provision for restoration and replacement” of non-compensated revertible assets for EUR 13.2 million, (ii) lower amortisation and depreciation for EUR 19.9 million¹ and (iii) lower provisions for risks and charges and other impairment losses for EUR 5.4 million.

The item “financial income” totalled EUR 35.7 million (EUR 51.2 million in 2017). The change compared to the corresponding period of the previous year is the result of (i) higher dividends distributed by investees and (ii) lower capital gains from the sale of investments and interest income from financing activities. In particular, 2018 benefited from the capital gain from the disposal of the equity investment held in Autostrade Lombarde S.p.A. (EUR 20.1 million), while 2017 benefited from the capital gains from the disposal of the parking sector and in FNM S.p.A..

The item “financial expenses” – including the expenses for interest rate swap contracts – decreased by EUR 5 million due to the process to streamline financial resources and funding sources.² The change in “capitalised financial expenses” is mainly related to the performance of the investments made.

¹ 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 Torino-Piacenza stretch, were also considered.

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

In 2017, the item "*write-down of equity investments*" mainly referred 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*" included the share of profits from jointly controlled and associated companies. In particular, it reflects the Group share of the profits recorded by SITAF S.p.A. (EUR 12.7 million), ATIVA S.p.A. (EUR 9.3 million), Itinera (EUR 2.6 million), Road Link Holding Ltd. (EUR 1 million), SITRASB S.p.A. (EUR 0.6 million), adjusted by the pro-rata recognition of the losses attributable to TEM S.p.A./TE S.p.A. (EUR 9.9 million), IGLI S.p.A. (EUR 0.3 million) and Sabrom S.p.A. (EUR 0.2 million).

In view of the above, the portion attributable to owners of the parent of "*profit for the period*" net of taxes and profit attributable to minority interests was EUR 264.5 million (EUR 237.8 million in FY 2017)¹.

¹ The "share of profit/loss for the period attributed to owners of the Parent Company" in 2017 does not take into account the portion attributable to discontinued operations, equal to EUR 0.5 million.

GROUP EQUITY AND FINANCIAL DATA

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
Net fixed assets	3,145,466	2,984,669	160,797
Equity investments and other financial assets	958,947	900,128	58,819
Working capital	(21,733)	(23,902)	2,169
Discontinued operations/Non-current assets held for sale	-	45,012	(45,012)
Net invested capital	4,082,680	3,905,907	176,773
Provision for restoration or replacement of non-compensated revertible	(152,013)	(149,227)	(2,786)
Employee severance indemnity and other provisions	(48,469)	(47,499)	(970)
Invested capital less provisions for medium- and long-term risks and	3,882,198	3,709,181	173,017
Shareholders' equity and profit (loss) (including minority interests)	2,583,347	2,333,024	250,323
"Adjusted" net financial indebtedness	1,239,055	1,307,904	(68,849)
Other long-term payables – Deferred income of the payable due to Central Insurance Fund	59,796	68,253	(8,457)
Equity and minority interests	3,882,198	3,709,181	173,017

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash and cash equivalents	963,044	441,275	521,769
B) Securities held for trading	-	-	-
C) Liquidity (A) + (B)	963,044	441,275	521,769
D) Financial receivables	481,061	484,201	(3,140)
E) Bank short-term borrowings	(19,182)	(4,428)	(14,754)
F) Current portion of medium/long-term borrowings	(322,442)	(253,504)	(68,938)
G) Other financial liabilities (current)	(50,478)	(41,683)	(8,795)
H) Short-term borrowings (E) + (F) + (G)	(392,102)	(299,615)	(92,487)
I) Current net cash (C) + (D) + (H)	1,052,003	625,861	426,142
J) Bank long-term borrowings	(721,015)	(860,590)	139,575
K) Hedging derivatives	(35,730)	(55,092)	19,362
L) Bonds issued	(1,537,183)	(994,062)	(543,121)
M) Other non-current liabilities	(1,252)	(1,343)	91
N) Long-term borrowings (J) + (K) + (L) + (M)	(2,295,180)	(1,911,087)	(384,093)
O) Net financial indebtedness^(*) (I) + (N)	(1,243,177)	(1,285,226)	42,049
P) Non-current financial receivables	136,952	113,595	23,357
Q) Discounted value of the payable due to ANAS – Central Insurance Fund	(132,830)	(136,273)	3,443
R) "Adjusted" net financial indebtedness (O) + (P) + (Q)	(1,239,055)	(1,307,904)	68,849

(*) Pursuant to ESMA Recommendation

"Adjusted net financial indebtedness" at 31 December 2018 was EUR 1,239.1 million and – notwithstanding the payment to the Ministry of Infrastructures and Transport of the price of the concession for the Piacenza-Cremona-Brescia stretch and the payment to take over from the outgoing licensee of approximately EUR 301 million – showed an improvement of EUR 68.8 million compared to 31 December 2017.

The change in 2018 in "*net financial indebtedness*" was mainly due to: (i) the payment of dividends (final 2017 and interim 2018) by the Parent Company (EUR 83.1 million), (ii) the payment of dividends by subsidiaries to minority shareholders (EUR 19.9 million), (iii) the execution of enhancement works on the Group's motorway infrastructure (EUR 148.6 million), (iv) the aforementioned payment to the Ministry of Infrastructures and Transport of the concession price for the Piacenza-Cremona-Brescia stretch, and the takeover payment to the outgoing licensee totalling EUR 301 million, (v) purchases of other assets (EUR 8.4 million), (vi) the purchase of minorities (EUR 11.5 million), (vii) the loan granted to the jointly held subsidiary IGLI S.p.A. (EUR 10 million), (viii) the subscription to investment funds (EUR 7.5 million), (ix) the payment of instalments falling due of the debt to ANAS-Central Insurance Fund (FCG) (EUR 11.9 million), and (x) the change in net working capital and other minor changes (EUR 3.7 million).

These outflows were offset by (i) "operating cash flow" (EUR 560.2 million), (ii) the share capital increase of Autovia Padana S.p.A. paid by the associated company ITINERA S.p.A. (EUR 36.6 million) and (iii) the liquidity resulting from the sale of the pro-rata portion of the equity investment held in Autovia Padana S.p.A. (EUR 31.3 million) and other equity investments (EUR 1.6 million).

"Net financial indebtedness" as at 31 December 2018 also includes the positive difference accrued during the year (EUR 19.4 million) for the fair value of IRS agreements (no cash item).

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

- the change in "*cash and cash equivalents*" is mainly attributable to the issue of the "SIAS 2018-2028 bond loan" totalling EUR 541 million (net of expenses incurred for the issue). As regards this item, the following is also reported: (i) the payment of interest on bonds for about EUR 39.4 million (corresponding to a reduction in "other current financial liabilities"), (ii) the payment of instalments due with respect to the "current portion of non-current indebtedness" (EUR 249.5 million), (iii) the early repayment of a loan (EUR 15 million) and (iv) the subscription of insurance policies (EUR 30 million). These disbursements were offset by repayments/pay-offs of insurance policies (EUR 58.4 million) taken out in prior periods, the granting of new loans (EUR 193 million) and by the utilisation of short-term credit lines (EUR 14.8 million);
- the decrease in the item "*financial receivables*" (amounting to EUR 3 million) is due to: (i) the increase in receivables from interconnection (EUR 21.8 million), (ii) income matured on capitalisation policies (EUR 3.6 million), (iii) the subscription of insurance policies (EUR 30 million), offset by repayments/redemptions of insurance policies taken out in prior years (EUR 58.4 million);
- the change in the item "*bank short-term borrowings*" (EUR 14.8 million) was attributable to the use of available credit lines by Autostrada Asti-Cuneo S.p.A. and Società di Progetto Autovia Padana S.p.A.;
- the change in the item "*current portion of medium/long-term borrowings*" is due to (i) reimbursement of instalments falling due in 2018 and associated interest (EUR 249.5 million), (ii) the renegotiation of a loan reclassified from current to non-current (EUR 4 million), (iii) reclassification – from the item "*bank long-term borrowings*" of instalments falling due within 12 months (EUR 321.9 million) and (iv) recognition of interest accrued (EUR 0.5 million);

- the change in *“other current financial liabilities”* was mostly attributable to: (i) the aforementioned payment of interest on bond issues (EUR 39.4 million), (ii) the assessment of interest accrued in the period (EUR 47.4 million) and (iii) higher payables for the interconnection system and other payables (EUR 0.8 million);
- the change in the item *“bank long-term borrowings”* is due to: (i) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments due in the following 12 months (EUR 321.9 million), (ii) the early repayment of a loan (EUR 15 million) and (iii) the granting of new loans (EUR 193 million), (iv) the reclassification from current to non-current of a loan following renegotiation (EUR 4 million) and (v) amortised cost (EUR 0.3 million);
- *“hedging derivatives”* amount to EUR 35.7 million, due to the recognition of the negative difference concerning the fair value of IRS agreements. As at 31 December 2018, approximately 80% of medium-long term consolidated debt was *“fixed rate”/“hedged”*.
- the change in the item *“Bonds issued”* was due to: (i) the aforementioned issue of a bond loan (EUR 541 million) and (ii) the effects of the decree amortized cost (EUR 2.1 million).

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

- the item *“non-current financial receivables”* includes (i) receivables of EUR 117.5 million at the so-called *“takeover value”* for the A21 Torino-Piacenza section, the licence for which expired on 30 June 2017, (ii) EUR 17.2 million *relative to “investment funds”* subscribed as an investment of liquidity and (iii) EUR 2.3 million that represent – as provided for in IFRIC 12 – the discounted value of the medium/long term portion of cash flows related to the so-called "minimum amount guaranteed by the Granting Body".
- the reduction in the *“discounted value of the payable due to ANAS - Central Insurance Fund”*, equal to EUR 3.4 million, is due to the payment of the instalments falling due (EUR 11.9 million) and the charges for discounting the payable itself (EUR 8.5 million).

* * *

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

(amounts in millions of EUR)

• Cash and financial receivables		1,444
• investment funds ¹		17
• Loan from Cassa Depositi e Prestiti (in favour of SATAP S.p.A.)	290 ²	
• Syndicated loan (pertaining to SIAS S.p.A.)	127 ²	
• “Uncommitted” credit lines (in favour of SIAS S.p.A. and its consolidated subsidiaries)	283 ²	
• Back up committed facilities (pertaining to SIAS S.p.A.)	80 ²	
	Subtotal	780
	Total financial resources at 31 December 2018	2,241

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

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

FINANCIAL INCOME

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

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

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

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

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

With reference to main **changes in the financial position in 2018:**

SIAS 2018-2028 bond loan issue

As mentioned in previous reports, on **31 January 2018** SIAS S.p.A., considering the favourable market conditions, successfully launched and priced a principal, **10-year senior secured bond loan** of **EUR 550 million**, given a **Baa2 rating** by **Moody's** and a **BBB+** rating by **Fitch**. The issue, which took place on 8 February 2018, followed on from a roadshow involving Europe's main financial markets and meetings with over 50 investors.

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

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

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

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

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

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

Autovia Padana S.p.A. loan

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

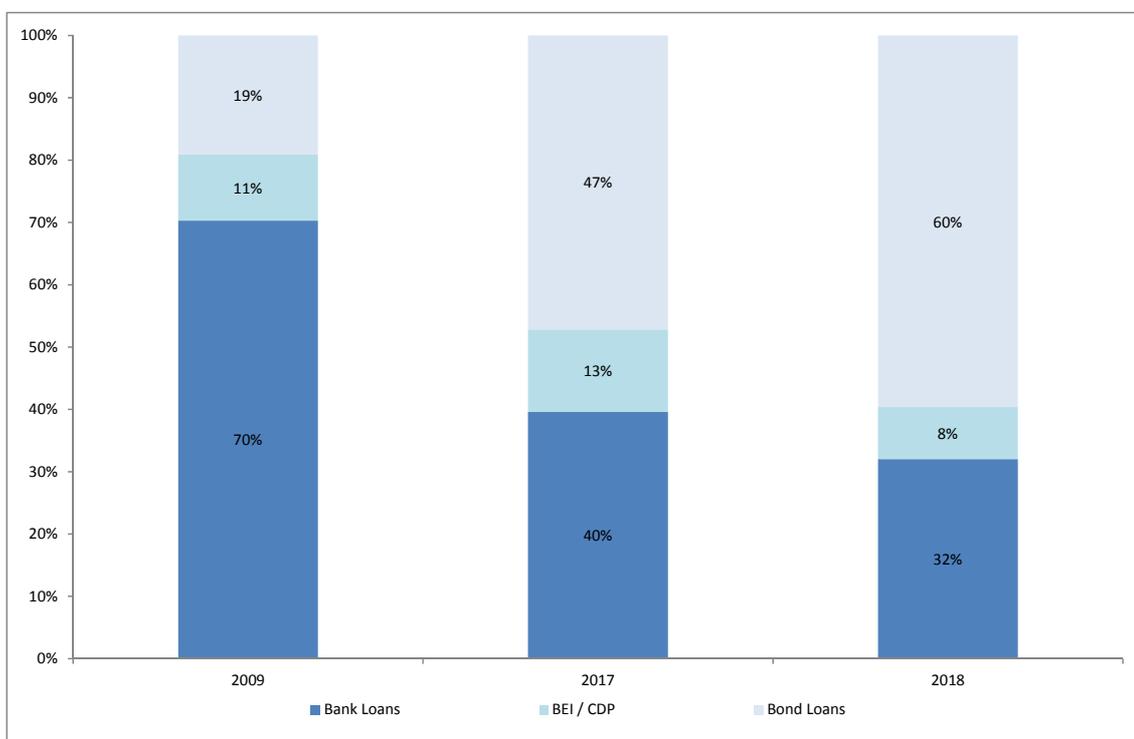
This loan, together with the capital increases carried out by the shareholders, enabled Società di Progetto Autovia Padana S.p.A. to find the resources necessary to meet the concession commitments relating to the payment of the takeover value and the concession consideration for the Piacenza-Cremona-Brescia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

Early loan repayment

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

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

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



As regards the **concentration of Group funding activities within SIAS S.p.A.**, the indebtedness of SIAS S.p.A., compared to the total debt of the SIAS Group, went from 19.1% as at 31 December 2009 to 81.5% as at 31 December 2018):

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

ANALYSIS OF 2018 RESULTS OF THE PARENT COMPANY AND THE MAIN INVESTEE COMPANIES

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

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Income from equity investments	221,715	110,361	111,354
Other financial income	83,740	65,928	17,812
Interest and other financial expenses	(67,759)	(63,599)	(4,160)
Financial income and expenses	237,696	112,690	125,006
Value adjustments of financial assets	(31,854)	(1,615)	(30,239)
Other operating income	7,328	6,154	1,174
Other operating costs	(18,604)	(20,439)	1,835
Amortisation/depreciation and provisions	(6)	(3)	(3)
Pre-tax profit (loss)	194,560	96,787	97,773
Income taxes	(4,012)	1,077	(5,089)
Profit (loss) for the period	190,548	97,864	92,684

The items contained in the Parent Company's income statement reflect the industrial *holding* activity carried out by it; more specifically, the item "*income from equity investments*" (amounting to EUR 221.7 million) was (i) due to the dividends paid during the financial year by SATAP S.p.A. (EUR 79.1 million), SIAS Parking S.r.l. unipersonale (EUR 59.9 million), SALT p.A. (EUR 46.9 million), SAV S.p.A. (EUR 9.8 million), Sinelec S.p.A. (EUR 8.7 million), ATIVA S.p.A. (EUR 15.8 million), Road Link Holdings Ltd (EUR 1.1 million) and Assicurazioni Generali S.p.A. (EUR 0.3 million).

The items "*other financial income*" and "*interest and other financial expenses*" reflect, moreover, the centralisation of the financial funding activities within SIAS S.p.A., with the subsequent transfer of funds to operating companies, by means of specific intercompany loans. In particular the increase in "*other financial income*", equal to EUR 17.8 million is due to (i) higher interest income (EUR +21.9 million) (ii) lower interest on policies (EUR -1 million) sold during the prior year and lower other income (EUR -3.1 million). In 2017, the item "*other financial income*" included - among other things - approximately EUR 3.3 million related to the net income realised on BEI refinancing.

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

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

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

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

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

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

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

(*) Pursuant to ESMA Recommendation

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

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

Liquidity generated from operating activities (equal to approximately EUR 205.5 million) was used in order to pay dividends for a total amount of EUR 83.1 million (EUR 45.5 million as balance dividend for 2017 and EUR 37.6 million as interim dividend for 2018); and for the purchase of shares in SALT p.A. (EUR 0.3 million). During the financial year under review, the Company also disbursed – net of repayments – an amount of EUR 672 million as medium/long-term loans to its subsidiaries and companies under joint control.

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

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

- the change in the item "*cash and cash equivalents*" refers, in addition to the above-mentioned changes, to: (i) the payment of instalments due with respect to the "current portion of non-current indebtedness" (EUR 105.1 million) and (iii) the early repayment of a short-term intercompany loan granted in the prior year by SIAS Parking S.p.A. unipersonale (EUR 60 million) and (iii) the payment of interest on bonds (EUR 39.4 million (corresponding to a reduction of "other financial liabilities current")), (iv) the early repayment of a loan (EUR 15 million); (v) the granting of new loans (EUR 193 million);
- the change in the item "*financial receivables*" (amounting to EUR 5.8 million) is due to: (i) collection from instalments due in the period of intercompany loans and of accrued interest (approximately EUR 77.4 million) and (ii) the reclassification of instalments due in the next 12 months of intercompany loans and any accrued interest (EUR 83.2 million);
- the change in the item "*current portion of medium/long-term borrowings*" was due to: (i) the reimbursement of the instalments falling due in the period and associated interest (EUR 105.1 million), (ii) the reclassification from the item "bank long-term borrowings" of the instalments due in the following 12 months (EUR 191.5 million);
- the change in "*other current financial liabilities*" is the result of: (i) the repayment of part of the loan granted by SIAS Parking S.r.l. unipersonale to SIAS S.p.A. (EUR 60 million), (ii) the aforementioned payment of interest on bond issues (EUR 39.4 million), (iii) the assessment of interest accrued in the period (EUR 47.4 million) and (iv) higher interest on loans received from Autostrada dei Fiori S.p.A. and SATAP S.p.A. (EUR +1.3 million);
- the decrease in the item "*bank long-term borrowings*" is due to: (i) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments falling due in the following 12 months (EUR -191.7 million), (ii) the early repayment of a loan (EUR -15 million) and (iii) the granting of new loans (EUR 193 million).
- the increase in the item "bonds issued" was mainly due to the issue, on 8 February 2018, of the 2018-2028 bond (EUR +541 million net of issue costs) and to the application of the so-called "amortised cost" method.

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

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 "explanatory notes" of the Consolidated Financial Statements.

RESULTS OF OPERATIONS - Motorway sector

As at 31 December 2018, the SIAS Group was managing a motorway network of about 4,156 km; this network is located in Italy for 1,423 km, while 2,733 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	Total in operation	Total under construction	Total kilometres
SATAP	99.87%	A4 TORINO-MILANO	130.3	-	130.3
		A21 TORINO-PIACENZA	167.7	-	167.7
SALT	95.23%	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	73.00%	A10 SAVONA-VENTIMIGLIA	113.2	-	113.2
		A6 TORINO - SAVONA	130.9	-	130.9
AT-CN	60.00%	A33 ASTI-CUNEO	55.0	23.0	78.0
AUTOVIA PADANA	50.90%	A21 Piacenza-Cremona-Brescia	100.1	11.5	111.6
TOTAL AMOUNT MANAGED BY SUBSIDIARIES (A)			1,012.6	115.5	1,128.1
ATIVA	41.17%	A55 TANGENZIALE DI TORINO, TORINO-QUINCINETTO, IVREA-SANTHIA AND TORINO-PINEROLO	155.8	-	155.8
SITAF	36.53%	A32 TORINO-BARDONECCHIA, T4 TRAFORO FREIUS	94.0	-	94.0
SITRASB	36.50%	T2 TRAFORO GRAN SAN BERNARDO	12.8	-	12.8
TE	21.27% ²	A58 TANGENZIALE EST ESTERNA DI MILANO	32.0	-	32.0
TOTAL AMOUNT MANAGED BY JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES (B)			294.6	-	294.6
TOTAL (a+b)			1,307.2	115.5	1,422.7

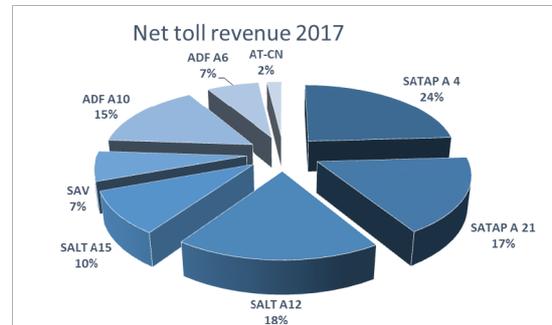
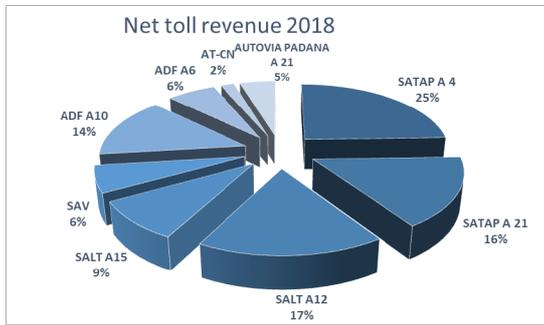
¹ Companies jointly controlled with another entity, by virtue of a specific agreement.

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

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

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

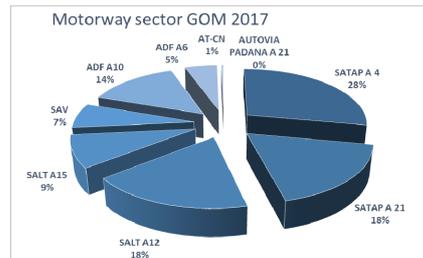
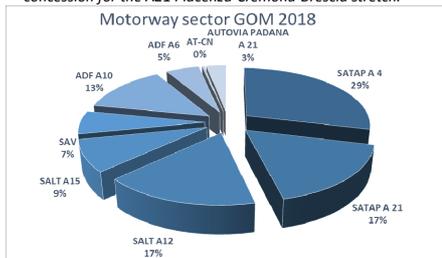
(*) Period 1 March -31 December



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

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

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



Motorway sector – Italy Subsidiaries

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

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

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

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

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 14.8 million for FY 2018 and EUR 43.4 million for FY 2017, respectively).

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

Torino – Piacenza (A21 stretch)

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue	177,783	174,805	2,978
Other motorway sector revenue	7,445	8,410	(965)
Other revenue	6,956	7,688	(732)
Turnover (A)	192,184	190,903	1,281
Operating costs (B)	(63,955)	(64,811)	856
Gross operating margin (A - B)	128,229	126,092	2,137
Non-recurring items	-	(728)	728
Gross operating margin "reported"	128,229	125,364	2,865

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

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

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

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

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

Torino – Milano (A4 stretch)

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

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

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

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

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

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

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

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

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

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

SALT - Società Autostrada Ligure Toscana p.A.

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

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

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

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 80.2 million for FY 2018 and EUR 119.3 million for FY 2017, respectively).

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

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue	188,936	186,848	2,088
Other motorway sector revenue	6,730	6,496	234
Other revenue	3,585	5,336	(1,751)
Turnover (A)	199,251	198,680	571
Operating costs (B)	(74,893)	(72,384)	(2,509)
Gross operating margin (A - B)	124,358	126,296	(1,938)
Non-recurring items	(1,087)	(155)	(932)
Gross operating margin "reported"	123,271	126,141	(2,870)

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

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

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

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

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

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

La Spezia- Parma (A15 stretch).

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

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

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

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

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

* * *

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

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

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

In the financial year 2018, the company continued its investment programme in motorway assets (EUR 80.2 million) and distributed the dividend for the year 2017 (EUR 49.2 million).

SAV – Società Autostrade Valdostane S.p.A.

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue ⁽¹⁾	68,630	68,732	(102)
Other motorway sector revenue ⁽²⁾	808	829	(21)
Other revenue	6,883	7,333	(450)
Turnover (A)	76,321	76,894	(573)
Operating costs ⁽¹⁾⁽²⁾ (B)	(29,197)	(28,398)	(799)
Gross operating margin (A - B)	47,124	48,496	(1,372)
	<i>EBITDA margin %</i>		
	62%	63%	
Non-recurring items	-	(97)	97
Gross operating margin "reported"	47,124	48,399	(1,275)

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

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

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

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

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

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

* * *

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

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

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

ADF - Autostrada dei Fiori S.p.A.

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

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

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

(2) Amounts net of revenue and capitalised costs for construction activities of non-compensated revertible assets (EUR 30.1 million for FY 2018 and EUR 19 million for FY 2017, respectively).

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

Savona-Ventimiglia (Stretch A10)

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue	156,622	155,923	699
Other motorway sector revenue	5,750	4,809	941
Other revenue	3,468	5,280	(1,812)
Turnover (A)	165,840	166,012	(172)
Operating costs (B)	(67,149)	(67,692)	543
Gross operating margin (A - B)	98,691	98,320	371
Non-recurring items	(40)	(1,325)	1,285
Gross operating margin "reported"	98,651	96,995	1,656

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

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

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

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

Torino-Savona (A6 stretch)

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

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

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

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

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

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

* * *

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

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

In the financial year 2018, the company continued its investment programme in motorway assets (EUR 30.1 million) and distributed the dividend for the year 2017 (EUR 42.5 million).

AT-CN – Autostrada Asti-Cuneo S.p.A.

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

<i>(amounts in thousands of EUR)</i>	2018	2017	Changes
Net toll revenue ⁽¹⁾	19,498	18,940	558
Other motorway sector revenue ⁽²⁾	36	(12)	48
Other revenue	1,164	1,041	123
Turnover (A)	20,698	19,969	729
Operating costs ⁽¹⁾⁽²⁾ (B)	(18,048)	(17,554)	(494)
Gross operating margin (A - B)	2,650	2,415	235
	<i>EBITDA margin %</i>	13%	12%
Non-recurring items	-	(336)	336
Gross operating margin "reported"	2,650	2,079	571

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

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

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

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

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

In 2017, "non-recurring items", equal to EUR 0.3 million, referred to the estimated charges to be incurred as part of the optimisation and rationalisation of human resources (EUR -0.1 million) and charges recognised as part of the settlement with a former Director of the Company (EUR -0.2 million).

* * *

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

<i>(amounts in thousands of EUR)</i>	31/12/2018	31/12/2017	Changes
A) Cash	957	1,936	(979)
B) Financial receivables	6,742	4,995	1,747
C) Short-term borrowings	(182,049)	(73,432)	(108,617)
D) Current net cash (A) + (B) + (C)	(174,350)	(66,501)	(107,849)
E) Long-term borrowings	(50,000)	(149,888)	99,888
F) Net financial indebtedness (D) + (E)	(224,350)	(216,389)	(7,961)
G) Discounted value of the payable due to ANAS – Central Insurance Fund	-	-	-
H) "Adjusted" net financial indebtedness (F) + (G)	(224,350)	(216,389)	(7,961)

It is also noted that the said financial situation does not include an amount of EUR 60 million concerning the partial use of the "mezzanine" loan (subordinated Shareholders' loan equal to EUR 95 million) granted to the Company by SALT p.A.

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

Società di Progetto Autovia Padana S.p.A.

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

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

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

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

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

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

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

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

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

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

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

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

Motorway sector in ITALY – Jointly controlled entities and associated companies

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

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

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

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

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

TANGENZIALE ESTERNA S.p.A.

The accounting records as at 31 December 2018² revealed a loss of EUR 25 million (loss of EUR 31.1 million in 2017). Despite increased traffic and a consequent rise in revenue, this amount is mainly due to financial expenses (which were no longer capitalised as the infrastructure came into operation) and to the amortisation and depreciation of non-compensated revertible assets.

On 2 August 2018, Tangenziale Esterna S.p.A. signed a new loan agreement for an amount of EUR 950 million with a syndicate of commercial lending banks, which includes Unicredit S.p.A., Banca Imi S.p.A., UBI Banca S.p.A., Banca Popolare di Milano S.p.A., Mediobanca S.p.A., BPER Banca S.p.A., already holding the mandate signed in 2013 for the organisation of the refinancing, and Cassa Depositi e Prestiti S.p.A.. The new loan agreement, which allowed the repayment of the existing debt on the same date, enabled the Company to benefit from the best market conditions and the progress of the Project, following the completion of the construction phase, guaranteeing the Company and its shareholders greater flexibility in the light of the altered structure of the risks relating to the Project, a significant reduction in financial expenses and a lengthening of the debt maturities.

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

² Results from data presented according to IFRS

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

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

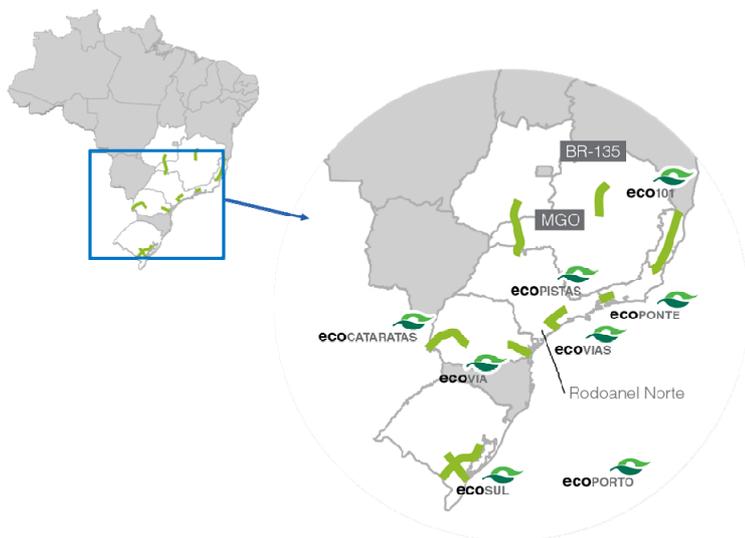
This change is due to (i) the combined effect of the change in traffic on the A32 motorway (heavy traffic +6.54% and light traffic -0.49%) and the toll increase of +5.71% as from 1 January 2018, and (ii) the combined effect of the change in traffic on the T4 tunnel (heavy traffic +5.96% and light traffic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

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

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.¹, a Brazilian company that controls the listed sub-holding company EcoRodovias Infraestrutura e Logística S.A. (“Ecorodovias”).



The extension of the **motorway network** as at 31 December 2018, managed in Brazil through the subsidiaries EcoRodovias was as follows:

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

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

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

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

¹ Primav Infraestrutura S.A. is consolidated with the "equity method" as a company subject to joint control and, therefore, not subject to reporting in these financial statements. Nevertheless, given the importance of the investment, below is some information on income performance, as well as data related to traffic and revenue in 2018, compared with the corresponding data for the previous year.

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

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

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

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

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

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

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

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

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

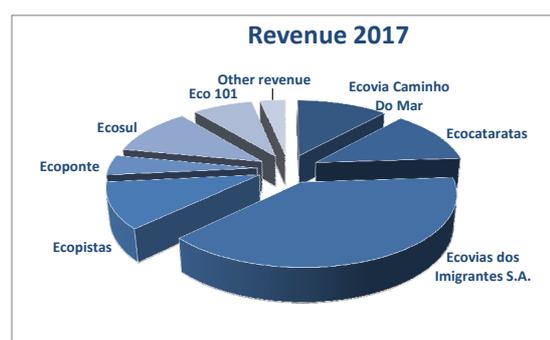
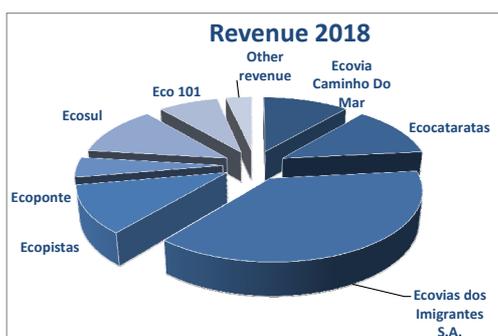
³ Traffic volumes are expressed in "equivalent paying vehicles", the basic reference unit used for toll statistics on the Brazilian market. Light vehicles (such as cars) correspond to one equivalent vehicle unit. Heavy vehicles (such as lorries and buses) are converted to equivalent vehicles using a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

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

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

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

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



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

- winning the tender for the "**Rodoanel Norte**" concession for a total value of R\$ 883 million. The motorway is the north stretch of the large bypass (approximately 48 km) around the metropolitan area of Sao Paulo in Brazil;
- winning the tender for the **BR-135/MG** for the concession of three motorway stretches in the state of Minas Gerais in Brazil, totalling 364 km, at an overall value of R\$ 2.06 billion. The final award and signing of the concession agreement, lasting 30 years, will take place when the terms for making claims/lodging appeals, as provided for by award procedures, have expired;
- acquiring the licensee **Rodovias Minas Gerais Golas S.A. ("MGO")** by signing an agreement for the acquisition of 100% of the share capital of MGO for a total value of R\$ 600 million. "MGO" has the concession to manage the BR-050 (GO/MG) motorway, which is approximately 437 km long and connects

¹ Including the tariff increases granted to individual licensees

the cities of Cristalina in Goiás State and the city of Delta in Minas Gerais State; this motorway is one of the main infrastructures in Brazil for exporting agricultural products from south-east and mid-west regions of the country to Santos Port. The concession will expire in January 2044.

It should also be noted that:

- On 16 January 2018, the Ecorodovias Group entered into an agreement for the acquisition of 10% of the share capital in Empresa Concessionaria de Rodovias do Sul S.A. – Ecosul of which the Ecorodovias Group already held 90% of the share capital. The value of the acquisition is equal to approximately 60 million Reais.
- The licensee Ecovias dos Imigrantes S.A. has also signed an agreement with the Granting Body which, in exchange for higher investments of approximately R\$ 270 million, extends the concession by approximately 8 months.

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

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

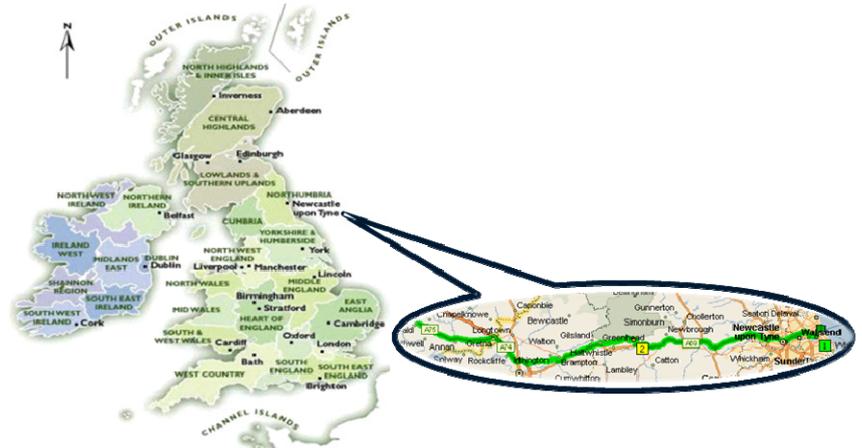
On 9 January 2019, the jointly held subsidiary IGLI S.p.A. also received R\$ 37.6 million (approximately EUR 8.4 million based on the EUR/BRL exchange rate of 4.444 at 31 December 2018) in dividends approved on 27 November 2018 by the Board of Directors of the jointly held subsidiary Primav Infraestrutura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

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 approximately EUR 1 million to the Group's profit.



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).

Sinelec S.p.A.

The Company is active in the field of Information & Communication Technology: it designs, implements and manages advanced systems for the processing of data relating to mobility, transport and toll collection, as well as the development and implementation of new technologies in the service of safety and assisted driving of vehicles. It also operates in the lease sector of both fibre optics and sites for the positioning of transmission devices for companies operating in the mobile telephony sector.

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

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

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

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

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

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

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

Euroimpianti S.p.A.

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

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

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

During the financial year, the Company posted a "turnover" EUR 34 million (EUR 33.8 million in FY 2017).

"Operating costs" totalled EUR 31.5 million (EUR 30.5 million in 2018); The change of EUR 1 million in 2018 is mainly due to the increase in personnel costs. The "gross operating margin" totalled EUR 2.5 million (EUR 3.2 million in 2017).

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

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

RESULTS OF OPERATIONS - Services Sector

Finanziaria di Partecipazioni e Investimenti S.p.A.

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

In 2018 the company achieved substantial break-even; in 2017, the company posted a loss of EUR 1.4 million mainly due to the write-down of the book value of the equity investment held in Banca Ca.Ri.Ge. S.p.A. for EUR 0.6 million and the capital loss of EUR 0.6 million on the sale of pre-emption rights relative to the share capital increase of the aforesaid company.

The "net financial position" as at 31 December 2018 showed "liquid funds" equal to EUR 5.7 million (EUR 5.9 million as at 31 December 2017). During the year, the company subscribed investment funds for EUR 2.5 million.

* * *

RISK FACTORS AND UNCERTAINTIES

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

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

With regard to issues concerning the renewal and approval of economic-financial plans for motorway licensees and related consequences on the tariff trend, reference is made to the information included in the section "*Regulatory framework and toll rates*".

Lapsed motorway concessions

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

EcoRodovias Infraestrutura e Logística S.A.

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

Disputes with the Revenue Office

As at 31 December 2018, some Group Companies were subject to tax investigations by the Italian Revenue Office and the Tax Police. If observations were made with regard to different interpretations of tax provisions compared to those adopted by the Companies, the Companies confirmed they had acted in compliance with reference accounting standards. In cases where these observations resulted in a subsequent tax assessment by the Revenue Office, the Companies lodged an appeal and reaffirmed the correctness of the procedures adopted.

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

RFI S.p.A. lawsuit

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

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

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

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 “Group structure and business segments” – 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 Explanatory Notes, 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

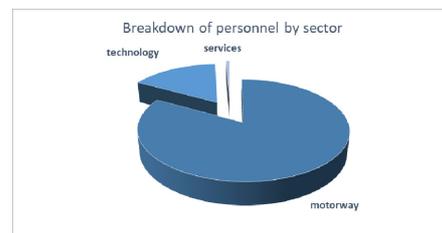
Information on Environment and Staff

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

	31/12/2017	Autovia Padana increases	Other changes	31/12/2018
Managers	49	1	2	52
Middle managers	76	2	8	86
Office workers	1,823	177	56	2,056
Workers	386	31	20	437
Total	2,334	211	86	2,631



For further information on “Environment and Staff” please refer to the **2018 Sustainability Report** prepared by the Company.

Treasury shares and shares or stakes of Parent Companies

The Company does not hold treasury shares.

As at 31 December 2018, ATIVA S.p.A. (a company subject to "joint control") held 21,500 (nominal amount EUR 10,750) shares of the parent company ASTM S.p.A..

During the 2018 financial year, the subsidiary Autostrada Albenga Garesio Ceva S.p.A. sold all its 58,878 shares in ASTM S.p.A..

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.

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

Report on Corporate Governance and ownership structure

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

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

The Company does not fall within the scope of the regulations set out by **article 16** 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 17** of the above-mentioned CONSOB Resolution, it should be noted that the Company meets the requirements for the listing of treasury shares on the Italian regulated market, which are listed in paragraph 1 of the same article.

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

Pursuant to 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.

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

On 27 March 2019, the Board of Directors expressed its favourable opinion on the possibility of making use of the option – provided for by Article 2364(2) of the Italian Civil Code and Article 11 of the company's articles of association – of calling the annual shareholders' meeting (to approve the financial statements) within one hundred and eighty days of the end of the financial year.

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

CONSOLIDATED NON-FINANCIAL DISCLOSURE

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 2018.

BUSINESS OUTLOOK

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

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

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

As part of its strategic growth plans, the Group is also pursuing the development of important green field concession projects in the USA and North America – markets with high growth potential.

Finally, as regards the management of its own infrastructures, the Group intends to continue to invest in improving the service offered to its customers, raising the safety and quality standards of the managed network, also through the use of the most modern technologies available.

In the technology field, Sinelec is implementing its strategic overseas growth plan, particularly in the American market in the field of toll collection systems and in the development of "Smart Road" technologies.

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

PROPOSAL TO ALLOCATE PROFIT FOR THE YEAR

Dear Shareholders,

the Board of Directors hereby proposes:

- that you approve the financial statements as at 31 December 2018, showing a profit of EUR 190,547,660;
- that you allocate profit for the period equal to EUR 190,547,660 – i.e. a residual amount of EUR 153,003,204 (following the distribution of the 2018 interim dividend of EUR 0.165 per share, for a total amount of EUR 37,544,456, as approved by the Board of Directors on 14 November 2018) – as follows:
 - to the Shareholders (by way of "dividend"), EUR 0.535 for each of the shares outstanding as at the record date, as defined pursuant to article 83-terdecies of Legislative Decree no. 58/98, as balance for the above-mentioned interim dividend for 2018. Therefore, the total dividend per share for 2018 amounts to EUR 0.70;
 - 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 22 May 2019 (in such event, the shares shall be quoted ex-dividend from 20 May 2019, against detachment of coupon no. 35).

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 21 May 2019 (the record date).

Tortona, 27 March 2019

For the Board of Directors
The Chairperson
(Paolo Pierantoni)

Separate Financial Statements
as at 31 December 2018

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Financial Statements of the Parent Company

Balance Sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2018	31 December 2017
Assets			
Non-current assets			
Intangible assets	1	5	-
Tangible assets	2	3	4
Non-current financial assets	3		
equity investments in subsidiaries		1,669,403	1,700,914
equity investments in jointly controlled entities and associated companies		533,869	517,536
investments in other companies		56,821	57,028
Other non-current financial assets		2,067,038	1,477,066
Total non-current financial assets		4,327,131	3,752,544
Deferred tax assets	4	420	187
Total non-current assets		4,327,559	3,752,735
Current assets			
Inventories		-	-
Trade receivables	5	768	3,507
Current tax assets	6	11,529	6,699
Other receivables	7	8,385	6,354
Other current financial assets	8	233,197	127,744
Total current assets		253,879	144,304
Cash and cash equivalents	9	44,609	5,823
Total current assets		298,488	150,127
Total assets		4,626,047	3,902,862
Shareholders' equity and liabilities			
Shareholders' equity			
Shareholders' equity	10		
share capital		113,771	113,771
reserves and earnings		2,082,158	1,974,848
Total shareholders' equity		2,195,929	2,088,619
Liabilities			
Non-current liabilities			
Provisions for risks and charges and employee benefits	11	1,407	772
Bank debt	12	369,602	383,296
Other financial liabilities	13	1,537,183	994,062
Deferred tax liabilities	14	-	280
Total non-current liabilities		1,908,192	1,378,410
Current liabilities			
Trade payables	15	7,233	6,662
Other payables	16	73,228	13,188
Bank debt	17	191,525	105,155
Other financial liabilities	18	249,314	300,388
Current tax liabilities	19	626	10,440
Total current liabilities		521,926	435,833
Total liabilities		2,430,118	1,814,243
Total shareholders' equity and liabilities		4,626,047	3,902,862

Income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2018	FY 2017
Financial income and expenses	20		
Income from equity investments:			
from subsidiaries		204,450	95,083
from jointly controlled entities and associated companies		16,972	14,648
from other businesses		293	276
capital gains on disposal of equity investments		-	354
Total income from equity investments		221,715	110,361
Other financial income		83,740	65,928
Interest and other financial expenses		(67,759)	(63,599)
Total financial income and expenses (A)		237,696	112,690
Value adjustments of non-current financial assets	21		
Revaluations		-	-
Write-downs		(31,854)	(1,615)
Total value adjustments of financial assets (B)		(31,854)	(1,615)
Other operating income (C)	22	7,328	6,154
Other operating costs	23		
Personnel expenses		(3,594)	(1,808)
costs for services		(13,505)	(17,242)
costs for raw materials		(8)	(20)
other costs		(1,497)	(1,369)
amortisation, depreciation and impairment losses		(6)	(3)
other provisions for risks and charges		-	-
Total other operating costs (D)		(18,610)	(20,442)
Profit (loss) before taxes (A+B+C+D)		194,560	96,787
Income Tax	24		
Current taxes		(4,384)	1,047
Deferred taxes		513	30
Taxes related to prior years		(279)	-
Income from tax consolidation		138	-
Profit (loss) for the period		190,548	97,864

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

<i>(amounts in thousands of EUR)</i>	FY 2018	FY 2017
Profit (loss) for the period (a)	190,548	97,864
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity)	21	3
Profit (loss) posted to "reserves for revaluation to fair value"	(207)	1,495
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement	-	(147)
Profit (loss) that will not be subsequently reclassified in the Income Statement	(186)	1,351
Comprehensive income (a) + (b)	190,362	99,215

Cash flow statement

<i>(amounts in thousands of EUR)</i>	FY 2018	FY 2017
Cash and cash equivalents - opening balance (a)	5,823	152,370
Operating activities:		
Profit	190,548	97,864
Adjustments		
Employee Severance Indemnity	23	13
Provisions	1,158	670
Other financial (income)/expenses	(4,519)	(10,739)
Write-downs of financial assets	31,854	1,261
<i>Operating cash flow (I)</i>	<i>219,064</i>	<i>89,069</i>
Net change in deferred tax assets and liabilities	(513)	(30)
Change in net working capital (note 25)	(12,528)	1,295
Other changes from operating activities	(519)	(2)
<i>Change in net working capital and other changes (II)</i>	<i>(13,560)</i>	<i>1,263</i>
Cash generated by operating activities (I+II) (b)	205,504	90,332
Investing activities:		
Net investments in tangible and intangible assets	(10)	1
Sale of equity investments	1	9,157
Purchase of investments:		
- TEM	-	(3,781)
- TE	-	(50,468)
- SALT	(343)	(855)
Cash generated (absorbed) by investing activities (c)	(352)	(45,946)
Financing activities:		
Change in bank debt	72,676	(31,168)
Issue/(Repayment) of bond loans	541,023	(334,287)
Change in current and non-current financial receivables	(648,036)	13,376
Investments in non-current financial assets	-	(158)
(Investments)/Divestiture of capitalisation policies	-	119,945
Change in other current and non-current financial liabilities	(48,976)	116,447
Dividend distribution	(83,053)	(75,088)
Cash generated (absorbed) by financing activities (d)	(166,366)	(190,933)
Cash and cash equivalents - closing balance (e=a+b+c+d)	44,609	5,823
Additional information:		
Taxes paid during the period	104,022	79,125
Taxes collected during the period	82,596	81,048
Financial expenses paid during the period	58,299	60,905
Financial income collected during the period	63,608	68,165
Dividends collected during the period	222,330	109,392

The Company's "net financial position" as at 31 December 2018 is provided in the relevant paragraph of the Management Report.

Statement of changes in shareholders' equity

<i>(amounts in thousands of EUR)</i>	Share capital	Share premium reserve	Revaluat. reserves	Legal reserve	Reserves for revaluation to fair value	Capital reserves	Reserve for disc. Employee Sev. Ind.	Retained earnings (losses)	Profit (loss) for the period	Total
1 January 2017	113,768	1,137,979	5,434	26,339	746	34,589	(20)	686,700	58,892	2,064,427
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
Total profit for the period					1,348		3		97,864	99,215
31 December 2017	113,771	1,138,041	5,434	26,339	2,094	34,589	(17)	704,635	63,733	2,088,619
Allocation of 2017 profits								18,225	(18,225)	-
Distribution of 2017 balance dividend (EUR 0.20 per share)									(45,508)	(45,508)
Distribution of 2018 interim dividend (EUR 0.165 per share)									(37,544)	(37,544)
Other changes (IFRS 9 effect)					(862)			862	-	-
Total profit for the period					(207)		21		190,548	190,362
31 December 2018	113,771	1,138,041	5,434	26,339	1,025	34,589	4	723,722	153,004	2,195,929

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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 27 March 2019.

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".

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

Valuation criteria and accounting standards

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

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

Taking into account the activities of the Company, the analysis started during the previous year did not identify any impacts on the financial statements.

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

Classification and measurement - Financial assets

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

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

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

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

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

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

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

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

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

Classification and measurement - Financial liabilities

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

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

IFRS 9 prohibits reclassification within financial liabilities.

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

Impairment

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

Hedge Accounting

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

Intangible assets

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

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

Tangible assets

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

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

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

Equity investments in subsidiaries, jointly controlled entities and associated companies

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

Financial assets:

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

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

Cash and cash equivalents

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

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

Financial liabilities

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

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

Provisions for risks and charges

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

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

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

Employee benefits

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

Revenue

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

Revenue is recognised at a specific point in time or over time, when the Company meets its performance obligations by transferring the goods and services to its customers; the process underlying the recognition of revenue follows the five steps required by IFRS 15: (i) contract identification with the customer; (ii) identification of the performance

obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the price to the various performance obligations and (v) recognition of revenue as each performance obligation is satisfied. In particular, revenue for services are recognised based on the accrued payment, calculated by reference to the stage of completion.

Financial income

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

Dividends

Dividends paid by investee companies are posted when the right to receive them is established, which corresponds to the date that the investee company Shareholders' Meeting approves the distribution.

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

Financial expenses

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

Income taxes

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

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

In accordance with IAS 12, "deferred tax liabilities" and "Deferred tax assets" are calculated based on the temporal differences between the recognised value for tax purposes of an asset or a liability and its value in the 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 assets" is determined based on tax rates established by tax laws in force at the end of each reporting period and that will be applicable in the period when the tax asset is "realised" or the tax liability is settled.

Deferred tax assets are posted when their recovery is likely.

Advance tax payments and deferred tax liabilities are offset when it is legally allowed.

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

The losses posted in the income statement are written back in case of changes in the valuation criteria used to determine the recoverable value. A value write-back is recorded in the income statement by aligning the book value of the assets to its recoverable value. The latter cannot exceed the value that would have been determined, net of amortisation and depreciation expense, if impairment had not been posted in the previous years.

With regards to the equity investments in motorway licensees, in line with the provisions of IAS 36, the Company determined their "recoverable value". The Company compares the "book value" with the "recoverable value" ("value in use") determined by subtracting net financial indebtedness from the present value of expected cash flows and the value of surplus assets; more specifically, for each individual "Cash Generating Unit", the discounted cash flows deriving from motorway management activity was calculated. Each licensee is an independent CGU, to which financial plans of managed sections refer. The data contained in the financial plans annexed to the current Standard Agreements approved or pending updates. The economic and financial plans for each motorway licence show the forecast results over the entire duration of the concession and, despite being prepared on an average time horizon of more than five years, are important documents for identifying future cash flows. In addition, the so-called terminal value was not calculated as these concessions have a predefined useful life. If at the end of the concession the incoming entity is expected to pay an indemnity for works completed but not yet amortised ("taken over"), this value is included in the operating cash flow of the last year of the concession.

The figures contained in the aforesaid financial plans were adjusted (when necessary) to reflect the changes occurred after the preparation date of the financial plans (traffic volumes, toll rates, completion of the investment programme etc.). In particular, the traffic forecasts reflect the outcome of the traffic studies prepared by an independent expert.

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

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

"Free risk" rate equal to the return of the 10-year BTP – average 12 months	2.59%
Risk premiums as provided for by CIPE Resolution No. 68/2017 (basis to calculate the WACC of Standard Agreements)	5.50%
Beta of the Italian motorway sector (SIAS/Atlantia) redetermined on the financial structure of the individual company/concession as of the assessment date	0.545
Cost of debt in line with the average cost of debt of the Group	2.90%

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

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

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

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

ESTIMATES AND VALUATIONS

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

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

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

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

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

In addition to the foregoing, the following is noted:

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

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

On 13 January 2016, the IASB published **IFRS 16 - Leases**, endorsed by Regulation (EU) No. 1986/2017, which replaced *IAS 17 - Leases*, as well as *IFRIC 4 - Determining Whether an Arrangement Contains a Lease*, *SIC-15 - Operating Leases - Incentives* and *SIC-27 - Evaluating the Substance of Transactions in the Legal Form of a Lease*. The new standard provides a new definition of lease and introduces a criterion based on the right of use of an asset to distinguish leases from service agreements, stating the following as discriminating factors: identification of the asset, the right to replace it, the right to essentially obtain all economic benefits deriving from use of the asset and, lastly, the right to direct the use of the asset underlying the contract.

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

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

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

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

Transition with modified retrospective method

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

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

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

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

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

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

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

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

- Classification of contracts that expire within 12 months of the transition date, such as short-term leases. For these contracts the lease payments will be recognised in the income statement on a straight-line basis.
- Exclusion of initial direct costs from the measurement of the right of use on 1 January 2019;

- Use of information available at the transition date to determine the lease term, with particular reference to exercising extension and early termination options.

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

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

The effects of the first-time adoption of IFRS 16, also taking into account the practical expedients listed above, will result in an increase in *Financial Liabilities* of about 1 million euros and the recording of a *Right of Use* of about 1 million euros. The impact on the Company's shareholders' equity, net of the related tax effect, is therefore null.

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

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

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

- **Amendments to IAS 28: Investments In Associates And Joint Ventures**(published 12 October 2017). This document clarifies the need to apply IFRS 9, including impairment requirements, to other long-term interests in associated companies and joint ventures to which the equity method is not applied. The amendment applies from 1 January 2019, but early application is permitted.
- **Improvements to IFRS (2015-2017 cycle)**, published on 12 December 2017 (including *IFRS 3 Business Combinations* and *IFRS 11 Joint Arrangements - Remeasurement of previously held interest in a joint operation*, *IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity*, *IAS 23 Borrowing costs Disclosure of interests in other entities - Borrowing costs eligible for capitalisation*) implementing amendments to certain standards as part of the annual process of improving them. The amendments will be applied from 1 January 2019 but early application is permitted.
- **Amendments to IAS 19: plan amendment, curtailment or settlement** (published on 7 February 2018). The document clarifies how an entity should recognise a change (i.e. a curtailment or settlement) of a defined benefit plan. The amendments, applicable from 1 January 2019, require an entity to update its assumptions and remeasure the net liability or asset resulting from the plan. The amendments clarify that after the occurrence of such an event, an entity uses updated assumptions to measure the current service cost and interest for the remainder of the reporting period following the event.
- **Amendments to IAS 10 and IAS 28: sale or contribution of an asset by an investor to its associate/joint venture (published on 11 September 2014)**. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of the profit or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an interest in the latter's capital. At present, the IASB has suspended the application of this amendment.
- **Amendments to IAS 1 and IAS 8. Definition of materiality**. The document, published by the IASB on 1 October 2018, introduced a change in the definition of "material" contained in IAS 1 and IAS 8. This amendment aims to make the definition of 'material' more specific and introduces the concept of 'obscured information' alongside the concepts of omitted or incorrect information already present in the two amended standards. The amendment clarifies that information is "obscured" if it has been described in such a way as to have an effect on primary readers of financial statements similar to that which would have occurred if such information had been omitted or incorrect.
- **Amendments to IFRS 3 - Business Combinations**, with reference to the definition of the business, applicable from 1 January 2020.
- **IFRS 17 - Insurance contracts**, applicable from 1 January 2021.
- Changes to references to the "**conceptual framework**" in IFRS.

The Company is currently evaluating the possible effects of the introduction of these changes on its Separate Financial Statements.

EXPLANATORY NOTES – INFORMATION ON THE BALANCE SHEET

Note 1 – Intangible assets

The item, equal to EUR 5 thousand, includes the costs incurred for the purchase of the software license, net of amortisation expense for the year 2018.

Note 2 – Tangible assets

This item totalled EUR 3 thousand (EUR 4 thousand as at 31 December 2017) and includes the costs incurred for the purchase of office machinery.

Note 3 – Non-current financial assets

3.a – Equity investments in subsidiaries

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

Company	%	31/12/2017	Purchases	(Write-downs) Reversals	Sales	31/12/2018
Società Autostrada Ligure-Toscana p.A.	95.23%	535,426	343			535,769
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		(31,854)		5,881
SAV S.p.A.	65.09%	95,740				95,740
Total		1,700,914	343	(31,854)	-	1,669,403

The item "Purchases" refers to (i) 1,719 shares (0.001% of share capital) of SALT p.A. from Finanziaria di Partecipazioni e Investimenti S.p.A. for a total value of EUR 7 thousand and (ii) 79,023 shares (0.049% of share capital) of the subsidiary SALT p.A. from SEA Segnaletica Stradale S.p.A. for a total value of EUR 336 thousand; as a result of these purchases, the stake that is currently held in this Company is equal to 95.229% of the share capital;

The item "Write-downs/reversal" refers to the write-down of the investment in Sias Parking S.r.l. unipersonale mainly due to the distribution of reserves.

The principal data concerning subsidiaries are shown below:

Company	Registered office	Capital	No.	Book equity (*)	Profit (loss) last financial year (*)	Financial statements data as at
		Capital	Shares/quotas			
Società Autostrada Ligure-Toscana p.A.	Lido di Camaiore (LU) – Via Don Tazzoli 9	160,301	160,300,938	731,326	70,732	31/12/2018
SATAP S.p.A.	Torino – Via Bonzanigo 22 Tortona (AL) S.P. 211	158,400	158,400,000	908,550	114,895	31/12/2018
SINELEC S.p.A.	della Lomellina 3/13 Châtillon (AO) – Strada	7,383	1,476,687	55,057	8,070	31/12/2018
SAV S.p.A.	Barat 13	24,000	24,000,000	174,714	17,417	31/12/2018
S.I.A.S. Parking S.r.l. unipersonale	Torino – Via Bonzanigo 22	5,000	5,000,000	5,881	(119)	31/12/2018

(*) 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	%	31/12/2017	Changes during the period			31/12/2018
			Purchases	Sales	Reclassifications/other changes	
Equity investments:						
a) in jointly controlled entities						
ATIVA S.p.A. ⁽¹⁾	41.17%	57,241	-	-	-	57,241
IGLI S.p.A. ⁽¹⁾	40.00%	208,292	-	-	-	208,292
TANGENZIALE ESTERNA S.p.A.	19.94%	85,254	-	-	(85,254)	-
TANGENZIALI ESTERNE DI MILANO S.p.A.	12.24%	21,611	-	-	(21,611)	-
b) in associated companies						
ATIVA IMMOBILIARE S.p.A.	41.17% ⁽³⁾	2,122	-	-	-	2,122
Road Link Holdings Ltd	20.00%	6,257	-	-	-	6,257
Sistemi e Servizi S.c.ar.l. ⁽²⁾	14.00%	14	-	-	-	14
SITAF S.p.A.	36.53%	136,745	-	-	-	136,745
TANGENZIALE ESTERNA S.p.A.	19.94%	-	10,539	-	85,254	95,793
TANGENZIALI ESTERNE DI MILANO S.p.A.	12.24%	-	5,794	-	21,611	27,405
Total		517,536	16,333	-	-	533,869

(1) Companies jointly controlled with another entity, by virtue of specific agreements

(2) "Associated" company based on the stakes held by subsidiaries

(3) Net of treasury shares held by the company ATIVA Immobiliare S.p.A.

The change in the item was due to:

- the acquisition of 10,538,595 shares in Tangenziale Esterna S.p.A. sold by Intesa SanPaolo S.p.A. for a value of approximately EUR 10.5 million. As a result of the purchase, the stake held in this Company by SIAS S.p.A. is now equal to 19.94% of the share capital.
- the acquisition of 7,725,883 shares in Tangenziali Esterne di Milano S.p.A. sold by Intesa SanPaolo S.p.A. for a total value of approximately EUR 5.8 million. As a result of the purchase, the stake held in this Company by SIAS S.p.A. is now equal to 12.24% of the share capital.

The item "reclassifications and other changes" refers to the reclassification of the investments held in Tangenziali Esterne di Milano S.p.A. and Tangenziale Esterna S.p.A. from companies "subject to joint control" to "associated companies" following the termination, as from 31 December 2018, of the agreements signed in 2013 with Intesa SanPaolo S.p.A. for the purpose of joint control of the companies Tangenziali Esterne di Milano S.p.A., Tangenziale Esterna S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A. "BRE.BE.MI".

As at 31 December 2018, n. 92,700,007 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. ⁽¹⁾	Torino – Strada della Cebrosa 86	44,931	6,418,750	112,673	27,055	31/12/2018
IGLI S.p.A. ⁽²⁾	Milano - Viale Isonzo 14/1	37,130	37,130,000	581,585	11,633	31/12/2018

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

(2) 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. ⁽²⁾	Northumberland NE43 7TN UK	1	1,000	1	5,250	31/03/2018
Sistemi e Servizi S.c.ar.l. ⁽¹⁾	Tortona (AL) – S.S. 211 Loc. San Guglielmo 3/13	100	100,000	100	-	31/12/2018
Tangenziale Esterna S.p.A. ⁽³⁾	Milano – Fabio Filzi, 25	464,945	464,945,000	315,074	(23,246)	31/12/2018
TANGENZIALI ESTERNE DI MILANO S.p.A. ⁽³⁾	Milano – Fabio Filzi, 25	220,345	293,792,811	231,994	(637)	31/12/2018
ATIVA Immobiliare S.p.A. ⁽¹⁾	Torino – Strada della Cebrosa 86	1,100	6,418,750	2,008	30	31/12/2017
SITAF S.p.A. ⁽¹⁾	Torino - Fraz. S. Giuliano, 2	65,016	12,600,000	325,328	25,044	31/12/2017

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

(2) Figures for Road Link Holdings are in thousands of GBP

(3) Data prepared according to IFRS accounting standards adopted by the Group, by preparing a specific reporting package

3.c – Investments in other companies

The following table shows the changes occurred in the year in the item “equity investments in other companies”:

Company	%	31/12/2017			Changes			31/12/2018		
		Original value	FV Adj.	Total	Purchases	Sales	Adjustments Fair Value Sharehold. Eq	Original value	FV Adj.	Total
Level 1:										
Assicurazioni Generali S.p.A.	0.02%	4,013	1,231	5,244			(207)	4,013	1,024	5,037
Total		4,013	1,231	5,244			(207)	4,013	1,024	5,037
Level 3:										
Milano Serravalle-Milano Tangenziali	10.66%	51,784	-	51,784			-	51,784	-	51,784
Total		51,784	-	51,784			-	51,784	-	51,784
Grand total		55,797	1,231	57,028			(207)	55,797	1,024	56,821

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.

The changes during the year 2018 refer to 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 "other equity investments" at 31 December 2018 included EUR 1 million deriving from their fair-value adjustment.

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

Company	Registered office	Share capital	Number of shares / quotas	Book equity	Profit (loss) last financial year	Financial statements data as at
Assicurazioni Generali	Trieste – Piazza Duca degli Abruzzi 2	1.565.165	1,565,165,364	14.976.820	1.473.283	31/12/2018
Milano Serravalle-Milano Tangenziali ⁽¹⁾	Assago Milanofiori (MI) – Via del Bosco Rinnovato, 4/A	93,600	180,000,000	482,180	40,228	31/12/2017

(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 Explanatory Notes to the "Consolidated Financial Statements".

3.d – Other – Noncurrent financial assets

It should be noted that, following the adoption of IFRS 9, the items classified as "loans" (EUR 1,465.9 million) and "other" financial assets (EUR 11.1 million) as at 31 December 2017, totalling EUR 1,477 million, were reclassified to a single item called "*other non-current financial assets*".

These consist of:

	31 December 2018	31 December 2017
Loans:		
• SALT p.A.	598,930	598,523
• SATAP S.p.A.	890,709	377,513
• SAV S.p.A.	46,530	53,135
• Autostrada dei Fiori S.p.A.	189,462	204,288
• Tangenziale Esterna S.p.A.	87,001	63,984
• Autostrada Asti-Cuneo S.p.A.	49,988	149,888
• IGLI S.p.A.	28,600	18,600
• Società di Progetto Autovia Padana S.p.A.	141,424	-
Other financial assets	34,394	11,135
Total	2,067,038	1,477,066

The item Loans refers to financial receivables of SIAS S.p.A. towards certain subsidiaries, associated companies 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 and (ii) the entering into short and medium-long term loan agreements.

In particular:

- Receivables from SALT p.A.: refer (i) for EUR 449.4 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 149.6 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. The change in the period is due to the effect of the amortised cost method (EUR 0.4 million).

- Receivables from SATAP S.p.A.: they refer (i) for EUR 547.6 million to the loan granted in 2018 out of the "SIAS 2018-2028 bond loan"; this loan will expire on 8 February 2028, at the same time as the aforesaid bond loan; (ii) 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; (iii) for EUR 49.9 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 aforementioned bond issue; (iv) for EUR 173.6 million to loans granted based on funding from the BEI, 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 (i) the disbursement of the "SIAS 2018-2028 bond loan" (EUR +550 million), (ii) the reclassification of the "short-term" portion (EUR -35 million) and the effect of the amortised cost method (EUR -1.8 million).
- Receivables from SAV S.p.A.: they refer (i) for EUR 39.9 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 6.6 million to the loans granted based on funding from the BEI; 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.: they refer for EUR 189.5 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 early repayment of loans (EUR 15 million) and the effect of the application of the amortised cost method (EUR 0.2 million).
- Receivables from Tangenziale Esterna S.p.A.: they refer (i) for EUR 68.5 million to a payment made by way of "subordinated loan", and (ii) for EUR 18.5 million to the interest accrued at 31 December 2018. This loan provides for repayment of principal and payment of interest accrued after the full repayment of the loan taken out by Tangenziale Esterna S.p.A in August 2018 with major Italian and foreign financial institutions, maturing on 31 December 2025. The change in the period is due to (i) the purchase of additional shares of Tangenziale Esterna S.p.A. loans from Intesa SanPaolo S.p.A. (EUR +18.4 million) and (ii) interest accrued in 2018 and the effect of the application of the amortised cost (EUR +4.6 million).
- Receivables from Autostrada Asti-Cuneo S.p.A.: refers to the loan granted during the year for EUR 50 million under the loan agreement entered into by SIAS S.p.A. with CaixaBank S.A. The change compared to the previous year is mainly due to (i) the reclassification of the "short-term" portions (EUR 150 million) and (ii) the disbursement of new loans for a total of EUR 50 million.

- Receivable due from IGLI S.p.A.: refers to the loan of EUR 28.6 million, of which EUR 10 million was disbursed in 2018 to the jointly held subsidiary IGLI S.p.A..
- Receivables with Società di Progetto Autovia Padana S.p.A.: refers to the loan of EUR 143 million disbursed in 2018 to the subsidiary Società di Progetto Autovia Padana S.p.A. and to the effect of applying the amortised cost (EUR -1.6 million).

Financial receivables by way of principal from SALT p.A., SATAP S.p.A., SAV S.p.A., Autostrada dei Fiori S.p.A., Società di Progetto Autovia Padana 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.

The item "other financial assets" includes (i) the asset recognised in light of the additional purchases of shares in Tangenziale Esterna S.p.A. (EUR +13 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (ii) the asset recognised in light of the additional purchases of shares in Tangenziale Esterna di Milano S.p.A. (EUR +1.6 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (iii) the asset recognised in view of the purchase of a portion of the loan of Tangenziale Esterna S.p.A. (EUR +9.9 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (iv) the Pharus Sicav investment fund, subscribed in previous years as a cash investment (EUR +9.9 million).

The change in the item "*other financial assets*" during the year was due to the recognition of the above-mentioned options (EUR +24.5 million) and to the write-down of the investment fund Pharus Sicav (EUR -1.2 million).

In accordance with IFRS 9, changes in the fair value of the investment fund Pharus Sicav are recognised as of 1 January 2018 through profit or loss, while in previous years these changes were recognised at equity through comprehensive income. Consequently, the fair value difference at 1 January 2018 (EUR 0.9 million) was reclassified from the "*Reserve for revaluation to fair value*" to "*retained earnings*".

Note 4 – Deferred tax assets

This item totalled EUR 420 thousand (EUR 187 thousand as at 31 December 2017). For a breakdown of this item, see Note 24 – Income taxes.

Note 5 – Trade receivables

Trade receivables, amounting to EUR 768 thousand (EUR 3,507 thousand as at 31 December 2017), mainly refer to receivables held by SIAS S.p.A. due to the reversal of costs incurred by the Company on behalf of its subsidiaries.

Note 6 – Current tax assets

This item, amounting to EUR 11,529 thousand (EUR 6,699 thousand as at 31 December 2017), refers to (i) the corporate income tax (IRES) credit of EUR 5.5 million (relating to the tax refund application submitted as consolidating entity pursuant to article 2, paragraph 1-quater, Decree Law 201 of 6 December 2011), the credits deriving from higher advance payments of IRES and regional production tax (IRAP) of EUR 4.3 million, and (iii) EUR 1.7 million to the VAT receivable from the tax authorities.

Note 7 – Other receivables

This item breaks down as follows:

	31 December 2018	31 December 2017
Receivables from subsidiaries	6,266	4,866
Receivables from parent companies	399	29
Receivables from associated companies	52	615
Prepaid expenses	1,564	409
Receivables from others	104	435
Total	8,385	6,354

The item "receivables from subsidiaries" refers to receivables from subsidiaries as part of the "tax consolidation" (EUR 5 million) and the receivables from subsidiaries for checks on seconded staff (EUR 1.1 million).

The change in the item "*Receivables from associated companies*" was due to the collection in January 2018 of the receivable from Road Link for outstanding dividends.

The change in the item "prepaid expenses" was mainly due to the prepayment of structural expenses and commissions (EUR 1.1 million) related to loans agreed but not yet disbursed as at 31 December 2018. These loans already approved by the banks are intended to finance the work of Società di Progetto Autovia Padana S.p.A..

Note 8 – Other current financial assets

The breakdown of financial receivables is as follows:

	31 December 2018	31 December 2017
SALT p.A.	9,246	15,672
SATAP S.p.A.	58,847	39,403
SAV S.p.A.	7,988	7,987
Autostrada dei Fiori S.p.A.	6,325	13,806
Autostrada Asti-Cuneo S.p.A.	150,008	50,374
Società di Progetto Autovia Padana S.p.A.	281	-
ATIVA Immobiliare S.p.A.	502	502
Total	233,197	127,744

This item was equal to EUR 233,197 thousand (EUR 127,744 thousand at 31 December 2017). The change during the year is the sum of: (i) the repayment of loans falling due (EUR 127.7 million), (ii) the reclassification from the item "*Non-current financial assets*" of the portion due in the following financial year of the loans disbursed to the investee companies as part of the centralised financial structure set up by SIAS S.p.A. and the related interest rates (EUR 233 million) and (iii) the so-called amortised cost (EUR 0.1 million).

Note 9 – Cash and cash equivalents

As at 31 December 2018, this item totalled EUR 44,609 thousand (EUR 5,823 thousand as at 31 December 2017) and refers to the liquid funds on the Company's current accounts.

For a detailed analysis of the changes in this item, please see the cash flow statement.

Note 10 – Shareholders' equity

10.1 – Share capital

As at 31 December 2018, 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.

10.2 – Reserves

10.2.1 – Share premium reserve

The value of this reserve totalled EUR 1,138,041 thousand (EUR 1,138,041 thousand as at 31 December 2017).

10.2.2 – Revaluation reserves

This item totalled EUR 5,434 thousand (EUR 5,434 thousand as at 31 December 2017).

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

10.2.3 – Legal reserve

This reserve amounted to EUR 26,339 thousand and is unchanged from the prior year as the minimum limit has been reached.

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 equity investments. As at 31 December 2018, this item showed a balance of EUR 1,025 thousand, net of the related deferred tax effect (balance of EUR 2,094 thousand as at 31 December 2017). For changes in this item, please see Note 3.c "Investments in other companies" – and note 3.d – "Non-current financial assets".

10.2.5 – Capital reserves

This item was equal to EUR 34,589 thousand (EUR 34,589 thousand at 31 December 2017).

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 2018, this item showed a negative balance of EUR 4 thousand (negative balance of EUR 17 thousand as at 31 December 2017).

10.2.7 – Retained earnings

This item totalled EUR 723,722 thousand (EUR 704,635 thousand as at 31 December 2017) and increased by EUR 18.2 million following the allocation of the pro-rata share of profit for 2017 and by EUR 0.9 million due to the reclassification, in accordance with IFRS 9, of the fair value change at 1 January 2018 of the investment fund Pharus Sicav.

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 190,548 thousand (EUR 97,864 thousand in 2017).

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

Nature and description of shareholders' equity items	31 December 2018	Possibility of use	Quota available	Drawdowns in the last three years
Share capital	113,771			
Capital reserves				
-Share premium reserve	1,138,041	A, B, C	1,138,041	
-Revaluation reserves	5,434	A, B, C ⁽¹⁾	5,434	
-Capital reserves	34,589	A, B, C	34,589	
Profit reserves				
-Legal reserve	26,339	B ⁽²⁾	3,585 ⁽²⁾	
-Retained earnings (losses)	723,722	A, B, C	722,860	
- Reserve for revaluation to fair value and discounting of Employee Severance Indemnity	1,029			
Total portion available			1,904,509	
Portion that cannot be distributed			-	
Residual quota that can be distributed			1,904,509	

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.

	Other provisions	Employee benefits	Total
1 January 2018	660	112	772
Provisions	1,152	44	1,196
Transfers	-	101	101
Drawdowns	(660)	(2)	(662)
31 December 2018	1,152	255	1,407

11.1 - Other provisions

The item "other provisions" equal to EUR 1.1 million refers to amounts inferred from premiums relative to the "management incentive system". The change during the year is the result of (i) the allocation of the estimated incentives pertaining to the 2018 financial year and (ii) the use of those allocated in the previous financial year following their disbursement.

11.2 – Employee benefits

As at 31 December 2018, this item totalled EUR 255 thousand (EUR 112 thousand as at 31 December 2017). Changes during the period were as follows:

1 January 2018	112
Period contributions (*)	44
Transfers	101
Indemnities advanced/liquidated during the period	(2)
31 December 2018	255

(*) net of actuarial profit recognised in the statement of comprehensive income for EUR 21 thousand.

The change in the item "employee benefits" at 31 December 2018 was due (i) EUR 101 thousand to transfers made in 2018 from other Group companies following the staff reorganisation and (ii) EUR 42 thousand to adjustments for the period.

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

Economic/financial assumptions

Annual discount rate	1.97% ⁽¹⁾
Annual inflation rate	1.5%
Annual rate of increase in severance pay	2.625%
Annual rate of salary increases	From 1% to 2.5%

Demographic assumptions

Mortality	RG 48 tables
Disability	INPS tables by age and gender
Retirement age	100% of requirements met
% of frequency of advances	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 debt for the "employee benefits" would have been lower by approximately EUR 28 thousand, with an effect on shareholders' equity amounting to around EUR 21 thousand net of the related tax effect.

Note 12 – Bank debt (non-current)

“Bank debt (non-current)” totalled EUR 369,602 thousand (EUR 383,296 thousand as at 31 December 2017).

The change compared to the previous year is the result of the following: (i) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments due in the following 12 months (EUR -191.7 million), (ii) the early repayment of a loan (EUR -15 million) and (iii) the granting of new loans (EUR 193 million).

The tables below show the medium-term bank debt as at 31 December 2018 and 31 December 2017, indicating the related balance due (current and non-current portion) and summarizing the principal conditions applied to each liability.

SIAS loan	Intercompany loan	Maturity	Initial amount	Interest rate	Balance as at 31 December 2018	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	16/09/2019	30,000	Variable	30,000	30,000	-	-
CAIXA	Asti Cuneo	02/11/2020	50,000	Variable	50,000	-	50,000	-
Mediobanca, UniCredit and UBI (BEI funding)	SATAP	15/12/2024	24,500	Variable	21,000	3,500	14,000	3,500
Mediobanca, UniCredit and UBI	SATAP	15/12/2024	143,500	Variable IRS	123,000	20,500	82,000	20,500
BEI	SATAP	15/12/2024	77,000	Variable IRS	66,000	11,000	44,000	11,000
BEI	SAV	15/12/2020	25,000	IRS	8,333	4,167	4,166	-
Mediobanca, UniCredit and UBI (EIB funding)	SAV	15/12/2020	15,000	Variable	5,000	2,500	2,500	-
Unicredit Intesa Cariparma pool	Autovia Padana	15/12/2033	137,000	Variable	137,000	-	-	137,000
Unicredit Intesa Cariparma pool	Autovia Padana	15/12/2033	6,000	Variable	6,000	-	-	6,000
<i>Total</i>						191,667	196,666	178,000
<i>Net accruals and deferrals</i>						(142)	(2,658)	(2,406)
Total loans						191,525	194,008	175,594
Total bank debt (non-current)						369,602		

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
BEI	SATAP	15/12/2024	77,000	Variable IRS	77,000	11,000	44,000	22,000
BEI	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	-	-
BEI	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 accruals and deferrals</i>						(440)	(4,129)	(908)
Total loans						105,155	314,204	69,092
Total bank debt (non-current)							383,296	

Note 13 – Other financial liabilities (non-current)

This item totalled EUR 1,537,183 thousand (EUR 994,062 thousand as at 31 December 2017), comprising:

	31 December 2018	31 December 2017
2010-2020 bond loan	498,323	497,456
2014-2024 bond loan	497,113	496,606
2018-2028 bond loan	541,747	-
Total	1,537,183	994,062

The increase in this item is attributable (i) to the issue in February 2018 of the 2018/2028 bond loan (EUR +550 million) (ii) and to the application of the amortised cost method, which provides for the progressive alignment of the debt to its repayment value.

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 or IFRS 9, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

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

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

In compliance with IAS 32 or IFRS 9, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

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

The item “2018-2028 bond loan” refers to the “senior secured” bond loan of EUR 550 million issued in February 2018; The bonds issued have a minimum unit of EUR 100 thousand and were placed at an issue price (“below par”) of EUR 98.844 only with qualified investors. These bonds are governed by English law and traded at the Irish Stock Exchange. In compliance with IAS 32 or IFRS 9, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

- duration: 10 years;
- coupon: 1.625% per year, gross;
- redemption: bonds will be redeemed upon maturity (8 February 2028) in a lump sum at par value.

Note 14 – Deferred tax liabilities

As at 31 December 2018, this item totalled zero (EUR 280 thousand at 31 December 2017). For the change in this item, see Note 24 – Income taxes.

Note 15 – Trade payables (current)

Trade payables totalled EUR 7,233 thousand (EUR 6,662 thousand as at 31 December 2017).

Note 16 – Other payables (current)

These consist of:

	31 December 2018	31 December 2017
Payables to subsidiaries	10,300	11,404
Payables to welfare organisations	250	148
Accrued liabilities and deferred income	1,471	317
Other payables	61,207	1,319
Total	73,228	13,188

“Payables to subsidiaries” are essentially attributable to the inclusion in the “tax consolidation” of certain subsidiaries. The change in the item “accrued liabilities and deferred income” was due to the reversal of the chargeback to Società di Progetto Autovia Padana S.p.A. of structuring fees and expenses pertaining to the loans taken out and not yet disbursed as at 31 December 2018 (EUR 1.1 million).

The increase in “other payables” was mainly due to the effects of the agreements between SIAS S.p.A. and Intesa SanPaolo S.p.A. under framework of the agreements aimed at separating the respective investments in the “Sistema Tangenziale Esterna - Bre.Be.Mi.”. In particular, this change of EUR 59.1 million is attributable to: (i) the payable to Intesa SanPaolo S.p.A. for the purchases of shares in Tangenziale Esterna S.p.A. and Tangenziali Esterne di Milano S.p.A. (EUR 16.3 million) and an additional portion of the loan granted to Tangenziale Esterna S.p.A. (EUR 18.4 million); and (ii) the payable to Autostrade Lombarde S.p.A. for the purchase of shares in Tangenziale Esterna S.p.A. (EUR 13 million), for the purchase of shares in Tangenziali Esterne di Milano S.p.A. (EUR 1.5 million), and for the

purchase of a further portion of the loan granted to Tangenziale Esterna S.p.A. (EUR 9.9 million). These payables were settled on 22 January 2019.

Note 17 – Bank debt (current)

This item includes the "maturing portion of medium- and long-term loans" equal to EUR 191,525 thousand (EUR 105,155 thousand at 31 December 2017). The change in the item "maturing portion of medium- and long-term loans" was due to (i) reimbursement of the instalments due in 2018 and associated interest (EUR -105.1 million), (ii) the reclassification – from the item "Bank debt (non-current)" – of the instalments due in the following 12 months and associated interest (EUR +191.5 million).

Note 18 – Other financial liabilities (current)

This item totalled EUR 249,314 thousand (EUR 300,388 thousand as at 31 December 2017), comprising:

	31 December 2018	31 December 2017
Amounts due in relation to intercompany loans	222,253	281,318
2010-2020 bond loan	4,130	4,130
2014-2024 bond loan	14,887	14,887
2018-2028 bond loan	8,007	-
Other payables	37	53
Total	249,314	300,388

As at 31 December 2018, the item "Amounts due in relation to intercompany loans" referred to (i) the interest-bearing loan disbursed on 6 April 2017 by the subsidiary Autostrada dei Fiori S.p.A. for an amount equal to EUR 50 million, maturing on 31 December 2019, (ii) 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 2019 and (iii) the loan disbursed by the subsidiary SIAS Parking S.p.A. for EUR 5 million. Total interest equal to EUR 7.2 million accrued on the loans disbursed by the subsidiaries SATAP S.p.A. and Autostrada dei Fiori S.p.A. The change in the item at 31 December 2018 compared to 31 December 2017 is mainly attributable to the repayment of part of the loan granted by SIAS Parking S.p.A. to SIAS S.p.A. (EUR 60 million).

The items "SIAS 2010-2020 bond loan", "SIAS 2014-2024 bond loan" and "SIAS 2018-2028 bond loan", refer to the payable to the bondholders for the interest accrued as at 31 December 2018.

Note 19 – Current tax liabilities

Current tax liabilities totalled EUR 626 thousand (EUR 10,440 thousand as at 31 December 2017) and refer entirely to taxes withheld as withholding agent (EUR 0.6 million).

The change compared to the previous year is essentially due to the Group's balancing corporate income tax (IRES) differential. a payable of approximately EUR 7,800 thousand in 2017, a receivable of approximately EUR 3,600 thousand in 2018, mainly due to higher IRES advances paid under the procedure in 2018, compared to the amount paid in 2017.

EXPLANATORY NOTES – INFORMATION ON THE INCOME STATEMENT**Note 20 – Financial income and charges**20.1 – Financial income

This item breaks down as follows:

	2018	2017
Income from investments:		
• income from subsidiaries	204,450	95,083
• income from jointly controlled entities and associated companies	16,972	14,648
• income from other companies	293	276
• capital gains on disposal of equity investments	-	354
Total	221,715	110,361

The change in this item is attributable to higher dividends issued by SIAS Parking S.r.l. unipersonale, (EUR 59 million), SALT p.A. (EUR 16 million) and SATAP S.p.A. (EUR 19 million). More specifically:

- "*income from subsidiaries*" refer to the dividends paid during the year by SATAP S.p.A. (EUR 79.1 million), SIAS Parking S.r.l. unipersonale (EUR 60 million), SALT p.A. (EUR 46.9 million), SAV S.p.A. (EUR 9.8 million) and Sinelec S.p.A. (EUR 8.7 million).
- "*income from jointly controlled entities and associated companies*" refer to the dividends paid during the financial year by ATIVA S.p.A. (EUR 15.8 million) and Road Link Holdings Ltd (EUR 1.1 million).
- the item "*Income from other businesses*" refers to dividends paid by Assicurazioni Generali S.p.A..

The item "capital gains on disposals" referred in 2017 for EUR 0.4 million 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:

	2018	2017
Interest income and other financial income		
• from credit institutions	8	122
• from intercompany loans	83,311	61,405
• from insurance policies	-	1,044
• other	421	3,357
Total	83,740	65,928

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, associated companies 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 increase in this item is mainly attributable to loans disbursed in the year to SATAP S.p.A. and Società di Progetto Autovia Padana S.p.A..

The item income "*from insurance policies*" referred in 2017 to interest earned on capitalisation policies. the change to insurance policies compared to the previous year is due to the sale and redemption of all policies held by SIAS, which took place in 2017.

Last year the item “others” included 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 expenses

This item breaks down as follows:

	2018	2017
Interest expense to credit institutions:		
• on loans	7,620	7,241
• on current account overdrafts	1	-
Miscellaneous interest expense:		
• from financial discounting	3	400
• from intercompany loan	7,453	6,094
• from convertible bond loan SIAS 2005-2017	-	7,076
• from 2010-2020 bond loan	23,367	23,328
• from 2014-2024 bond loan	17,382	17,360
• from 2018-2028 bond loan	8,750	-
Other financial charges:		
• other financial charges	3,183	2,100
Total	67,759	63,599

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 intercompany loans” refers to interest for the year accrued on the loans obtained from the subsidiary SATAP S.p.A. (EUR 5.6 million) and from the subsidiary Autostrada dei Fiori S.p.A. (EUR 1.8 million).

Interest expense on the “2005-2017 convertible bond loan” in 2017 represented the charges on the “liability 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.

Interest expense on the “SIAS 2018-2028 bond loan” represents the expense accrued during the year on the bond loan issued in February 2018.

“Other financial charges” refer to charges and other bank fees, as well as the write-down to adjust to the fair value of the investment fund Pharus Sicav (EUR 1.1 million).

Note 21 – Value adjustments of non-current financial assets

In 2018, the item “write-downs”, amounting to EUR 31.8 million (EUR 1,615 thousand in 2017) was due to the write-down of the investment in Sias Parking S.p.A. unipersonale after specific impairment resulting from the distribution of dividends and reserves by the investee.

Note 22 – Other operating income

Other operating income, amounting to EUR 7,328 thousand (EUR 6,154 thousand in FY 2017), mainly refers to accounting, administrative and financial consulting and support services provided to group companies and centralized within SIAS S.p.A. and chargebacks for seconded employees.

Note 23 – Other operating costs**Personnel expenses**

This item can be broken down as follows:

	2018	2017
Salaries and wages	2,213	1,036
Social security contributions	541	221
Actuarial adjustment of the provision for employee severance indemnity	219	84
Other costs	621	467
Total	3,594	1,808

The change of EUR 1.8 million during the year is mainly due to the increase in the number of employees due to transfers within the Group following the corporate reorganisation. This increase was also reflected in a reduction in costs for services.

Average employee staffing broken down by category:

	2018	2017
Managers	7	3
Middle managers	5	2
Office workers	1	1
Total	13	6

Costs for services

This expense item breaks down as follows:

	2018	2017
Consulting and legal fees	9,326	12,736
Compensation and reimbursements for Directors and Statutory Auditors	2,385	2,070
Other costs for services	1,794	2,436
Total	13,505	17,242

The change in the item “*Consulting and legal fees*” is mainly attributable to lower costs incurred in this area, partly due to the progress of the corporate reorganisation project.

Other costs

This expense item breaks down as follows:

	2018	2017
Leases and rental expenses	177	143
Other operating expenses	1,320	1,226
Total	1,497	1,369

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.

Amortisation and depreciation

Depreciation/amortisation amounted to EUR 6 thousand (EUR 3 thousand in 2017).

Note 24 – Taxes

This item can be broken down as follows:

	2018	2017
Current taxes:		
• Corporate income tax (IRES)	3,804	(796)
• Regional production tax (IRAP)	580	(251)
	4,384	(1,047)
Taxes (prepaid)/deferred:		
• Corporate income tax (IRES)	(500)	(5)
• Regional production tax (IRAP)	(13)	(25)
	(513)	(30)
Taxes related to prior years	279	-
Income from tax consolidation	(138)	-
Total	4,012	(1,077)

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”.

With regard to the previous year, it is noted that 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 2018 and 2017.

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

	2018		2017	
Period income before taxes	194,560		96,787	
Effective income taxes (from financial statements)	3,304	1.70%	(802)	-0.83%
Lower taxes (compared to the theoretical rate):				
• partially tax-exempt dividends	50,941	26.18%	25,082	25.91%
• other decreases	137	0.07%	10,013	10.35%
Higher taxes (compared to the theoretical rate):				
• non-deductible impairment	(7,645)	-3.95%	(1,615)	-0.4%
• allocations to tax provisions				
• non-deductible expenses and other changes	(43)	-	(10,676)	-11.03%
Theoretical income taxes	46,694	24.00%	23,230	24.00%

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

	2018		2017	
Value added (Regional production tax taxable base)	9,513		(10,151)	
Effective income taxes (from financial statements)	567	5.96%	(275)	2.71%
Lower taxes (compared to the theoretical rate):				
• effect of rate change	-	0.00%	78	-0.74%
• other decreases	220	2.31%	2,380	-23.45%
Higher taxes (compared to the theoretical rate):				
• non-deductible expenses and other changes	(257)	-2.70%	(2,670)	26.30%
Theoretical income taxes	530	5.57%	(565)	5.57%

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

	2018	2017
Deferred tax income related to: (*)		
• reversal of deferred taxes	280	-
• allocation of prepaid taxes	416	(184)
Total (A)	696	(184)
Deferred tax expenses related to: (*)		
• reversal of prepaid taxes	183	154
• allocation of deferred taxes	-	-
Total (B)	183	154
Taxes (prepaid)/deferred (B) – (A)	513	(30)

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

	2018	2017
Deferred tax assets related to:		
• costs deductible over several years		-
• other	420	187
Total deferred tax assets	420	187
Deferred tax liabilities related to:		
• valuation of financial assets at <i>fair value</i>	-	(280)
• other	-	-
Total deferred tax liabilities	-	(280)

Note 25 – Information on the cash flow statement

25.1 – Change in net working capital

	2018	2017
Current tax assets	(4,830)	(728)
Trade receivables and receivables from others	708	379
Current trade payables	571	2,677
Other current payables	837	4,194
Current tax liabilities	(9,814)	(5,227)
Total	12,528	1,295

With reference to the change in the items "Current tax assets", "Other current payables" 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, 2018 was affected by significant non-recurring events and transactions – as defined in CONSOB Communication no. DEM/6064293¹ – with a negative impact on the economic situation for EUR 5.5 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 2018 the Company did not carry out any atypical and/or unusual transactions, as defined in the Communication, according to which an atypical and/or unusual transaction is one for which the significance/materiality, nature of the counterparty, subject matter of the transaction, transfer pricing mechanism used and timing of the event (e.g. close to year end) could raise doubts about: the accuracy/completeness of information in the financial statements, conflict of interest, asset protection and the protection of minority interests.

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

Other information

Information is shown below related to (i) the commitments undertaken by the Company, (ii) the determination of the fair value, (iii) the financial risk management, (iv) fees for independent auditors and (v) related party transactions, (vi) lapsed motorway concessions, (vii) Ecorodovias Infrastruttura e Logistica S.A. – IGLI S.p.A. (viii) to information on the company preparing the consolidated financial statements and (ix) the disclosure on the transparency of public funding. For information about the Company, "**Significant subsequent events**", "**Business outlook**" and the "**Allocation of profits**" please see the "Management Report".

(i) Commitments undertaken by the Company

Sistema Tangenziale Esterna

With regard to the agreements for the investment in "Sistema Tangenziale Esterna", SIAS S.p.A. currently has guarantees in place, pursuant to the *Equity Contribution Agreement*, for the payment, if certain conditions are met, of 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 performance bonds, issued by Intesa Sanpaolo to Tangenziale Esterna S.p.A. on 8 April 2014.

During 2018, SIAS S.p.A. consolidated the usufruct by becoming the owner of 10,538,595 shares of Tangenziale Esterna S.p.A.. As part of the same agreement, SIAS S.p.A. assumed the commitment set out in the Equity Contribution Agreement, including increasing the equity reserve guarantees up to a total of EUR 20.7 million. In January 2019, this commitment increased by EUR 3.8 million following the purchase of additional shares in Tangenziale Esterna S.p.A. held by Autostrade Lombarde S.p.A..

"Commitments undertaken with the Revenue Office regarding payment of Group VAT"

SIAS S.p.A. provided guarantees to the Revenue Office – for a total amount of EUR 47 thousand – related to the excess credit recognised as a result of the Group's VAT payment in the prior year with regard to Società di Progetto Autovia Padana S.p.A.

(ii) Assessing the fair value: additional information

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

Assets

- non-current financial assets: the value posted to the financial statements represents their fair value
- cash and cash equivalents: the book value in the financial statements is approximate or equivalent to their fair value
- investments – other equity investments: the value posted to the financial statements represents their fair value

Liabilities

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

* * *

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

SIAS 2010-2020 bond loan (amounts in millions of EUR)	31 December 2018	31 December 2017
• book value in the financial statements	502 ⁽¹⁾	501
• official market listing	532	566

⁽¹⁾ Payable: EUR 498 million + interest: EUR 4 million

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

SIAS 2014-2024 bond loan (amounts in millions of EUR)	31 December 2018	31 December 2017
• book value in the financial statements	512 ⁽¹⁾	511
• official market listing	527	575

⁽¹⁾ Payable: EUR 497 million + interest: EUR 15 million

The "SIAS 2018-2028 bond loan", issued on 8 February 2018, is posted to the financial statements at nominal value net of issue charges. As this involves a listed financial instrument, shown below is a comparison between its market value and the corresponding book values:

SIAS 2018-2028 bond loan (amounts in millions of EUR)	31 December 2018
• book value in the financial statements	550 ⁽¹⁾
• official market listing	489

⁽¹⁾ Payable: EUR 542 million + interest: EUR 8 million

(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 adequate for operational activities and repayment of liabilities assumed in the past;
- "credit risk" deriving from the exposure to potential losses arising from the failure of the counterparty to meet its obligations.

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 2018 SIAS S.p.A.'s financial debt was made up of 73% fixed rate financing (consisting of bond loans) and 27% 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.

Credit risk

Credit risk is the Company's exposure to potential losses arising from the failure of the counterparty to meet its obligations.

This risk can derive both from factors of a strictly technical-commercial or administrative-legal nature and from factors of a typically financial nature, i.e. the so-called "credit standing" of the counterparty.

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

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

Liquidity risk

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. 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 2018 by maturity date. The amounts shown below also include interest payments (we clarify that the interest on variable-rate loans is calculated based on the last available rate as at the reference date, keeping it constant to maturity).

Lending bank	Total net cash (**)		Maturity (*)					
	Capital	Interest	Within 1 year		2 to 5 years		Beyond 5 years	
			Capital	Interest	Capital	Interest	Capital	Interest
Mediobanca, Unicredit and UBI (BEI funding)	21,000	1,327	3,500	326	14,000	925	3,500	76
Mediobanca, Unicredit and UBI	123,000	5,199	20,500	1,154	82,000	3,701	20,500	344
BEI	66,000	4,458	11,000	1,110	44,000	3,099	11,000	249
BEI	8,333	174	4,167	119	4,166	55	-	-
Mediobanca, UniCredit and UBI (BEI funding)	5,000	149	2,500	103	2,500	46	-	-
UBI	70,000	239	70,000	239	-	-	-	-
BNL	30,000	119	30,000	119	-	-	-	-
Banca Popolare di Milano	50,000	26	50,000	26	-	-	-	-
CAIXA	50,000	261	-	82	50,000	179	-	-
Unicredit Intesa Cariparma pool	137,000	44,540	-	2,664	-	12,465	137,000	29,411
Unicredit Intesa Cariparma pool	6,000	1,951	-	117	-	546	6,000	1,288
Total loans	566,333	58,443	191,667	6,059	196,666	21,016	178,000	31,368
2010-2020 bond loan	500,000	45,000	-	22,500	500,000	22,500	-	-
2014-2024 bond loan	500,000	101,250	-	16,875	-	67,500	500,000	16,875
2018-2028 bond loan	550,000	89,375	-	8,938	-	35,750	550,000	44,687
Total financial liabilities	2,116,333	294,068	191,667	54,372	696,666	146,766	1,228,000	92,930

(*) 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.

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

"Medium- and long-term loans" as at 31 December 2018 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 127 million (initially EUR 270 million) aimed at paying the costs for the realisation of the first lot of works relating to the concession held by the subsidiary Società di Progetto Autovia Padana S.p.A.. In this regard, it should be noted that during the year a portion of this loan – totalling EUR 143 million – was disbursed. It was used to finance the subsidiary Società di Progetto Autovia Padana S.p.A., which (i) paid part of the takeover indemnity to the Ministry of Infrastructures and Transport (EUR 137 million) and the concession fee to the outgoing licensee Autostrade Centro Padane, and (ii) paid part of the costs incurred for the construction of the first lot in 2018 (EUR 6 million).

The total of available credit lines – set up mainly for current account overdrafts and good till cancelled – was equal to EUR 65 million as at 31 December 2018, and also comprised back up committed facilities for EUR 80 million.

(iv) Fees due 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
Auditing services		
Auditing of the financial statements - including auditing of the accounts	12	131
Auditing of the consolidated financial statements	8	-
Limited auditing of the half-year report as at 30 June	5	18
Miscellaneous services other than certification audit		
Opinion on the distribution of interim dividends	24	-
Other services		
Agreed auditing procedures for quarterly reports as at 30 September	2	13
Agreed audit procedures	11 ⁽¹⁾	51 ⁽²⁾
Total	61	212

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

(2) Agreed inspection procedures on the "financial soundness indicator" of the motorway licensees, agreed upon procedures and other activities.

(v) Related-party transactions

The main transactions of the Company with related parties, identified according to criteria set out in the related-party transactions procedure, in compliance with article 2391 bis of the Civil Code/IAS 24 and the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 as amended, are described below. This procedure, which is published in the sector "Procedures and documents" available on the website www.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:

	2018 Separate Financial Statements	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	% OF FINANCIAL STATEMENT ITEM
<i>(amounts in thousands of EUR)</i>								
Assets								
Non-current assets								
Intangible assets	5							
Tangible assets	3							
Non-current financial assets								
equity investments in subsidiaries	1,669,403							
equity investments in jointly controlled entities and associated companies	533,869							
investments in other companies	56,821							
other non-current financial assets	2,067,038		1,917,043		115,601		2,032,644	98%
Total non-current financial assets	4,327,139							
Deferred tax assets	420							
Total non-current assets	4,327,559							
Current assets								
Inventories	-							
Trade receivables	768	4	764				768	100%
Current tax assets	11,529							
Other receivables	8,385	399	6,266	71	52		6,788	81%
other current financial assets	233,197		232,695		502		233,197	100%
Total current assets	253,879							
Cash and cash equivalents	44,609							
Total current assets	298,488							
Total assets	4,626,047							
Shareholders' equity and liabilities								
Shareholders' equity								
Shareholders' equity								
share capital	113,771							
reserves and retained earnings	2,082,158							
Total shareholders' equity	2,195,929							
Liabilities								
Non-current liabilities								
Provisions for risks and charges and employee severance indemnity	1,407					1,152	1,152	82%
Bank debt	369,602							
Other financial liabilities	1,537,183							
Deferred tax liabilities	-							
Total non-current liabilities	1,908,192							
Current liabilities								
Trade payables	7,233	302	70	1,797	3		2,172	30%
Other payables	73,228	330	11,771		164	676	12,941	18%
Bank debt	191,525							
Other financial liabilities	249,314		222,253				222,253	89%
Current tax liabilities	626							
Total current liabilities	521,926							
Total liabilities	2,430,118							
Total shareholders' equity and liabilities	4,626,047							

(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:

- Other non-current financial assets with related parties of EUR 2,033 million, of which receivables from subsidiaries totalling EUR 1,917 million (EUR 891 million from SATAP S.p.A., EUR 599 million from Società Autostrada Ligure Toscana p.A., EUR 189 million from Autostrada dei Fiori S.p.A., EUR 141 million from Società di Progetto Autovia Padana, EUR 50 million from Autostrada Asti-Cuneo S.p.A., and EUR 47 million from SAV S.p.A.) and EUR 115.6 million from jointly controlled and associated companies (EUR 28.6 million from IGLI S.p.A. and EUR 87 million from Tangenziale Esterna S.p.A.).
- Other current receivables due from related parties for a total of EUR 6.8 million, of which EUR 4 million from Società di Progetto Autovia Padana and EUR 1 million from Autostrada dei Fiori S.p.A.
- Current financial receivables from related parties of EUR 233.2 million, of which EUR 232.7 million from subsidiaries (in particular EUR 150 million from Autostrada Asti-Cuneo S.p.A., EUR 59 million from SATAP S.p.A., EUR 10 million from Società Autostrada Ligure Toscana p.A., EUR 8 million from SAV S.p.A. and EUR 6 million from Autostrada dei Fiori S.p.A.).
- Trade payables to related parties of EUR 2.2 million, including EUR 1.8 million to Argo Finanziaria S.p.A., a company subject to the control of the parent company.
- Other company payables to subsidiaries for EUR 12.3 million, of which EUR 4.9 million to SATAP S.p.A., EUR 2.8 million to Società Autostrada Ligure Toscana S.p.A, 1.5 million to Società di Progetto Autovia Padana S.p.A. and EUR 1.4 million to Autostrada dei Fiori S.p.A., mainly with reference to tax consolidation.
- Financial payables to subsidiaries for EUR 222 million, in particular to SATAP S.p.A. for EUR 165.9 million, Autostrada dei Fiori S.p.A. for EUR 51.4 million and SIAS Parking S.r.l. for EUR 5 million.

INCOME STATEMENT:

	2018 Separate Financial Statements	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	% OF FINANCIAL STATEMENT ITEM
<i>(amounts in thousands of EUR)</i>								
Financial income and expenses								
Income from equity investments:								
from subsidiaries	204,450		204,450				204,450	100%
from jointly controlled entities and associated companies	16,972				16,972		16,972	100%
from other businesses	293							
capital gains on disposal of equity investments	-							
Total income from equity investments	221,715							
Other financial income	83,740		79,099		4,633		83,732	100%
Interest and other financial expenses	(67,759)		(7,453)				(7,453)	11%
Total financial income and expenses (A)	237,696							
Value adjustments of non-current financial assets								
Revaluations	-							
Write-downs	(31,854)		(31,854)				(31,854)	100%
Total value adjustments of financial assets (B)	(31,854)							
Other operating income (C)	7,328	254	6,655	74	223		7,206	98%
Other operating costs								
personnel expenses	(3,594)					(929)	(929)	26%
costs for services	(13,505)	(551)	(691)	(1,515)	(110)	(2,207)	(5,074)	38%
costs for raw materials	(8)							
other costs	(1,497)	(29)	(2)	(139)	(2)		(172)	11%
amortisation, depreciation and impairment losses	(6)							
other provisions for risks and charges	-							
Total other operating costs (D)	(18,610)							
Profit (loss) before taxes (A+B+C+D)	194,560							
Income Tax								
Current taxes	(4,663)							
Deferred taxes	513							
Taxes related to prior years								
Income from tax consolidation	138							
Profit (loss) for the period	190,548							

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

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

- Financial income for dividends from subsidiaries of EUR 79 million from SATAP S.p.A., EUR 60 million from SIAS Parking S.r.l., EUR 47 million from Società Autostrada Ligure Toscana p.A., EUR 10 million from SAV S.p.A. and EUR 9 million from Sinelec S.p.A.;
- Financial income for dividends from jointly controlled entities and associated companies for EUR 17 million issued by ATIVA S.p.A. for EUR 16 million and from Road Link Holdings Ltd for EUR 1 million;
- Other financial income from interest income for EUR 83.7 million of which EUR 79.1 million from subsidiaries (in particular from Società Autostrada Ligure Toscana p.A. for EUR 28.6 million, from SATAP S.p.A. for EUR 32.8 million, from Autostrada dei Fiori S.p.A. for EUR 7.5 million, from Società di Progetto Autovia Padana for EUR 6.1 million, from Autostrada Asti-Cuneo S.p.A. for EUR 2 million and from SAV S.p.A. for EUR 2 million) and from jointly controlled and associated companies for EUR 4.6 million due nearly entirely to the income due from Tangenziale Esterna S.p.A.;
- Interest and other financial expenses for EUR 7.5 million for interest expense mainly to SATAP S.p.A. for EUR 5.6 million and Autostrada dei Fiori S.p.A. for EUR 1.8 million;
- Impairment losses in subsidiaries for EUR 32 million recognised with reference to the investee company SIAS Parking S.r.l.;
- Other operating income from related parties of EUR 7.2 million from subsidiaries for services rendered mainly to SATAP S.p.A. (EUR 1.9 million), Società Autostrada Ligure Toscana p.A. (EUR 1.7 million), Autostrade dei Fiori S.p.A. (EUR 1.1 million), SAV S.p.A. (EUR 0.7 million), Società di Progetto Autovia Padana S.p.A. (EUR 0.5 million), Autostrada Asti-Cuneo S.p.A. (EUR 0.4 million);
- Costs for managerial assistance and services charged by Argo Finanziaria S.p.A. for EUR 1.5 million and ASTM S.p.A. for EUR 0.6 million.

Changes in financial assets

- SIAS S.p.A. acquired 79,023 shares (0.049% of share capital) of SALT p.A. from SEA Segnaletica S.p.A. for a total value of EUR 0.3 million.
- SIAS S.p.A. acquired 1,719 shares (0.001% of share capital) of SALT p.A. from Finanziaria di Partecipazioni e Investimenti S.p.A. for a total value of EUR 7 thousand.

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.

(vi) Lapsed motorway concessions

With reference to the concession for the A21 Torino-Alessandria-Piacenza section (licensed to SATAP S.p.A.), which expired on 31 December 2018, there is a possible risk connected with any disputes that may arise with the Granting Body in relation to the operation of the motorway stretch between the expiry of the concession (30 June 2017) and 31 December 2018.

With the support of its consultants and taking into account the contractual obligations in force, the Company has assessed that the risk related to this abstract event is at most classifiable as "possible" and, consequently, the Company has proceeded – in accordance with the relevant accounting standards – not to recognise any provisions in these financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

After a description of how the duty of care of the directors is regulated by Brazilian law (section 153 Brazilian Corporation Act) and a summary of the information used to prepare the opinion, the opinion comes to the following conclusion:

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

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

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

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

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

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

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

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

(viii) 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.

(ix) Disclosure on the transparency of Public Funding

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

Information on direction and coordination activities of the Companies

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

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

For an adequate and complete understanding of the financial position and performance of Argo Finanziaria S.p.A. unipersonale as at 31 December 2017, please see the financial statements which are available, supplemented by the independent auditors' report, in the forms and manner required by law.

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

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

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

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

STATEMENT OF FINANCIAL POSITION

ASSETS

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

LIABILITIES

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

INCOME STATEMENT

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

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

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

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

- The undersigned Umberto Tosoni 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 2018.

- Furthermore, we attest that:
 - the separate financial statements as at 31 December 2018
 - a) are prepared in compliance with the international accounting standards approved by the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council dated 19 July 2002;
 - b) correspond to the books and accounting entries;
 - c) provide a true and 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, 27 March 2019

The Managing Director

Umberto Tosoni

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 art. 153 of Italian Legislative Decree no. 58/98 and art. 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.**

Shareholders of SIAS S.p.A.,

1. Introduction

During the year ending at 31 December 2018, 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, observing the principles of conduct for boards of statutory auditors recommended by Italy's National Association of Certified Auditors and Accounting Professionals and notices issued by Consob concerning corporate control and the activities of boards of statutory auditors, as well as by the indications in the Code of Conduct.

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

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

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

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

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.

In 2018, the Board of Statutory Auditors, in its capacity as internal control and audit committee pursuant to article 19, paragraph 1 of Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, carried out the specific information, monitoring, control and audit functions and duties and tasks indicated in the aforementioned 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 to Consob on 20 April 2018 – pursuant to Consob Notice DEM/1025564 of 6/4/2001 – the “Summary record of controls carried out by the board of statutory auditors” in 2017.

The company PricewaterhouseCoopers S.p.A. (hereinafter also the “Independent Auditors”) was appointed as statutory auditor for nine years (2017-2025), in accordance with Legislative Decrees 58/1998 and 39/2010 as resolved by the Shareholders' Meeting of 27 April 2017.

Pursuant to Article 153 of Legislative Decree 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.

2. Monitoring compliance with the law and Articles of Association

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’ Decrees. To our knowledge, the Company carried out its activity in accordance with such rules and complied with disclosure requirements.

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

The Board of Statutory Auditors acquired the information needed to carry out its supervisory functions. The Board of Statutory Auditors carried out its supervisory activities, as described below, by holding periodic meetings, including with the Independent Auditors and the various business functions of SIAS S.p.A., and by participating in meetings of the Board of Directors and committees. 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.

Over the course of 2018, the Board of Statutory Auditors met 24 times and attended 12 meetings of the Board of Directors and one Shareholders' Meeting. The Board of Statutory Auditors attended a further nine meetings of the Audit, Risk and Sustainability Committee and six of the Appointments and Remuneration Committee.

3. Supervisory activities related to principles of proper administration

We monitored compliance with the principles of proper administration, with particular respect to transactions of greater economic importance, 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 and 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”.

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

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 reasonably state that such transactions comply with the law and the Articles of Association, are not manifestly unwise or risky, in conflict with other interests or likely to compromise the integrity of corporate assets.

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

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 2018 Management Report.

In particular, the most significant economic, financial and asset transactions undertaken by the Company in the previous year, including through subsidiaries and companies under joint control, were:

SIAS 2018-2028 bond loan issue

On 31 January 2018 SIAS S.p.A., considering the favourable market conditions, successfully launched and priced a principal, 10-year senior secured bond loan of EUR 550 million, given a Baa2 rating by Moody’s and a BBB+ rating by Fitch. The issue, which took place on 8 February 2018, followed on from a roadshow involving Europe's main financial markets and meetings with over 50 investors.

Piacenza - Brescia concession

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

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

Tangenziale Esterna S.p.A. – New loan agreement

On 2 August 2018, the investee Tangenziale Esterna S.p.A. signed a new loan agreement for an amount of EUR 950 million with a syndicate of commercial lending banks, which includes Unicredit S.p.A., Banca Imi S.p.A., UBI Banca S.p.A., Banca Popolare di Milano S.p.A., Mediobanca S.p.A., BPER Banca S.p.A., already holding the mandate signed in 2013 for the organisation of the refinancing, and Cassa Depositi e Prestiti S.p.A.

The new loan agreement, which allowed the repayment of the existing debt on the same date, enabled the Company to benefit from the best market conditions and the progress of the Project, following the completion of the construction phase, guaranteeing the Company and its shareholders greater flexibility in the light of the altered structure of the risks relating to the Project, a significant reduction in financial expenses and a lengthening of the debt maturities.

The financing will be divided into the following credit lines:

- Line A, worth EUR 400,000,000, provided by the pool of commercial banks;
- Line B, worth EUR 250,000,000, provided partly by the pool of commercial banks and partly by Cassa Depositi e Prestiti;
- Line C, worth EUR 300,000,000, provided by Cassa Depositi e Prestiti.

The signed financing agreement sets out a duration of 7,5 years for the credit lines, redeemed in a lump sum maturing on 31 December 2025.

Accordo Aurelia S.r.l. - Mercure Investment S.à r.l.

On 7 August 2018, in setting up a strategic partnership between Aurelia S.r.l. and Mercure Investment S.à r.l. (a company indirectly controlled by funds managed by Ardian), both in the motorway infrastructure sector, Nuova Argo Finanziaria S.p.A. acquired, by means of a demerger of itself and Codelfa S.p.A., 58.77% overall of the share capital of ASTM S.p.A., the company that controls SIAS S.p.A.

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

Tangenziale Esterna - Brebemi

On 31 December 2018, after the usufruct was re-combined with the bare ownership, the purchases of shares in Tangenziali Esterne di Milano S.p.A. and Tangenziale Esterna S.p.A. held by Intesa Sanpaolo S.p.A., and the sale of the share in Autostrade Lombarde S.p.A. from the subsidiary SATAP S.p.A. to Intesa Sanpaolo S.p.A., became effective. Also on 31 December 2018, the loans provided by Intesa Sanpaolo S.p.A. to Tangenziale

Esterna S.p.A. were purchased, and the loans provided by the subsidiary SATAP S.p.A. to Autostrade Lombarde S.p.A. were sold to Intesa Sanpaolo S.p.A.

Infrastructure safety

The Board of Statutory Auditors, being concerned with infrastructure safety, considers it important to point out that the licensee companies in the Group, as part of strengthening and improving their safety controls, have defined and implemented a methodology for an integrated process for monitoring the health of their infrastructure. This includes diagnostics and identifying necessary operations, and is aimed at ensuring the safety, functionality, strength and durability of infrastructure over time.

The above process is based on specific procedures for acquiring information on the state of the infrastructure and how it changes over time, in order to understand its current state, make reasonable forecasts about its future state and thereby plan necessary operations efficiently and in advance.

4. Monitoring the adequacy of the organisational 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.

The Board of Directors adopted a new organisational structure for SIAS on 1 June 2018. This involves its functions being carried out by employees or by staff seconded from other Group companies, in order to reduce reliance on the expertise and services of the parent companies Argo Finanziaria S.p.A. and ASTM S.p.A.

The above structure, as well as working in the interests of SIAS, is available to Group companies, to which it provides special services.

The Board of Statutory Auditors met the company functions of SIAS in order to understand their scale and organisational structure, in relation to carrying out their work and the responsibilities assigned to them.

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

As already set out in the previous chapter, through the strategic partnership between Aurelia S.r.l. and Mercure Investment S.à.r.l. (a company indirectly controlled by funds managed by Ardian) and in keeping with past custom, the Board of SIAS confirmed that Nuova Argo Finanziaria had started management and coordination as of 23 January 2019.

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

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

Following the arrival of the new shareholder within the capital structure, over the year there were changes in certain Directors. This led to the composition of the Board roles being redefined. A new Chair, new Managing Director and two Vice Chairs were appointed and the internal committees were reorganised.

Specifically, the Board of Directors meeting of 27 September 2018, having taken note of the resignation on that date of Beniamino Gavio, appointed Rosario Mazza as new administrator by co-optation.

The Board meeting of 14 November 2018, following the resignations of Directors Daniela Gavio and Ferruccio Piantini on the same day (disclosed to the market on 27 September 2018) and those of Directors Francesco Gatti and Licia Mattioli on 14 November 2018, co-opted four new Directors, namely Franco Moschetti, Frances V Ouseley, Umberto Tosoni and Micaela Vescia.

During the same meeting, in light of the market context and the Group's domestic and international growth aims, the Board approved the strengthening of the Company's industrial controls. This is to be done by attributing an executive role to the Chair of the Board of Directors, (i) conferring on them the powers of overseeing internal audit, risk management and risk compliance and helping define Company strategy, and (ii) assigning them the role of director responsible for the Internal Control and Risk Management System.

Accordingly, the Board took note of Mrs Bariatti's resignation from the post of Chair and appointed (i) Paolo Pierantoni as Chair of the Company, resulting in him giving up the role of Managing Director, (ii) Stefania Bariatti and Franco Moschetti as Vice Chairs of the Company, and (iii) Umberto Tosoni as new Managing Director and General Manager.

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

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

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

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

5. Monitoring the adequacy of the internal control system

Responsibility for the internal control (and compliance) system rests with the Board of Directors, which, with the support of the Audit, Risk and Sustainability Committee, establishes the rules and regularly 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.

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

We assessed and monitored the state of the Internal Control and Risk Management System, its adequacy, effectiveness and evolution – as specified below – by analysing the work carried out by the main people responsible and the actions taken to improve the system and mitigate risks. We also did so by participating in the regular meetings of the Audit, Risk and Sustainability Committee, during which we 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.

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

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 specialised consulting firm. With regard to the individual subsidiaries, the respective Boards of Statutory Auditors confirmed the effectiveness of such controls during the financial year 2018.

In 2018, the Board of Directors approved the updating of the Internal Control and Risk Management System, including revising the Company's risk assessment, which SIAS, as the holding company, uses as a basis for coordinating and optimising equity investments and identifying new investment opportunities, leaving the individual subsidiaries with the responsibility of managing the initiatives.

In 2018, the Board of Directors also approved the procedure for "management, processing and disclosure of important and inside information on SIAS S.p.A.", pursuant to Regulation (EU) 596/2014 ("MAR"), aimed at

setting up a common legislative framework on abuse of inside information, illegal disclosure of inside information and market manipulation, as well as measures to prevent market abuse.

As an integral part of this control system, the Supervisory Body oversees the carrying out of these administrative processes in order to prevent the predicate crimes covered in Legislative Decree 231/2001, aimed at preventing the ability to commit significant offences under the decree, and consequently to avoid the Issuer being held administratively liable (“Model 231”).

The Company adopted the “Organisation, Management and Control Model pursuant to Legislative Decree 231/2001” and the “Code of Ethics and Conduct”, making appropriate updates as regards the gradual extension of the application scope of the aforesaid decree. The latest updated version of SIAS's Model and Code of Ethics was approved by the Board of Directors on 14 March 2018, in order to follow the latest changes in the relevant legislation.

The Board of Statutory Auditors maintains continuous contact with the Supervisory Body, including by having a member of the Board inside the Body, and has received the report on the Body's activity.

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

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

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

Based on information obtained from the Financial Reporting Manager, 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 had approved the Financial Statements, the proposal for distributing interim dividends, and relative press releases, making them public according to the times and procedures indicated by existing law.

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

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

During the financial year the Company updated its system of accounting procedures and shared it with the subsidiaries. The accounting principles that the Company has reported using when preparing of the separate financial statements and consolidated financial statements are consistent with the legislation governing the drafting of those documents.

On 27 March 2019, the Financial Reporting Manager, together with the Managing Director, issued the Certifications prescribed by article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24/2/1998, concerning the adequacy – given the company’s characteristics – and effective application of administrative and accounting procedures for the preparation of the separate financial statements and consolidated financial statements in the financial year 2018.

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 summarised in a special report of 25 March 2019 to the Board of Directors.

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 separate 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, without prejudice to what follows.

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 24 April 2019, pursuant to article 14 of Legislative Decree 39/2010 and article 10 of Regulation (EU) No 537/2014;
- the supplementary report, issued on 24 April 2019, pursuant to article 11 of the aforementioned Regulation to the Board of Statutory Auditors in its capacity as internal control and audit committee;
- the annual statement of independence, released on 24 April 2019, pursuant to article 6, paragraph 2 (a) of the Regulation and to paragraph 17 of ISA Italia 260.

The above reports on the auditing of the separate 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

2018, and its financial performance and cash flows for the year then ended on that date in accordance with International Financial Reporting Standards adopted by the European Union and with provisions issued implementing article 9 of Legislative Decree 38/05.

The audit reports on the separate 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 separate 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, the measurement of impairment of goodwill and intangible assets relating to concessions (non-compensated revertible assets);

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 14 November 2018, 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.

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

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

Finally, in keeping with the recommendations in Banca d'Italia-Consob-Isvap joint document n. 4 of 3 March 2010, the impairment test procedure, governed by IAS 36, received approval from the Board of Directors on 28 February 2019. 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 their opinions on the 2018 financial statements.

In the financial year, the Board of Statutory Auditors held meetings with the heads of the Independent Auditors, pursuant to article 150, paragraph 3 of Legislative Decree 58/1998, during which there were useful exchanges of information but no other facts or events worthy of mention. The Board of Statutory Auditors:

(i) analysed the activities carried out by the Independent Auditors, specifically the methodological system,

approach to auditing in different key areas of the financial statements, and planning of the auditing work, and (ii) shared with the Independent Auditors the problems related to company risks, thereby assessing the adequacy of the auditor's planned response to structural and risk profiles of the Company and the Group.

During 2018, pursuant to article 19 of Legislative Decree 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 aforementioned 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.

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

Type of services	Parent Company	Subsidiaries
Auditing services		
Auditing of the financial statements - including auditing of the accounts	12	131
Auditing of the consolidated financial statements	8	-
Limited auditing of the half-year report as at 30 June	5	18
Miscellaneous services other than certification audit		
Opinion on the distribution of interim dividends	24	-
Other services		
Agreed auditing procedures for quarterly reports as at 30 September	2	13
Agreed audit procedures	11 ⁽¹⁾	51 ⁽²⁾
Total	61	212

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

(2) Agreed inspection procedures on the “financial soundness indicator” of the motorway licensees, agreed upon procedures and other activities.

Given:

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

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

The Board of Statutory Auditors carried out its functions as an “Internal Control and Auditing Committee”, pursuant to article 19 of Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, and supervise the following, supervising:

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

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

The Board met the officer in charge of preparing Sustainability reports several times, as well as representatives from the appointed independent auditors – Deloitte & Touche S.p.A. – to review available documentation.

The Board also took note of the report released on 24 April 2019, in which the following were released:

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

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.

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.

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

The Board of Directors drafted the report for the first half of the financial year 2018, as well as the regular supplementary financial disclosures relating to the first and third quarters of the year 2018, making them public in accordance with the terms and methods in the existing legislation.

The corporate documents below, approved by the Board of Directors on 27 March 2019, are intended for the Shareholders' Meeting of 15 May 2019, and are filed prior to this date at the registered office of the company.

- the separate financial statements and consolidated financial statements of 31 December 2018, including the Management Report;
- the Report on Corporate Governance and ownership structure;
- the Remuneration Report.

These documents were delivered to the Board of Statutory Auditors as provided by law.

The separate financial statements at 31.12.2018 show a net profit for the year of EUR 190,548 thousand, comprehensive income of EUR 190,362 thousand and shareholders' equity of EUR 2.195.929 thousand.

The consolidated financial statements at 31.12.2018 show a net profit for the Group for the year of EUR 264,502 thousand, comprehensive income for the Group of EUR 270,625 thousand and shareholders' equity for the Group of EUR 2,264,031 thousand.

The information on operating performance is provided in the aforementioned Company's financial statements.

The Board of Statutory Auditors has received the reports on SIAS's separate financial statements and consolidated financial statements prepared by PricewaterhouseCoopers S.p.A. on 24 April 2019 and the related Certifications by the Financial Reporting Manager and Managing Director dated 27 March 2019.

Moreover, the Board of Statutory Auditors confirmed that the Company had prepared Non-Financial Disclosure in accordance with Legislative Decree 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.

The Board of Statutory Auditors points out that the Company took advantage of the longer time period for the approval of the financial statements, pursuant to article 2364 of the Civil Code and article 11 of the Articles of Association, in order to carry out further assessment of an enquiry by the Federal Prosecutor's Office of the State of Paraná. The enquiry was in relation to two former managers of the subsidiaries Ecovia Caminho do Mar and Rodovia das Cataratas - Ecocataratas and whether they had committed crimes in the past, as described in more detail in the paragraph "More information - (vii) EcoRodovias Infraestrutura e Logística S.A. - IGLI S.p.A." in the explanatory notes to the financial statements.

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

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

8. Procedures for implementing rules on corporate governance

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.

Specifically, the Company has endorsed the *Corporate Governance Code* and entirely implemented the *document drawn up by the Committee for Corporate Governance of Listed Companies*. In this regard, during the meeting held on 14 November 2018, given the significant recent growth in the Group's ownership structure, as well as in order to align the Issuer's rules of Corporate Governance with the provisions of the Code of Conduct and better market practice, the Board decided to (i) assign to the pre-existing Remuneration Committee the functions assigned in the Code to the Nomination Committee, and (ii) amend the name of the latter committee to the *Appointments and Remuneration Committee*.

The Nomination and Appointment Committee and the Audit, Risk and Sustainability Committee perform the functions assigned to them.

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 have been drawn up in compliance with the relevant legislation.

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

Finally, we acknowledge that in the course of the annual assessment, the Board of Directors, having taken into account the statements made by the interested parties and the available information, confirmed that the Directors and Statutory Auditors who declared themselves independent upon their appointment 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 Eric Salmon & Partners, 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 article 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.

9. Monitoring of relationships with subsidiaries and parent companies

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

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

Specifically, the main balance –sheet relationships, grouped by item within the financial statements, are the following:

- Other non-current financial assets with related parties of EUR 2,033 million, of which receivables from subsidiaries totalling EUR 1,917 million (EUR 891 million from SATAP S.p.A., EUR 599 from Società Autostrada Ligure Toscana p.A., EUR 189 million from Autostrada dei Fiori S.p.A., EUR 141 million from Società di Progetto Autovia Padana, EUR 50 million from Autostrada Asti-Cuneo S.p.A., and EUR 47 million from SAV S.p.A.) and EUR 115.6 million from jointly controlled and associated companies (EUR 28.6 million from IGLI S.p.A. and EUR 87 million from Tangenziale Esterna S.p.A.).
- Other current receivables due from related parties for a total of EUR 6.8 million, of which EUR 4 million from Società di Progetto Autovia Padana and EUR 1 million from Autostrada dei Fiori S.p.A.
- Current financial receivables from related parties of EUR 233.2 million, of which EUR 232.7 million from subsidiaries (in particular EUR 150 million from Autostrada Asti-Cuneo S.p.A., EUR 59 million from SATAP S.p.A., EUR 10 million from Società Autostrada Ligure Toscana p.A., EUR 8 million from SAV S.p.A. and EUR 6 million from Autostrada dei Fiori S.p.A.).
- Trade payables to related parties of EUR 2.2 million, including EUR 1.8 million to Argo Finanziaria S.p.A., a company subject to the control of the parent company.
- Other company payables to subsidiaries for EUR 12.3 million, of which EUR 4.9 million to SATAP S.p.A., EUR 2.8 million to Società Autostrada Ligure Toscana p.A., 1.5 million to Società di Progetto Autovia Padana S.p.A. and EUR 1.4 million to Autostrada dei Fiori S.p.A., mainly with reference to tax consolidation.
- Financial payables to subsidiaries for EUR 222 million, in particular to SATAP S.p.A. for EUR 165.9 million, Autostrada dei Fiori S.p.A. for EUR 51.4 million and SIAS Parking S.r.l. for EUR 5 million.

The main income-statement, grouped by item within the financial statements, are the following:

- Financial income for dividends from subsidiaries of EUR 79 million from SATAP S.p.A., EUR 60 million from SIAS Parking S.r.l., EUR 47 million from Società Autostrada Ligure Toscana p.A., EUR 10 million from SAV S.p.A. and EUR 9 million from Sinelec S.p.A.;
- Financial income for dividends from jointly controlled entities and associated companies for EUR 17 million issued by ATIVA S.p.A. for EUR 16 million and from Road Link Holdings Ltd for EUR 1 million;
- Other financial income from interest income for EUR 83.7 million of which EUR 79.1 million from subsidiaries (in particular from Società Autostrada Ligure Toscana p.A. for EUR 28.6 million, from SATAP S.p.A. for EUR 32.8 million, from Autostrada dei Fiori S.p.A. for EUR 7.5 million, from Società di Progetto Autovia Padana for EUR 6.1 million, from Autostrada Asti-Cuneo S.p.A. for EUR 2 million and from SAV S.p.A. for EUR 2 million) and from jointly controlled and associated companies for EUR 4.6 million due nearly entirely to the income due from Tangenziale Esterna S.p.A.;
- Interest and other financial expenses for EUR 7.5 million for interest expense mainly to SATAP S.p.A. for EUR 5.6 million and Autostrada dei Fiori S.p.A. for EUR 1.8 million;
- Impairment losses in subsidiaries for EUR 32 million recognised with reference to the investee company SIAS Parking S.r.l.;
- Other operating income from related parties of EUR 7.2 million from subsidiaries for services rendered mainly to SATAP S.p.A. (EUR 1.9 million), Società Autostrada Ligure Toscana p.A. (EUR 1.7 million), Autostrade dei Fiori S.p.A. (EUR 1.1 million), SAV S.p.A. (EUR 0.7 million), Società di Progetto Autovia Padana S.p.A. (EUR 0.5 million), Autostrada Asti-Cuneo S.p.A. (EUR 0.4 million);
- Costs for managerial assistance and services charged by Argo Finanziaria S.p.A. for EUR 1.5 million and ASTM S.p.A. for EUR 0.6 million.

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 the financial year 2018, 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 article 114, paragraph 2 of Legislative Decree 58/1998, in relation to financial reporting obligations and other operational areas.

10. Monitoring of related party transactions

The Board of Statutory Auditors oversaw that the procedure for carrying out related party transactions adhered to legislation and regulations, was actually implemented, and functioned concretely.

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

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. In its capacity as “Related Party Committee”, the Audit, Risk and Sustainability Committee did not express any binding opinions during 2018 with respect to the following related-party transactions:

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.

11. Omissions and objectionable actions Opinions given and initiatives taken

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

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

SIAS’s 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.

The Board of Statutory Auditors gave its opinion when requested by the Board of Directors, in some cases to comply with provisions which, for some decisions, require it to be consulted beforehand. Specifically, the Board of Statutory Auditors expressed a positive opinion on the: approval of the guidelines for the remuneration policy; determination of the remuneration for the Managing Director, Chair and Vice Chairs and the appointment of Directors by co-optation.

* * *

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

Milan, 24 April 2019

The Board of Statutory Auditors

Daniela Elvira Bruno (Chair)

Annalisa Raffaella Donesana

Pasquale Formica

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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

Report on the Audit of the Financial Statements

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 2018, the income statement, the other comprehensive income, the cash flow statement, the statement of changes in shareholders’ equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Auditing procedures performed in response to key audit matters

Evaluation of the recoverability of the value of investments in subsidiaries, associates and joint ventures

“Valuation criteria and accounting standards” paragraph “impairment test” and note 3 “Non-current financial assets”

At 31 December 2018, the Company holds, among “non-current financial assets”, the following investments:

- subsidiaries: Euro 1,669.4 million;
- jointly controlled entities and associates: Euro 533.9 million;

The total value of these investments represents approximately 48% of the total assets of the financial statements as of 31 December 2018.

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.

In accordance with the accounting standards and with the impairment procedure approved by the Board of Directors on 28 February 2019 (the “Procedure”), at the balance sheet date, the investments in subsidiaries, associates and jointly controlled entities have been tested for impairment.

We have obtained the valuation models and documentation used by management to identify any impairment loss in accordance with the Procedure and, also through the support of experts belonging to the PwC network, we have carried out the following main auditing procedures:

- analysis of the Procedure and verification of the consistency of its contents with the provisions of IAS 36, as well as of its consistent application;
- analysis of the results of the audits performed by the component auditors;
- verification of the mathematical accuracy of the models;
- evaluation, also through discussions with management, of the reasonableness of the main assumptions underlying the determination of the data included in the models, with particular reference to operating revenues and costs, discount rates, traffic data, tariffs, investments, used to determine the value in use;
- reasonableness assessment of the main assumptions used in the event that the

We considered the valuation of the investments in subsidiaries, jointly controlled entities and associates 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 determination of the recoverable amount.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Statutory Auditors ("Collegio Sindacale") is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 27 April 2017, the Shareholders' meeting of SIAS SpA engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

Management of 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 2018, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of SIAS SpA as of 31 December 2018 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of SIAS SpA as of 31 December 2018 and are prepared in compliance with the law.



With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 24 April 2019

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Consolidated Financial Statements
as at 31 December 2018

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Consolidated Financial Statements

Consolidated balance sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2018	31 December 2017
Assets			
Non-current assets			
Intangible assets	1		
goodwill		36,414	36,414
other intangible assets		14,628	12,562
concessions – non-compensated revertible assets		3,037,709	2,875,433
Total intangible assets		3,088,751	2,924,409
Tangible assets	2		
property, plant, machinery and other assets		54,252	57,693
financial lease assets		2,463	2,567
Total tangible assets		56,715	60,260
Non-current financial assets	3		
equity-accounted investments		676,222	680,251
other equity investments		95,195	93,849
other non-current financial assets		540,973	480,983
Total non-current financial assets		1,312,390	1,255,083
Deferred tax assets	4	131,075	136,521
Total non-current assets		4,588,931	4,376,273
Current assets			
Inventories and contract assets	5	29,690	23,847
Trade receivables	6	63,740	60,735
Current tax assets	7	20,186	18,202
Other receivables	8	142,726	37,832
Current financial assets	9	264,570	242,841
Total		520,912	383,457
Cash and cash equivalents	10	963,044	441,275
Sub-total current assets		1,483,956	824,732
Discontinued operations/Non-current assets held for sale	11	-	45,012
Total current assets		1,483,956	869,744
Total assets		6,072,887	5,246,017
Shareholders' equity and liabilities			
Shareholders' equity			
Shareholders' equity attributed to owners of the parent company	12		
share capital		113,771	113,771
reserves and earnings		2,150,260	1,958,741
Total		2,264,031	2,072,512
Shareholders' equity attributed to minority interests		319,316	260,512
Total shareholders' equity		2,583,347	2,333,024
Liabilities			
Non-current liabilities			
Provisions for risks and charges and employee benefits	13	200,482	196,726
Trade payables		-	-
Other payables and contract liabilities	14	180,904	192,804
Bank debt	15	721,015	860,590
Hedging derivatives	16	35,730	55,092
Other financial liabilities	17	1,538,435	995,405
Deferred tax liabilities	18	51,529	55,691
Total non-current liabilities		2,728,095	2,356,308
Current liabilities			
Trade payables	19	166,558	140,613
Other payables and contract liabilities	20	193,042	96,745
Bank debt	21	341,624	257,932
Other financial liabilities	22	50,478	41,683
Current tax liabilities	23	9,743	19,712
Current liabilities – subtotal		761,445	556,685
Liabilities directly related to Discontinued operations/Non-current assets held for sale		-	-
Total current liabilities		761,445	556,685
Total liabilities		3,489,540	2,912,993
Total shareholders' equity and liabilities		6,072,887	5,246,017

Consolidated income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2018	FY 2017
Revenue	24		
motorway sector – operating activities	24,1	1,218,972	1,123,298
motorway sector – planning and construction activities	24,2	148,601	190,032
technology sector	24,3	45,641	44,605
other	24,4	41,362	50,145
Total revenue		1,454,576	1,408,080
Personnel expenses	25	(178,518)	(164,084)
Costs for services	26	(372,565)	(400,364)
Costs for raw materials	27	(27,530)	(28,217)
Other costs	28	(137,179)	(123,492)
Capitalised costs on fixed assets	29	598	715
Amortisation, depreciation and impairment losses	30	(308,616)	(328,144)
Adjustment of the provision for restoration/replacement of non-compensated revertible assets	31	(3,218)	9,948
Other provisions for risks and charges	32	(284)	(6,052)
Financial income:	33		
from unconsolidated investments		23,862	34,639
other		11,881	16,562
Financial expenses:	34		
interest expense		(78,792)	(78,688)
other		(4,099)	(3,638)
Impairment losses on equity investments		-	(799)
Profit (loss) of companies accounted for by the equity method	35	15,489	14,357
Profit (loss) before taxes		395,605	350,823
Income Tax	36		
Current taxes		(109,220)	(95,103)
Deferred taxes		2,993	5,644
Profit (loss) for the period from continued operations		289,378	261,364
<i>Profit (loss) for assets held for sale net of taxes (Discontinued Operations)</i>	37	-	516
Profit (loss) for the period		289,378	261,880
• share attributed to non-controlling interests (Continued Operations)		24,876	23,603
• share attributed to owners of the Parent Company (Continued Operations)		264,502	237,761
• share attributed to non-controlling interests (Discontinued Operations)		-	5
• share attributed to owners of the Parent Company (Discontinued Operations)		-	511
Earnings per share	38		
Earnings (euro per share) (Continued Operations)		1.162	1.045
Earnings (euro per share) (Discontinued Operations)		-	0.002
Diluted earnings per share (euro per share) (Continued Operations)		-	0.999

Consolidated other comprehensive income

<i>(amounts in thousands of EUR)</i>	FY 2018	FY 2017
Profit (loss) for the period (a)	289,378	261,880
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity)	279	555
Actuarial profit (loss) on employee benefits (Employee Severance Indemnity) – companies accounted for by the equity method	(34)	(116)
Profit (loss) allocated to the "Reserves for revaluation to fair value"	(445)	(2,504)
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement when certain conditions are met	54	(573)
Profit (loss) that will not be subsequently reclassified in the Income Statement	(146)	(2,638)
Profit (loss) posted to "cash flow hedge reserve" (interest rate swaps)	35,978	42,318
Profit (loss) posted to "cash flow hedge reserve" (foreign exchange hedges)	-	(821)
Portion of other profit/(loss) of companies accounted for by the equity method (reserve for foreign exchange translations)	(25,088)	(38,490)
Tax effect on profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met	(4,337)	(7,774)
Profit (loss) from continuing operations that will be subsequently reclassified in the Income Statement when certain conditions are met (c)	6,553	(4,767)
Comprehensive income (a) + (b) + (c)	295,785	254,475
• share attributed to non-controlling interests (Continued Operations)	25,160	24,116
• share attributable to owners of the Parent Company (continued operations)	270,625	227,006
• share attributed to non-controlling interests (Discontinued Operations)	-	33
• share attributable to owners of the Parent Company (discontinued operations)	-	3,320

Consolidated cash flow statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2018	FY 2017
Cash and cash equivalents – opening balance		441,275	757,514
Change in the scope of consolidation	39,1	-	(5,754)
Cash and cash equivalents, adjusted – opening balance (a)		441,275	751,760
Profit		289,378	261,880
Adjustments			
Amortisation and depreciation		308,616	328,144
Adjustment of the provision for restoration/replacement of non-compensated revertible assets		3,218	(9,948)
Adjustment of the provision for employee severance indemnities		1,012	898
Other provisions		284	9,250
Profit (loss) of companies accounted for by the equity method (net of dividends collected)		1,483	1,725
Other financial income/expenses		1,331	(41,067)
(Revaluations) write-downs of financial assets - capital gains		(20,143)	799
Other capitalised financial (income)/expenses		(10,881)	(14,783)
Capitalisation of financial expenses		(14,085)	(19,699)
<i>Operating cash flow (I)</i>		<u>560,213</u>	<u>517,199</u>
Net change in deferred tax assets and liabilities		(3,241)	(5,072)
Change in net working capital	39,2	85	(18,820)
Other changes from operating activities	39,3	(573)	(16,109)
<i>Change in net working capital and other changes (II)</i>		<u>(3,729)</u>	<u>(40,001)</u>
Cash generated (absorbed) by operating activities (I+II) (b)		556,484	477,198
Investments in revertible assets		(453,182)	(190,100)
Divestiture of revertible assets		-	5
Grants related to revertible assets		68	3,795
<i>Net investments in revertible assets (III)</i>		<u>(453,114)</u>	<u>(186,300)</u>
Investments in property, plant, machinery and other assets		(2,857)	(3,383)
Investments in intangible assets		(5,680)	(2,161)
Net divestiture of tangible and intangible assets		104	245
<i>Net investments in intangible and tangible assets (IV)</i>		<u>(8,433)</u>	<u>(5,299)</u>
(Investments)/divestiture in non-current financial assets		(19,592)	(14,487)
Divestiture of non-current financial assets - equity investments		1,494	8,881
<i>purchase of equity investments TE/TEM</i>		-	(54,249)
<i>sale of parking sector</i>		-	61,500
<i>Net investments in non-current financial assets (V)</i>		<u>(18,098)</u>	<u>1,645</u>
Cash generated (absorbed) by investing activities (III+IV+V+VI) (c)		(479,645)	(189,954)
Net change in bank debt		(55,882)	(131,355)
Issue/(Reimbursement) of bond loans		541,023	(334,287)
Change in financial assets		(21,729)	(14,735)
(Investments)/Divestiture of capitalisation policies		28,454	(20,671)
Change in other financial liabilities (including Central Insurance Fund)		(1,098)	(21,896)
Changes in shareholders' equity attributed to minority interests		57,081	11,403
Changes in shareholders' equity attributed to owners of the Parent Company		-	-
Dividends (and interim dividends) distributed by the Parent Company		(83,052)	(75,088)
Dividends (and interim dividends) distributed by subsidiaries to non-controlling interests		(19,867)	(11,100)
Cash generated (absorbed) by financing activities (d)		444,930	(597,729)
Cash and cash equivalents - closing balance (a+b+c+d)		963,044	441,275
	Additional information:		
• Taxes paid during the period		122,981	97,524
• Financial expenses paid during the period		78,772	94,544
• Operating free cash flow			
	Operating cash flow	560,213	517,199
	Change in net working capital and other changes	(3,728)	(39,511)
	Net investments in revertible assets	(453,114)	(186,300)
	<u>Operating free cash flow</u>	<u>103,371</u>	<u>291,388</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	Cash flow hedge reserve	Capital reserves	Profit reserves	Exch. rate diff. reserve	Reserve for discounting Employee Severance Indemnity	Retained earnings (losses)	Profit (loss) for the period	Total shareholders' equity attributed to Parent Company's Shareholders	Shareholders' equity attributed to minority interests	Total shareholders' equity
31 December 2016	113,768	689,546	5,434	26,338	6,251	(89,056)	34,590	88,580	39,390	(911)	874,746	130,102	1,918,778	236,402	2,155,180
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 <i>minorities</i> and other changes											(1,569)		(1,569)	11,356	9,787
Comprehensive income					(3,176)	33,579			(38,475)	126		238,272	230,326	24,149	254,475
31 December 2017	113,771	689,608	5,434	26,338	3,075	(55,477)	34,590	88,580	915	(785)	962,322	204,141	2,072,512	260,512	2,333,024
Allocation of 2017 profits											158,633	(158,633)	-		-
Distribution of 2017 balance dividend (EUR 0.20 per share)												(45,508)	(45,508)	(19,867)	(65,375)
Distribution of 2018 interim dividend (EUR 0.165 per share)												(37,544)	(37,544)		(37,544)
Acquisition of <i>minorities</i> and other changes											4,655		4,655	53,577	58,232
Adoption of IFRS 9 and IFRS 15					559						(1,268)		(709)	(66)	(775)
Comprehensive income ⁽¹⁾					(454)	31,275			(24,798)	100		264,502	270,625	25.160 ⁽²⁾	295,785
31 December 2018	113,771	689,608	5,434	26,338	3,180	(24,202)	34,590	88,580	(23,883)	(685)	1,124,342	226,958	2,264,031	319,316	2,583,347

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	24,876
Adjustment to "IRS", pro-rata share	56
Adjustment to fair value, pro-rata share	130
Adjustment for foreign exchange differences, pro-rata	20
Adjustment employee severance indemnity, pro-rata share	78
"Comprehensive" income attributable to minority interests	<u>25,160</u>

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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 27 March 2019.

Preparation criteria and contents of the consolidated financial statements

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

Based on the provisions of article 3, paragraph 1 of Legislative Decree no. 38 of 28/2/2005, these consolidated financial statements were prepared in accordance with the **international accounting standards (IFRS)** issued by the International Accounting Standards Board (IASB) and approved by the European Commission. IFRS means all revised international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"). Consequently, also the comparative data referring to the previous financial year complies with the cited accounting standards.

The consolidated financial statements comprise the balance sheet, the income statement, the statement of other comprehensive income, the cash flow statement, the statement of changes in shareholders' equity and these explanatory notes and apply the provisions contained in IAS 1 "Presentation of Financial Statements". 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 where necessary to make them compatible with the Parent Company's regulations and the IAS/IFRS international accounting standards for preparing financial statements). Control occurs when the Parent Company has the power to direct the relevant activities of the company and is exposed to the variability of its profit/loss. The financial statements of subsidiaries are included in the consolidated financial statements starting from the date upon which control is assumed until the moment control ceases to exist.

Joint arrangements can be classified as (i) "interests in joint ventures" if the Group holds the rights to net assets under the arrangement, e.g. for a company with its own legal status, or (ii) "jointly controlled entities" if the Group holds the right to assets and obligations on liabilities underlying the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of 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" (recognised using the "equity method") or as "Joint Operations" (recognising the relevant quota of rights and obligations in the separate financial statements of the holder).

Companies over which "significant influence" is exercised are assessed according to the "equity method". Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control of those policies. Significant influence is presumed when the Group holds at least 20% of the voting rights.

In the paragraph "Scope of consolidation", 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 the carrying amount of equity investments consolidated on line-by-line basis and the corresponding fractions of shareholders' equity attributing the current value as at the date of acquiring control to the individual elements of the statement of financial position. If the requirements are met, any positive difference is posted to the asset item "Goodwill". A negative difference is recognised in the income statement.

The premium/lower price paid for a corresponding fraction of shareholders' equity, from the acquisition of additional shares of subsidiaries, increased/decreased the shareholders' equity by the same amount.

The acquisitions of controlling shareholdings as part of the same Group (i.e. "business combinations under common control") are accounted for according to ongoing value.

2. Elimination of receivables and payables between businesses included in the scope of consolidation, as well as income and expenses related to transactions between the businesses themselves. Significant profit and loss from transactions between these companies and related to amounts included in the 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 2018 are the same as those used to draw up the financial statements as at 31 December 2017, with the exception of the application from 1 January 2018 of the following two new international accounting standards:

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

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

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

With reference to the construction sector, pertaining to the associate Itinera S.p.A., there was an impact deriving from the application of IFRS 15 arising from the different treatment of pre-operating costs (i.e. the costs incurred for preparing and making bids) as a result of the more stringent accounting criteria and the adoption of an input-based method for determining percentage of completion. The impacts identified at the level of the Itinera group were reflected in the measurement of this latter equity investment, using the equity method, in a negative adjustment of approximately EUR 0.7 million to the pro-rata share of its shareholders' equity as at 1 January 2018.

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

Classification and measurement - Financial assets

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

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

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

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

investment cost. The measurement at cost of a minority interest is permitted in limited cases where the cost represents an adequate estimate of the fair value.

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

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

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

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

Classification and measurement - Financial liabilities

With regard to the classification and measurement of financial liabilities, IFRS 9 reiterates the accounting treatment provided by IAS 39, making limited changes, so that most of them are still measured at amortised cost. More specifically, IFRS 9 classifies financial liabilities into two categories: 1) financial liabilities measured at amortised cost using the effective interest rate ("AC") method; 2) financial liabilities measured at fair value with changes in fair value recorded in profit or loss ("FVPL"), which in turn are classified in the two subcategories Held for Trading and FVPL at inception. IFRS 9 prohibits reclassification within financial liabilities. The adoption of the new standard had no impact on the classification and measurement of the Group's financial liabilities.

Impairment

The new requirements for impairment provided for by IFRS 9, applicable to all financial instruments except those at FVPL, are based on an Expected Credit Loss ("ECL") model and replace the Incurred Credit Loss model under IAS 39, which had shown clear limitations relating to late recognition of credit losses when a trigger event arose. In summary, the model provided for by IFRS 9 envisages 1) the application of a single framework for all financial assets, 2) the recognition of expected losses at any time and updating of their amount in each accounting period, in order to reflect changes in the credit risk of the financial instrument, 3) the assessment of the expected losses on the basis of reasonable information, available without excessive costs, including historical, current and forecast information. With reference to impairment, taking account of the fact that 1) most of the receivables within the Group originate from interconnections, 2) the collection of these receivables is regulated by a specific agreement, 3) the historical analysis of the losses on receivables has not yielded significant results; consequently, the Group has

not identified any impacts in this sense. With reference to impairment in the other sectors in which the Group operates, it should be noted that the introduction of new methods for estimating impairment losses on financial assets did not have a significant impact on the measurement processes. This conclusion stems from the fact that the factors useful for identifying credit risk under IAS 39, such as customer risk, country risk and the assessment of relevant macroeconomic information, are already considered to be representative of an assessment methodology based on expected risk.

Hedge Accounting

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

Intangible assets

Goodwill

As an intangible asset, this is not subject to amortisation. An impairment test is conducted at least annually, and in any case when events arise that may indicate a reduction in value. This check is carried out at the level of the individual cash generating unit to which goodwill has been allocated and based on which Management evaluates the yield of the investment. Write-downs are not subject to reversal.

Concessions – introduction

Based on contractual agreements (Concessions) included in the scope of application of IFRIC 12, the licensee operates as service provider with regard to (i) the construction and/or improvement of the infrastructure used to provide public service and (ii) its management and maintenance for a specific time-frame. As a result, the construction and improvement activities of the infrastructure can be compared to those of a construction company. Therefore, in the period during which these services are provided, construction revenue and costs are recorded in the income statement, pursuant to IFRS 15.

As provided for in IFRIC 12, for construction and/or improvement services rendered by the licensee, the grantor pays an amount to the licensee, to be recorded at its *fair value*, which can consist of rights to:

- a) a financial asset (the so-called financial asset model); or
- b) an intangible asset (the so-called intangible asset model).

The financial asset model is applied when the licensee has an unconditional right to receive contractually guaranteed cash flows (so-called "guaranteed minimum amount") for construction services, regardless of the actual use of the infrastructure.

On the other hand, in the intangible asset model the licensee acquires the right to charge users with a fee for the use of the infrastructure, in return for construction and improvements services on the infrastructure. Therefore, the licensee's cash flows are not guaranteed by the grantor, but are related to the actual use of the infrastructure by users, thus

implying a demand risk for the licensee. This risk implies that revenue from the exploitation of the right to charge users for the use of the infrastructure is not enough to ensure an adequate remuneration margin for the investments made. We talk about a mixed accounting model if the licensee is paid for construction and improvement services on the infrastructure partly by means of a financial asset and partly through an intangible asset. In this case, it is necessary to separate the parts of the agreement referring to the financial asset and those referring to the intangible asset. In this event, IFRIC 12 sets out that the licensee firstly calculates the part concerning the financial asset and then the amount referring to the intangible asset in a residual way (as compared to the value of the construction and/or improvement services rendered).

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

Concessions – non-compensated revertible assets

"Non-compensated revertible assets" represent the right of the Licensee to use the asset under concession, given the costs incurred for planning and construction activities of the asset. The value corresponds to the fair value of the planning and construction activities plus financial expenses capitalised during the construction phase, in adherence with the requirements set forth in IAS 23. The book value of these assets is represented net of "capital grants" (the receivable related to these capital grants is posted – in compliance with the financial model of the Interpretation IFRIC 12 – among "financial receivables"); capital grants, as interpreted by IFRIC 12, are deemed as the right to obtain a prearranged amount (financial asset) against the costs incurred to carry out the works.

These assets are amortised on the basis of the expected traffic (kilometres) over the term of the individual concessions, a method that reflects the way in which the future economic benefits deriving from the asset are expected to be used by the Licensee. In determining the amortisation of revertible assets of some investee companies, the "takeover" values set out in current agreements, or in the financial plans that are currently being examined by the Granting Body, have been taken into account for these investments.

Concerning non-compensated revertible assets, the depreciation reserve and the provisions for restoration, replacement or maintenance, considered overall, provide adequate coverage of the following expenses:

- free alienation to the Granting Body, at the end of the concession, of non-compensated revertible assets with a useful life greater than the duration of the concession;
- recovery and replacement of components of non-compensated revertible assets, which are subject to wear;
- recovery of the investment also in relation to new works scheduled in the financial plans.

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

The cost of "non-compensated revertible motorway fixed assets" includes the value of the sections in operation built by third parties and given to the Group to operate. The "provision for capital grants" was increased by an equivalent amount.

Other intangible assets

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

Expenses associated with development activities are posted to the balance sheet assets when: (i) the expense related to the intangible asset can be reliably determined; (ii) there is the intention, the availability of financial resources and the technical ability to make the asset available for use or sale; (iii) it can be proved that the asset can produce future economic benefits. These intangible assets are amortised over a period not to exceed five financial years.

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

Expenses for research activities are posted to the income statement of the period in which they are incurred.

Tangible assets*Property, plant, machinery and other assets*

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

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

<u>Category</u>	<u>Rate</u>
Land	not depreciated
Non-industrial and industrial buildings	3% - 4%
Plant, machinery and vehicles	4% - 5% - 8% - 10% - 20%
Technical equipment	12% - 15% - 25%
Equipment and light constructions	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 expenses posted to the income statement according to the matching principle.

Ordinary maintenance costs of tangible assets are posted to the income statement for the period in which they are incurred.

Leased assets – Operating lease contracts

Lease payments for operating leases are posted to the income statement and constant amounts distributed across the duration of the underlying contract.

Inventories

Raw materials, ancillary materials, consumables, semi-finished goods, finished goods and merchandise

These are valued at the lesser of the cost – determined with the "average weighted cost" method – and the "net realisable value".

Contract assets

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

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

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

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

Financial assets:

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

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

although the cumulative gain or loss may be transferred to equity; In addition, such minority interests are not subject to impairment accounting. The dividends arising from these are still recognised in the income statement, unless they clearly represent a recovery of part of the investment cost.

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

Non-current assets held for sale/discontinued operations

Non-current assets held for sale or disposal groups whose book value will be mainly recovered through sale rather than through continuous use, are classified as held for sale and presented separately from the other consolidated balance sheet assets and liabilities. The corresponding statement of financial position values of the previous period were not reclassified in the consolidated balance sheet, but are indicated in the comment of the individual items of the explanatory notes when these are significant.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria:

- it represents a major line of business or geographical area of operations;
- it is part of a coordinated disposal plan of a major line of business or geographical area of operations;
- it is a subsidiary acquired solely for the purpose of being sold.

The results of discontinued operations—whether disposed of or classified as held for sale—are entered separately in the consolidated income statement net of fiscal effects. The corresponding values for the previous period, where present, are reclassified and entered separately in the consolidated income statement, net of fiscal effects, for the purposes of comparison. Non-current assets held for sale or disposal groups classified as held for sale are initially recognised in compliance with the specific IFRS of reference applicable to each asset and liability and then are recognised at the lesser of the carrying amount and related fair value, net of the sale costs.

Any following impairment losses are recognised directly to adjust the non-current assets or disposal groups classified as held for sale with contra-entry in the consolidated income statement.

A reversal is recognised for each subsequent increment of the fair value of an asset net of the sale costs, but only up to the loss for the overall impairment previously recognised.

Cash and cash equivalents

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

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

Financial liabilities

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

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

Payables to ANAS – Central Insurance Fund

These payables refer to operations undertaken by the parties in question during earlier accounting periods on behalf of a number of motorway licensees for the payment of loan instalments and trade payables. To facilitate the economic and financial equilibrium of the respective concessions, the financial plans attached to them require repayment of these liabilities based on the duration of the concession, in the absence of related interest payments.

Therefore, these payables have been discounted based on a specific interest rate for each licensee. In compliance with 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 expenses". At the same time, the amount previously deferred (and included in "deferred income") is posted to the item "other income".

Provisions for risks and charges

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

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

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

Provision for restoration, replacement or maintenance of non-compensated revertible assets

Consistent with the contractual obligations in the financial plans attached to current agreements, as at the reporting date, the "Provision for restoration, replacement or maintenance of non-compensated revertible assets" receives the provisions needed to carry out maintenance to ensure the due functionality and safety of the motorway network during later accounting periods.

Employee benefits

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

treasury fund is considered a defined-contribution fund because the company's obligation to the employee ceases with the payment of the accrued contributions to the pension funds.

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

Revenue

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

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

Proceeds from tolls

These are posted based on the related transits. In particular, the net toll revenue was calculated by multiplying the kilometres travelled by users on the relevant sections by the tariff in force and approved by the Granting Body for each motorway stretch.

Rental income and royalties

Rental income and royalties are valued based on the payment indicated in the underlying contracts with the respective counterparties. In particular, *royalties* relating to the service areas on the motorway networks managed are quantified on the basis of a (fixed) percentage of revenue from the economic use of sub-concession areas (normally the sale of food and oil products).

Revenue from product sales

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

Revenue for services

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

Contract revenue

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

Financial income

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

Dividends

Dividends paid by unconsolidated companies are posted when the right to receive them is established, which corresponds to the date that the Shareholders' Meeting of the investee companies approves the distribution.

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

Grants

Grants are recognised when there exists a reasonable certainty that they will be received and that all the conditions for their disbursement will be met. Capital grants are posted to the 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 expenses

Financial expenses are recorded, on an accrual basis, as a cost in the accounting period in which they are incurred except for those which are directly imputable to the construction of non-compensated revertible assets and other assets, which are capitalised as an additional part of the cost of production of the asset. Capitalisation of financial expenses begins when activities are under way to prepare the asset for use, and it ends when these activities are essentially completed.

Income taxes

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

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

In accordance with IAS 12, "deferred tax liabilities" and "deferred tax assets" 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 assets" is determined based on tax rates that are expected to apply to the period in which the tax asset 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 assets are posted when their recovery is likely.

Advance tax payments and deferred tax liabilities are offset when it is legally allowed.

Furthermore, tax effects have been considered, deriving from the adjustments made to the financial statements of consolidated businesses while applying uniform Group valuation criteria.

Derivatives

Derivatives are assets and liabilities recognised at fair value. The fair value of derivatives is determined by discounting the expected net cash, using the market interest rate curves for the date of reference and the listed credit default swap curve of the counterparty and the group companies, to include the risk of non-performance explicitly envisaged in IFRS 13.

Derivatives are classified as hedging instruments when the relationship between the derivative and the subject of the coverage is formally documented and the coverage is highly effective, which is verified periodically. When hedging derivatives cover the risk of changes to the fair value of the instruments being covered (a "fair value hedge", for example, covering the variability of the fair value of assets/liabilities at a fixed rate), the derivatives are recognised at fair value and their effects are recognised to the income statement. At the same time, the instruments hedged are

updated to reflect the changes to their fair value associated with the underlying risk. When derivatives cover the risk of changes in net cash from the instruments being covered (*cash flow hedge*, 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 Group's assets are measured for impairment at the end of each reporting period (or in the case of impairment indicators). If the impairment is detected, the recoverable value of the asset is estimated. Impairment is accounted for in the income statement when the book value of an asset or of a cash generating unit exceeds the recoverable value.

Intangible assets with indefinite useful life (goodwill) are assessed every year and whenever there is an indication of potential impairment, in order to ascertain if such impairment effectively exists.

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

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 licence show the forecast results over the entire duration of the concession and, despite being prepared on an average time horizon of more than five years, are important documents for identifying future cash flows. In addition, the so-called terminal value was not calculated as these concessions have a predefined useful life. If at the end of the concession the incoming entity is expected to pay an indemnity for works completed but not yet amortised ("taken over"), this value is included in the operating cash flow of the last year of the concession.

The figures contained in the aforesaid financial plans were adjusted (when necessary) to reflect the changes occurred after the preparation date of the financial plans (traffic volumes, toll rates, completion of the investment programme etc.). In particular, the traffic forecasts reflect the outcome of the traffic studies prepared by an independent expert.

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

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

“Free risk” rate equal to the return of the 10-year BTP – average 12 months	2.59%
Risk premiums as provided for by CIPE Resolution No. 68/2017 (basis to calculate the WACC of Standard Agreements)	5.50%
Beta of the Italian motorway sector (SIAS/Atlantia) redetermined on the financial structure of the individual company/concession as of the assessment date	0.545
Cost of debt in line with the average cost of debt of the Group	2.90%

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

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

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

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

Earnings per share

The basic earnings per share are calculated by dividing the Group share of profit by the weighted average of Parent Company shares in issue during the year.

In 2017, the diluted earnings per share were calculated by taking into account both for the Group share of profit and the aforementioned weighted average the effects associated with full conversion of all the convertible bonds in issue.

Estimates and valuations

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

Generally, some valuation processes – in particular the most complex ones, such as the assessment of any loss in value of long-term assets – are completely carried out only upon drawing up of the financial statements, when all necessary information is available. However, in case there is evidence of potential losses in value, an *impairment test* is carried out and the potential loss is reflected in each single book value.

Translation of foreign currency items

The statement of financial position and income statement of each consolidated company are prepared using the functional currency of the economy in which each company carries out its operations. Transactions in foreign currencies other than the functional currency are recorded at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a currency other than the functional currency are subsequently adjusted at the exchange rate prevailing as at the reporting date with any exchange rate differences recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated using the exchange rate prevailing at the time the transaction was first recognised.

For the purpose of consolidation in the Group accounts, the income statement and statement of financial position of consolidated companies with functional currencies other than the Euro are translated by applying the exchange rate prevailing as at the reporting date to assets and liabilities, including goodwill and adjustments made upon consolidation, and the average exchange rates for the year or for the consolidation period, whichever is less, to income statement items. The resulting foreign exchange differences are recognised directly in the statement of comprehensive income and reclassified to the income statement upon loss of control over the investee and, therefore, upon deconsolidation.

The main exchange rates applied during the period to translate the income statements and statements of financial position with functional currency other than the Euro, are those published by the Bank of Italy and presented in the following table:

Foreign currency	2018		2017	
	Spot exchange rate as at 31 December	Average annual exchange rate	Exchange rate as at 31 December (*)	Average annual exchange rate
EUR/GBP Great Britain	0.89453	0.88471	0.88723	0.87667
EUR/BRL	4.444	4.3085	3.9729	3.6041
EUR/USD	1.145	1.181	1.1993	1.176 (**)

(*) exchange rate as at 29 December 2017

(**) average exchange rate second half 2017

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

Any items in the previous consolidated financial statements that were reclassified in order to make them comparable with the amounts reported in the current year are illustrated in detail in the Explanatory Notes.

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

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

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

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

On 13 January 2016, the IASB published **IFRS 16 - Leases**, endorsed by Regulation (EU) No. 1986/2017, which replaced IAS 17 - *Leases*, as well as IFRIC 4 - *Determining Whether an Arrangement Contains a Lease*, SIC-15 - *Operating Leases - Incentives* and SIC-27 - *Evaluating the Substance of Transactions in the Legal Form of a Lease*. The new standard provides a new definition of lease and introduces a criterion based on the right of use of an asset to distinguish leases from service agreements, stating the following as discriminating factors: identification of the asset, the right to replace it, the right to essentially obtain all economic benefits deriving from use of the asset and, lastly, the right to direct the use of the asset underlying the contract.

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

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

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

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

Transition with modified retrospective method

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

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

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

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

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

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

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

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

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

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

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

The effects of the first-time adoption of IFRS 16, also taking into account the practical expedients listed above, will result in an increase in *Financial Liabilities* of about 12 million and the recording of a *Right of Use* of about 12 million. The impact on the Group's shareholders' equity, net of the related tax effect, is therefore null.

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

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

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

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

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

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

Explanatory notes – Scope of consolidation

The list of subsidiary companies included in the scope of consolidation is shown below.

Parent Company

Name	Registered office
SIAS S.p.A.	Torino – Via Bonzanigo 22

Subsidiaries – consolidated with the "line-by-line method"

Name	Registered office	Share capital	% of the group ¹	% direct
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. unipersonale	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	95.229	95.229
Euroimpianti S.p.A.	Strada Statale per Alessandria 6/A	120,000	95.000	
Autostrada Albenga Garesio Ceva S.p.A.	Cuneo- Corso Giolitti 17	600,000	94.732 ²	
Autostrada dei Fiori S.p.A.	Imperia – Via della Repubblica 46	325,000,000	73.003	
SAV S.p.A.	Châtillon (AO) – Strada Barat 13	24,000,000	65.085	65.085
Pedemontana Lombarda Manutenzioni S.c.a.r.l. in liquidazione (P.L.M)	Tortona - 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	
C.I.T. S.c.a.r.l. - Cerviti Impianti Tecnologici	Tortona - Strada Statale per Alessandria 6/A	10,000	58.790	
Società di Progetto Autovia Padana S.p.A.	Tortona (AL) S.S.211 della Lomellina n. 3/11	163,700,000	50.900	

List of equity investments in jointly controlled entities and associated companies accounted for by the "equity method"

Name	Registered office	Share capital	% of the group ¹	% direct
Jointly controlled entities				
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
Associated companies				
ATIVA Immobiliare S.p.A.	Torino – Strada della Cebrosa 86	1,100,000	49.995 ³	49.995 ³
Aurea S.c.ar.l.	Milano - Via Fabio Filzi 25	10,000	49.150	
Tangenziali Esterne di Milano S.p.A.	Milano - Via Fabio Filzi 25	220,344,608	46.497	12.242
Rivalta Terminal Europa S.p.A.	Tortona (AL) Fraz. Rivalta Scrivia - Str. Savonesa 12/16	14,013,412	45.873	
Smart Mobility Systems s.c.a.r.l. (SMS S.C. A R.L.)	Strada Statale per Alessandria 6/A	10,000	45.500	
SISTEMI E SERVIZI S.c.ar.l.	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	100,000	41.000	14.000
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.	Aosta - Saint Remy En Bosses Località Praz-Gentor	11,000,000	36.500	
ITINERA S.p.A.	Tortona – Via Balustra 15	86,836,594	33.883	
Interporto di Vado- Intermodal Operator S.p.A.	Vado Ligure (SV) – Via Trieste 25	3,000,000	28.000	
C.I.M. SPA - Novara – Centro Interportuale Merci	Novara – Via Carlo Panseri 118	24,604,255	24.313	
S.A.BRO.M. S.p.A. – Società Autostrada Broni-Mortara	Milano – Via dei Missaglia 97	28,902,600	21.481	
Tangenziale Esterna S.p.A.	Milano - Via Fabio Filzi 25	464,945,000	21.271	19.938
Igea Romagna S.c.a.r.	Ravenna – Via Pier Traversari,63	20,000	20.330	
Edilrovaccio 2 S.r.l. In liquidazione	Torino-Via M. Schina 5	45,900	20.000	
ROAD LINK Holding LTD	Northumberland - Stocksfield NE43 7TN	GBP 1,000	20.000	20.000

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

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

³ Net of treasury shares held by the company ATIVA Immobiliare S.p.A..

List of other equity investments

Name	Registered office	Share capital	% of the group ¹	Directly-held %
ASTA S.p.A.	Torino – Via Bonzanigo 22	6,000,000	19.000	
iOne Solutions 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	
Nuova Codelfa S.P.A.	Tortona (AL) – Corso Romita 10	2,500,000	16.423	
Consorzio Autostrade Italiane Energia	Roma – Via A. Bergamini 50	113,949	15.700	
Milano Serravalle – Milano Tangenziali S.p.A.	Assago (MI) – Via del Bosco Rinnovato, 4/A	93,600,000	13.547	10.655
Itinera Construções Ltda	Cidade de São Paulo, Estado de São Paulo, na Rua Eduardo Souza Aranha n. 387 - Brazil	1,000,000 <i>reais</i>	10.000	
Società per azioni Autostrade Centropadane	Cremona – Via Colletta 1	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	
Tunnel Gest S.p.A.	Arcugnano (VI) – Via dell'Industria n. 2	8,500,000	5.000	
Argo Costruzioni Infrastrutture ACI S.c.p.a.	Tortona (AL) – S.S. per Alessandria 6/A	130,000	1.846	
Compagnia Aerea Italiana S.p.A.	Fiumicino (Rome) – Piazza Almerico da Schio Pal. RPU	3,526,846	0.404	
Interporto Toscano A. Vespucci S.p.A.	Guasticce (Collesalveti – LI) – Via delle Colline 100	22,458,263	0.345	
PLC S.p.A. (former Industria e Innovazione S.p.A.)	Milano, Via Lanzone 31	37,136,263	0.228	
CE.P.I.M. Centro Padano Interscambio Merci S.p.A.	Fontevivo (PR) – Piazza Europa, 1	6,642,928	0.211	
BANCA CARIGE S.p.A.	Genova – Via Cassa di Risparmio 15	1,845,163,696	0.006	
Mediobanca S.p.A.	Milano – Piazzetta Enrico Cuccia n. 1	443,521,470	0.035	
Assicurazioni Generali S.p.A.	Trieste – Piazza Duca degli Abruzzi 2	1,565,165,364	0.022	0.022
Argentea Gestioni S.c.p.a.	Brescia – Via Somalia 2/4	120,000	0.020	
C.A.A.F. Industria Emilia Centrale S.p.A.	Bologna- Via San Domenico 4	377,884	0.014	
Società Cooperativa Elettrica Gignod - C.E.G.	LA CROIX NOIRE - RUE LA CROIX NOIRE 61	279,125	0.010	
SO.GE.A.P. S.P.A. S.p.A.	Parma - Via Ferretti Licinio 50/A	17,892,636	0.010	0.010
Banco BPM S.p.A.	Milano – Piazza F. Meda 4	7,100,000,000	0.007	
Uirnet S.p.A.	Brescia – Via Somalia 2/4	1,142,000	0.001	
Atlantia (formerly AUTOSTRADE S.p.A.)	Roma, Via Antonio Nibby 20	825,783,990	0.000	

Changes in the scope of consolidation

As regards changes in the scope of consolidation:

- on 5 July 2018, the Euroimpianti S.p.A. subscribed to 5,879 shares of the newly incorporated consortium C.I.T. S.c.a.r.l. – Cervit Impianti Tecnologici, reaching a total of 58.79% of share capital; as from the date of incorporation, the Brazilian company falls within the consolidation scope;
- following the liquidation, on 18 December 2018 the company Cisa Engineering S.p.A. con socio unico in liquidazione is no longer included within the scope of consolidation as of that date; therefore, the wound-up company was consolidated line-by-line solely for the “income statement figures”;
- following the liquidation, on 27 December 2018 the company Fiori Real Estate S.r.l. in liquidazione is no longer included within the scope of consolidation as of that date; therefore, the wound-up company was consolidated line-by-line solely for the “income statement figures”;

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

¹ 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 Group's activities are divided into four main sectors:

- Motorway sector (operating activities)
- Motorway sector (planning and construction activities)
- Technology sector
- Services sector

The financial and equity data for each sector are shown in the table below. Transactions between sectors are reversed in the "eliminations" column.

(amounts in thousands of EUR)	Business segment								Eliminations		Consolidated	
	Motorway sector (operating activities)		Motorway sector (planning and construction activities)		Technology sector		Services sector		2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017				
Revenue from third parties:												
Motorway (tolls)	1,187,119	1,093,184	-	-	-	-	-	-	-	-	1,187,119	1,093,184
Other motorway revenue	31,853	30,114	-	-	-	-	-	-	-	-	31,853	30,114
Motorway revenue - planning and construction	-	-	148,601	190,032	-	-	-	-	-	-	148,601	190,032
Technology sector revenue	-	-	-	-	45,641	44,605	-	-	-	-	45,641	44,605
Other	38,751	47,929	-	-	1,383	1,081	1,228	1,135	-	-	41,362	50,145
Total revenue from third parties	1,257,723	1,171,227	148,601	190,032	47,024	45,686	1,228	1,135			1,454,576	1,408,080
Intersegment revenue	8,059	6,033	-	-	45,905	46,876	6,659	7,222	(60,623)	(60,131)	-	-
Total revenue	1,265,782	1,177,260	148,601	190,032	92,929	92,562	7,887	8,357	(60,623)	(60,131)	1,454,576	1,408,080
Operating costs	(527,654)	(484,088)	(148,601)	(190,032)	(77,539)	(73,200)	(13,818)	(17,078)	60,623	60,131	(706,989)	(704,267)
Sector GOM	738,128	693,172	-	-	15,390	19,362	(5,931)	(8,721)	-	-	747,587	703,813
Non-recurring items	(2,446)	(4,920)	-	-	(229)	(445)	(5,530)	(5,810)	-	-	(8,205)	(11,175)
Amortisation/depreciation and provisions	(307,911)	(320,193)	-	-	(3,353)	(3,739)	(854)	(316)	-	-	(312,118)	(324,248)
Write-downs	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	427,771	368,059	-	-	11,808	15,178	(12,315)	(14,847)			427,264	368,390
Financial expenses	(105,606)	(84,370)	-	-	(92)	(101)	(67,848)	(63,430)	90,655	65,575	(82,891)	(82,326)
Financial income	22,360	15,970	-	-	477	1,052	103,561	99,754	(90,655)	(65,575)	35,743	51,201
Write-downs	-	(109)	-	-	-	-	-	(690)	-	-	-	(799)
Profit (loss) of companies accounted for by the equity method	2,710	(684)	-	-	-	113	12,779	14,928	-	-	15,489	14,357
Pre-tax profit (loss)	347,235	298,866	-	-	12,193	16,242	36,177	35,715			395,605	350,823
Profit (loss) for assets held for sale net of taxes (Discontinued Operations)	-	-	-	-	-	-	-	-	-	-	-	516
Income taxes	-	-	-	-	-	-	-	-	-	-	(106,227)	(89,459)
Net income, including minority interests											289,378	261,880

(amounts in thousands of EUR)	Business segment						Eliminations		Consolidated	
	Motorway sector (operating activities)		Technology sector		Services sector		2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017				
Non-current assets	3,637,814	3,773,556	16,732	16,611	4,198,575	2,398,468	(3,617,638)	(2,167,319)	4,235,483	4,021,318
Current assets	228,523	120,201	71,084	60,245	21,225	19,046	(64,487)	(13,864)	256,345	185,628
Total assets									4,491,828	4,206,946
Short-term liabilities	278,548	299,092	40,846	31,520	81,503	31,389	(43,456)	(116,831)	357,441	245,170
Medium/long-term liabilities and funds	304,323	313,728	6,178	5,652	1,484	1,468	-	-	311,985	320,848
Net financial indebtedness (available funds)	1,141,012	1,152,818	(32,672)	(36,213)	130,715	191,299	-	-	1,239,055	1,307,904
Shareholders' equity	-	-	-	-	-	-	-	-	2,583,347	2,333,024
Total liabilities									4,491,828	4,206,946
Equity-accounted investments	194,356	186,226	13	226	481,853	493,799	-	-	676,222	680,251

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 <i>(amounts in thousands of EUR)</i>	Motorway stretch	Expiry of the concession
<u>Subsidiaries – Italy</u>		
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 Autostrade del Brennero)	31 December 2031
ADF S.p.A.	Savona-Ventimiglia	30 November 2021
ADF S.p.A.	Torino – Savona	31 December 2038
Asti-Cuneo S.p.A.	Asti-Cuneo	(**)
Società di Progetto Autovia Padana S.p.A.	Piacenza-Cremona-Brescia	28 February 2043
<u>Jointly controlled entities and associated companies – Italy</u>		
ATIVA S.p.A.	Tangenziale di Torino, 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
<u>Jointly controlled entities and associated companies – International</u>		
Road Link	A69 Carlisle-Newcastle (UK)	31 March 2026
Ecovia Camiho do Mar (***)	Curitiba metropolitan area – Port of Paranagua	November 2021
Ecocataratas (****)	Paraná – "triple border" (Brazil, Argentina and Paraguay)	November 2021
Ecovias dos Imigrantes (***)	Sao Paulo metropolitan area – Port of Santos	June 2026
Ecosul (***)	Pelotas – Porto Alegre and Rio Grande Port	March 2026
Eco 101 (***)	Macuri/BA Rio de Janeiro border	May 2038
Ecopistas (***)	Sao Paulo metropolitan area – Industrial region of Vale do Rio Paraiba	June 2039
Ecoponte (***)	Rio de Janeiro Noteroi – State of Rio de Janeiro	May 2045
Rodoanel Norte (***)	San Paolo Norterm Ring Road	September 2048
MGO (***)	Cristalina (Goiás) – delta (Minas Gerais)	January 2044
BR-135 (***)	Montes Claros (Minas Gerais)	June 2048

(*) A management "extension" has been granted, pending the appointment of a new licensee.

(**) For this stretch, still pending completion, the duration of the concession is 23.5 years as from the infrastructure's completion date.

(***) Investee via IGLI S.p.A.

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

Other concessions

The company **VEM ABC**¹, operating in the **urban mobility sector**, holds the concession to build and operate a 14.9 km monorail connecting the City of Sao Paolo and the bordering region of ABC, an important industrial region, with 13 stations. The concession has a 25-year term from the start of works, which are expected to last about 4 years and whose start depends on the meeting the financial requirements (public and private quota). The value of the expected investment is around BRL 6 billion (EUR 1.7 billion), with a government grant of 50%.

¹ Investee via IGLI S.p.A.

Explanatory notes – Information on the balance sheet

Note 1 – Intangible assets

	Goodwill	Other intangible assets		Total
		In operation	In process	
Cost:				
as at 1 January 2017	36,414	31,415	1,161	68,990
Change in the scope of consolidation		-		-
Investments		1,805	356	2,161
Restatements and other changes	-	1,000	(712)	288
Write-downs	-			-
Divestitures		(61)		(61)
as at 31 December 2017	36,414	34,159	805	71,378
Accumulated depreciation:				
as at 1 January 2017	-	(19,250)	-	(19,250)
Change in the scope of consolidation				-
2017 depreciation		(2,926)	-	(2,926)
Restatements and other changes		(287)		(287)
Reversals/drawdowns		61		61
as at 31 December 2017	-	(22,402)	-	(22,402)
Net book value:				
as at 1 January 2017	36,414	12,165	1,161	49,740
as at 31 December 2017	36,414	11,757	805	48,976

	Goodwill	Other intangible assets		Total
		In operation	In process	
Cost:				
as at 1 January 2018	36,414	34,159	805	71,378
Investments		2,867	2,813	5,680
Restatements and other changes	-	175	(35)	140
Write-downs	-		(826)	(826)
Divestitures	-	-	-	-
as at 31 December 2018	36,414	37,201	2,757	76,372
Accumulated depreciation:				
as at 1 January 2018	-	(22,402)	-	(22,402)
2018 depreciation	-	(2,928)	-	(2,928)
Restatements and other changes	-	-	-	-
Reversals/drawdowns	-	-	-	-
as at 31 December 2018	-	(25,330)	-	(25,330)
Net book value:				
as at 1 January 2018	36,414	11,757	805	48,976
as at 31 December 2018	36,414	11,871	2,757	51,042

The amount of "goodwill" at 31 December 2018 – unchanged compared to 31 December 2017 – is summarised below:

Cash Generating Unit	Amount as at 31/12/2018
SALT p.A.	32,815
Autostrada dei Fiori S.p.A.	313
SATAP S.p.A.	2,907
Sinelec S.p.A.	379
Total	36,414

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 2018, please see the note "*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 increase during the year is the sum of: (i) greater investments (EUR 5.7 million) mainly for costs incurred to develop an accounting and management software system offset by (ii) amortisation/depreciation for the period (EUR 2.9 million) and write-downs of work in progress (EUR 0.8 million).

Concessions – non-compensated revertible assets

	Motorway in operation	Motorway under construction	Parking areas in operation	Total
Cost:				
as at 1 January 2017	7,873,069	1,042,215	12,403	8,927,687
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)
as at 31 December 2017	8,141,501	880,705	-	9,022,206
Capital grants:				
as at 1 January 2017	(1,197,355)	(200,065)	-	(1,397,420)
Increases	(3,795)	-	-	(3,795)
Restatements	-	-	-	-
as at 31 December 2017	(1,201,150)	(200,065)	-	(1,401,215)
Accumulated depreciation:				
as at 1 January 2017	(4,426,075)	-	(4,392)	(4,430,467)
Change in the scope of consolidation	-	-	4,392	4,392
Restatements and other changes	-	-	-	-
2017 depreciation	(319,483)	-	-	(319,483)
as at 31 December 2017	(4,745,558)	-	-	(4,745,558)
Net book value:				
as at 1 January 2017	2,249,639	842,150	8,011	3,099,800
as at 31 December 2017	2,194,793	680,640	-	2,875,433

	Motorway in operation	Motorway under construction	Total
Cost:			
as at 1 January 2018	8,141,501	880,705	9,022,206
Investments	315,606	145,348	460,954
Divestitures and other changes	-	-	-
Restatements	25,523	(24,264)	1,259
as at 31 December 2018	8,482,630	1,001,789	9,484,419
Capital grants:			
as at 1 January 2018	(1,201,150)	(200,065)	(1,401,215)
Increases	(68)	-	(68)
Restatements	-	-	-
as at 31 December 2018	(1,201,218)	(200,065)	(1,401,283)
Accumulated depreciation:			
as at 1 January 2018	(4,745,558)	-	(4,745,558)
Restatements and other changes	-	-	-
2018 depreciation	(299,869)	-	(299,869)
as at 31 December 2018	(5,045,427)	-	(5,045,427)
Net book value:			
as at 1 January 2018	2,194,793	680,640	2,875,433
as at 31 December 2018	2,235,985	801,724	3,037,709

The gross value of the motorway network – equal to EUR 9,484.4 million – includes EUR 1,459.8 million of capitalised financial expenses, of which EUR 14.1 million capitalised during the financial year (EUR 1,445.7 million as at 31 December 2017).

Investments", amounting to EUR 461 million, include EUR 260 million for the indemnity paid to the outgoing concession holder (Autostrade Centro Padane S.p.A.) and EUR 41 million for the concession price paid to the Ministry of Infrastructures and Transport.

As detailed in the "valuation criteria", in order to assess the amortisation of non-compensated revertible assets, the so-called "takeover" values set out in the current agreements and in the financial plans which are currently being examined by the Granting Body have been taken into account.

At 31 December 2018, the item "concessions – non-compensated revertible assets" broke down as follows:

Motorway concessions

Licensee <i>(amounts in thousands of EUR)</i>	Motorway stretch	Net value
SATAP S.p.A.	Torino – Milano	847,073
SAV S.p.A.	Quincinetto-Aosta	281,024
SALT p.A.	Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia	263,928
SALT p.A.	La Spezia-Parma (and road link with the Autostrada del Brennero)	477,153
ADF S.p.A.	Savona-Ventimiglia	198,231
ADF S.p.A.	Torino – Savona	325,363
Asti-Cuneo S.p.A.	Asti-Cuneo	337,766
Autovia Padana S.p.A.	Piacenza-Cremona-Brescia	307,171
Motorway concessions – Total non-compensated revertible assets		3,037,709

Below follow the main disclosures relating to the takeover of the concession to the A21 Piacenza-Cremona-Brescia section.

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

During the period, Autovia Padana S.p.A., as required by the call for tenders, paid the indemnity to the outgoing concession holder (Autostrade Centropadane S.p.A.) for an amount of EUR 260 million plus VAT, as well as the concession price - equal to EUR 41 million - to the Ministry of Infrastructures and Transport.

The assets and liabilities resulting from the acquisition are shown below:

	<i>(millions of EUR)</i>	
Non-compensated revertible assets - takeover	260.0	} 301
Non-compensated revertible assets - concession	41.0	
Other assets	56.8	
Financial debt	(191.7)	
Other liabilities	(2.4)	
Total net assets acquired	163.7	
Group	83.5	
Minority interests - Ardian Group	80.2	
Total additions to equity⁽¹⁾	163.7	

⁽¹⁾ The additions to equity were paid 50.9% by the subsidiary SATAP S.p.A., 0.1% by ITINERA S.p.A. and 49% by the Ardian Group.

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

Note 2 – Tangible assets

Property, plant, machinery and other assets

	Land and buildings	Plant and mach.	Ind. and comm. equip.	Other assets	Financial lease assets	Constr. in progress and advance payments	Total
Cost:							
as at 1 January 2017	69,810	20,719	11,890	42,959	8,281	1,450	155,109
Change in the scope of consolidation		(885)	-				(885)
Investments	47	343	446	1,559	656	332	3,383
Restatements and other changes	57	267	(2)	65		(385)	2
Divestitures		(25)	(223)	(587)	(196)	-	(1,031)
as at 31 December 2017	69,914	20,419	12,111	43,996	8,741	1,397	156,578
Accumulated depreciation:							
as at 1 January 2017	(22,122)	(15,912)	(10,175)	(37,882)	(6,124)	-	(92,215)
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)	-	7	(2)			(77)
as at 31 December 2017	(23,966)	(16,591)	(10,427)	(39,160)	(6,174)	-	(96,318)
Net book value:							
as at 1 January 2017	47,688	4,807	1,715	5,077	2,157	1,450	62,894
as at 31 December 2017	45,948	3,828	1,684	4,836	2,567	1,397	60,260

	Land and buildings	Plant and mach.	Ind. and comm. equip.	Other assets	Financial lease assets	Constr. in progress and advance payments	Total
Cost:							
as at 1 January 2018	69,914	20,419	12,111	43,996	8,741	1,397	156,578
Investments	43	184	657	1,692	-	281	2,857
Restatements and other changes	(1,006)	364	1,416	(635)		(1,479)	(1,340)
Divestitures	-	-	(97)	(1,024)	-	-	(1,121)
as at 31 December 2018	68,951	20,967	14,087	44,029	8,741	199	156,974
Accumulated depreciation:							
as at 1 January 2018	(23,966)	(16,591)	(10,427)	(39,160)	(6,174)	-	(96,318)
2018 depreciation	(1,755)	(935)	(544)	(1,518)	(107)		(4,859)
Reversals	-	-	75	942	-		1,017
Restatements and other changes	1,007	(315)	(1,319)	525	3		(99)
as at 31 December 2018	(24,714)	(17,841)	(12,215)	(39,211)	(6,278)	-	(100,259)
Net book value:							
as at 1 January 2018	45,948	3,828	1,684	4,836	2,567	1,397	60,260
as at 31 December 2018	44,237	3,126	1,872	4,818	2,463	199	56,715

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 2018 amounts to EUR 0.2 million.

Financial lease assets

As at 31 December 2018, the Group had in place 2 lease-purchase contracts to acquire industrial and commercial equipment; Their net book value as at 31 December 2018 totalled EUR 2.5 million.

Lease payments are based on the value of the asset at the beginning of the contract and the duration of the contract. The lease payments are updated periodically, based on the specific financial parameters of each contract. Guarantees were not issued for the commitments from contracts in place as at 31 December 2018.

Note 3 – Non-current financial assets**3.a – Investments accounted for by the equity method**

Changes during the period to investments in businesses accounted for by the "equity method" were as follows:

	31 December 2017	Purchases/ Increases	Sales/ Decreases	Restatements and other changes	Adjustments to			Foreign exchange differences	31 December 2018
					"shareholders' equity"				
					Profit/(loss)	Dividends	Other ^(*)		
Equity investments:									
a) in jointly controlled entities									
ATIVA S.p.A.	61,181				9,283	(15,856)	(55)		54,553
IGLI S.p.A.	225,121	-	-	-	(325)	-	(502)	(25,887)	198,407
Tangenziale Esterna S.p.A.	79,721	-	-	(79,721)	-	-	-	-	-
Tangenziali Esterne di Milano S.p.A.	69,826	-	-	(69,826)	-	-	-	-	-
b) in associated companies									
ATIVA Immobiliare S.p.A.	453	-	-	-	15	-	-	-	468
Aurea S.c.a r.l.	5	-	-	-	-	-	-	-	5
C.I.M. SPA	6,129	-	-	-	(15)	-	-	-	6,114
Interporto Vado Intermodal Operator S.p.A.	7,186	-	-	-	(97)	-	-	-	7,089
Itinera S.p.A.	72,318	-	-	-	2,613	-	(1,911)	816	73,836
IGEA Romagna S.c.ar.l.	-	4	-	-	-	-	-	-	4
OMT S.p.A.	175	-	(175)	-	-	-	-	-	-
Quires S.r.l.	17	-	(17)	-	-	-	-	-	-
Rivalta Terminal Europa S.p.A.	5,589	-	-	-	(164)	-	-	-	5,425
Road Link Holdings Ltd	2,687	-	-	-	1,016	(1,116)	-	(17)	2,570
S.A.BRO.M. S.p.A. Società Autostrada Broni-Mortara	5,823	-	-	-	(244)	-	-	-	5,579
Sistemi e Servizi S.c.a r.l.	38	-	-	-	-	-	-	-	38
S.I.T.A.F. S.p.A.	132,514	-	-	-	12,684	-	393	-	145,591
SITRASB S.p.A.	11,468	-	-	-	617	-	-	-	12,085
Smart Mobility System S.c.a.r.l. (SMS S.c.a.r.l.)	-	4	-	-	-	-	-	-	4
Tangenziale Esterna S.p.A.	-	11,987	-	79,721	(4,675)	-	926	-	87,959
Tangenziali Esterne di Milano S.p.A.	-	28,779	(17,872)	69,826	(5,219)	-	981	-	76,495
Total	680,251	40,774	(18,064)	-	15,489	(16,972)	(168)	(25,088)	676,222

^(*) 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 purchase of 11,986,589 shares in Tangenziale Esterna S.p.A. by the parent company SIAS S.p.A. (10,538,595 shares) and by the subsidiary SATAP S.p.A. (1,447,994 shares) for a total value of approximately EUR 12 million. As a result of the purchase, the Group's stake in this company is now equal to 21.271% of the share capital;
- the purchase of 38,373,033 shares in Tangenziali Esterne Di Milano S.p.A. by the parent company SIAS S.p.A. (7,725,883 shares) and by the subsidiary SATAP S.p.A. (30,647,150 shares) for a total value of approximately EUR 28.8 million. Following these purchases and the disposal described below, the Group's interest in this company accounts for 46.497% of the share capital;
- the subscription of 4,066 quotas of Igea Romagna S.c.a.r.l. by the subsidiary Euroimpianti S.p.A. for a total value of EUR 4,066;

- the subscription of 4,550 quotas of Smart Mobility System S.c.a.r.l. (SMS Scarl) by the subsidiary Sinelec S.p.A. for a total value of EUR 4,550.

The item "sales/decreases" refers to:

- sale by the subsidiary SATAP S.p.A. of 23,829,354 (equal to approximately 8.11% of the share capital) of Tangenziali Esterne di Milano S.p.A. for a total value of EUR 17.9 million;
- the sale of all the quotas in Quires S.r.l. (equal to 30% of the quota capital);
- the sale, by the subsidiary Sinelec S.p.A., of all shares held in OMT (equal to 40% of the share capital).

The item "restatements and other changes" refers to the reclassification of the investments held in Tangenziali Esterne di Milano S.p.A. and Tangenziale Esterna S.p.A. from companies "subject to joint control" to "associated companies" following the termination, as from 31 December 2018, of the agreements signed in 2013 with Intesa SanPaolo S.p.A. for the purpose of joint control of the companies Tangenziali Esterne Milano S.p.A., Tangenziale Esterna S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Autostrada Diretta Brescia Milano S.p.A. "BRE.BE.MI".

The item "adjustments to shareholders' equity" incorporates the pro-rata share of the profit/loss, the dividend distribution and the adjustments posted with "shareholders' equity" as contra-item, of the investee companies. This latter item includes the difference accrued in the period with regard to the fair value of Interest Rate Swap agreements and the discounting to present value of the Employee Severance Indemnity.

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 2018, 94,148,001 shares of the investee company Tangenziale Esterna S.p.A. were pledged in favour of the lending banks as part of a *project financing* operation.

The main economic and financial data for the companies accounted for by the "equity method" (Joint ventures and associated companies) is provided below

Jointly controlled entities - joint ventures

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:

(amounts in thousands of EUR)	Assets assets ⁽¹⁾		Assets assets ⁽¹⁾	Liabilities liabilities ⁽¹⁾		Liabilities liabilities ⁽¹⁾	
		of which cash and cash equivalents				of which financial	
IGLI S.p.A.	15,363	294	638,628	72,049	71,500	357	-
Ativa Group	218,946	52,505	12,799	27,559	2,745	84,308	-

(1) Information added based on the financial statements of the companies, prepared in accordance with IFRS/IAS.

With regard to profit and loss:

	Revenue ⁽¹⁾	Profit/(loss) for the year ⁽¹⁾	Total statement of comprehensive income ⁽¹⁾	Dividends received ⁽¹⁾
IGLI S.p.A. ⁽²⁾	12,979	11,633	9,218	-
Ativa Group	164,862	21,220	21,074	15,856

(1) Information added based on the financial statements of the companies, prepared in accordance with IFRS/IAS.

(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.

Associated companies

Company	Total assets	Total liabilities	Total revenue	Profit/loss for the year	Financial statements data ⁽¹⁾ as at
Aurea S.c.ar.l.	15,990	15,980	11,986	-	31/12/2018
ATIVA Immobiliare S.p.A.	3,264	1,256	631	30	31/12/2017
CIM S.p.A.	82,331	50,520	6,730	(63)	31/12/2017
Edilrovaccio 2	577	1,137	-	(274)	31/12/2018
ITINERA S.p.A. ⁽³⁾	675,460	458,599	394,864	512	31/12/2018
Rivalta Terminal Europa S.p.A.	54,787	42,605	3,853	(1,796)	31/12/2017
Road Link Holdings Ltd ⁽²⁾	-	-	5,250	5,250	31/03/2018
SABROM S.p.A.	45,233	19,272	158	(1,138)	31/12/2017
SISTEMI E SERVIZI S.c.a.r.l.	1,026	926	1,235	33	31/12/2018
SITAF S.p.A.	1,652,207	1,326,879	157,183	25,044	31/12/2017
SITRASB S.p.A.	47,655	14,509	10,627	1,686	31/12/2018
Tangenziale Esterna S.p.A.	1,472,479	1,157,405	65,472	(23,246)	31/12/2018
Tangenziali Esterne di Milano S.p.A.	232,188	194	128	(637)	31/12/2018
Vado Intermodal Operator S.p.a.	41,055	33,241	2,974	1,116	31/12/2017

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

(2) In thousands of GBP

(3) Financial statements prepared in compliance with international accounting standards (IFRS/IAS)

3.b – Other equity investments

Changes to equity investments in "other businesses" during the period were as follows:

	31 December 2017			Changes during the period				31 December 2018		
	Original value	Fair value adjustments	Total	Purchases	Sales	Restatements / other changes	Adjustments to fair value	Original value	Fair value adjustments	Total
Equity investments:										
Assicurazioni Generali S.p.A.	4,013	1,232	5,245	-	-	-	(207)	4,013	1,025	5,038
ASTM S.p.A.	851	572	1,423	-	(851)	-	(572)	-	-	-
Banca CA.RI.GE. S.p.A.	29	(1)	28	-	-	-	(28)	29	(29)	-
Banca Popolare – Società cooperativa	301	(15)	286	-	-	-	(71)	301	(86)	215
PLC S.p.A. (ex Industria e Innovazione S.p.A.)	84	(16)	68	68	-	-	(30)	152	(46)	106
Mediobanca S.p.A.	1,335	1,504	2,839	-	-	-	(625)	1,335	879	2,214
Total Level 1	6,613	3,276	9,889	68	(851)	-	(1,533)	5,830	1,743	7,573
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.	-	-	-	-	-	-	-	-	-	-
Assoservizi Industrie s.r.l.	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. Centro Padano Interscambio merci S.p.A.	14	-	14	-	-	-	-	14	-	14
Codelfa S.p.A.	6,218	-	6,218	-	-	(3,705)	2,088	2,513	2,088	4,601
Società Confederazione Autostrade S.p.A.	420	-	420	-	-	-	-	420	-	420
Consorzio Autostrade Italiane Energia	16	-	16	-	-	-	-	16	-	16
Consorzio SINA	2	-	2	-	(2)	-	-	-	-	-
Interporto Toscano A. Vespucci S.p.A.	77	-	77	-	-	-	-	77	-	77
Itinera Construções Ltda	30	-	30	-	-	-	-	30	-	30
Milano Serravalle-Milano Tangenziali S.p.A.	65,812	26	65,838	-	-	-	-	65,812	26	65,838
Nuova Codelfa S.p.A.	-	-	-	-	-	3,705	1,917	3,705	1,917	5,622
iOne Solutions S.r.l.	2	-	2	-	-	-	-	2	-	2
SO.GE.A.P. S.p.A. S.p.A.	189	-	189	-	-	-	-	189	-	189
SPEDIA S.p.A. in liquidation	377	-	377	-	-	-	-	377	-	377
Tunnel Gest S.p.A.	426	-	426	-	-	(350)	-	76	-	76
Uirnet S.p.A.	-	-	-	-	-	10	-	10	-	10
Total Level 3	83,934	26	83,960	-	(2)	(341)	4,005	83,591	4,031	87,622
Total	90,547	3,302	93,849	68	(853)	(341)	2,472	89,421	5,774	95,195

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 2018 refer to:

- the sale of all 58,880 shares of ASTM S.p.A. for a total value of EUR 1.4 million;
- the subscription of the share capital of PLC S.p.A. (ex Industria e Innovazione S.p.A.), comprising 841,192 shares for a total value of EUR 68 thousand;
- on 2 August 2018, the subsidiary Finanziaria di Partecipazioni e Investimenti S.p.A. – following the partial demerger of Codelfa S.p.A. into the beneficiary Nuova Codelfa S.p.A. – received 82,115 shares of the new company

representing 16.423% of the share capital.

- the *fair value* adjustment of equity investments (based on market prices), with a contra-entry in "shareholders' equity".

As at 31 December 2018, the value of the other equity investments included a total positive amount (Group and minority interests) of approximately EUR 5.8 million (EUR 3.3 million as at 31 December 2017) which related to the fair value adjustment of the investments.

3.c – Other non-current financial assets

It should be noted that, following the adoption of IFRS 9, the items classified as "receivables" (EUR 117.2 million) and "other" financial assets (EUR 363.8 million) as at 31 December 2017, totalling EUR 481 million, were reclassified to a single item called "*other non-current financial assets*". This item breaks down as follows:

	31 December 2018	31 December 2017
Loans:		
• loans to investee companies	123,157	84,169
Receivables:		
• financial receivables due from the Granting Body for "minimum guaranteed amounts"	2,290	2,335
• from INA	9,183	9,277
• as collateral on fidejussory policies	20,456	20,512
• from suppliers as security deposits	799	770
Other financial assets		
• insurance policies	216,491	241,360
• takeover	117,509	111,260
• other financial assets	51,088	11,300
Total	540,973	480,983

"*Loans to investees*" relate mainly to the loans granted to Tangenziale Esterna S.p.A. (EUR 89.5 million), IGLI S.p.A. (EUR 28.6 million), Autostrada Broni Mortara S.p.A. (EUR 3.9 million) and Confederazione Autostradale (EUR 0.8 million). The increase in this item, equal to approximately EUR 39 million, is due to (i) the purchase from Intesa SanPaolo S.p.A. of further parts of the loan from Tangenziale Esterna S.p.A. (EUR 20.9 million), (ii) the disbursement of a further loan to the company IGLI S.p.A. (EUR 10 million), (iii) the disbursement of a loan to the company Autostrada Broni Mortara S.p.A. (EUR 3.9 million), (iv) the interest accrued in the reporting period (EUR 4.6 million) offset by the repayment of other loans to investees (EUR 0.4 million).

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 S.p.A. (EUR 2.3 million).

"*Receivables from INA*" represent the provisions during previous periods to the employee severance indemnity of some motorway licensees.

The item "*receivables as collateral on fidejussory policies*" represents the value of the pledge issued against fidejussory policies by the Insurance Institutes on behalf of Autostrada Asti-Cuneo S.p.A., with regard to the bidding competition for the Asti-Cuneo concession.

The item "*insurance policies*" refers to capitalisation policies with single premium and guaranteed capital. The capital appreciates according to the higher of minimum guaranteed return (where provided for by the contract) and the return of the separate management of the underlying fund to which the policy refers. In particular, the amount equal to EUR 216.5 million refers to the capitalisation policies, entered into (i) by the subsidiary SALT p.A. (EUR 206.4 million) with Credit Agricole Vita, Reale Mutua Assicurazioni, Allianz, Compagnia Italia di previdenza, UnipolSai Assicurazioni and Cardif, (ii) by the subsidiary SATAP S.p.A. (EUR 8 million) with Reale Mutua Assicurazioni, and (iii) by the subsidiary Asti Cuneo S.p.A. (EUR 2 million) with Generali Italia S.p.A.. The change in the year is attributable to (i) repayments/redemptions of insurance policies (EUR -58.4 million), (ii) new policies taken out (EUR +30 million) and (iii) the recognition of income on capitalisation policies (EUR +3.6 million).

Said amount includes the interests accrued and not yet collected as at the reporting date.

These agreements represent a temporary investment of excess liquidity and expire beyond next year. However, there is the option of turning the investment into cash in the short term.

The item "*takeover*" mainly refers to the following: (i) EUR 107.9 million for the value of works as at 30 June 2017 subject to the takeover relative to the A21 "Torino – Piacenza" stretch, of which the concession expired on 30 June 2017, (ii) EUR 6.7 million for a receivable accrued for investments in the A21 "Torino –Piacenza" stretch after this date and (iii) EUR 2.9 million for advances to suppliers for work on the A21 "Torino-Piacenza" stretch.

The item "*other financial assets*" includes (i) the asset recognised in light of the additional purchases of shares in Tangenziale Esterna S.p.A. (EUR +14.8 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (ii) the asset recognised in light of the additional purchases of shares in Tangenziale Esterna di Milano S.p.A. (EUR +7.7 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (iii) the asset recognised in view of the purchase of a portion of the loan of Tangenziale Esterna S.p.A. (EUR +11.3 million) from Autostrade Lombarde S.p.A., with a payable recognised for the same amount as a contra-entry, (iv) the Pharus Sicav investment fund, subscribed in previous years as a cash investment (EUR +9.9 million) and (v) the J.P. Morgan investment funds subscribed during the year as a cash investment (EUR +7.2 million).

Note 4 – Deferred tax assets

This item totalled EUR 131,075 thousand (EUR 136,521 thousand as at 31 December 2017). For the breakdown of this item, please refer to Note 36 – Income taxes.

Note 5 - Inventories and contract assets

These consist of:

	31 December 2018	31 December 2017
Raw materials, ancillary materials and consumables	13,798	9,498
Work in progress - Contract assets	14,434	13,105
Finished products and goods	1,390	1,244
Advance payments	68	-
Total	29,690	23,847

Work in progress breaks down as follows:

	31 December 2018	31 December 2017
Gross value of the orders	57,453	57,033
Advance payments on work progress	(43,019)	(43,828)
Provisions to guarantee work in progress	-	(100)
Net value	14,434	13,105

The change in inventories is mainly due to the increase in the item "Raw materials, ancillary materials and consumables" following the higher purchases of raw materials by the subsidiary Euroimpianti S.p.A. in the latter part of 2018, for production commitments expected in the first months of 2019.

Note 6 – Trade receivables

Trade receivables totalled EUR 63,740 thousand (EUR 60,735 thousand as at 31 December 2017), net of the provisions for bad debts of EUR 4,082 thousand (EUR 3,970 thousand as at 31 December 2017).

Note 7 – Current tax assets

This item totalled EUR 20,186 thousand (EUR 18,202 thousand as at 31 December 2017) and refers to receivables for VAT, regional production tax (IRAP), corporate income tax (IRES) and other tax assets.

Note 8 – Other receivables

This item breaks down as follows:

	31 December 2018	31 December 2017
Advances to suppliers	8,129	3,724
to related parties	16,037	16,143
to others	112,392	12,799
Prepaid expenses	6,168	5,166
Total	142,726	37,832

"Receivables due from related parties" mainly refer to receivables owed to Autostrada dei Fiori S.p.A. by Rivalta Terminal Europa S.p.A. (EUR 13.8 million) and by VIO S.p.A. (EUR 1.4 million).

The change in "receivables from others" during the period was mainly due to (i) the sale to Intesa SanPaolo S.p.A. of the equity investment held by the subsidiary SATAP S.p.A. in Autostrade Lombarde S.p.A. and the loan granted to it (totalling EUR 81.1 million), and (ii) the sale to Autostrade per l'Italia S.p.A. of 23,829,354 shares of Tangenziali Esterne di Milano S.p.A., held by the subsidiary SATAP S.p.A. (EUR 17.9 million). These receivables were collected in January 2019.

Note 9 – Current financial assets

These consist of:

	31 December 2018	31 December 2017
From connected companies	246,790	224,993
Receivables from ANAS for capital grants	5,940	5,940
Pledged current accounts and other financial receivables	11,795	11,863
Financial receivables due from the Granting Body for "minimum guaranteed amounts"	45	45
Total	264,570	242,841

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 11.3 million (EUR 11.4 million as at 31 December 2017), refer to the "reserve accounts" servicing the debt in relation to the loans entered into by the subsidiaries SAV S.p.A. and Autostrada dei Fiori S.p.A. (A6 stretch).

Note 10 – Cash and cash equivalents

These consist of:

	31 December 2018	31 December 2017
Bank and postal deposits	946,121	427,500
Cheques	120	30
Cash and cash equivalents on hand	16,803	13,745
Total	963,044	441,275

The change in the item "*cash and cash equivalents*" is mainly due to the issue of the SIAS 2018-2028 convertible bond loan. For a detailed analysis of the changes in this item, please see the cash flow statement.

Note 11 - Discontinued operations/Non-current assets held for sale

As at 31 December 2017, the item "*Discontinued operations/Non-current assets held for sale*" referred to the value of the equity investment held in Autostrade Lombarde (EUR 27.9 million) and the loan receivable from it (EUR 17.1 million), which on the basis of the agreements signed on 28 July 2017 by SIAS S.p.A. and SATAP S.p.A. with Intesa SanPaolo S.p.A. were to be sold to Intesa SanPaolo S.p.A.

The sale of the abovementioned equity investment and financial receivable took place during 2018 and was settled in January 2019. As previously mentioned, the relative amounts were entered under the item "Other receivables - from others".

Note 12 – Shareholders' equity

12.1 – Share capital

As at 31 December 2018, the share capital consisted of 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.

12.2 – Reserves

12.2.1 – Share premium reserve

This item totalled EUR 689,608 thousand (EUR 689,608 thousand as at 31 December 2017). 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 amount also refers EUR 510.6 million 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, and the remaining EUR 0.4 million to the portion relating to the conversion of the bonds under the SIAS convertible bond loan 2005-2017.

12.2.2 – Revaluation reserves

This item totalled EUR 5,434 thousand (EUR 5,434 thousand as at 31 December 2017).

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

12.2.3 – Legal reserve

This reserve amounted to EUR 26,338 thousand and is unchanged from 31 December 2017 as the minimum limit has been reached.

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 equity investments and other financial assets. As at 31 December 2018, this reserve totalled a positive EUR 3,180 thousand, net of the related deferred tax effect (a positive EUR 3,075 thousand as at 31 December 2017). For changes in this item, please see Note 3 delle "Non-current financial assets".

12.2.5 – Cash flow hedge reserve

This item was established and moved as a direct contra-entry to the fair value measurement of interest rate swap agreements and of the effect of foreign exchange hedge derivatives. As at 31 December 2018, this item showed a negative balance of EUR 24,202 thousand, net of the related deferred tax effect (negative balance of EUR 55,477 thousand as at 31 December 2017).

More specifically, the change in the period, amounting to EUR 31,275 thousand, is detailed below:

Adjustment to IRS (Companies consolidated with the "line-by-line method")	19,363
Tax effect on IRS adjustment (Companies consolidated with the "line-by-line method")	(4,647)
IRS adjustment/reversal (companies consolidated with the "equity method" and "Non-current assets held for sale")	16,615
Total	<u>31,331</u>
Of which:	
Portion assigned to minority interests	56
Portion assigned to the Parent Company's Shareholders	<u>31,275</u>
	31,331

12.2.6 – Available reserves*Capital reserves*

This item totalled EUR 34,590 thousand and was unchanged from 31 December 2017.

Profit reserves

This item totalled EUR 88,580 thousand and was unchanged from 31 December 2017.

12.2.7 – Exchange rate difference reserve

This reserve is negative for an amount of EUR 23,883 thousand (positive EUR 915 thousand as at 31 December 2017), 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 24,798 thousand, is detailed below:

Effect of IGLI exchange rate adjustments (company consolidated by the equity method)	(25,887)
Effect of other exchange rate adjustments (companies consolidated by the equity method)	779
Tax effect on exchange rate adjustments (companies consolidated by the equity method)	310
Total	<u>(24,798)</u>

12.2.8 – Reserve for discounting Employee Severance Indemnity

This reserve – which is negative for an amount of EUR 685 thousand (negative balance of EUR 785 thousand as at 31 December 2017) – includes the actuarial differences arising from the remeasurement of liabilities relating to "Employee benefits (Employee Severance Indemnity)".

12.2.9 – Retained earnings

This item totalled EUR 1,124,342 thousand (EUR 962,322 thousand as at 31 December 2017). It includes the prior-year profits/losses of consolidated companies and also includes amounts related to the differences in accounting treatment that arose on the date of transition to IFRS (1 January 2004), which can be traced to the adjustments made to the

financial statements that were prepared up to that date in compliance with national accounting standards.

The increase in this item - equal to EUR 162 million - was due to (i) the allocation of the pro-rata share of profit for the year 2017 (EUR 158.6 million), (ii) purchases/disposals of minorities (EUR 2.8 million), (iii) the disposal of other equity investments and other changes (EUR 0.7 million) and to the effects resulting from the "first-time application of IFRS 15" (EUR -0.1 million).

12.3 – Profit for the period

This item includes the profits for the period. It totalled EUR 264,502 thousand (EUR 238,272 thousand in 2017).

12.4 – 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)
SIAS S.p.A. as at 31 December 2017	2,088.6	97.9
Shareholders' equity and profit of the consolidated companies	1,684.8	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)
SIAS Group as at 31 December 2017 – attributed to the parent company's shareholders	2,072.5	238.3

<i>(amounts in millions of EUR)</i>	Shareholders' equity	Profit/(loss)
SIAS S.p.A. as at 31 December 2018	2,195.9	190.5
Shareholders' equity and profit of the consolidated companies	1,737.5	295.4
Book value of the consolidated companies	(1,669.4)	-
Reversal of dividends received from subsidiaries, jointly controlled entities and associated companies	-	(221.4)
SIAS Group as at 31 December 2018 – attributed to the parent company's shareholders	2,264.0	264.5

12.5 - Shareholders' equity attributed to minority interests

As at 31 December 2018, this item amounted to EUR 319,316 thousand (EUR 260,512 thousand as at 31 December 2017) and mainly relates to the subsidiaries SALT p.A., Autostrada dei Fiori S.p.A., Autostrada Asti-Cuneo S.p.A., SAV S.p.A. and Società di Progetto Autovia Padana S.p.A.

The increase in the period (equal to EUR 58.8 million) is due to: (i) the profit for the period of EUR 25.1 million, (ii) the increase in the share capital of the subsidiary Società di Progetto Autovia Padana S.p.A. by the amount paid by the associated company Itinera S.p.A. (EUR 36.6 million), (iii) the sale to third parties of shares in Autovia Padana S.p.A. (EUR 31.2 million) held by the subsidiary SATAP S.p.A., (iv) other changes (EUR 0.1 million), partially offset by (i) the distribution of dividends (EUR 19.9 million) and (ii) the acquisition of minorities (EUR 14.3 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.	27.00	30.49	125.8	14.1	139.9
SAV S.p.A.	34.92	34.92	44.8	5.6	50.4
Società di Progetto Autovia Padana S.p.A.	49.10	49.16	80.2	2.0	82.2
SALT p.A.	4.77	4.77	22.5	2.0	24.5
Autostrada Asti-Cuneo S.p.A.	40.00	42.86	20.4	0.8	21.2
Other companies			0.5	0.6	1.1
Total			294.2	25.1	319.3

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 p.A.	Autovia Padana S.p.A.	Autostrada Asti-Cuneo S.p.A.
Net toll revenue ⁽¹⁾	226,595	68,630	289,074	51,175	19,498
Other motorway sector revenue ⁽²⁾	6,891	808	11,312	766	36
Other revenue	8,210	6,883	7,956	1,497	1,164
Turnover (A)	241,696	76,321	308,342	53,438	20,698
Operating costs ⁽¹⁾⁽²⁾ (B)	(105,606)	(29,197)	(119,952)	(30,902)	(18,048)
Gross operating margin⁽³⁾ (A - B)	136,090	47,124	188,390	22,536	2,650

⁽¹⁾ amounts net of the fee/additional fee payable to ANAS

⁽²⁾ amounts net of revenue and costs for construction activities of non-compensated revertible assets

⁽³⁾ net of non-recurring items

<i>(amounts in thousands of EUR)</i>	Autostrada dei Fiori S.p.A.	SAV S.p.A.	SALT p.A.	Autovia Padana S.p.A.	Autostrada Asti-Cuneo S.p.A.
A) Cash	84,613	5,328	176,435	8,453	957
B) Financial receivables	105,822	15,157	266,188	17,333	6,742
C) Short-term borrowings	(22,525)	(12,211)	(13,206)	(11,288)	(182,049)
D) Current net cash (A) + (B) + (C)	167,910	8,274	429,417	14,498	(174,350)
E) Long-term borrowings	(189,462)	(46,628)	(598,930)	(141,423)	(50,000)
F) Net financial indebtedness (D) + (E)	(21,552)	(38,354)	(169,513)	(126,925)	(224,350)
G) Non-current financial receivables	-	-	4,826	-	-
H) Discounted value of the payable due to ANAS – Central Insurance Fund	-	(81,737)	(51,093)	-	-
H) "Adjusted" net financial indebtedness (F)+(G)+(H)	(21,552)	(120,091)	(215,780)	(126,925)	(224,350)

With reference to the provisions of paragraphs 12 and 13 of IFRS 12 and taking into account the fact that the concession assets are governed by specific contractual arrangements with the 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 2018	31 December 2017
Provision for restoration or replacement of non-compensated revertible assets	152,013	149,227
Other provisions	16,635	15,245
Employee benefits	31,834	32,254
Total provisions for risks and charges and employee benefits	200,482	196,726

13.1 Provisions for restoration or replacement of non-compensated revertible assets

The change in the "provision for restoration or replacement of non-compensated revertible assets" is attributable (i) to the accrual to the provisions for renewal for 2018 of EUR 118,194 thousand, (ii) the use of EUR 114,976 thousand euros for maintenance work and (iii) reclassifications/changes of EUR 0.4 million.

13.2 - Other provisions

This item, amounting to EUR 16,635 thousand (EUR 15,245 thousand as at 31 December 2017) changed due to (i) provisions in the period totalling EUR 4 million (ii) the use of 2.6 million. As at 31 December 2018, this item mainly refers to:

- EUR 5.7 million set aside for possible risks and charges borne by Società Autostrada Ligure Toscana p.A.; these risks mainly refer to the charges for work on behalf of ANAS on the Ghiare di Berceto-Bivio di Bertorella stretch and provisions;
- EUR 0.2 million set aside by Società di Progetto Autovia Padana S.p.A. for lawsuit expenses;
- EUR 1.5 million set aside by the subsidiary Autostrada dei Fiori S.p.A. for pending litigation (EUR 1 million) and risks for work performed (EUR 0.5 million);
- EUR 0.5 million for expenses to be incurred as part of the optimization and rationalisation of human resources carried out under trade union agreements signed in the period by the subsidiaries Autostrada dei Fiori S.p.A., Autostrada Asti Cuneo S.p.A. and SATAP S.p.A.;
- EUR 5.5 million for the provision for risks relating to SATAP A21, the concession for which expired on 30 June 2017 and relates to the provision made to cover potential risks in relation to the remaining uncertainties related to the expiry of the concession contract for the A21 Stretch;
- EUR 2.5 million for bonuses related to the "managerial incentive system".

13.3 – Employee benefits (Employee Severance Indemnity)

As at 31 December 2018, this item totalled EUR 31,834 thousand (EUR 32,254 thousand as at 31 December 2017). Changes during the period were as follows:

1 January 2018	32,254
Period contributions (*)	656
Transfer from other companies not in the scope of consolidation	1,252
Indemnities advanced/liquidated during the period	(2,526)
Restatements and other changes	198
31 December 2018	31,834

(*) net of actuarial profit recognised in the statement of comprehensive income for EUR 0.2 million

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

Economic/financial assumptions

Annual discount rate	1.97% ⁽¹⁾
Annual inflation rate	1.5%
Annual rate of increase in severance pay	2.625%
Annual rate of salary increases (for Companies with less than 50 employees)	From 1% to 2.5%

Demographic assumptions

Mortality	RG 48 tables
Disability	INPS tables by age and gender
Retirement age	100% of requirements met
% of frequency of advances	From 2% to 4%
Turnover	From 0.5% to 8%

⁽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 SIAS Group carries out its activities. If the Group Companies had used the "AA" rating Iboxx Eurozone Corporate index, the debt for the "employee benefits" would have been lower by approximately EUR 0.8 million, with an effect on shareholders' equity (Group and Minority interests) amounting to around EUR 0.6 million, net of the related tax effect.

Note 14 – Other payables and contractual liabilities (noncurrent)

These consist of:

	31 December 2018	31 December 2017
To ANAS – Central Insurance Fund	120,930	124,373
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	59,796	68,253
To others	178	178
Total	180,904	192,804

The item payable "to ANAS - Central Insurance Fund" refers to operations undertaken by the parties in question in favour of the licensees SALT p.A. and SAV S.p.A. to make instalment payments and for payables to suppliers. The amount of the payable has been discounted based on the repayment plans set out in the respective agreements.

The breakdown by licensee of payables discounted as at 31 December 2018 and their developments until fully repaid is as follows:

(amounts in millions of EUR)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	81.7	75.4	68.7	56.8	43.8	29.9	15.2	-	-	-
SALT- A15 stretch	51.1	53.8	56.6	59.6	62.7	66.1	69.7	73.5	74.0	26.4
TOTAL	132.8	129.2	125.3	116.4	106.5	96.0	84.9	73.5	74.0	26.4

(*) of which EUR 120.9 million as the non-current portion and EUR 11.9 million as the current portion (Note 20)

The item "deferred income related to discounting the payable to ANAS – Central Insurance Fund" collects the difference between the original amount of the payable and its discounted value. The charge from the discounting process is imputed to the income statement among "financial expenses". At the same time, the amount previously deferred is posted to the item "other income".

The payables shown above are broken down by maturity as follows:

	Between one and five years	Beyond five years	Total
Payables to ANAS – Central Insurance Fund	46,670	74,260	120,930
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	37,845	21,951	59,796
Other payables	178	-	178
Total	84,693	96,211	180,904

Note 15 – Bank debt (non-current)

Bank debt totalled EUR 721,015 thousand (EUR 860,590 thousand as at 31 December 2017).

The change compared to the previous year is the result of the following: (i) the reclassification to the item "current portion of medium/long-term borrowings" of the instalments in the following 12 months (EUR -321.9 million), (ii) the early repayment of a loan (EUR -15 million), (iii) the disbursement of new loans (EUR +193 million), (iv) the renegotiation of a loan (EUR +4 million reclassified from current portion to non-current portion) and (v) the so-called amortised cost (EUR +0.3 million).

The tables below show the medium-term bank debt as at 31 December 2018 and 31 December 2017, indicating the related balance due (current and non-current portion) and summarizing the principal conditions applied to each liability.

31 December 2018									
Lending bank	Company	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2018	Maturity		
							Within 1 year	1 to 5 years	Beyond 5 years
Banca BISS – Intesa Group	SATAP	15/06/2024	75,000	Variable/IRS	EUR	26,613	4,839	21,774	-
Mediobanca (BEI funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	4,200	1,200	3,000	-
Mediobanca (BEI funding)	SATAP	15/06/2024	59,450	Variable/IRS	EUR	21,095	3,835	17,260	-
Mediobanca	SATAP	13/12/2021	400,000	Variable/IRS	EUR	240,000	80,000	160,000	-
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	EUR	126,000	36,000	90,000	-
Cassa Depositi e Prestiti	SATAP	31/12/2021	60,000	Variable	EUR	60,000	-	50,000	10,000
BNL – Mediobanca	SAV	15/12/2019	50,000	Variable	EUR	4,167	4,167	-	-
Crédit Agricole	LOGISTICA TIRRENICA	01/04/2019	3,400	Variable	EUR	178	178	-	-
Mediobanca, Unicredit and UBI (BEI funding)	SIAS	15/12/2024	24,500	Variable	EUR	21,000	3,500	14,000	3,500
Mediobanca, Unicredit and UBI	SIAS	15/12/2024	143,500	Variable IRS	EUR	123,000	20,500	82,000	20,500
BEI	SIAS	15/12/2024	77,000	Variable/IRS	EUR	66,000	11,000	44,000	11,000
BEI	SIAS	15/12/2020	25,000	IRS	EUR	8,333	4,167	4,166	-
Mediobanca, UniCredit and UBI (BEI funding)	SIAS	15/12/2020	15,000	Variable	EUR	5,000	2,500	2,500	-
UBI	SIAS	30/09/2019	70,000	Variable	EUR	70,000	70,000	-	-
BNL	SIAS	16/09/2019	30,000	Variable	EUR	30,000	30,000	-	-
Banca Popolare di Milano	SIAS	31/01/2019	50,000	Variable	EUR	50,000	50,000	-	-
CAIXA	SIAS	02/11/2020	50,000	Variable	EUR	50,000	-	50,000	-
Unicredit Intesa Cariparma pool	SIAS	15/12/2033	137,000	Variable	EUR	137,000	-	-	137,000
Unicredit Intesa Cariparma pool	SIAS	15/12/2033	6,000	Variable	EUR	6,000	-	-	6,000
						1,048,586	321,886	538,700	188,000
Accruals and deferrals SIAS Group						(5,129)	556	(3,258)	(2,427)
						1,043,457	322,442	535,442	185,573
Total bank debt (non-current)								721,015	

Almost all the medium- and long-term loan contracts in place as at 31 December 2018 require compliance with certain economic and financial parameters (covenants) that are normal for loans of this type. As at 31 December 2018, 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 1.01% for an average residual duration of the payable of approximately 7 years and 2 months.

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	0.832
Variable rate borrowings	1.182

As part of the financial structure that involves the centralisation of the Group's funding activities under SIAS S.p.A., the debt contracted by SIAS S.p.A. is supported by a special security package in order to guarantee its creditors effective access to the operating companies benefiting from the intercompany loans.

The note "Other information – Financial risk management" contains the description of the financial risks of the Group and the management policies for them.

31 December 2017									
Lending bank	Company	Due date of the debt	Initial amount of the debt	Interest rate	Currency	Balance at 31 December 2017	Within 1 year	1 to 5 years	Beyond 5 years
Banca BISS – Intesa Group	SATAP	15/06/2024	75,000	Variable/IRS	EUR	31,452	4,839	19,355	7,258
Mediobanca (BEI funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	5,400	1,200	4,200	-
Mediobanca (BEI funding)	SATAP	15/06/2024	59,450	Variable/IRS	EUR	24,930	3,835	15,342	5,753
Mediobanca	SATAP	13/12/2021	400,000	Variable/IRS	EUR	320,000	80,000	240,000	-
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	EUR	162,000	36,000	126,000	-
Cassa Depositi e Prestiti	SATAP	31/12/2025	60,000	Variable/IRS	EUR	60,000	4,000	32,002	23,998
BNL – Mediobanca	SAV	15/12/2019	50,000	Variable/IRS	EUR	8,334	4,167	4,167	-
Banca BISS – UniCredit	SALT	30/06/2018	110,000	Variable/IRS	EUR	5,000	5,000	-	-
Monte dei Paschi di Siena	SALT	22/05/2018	170,000	Variable/IRS	EUR	8,092	8,092	-	-
Crédit Agricole	LOGISTICA TIRRENICA	01/04/2019	3,400	Variable	EUR	534	357	177	-
Mediobanca, Unicredit and UBI (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
BEI	SIAS	15/12/2024	77,000	Variable	EUR	77,000	11,000	44,000	22,000
BEI	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	-	-
BEI	SIAS	15/12/2020	25,000	IRS	EUR	12,500	4,167	8,333	-
Mediobanca, UniCredit and UBI (BEI funding)	SIAS	15/12/2020	45,000	Variable	EUR	22,500	7,500	15,000	-
Mediobanca, UniCredit and UBI (BEI funding)	SIAS	15/12/2020	15,000	Variable	EUR	7,500	2,500	5,000	-
UBI	SIAS	30/09/2019	70,000	Variable	EUR	70,000	-	70,000	-
BNL	SIAS	14/09/2019	30,000	Variable	EUR	30,000	-	30,000	-
Banca Popolare di Milano	SIAS	31/01/2019	50,000	Variable	EUR	50,000	-	50,000	-
BNL	SIAS	10/12/2018	50,000	Variable	EUR	50,000	50,000	-	-
						1,119,670	253,085	759,576	107,009
Accruals and deferrals SIAS Group						(5,576)	419	(4,087)	(1,908)
						1,114,094	253,504	755,489	105,101
Total bank debt (non-current)								860,590	

Note 16 – Hedging derivatives

This item amounts to EUR 35,730 thousand (EUR 55,092 thousand as at 31 December 2017) and refers to the *fair value* as at 31 December 2018 of the *Interest Rate Swap* contracts concluded by Group companies in order to prevent the risk deriving from changes in interest rates.

Note 17 – Other financial liabilities (non-current)

This item totalled EUR 1,538,435 thousand (EUR 995,405 thousand as at 31 December 2017), comprising:

	31 December 2018	31 December 2017
2010-2020 bond loan	498,323	497,456
2014-2024 bond loan	497,113	496,606
2018-2028 bond loan	541,747	-
Other payables	1,252	1,343
Total	1,538,435	995,405

The increase in the above-mentioned "bond loans" is due to the issue of the 2018/2028 bond loan and the application of the so-called "amortised cost", according to which the payable is progressively aligned with its redemption value.

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

In compliance with IAS 32 or IFRS 9, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

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

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

In compliance with IAS 32 or IFRS 9, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

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

The item "2018-2028 bond loan" refers to the "senior secured" bond loan of EUR 550 million issued in February 2018; the bonds issued have a minimum unit of EUR 100 thousand and were placed at an issue price ("below par") of EUR 98.844 only with qualified investors. These bonds are governed by English law and traded at the Irish Stock Exchange.

In compliance with IAS 32 or IFRS 9, this item was posted net of the cost incurred for the issue/listing and of the issue discounts.

The bonds have the following principal features:

- duration: 10 years;
- coupon: 1.625% per year, gross;
- redemption: bonds will be redeemed upon maturity (8 February 2028) in a lump sum at par value.

"Other payables" refer to that portion of medium- and long-term loans related to the assets purchased under financial lease. These liabilities mature between one and five years.

Note 18 – Deferred tax liabilities

This item totalled EUR 51,529 thousand (EUR 55,691 thousand as at 31 December 2017). For a breakdown of this item, see Note 36 – Income taxes.

Note 19 – Trade payables (current)

Trade payables totalled EUR 166,558 thousand (EUR 140,613 thousand as at 31 December 2017).

Note 20 – Other payables and contract liabilities (current)

These consist of:

	31 December 2018	31 December 2017
Advances	365	1,663
Payables to related parties	207	164
Payables to welfare organisations	12,499	11,561
Payables to ANAS – Central Insurance Fund	11,900	11,900
Payables to Autostrada dei Fiori shareholders for option	10,341	10,341
Deferred income	9,217	10,656
Other payables	148,513	50,460
Total	193,042	96,745

The item "*advances*" 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 1,988,585 shares (equal to 2.45% of the share capital) subscribed by them. The item "*payables to Autostrada dei Fiori shareholders for option*" represents the estimate of the price to be paid to the shareholders if the latter decide to exercise the *put* option for the above-mentioned shares.

The item "*deferred income*" mainly refers to prepaid lease, easement payments, grants received by SATAP S.p.A. from TAV S.p.A., RFI S.p.A., and grants received by SAV S.p.A. from RAV S.p.A. and the Autonomous Region Valle d'Aosta.

The increase in the item "*other payables*" was due EUR 95.4 million to the effects – as described above – of the agreements between SIAS S.p.A., SATAP S.p.A. and Intesa San Paolo. This item includes payables (i) for the purchase from Autostrade Lombarde S.p.A. of Tangenziale Esterna S.p.A. shares for a total value of EUR 14.8 million (of which SIAS S.p.A. for EUR 13 million and SATAP S.p.A. for EUR 1.8 million), (ii) for the purchase from Autostrade Lombarde S.p.A. of shares in Tangenziali Esterne di Milano S.p.A. for a total value of EUR 7.7 (of which SIAS S.p.A. for EUR 1.5 million and SATAP S.p.A. for EUR 6.2 million), (iii) for the purchase from Autostrade Lombarde S.p.A. of a portion of the loan (and interest) of Tangenziale Esterna S.p.A. for a total value of EUR 11.3 million (of which SIAS S.p.A. for EUR 9.9 million and SATAP S.p.A. for EUR 1.4 million), (iv) for the purchase from Intesa SanPaolo S.p.A. of the loans and related interest of Tangenziale Esterna S.p.A. (EUR 20.9 million) and (v) for the purchase from Intesa SanPaolo S.p.A. of the equity investments in Tangenziale Esterna S.p.A. and Tangenziali Esterne di Milano S.p.A. by SIAS S.p.A. and SATAP S.p.A. for a total value of EUR 40.7 million. In accordance with the agreements reached with IntesaSanpalo and Autostrade Lombarde, the above payables were settled in January 2019.

Note 21 – Bank debt (current)

These consist of:

	31 December 2018	31 December 2017
Current account overdrafts and advances	19,182	4,428
Maturing portion of medium- and long-term loans	322,442	253,504
Total	341,624	257,932

The change in the item "*current account overdrafts and advances*" was due to the higher current account overdrafts relating to the licensees Autostrade Asti Cuneo S.p.A. and Società di Progetto Autovia Padana S.p.A..

The change in the item "*maturing portion of medium- and long-term loans*" was due to: (i) reimbursement of instalments falling due in 2018 and associated interest (EUR 249.5 million), (ii) the renegotiation of a loan and consequent reclassification from current to non-current (EUR 4 million), (iii) reclassification – from the item "*bank long-term borrowings*" of instalments falling due within 12 months (EUR 321.9 million) and (iv) recognition of interest accrued (EUR 0.5 million);

Note 22 – Other financial liabilities (current)

These consist of:

	31 December 2018	31 December 2017
SIAS 2010-2020 bond loan	4,130	4,130
SIAS 2014-2024 bond loan	14,887	14,887
2018-2028 bond loan	8,007	-
Payables to connected companies	9,180	8,266
Other payables	14,274	14,400
Total	50,478	41,683

The items "*SIAS 2010-2020 bond loan*", "*SIAS 2014-2024 bond loan*" and "*SIAS 2018-2028 bond loan*", refer to the payable to the bondholders for the interest accrued as at 31 December 2018.

The item "*payables to connected companies*" refers to payables to connected companies not belonging to the Group for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period.

The item "other payables" refers EUR 14.1 million to the payable related to the higher contribution received by the subsidiary Autostrada dei Fiori S.p.A. (A6 Torino-Savona stretch) in relation to Law 662/96 for investments in non-compensated revertible assets and EUR 0.1 million to short-term payables for finance leases.

With regard to the total debt (short-, medium- and long-term) for financial lease assets, we show below the reconciliation as at 31 December 2018 between total future payments for leased assets and their present value using the interest rate implicit in the respective contract.

Future payments	1,493
Near present value of the instalments based on the implicit rate in the contracts	(143)
Present value of future payments	1,350

Note 23 – Current tax liabilities

Current tax liabilities totalled EUR 9,743 thousand (EUR 19,712 thousand as at 31 December 2017) and refer to liabilities for corporate income tax (IRES), regional production tax (IRAP), VAT and personal income tax withheld.

Explanatory Notes – Information on the income statement

The revenue and expenditure items reflect as of 1 March 2018 the figures relating to the management of the A21 Piacenza-Cremona-Brescia stretch, after the subsidiary Società di Progetto Autovia Padana S.p.A. ("Autovia Padana") effectively took over the concession. In order to allow the effects of this change to be assessed, specific notes have been added below.

Note 24 – Revenue

24.1 – Motorway sector revenue – operations

This item breaks down as follows:

	2018	2017
Net toll revenue	1,103,296	1,017,280
Fee/additional fee payable to ANAS	83,823	75,904
Gross toll revenue	1,187,119	1,093,184
Other accessory revenue	31,853	30,114
Total motorway sector revenue	1,218,972	1,123,298

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

The change in the item "*fee/additional fee payable to ANAS*" (EUR +7.9 million) was due (i) to the fee/additional fee payable to ANAS by the licensee Autovia Padana for EUR 7.6 million and (ii) to the increase in traffic on the sections operated by the other licensees for EUR 0.3 million. Based on the fact that the fees had been collected on behalf of ANAS, this increase wholly affected the item "operating costs".

The increase in the item "*other accessory revenue*" (EUR +1.7 million) was due EUR 0.8 million to the revenue of the licensee Autovia Padana for the period March - December 2018.

24.2 – Motorway sector revenue – planning and construction activities

This item totalled EUR 148,601 thousand (EUR 190,032 thousand in 2017) and refers to the "planning and construction" activity of non-compensated revertible assets that – according to IFRIC 12 – are booked among revenue with regards to both the portion obtained by Group companies and that of Third Parties. The corresponding costs were entered under "Other costs for services".

24.3 – Technology sector revenue

This item breaks down as follows:

	2018	2017
Revenue for works and planning	39,845	32,563
Change in construction contracts, goods in process, semi-finished and finished products	1,490	8,118
Other revenue	4,306	3,924
Total	45,641	44,605

This is the total amount of "production" carried out for Third Parties by the subsidiaries Sinelec S.p.A., Euroimpianti S.p.A., Brescia Milano Manutenzione S.c.ar.l., PLM S.c.ar.l. and CIT S.c.a.r.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 "technology sector revenue" compared to the previous year, reflects activities carried out for third parties by the subsidiary Euroimpianti S.p.A..

24.4 – Other revenue

This item breaks down as follows:

	2018	2017
Claims for damages	3,866	3,785
Other revenue and income	18,712	26,749
Share of income resulting from the discounting of the payable due to the Central Insurance Fund (FCG) and ANAS	8,461	9,583
Works on behalf of third parties and cost reversal	8,452	8,006
Operating grants	1,871	2,022
Total	41,362	50,145

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*" was mainly due to the decrease in contingent assets (the 2017 financial year included EUR 8.4 million related to contingent assets for alienations of service areas).

The item "*share of income resulting from the discounting of the payable due to ANAS – Central Insurance Fund*" refers to the share related to the difference – which was previously deferred – between the original amount of the payable and its present value.

The increase in the item "*Works on behalf of third parties and cost reversal*" was mainly due to higher revenue from cost reversal to consortia accumulated by the subsidiary SATAP S.p.A.

Note 25 – Personnel expenses

This item can be broken down as follows:

	2018	2017
Salaries and wages	125,405	113,114
Social security contributions	38,121	33,790
Allocations to provision for employees	10,679	6,661
Other costs	4,313	10,519
Total	178,518	164,084

The overall increase in "personnel expenses" was due to (i) the transfer of staff from the previous concession holder (Autostrade Centro Padane S.p.A.) to the subsidiary Società di Progetto Autovia Padana S.p.A. as from 1 March 2018 (EUR +13.7 million), (ii) the increase in staff in the technology and services sectors (EUR 2.6 million) and (iii) the lower costs of the motorway sector (EUR -1.9 million) due to the reorganisation/streamlining of resources.

Average employee staffing breaks down by category as follows:

	31/12/2017	Autovia Padana increases	Other changes	31/12/2018
Managers	48	1	2	51
Middle managers	75	2	2	79
Office workers	1,793	175	25	1,993
Workers	385	30	(4)	411
Total	2,301	208	24	2,534

Note 26 – Costs for services

This expense item breaks down as follows:

	2018	2017
Maintenance of non-compensated revertible assets	108,412	97,653
Other costs related to non-compensated revertible assets	31,428	27,451
Other costs for services	232,725	275,260
Total	372,565	400,364

The item "*maintenance of non-compensated revertible assets*" is recognised net of intercompany "production" carried out by Group companies operating in the "technology" sector in favour of motorway companies.

The total amount of **maintenance** operations carried out in FY 2018 (before intragroup eliminations) totalled **EUR 132.3 million** (EUR 122.1 million in 2017), of which EUR 7.5 million related to the licensee Autovia Padana.

The change in the item "*other costs related to non-compensated revertible assets*" was mainly due to higher costs for "*winter services*" (EUR +2.3 million) and to higher "other costs" attributable to the licensee Autovia Padana (EUR +1.6 million).

The item "other costs for services" includes – as set out in IFRIC 12 – the costs related to "planning and construction activities" of non-compensated revertible assets. This category also includes professional fees, costs for legal assistance, fees for corporate bodies, 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 lower 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:

	2018	2017
Raw materials	16,842	14,295
Consumables and merchandise	14,987	13,836
Changes in inventories of raw materials, consumables and merchandise	(4,299)	86
Total	27,530	28,217

This item refers to production materials and consumables and mainly relates to the subsidiaries Euroimpianti S.p.A., Sinelec S.p.A., SATAP S.p.A., Autostrada dei Fiori S.p.A., Società di Progetto Autovia Padana S.p.A. and SALT p.A.. The different composition of raw material costs is mainly due to the higher purchases of raw materials made in the last part of 2018 due to production commitments in the first few months of 2019.

Note 28 – Other costs

This expense item breaks down as follows:

	2018	2017
Concession fee pursuant to article 1, par. 1020 of Italian Law No. 296/06	26,851	24,776
Fee pursuant to article 19, par. 9-bis of Italian Law Decree no. 78/09	83,823	75,904
Sub-concession fee	6,108	5,632
Leases and rental expenses	7,143	6,136
Other operating expenses	13,254	11,044
Total	137,179	123,492

The item "concession fee pursuant to article 1, paragraph 1020 of Law no. 296/06" has been calculated according to 2.4% of "net toll revenue"; the change in this item is related to both the increase in toll revenue and the concession fee for the licensee Società di Progetto Autovia Padana S.p.A. (EUR +1.2 million).

The item "fee pursuant to article 19, paragraph 9 of Law Decree no. 78/09" has been calculated according to EUR 0.0060 vehicle/km for light vehicles and EUR 0.0180 vehicle/km for heavy vehicles. the change compared to the previous year was due to both the increase in heavy traffic on the sections operated by the licensees and the concession fee for the licensee Società di Progetto Autovia Padana S.p.A. (EUR +7.6 million).

The change in the "sub-concession fee" - calculated on the royalties received from service areas - was mainly due to the positive change in royalty income.

The cost for "leases and rental expenses" mainly refers to operating leases for industrial and commercial equipment used by the Group Companies. The associated contracts for these assets contain clauses for both redemption upon maturity at market prices for the contracted asset and renewal options upon maturity. The lease payments increase annually based on the ISTAT index.

The change in the item "other operating expenses" is due EUR 0.4 million to higher charges relating to Autovia Padana and EUR 1.8 million to both contingent liabilities and higher operating costs.

Note 29 – Capitalised costs on fixed assets

This item, amounting to EUR 598 thousand (EUR 715 thousand in 2017), refers to internal works carried out within the Group and capitalised as an increase to tangible assets.

Note 30 – Amortisation, depreciation and write-downs

This item breaks down as follows:

	2018	2017
Intangible assets:		
• Other intangible assets	2,928	2,926
• Non-compensated revertible assets	299,869	319,483
Tangible assets:		
• Buildings	1,755	1,762
• Plant and machinery	935	976
• Industrial and commercial equipment	544	478
• Other assets	1,518	1,817
• Assets in financial lease	107	127
Total amortisation and depreciation	307,656	327,569
Impairment of goodwill and other impairment	960	575
Total amortisation, depreciation and write-downs	308,616	328,144

With regard to depreciation and amortisation of non-compensated revertible assets, the change is due to (i) lower depreciation and amortisation (EUR -42.5 million) for the A21 Torino-Piacenza stretch, the concession for which expired on 30 June 2017, (ii) higher depreciation and amortisation for the licensee Società di Progetto Autovia Padana S.p.A., the concession for which became effective on 1 March 2018 and (EUR +8.5 million) and (iii) higher depreciation and amortisation (EUR 14.4 million) for the other Group licensees.

Note 31 – Adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets

The adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets is detailed as follows:

	2018	2017
Use of the provision for restoration, replacement and maintenance of non-compensated revertible assets	(114,976)	(120,944)
Set-aside to provision for restoration, replacement and maintenance of non-compensated revertible assets	118,194	110,996
Net adjustment of the provision for restoration, replacement or maintenance of non-compensated revertible assets	3,218	(9,948)

The use of the provision for restoration, replacement or maintenance of non-compensated revertible assets represents all maintenance costs borne by the motorway licensees during the period. The provision includes the amount needed to update the fund to meet scheduled maintenance programmes in the financial plans attached to the individual concessions in later accounting periods, in order to ensure the appropriate functionality and safety of the respective motorway infrastructures. The 2018 provision includes EUR 2.3 million related to the licensee Società di Progetto

Autovia Padana S.p.A.. The different amount of the net adjustment of the provision for restoration, replacement or maintenance of non-compensated revertible assets is due, among other things, to a different schedule of maintenance operations.

Note 32 – Other provisions for risks and charges

Provisions for risks and charges at 31 December 2018 amounted to approximately EUR 0.3 million (EUR 6 million in 2017) and mainly referred to legal costs.

Note 33 – Financial income

This item breaks down as follows:

	2018	2017
Income from equity investments:		
• dividends from other businesses	3,673	414
• capital gain on sale of investments	20,189	34,225
Total	23,862	34,639
Interest income and other financial income		
• from credit institutions	610	890
• from financial assets	11,034	12,126
• from interest rate swap contracts	-	-
• other	237	3,546
Total	11,881	16,562
Total financial income	35,743	51,201

The item "*dividends from other businesses*" mainly referred to the dividends collected from the investee companies Autostrade Centro Padane S.p.A. (EUR 3.1 million), Assicurazioni Generali S.p.A. (EUR 0.3 million), Mediobanca S.p.A. (EUR 0.1 million) and Tunnel Gest (EUR 0.1 million).

The item "*Capital gain on sale of investments*" is mainly due to the gain realised on the disposal of the equity investment in Autostrade Lombarde S.p.A.. In 2017, this item referred to the capital gains realised following the sale of the parking sector and the equity investment held in FNM S.p.A..

The decrease in the item interest income "*from credit institutions*" was due to the reduction in the interest rates applied by banks to customer deposits.

"*From financial assets*" includes financial income from insurance policies for EUR 4.4 million (EUR 5.4 million in 2017) and interest on loans disbursed to investee companies for EUR 6.5 million (EUR 6.7 million in 2017). In 2017, the item "*other*" included EUR 3.3 million in net financial income from the refinancing of certain BEI loans.

Note 34 – Financial expenses

34.1 – Financial expenses

This item breaks down as follows:

	2018	2017
Interest expense:		
• on loans	11,428	11,691
• on current accounts at banks	22	22
Miscellaneous interest expense:		
• from interest rate swap contracts	22,973	28,795
• from financial discounting	8,929	10,083
• from convertible bond loan SIAS 2005-2017	-	7,076
• from bond loan SIAS 2010–2020	23,367	23,328
• from bond loan SIAS 2014-2024	17,382	17,360
• from bond loan SIAS 2018-2028	8,750	-
• from financial lease contracts	26	32
Other financial charges:		
• other financial charges	4,099	3,638
Total	96,976	102,025
Capitalised financial expenses ⁽¹⁾	(14,085)	(19,699)
Total	82,891	82,326

(1) As reported in Note 1 – Intangible assets / Concessions of non-compensated revertible assets, an amount equal to EUR 14.1 million was capitalised under the item “non-compensated revertible assets”.

The 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 2017, and to trends in interest rates on the portion of variable-rate financial debt.

Interest expense related to “*financial discounting*” of non-current liabilities refers to payables to the Central Insurance Fund and ANAS (EUR 8.4 million) and to the “financial component” of the employee severance indemnity and tax reserve (EUR 0.5 million).

Interest expense on the “*bond loan SIAS 2010-2020*” represents the expense accrued on the bond loan issued by SIAS on 19 October 2010.

Interest expense on the “*bond loan SIAS 2014-2024*” represents the expense accrued during the year on the bond loan issued by SIAS on 6 February 2014.

Interest expense on the “*SIAS 2018-2028 bond loan*” represents the expense accrued during the year on the bond loan issued by SIAS in February 2018.

“Other financial expenses” include EUR 1.4 million related to the alignment of the investment funds to fair value as at 31 December 2018.

34.2 – Impairment losses on equity investments

In 2017, the item “*Impairment losses on equity investments*” equal to EUR 799 thousand referred to the write-down of other equity investments (EUR 0.7 million).

Note 35 – Profit (loss) of companies accounted for by the equity method

This item is detailed as follows:

	2018	2017
Revaluations (write-downs) of equity investments:		
• Autostrada Broni Mortara S.p.A.	(244)	-
• Ativa S.p.A.	9,283	14,964
• Ativa Immobiliare S.p.A.	15	-
• Aton S.r.l.	-	113
• Autostrade Lombarde S.p.A.	-	(2,574)
• CIM S.p.A.	(15)	-
• IGLI S.p.A.	(325)	2,212
• Itinera S.p.A.	2,613	720
• Parcheggio Piazza Meda S.r.l.	-	246
• Parcheggio Piazza Trento e Trieste S.r.l.	-	209
• Parcheggio Piazza Vittorio S.r.l.	-	117
• Road Link Holding Ltd.	1,016	1,264
• Rivalta Terminal Europa S.p.A.	(164)	(1,404)
• SITAF S.p.A.	12,684	7,224
• SITRASB S.p.A.	617	-
• Tangenziale Esterna S.p.A.	(4,675)	(2,605)
• Tangenziali Esterne di Milano S.p.A.	(5,219)	(6,129)
• Vado Intermodale Operator S.c.p.A.	(97)	-
Total	15,489	14,357

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:

	2018	2017
Current taxes:		
• Corporate income tax (IRES)	89,221	79,227
• Regional production tax (IRAP)	19,476	17,100
	108,697	96,327
Taxes (prepaid)/deferred:		
• Corporate income tax (IRES)	(2,391)	(5,198)
• Regional production tax (IRAP)	(602)	(446)
	(2,993)	(5,644)
Taxes related to prior years		
• Corporate income tax (IRES)	473	(1,226)
• Regional production tax (IRAP)	50	2
	523	(1,224)
Total	106,227	89,459

During the year, with "shareholders' equity" as a contra-item, "deferred taxes" were debited for approximately EUR 4.3 million, related to the fair value measurement of "other equity investments" and "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 2018 and 2017.

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

	2018		2017	
Period income before taxes	395,605		350,823	
Effective income taxes (from financial statements)	86,830	21.95%	74,029	21.10%
Lower taxes (compared to the theoretical rate):				
• lower taxes on dividends	837	0.21%	94	0.03%
• lower taxes on capital gains and other changes	4,845	1.22%	-	0.00%
• update of investments accounted for by the equity method	3,717	0.94%	3,446	0.98%
• Lower taxes on capital gains and other changes	1,568	0.40%	8,214	2.34%
Higher taxes (compared to the theoretical rate):				
• Taxes on intercompany dividends	(2,851)	-0.72%	(1,392)	-0.40%
• Write-downs of equity investments and non-deductible capital losses	-	-	(194)	-0.05%
Theoretical income taxes	94,948	24.00%	84,197	24.00%

Reconciliation between "effective" and "theoretical" rates (IRAP - Regional production tax):

	2018		2017	
Value added (Regional production tax taxable base)	427,264		374,442	
Effective income taxes (from financial statements)	18,874	4.42%	16,654	4.45%
Lower taxes (compared to the theoretical rate):				
• net miscellaneous deductible charges	(2,211)	-0.52%	(2,051)	-0.55%
Theoretical income taxes	16,663	3.90%	14,603	3.90%

* * *

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 assets and liabilities (posted to the balance sheet).

	31-Dec-17	Changes with effect on income statement	Changes with effect on shareholders' equity	Change in scope and other changes	31-Dec-18
Deferred tax assets related to: (**)					
• intangible assets not capitalised in accordance with IAS/IFRS	3	-	-	-	3
• provisions to tax deferral reserves	3,648	103	-	-	3,751
• maintenance costs exceeding deductible share	6,790	(425)	-	(592)	5,773
• valuation of financial assets at fair value and IRS	13,640	62	(4,466)	-	9,236
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	56,405	(1,625)	-	-	54,780
• maintenance costs restoration provision (IRES)	43,100	(1,302)	-	679	42,477
• maintenance costs restoration provision (IRAP)	8,442	-	-	-	8,442
• actuarial appraisal of the Employee Severance Indemnities Reserve	493	(19)	(40)	-	434
• other	4,000	1,961	305	(87)	6,179
Total deferred tax assets (Note 4)	136,521	(1,245)	(4,201)	-	131,075
Deferred tax liabilities related to: (**)					
• assets in financial lease	(112)	(30)	-	-	(142)
• valuation of work in progress	(456)	400	-	-	(56)
• valuation of financial assets at fair value and IRS	(279)	280	(48)	-	(47)
• actuarial appraisal of the Employee Severance Indemnities Reserve	(415)	(121)	(36)	-	(572)
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	(53,995)	3,738	-	-	(50,257)
• other	(888)	(29)	2	460	(455)
Total deferred tax liabilities (Note 18)	(56,145)	4,238	(82)	460	(51,529)
Total		2,993			

(*) 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)

"Profit (loss) from assets held for sale" in 2017 referred to the reclassification under IFRS 5 of "assets held for sale" following the sale of the equity investment in Fiera Parking S.p.A. in November 2017.

Note 38 – Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the Group share of net profit/loss by the average number of outstanding shares during the period.

	2018	2017
Net profit – Group share (<i>in thousands of EUR</i>)	264,502	237,761
Average number of outstanding shares during the period	227,542,156	227,539,223
Earnings per share (<i>euro per share</i>)	1.162	1.045

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 "SIAS convertible bond loan 2005-2017", 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 for the year 2017 has also been adjusted. More specifically:

	2017
Net profit – Group share (adjusted) (<i>thousands of EUR</i>) (1)	243,139
"Edited" average number of outstanding shares during the period (2)	243,326,280
Diluted earnings per share (<i>euro per share</i>)	0.999

	2017
(1) - Net profit – Group share	237,761
- Financial expenses on convertible bond issue	7,076
- Tax effect on financial expenses	(1,698)
	<u>243,139</u>
(2) - Average number of outstanding shares	227,539,223
- Maximum number of shares from conversion of the bond issue	15,787,057
	<u>243,326,280</u>

The profit/loss for shares from “Assets held for sale” for 2017 is shown in the table:

	2017
Net profit – Group share (<i>in thousands of EUR</i>)	511
Average number of outstanding shares during the period	227,539,223
Earnings per share (<i>euro per share</i>)	0.002

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 2018	31 December 2017
Cash and cash equivalents - opening balance (a)	-	5,864
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)
Ending cash and cash equivalents (a)+(b)+(c)+(d)	-	5,754

39.2 – Change in net working capital

	2018	2017
Inventories	(5,843)	(1,840)
Trade receivables	(3,005)	3,230
Current tax assets	(1,984)	(1,587)
Receivables from others	(5,879)	(3,382)
Current trade payables	25,945	(1,460)
Other current payables	820	(14,121)
Current tax liabilities	(9,969)	340
Total	85	(18,820)

39.3 – Other changes from operating activity

	2018	2017
Drawdown on provisions for Employee Severance Indemnities	(2,526)	(2,858)
Drawdown on other provisions	(2,638)	(14,366)
Other changes	4,591	1,115
Total	(573)	(16,109)

Note 40 - Significant non-recurring events and transactions

As stated in the Management Report, 2018 was affected by significant non-recurring events and transactions – as defined in CONSOB Communication no. DEM/6064293¹ – with an impact on the operating economic situation of EUR 8.2 million, attributable to costs for the period as a result of the project to reorganise and optimise procedures and streamline resources and other non-recurring expenses.

Note 41 - Atypical and/or unusual transactions

Pursuant to CONSOB Communication no. DEM/6064296 of 28 July 2006, in 2018 the Group did not carry out any atypical and/or unusual transactions, as defined in the Communication, according to which an atypical and/or unusual transaction is one for which the significance/materiality, nature of the counterparty, subject matter of the transaction, transfer pricing mechanism used and timing of the event (e.g. close to year end) could raise doubts about: the accuracy/completeness of information in the financial statements, conflict of interest, asset protection and the protection of minority interests.

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

Other information

Information is shown below with regard to (i) the commitments undertaken by the Group Companies, (ii) the determination of the fair value, (iii) financial risk management and (iv) related party transactions, (iv) RFI lawsuit, (v) lapsed motorway concessions, (vii) Ecorodovias Infrastruttura e Logistica S.A. (viii) the disclosure on the transparency of public funding. For information about the Group, "**Significant subsequent events**", "**Allocation of profits**" 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:

Performance bonds

- Performance bonds, equal to EUR 130.8 million, issued by several banks and insurance companies, in the interest of motorway licensees¹ in favour of the Ministry of Infrastructures and Transport to guarantee the good management of concessions, as provided for by the current Standard Agreements. The amount of these performance bonds, initially 3% of the total monetary operating costs included in the financial plans annexed to said agreements, is untied on an annual basis with regards to the amount of the pro-rata of each year of the concession.
- The performance bond, equal to EUR 8.4 million, issued by UniCredit S.p.A. on behalf of Società di Progetto Autovia S.p.A. in favour of the Ministry of Infrastructures and Transport to guarantee coverage of damages deriving from contractual non-performance in the execution of the works, pursuant to Article 113, paragraph 1 of Legislative Decree 163/2006.
- The performance bond, equal to EUR 1.1 million, issued by several insurance companies on behalf of SALT p.A. (A15 stretch) in favour of the Ministry of Infrastructures and Transport to guarantee the proper execution of the final design under the Standard Agreement of 3/03/2010.
- Performance bonds amounting to EUR 1.2 million issued by SATAP S.p.A. in favour of Concessioni Autostradali Lombarde in the interest of Argentea S.c.p.a. and Aurea S.c.ar.l., to guarantee the commitments undertaken by them.
- The performance bond, amounting to EUR 7.9 million (pro-rata share), issued in favour of SACE BT Credit & Surety, through which SATAP S.p.A. guarantees the commitments undertaken by the associated company S.A.Bro.M S.p.A. following the signing of the agreement related to the Broni-Mortara motorway stretch on 16 September 2010.
- Performance bonds equal to EUR 1.3 million, issued in favour of the Municipality of Bernate Ticino and Parco Lombardo della Valle del Ticino, according to which SATAP S.p.A. guarantees the commitments undertaken for the construction of the Bernate Bypass.
- The guarantee (*performance bond*), amounting to EUR 1.1 million, issued by SATAP S.p.A. in favour of the Piedmont Region to guarantee the interventions in terms of environmental monitoring and territorial input, environmental protection, mitigation and compensation in the Torino – Novara Est motorway stretch.
- The performance bonds issued by Autostrada Asti-Cuneo S.p.A., SINELEC S.p.A., Euroimpianti S.p.A. Autostrada dei Fiori S.p.A. (A6 - Torino Savona stretch) and to SALT p.A. (A 15- La Spezia – Parma stretch) to guarantee the proper execution of the works for EUR 84.5 million.

¹ With regard to Autostrada Asti-Cuneo S.p.A., as indicated in "Note 3.c – Other non-current financial assets", financial receivables include the receivable for the pledge amounting to EUR 20 million against fidejussory policies by insurance institutes with reference to the bidding competition for the Asti-Cuneo concession.

- The performance bond issued by an insurance company on behalf of the company SAV S.p.A. in favour of the Autonomous Region of Valle d'Aosta in accordance with the concession 168/2010 – for the permanent occupation of areas in the public domain for EUR 0.1 million.

Commitments and guarantees

Sistema Tangenziale Esterna

With regard to the agreements for the investment in "Sistema Tangenziale Esterna", SIAS S.p.A. and the subsidiary SATAP S.p.A. initially had guarantees in place, pursuant to the *Equity Contribution Agreement*, for the payment, if certain conditions are met, of EUR 22.7 million as *equity reserve* and approximately EUR 1.2 million to cover any other charges and costs, also of a tax nature. These guarantees were issued as autonomous first demand performance bonds, issued by Intesa Sanpaolo to Tangenziale Esterna S.p.A. on 8 April 2014.

During 2018, SIAS S.p.A. and SATAP S.p.A. consolidated the usufruct, becoming owners of 10,538,595 and 1,447,994 shares respectively. As part of the same agreements, SIAS S.p.A. and SATAP S.p.A. also assumed, proportionally, the commitments set out in the Equity Contribution Agreement, including increasing the equity reserve guarantees up to a total of EUR 29.2 million. In January 2019, this commitment increased by EUR 4.5 million following the purchase of additional shares in Tangenziale Esterna S.p.A. held by Autostrade Lombarde S.p.A..

Euroimpianti S.p.A.

The agreement for the sale in 2017 of the equity investment held by Euroimpianti S.p.A. in Aton S.r.l. includes - as per industry practices - the possibility for the purchaser to resell the equity investment to Euroimpianti S.p.A. in the five years following the purchase, if the feed in tariff from GSE based on an ongoing agreement, is permanently withdrawn due to causes attributable to the previous operator.

SIAS Parking S.r.l. unipersonale

It should be noted that the contract relating to the sale in 2017 of the equity investment held by Sias Parking S.r.l. unipersonale in Fiera Parking S.p.A. includes a commitment by Sias Parking S.r.l. unipersonale to indemnify the buyer for a maximum amount of EUR 3 million, in the event that liabilities should arise that would not have been incurred or suffered by the buyer if the seller's representations and warranties had been true and correct.

Commitments undertaken with the Revenue Office regarding payment of Group VAT

SIAS S.p.A. provided guarantees to the Revenue Office – for a total amount of EUR 47 thousand – related to the excess credit recognised as a result of the Group's VAT payment in the prior year with regard to Società di Progetto Autovia Padana S.p.A.

(ii) The determination of the fair value

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

Assets

- non-current financial assets: the value posted to the financial statements represents their fair value
- cash and cash equivalents: the value posted to the financial statements represents their fair value
- equity investments in other businesses: the value posted to the financial statements represents their fair value

Liabilities

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

* * *

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

SIAS 2010-2020 bond loan (amounts in millions of EUR)	31 December 2018	31 December 2017
• book value in the financial statements	502 ⁽¹⁾	501
• official market listing	532	566

(1) Payable: EUR 498 million + interest: EUR 4 million

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

SIAS 2014-2024 bond loan (amounts in millions of EUR)	31 December 2018	31 December 2017
• book value in the financial statements	512 ⁽¹⁾	511
• official market listing	527	575

(1) Payable: EUR 497 million + interest: EUR 15 million

The "SIAS 2018-2028 bond loan", issued on 8 February 2018, is posted to the financial statements at nominal value net of issue charges. As this involves a listed financial instrument, shown below is a comparison between its market value and the corresponding book values:

SIAS 2018-2028 bond loan (amounts in millions of EUR)	31 December 2018
• book value in the financial statements	550 ⁽¹⁾
• official market listing	489

(1) Payable: EUR 542 million + interest: EUR 8 million

Derivatives

As at 31 December 2018, hedging transactions were in place (IRS-based). These contracts, signed by the subsidiaries SATAP S.p.A. and SAV S.p.A. were classified as hedging instruments because the relationship between the derivative and the subject of the coverage (maturity, rates) is formally documented. These financial instruments are valued at fair value and changes are imputed completely to a specific reserve in shareholders' equity.

The fair value of derivatives is determined by discounting the expected net cash, using the market interest rate curves for the date of reference. The features of the derivative contracts in place as at 31 December 2018 and the related fair value are summarised below:

(amounts in thousands of EUR)

Company	Type	Purpose of hedging	Counterparts	Currency	Duration of the derivative contract		31-Dec-18		Hedged financial liability		
					From	To	Notional reference	Fair Value	Description	Nominal amount	Maturity
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	31/12/2008	13/12/2021	75,000	-6,095	Loan	} 240,000	13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	30/06/2009	13/12/2021	66,000	-4,210	Loan		13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	30/06/2009	31/12/2021	66,000	-4,271	Loan		31/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	30/06/2009	13/12/2021	33,000	-2,128	Loan		13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/06/2024	21,095	-2,146	Loan	21,095	15/06/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/06/2024	4,200	-248	Loan	4,200	15/06/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	30/06/2009	31/12/2021	126,000	-9,577	Loan	126,000	31/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/03/2022	26,613	-2,807	Loan	26,613	15/03/2022
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	07/05/2012	15/12/2024	18,000	-1,081	Loan	} 36,000	15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Unicredit	EUR	11/05/2012	15/12/2024	18,000	-1,044	Loan		15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	SOGE	EUR	05/07/2012	15/12/2024	12,000	-658	Loan		12,000
SATAP	Interest Rate Swap	Interest Rate Swap	NOMURA	EUR	18/10/2012	15/12/2024	12,000	-589	Loan	12,000	15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	BNP PARIPAS	EUR	15/12/2014	15/12/2024	33,000	-752	Loan	33,000	15/12/2024
SAV	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	17/12/2012	15/12/2020	3,333	-48	Intercompany loan	3,333	15/12/2020
SAV	Interest Rate Swap	Change in interest rate	Banca Akros	EUR	17/06/2013	15/12/2020	5,000	-76	Intercompany loan	5,000	15/12/2020
Total								-35,730			

(iii) Financial risk management

In compliance with IFRS 7, we specify that in the normal conduct of its business operations, the 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 adequate for operational activities and repayment of liabilities assumed in the past;
- "credit risk" deriving from the exposure to potential losses arising from the failure of the counterparty to meet its obligations.

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 80% of the medium/long-term debt of the Group is at "fixed rate/hedged".

With regard to the above, the "sensitivity analysis" concerning the changes in interest rates is not significant.

Counterparty creditworthiness risk for hedging agreements

As reported above, the Group licensees signed hedging transactions with major financial institutions in order to prevent the risks arising from the changes in the benchmark interest rates.

With regard to these transactions, note that there could be risks related to the strength/creditworthiness of the counterparties with which said *hedging* agreements were signed.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various factors including (i) cash inflows and outflows in currencies other than the functional currency (economic foreign exchange risk); (ii) net invested capital in investees whose functional currency is not the Euro (translation exchange rate risk); (iii) deposit and/or financing transactions in currencies other than the functional currency (transaction exchange rate risk).

The Group implements a hedging policy against exchange rates fluctuations by making use of the financial instruments available on the market.

Nevertheless, as at 31 December 2018, there were no foreign exchange hedging transactions in place.

Credit risk

Credit risk is the Group's exposure to potential losses arising from the failure of the counterparty to meet its obligations.

This risk can derive both from factors of a strictly technical-commercial or administrative-legal nature and from factors of a typically financial nature, i.e. the so-called "credit standing" of the counterparty.

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

Credit risk arising from open positions in financial derivative transactions can also be considered marginal as the counterparties used are primary credit institutions.

Individual write-downs are instead made for credit positions which are individually significant and show objective status of partial or complete uncollectibility. The amount of the write-downs takes account of an estimate of the recoverable cash flows and the related collection date, future expenses and costs for recovery and the value of guarantees and deposits received from customers. For a breakdown of the provision for write-downs of trade receivables, refer to note 6.

Liquidity risk

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. The 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 2018 by maturity date. The amounts shown below also include interest payments (we clarify that the interest on variable-rate loans is calculated based on the last available rate as at the reference date, keeping it constant to maturity).

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	26,613	3,288	4,839	1,052	21,774	2,236	-	-
Mediobanca (BEI funding)	SATAP	4,200	279	1,200	138	3,000	141	-	-
Mediobanca (BEI funding)	SATAP	21,095	2,528	3,835	809	17,260	1,719	-	-
Mediobanca	SATAP	240,000	17,593	80,000	9,296	160,000	8,297	-	-
Mediobanca	SATAP	126,000	12,554	36,000	6,040	90,000	6,514	-	-
Cassa Depositi e Prestiti	SATAP	60,000	2,924	-	688	50,000	2,150	10,000	86
BNL – Mediobanca	SAV	4,167	10	4,167	10	-	-	-	-
Crédit Agricole	LOGISTICA TIRRENICA	178	-	178	-	-	-	-	-
Mediobanca, Unicredit and UBI (BEI funding)	SIAS	21,000	1,327	3,500	326	14,000	925	3,500	76
Mediobanca, Unicredit and UBI	SIAS	123,000	5,199	20,500	1,154	82,000	3,701	20,500	344
BEI	SIAS	66,000	4,458	11,000	1,110	44,000	3,099	11,000	249
BEI	SIAS	8,333	174	4,167	119	4,166	55	-	-
Mediobanca, UniCredit and UBI (BEI funding)	SIAS	5,000	149	2,500	103	2,500	46	-	-
UBI	SIAS	70,000	239	70,000	239	-	-	-	-
BNL	SIAS	30,000	119	30,000	119	-	-	-	-
Banca Popolare di Milano	SIAS	50,000	26	50,000	26	-	-	-	-
CAIXA	SIAS	50,000	261	-	82	50,000	179	-	-
Unicredit Intesa Cariparma pool	SIAS	137,000	44,540	-	2,664	-	12,465	137,000	29,411
Unicredit Intesa Cariparma pool	SIAS	6,000	1,951	-	117	-	546	6,000	1,288
		-	-						
Total loans		1,048,586	97,619	321,886	24,092	538,700	42,073	188,000	31,454
2010-2020 bond loan	SIAS	500,000	45,000	-	22,500	500,000	22,500	-	-
2014-2024 bond loan	SIAS	500,000	101,250	-	16,875	-	67,500	500,000	16,875
2018-2028 bond loan	SIAS	550,000	89,375	-	8,938	-	35,750	550,000	44,687
Total financial liabilities		2,598,586	333,244	321,886	72,405	1,038,700	167,823	1,238,000	93,016

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

(**) The above-mentioned hedging agreements on interest rate fluctuations have been included when calculating the flow of interest on loans.

It is worth highlighting that the payable due to ANAS - Central Insurance Fund as at 31 December 2018 amounts to EUR 192.6 million. The discounted value of said payable totals EUR 132.8 million (this payable is not included in the data provided above).

Details are provided below of the amount payable to ANAS – Central Insurance Fund and its developments until fully repaid. In relation to the discounted value of this payable, reference should be made to the illustration provided in Note 14 – Other payables (non-current).

<i>(amounts in millions of EUR)</i>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	104.9	93.5	82.1	65.9	49.3	32.8	16.2	-	-	-
SALT A15 stretch	87.8	87.3	86.8	86.3	85.8	85.3	84.8	84.3	80.2	28.0
TOTAL	192.6	180.7	168.8	152.2	135.1	118.0	100.9	84.3	80.2	28.0

The **credit lines** of 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)* and in *Note 22 – Other financial liabilities (current)*.

The "medium and long-term loans" as at 31 December 2018 of Group companies had all been disbursed as at the reporting date, except for:

- a loan granted to the subsidiary SATAP S.p.A. by Cassa Depositi e Prestiti S.p.A.;
- a loan granted to SIAS S.p.A. by UniCredit S.p.A., Intesa Sanpaolo S.p.A. and Cariparma S.p.A.;
- a loan granted to SIAS S.p.A. by Credito Valtellinese S.p.A.;
- a loan granted to SIAS S.p.A. by CaixaBank S.A..

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 2018.

Medium- and long-term loans		
<i>(amounts in thousands of EUR)</i>	<u>amount used</u> as at 31 December 2018	<u>amount available</u> as at 31 December 2018
Logistica Tirrenica S.p.A.	178	-
SAV S.p.A.	4,167	-
SATAP S.p.A.	477,908	290,000
SIAS S.p.A.	566,333	127,000
Total	1,048,586	417,000

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 2018.

"Uncommitted" credit lines		
Company	Amount <u>used</u> as at 31 December 2018	amount <u>available</u> as at 31 December 2018
Autostrada Asti Cuneo S.p.A.	9,182	20,818
Autostrada dei Fiori S.p.A.		77,915
Euroimpianti S.p.A.		6,300
SALT p.A.		22,308
SATAP S.p.A.		33,000
SAV S.p.A.		54,000
SIAS S.p.A.		65,000
Sinelec S.p.A.		4,000
Società di Progetto Autovia Padana S.p.A.	10,000	-
Total	19,182	283,341

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. for EUR 30 million and by CaixaBank S.A. for EUR 50 million.

(iv) Related-party transactions

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

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

BALANCE SHEET:

<i>(amounts in thousands of EUR)</i>	31 December 2018	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties ⁽¹⁾	TOTAL RELATED PARTIES	% OF FINANCIAL STATEMENT ITEM
Assets							
Non-current assets							
Intangible assets							
goodwill	36,414						
other intangible assets	14,628						
concessions – non-compensated revertible assets	3,037,709						
Total intangible assets	3,088,751						
Tangible assets							
property, plant, machinery and other assets	54,252						
financial lease assets	2,463						
Total tangible assets	56,715						
Non-current financial assets							
equity-accounted investments	676,222						
unconsolidated investments	95,195						
other non-current financial assets	540,973			122,255		122,255	22.6%
Total non-current financial assets	1,312,390						
Deferred tax assets	131,075						
Total non-current assets	4,588,931						
Current assets							
Inventories and contract assets	29,690						
Trade receivables	63,740	65	2,501	2,312		23,590	7.8%
Current tax assets	20,186						
Other receivables	142,726	399	263	15,937		16,599	11.6%
Financial receivables	264,570			502		502	0.2%
Total	520,912						
Cash and cash equivalents	963,044						
Subtotal Current assets	1,483,956						
Total current assets	1,483,956						
Total assets	6,072,887						
Shareholders' equity and liabilities							
Shareholders' equity							
Shareholders' equity attributed to owners of the parent company							
share capital	113,771						
reserves and retained earnings	2,150,260						
Total	2,264,031						
Shareholder's equity attributed to minority interest	319,316						
Total shareholders' equity	2,583,347						
Liabilities							
Non-current liabilities							
Provisions for risks and charges and employee severance benefits	200,482				2,454	2,454	1.2%
Other payables and contract liabilities	180,904						
Bank debt	721,015						
Hedging derivatives	35,730						
Other financial liabilities	1,538,435						
Deferred tax liabilities	51,529						
Total non-current liabilities	2,728,095						
Current liabilities							
Trade payables	166,558	312	19,178	39,369		58,859	35.3%
Other payables and contract liabilities	193,042	330	14	862	719	1,925	1.0%
Bank debt	341,624						
Other financial liabilities	50,478						
Current tax liabilities	9,743						
Total current liabilities	761,445						
Total current liabilities	761,445						
Total liabilities	3,489,540						
Total shareholders' equity and liabilities	6,072,887						

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

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 122.3 million of which mainly from Tangenziale Esterna S.p.A. for EUR 89.5 million, IGLI S.p.A. for EUR 28.6 million, and Autostrada Broni Mortara S.p.A. for EUR 3.9 million.
- Inventories with related parties for a total of EUR 2.3 million, and in particular with Itinera S.p.A. (EUR 1.4 million) and Argo Costruzioni ed Infrastrutture S.c.p.A. (EUR 0.8 million)
- Trade receivables relative to amounts due to SATAP S.p.A. from Aurea S.c.a.r.l. for EUR 6.4 million, for EUR 2.3 million from Euroimpianti S.p.A. and Sinelec S.p.A. from Argo Costruzioni ed Infrastrutture S.c.p.A., and EUR 7.9 million from Itinera S.p.A..
- Other receivables from jointly controlled companies for a total of EUR 15.9 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..
- Trade payables to related parties for a total of EUR 58.9 million of which (i) 19.1 million to companies controlled by parent companies (in particular to SINA S.p.A. for EUR 15.4 million, to Argo Finanziaria S.p.A. for EUR 1.8 million, and to Autosped G S.p.A. for EUR 1.3 million), and (ii) EUR 39.4 million to jointly controlled and associated companies (in particular to Itinera S.p.A. for EUR 22.2 million, to Argo Costruzioni Infrastrutture S.c.p.a. for EUR 7 million, to Aurea S.c.a.r.l. for EUR 5.6 million, and to SEA Segnaletica Stradale S.p.A. for EUR 3.5 million).

INCOME STATEMENT:

<i>(amounts in thousands of EUR)</i>	FY 2018	Parent Companies	Companies subject to the control of the Parent Companies	Jointly controlled entities and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	% OF FINANCIAL STATEMENT ITEM
Revenue							
motorway sector – operating activities	1,218,972						
motorway sector – planning and construction activities	148,601						
technology sector	45,641	21	810	14,994	13	15,838	34.7%
other	41,362	334	385	10,194		10,913	26.4%
Total revenue	1,454,576						
Personnel expenses	(178,518)				(2,374)	(2,374)	1.3%
Costs for services	(372,565)	(574)	(32,002)	(100,682)	(11,600)	(144,858)	38.9%
Costs for raw materials	(27,530)		(3,213)	(1,058)		(4,271)	15.5%
Other costs	(137,179)	(755)	(424)	(22)		(1,201)	0.9%
Capitalised costs on fixed assets	598						
Amortisation, depreciation and impairment losses	(308,616)						
Adjustment of the provision for restoration/replacement of non-compensated revertible assets	(3,218)						
Other provisions for risks and charges	(284)						
Financial income:							
from unconsolidated investments	23,862		46			46	0.2%
other	11,881			6,511		6,511	54.8%
Financial expenses:							
interest expense	(78,792)						
other	(4,099)						
Impairment losses on equity investments	-						
Profit (loss) of companies accounted for by the equity method	15,489						
Profit (loss) before taxes	395,605						
Income Tax							
Current taxes	(109,220)						
Deferred taxes	2,993						
Profit (loss) for the year	289,378						

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

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 15 million (of which Itinera S.p.A. for EUR 6.8 million, ATIVA S.p.A. for EUR 5.3 million and Argo Costruzioni Infrastrutture S.c.p.A. for EUR 1.6 million).
- IT assistance from SATAP S.p.A. and Autostrada dei Fiori S.p.A. for jointly controlled and associated companies for EUR 9.5 million (in particular for Aurea S.c.a.r.l. S.p.A. for 7 million and ATIVA S.p.A. for EUR 1.9 million).

- Services and managerial assistance provided by ASTM S.p.A. totalling EUR 0.6 million.
- Services and managerial assistance provided by Argo Finanziaria S.p.A. totalling EUR 1.55 million.
- Expenses incurred for technical design and maintenance activities for SINA S.p.A. totalling EUR 30.1 million.
- Expenses incurred by the Group towards the associated company Itinera S.p.A. for EUR 74.3 million, SEA Segnaletica Stradale S.p.A. for EUR 12.2 million and Argo Costruzioni ed Infrastrutture S.c.p.A. for EUR 7.8 million, as investment and maintenance costs.
- Reversal of consortium costs by Aurea S.c.a.r.l. for EUR 5.6 million.
- Services provided by Interstrade S.p.A. for EUR 8.8 million to Group companies in the first half of 2018. Interstrade S.p.A. was subsequently merged into Itinera S.p.A..
- Costs incurred for raw materials for companies controlled by parent companies for a total of EUR 3.2 million and in particular for Autosped G S.p.A. for a total of EUR 2.5 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 totalling EUR 6.5 million, of which EUR 4.6 million from Tangenziale Esterna S.p.A. and EUR 1.8 million from Autostrade Lombarde S.p.A..

In addition, costs for services includes expenses incurred by the SIAS Group for services related to insurance premiums brokered by P.C.A. S.p.A. totalling EUR 10.8 million.

Changes in financial assets

- Sinelec S.p.A. sold all the shares held in OMT S.p.A. to Autosped G S.p.A., totalling 20,281 shares for a total value of EUR 0.2 million.
- SIAS S.p.A. acquired (i) 1,719 shares (0.001% of share capital) of SALT p.A. from Finanziaria di Partecipazioni e Investimenti S.p.A. for a total value of EUR 7 thousand and (ii) 79,023 shares (0.049% of share capital) of the subsidiary SALT S.p.A. from SEA S.p.A. for a total value of EUR 0.3 million.
- Cisa Engineering S.p.A. sold SINA S.p.A. the shares held in the SINA Consortium (equal to 5% of the share capital) for a total value of EUR 2.5 thousand.
- On 2 August 2018, the subsidiary Finanziaria di Partecipazioni e Investimenti S.p.A. – following the partial demerger of Codelfa S.p.A. into the beneficiary Nuova Codelfa S.p.A. – received 82,115 shares of the new company representing 16.423% of the share capital, whereby all the shares of ASTM S.p.A. were transferred.

In addition to what is shown above, there are relationships between the businesses of the Group concerning transactions in the system that interconnects motorway tolls.

The transactions indicated above were carried out under normal market conditions.

Pursuant to article 2391-bis of the Italian Civil Code, we specify that based on the general principles indicated by CONSOB and the rules of corporate *governance*, related party transactions (either direct or through subsidiaries) were performed in accordance with regulations that assure their transparency as well as their essential and procedural correctness.

(v) RFI S.p.A. lawsuit

The first-instance proceedings brought by RFI - Rete Ferroviaria Italiana S.p.A. before the Court of Rome was concluded with a writ of summons served on the Company on 11 June 2016, in order to force ANAS and SATAP to pay the sums allegedly incurred by TAV/RFI for carrying out the motorway modernisation works quantified by RFI in the total amount of EUR 1,184,066,127.13 plus ancillary costs, of which EUR 485,863,611.40 to be borne by SATAP.

The Court of Rome, by judgment no. 14860/2018, published on 17 July 2018, completely rejected all the claims made by RFI against ANAS, SATAP and MIT, declaring that no sum can be claimed by RFI against the defendants.

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

(vi) Lapsed motorway concessions

With reference to the concession for the A21 Torino-Alessandria-Piacenza section (licensed to SATAP S.p.A.), which expired on 31 December 2018, there is a possible risk connected with any disputes that may arise with the Granting Body in relation to the operation of the motorway stretch between the expiry of the concession (30 June 2017) and 31 December 2018.

With the support of its consultants and taking into account the contractual obligations in force, the Company has assessed that the risk related to this abstract event is at most classifiable as "possible" and, consequently, the Company has proceeded – in accordance with the relevant accounting standards – not to recognise any provisions in these financial statements.

(vii) EcoRodovias Infraestrutura e Logística S.A.

With reference to investments in the motorway sector in Brazil, SIAS indirectly holds (through the company IGLI S.p.A.) 49.21% of Ecorodovias Infraestrutura e Logística S.A. ("Ecorodovias" or the "Company"). In the consolidated financial statements of the SIAS Group, these investments are accounted for using the "equity method".

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

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

"With respect to the police investigation No. 5002963-29.2015.404.7013 and the police investigation related to the enactment of Provisional Act 752/2016, the Company informs that both investigations are being currently conducted by the 23rd Federal Court of Curitiba/PR, after the 13th Federal Court of Curitiba/PR has declined to judge the matter, as the facts being investigated are not related to facts under the exclusive authority of that court for determination of irregularities. With respect to the searches and seizures to obtain information on the subsidiaries of Companhia Concessionaria Ecovia Caminho do Mar e Rodovia das Cataratas – Ecocataratas, temporary detention of one superintendent officer and preventive detention of one employee (both already released and removed from their positions), which orders were issued under the search and seizure process No. 5036128-042.2018.4.04.7000, the Company informs that an indictment against these two executives has been filed and accepted in the case records of criminal case No. 5003165- 06.2019.4.04.7000 in progress at the 23rd Federal Court of Curitiba/PR. Subsidiaries Concessionaria Ecovia Caminho do Mar, Rodovia das Cataratas – Ecocataratas and Ecorodovias Concessões e Serviços inform that they were not subject to indictment in criminal case, only their removed executives, with a request from the General Attorneys' Office to determine the minimum amount for reimbursement of damages, which estimated amount for Ecovia is R\$200,499,632¹ and for Ecocataratas is R\$935,476,590². The Company and its investees are subject to Law 8.429/92 and Law 12.846/13 and, if the news reported are true, any penalties can have material impacts on the financial condition, results of operations and future cash flows of the Company and its investees. The Company is currently verifying the facts alleged in the claim and consulting its legal counsel to assess, with respect to potential claims that can be possibly filed in the future, the underlying risks, possible alternatives and defense allegations. However, it is not possible to currently determine a probable loss arising from present obligation resulting from past event or accurately determine the potential underlying risk. This because, among other factors: (i) the Federal Prosecution Service has not filed a lawsuit against the Company or its subsidiaries based on the abovementioned events; and (ii) it is not currently known to which extent the allegations from the Federal Prosecution Service are correct and which claims and evidence would be used to support the allegations. In addition to the internal procedures performed by the Company's Management, in the context of the Corporate Crisis Management Committee, the Board of Directors, in fulfilling its due diligence duty, approved on March 7, 2018 the creation of an Independent Committee, with the following key responsibilities: (a) independently, cautiously, and responsibly determine, in a fair and impartial manner, allegations made against the Company and its subsidiaries; (b) hire an outside independent specialized firm to assist in the internal investigation of the facts referred to in the previous item; (c) approve an investigation plan; (d) receive and review the information sent by the team charged of the investigation, whether internal or external; (e) ensure that the

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

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

investigation is conducted independently, by making sure that it is not barred or obstructed; (f) analyze and report to the Board of Directors the recommendations made by the team charged of the investigation; (g) authorize the team charged of the investigation to communicate with the competent authorities, including regulators, to clear doubts or make questions; (h) prepare a final report on the investigation's findings, and the Committee's recommendations regarding internal policies and procedures related to the investigation, and including the applicable disciplinary and/or legal actions. The Company hereby informs that, pursuant to the Minutes of the Board of Directors' Meeting held on April 16, 2018, it was decided to hire renowned firms to perform the work described in item b above. The Independent Committee has tried to make sure that the investigation team would use a forensics investigation methodology recognized by the market and that the work would be conducted on a comprehensive and unrestricted manner, resulting in the analysis of approximately 19,000 documents, 230,000 electronic files, 170 integrity reports and 248 transaction tests. With respect to the performance of the independent investigation work, the Company informs that the work was completed with the submission on February 7, 2019 of a final report to the Board of Directors, with the support of the representatives of the renowned firms hired. The Independent Committee's work was inconclusive in relation to the existence of illegal acts identified in the allegations of the General Attorneys' Office and did not indicate the applicability of legal or disciplinary measures. Also, the Independent Committee has warned that the result of the investigations conducted by the General Attorneys' Office can provide new information which, in turn, can potentially result in new allegations or evidence. The Independent Committee has completed the work and was extinguished on February 15, 2019. In view of such scenario, the Company currently does not have any elements that allow it to identify the existence of potential loss related to these events or not".

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

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

After a description of how the duty of care of the directors is regulated by Brazilian law (section 153 Brazilian Corporation Act) and a summary of the information used to prepare the opinion, the opinion comes to the following conclusion:

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

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

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

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

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

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

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

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

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

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

(vii) DISCLOSURE ON THE TRANSPARENCY OF PUBLIC FUNDING

Pursuant to Article 1, paragraphs 125-129 of Law 124/2017, subsequently supplemented by the "Security" Decree Law (113/2018) and by the "Simplification" Decree Law (135/2018), the following information is provided on "grants, contributions, paid assignments and, in any case, economic advantages of any kind" granted to the Group in 2018 by public administrations and by a series of similar entities¹ with whom it has economic relations:

Granting body	Description	Amounts in thousands of EUR
IGRUE (CE- MEF Ragioneria dello Stato)	MedTis project grant	1,290
Fondimpresa	Training courses	43
Gestore dei Servizi Energetici S.p.A. - G.S.E.	Grant for the production of electricity from photovoltaic systems	68
ANAS	Grant under Law 662 of 23/12/1996	68
Regione Autonoma Valle D'Aosta (RAVA)	Use of the "Sorrelley-Meysattaz" window tunnel as a training facility for rescue operations in tunnels	112
Regione Autonoma Valle D'Aosta (RAVA)	Experimental procedure to improve freight transport movements affecting the municipalities of the "Plaine" in order to improve the fluidity and safety of traffic and to contain environmental disruption.	185
Total SIAS Group		1,767

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

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

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

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

- The undersigned Umberto Tosoni 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 2018.

- Furthermore, we attest that:
 - the consolidated financial statements at 31 December 2018:
 - a) are prepared in compliance with the international accounting standards approved by the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council dated 19 July 2002;
 - b) correspond to the books and accounting entries;
 - c) provide a true and correct representation of the equity, economic and financial position of the issuer and all the business 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, 27 March 2019

The Managing Director

Umberto Tosoni

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

Report on the Audit of the Consolidated Financial Statements

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 2018, the income statement, the other comprehensive income, the cash flow statement, the statement of changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the SIAS Group as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent of 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.

Emphasis of matter

Without modifying our opinion, we draw attention to what is indicated in the paragraph "Other information" of the explanatory notes to the consolidated financial statements, with reference to the investigation conducted by the Federal Prosecutor's Office of the State of Paraná against some former managers of Concessionária Ecovia Caminho do Mar SA and Rodovia das Cataratas SA, subsidiaries of Ecorodovias Infraestrutura and Logistica SA, in which SIAS Group directly and indirectly through the

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



jointly controlled company Igli SpA holds 49.21% of the share capital, in relation to potential unlawful acts carried out by them in the past.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Auditing procedures performed in response to key audit matters
<p>Evaluation of the recoverability of goodwill and intangible assets referring to concessions (non-compensated revertible assets)</p> <p><i>"Valuation criteria", paragraph "impairment test" and note 1 - "Intangible assets"</i></p> <p>Among the intangible assets of the consolidated financial statements as at 31 December 2018, the SIAS Group recognizes non-compensated revertible assets related to the concessions of the motorway sector, equal to Euro 3,037.7 million, plus Euro 36.0 million of goodwill allocated to them, which together represent approximately 51% of total consolidated assets.</p> <p>Within the SIAS Group, each motorway concession company is an autonomous cash-generating unit, which the business plans of each motorway refer to.</p> <p>The valuation of these intangible assets, and in particular the analysis of their recoverability through the performance of the impairment test, 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.</p>	<p>We have obtained the valuation models and documentation used by management to identify any impairment loss in accordance with the Procedure and, also through the support of experts belonging to the PwC network, we have carried out the following main auditing procedures:</p> <ul style="list-style-type: none">• analysis of the Procedure and verification of the consistency of its contents with the provisions of IAS 36, as well as of its consistent application;• verification of the mathematical accuracy of the models;• evaluation, also through discussions with management, of the reasonableness of the main assumptions underlying the determination of the data included in the models, with particular reference to operating revenues and costs, discount rates, traffic data, tariffs, investments, used to determine the value in use;

In accordance with the accounting principles and with the impairment procedure approved by the Board of Directors on 28 February 2019 (the “Procedure”), the aforementioned intangible assets have been tested for impairment at the balance sheet date in order to ascertain the possible presence of an impairment loss.

- verification of the correct determination of the balance sheet carrying amounts of the assets and liabilities attributable to each Cash Generating Unit, including goodwill allocated to them, used as a comparison with the recoverable amount;
- verification of sensitivity analysis.

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.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the 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' meeting of SIAS SpA engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

Management of 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 2018, including their consistency with the relevant consolidated financial statements and their compliance with the law.



We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the SIAS Group as of 31 December 2018 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the SIAS Group as of 31 December 2018 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the 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, 24 April 2019

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers